

Notice of Meeting

People, Performance and Development Committee



Date & time
Friday, 17 July
2015
at **10.00 am**

Place
Room 107 - County
Hall

Contact
Cheryl Hardman
Room 122, County Hall
Tel 020 8541 9075

Chief Executive
David McNulty

cherylh@surreycc.gov.uk

If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 9068, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 8914, fax 020 8541 9009, or email cherylh@surreycc.gov.uk.

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Cheryl Hardman on 020 8541 9075.

Members

Mr David Hodge (Chairman), Mr Peter Martin (Vice-Chairman), Mr Ken Gulati, Mr Nick Harrison, Ms Denise Le Gal and Mrs Hazel Watson

Ex Officio:

Mrs Sally Ann B Marks (Chairman of the County Council) and Mr Nick Skellett CBE (Vice-Chairman of the County Council)

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING: 26 JUNE 2015

(Pages 1
- 8)

To agree the minutes as a true record of the meeting.

3 DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary interests from Members in respect of any item to be considered at the meeting.

Notes:

- In line with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, declarations may relate to the interest of the member, or the member's spouse or civil partner, or a person with whom the member is living as husband or wife, or a person with whom the member is living as if they were civil partners and the member is aware they have the interest.
- Members need only disclose interests not currently listed on the Register of Disclosable Pecuniary Interests.
- Members must notify the Monitoring Officer of any interests disclosed at the meeting so they may be added to the Register.
- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest.

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (*13 July 2015*).
2. The deadline for public questions is seven days before the meeting (*10 July 2015*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 ACTION REVIEW

(Pages 9
- 12)

An action review table is attached, detailing actions from previous meetings. The Committee is asked to review progress on the items listed.

6 APPOINTMENT OF LOCAL PENSION BOARD

(Pages
13 - 24)

This report sets out the proposed list of appointments for the Local Pension Board for approval by the People, Performance and Development Committee.

The Local Pension Board is a requirement under section 5 of the Public Service Pensions Act 2013, and Regulation 106 of the Local Government Pension Scheme Regulations 2013.

- 7 FUTURE ARRANGEMENTS FOR HR & OD LEADERSHIP - ORBIS** (Pages 25 - 28)
- To seek endorsement from the committee regarding arrangements for the future HR & OD Leadership across the Orbis partnership.
- 8 ABUSE, VIOLENCE AND ASSAULTS IN THE WORKPLACE** (Pages 29 - 36)
- This report outlines the work which is planned in relation to assaults, violence and threats in the workplace and asks the committee to endorse and support the approach taken to review and develop our management of these issues.
- 9 APPRAISALS COMPLETION UPDATE REPORT FOR APPRAISALS CARRIED OUT IN 2015/16** (Pages 37 - 44)
- To provide an update on the progress of appraisals for Surrey County Council, the year valid 1 April 2014 to 31 March 2015, (carried out in 2015/16).
- 10 CHANGES TO CONDITIONS OF SERVICE** (Pages 45 - 52)
- This report sets out changes to Surrey Pay terms and conditions of employment in respect of:
- i) The process for buying annual leave under the council's flexible benefits policy; and
 - ii) Eligibility to access MyBenefits employee voluntary benefits.
- 11 PAY POLICY EXCEPTIONS ANALYSIS 2012-2014** (Pages 53 - 62)
- This report provides a review of pay exceptions over the last three financial years (2012/13, 2013/14, 2014/15) in order to:
- Provide assurance to Council Members that the processes to determine decisions in relation to pay are fair, simple, systematic, transparent and in line with the Council's Pay Policy Statement;
 - Determine whether scrutiny of cases at the right level and consistent across the Council;
 - Determine whether cases support key Council imperatives, e.g. helping to recruit and retain key skills;
 - Provide an analysis and comparisons of data on all cases going back three years to establish:
 - The trends in pay exceptions and what do these tell us:
 - The implications, if any, for our new pay strategy;
 - Identify recommendations as to how process and/or practice for deciding and reporting pay exceptions could be improved.

12 EXCLUSION OF THE PUBLIC

Recommendation: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

PART TWO IN PRIVATE

13 PAY POLICY EXCEPTIONS REPORT JULY 2015

(Pages
63 - 68)

The People, Performance and Development Committee (PPDC) acts as the council's Remuneration Committee under delegated powers, in accordance with the constitution of the County Council. The purpose of this paper is to highlight decisions taken / recommendations on Senior Pay that fall outside the published Pay Policy.

Confidential: Not for publication under Paragraph 1, 2

Information relating to any individual.

Information which is likely to reveal the identity of an individual.

14 CHANGES TO RESIDENTIAL CONDITIONS OF SERVICE

(Pages
69 - 72)

This report sets out changes to Surrey Pay terms and conditions of employment in respect of weekend working and responsibility allowances payable to employees in Older People Services

Confidential: Not for publication under Paragraph 2

Information which is likely to reveal the identity of an individual.

15 ARRANGEMENTS TO ADDRESS RECRUITMENT AND RETENTION PROBLEMS

(Pages
73 - 84)

The purpose of this report is to propose immediate arrangements to address recruitment and retention problems for certain roles within Surrey County Council and to seek approval for progressing the proposed arrangements as part of the wider pay and reward strategy.

Confidential: Not for publication under Paragraph 2, 4

Information which is likely to reveal the identity of an individual.

Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under the authority.

16 DATE OF NEXT MEETING

The next meeting of People, Performance and Development Committee will be on 29 September 2015.

David McNulty
Chief Executive

Published: Thursday, 9 July 2015

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MINUTES of the meeting of the **PEOPLE, PERFORMANCE AND DEVELOPMENT COMMITTEE** held at 9.00 am on 26 June 2015 at Mess Conference Room, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting.

Elected Members:

Mr David Hodge (Chairman)
Mr Peter Martin (Vice-Chairman)
Mr Ken Gulati
Mrs Hazel Watson

Apologies:

Mr Nick Harrison, Substituted by Mr Stuart Selleck
Ms Denise Le Gal, Substituted by Mr Mel Few

In Attendance

David McNulty, Chief Executive
Carmel Millar, Director People and Development
Ann Charlton, Director of Legal and Democratic Services
Cheryl Hardman, Regulatory Committee Manager

44/15 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Denise Le Gal and Nick Harrison. Mel Few was substituting for Denise Le Gal and Stuart Selleck was substituting for Nick Harrison.

The Chairman welcomed Ken Gulati as a new member of the committee.

45/15 MINUTES OF THE PREVIOUS MEETING: 12 MAY 2015 [Item 2]

The Minutes were approved as an accurate record of the meeting.

46/15 DECLARATIONS OF INTEREST [Item 3]

There were none.

47/15 QUESTIONS AND PETITIONS [Item 4]

There were none.

48/15 EXCLUSION OF THE PUBLIC [Item 5]

RESOLVED: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under paragraphs 1 and 2 of Schedule 12A of the Act.

49/15 MANAGEMENT ARRANGEMENTS: CHILDREN, SCHOOLS AND FAMILIES [Item 6]**Declarations of interest:**

None

Officers present:

David McNulty, Chief Executive

Carmel Millar, Director People and Development

Ann Charlton, Director of Legal and Democratic Services

Key points raised during discussion:

1. The Chief Executive introduced the two-part report, which was then debated by the committee. The committee asked a number of questions which were responded to by the officers present, before moving to the recommendations. A confidential annex (A) is attached.

Actions/Further information to be provided:

None.

RESOLVED:

- 1.1-1.3 That the committee APPROVED the recommendations in the first part of the confidential report.
- 2.1 That the committee ENDORSES the proposal to create a Deputy Chief Executive and the interim management arrangements for Children, Schools and Families.

- 2.2 That the committee AGREES that Mrs Julie Fisher should fulfil the role of Deputy Chief Executive, including Director of Children's Services
- 2.3 That the committee AGREES the recommendation as detailed in the confidential annex.
- 2.4 That the committee AGREES that the grading of the post of Deputy Chief Executive be set at 16G
- 2.5 That the committee NOTES the consequential arrangements outlined in the confidential report.

50/15 MANAGEMENT ARRANGEMENTS: ADULT SOCIAL CARE [Item 7]

Declarations of interest:

None

Officers present:

David McNulty, Chief Executive

Carmel Millar, Director People and Development

Ann Charlton, Director of Legal and Democratic Services

Key points raised during discussion:

1. The Chairman informed the committee that the item was being considered as a matter of urgency under Section 100B(4) of the Local Government Act 1972, for the reasons detailed in the confidential annex (B).
2. The Chief Executive introduced the report, which was then debated by the committee. The committee asked a number of questions which were responded to by the officers present, before moving to the recommendations.

Actions/Further information to be provided:

None.

RESOLVED:

That the committee ENDORSES the proposal to combine the roles of Director of Public Health and Strategic Director for Adult Social Care.

51/15 PUBLICITY FOR PART TWO ITEMS [Item 8]

RESOLVED: To APPROVE the proposed publicity for the Part Two items.

52/15 DATE OF NEXT MEETING [Item 9]

The date of the next meeting was noted.

Meeting ended at: 10.07 am

Chairman

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**People, Performance and Development Committee
17 July 2015**

ACTION REVIEW

PURPOSE OF REPORT:

For Members to consider and comment on the Committee's actions tracker.

INTRODUCTION:

An actions tracker recording actions and recommendations from previous meetings is attached as **Annex A**, and the Committee is asked to review progress on the items listed.

RECOMMENDATION:

The Committee is asked to monitor progress on the implementation of actions from previous meetings (Annex A).

