

MINUTES of the meeting of the **PEOPLE, PERFORMANCE AND DEVELOPMENT COMMITTEE** held at 2.00 pm on 27 October 2017 at Committee Room G, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on 30 November 2017.

Elected Members:

- * Mr David Hodge CBE (Chairman)
- * Mr John Furey (Vice-Chairman)
- * Mr Ken Gulati
- * Mr Mel Few
- * Mr Nick Harrison
- * Mrs Hazel Watson

* = In attendance

Apologies:

None received

In Attendance

Ken Akers, Head of HR & OD
Andrew Baird, Democratic Services Officer
Jonathan Essex, Local Member for Redhill East
Prodromos Mavridis, Senior HR Adviser (Policy)

79/17 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

None received.

80/17 MINUTES OF THE PREVIOUS MEETING [25 SEPTEMBER 2016] [Item 2]

The minutes were agreed as a true record of the meeting.

81/17 DECLARATIONS OF INTEREST [Item 3]

There were none.

82/17 QUESTIONS AND PETITIONS [Item 4]

There were none.

83/17 ACTION REVIEW [Item 5]

Declarations of interest:

None

Witnesses:

Ken Akers, Head of HR & OD

Andrew Baird, Democratic Services Officer
Prodromos Mavridis, Senior HR Adviser (Policy)

Key points from the discussion:

1. Members sought clarity on when the People, Performance and Development Committee would receive a report outlining proposed changes to Surrey County Council's (SCC) policy on annual leave accrual and carry forward arrangements as detailed at A29/17 on the Committee's actions tracker. Officers explained that the outcomes of a recent employment tribunal had impacted on the law regarding annual leave accrual and carry forward arrangements. It would be necessary to update the policy with this information once the implications of the Employment Tribunal were fully understood. Members were informed that advice would be sought from the Legal Team on this and that a new date would be found to bring the updated policy to PPDC for decision.
2. Members noted that some of the actions listed on the tracker had been there for some time and concern was subsequently expressed regarding the pace at which actions agreed by the Committee were being progressed by officers. Members agreed that a time period should be assigned to each actions to ensure that they were progressed and concluded promptly.
3. Attention was drawn to action A43/17 listed within the Part 2 section of the tracker. Members agreed that consideration of this item should be postponed until a new Chief Executive was in post.

Actions/ further information to be provided:

1. All actions agreed by the People, Performance and Development Committee to be given clear timescales for completion by officers.
2. Consideration of Action A43/17 to be postponed to a date when Surrey County Council will have a new Chief Executive in place.
3. The Committee to be advised of the date when it will consider the updated policy on the annual leave accrual and carry forward arrangements for Council Staff outlined in Action A29/17.
4. Committee Members to be informed of the date that it will receive information on the number of staff who have taken up the Council's new Learning Agreement as requested by the Committee at its meeting on 25 September and recorded as Action A 39/17.

RESOLVED:

The People, Performance and Development Committee noted progress on the implementation of actions from previous meetings.

84/17 FORWARD WORK PROGRAMME [Item 6]

Declarations of interest:

None

Witnesses:

Ken Akers, Head of HR & OD
 Andrew Baird, Democratic Services Officer

Key points raised during the discussion:

1. Attention was drawn to the summary provided for the item on Honoraria for Children's Social Workers due to be considered at the PPDC meeting on 30 November 2017. Members further highlighted that no summary had been provided for the item on the Severance Review Group also due to be considered at the PPDC meeting on 30 November 2017. Officers provided a brief overview on what each of these items was about and stated that a summary would be included for each of these within the appropriate section on the Committee's Forward Plan.
2. Members highlighted that the Staff Survey would conclude in November 2017 and asked why it was necessary for PPDC to wait until its meeting in March 2018 to consider the outcomes arising from it. It was agreed that consideration of SCC's Staff Survey results should be brought forward for consideration at Committee's meeting on 29 January 2018.

Actions/ further information to be provided:

1. Summary for the item on Honoraria for Children's Social Workers to be included on the Committee's Forward Plan.
2. Summary for the item on the Severe Review Group to be included on the Committee's Forward Plan.
3. Staff Survey Results to be considered at the People, Performance and Development Committee meeting scheduled for 29 January 2018.

