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To: Personnel Committee

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Subject: Career Break Scheme – ‘Timeout’

Classification: Unrestricted

SUMMARY: This report outlines proposed changes to our existing Career Break Scheme. The scheme forms part of our Total Reward Package and the recommended changes will further enhance our overall employment offer enabling us to recruit and retain the best and in particular target younger employees.

1. Background

- 1.1 There are several drivers forcing KCC to re-consider its ‘employment offer’ to both existing and potential employees. In the introduction or review of each element of our Total Reward Package we need to assess continuously return and value to the organisation as well as to staff. We also need to attract and grow talent in a workforce that is contracting in many areas and create opportunities for development. As pay increasingly forms only part of our reward offer to both existing and new staff, we need to find creative ways to extend what we offer that fits both the needs of the business and individuals’ aspirations. Flexibility at work is something we know KCC staff value as part of the overall employment offer and young people, after pay, are also interested in the facility to balance their personal and career objectives.
- 1.2 Although the number of KCC employees aged between 20 – 24yrs has increased, current figures show that just under 17% of our employees are under 30yrs, 30.1% are between 30 - 44 yrs, 42.9% between 45 – 59yrs and 12% over 60yrs. The average age of a KCC employee is currently 44.9yrs¹.
- 1.3 To continue to attract and keep young people starting their career we need to create elements of our reward package that will specifically interest them and provide opportunities for them to develop. Closely associating career breaks with talent management will allow a match that meets the needs of the organisation and individuals.

¹ Figures are based on non schools staff.

2. Career Break Schemes

2.1 Career break schemes are very common and essentially allow an employee unpaid release from work whilst maintaining their employment status during that period. Depending on the length of the break, the employee can return to either their original post which is held open or find another job within the organisation. Some of the organisational benefits to having a career break schemes are:

- provide temporary employee cost savings without losing established posts, i.e., an alternative to redundancy, ability to replace at lower cost
- create talent management opportunities for other staff to develop their skills (e.g., graduates, apprentices)
- provide alternative to other forms of extended leave for staff

3. KCC's Career Break Scheme – Background and Criticisms

3.1 Developed as a retention tool, KCC's career break scheme was established many years ago and is no longer fit for purpose. Currently staff with 2 years service and a satisfactory performance record can request up to 5 years away from the organisation on a very limited basis to either:

1. Pursue training/development opportunities
2. Look after dependants

3.2 Although people will continue to want to use breaks from work for these reasons it is unnecessarily restrictive and inhibits access to the scheme for individuals wanting breaks for other reasons.

3.3 The contractual position of individuals returning to KCC after an extended career break can be complicated by changes in the organisation.

3.4 An additional consideration for a scheme that offers such long periods away from the organisation is the employer pension costs. Currently an employee can opt to repay pension during the break up for up to 3 years. There are significant employer costs if the individual exercises this entitlement. There are clear advantages to reducing the length of career breaks generally.

3.5 Our scheme as currently constructed does not work as a retention tool with relatively low and inconsistent return to work rates (see table in Rationale and Evidence section).

3.6 Take up indicates that career breaks have principally been taken up by women with caring responsibilities which whilst beneficial to the individual does not necessarily meet KCC's needs.

- 3.7 Reconstructing the way we promote and manage our existing scheme will improve our employment offer to younger people whilst continuing to motivate our existing employees and will influence our workforce strategy targets by creating ‘backfill’ opportunities for graduates, apprentices and other employees identified through the talent pool.

4. Proposal

- 4.1 **Improve the value of KCC’s career break scheme by redesign, linking it directly to workforce strategy targets, increasing organisational agility and extending access to a wider range of staff by:**

Reconstructing the existing scheme by:

- reducing the time that can be requested to up to one year
- guaranteeing the basis of return, i.e. returning to substantive post or suitable alternative, as long as they return on the agreed date
- extending the basis on which people can request a break to cover all groups of staff
- developing clear and direct links to our workforce strategy targets by giving managers the facility, tools and support to backfill positions internally
- Simplifying the contractual position for managers
- Promoting use of career breaks as a means to achieve cost savings.

5. Rational and Evidence

Total number of employees taking Career Breaks (2006 – 2009)	Total number of employees returned to KCC		Total number of employees not returned to KCC	
121	36		85	
	Of them		Of them	
	Number still at KCC	Now left KCC	Left KCC	Still on Career Break
	25	11	41	44

- 5.1 The table illustrates that over the last 3 years, a total of 121 employees have taken a career break. Of those, 24% did not return after the break, 36% have not yet returned from their break, 9% did return but subsequently left. Only 21% returned to work and have stayed.
- 5.2 All employees using the scheme, with two exceptions, are grades KR11 and below.
- 5.3 This illustrates that the scheme, in its current form, does not work well as a retention tool.

6. External and Internal Research

- 6.1 Research shows that younger people, both graduates and non graduates, highly value the opportunity to take time away from work to pursue other interests with 1 in 4 stating that they would be more likely to work for an organisation that offered career breaks and 1 in 3 stated that they would be more likely to stay with such an organisation². A poll carried out internally with Greenhouse, our staff group for people under 30yrs, revealed that 92% highly value this as a part of our overall employment offer. Some of the comments received were:

“I think if this was something that KCC offered to staff it would be hugely appealing for young people to come to work for KCC and also to retain existing staff.”

“I think the flexibility that KCC gives by offering things like career breaks is one of the best reasons to work here.”

- 6.2 Private sector organisations tend to use shorter term schemes (up to one year) to facilitate increased organisational agility and aid retention, for example Kimberley Clark and Tesco who believe that their scheme “aids retention, increases development opportunities for more junior employees and increases loyalty to the organisation”³. Asda offer slightly longer breaks (up to two years) but still guarantee the basis of return and believe that their scheme is well used and highly valued by both older and younger employees.

7. Customer Impact Assessment (CIA)

- 7.1 Business Support, Trade Unions and Staff Groups have been consulted as part of the CIA so far and an initial impact assessment carried out. There are some specific areas around monitoring, particularly for requests that are turned down that may need to be addressed and further consultation with managers may be required.

8. Benefits of Proposed Changes

- further enhance and improve our current employment offer to all employees
- influence workforce strategy targets by providing potential opportunities to backfill positions internally
- reduce recruitment/staffing costs
- address younger employees’ concerns about employment security and having a job to return to

² Personnel Today, IRS Employment Review and Xpert HR.

³ Information obtained through direct benchmarking exercise

- make the scheme more attractive and inclusive for all staff groups by expanding on the variety of reasons for using for scheme to include extended caring, religious observance, longer holidays, voluntary work, travelling etc
- moves away from a scheme predominately open only to those with caring responsibilities.

9. Recommendations

9.1 Personnel Committee is asked to agree:

- the redesign of the existing scheme to 'Time Out' as outlined in the report
- to endorse the reduction in time permitted from up to 5 years to up to 1 year
- to guarantee the basis of return as long as employee returns on the agreed date
- that the terms of existing career break agreements will be honoured.

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