REPORT CONTACT: Cheryl Hardman, Regulatory Committee Manager
020 8541 9075
cherylh@surreycc.gov.uk

Sources/background papers: None

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People, Performance & Development Committee – ACTION TRACKING

ACTIONS

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A2/15	6 March 2015	Action Review	The Director of People and Development to bring a paper to committee on how to reinforce the Think Resident Think Councillor message from the 2014 campaign.	Director of People and Development/ Democratic Services Lead Manager	To be scheduled and to include a training programme for officers on how to respond to residents.
A3/15	6 March 2015	Employee Engagement Campaign	That officers report back to the committee later in the year with an update on the campaign.	Director of People and Development	To be scheduled.
A5/15	2 April 2015	Declarations of Interest	Officers review the training offer for all Members on interests.	Director of People and Development/ Director of Legal and Democratic Services	Training to be scheduled.
A7/15	12 May 2015	Officer Code of Conduct amendment	A letter from the Chairman outlining The Seven Standards of Public Life, with a commentary on the Standards, to be circulated to all Members and Strategic Directors.	Chairman	Lead Manager for Democratic Services to take this forward.

People, Performance & Development Committee – ACTION TRACKING

COMPLETED

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A6/15	2 April 2015	Customer Promise – The Council's Commitment to Delivering Excellent Resident Service	The Head of Customer Services to circulate a promotional video on the new Customer Promise.	Head of Customer Services and Head of Customer and Communities Directorate Support	The video has been uploaded to the internet and is able to be viewed internally and externally if people have the link. A link was circulated to the committee on 3 June 2015.



People, Performance and Development Committee
17 July 2015

Appointment of Local Pension Board

Purpose of the report:

This report sets out the proposed list of appointments for the Local Pension Board for approval by the People, Performance and Development Committee.

The Local Pension Board is a requirement under section 5 of the Public Service Pensions Act 2013, and Regulation 106 of the Local Government Pension Scheme Regulations 2013.

Recommendations:

It is recommended that the proposed appointments of the Local Pension Board (Annex 1) are approved.

Introduction:

1. Under the provisions of section 5 of the Public Service Pensions Act 2013 (“the 2013 Act”) and regulation 106 of the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended) (“the Regulations”) each LGPS Administering Authority must establish a new Local Pension Board for the purposes of assisting the Administering Authority in all aspects of governance and administration of the LGPS, including funding and investments.
2. The Local Pension Board is constituted separately to the Surrey Pension Fund Board which has delegated authority to carry out pensions functions for the Council as the Administering Authority.

3. On 17 March 2015, the Council established the Local Pension Board, approved its terms of reference (Annex 2), and delegated the appointment of members of the Local Pension Board to the People, Performance and Development Committee (PPDC). An appointment panel of officers and members was established to oversee the recruitment process and produce recommendations for the PPDC.
4. This report sets out the recommendations of the appointment panel and asks the PPDC to approve the proposed membership of the Local Pension Board.
5. The role of the Local Pension Board, the constitution of its membership and the roles and responsibilities of the Board members are set out in the attached terms of reference. It is expected that each Local Pension Board member so appointed will serve for the life of the current Surrey County Council, which will continue until spring 2017. Appointments can be extended for further periods subject to renomination.

Financial and value for money implications

6. The cost of provision of democratic support to the Board will be contained within existing resources and therefore will not be an additional cost to the Council. Any additional expenses will be borne by the administration cost centre of the Pension Fund and must be approved by the Director of Finance.

Equalities and Diversity Implications

7. The appointment of the Board is a statutory requirement. There are no specific equality implications arising from these appointments.

Risk Management Implications

8. All risk related issues related to the appointment of Board members are managed within the Board's terms of reference, as agreed by Council on 17 March 2015.

Next steps:

The first public meeting of the Local Pension Board will be organised prior to the end of July 2015, following the appointment of Board members.

Report contact: Neil Mason, Senior Advisor (Pension Fund and Treasury)

Contact details: T: 020 8213 2739 E: neil.mason@surreycc.gov.uk

Sources/background papers:

Public Service Pensions Act, 2013

Local Government Pension Scheme (LGPS) Regulations, 2013

Report to Council: Formation of A New Surrey Local Pension Board, 17 March 2015

THE SURREY LOCAL PENSION BOARD

RECOMMENDATION TO THE PEOPLE, PERFORMANCE & DEVELOPMENT COMMITTEE



1. Appointment of Local Pension Board members

- 1.1 Appointment of Local Pension Board members will be carried out by the People, Performance and Development Committee following recommendations from the Appointment/Termination panel.
- 1.2 The Appointment/Termination panel overseeing the process consist of the following representatives of the Administering Authority:
- The Chairman of the Pension Fund Board;
 - The Director of Finance (or her nominee);
 - The Strategic Finance Manager – Pension fund and treasury;
 - The Director of Legal & Democratic Services (or her nominee).
- 1.3 The requirement will be to appoint employer representatives as follows:
- 2 x Surrey County Councillors;
 - 2 x representatives to come from nominations from other employers (e.g. District, Borough and Parish Councils, Academies, Police and other scheduled, designated or admitted body employers in the Surrey Pension Fund).
- 1.4 The requirement will be to appoint member representatives as follows:
- 1 x GMB nominated representative;
 - 1 x Unison nominated representative;
 - 2 x other member representatives.
- 1.5 Any independent representatives will be directly appointed by the Appointment Panel through an open and transparent process.

2. Appointment of the Chairman and Vice Chairman of the Local Pension Board

- 2.1 Appointment of the Chairman and Vice Chairman of the Local Pension Board will be carried out by the People, Performance and Development Committee on the recommendation of the Appointment/Termination panel.

3. Recommendations of the Appointment Panel

3.1 The Appointment panel makes the following recommendation of Employer representatives of the Local Pension Board to the People, Performance and Development Committee:

- 2 x Surrey County Councillors:
 - Cllr Nick Harrison
 - Cllr John Orrick
- 2 x representatives to come from nominations from other employers (e.g. District, Borough and Parish Councils, Academies, Police and other scheduled, designated or admitted body employers in the Surrey Pension Fund):
 - Paul Bundy (Surrey Police)
 - Claire Morris (Guildford Borough Council)

3.2 The Appointment panel makes the following recommendation of member representatives of the Local Pension Board to the People, Performance and Development Committee:

- 1 x GMB nominated representative:
 - Mandy Horrell
- 1 x Unison nominated representative:
 - Tony Geer
- 2 x other member representatives:
 - David Stewart
 - Trevor Willington

3.3 The Appointment panel recommends that the requirement for independent representatives of the Local Pension Board be assessed by the newly formed Local Pension Board and that there are no appointments at this stage.

3.4 The Appointment panel makes the following recommendation of Chairman of the Local Pension Board to the People, Performance and Development Committee:

- Cllr Nick Harrison

3.5 The Appointment panel makes the following recommendation of Vice Chairman of the Local Pension Board to the People, Performance and Development Committee:

- Cllr John Orrick

THE SURREY LOCAL PENSION BOARD

TERMS OF REFERENCE



Surrey Local Pension Board

Membership: Total Ten

Four employee representatives
 Four employer representatives
 Two other members

Terms of Reference

1. Introduction

- 1.1 This document sets out the terms of reference of the Local Pension Board of Surrey County Council (the 'Administering Authority') as Scheme Manager, as defined under Section 4 of the Public Service Act 2013.
- 1.2 The Local Pension Board is established in accordance with Section 5 of that Act and under Regulation 106 of the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

2. Role of the Local Pension Board

- 2.1 The role of the local Pension Board, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013 is to assist the County Council as Administering Authority:
- (a) to secure compliance with:
 - (i) the scheme regulations;
 - (ii) any other legislation relating to the governance and administration of the LGPS Scheme and any connected scheme;
 - (iii) any requirements imposed by the Pensions Regulator in relation to the LGPS Scheme.
 - (b) to ensure the effective and efficient governance and administration of the LGPS Scheme.
- 2.2 The Local Pension Board will ensure it effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 2.3 The Local Pension Board will also help ensure that the Surrey Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

2.4 The Local Pension Board has power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

2.5 The Local Pension Board should always act within its terms of reference.

3. Establishment of the Local Pension Board

3.1 The Local Pension Board is established on 1 April 2015, subsequent to approval by Surrey County Council on 17 March 2015.

4. Appointment of members of the Local Pension Board and voting rights of Local Pension Board members

4.1 The composition of the members of the Local Pension Board is as follows:

The Pension Board shall consist of ten members and be constituted as follows:

- i) Four employer representatives;
- ii) Four scheme member (employee) representatives;
- iii) Two independent members.

4.2 The Local Pension Board shall be constituted as follows:

- Employer representatives
 - 2 x Surrey County Councillors
 - 2 x other employer representatives to come from nominations from other employers in the fund (e.g. District, Borough and Parish Councils, Academies, Police and other scheduled or admitted body employers in the Surrey Pension Fund).
- Member representatives
 - 1 x GMB nominated representative
 - 1 x Unison nominated representative
 - 2 x other member representatives
- Other members
 - 2 x members from an external source (to be recommended by the appointment panel).

4.3 Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Local Pension Board membership.

4.4 No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Local Pension Board.

4.5 Each Local Pension Board member so appointed shall serve for the life of the current Surrey County Council, a defined, fixed period which can be extended for further periods subject to re-nomination.

4.6 Each Local Pension Board member should endeavour to attend all Board meetings during the year. Substitutes will be permitted to attend on behalf of absent Local Pension Board members.

4.7 Each employer representative on the Local Pension Board should be able to demonstrate their capacity to represent scheme employers of the Surrey Pension Fund.

- 4.8 Each member representative on the Local Pension Board should be able to demonstrate their capacity to represent scheme members of the Surrey Pension Fund.
- 4.9 Each Local Pension Board member should participate in training when required.
- 4.10 Members of the Local Pension Board shall be appointed by the Scheme Manager in accordance with the Appointment and Termination Process.
- 4.11 The Appointment Panel shall be made up of the following:
- the Chairman of the Pension Fund Board
 - the Director of Finance (or her nominee)
 - the Strategic Finance Manager (Pension Fund and Treasury)
 - the Director of Legal and Democratic Services (or her nominee)
- 4.12 Each employer representative and member representative of the Local Pension Board will have an individual vote on any matter needing a decision. Independent Members of the Local Pension Board do not have voting rights. It is expected that the Local Pension Board will, as far as possible, reach a consensus.
- 5. Appointment and duties of the Chair and Vice Chair of the Local Pension Board**
- 5.1 A Chairman and Vice Chairman of the Local Pension Board to be appointed by the Scheme Manager in accordance with the Appointment Process.
- 5.2 It will be the role of the Chairman of the Local Pension Board to ensure that all members of the Local Pension Board show due respect for process, that all views are fully heard and considered, and to determine when consensus has been met.
- 5.3 The full responsibilities of the Chairman of the Local Pension Board are contained in the **Chairman of the Local Pension Board role description**.
- 5.4 The Vice Chairman shall undertake the duties of the Chairman in the event of the Chairman's absence.
- 6. Notifications of appointments to the Local Pension Board**
- 6.1 When appointments to the Local Pension Board have been made, the Scheme Manager shall publish the name of the Local Pension Board members, the process followed in the appointment together with the way in which the appointment supports the effective delivery of the purpose of the Local Pension Board.
- 7. Termination of membership of the Local Pension Board**
- 7.1 Any termination of membership of the Local Pension Board will be in accordance with the **Appointment and Termination Process**.
- 7.2 Membership of the Local Pension Board may be terminated due to:
- i) a member representative appointed on the basis of their membership of the scheme no longer being a scheme member of the Fund;
 - ii) an employer representative no longer holding the office or employment or being a member of the body on which their appointment relied;

- iii) a Local Pension Board member no longer being able to demonstrate to the Scheme Manager their capacity to attend and prepare for meetings or to participate in required training or otherwise to carry out the requirements of the role appropriately;
- iv) a Local Pension Board member having a conflict of interest which cannot be managed in accordance with the Local Pension Boards **Code of Conduct and Conflict of Interest Policy**;
- v) a Local Pension Board member becomes responsible for the discharge of any function of the Administering Authority under the Regulations;
- vi) the Scheme Manager may at its discretion terminate the membership of a Local Pension Board member if it believes that it appropriate and is consistent with the role of the Local Pension Board to do so.

8. Conflict of Interests

- 8.1 The Scheme Manager will approve a **Code of Conduct and Conflict of Interest Policy** which will be adopted by the Local Pension Board and by which members of the Local Pension Board will need to abide. Members of the Local Pension Board will provide any information the Scheme Manager reasonably requires from time to time to ensure that members do not have a conflict of interest.

9. Knowledge and Skills

- 9.1 In accordance with section 248A of the Pensions Act 2004 (“the 2004 Act”), every individual who is a member of a Local Pension Board must be conversant with:
- i) the regulations governing the LGPS; and
 - ii) any document or policy about the administration of the Fund.
- 9.2 Local Pension Board members should also have a knowledge and understanding of:
- i) the law relating to pensions; and
 - ii) such other matters as may be prescribed
- 9.3 The Local Pension Board shall adhere to the Scheme Manager’s **Attendance and Knowledge and Understanding Policy** to address the knowledge and skills requirements that apply to Local Pension Board members under the 2004 Act.
- 9.4 It is for individual Local Pension Board members to ensure they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Local Pension Board.
- 9.5 In line with this requirement, Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Local Pension Board members are therefore required to maintain a written record of relevant training and development.
- 9.6 Local Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Local Pension Board members will comply with the Scheme Manager’s **Attendance and Knowledge and Understanding Policy**.

10. Local Pension Board Meetings: Notice and Public Access to Pension Board Meetings and Information

- 10.1 There will be a sufficient number of meetings to enable the Local Pension Board to discharge its functions effectively, as decided by the Chairman of the Local Pension Board with the consent of the Local Pension Board members, and no fewer than two Pension Board meetings a year.
- 10.2 The Scheme Manager shall give notice to all Local Pension Board members of every meeting of the Local Pension Board, which will be held in public (apart from confidential matters). All members will be normally be sent an agenda and papers at least five working days before the meeting unless an urgent meeting is required.
- 10.3 Any meeting of the Local Pension Board will include provision for confidential matters or matters that would involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 to be dealt with privately in Part 2 and any documents in connection with such matters will be dealt with confidentially.
- 10.4 The Scheme Manager shall ensure that a formal record of Local Pension Board proceedings is maintained. Following the approval of the minutes by the Chairman of the Local Pension Board, they shall be circulated to all members.
- 10.5 All agendas, reports and minutes will be available on the website except for any confidential or exempt matters.
- 10.6 In accordance with the Public Service Pensions Act 2013, the Administering Authority shall publish information about the Local Pension Board to include:
- i) the names of the Local Pension Board members and their contact details;
 - ii) the representatives of employers and members of the Local Pension Board;
 - iii) the role of the Local Pension Board;
 - iv) the Terms of Reference.

11. Quorum

- 11.1 The Local Pension Board shall have a quorum of no fewer than four members which should always include the Chairman or the Vice-Chairman, at least one employer representative and at least one member representative.

12. Local Pension Board Costs and Budget

- 12.1 The Local Pension Board is to be provided with adequate resources to fulfil its role. In doing so, the budget for the Local Pension Board will be met from the Surrey Pension Fund.
- 12.2 The Local Pension Board will seek approval from the Director of Finance for any expenditure it wishes to make.

13. Core Functions of the Local Pension Board

- 13.1 The first core function of the Local Pension Board is to assist the Scheme Manager in securing compliance with the Regulations, any other legislation relating to the

Scheme and requirements imposed by the Pensions Regulator in relation to the Scheme.

- 13.2 The second core function of the Local Pension Board is to ensure the effective and efficient governance and administration of the Scheme.
- 13.3 In support of its core functions the Local Pension Board may request information from the Pension Fund Board with regard to any aspect of the Scheme Manager function. Any such request should be reasonably complied with.
- 13.4 The Local Pension Board may make recommendations to the Pension Fund Board. This recommendations should be given due consideration and a response made to the Local Pension Board within a reasonable period of time.

14. Reporting Arrangements

- 14.1 The Local Pension Board should report to the Surrey Pension Fund Board in the first instance.
- 14.2 On receipt of a report from the Local Pension Board, the Surrey Pension Fund Board should consider and respond to the Local Pension Board within a reasonable period of time.
- 14.3 Where the Local Pension Board is satisfied that there has been a breach of regulation which is reported to the Surrey Pension Fund Board and is not been rectified within a reasonable period of time the Local Pension Board has a duty to escalate this perceived breach
- 14.4 The appropriate internal route for escalation is the Strategic Finance Manager, Pension Fund and Treasury.
- 14.5 The Local Pension Board may report concerns to the LGPS Scheme Advisory Board subsequent to the internal route for escalation.
- 14.6 Local Pension Board members are subject to the requirement to report breaches of law to the Pension Regulator under the Act and the Code,

15. Local Pension Board Review Process

- 15.1 The Local Pension Board will undertake each year a formal review process to assess how well it and the members are performing with a view to seeking continuous improvement in the Local Pension Board's performance.

16. Advisors to the Board

- 16.1 The Board may be supported in its role and responsibilities through the appointment of advisors and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisors to the Board and on such terms as it shall see fit to help better perform its duties including:
- i) any Governance Advisor
 - ii) the Fund's Actuary;
 - iii) the Fund's Administrator;
 - iv) the Fund's Legal Advisor;
 - v) the Fund's Investment Manager(s);
 - vi) the Fund's Investment Advisor(s);

- vii) the Fund’s Employer Covenant Advisor;
- viii) the Scheme Manager;
- ix) other advisors as approved by the Scheme Manager.

17. Code of Conduct

17.1 The Scheme Manager will approve a **Code of Conduct and Conflict of Interests Policy** which will be adopted by the Local Pension Board and which members of the Local Pension Board will need to abide by.

18. Data Protection and Freedom of Information

18.1 The Local Pension Board and its members will need to comply with the Scheme Manager’s Data Protection and Freedom of Information Policy.

19. Accountability

19.1 The Local Pension Board will be collectively and individually accountable to the Scheme Manager and to the Pensions Regulator.

20. Acceptance and Review of Terms of Reference

20.1 These Terms of Reference will be reviewed on each amendment to those parts of the Regulations covering Local Pension Boards.

20.2 The Terms of Reference to be adopted on 17 March 2015

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People, Performance and Development Committee
17 July 2016

Future Arrangements for HR & OD Leadership - Orbis

Purpose of the report:

To seek endorsement from the committee regarding arrangements for the future HR & OD Leadership across the Orbis partnership.

Recommendations

1. Members to note that Carmel Millar, Director of People and Development will be leaving Surrey at the end of 2015 after 8 years service.
2. Members note the deletion of the role of Director of People & Development for Surrey and the establishment of the new role of HR Director which will have a scope across the whole Orbis Partnership.

Introduction:

1. The partnership between East Sussex County Council (ESCC) and Surrey County Council (SCC) was established in April 2015.
2. The establishment of the Orbis Partnership presents an opportunity for both organisations to make savings from the amalgamation of senior roles and to have a single head of service leading the individual services. This would present a potential redundancy situation for the current SCC and the ESCC HR leads.
3. The ESCC lead has recently taken on the role of Programme Director, People & Change for Orbis. Carmel Millar has expressed a wish to take voluntary redundancy and retire early. Carmel Millar has worked as the senior HR & OD lead for Surrey since January 2008 and has played a key role in the culture change and performance improvement of Surrey County Council.

4. A new joint HR Director role for the Orbis Partnership has been established. It will have significantly different duties and responsibilities and would therefore not be deemed to be a suitable alternative role for Carmel Millar. It will operate across the whole partnership and all potential future partners & customers and will lead on HR business development as well as focusing on the HR strategy for Orbis.

Future Arrangements

5. Recruitment to the new role will commence in July, with joint member interviews planned for September.
6. A new operating model for HR and OD is being created within Orbis, which will be leaner and produce further savings. The new model will mean changes for the business and discussions will take place with service customers and key members about the nature of the changes and about how these might impact. This will be carried out in a planned and managed way and in full collaboration.

Conclusions:

7. Savings and efficiencies will be made by deleting the two senior HR roles in SCC and ESCC and establishing one senior HRD role across the partnership.
8. Carmel Millar, the current senior HR lead in Surrey, will leave the organisation on 17 January 2016.
9. Changes to the HR operating model will take place and these will be done in consultation with customers and also with key members.

Financial and value for money implications

10. There is a significant saving to be made by having one leadership role across the partnership. Search and selection activity will be carried out in-house by the senior HR leads in Orbis and so reduce the costs associated with senior recruitment and selection.

Equalities and Diversity Implications

11. There are no adverse implications for protected groups arising out of the actions proposed in this report. Recruitment and selection process will be open and in line with excellence in best practice.

Risk Management Implications

12. The new proposals will mean a change to service levels but this is not expected to increase the risk to the organisation.

Next steps:

13. To begin the recruitment process for the Orbis HRD role.

Report contact: Julie Fisher, Strategic Director of Business Services

Contact details: Tel 020 8541 7216

Sources/background papers:

- Orbis Business Plan April, 2015.

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People, Performance and Development Committee
17 July 2015

Abuse, Violence and Assaults in the Workplace

Purpose of the report:

This report outlines the work which is planned in relation to assaults, violence and threats in the workplace and asks the committee to endorse and support the approach taken to review and develop our management of these issues.

Recommendations:

It is recommended that committee endorses and supports the following approach:

- a) The key message that the council will not tolerate abuse of our staff is re-established;
- b) Reporting and management of incidents is reviewed to identify improvements needed;
- c) Services make sure that risk management policies are properly applied and embedded into culture;
- d) Restorative practice in frontline services is introduced and applied when dealing with difficult behaviours; and
- e) Portfolio holders sponsor any campaigns or related activity in relevant service areas.

Introduction:

1. The Council does not tolerate assaults, violence, abuse or any forms of unacceptable behaviour towards its staff. This includes incidents of physical or verbal abuse, and violent, aggressive and threatening behaviour by people who use our service towards our employees or each other.
2. Our employees frequently work with people in challenging circumstances and with challenging behaviours. We equip our staff with the necessary skills to deal with violent and aggressive behaviour

and support them in taking positive actions to manage situations where this occurs.

3. We are committed to minimising the risk of abuse and aggressive behaviour against our staff, whilst acting in the course of their duties. It is recognised that, as well as any physical injury, the effect on mental well-being can be equally if not more serious.
4. We define abusive, aggressive or violent behaviour as any which produces damaging or hurtful physical and/or emotional impacts on others. This could include:
 - Verbal abuse, including shouting, swearing and name calling
 - Pushing, spitting, biting, scratching, punching
 - Direct threats to property, family or friends
 - Ignoring
 - Assault - resulting in injury or not
 - Assault - using a weapon or other instrument including broken bottles, hypodermic needles etc.
 - Sexual assault
 - Injury caused by pets e.g. dogs
 - Social identity abuse eg racial, sexual, religious, homophobic
5. Trade unions and staff have reported concerns about the increasing frequency of incidents and concerns that a 'culture of acceptance' could develop; .i.e. being assaulted is 'part and parcel' of the work. Our recent independent audit of quality management systems highlighted the need to improve the guidance on this issue.

Our Values, Approach and Responsibilities

How our values support this approach

6. Surrey County Council expects all employees and, where possible, people who use our services, to conduct themselves according to the organisational values:

Respect – Ensuring all workplace cultures have a strong foundation of mutual respect, fairness and dignity. Staff feel a strong sense of safety and support in any situation and respect is widely promoted and expected in all environments.

Responsible – Reporting all situations at the earliest opportunity, including those that you witness or become aware of. Proactively assessing and managing risk, informing people who use our services of the behaviour expected of them and work positively with individuals to achieve those behaviours.

Listening – All staff concerns are listened to and taken seriously and not broadly absorbed into a culture of "acceptance". All parties affected are able to access early support and poor, unacceptable behaviour is made clear to people who use our services.

Trust – All staff are able to carry out their duties in the knowledge they will be fully supported in a difficult situation. Staff feel enabled and empowered to effectively deal with a situation “in the moment” in a fair, balanced and fully supported way.

Introducing a restorative approach

7. Whilst we require formal reporting of all incidents, the attempts to resolve situations will have their basis in restorative practice i.e. early, informally-led, facilitated conversations, which are ongoing and designed to repair damaged relationships or change behaviour over time and in a supportive, non-punitive way. Our staff will work positively with individuals to manage behaviours, improve relationships and resolve problems. We will support them to act in a fair and supportive way by:

Reducing risk by taking immediate action to manage the impact of aggressive or violent behaviour where this occurs.

Removing our staff from unsafe or abusive situations.

Restoring relationships through conversation (explaining what behaviour is acceptable), compassion and action.

Clear roles and responsibilities

8. On 18 May 2015, a Leadership Commitment Statement of responsibilities was presented to the Statutory Responsibilities Network (SRN) leadership group, who advised:
- the SRN was very supportive that we need clarity and an unequivocal leadership message;
 - we develop visible notices to put around all of our buildings and workplaces;
 - we ensure employees are clear that they should report and record incidences and that they are supported;
 - we review recorded incidents and understand their reasons and any trends;
 - we develop this approach with our partners in the public sector and get them signed up to this, e.g. borough and district councils, health, police, etc;
 - we introduce a supportive of the restorative approach so that people are held accountable but not unnecessarily criminalised.
9. The Leadership Commitment Statement also recommends a set of individual responsibilities, from frontline staff to senior leaders, to make sure there are clear expectations around management of these issues. (see Appendix A). Members are asked to support this agenda as part of their leadership role and we will report back to committee following our review and action planning to seek their endorsement and support of our plan.

Conclusions:

- 10. Good staff welfare and wellbeing is critical in delivering safe and reliable services and ensures good continuity and retention. This project will try to ensure all workplaces have a strong culture of promoting values and acceptable behaviours and managing situations quickly in a restorative way. This will improve working conditions and environment directly and grow the Council’s reputation as a best practice employer of choice.

Financial and value for money implications

- 11. None

Equalities and Diversity Implications

- 12. The Equality Impact Assessment will be completed as part of the project scoping exercise to inform the project and, in particular, highlight areas of concern where high proportions of frontline staff are women and BME staff, who are most vulnerable to sexual harassment and racially abusive incidents.

Risk Management Implications

- 13. Non financial risks include unsafe working environments presenting a risk to: reputation; employee relations; recruitment and retention; and legal challenge.
- 14. Financial risks include recruitment and retention problems and legal challenge, which can create additional costs of recruitment, legal awards and poor business continuity.

Next steps:

- 15. A Project Manager has been identified to support the project lead and produce a range of actions to ensure we deliver the key message of reduce, remove and restore. A project plan is currently being developed, which will include: analysis of data to identify hotspots and trends; joint working with services and external partners to promote a common approach; engagement and promotion materials; review of policy implementation and areas for improvement, e.g. training; and measures where Members can assist in the promotion of the safety of our staff.

Report contact: Abid Dar, Equality, Inclusion and Wellbeing Manager

Contact details: 020 8541 9591

Sources/background papers: None

Specific Responsibilities in the Leadership Commitment Statement

Staff will:

- Report incidents so that others can learn from these.
- Carry out appropriate risk assessments.
- Take all reasonable steps, to ensure their own and their colleagues' health and safety.
- Remove themselves from abuse and aggression as soon as practicable.
- Where possible, will deal and resolve situations “in the moment”.
- Be alert to any escalating situation your colleagues may be dealing with. Be prepared to render help in any way it is safe to do so.
- Follow the guidance provided and participate in training given, to become fully skilled in restorative practice.

Trade Union representatives will:

- Support this policy and its implementation.
- Work with management to ensure that the working environment is safe and that safe working methods are introduced.
- Encourage their members to follow management guidelines in dealing with situations which may result in abuse or aggression.

Supervisors will:

- Carry out appropriate risk assessments.
- Support their staff in decisions and reasonable action taken.
- Ensure incidents are recorded as soon as its practical to do so.
- Allow adequate recovery time for their staff.
- Keep their manager informed of incidents.
- Assist in team briefing and training when necessary.
- Draw attention to the Employee Assistance programme support for staff.
- Ensure they and their colleagues are fully skilled in restorative practice, in dealing with situations.

Managers will:

- Carry out risk assessments for all vulnerable categories of front line jobs and introduce safe working practices and procedures to minimise the risks identified e.g. ensuring practices do not aggravate people who use our services.
- Create where possible, a preventative and respectful environment, based on our values.
- Be as supportive as possible of decisions taken by their staff in the first instance.
- Ensure they are in possession of all the facts when asked to intervene.
- Not make exceptions to following a consistent approach, unless warranted.
- Reassess the risks and control measures required, after incidents.

- Team brief and train staff, as required. Monitor the effectiveness of training.
- Be responsible for staff welfare, safety and support.

Senior managers will:

- Ensure effective risk management systems and reporting are in place.
- Promote where possible, a preventative and respectful environment, based on our values.
- Promote and re-energise local policy commitments and best practice, where it already exists.
- Empower and enable staff to be able to effectively deal with abusive or aggressive situations.
- Provide restorative practice skills training for front line staff and their managers, to ensure a consistent approach to dealing with abusive, violent or aggressive people.
- Work with partners to ensure that information on people who use our services is shared.
- Require staff to report incidents, re-drawing the boundaries of what is unacceptable and to monitor patterns and take steps to reduce risk.
- Reinforce our support for staff who deal with abuse and violence by signs and the inclusion of statements in appropriate correspondence and literature. Signs and statements will be balanced i.e. identifying the behaviour people who use our services can expect from the council, the local environment and the response we expect from people who use our services. For example people who use our services can be informed that :

“You have the right to expect the best service from the Council and we will try to provide that service politely and respectfully. In return we ask the same from you. We reserve the right to ask anyone who abuses us, verbally or physically, to leave the premises. We also reserve the right to withdraw our services, if the situation allows. Abusive phone calls may be terminated. We will support staff who are subjected to aggression or violence and, where appropriate pursue legal action against perpetrators.”

- Take action needed against perpetrators including prosecution if needed.
- Ensure support mechanisms are in place to support staff e.g. supervision and counselling.

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People, Performance and Development Committee
17 July 2015

**Appraisal Completion Update report for Appraisals
carried out in 2015/16**

Purpose of the report: Performance Management

To provide an update on the progress of appraisals for Surrey County Council, the year valid 1 April 2014 to 31 March 2015 (carried out in 2015/16).

Recommendation:

1. That the People Performance and Development Committee note the current level of completion of eligible appraisals, as recorded on the system, stands at 43% completion, across the organisation.
2. That the committee agree an extension of the completion date to September 2015, in recognition of the scale of some services. That this would be on the understanding that, should a link between pay and performance be established, appraisals would need to be completed by the end of the first quarter in future years.
3. That the committee continue to request reports for appraisal completion data on a quarterly basis.
4. That a period of two years for completion of a significant programme of appraisal training for over 300 team leaders be agreed for Commercial Services and for the completion of all appraisals for the 1,500 staff in that service (see paragraphs 5.4 to 5.6 below).

Introduction:

1. Surrey County Council is a values led organisation. Having at least an annual review where leaders sit down with each individual member of staff and reflect on how the year has gone, is an essential part of our organisational culture. 2014/15 saw an achievement of 98% completion rate for eligible staff.
2. Appraisals for the valid year 1 April 2014 to 31 March 2015 and carried out in 2015/16 are aimed to be completed by 30 June 2015, for eligible staff.

3. Eligible staff are defined as 'All centrally employed staff within the organisation including Fire & Rescue and Commercial Services'. There are also specific exclusions around new starters (those still in their probation period), those on notice, bank staff, maternity leave and long-term sick absence. The Chief Executive and Coroner Service are also excluded. NB the Chief Executive's appraisal is scheduled to take place in November this year.
3. Throughout this report figures and comments relate to those that would be eligible.
4. This report aims to update members of the People, Performance and Development Committee on:
 - a. The current appraisal completion rates and analysis.
 - b. How we will continue to work with Directorates to ensure completion of appraisals

Current completion rates and analysis

- 5.1 Surrey County Council currently has (at 1 July 2015) an appraisal completion rate of **43%** for the 2014/15 year, as up-loaded into the system.
- 5.2 The breakdown of the Directorates is in the attached appendix A.

Directorate Responses to date

- 6.1 **Adult Social Care** are working towards 100% completion within their Directorate. They have been driving completion and are showing an 85% completion rate.
- 6.2 **Business Services** are working towards 100% completion within their Directorate, with the Directorate showing 57% completion. The service has concerns that the figure should be more at this stage, and the services are being supported in ensuring they are completing the correct validity period on the system.
- 6.3 **Chief Executive's Office** - CEO's office are currently reporting a 48% completion rate. Appraisals still to be completed sit mainly within the Cultural Services team. The Appeals Service within Democratic Services currently have their appraisals in Sept/Oct, which falls outside the reporting period for this year, and this will be rectified for next year when they will be undertaken in March.
- 6.4 **Children, Schools and Families** are currently reporting 19% completion. Appraisals still to be completed sit mainly within Commercial Services, Children's Services and Services for Young People.

- 6.5 **Commercial Services** have put in place a clear programme to support managers in completing appraisals. Training for District Managers will be undertaken in July / August followed by over 300 team leaders, who will be trained throughout 2015/16.
- 6.6 Commercial Services appraisals are being booked, to ensure that once the training has been completed, the managers can undertake the appraisal soon after. It is a significant undertaking to train over 300 team leaders to carry out appraisals effectively, particularly as this will be a new skill for the team leaders. Hitherto, appraisals have been carried out by the District Managers but this has meant the District Managers have had to carry out too many appraisals for any one manager and it has proved to have a detrimental impact on the business. It is expected that a large proportion of staff will achieve an appraisal for 2014/15, however, due to timescales and 'cut-off' period of reporting, it is recommended that a period of two years be agreed to properly complete the training programme and fully complete all appraisals by team leaders.
- 6.7 **Customers and Communities** are currently reporting 13% completion rate.
- 6.8 **Surrey Fire and Rescue Service** is in the process of uploading appraisals into the system by the end of June. This is expected show a 100% completion rate.
- 6.9 **Environment and Infrastructure** are currently reporting a 38% completion rate.
- 6.10 **Highways & Transport** have explained that their ability to complete appraisals in this quarter has been impacted by their current restructure and the interviews that have been taking place for the roles in the new structure. Some managers are still unsure as to what post they will sit in, so in turn have not completed their staff appraisals. This work should be completed in July.

<h3>Timetable for Completion</h3>

7. The diversity of the services within the Council has meant that over the years, there have been different time frames being adopted for appraisal. For example, some large scale front line services use a staggered approach throughout the year. The expectation was that the financial year cycle would be adopted by the whole council (excluding Commercial Services) in 2015 with all appraisals being completed by 30 June. Clearly this has not happened. Some appraisals may have been carried out and are not yet recorded on the system but it is clear that services have not made the adjustment to the end of June deadline.
8. If at any time in the future, the council were to establish a link between movement within the pay grade and performance, there would need to be an embedded culture of performance management in place and we are still some way off this. An appraisal would need to be completed and entered on the system before anyone would qualify for movement within grade.

9. It is recommended that an extension of the completion date to September 2015 be agreed by PPDC to enable all services to complete this year. This is being requested for one year only, on the expectation that all appraisals in future years be completed by the end of the first quarter.

Conclusions:

10. Most services are still having difficulties completing all their appraisals by the first quarter of the financial year.
11. An embedded culture of performance management is essential if the council were at any time in the future to establish a link between movement within the pay grade and performance.

Financial and value for money implications

12. An embedded culture of performance management is an essential part of ensuring proper control of the pay bill.

Equalities and Diversity Implications

13. Annual appraisals are an essential way in which the council ensures its values and behaviours are embedded across the organisation, as standard. This is a way of ensuring a culture which is supportive of all cultures and difference.

Risk Management Implications

14. Appraisals are an essential element of a health and safety management culture.

Next steps

15. The Statutory Responsibilities Network meets on Monday 6th July to consider how full completion can be achieved by September 2015.
16. All Directors and Heads of Service take leadership and responsibility for completion of their appraisals, with continued support from HR and OD.
17. Reports will continue to be created on a two weekly basis. These reports are sent to Directors and Heads of Service plus their HR Relationship Managers who are supporting them in the completion of appraisals.
18. HR will be taking forward a piece of work looking at the quality of appraisal conversation, which will help to inform the pay and reward project.

Report contact: Carmel Millar, Director of People and Development

Contact details: carmel.millar@surreycc.gov.uk

Sources/background papers:

Appendix A – Breakdown of current appraisal completion figures

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Appendix A – PPDC July 2015

Personnel Area	Personnel Subarea	Employments	Completed	% Completed
Adult Social Care Services	St Dir for ASC	1	1	100.00%
Adult Social Care Services	Comms & Ops	984	578	81.29%
Adult Social Care Services	Ser Delivery	1089	644	88.10%
Adult Social Care Services	Enterprise B&A	157	110	82.71%
Adult Social Care Services	Mental Health	258	0	0.00%
	Total (excl. MH)	2231	1333	84.58%

Personnel Area	Personnel Subarea	Employments	Completed	% Completed
Customer and Communities	St Dir for CC	3*	1	100.00%
Customer and Communities	Customer Serv	128	26	25.24%
Customer and Communities	CC Dir Sup	49	8	29.63%
Customer and Communities	Fire & Rescue	813**	59	7.89%
Customer and Communities	Programme Team	34	25	83.33%
Customer and Communities	Trade Standard	79	6	12.50%
	Total	1106	125	13.06%

* There are 3 employments, one is a new starter and one has a special exclusion.

** Fire and Rescue are at 100%, we are just waiting for the system to be updated.

Personnel Area	Personnel Subarea	Employments	Completed	% Completed
Business Services	St Dir for BUS	22	9	50.00%
Business Services	Property	180	42	25.77%
Business Services	Finance	111	46	46.00%
Business Services	HR & Org Dev	138	46	56.10%
Business Services	Info Man & Tech	208	102	55.43%
Business Services	Proc&Com	58	20	39.22%
Business Services	SSC	265	210	91.70%
	Total	982	475	57.44%

Personnel Area	Personnel Subarea	Employments	Completed	% Completed
Chief Executive Office	CEO	16	12	80.00%
Chief Executive Office	Communications	27	20	83.33%
Chief Executive Office	Cultural Serv	1601	310	39.19%
Chief Executive Office	Legal&Demo Ser	136	73	68.87%
Chief Executive Office	Policy & Perf	39	34	97.14%
Chief Executive Office	Public Health	121	36	81.82%
	Total	1940	485	47.78%

Personnel Area	Personnel Subarea	Employments	Completed	% Completed
Childrens Sch & Fam Service	St Dir for CSF	11	2	20.00%
Childrens Sch & Fam Service	Resources	69	15	25.86%
Childrens Sch & Fam Service	Sch & Learning	684	199	43.93%
Childrens Sch & Fam Service	Childrens Serv	1467	102	10.44%
Childrens Sch & Fam Service	Serv Yng People	572	23	6.76%
Childrens Sch & Fam Service	Comm Servs	0	0	0.00%
Childrens Sch & Fam Service	Comm Servs - Catering	0	0	0.00%
	Total (excl CS Catering.)	2803	341	18.55%

Personnel Area	Personnel Subarea	Employments	Completed	% Completed
Environment & Infrastructure	St Dir for E&I	1	0	0.00%
Environment & Infrastructure	Highways	428	96	35.82%
Environment & Infrastructure	Economy, T&P	72	45	73.77%
Environment & Infrastructure	Environment	234	39	28.06%
	Total	735	180	38.38%

	SCC Total	9797	2939	43.98%
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The total completion rate including Fire and Rescue comes to 53% as at 1 July 2015.



People, Performance and Development Committee
17 July 2015

Changes to Conditions of Service

Purpose of the report:

This report sets out changes to Surrey Pay terms and conditions of employment in respect of:

- i) The process for buying annual leave under the council's flexible benefits policy; and
- ii) Eligibility to access MyBenefits employee voluntary benefits.

Recommendations:

It is recommended that:

1. The council operates a net pay scheme for staff buying annual leave with effect from 1 January 2016 annual leave year.
2. The MyBenefits voluntary and flexible benefits scheme is open to all non-Surrey Pay staff and elected members within the council with immediate effect.

1 Introduction:

- 1.1 As part of the ongoing work within the Reward Team, changes to regulations and legislation are considered in the context of the Council's Reward Policy. In addition pay reviews are undertaken in order to ensure efficiencies and best practice.
- 1.2 This report addresses changes to Pension regulations in relation to the treatment of annual leave purchase schemes and reviews overall access to MyBenefits employee benefit scheme.

2 Pension Regulation Changes and Salary Sacrifice Scheme for Buying Leave

- 2.1 The council operates a salary sacrifice scheme for buying and selling annual leave. There is a good take up of the scheme which has been growing since it was introduced. See table 1 for number of staff who participated in the scheme between 2012 and 2015.

Table1: Buying and Selling of Annual Leave 2012-2015

Scheme Year	2012	2013	2014	2015
No of staff who sold leave	215	209	207	192
No of staff who purchased leave	609	635	677	744
Total	824	844	884	936

- 2.2 Under the current operation of the scheme both the employer and employee benefit as tax and national insurance contributions are not paid on the leave purchased. In addition, as a salary sacrifice the amount of leave purchased did not affect employee pension contributions.
- 2.3 Under the current scheme, the purchased leave has no adverse impact on staffing budgets, since both the salary and on-costs (national insurance) on the purchased days are cost savings. This means that the service managers are in a position to afford back fill arrangements if necessary.
- 2.4 Under new Government regulations introduced in April 2014 the purchase of additional annual leave through a salary sacrifice scheme is no longer considered as counting towards pensionable pay. This new regulation does not affect holiday entitlement that is sold through salary sacrifice. The impact of this new regulation will reduce the value of employees' pensions. Employees will however have the opportunity to top-up their pension through additional voluntary contributions.
- 2.5 Consideration has been given to the possibility of continuing to offer this benefit as a salary sacrifice, whereby the employee and employer will continue to benefit from relief in income tax and national insurance contributions for the purchased days. However, under this arrangement the council must be able to calculate, inform and agree changes to pensions with each employee purchasing leave. This will be untenable given the considerable additional administration in calculating and agreeing the pension scheme implications for each case.
- 2.6 It is proposed that with effect from 1 January 2016 purchase of annual leave is managed as a deduction from net pay rather than gross pay, avoiding an impact on the value of employee's pension and the additional processing; and making sure that employers' contributions are appropriately paid. The scheme would be adjusted from 1 January 2016, with a staff communications plan to commence from autumn 2015.

Impact and issues

- 2.7 For most staff the effect on their net pay will be much the same under the current method of calculating the deduction as shown in the example below:

Current Salary Sacrifice Scheme:

Assuming hourly rate of £10

Tax @20% £ 2 saving

NI Contributions @10% £ 1 saving

Total employee net cost of one hours' annual leave = £7

New Net Pay Scheme:

Total employee cost of one hours' annual leave to be deducted from net pay = £7

- 2.8 The proposed change will however have an impact on team budgets, as the current scheme produces a saving to the cost centre (in terms of salary and employers' NI contribution). The proposed net pay scheme will show a saving of only approximately 59% of the previous amount - as this is now proposed to be a net pay scheme. Gross costs plus on-costs are now replaced by net pay.

Table 2: Directorate Impact on Net Pay Annual Leave Purchase Scheme:

No. Of ee's purchasing leave per directorate 2015	Directorate	Ave. Days	Ave. Pay	Existing Total Directorate Savings (incl on-costs)	New Scheme Total Savings	Per Employee Per 6 Days					New Scheme Directorate Total Loss
						Existing Gross Cost Savings	Plus 12.5% On Cost	Existing Scheme Savings	New Net Cost Savings (66% of B)	Total Loss Per 6 days	
A						B	C		D	(B+C)-D=E	AxE
172	ASC	6	£ 25,000	£ 111,329	£ 65,313.56	£ 575.34	£ 71.92	£ 647.26	£ 379.73	£ 267.53	£ 46,015
108	BS	6	£ 25,000	£ 69,904	£ 41,010.84	£ 575.34	£ 71.92	£ 647.26	£ 379.73	£ 267.53	£ 28,893
109	CEO	6	£ 25,000	£ 70,551	£ 41,390.57	£ 575.34	£ 71.92	£ 647.26	£ 379.73	£ 267.53	£ 29,161
272	CSF	6	£ 25,000	£ 176,055	£ 103,286.56	£ 575.34	£ 71.92	£ 647.26	£ 379.73	£ 267.53	£ 72,768
48	C&C	6	£ 25,000	£ 31,068	£ 18,227.04	£ 575.34	£ 71.92	£ 647.26	£ 379.73	£ 267.53	£ 12,841
35	E&I	6	£ 25,000	£ 22,654	£ 13,290.55	£ 575.34	£ 71.92	£ 647.26	£ 379.73	£ 267.53	£ 9,364
744				£ 481,561	£ 282,519						£ 199,042

- 2.9 In 2015, 744 staff purchased leave as shown in Table 2 (above). Under the new net pay scheme this would mean an estimated future savings of £282,519, rather than £481,561 under the gross pay scheme. It should therefore be noted that future savings may not be enough to cover the full cost of staff back fill. However, this scheme still represents a saving in overall costs and the risk of additional costs is only associated with ability to purchase backfill.

- 2.10 In non-regulated services backfill for leave purchased is generally absorbed within current staffing resources. In regulated services, limits on purchased leave are operated to limit additional leave pressures, e.g. in Adults Social Care staff are encourage to take all of their leave within current year and carry forward plus purchased leave is generally a maximum of five days unless there are special circumstances.
- 2.11 In order to ensure that the council is compliant with the new pension regulations it is recommended that a net pay purchase of annual leave scheme is introduced from 1 January 2016.

3 Eligibility to Access MyBenefits Salary Sacrifice Schemes

Introduction

- 3.1 MyBenefits is the name given to the council's voluntary and flexible employee benefits scheme. It forms part of the Surrey Pay conditions of service and was therefore originally only available to staff on Surrey Pay and conditions of service.
- 3.2 The MyBenefits scheme is popular amongst staff due to the wide range of benefits on offer and the savings staff can make and is viewed by services as a tool to assist with staff recruitment, retention and reward. Through the scheme all permanent staff and elected members have access to the 'lifestyle' offers and discounts, where staff can save money on shopping, days out, holidays, cashback and much more.
- 3.3 In January 2015 the Council launched a new salary sacrifice lease car scheme in partnership with Leasedrive, which is currently open to all staff on Surrey Pay terms and conditions of service and firefighters.
- 3.4 In addition the council sought HMRC approval with regard to Member's eligibility to participate in salary sacrifice products. HMRC have confirmed that elected members of the Council are also entitled to participate in the salary sacrifice schemes and the appropriate procedures, policy updates and communications are currently being developed for future consideration by PPDC.

Background

- 3.5 Over the years, as staff on different terms and conditions have TUPE'd into the council, various elements of MyBenefits have been offered in order to smooth the transition. MyBenefits is therefore no longer exclusively made available to staff on Surrey Pay conditions of service and there is an inequality in the access of different groups to different elements of the scheme, including a range of non Surrey Pay staff are currently able to access elements of the benefits package.

- 3.6 Whilst originally the offer of MyBenefits was used as leverage to harmonise staff onto full Surrey Pay terms and conditions of service, as part of the council move towards 'clean pay'. Feedback from the service suggests that the benefits package alone does not provide sufficient 'leverage' to influence employee decisions on transfer to Surrey Pay. This differential treatment in access to benefits, many of which support family friendly employment, is now having a deleterious impact on morale and employee relations amongst excluded staff.
- 3.7 We have mapped the access to benefits for different groups to show which benefits non Surrey Pay staff groups are unable to access, which includes the salary sacrifice tax-free saving schemes listed below:
- childcare vouchers;
 - cycle to work scheme;
 - mobile phone scheme;
 - training and qualification loan;
 - health assessments;
 - workplace parking schemes; and
 - lease car scheme.
- 3.8 Following the successful launch of the lease car scheme in January 2015, a number of enquiries have been received from non Surrey Pay staff requesting clarity regarding eligibility to participate in salary sacrifice schemes. Table 3 below summarises current eligibility to participate in employee salary sacrifice schemes.
- 3.9 As previously stated most staff already have access to the MyBenefits 'lifestyle' offers, provided by the council's benefits provider P&MM. By extending salary sacrifice schemes to non Surrey Pay staff, the only additional charge the council will incur would be in relation to those staff who applied for Childcare Vouchers. At present the council is charged an administrative fee by the provider equivalent to 1 per cent of the voucher cost. However, given the overall savings to the council through reduced employer national insurance costs, extending the salary sacrifice schemes to additional employees would overall result in a saving.

Recommendation

- 3.10 It is recommended that full access to MyBenefits, including salary sacrifice schemes is made available to all staff groups.

Table 3: MyBenefits Eligibility Matrix

Staff Group	Lease cars	Childcare vouchers	Cycle to work	Mobile phones	Training & Qualification loans	Health Assessments	Workplace Parking
Surrey Pay t&c's	✓	✓	✓	✓	✓	✓	✓
Bank & Casual	Not eligible as not paid monthly						
Firefighters	✓	✓	✓	✓	✓	✓	✓
Staff on NJC national t&c's - Educational Psychologists & County Coroner	Not eligible as not on Surrey Pay t&c's						
Staff on JNC national t&c's – youth workers	Not eligible as not on Surrey Pay t&c's						
Tupe	Not eligible as not on Surrey Pay t&c's. However, can apply if in a CCV scheme.						
Unattached teachers	✓	✓	✓	✓	✓	✓	✓
Teachers in Surrey Schools	Not eligible as per national t&c's	✓	✓	✓	Not eligible as per national t&c's	Not eligible as per national t&c's	✓
Schools support staff in Surrey Schools	✓	✓	✓	✓	✓	✓	✓
Teachers in Academy schools on local / national t&c's	Not eligible as per national t&c's	✓	✓	✓	Not eligible as per national t&c's	Not eligible as per national t&c's	✓
Schools support staff in Academy schools	x	✓	✓	✓	✓	✓	✓
Teachers in Foundation schools on local / national t&c's	Not eligible as per national t&c's	✓	✓	✓	Not eligible as per national t&c's	Not eligible as per national t&c's	✓
Schools support staff in Foundation schools	✓	✓	✓	✓	✓	✓	✓
Teachers in Voluntary Aided schools on Surrey Pay t&c's	✓	✓	✓	✓	✓	✓	✓
Schools support staff in Voluntary Aided Schools	✓	✓	✓	✓	✓	✓	✓
County Councillors	✓	✓	✓	✓	✓	✓	✓

4 Conclusions:

Financial and value for money implications

- 4.1 The financial impacts of these changes are relatively limited and offer value for money in the opportunity to address staff concerns, promote consistency and fairness within the pay system and improve morale. The specific implications are as follows:
- Introducing a net pay purchase of annual leave scheme will continue to produce a savings in team budgets which will be reduced from £428K to £252K. This could result in budget pressures if the costs of backfill exceed savings. However, this is mitigated by approval practices within services which already manage excessive impacts of leave purchase.
 - Extending the MyBenefits salary sacrifice schemes to non Surrey Pay staff groups could lead to increased take up of benefits which will result in an overall saving in reduced employer national insurance costs, these proposals will not incur any significant cost to the Council

Equalities and Diversity Implications

- 4.2 These proposals promote consistency in the application of employee benefits.

Risk Management Implications

- 4.3 These proposals help manage and reduce the impact on moral of equality of access and the related potential for claims of unequal treatment.

5 Next steps:

- 5.1 Procedures, policy updates and communications to be developed in relation to extending salary sacrifice schemes to elected members for consideration at a future PPDC.
- 5.2 Snet pages and communications to be prepared in relation to eligibility to MyBenefits salary sacrifice schemes and the purchase of annual leave scheme.

Contact: Carmel Millar, Director of People & Development

Contact details: 020 8541 9824

Background Papers: None

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People, Performance and Development Committee
17 July 2015

Pay Policy Exceptions Analysis 2012 - 2014

Purpose of the report:

The People, Performance and Development Committee (PPDC) acts as the council's Remuneration Committee under delegated powers, in accordance with the constitution of the county council. All Surrey Pay and terms and conditions are determined by the PPDC and approved by Council on an annual basis.

Requests from council offers for changes to pay and terms of conditions which fall outside of the policy (pay exceptions) are decided by PPDC on an on-going basis. PPDC considers pay exceptions for senior officers (grade 13 and above) has delegated responsibility for deciding all other pay exceptions to the Director of People and Development and the relevant Head of Service.

This report provides a review of pay exceptions over the last three financial years (2012/13, 2013/14, 2014/15) in order to:

- Provide assurance to Council Members that the processes to determine decisions in relation to pay are fair, simple, systematic, transparent and in line with the Council's Pay Policy Statement;
- Determine whether scrutiny of cases at the right level and consistent across the Council;
- Determine whether cases support key Council imperatives, e.g. helping to recruit and retain key skills;
- Provide an analysis and comparisons of data on all cases going back three years to establish:
 - o The trends in pay exceptions and what do these tell us;
 - o The implications, if any, for our new pay strategy;
- Identify recommendations as to how process and/or practice for deciding and reporting pay exceptions could be improved.

1 Recommendations:

1.1 It is recommended that:

- i) the current delegations and process for approval of pay exceptions is maintained and all services must adhere to this process;
- ii) pay exceptions, including exceptional starting salaries, for grades S12 and below are delegated by PPDC for decision by the Director of People and Development;
- iii) pay exceptions for grades S13 and above are presented to the Director of People & Development, for challenge, review and endorsement before being presented to PPDC for decision;
- iv) All pay exceptions must be first be approved by the relevant Strategic Director;
- v) where it is necessary to expedite decisions on exceptional starting salaries for grades 13 and above in order to secure new staff, then the business case will be forwarded to the Director of People & Development for challenge, review and decision, in consultation with the Leader on behalf of PPDC, and will be reported to the next PPDC for information. The Council's Pay Policy Statement will be amended to reflect these changes and presented to Council for approval; and
- vi) services will be required to use a standard business case template to improve consistency of decision; a central record of all approved exceptions will be maintained in Human Resources and reported to PPDC on a quarterly basis.

1.2 The HR&OD team will provide guidance and support to managers should there be any uncertainty about the process and determining the appropriateness for exceptions.

2 Introduction:

2.1 In the last three financial years, expenditure on pay exceptions has amounted to around £45K in 2012; £315K in 2013 and £449K in 2014. In 2014, this sum represents 0.3 per cent of the Council's pay bill. This review has included an analysis of:

- All pay exceptions recorded between 2012 and 2014 for both staff graded above and below S13 for each Directorate;
- Exceptions to the current Pay Policy and a business rationale to support management decisions taken on pay that fall outside the current Pay Policy; with a particular focus on:
 - Starting salaries above the grade minimum that falls outside of the resourcing policy; and
 - Pay progression awarded above agreed as part of the annual pay settlements.

- The process operated for agreeing and implementing pay exceptions.

3 Background:

- 3.1 The Council's Pay Policy Statement is approved by a meeting of the full County Council on an annual basis. It is then published on Surrey's external web pages in April each year to comply with the requirements of Section 40 of the Localism Act 2011 and the need for transparency in our policy on pay and reward.

Surrey Pay

- 3.2 The Council's reward strategy is based on the local negotiation of "single status" Surrey Pay terms and conditions of service. This means that the majority of staff are on consistent terms and conditions of service, except for teachers and fire fighters who are employed on separate national frameworks.
- 3.3 Salary progression for individual members of staff may be awarded exceptionally during the current period of pay restraint. These must be approved by the PPDC for all staff on senior pay, or by the appropriate Head of Service and the Director of People and Development for staff on salaries below senior pay.

Governance

- 3.4 The People, Performance and Development Committee (PPDC) acts as the council's Remuneration Committee under delegated powers, in accordance with the constitution of the county council. All Surrey Pay and terms and conditions are determined by the PPDC.
- 3.5 Pay exceptions are approved by the People, Performance and Development Committee (PPDC). PPDC approves all senior pay exceptions, grade S13 and above. Approval for decisions on pay exceptions for grades S12 and below is delegated by PPDC to the Director of People and Development and the relevant Head of Service.

4 Current Process for Pay Exceptions

- 4.1 For all pay exceptions, the Service Manager or HR Advisor prepares a business case with the Head of Service support and forward to the Strategic HR Relationship Manager and the Reward Team. Internal and external benchmarking data is then added for the majority of requests and comparison across services before making a decision. We have introduced a standard business case to improve the consistency in decision making.
- 4.2 For pay exceptions for grades 12 and below the Reward Team assesses the business case, including any previous recognition in recent history and other relevant payments made. Consideration is given as to whether the case is reasonable, fair and in line with other requests and a recommendation is made to the HR Strategic Relationship Manager for decision which may be different to the original request.

- 4.4 Decisions are confirmed in writing to the service and both the original request and the approved exception (if applicable) are recorded.
- 4.5 Pay exception requests for senior staff (grade S13 and above) follow a similar approach. However, a more detailed business case is developed which will then be presented to PPDC for decision. The business case will be written by the relevant Head of Service or Senior Manager guided by the Strategic HR Relationship Manager and will include internal and external benchmarking data for comparison.
- 4.6 A template business case was designed following feedback from Internal Audit and Senior Managers.
- 4.8 With the exception of Adult Social Care, (ASC) all directorates operate the above process (see “Section 8.Process Analysis” for more information).

5 Methodology and approach to analysis

- 5.1 An analysis has been completed on the pay exceptions data that has been collected from all directorates for the years 2012 – 2014. This analysis has been split between each directorate and grouped into two categories for pay grades according to the different approval processes: grades S12 and below; and senior grades 13 and above. The pay exceptions are analysed by directorate and reason. Pay exceptions were classified into three groups:
- Increasing starting salary;
 - Pay progression (over and above annual pay awards, or usual promotional uplifts); and
 - All pay exceptions (including pay in lieu of annual leave, extended sick pay entitlement, etc).
- 5.2 Some pay exceptions were identified in ASC with incomplete records. Each of these have now been investigated and it is confirmed that all decisions have been approved by the Strategic Director in line with the ASC process and these exceptions have been included in the analysis. ASC has adopted the business case and recording templates to improve future recording.

6 Increasing starting salary

6.1 A summary analysis of the pay exceptions for each directorate is included in Table 1 below.

Table 1: Summary pay exceptions for increased starting salary

Directorate	2012		2013		2014	
	No. Increased Starting Salary	Average Pay Exception Increase	No. Increased Starting Salary	Average Pay Exception Increase	No. Increased Starting Salary	Average Pay Exception Increase
ASC	1	£1,680	26	£2,050	32	£2,817
BS	3	£702	1	£981	24	£2,190
CC	1	£819	0	£0	3	£1,793
CEO	0	£0	0	£0	7	£1,488
CSF	0	£0	20	£3,147	20	£2,550
E&I	0	£0	1	£1,210	5	£1,042

Adult Social Care

6.2 For Adult Social Care, the key findings are:

- Starting salaries for roles below grade 12 over period 2012 to 2014 show there is increasing frequency and value above the bottom point;
- The posts affected are mostly professionally qualified social workers, occupational therapists or approved mental health practitioners;
- Starting salaries for roles above grade 13 also show a low number pay exceptions and posts show these reflect internal changes in senior management; and
- The December 2014 turnover rate of 11.9 per cent in professional roles is above the target rate for the directorate.

6.3 In conclusion: evidence points towards Surrey's needing to pay more to staff in professional roles to attract experience staff; respond to a steady increase in turnover; and a highly competitive market.

Business Services

6.4 For Business Services the key findings are:

- Starting salaries for roles below grade 12 over period 2012 to 2014 show there is a change increase in frequency and value above the bottom point in 2014;
- Starting salaries for roles above grade 13 also show some pay exceptions of significant value and posts and a range of roles affected;
- There are a variety of posts affected by pay exceptions and the December 2014 average turnover rate of 5.3 per cent for all services

- 6.5 In conclusion: evidence points towards Surrey's pay lagging the market in a range of roles; a need more to replace steady turnover; and to pay higher salaries for senior roles.

Customers and Communities

- 6.6 For Customers and Communities the key findings are:

- Starting salaries for roles below grade 12 over period 2012 to 2014 show there are very few pay exceptions, with a recent small number of cases this year;
- The December turnover figures of 10.3 per cent suggest turnover in these services is line with industry expectations; however a very low turnover in SFRS (5.9 per cent) is balanced with a 15.9 per cent turnover in customer services roles.

- 6.7 In conclusion, there is some evidence of need for higher start salaries to attract staff to replace turnover this year.

Chief Executives Office

- 6.8 For Chief Executive's Office key findings are:

- Starting salaries for roles below grade 12 over period 2012 to 2014 show there are very few pay exceptions, with a recent increase in the number of cases this year;
- Starting salaries for roles above grade 13 also show pay exceptions of significant value and posts show a range of roles affected;
- The December turnover figures of 10.3 per cent is not excessive.

- 6.9 In conclusion, there is some evidence of need for higher start salaries to attract staff to replace turnover this year and a need to pay more to replace senior roles

Children, Schools and Families

- 6.10 For Children, Schools and Families key findings are:

- Starting salaries for roles below grade 12 over period 2012 to 2014 show there are relatively high numbers of pay exceptions albeit the average increase reduced this year;
- The posts affected are a range of skilled and professionally qualified roles;
- The December turnover figures show an average of 18.2 per cent which is high.

- 6.11 In conclusion: evidence points towards Surrey's needing to pay more to staff in professional roles to attract experience staff; respond to a steady increase in turnover; and a highly competitive market.

Environment and Infrastructure

- 6.12 For Environment and Infrastructure key findings are:

- starting salaries for roles below grade 12 over the period 2012 to 2014 show there are very few pay exceptions, with a recent increase in the number of sates this year;
- the December turnover figures show and average of 12.8 per cent turnover.

Summary

- 6.12 In conclusion, there is some evidence of need for higher start salaries to attract staff to replace turnover this year. There is a year on year increase in the number of exceptions for all roles (6 in 2012, 55 in 2013 and 97 in 2014). A further analysis of the value of these show that 78 per cent have been for an increase of five per cent or more.
- 6.13 Overall, analysis of the starting salary pay exceptions points to an increase in start salaries for most roles, particularly in 2014. This may be aligned to an improved economy, an increasingly competitive employment market and also that Surrey's pay has fallen behind market rates.

7 Pay progression and other pay exceptions

- 7.1 There is a step change increase in the number of pay progression increases from 2012 to 2014, increasing from 15 to 34 and a slight increase to 39 in 2014. A summary of the pay exceptions is included below (see Table 2).
- 7.2 The overwhelming majority of pay exceptions below grade 12 are for increase start salaries (144 in total). There are a number which relate to annual leave (30 in total). These are for payment in lieu of leave where a member of staff has been unable to access contractual leave due to sickness and occasionally pressure of work. Most others are for pay progression (52 in total). The average percentage pay progression for posts below grade 13 is 8.26 per cent (the lowest average of 3.76 per cent in Chief Executive's Office and the highest average pay progression of 10.89 per cent in Business Services).
- 7.3 For posts graded 13 and above there are more cases here are for pay progression (36 in total) than increasing start salaries (16 in total). The average salary progression is 7.72 per cent; the lowest average is 4.17 per cent in Children Schools and Families and highest average is 9.12 per cent in Chief Executive Office. This reflects our pattern of recruitment and the salary restraint in senior positions. The posts affected by these salary progressions are professional, middle management and senior roles around grade 8 and above. There is a focus on retention of senior roles.

Table 2: Summary Cost Pay Exceptions by Year Combined Total

Grade	Increasing Starting Salary	No.	Pay Progression	No.	Other	No.	Total
Main Grade	£338K	144	£83K	52	£21K	59	£441K
Senior	£101K	16	£208K	36	£48K	17	£357K
Total	£439K	160	£291K	88	£70K	76	£799K

Summary

- 7.4 Overall, pay exceptions represent a small amount of the total base pay bill (excluding additional hours and overtime) amounting to 0.3 per cent. The annual pay settlement (basic award and pay progression) is nearly ten times more than the amount passed through pay exceptions; £3.9M compared to £449K (see Table 3)

Table 3: Expenditure on Pay Exceptions as % of Base Pay Bill

Additions to pay	Amount	Total Pay Base Pay Bill	% of Total Pay Bill
Pay exceptions	£448,718	£150,000,000	0.30
Pay progression (including cost of living award)	£3,900,000	£150,000,000	2.6

8. Process analysis

- 8.1 PPDC takes decisions on senior pay exceptions and delegates decisions on pay exceptions below grade 12 to Director of People and Development. All services follow this process with the exception of ASC where pay exceptions are decided locally by the Strategic Director who has direct oversight of each of the cases. This level of Strategic Director oversight does not take place in all other directorates.
- 8.2 Cases submitted to the pay team are assessed using defined business case criteria to improve consistency and this has also been adopted in ASC. Whilst the majority of cases are turned around quickly, service managers have asked for more flexibility by having local discretion to decide business cases related to starting salaries and salary progressions.
- 8.3 Comparisons of the rate of approval between ASC and other services are informative about whether there is more or less control when responsibility is delegated. Tables 4a and 4b show the percentage of pay exceptions by directorate and grade and there is no material difference in the approval rates where exceptions have been decided locally in ASC or corporately through PPDC and the Director of People and Development.
- 8.4 For grades 12 and below the approval rate is fairly consistent across the biggest services with ASC responsible for 33 per cent of all pay exceptions and CSF responsible for 35 per cent. The next highest is Business Services responsible for 19 per cent and all other services are progress low numbers of pay exceptions. In terms of grades 13 and above there have been similar numbers for ASC (22 per cent), Business Services (28 per cent), Customers and Communities (15 per cent) and Chief Executives Office (19 per cent).

Table 4a: Percentage Pay Exceptions by Directorate Grade S12 and Below.

S12 and below				
Directorate	2012	2013	2014	Total Percentage
ASC	13%	38%	33%	33%
BS	39%	7%	23%	19%
CC	4%	3%	3%	4%
CEO	4%	3%	10%	7%
CSF	39%	45%	27%	35%
E&I	0%	2%	2%	3%
Grand Total	100%	100%	100%	100%

Table 4b: Percentage Pay Exceptions by Directorate Grade S13 and Above.

S13 and above				
Directorate	2012	2013	2014	Total percentage
ASC	40%	22%	22%	22%
BS	40%	22%	30%	28%
CC	20%	11%	16%	15%
CEO	0%	30%	14%	19%
CSF	0%	11%	8%	9%
E&I	0%	4%	11%	7%
Grand Total	100%	100%	100%	100%

9 Conclusions

- 9.1 In terms of trends, the data clearly shows that pay exceptions are being used to support key council imperatives by helping to recruit and retain staff. There has been an increase in the number of pay exceptions approved over the last three years. The majority of these are for increased starting salaries above the bottom point of the scale for most roles, particularly during 2014. This would seem to reflect an improved economic situation and strengthening employment market. Also a policy of appointing to the lowest point of the grade will not always reflect the salary expectations of experienced staff.
- 9.3 In terms of salary progressions, the data points to an increase in the number of pay progressions for skilled roles and hard to fill roles. This follows a sustained period of restraint in progressing salaries with flat rate annual pay increases favouring lower graded staff. The pay and reward review provides an opportunity to make sure our pay scales reflect market pay and mainstream pay progression as part of the annual appraisal process.
- 9.4 The process for agreeing pay exceptions has been improved by introducing a standardised business case. There is an opportunity to make sure the all services fall in line with PPDC's delegation.

- 9.5 Reviewing the Pay and Reward Strategy will allow the Council to re-assess its market position so that pay bands reflect market rates; create a process for salary progression which is linked to performance and consider whether to increase delegation to managers on starting salaries for more experienced staff.

10 Financial and value for money implications

- 10.1 The Section 151 Officer confirmed that the additional cost of these pay exceptions would be met from the relevant service budgets at the time of processing. It was advised that although this would cause budget pressure, it would not be material.

11 Equalities and Diversity Implications

- 11.1 The adoption of consistent and business related decision making criteria helps protect the organisation from claims of unfair treatment in deciding business cases. Further equality proofing will result from the Pay and Reward Review as the new pay system will reduce the need for exceptional intervention from managers and will ensure that pay for all staff will progress without 'in the normal course of events'.

12 Risk Management Implications

- 12.1 There are a number of risks associated with this process and paper.
- i) Reputational risks, around senior management pay increases will be managed through the decision making process whereby PPDC acts as Remuneration Committee.
 - ii) Morale risks; trades unions are distrustful of pay decisions which fall outside of the collective bargaining process and where they are not aware of the scale and number of payments. Their concerns would be that their role is diminished and there is no opportunity to challenge the distribution of rewards to staff. This risk is mitigated by sharing a suitably anonymised analysis with the trades unions and
 - iii) Equality risks; having exceptional pay circumstances increases the risk of allegations of fairness and transparency. The introduction of director oversight, standardised decision taking criteria, annual reporting and the new pay and reward system will reduce these risks.
 - vi) Workforce risks; the council needs the ability to respond quickly in a competitive recruitment market. Our speed of response will be increased with local delegation of decisions at grade 12 and below. The pay and reward strategy will help us to understand our market position and what is reasonable in terms of pay.

Contact: Ken Akers, Strategic HR Relationship Manager, HR&OD.
Contact details: 07792 511083
Background papers: None.

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