RESOLVED:

The People, Performance and Development Committee reviewed items that it is due to consider at future meetings.

85/17 SURREY COUNTY COUNCIL PAY POLICY STATEMENT 2017 - 2018
[Item 7]

Declarations of interest:

None

Witnesses:

Ken Akers, Head of HR & OD
 Jonathan Essex, Local Member for Redhill East

Key points raised during the discussion:

PPDC considered a motion submitted by Mr Jonathan Essex, Local Member for Redhill, which had been referred to the Committee by Full Council at its meeting on 10 October 2017. The motion referred to PPDC is attached to these minutes as Annex 1. Mr Essex read the following statement in support of the motion:

‘Thank for the opportunity to present this motion today to propose that Surrey County Council formally review and set a target for a maximum pay ratio between the Chief Executive and lowest paid. I suggest supporting for this motion for two reasons:

Firstly, there is a lot of support for introducing pay ratios into pay structures, in addition to reporting the current pay ratios, as set out in item 7 of this agenda. For example, the head of research and advocacy for the Chartered Management Institute says that pay ratio targets should be set. And our Prime Minister, Teresa May promised to make companies publish their pay ratios in July. While this is nothing like the pay ratio differences in the private sector (in August the Financial Times reported that the average pay of chief executives of Britain’s biggest listed companies fell by nearly £1m, to £4.5m, in 2016) surely there should be an equal focus on public sector pay. This would be a sign that we as a Council wish to signal to Teresa May that she should honour the manifesto and introduce a bill to reform executive pay.

Secondly, this is a good time for us to review pay ratios and commitments as we seek to balance our budget in Surrey. Derby County Council have removed the post of Chief Executive entirely in their efforts to balance their council budget. However, what is proposed here is not the removal of this post but a reassessment of pay ratios through adopting a policy for this. Especially as we are currently recruiting for a new Chief Executive Officer - while at the other end of the pay scale Surrey County Council recently advertised for new staff to join as an apprentice working in the Chief Executive’s Office at around £11,000, as set out in Annex 1, Table 6 of this report. And Surrey is currently recruiting full time apprentice roles to work in the Blue Badge Customer Relations Team at the same level, around £6.11 per hour.

So how does Surrey stack up now in terms of pay ratios? Surrey County Council’s pay ratio from lowest to highest salary was reported as having recently rose – from 15:1 in 2015-16 to 16:1 last year and 15:1 again this year. But this reports the minimum Surrey pay as some £4,000 above what appears to be the minimum Surrey pays, to apprentices, who are not featured on our pay scale. Comparing it to the lowest advertised post the current Surrey County Council pay ratio is just over 20. The Greater London Authority have committed to reducing the difference in pay between the lowest and highest paid staff to no more than 20 times, with a long term goal of no more than 10 times” with all staff, contractors and interns paid at or above London Living Wage of £9.75 an hour.

I looked to see the situation at other big county councils. For Essex the reported pay ratio is 13.5. For Kent it is 13. We look like we are on the high side. This suggests that a pay ratio policy may add value.

In closing, this motion aims to place before council to set out what the council’s target in this areas is and therefore this is opportunity for show

leadership in this area. I urge you to support the motion, and look forward to the debate.'

1. Members enquired as to why Mr Essex felt that apprentices should be considered as part of the pay ratio. Mr Essex stated that he believed apprentices should be included within the calculation to determine SCC's pay ratio due to the fact that they fill a fulltime equivalent post, are employed on a contract by SCC and that they had to live on the salary that they received by the Council the same as other staff members. He highlighted that the SCC may not have employed apprentices when legislation on pay ratios was first introduced but indicated that not factoring them in calculations meant that SCC had not determined an accurate figure in relation to its pay ratio.
2. The Committee discussed the practicalities of including the salary award for apprentices within SCC's published pay ratio. Members highlighted that including apprentices' salaries within the pay ratio would put it outside the legal parameters set by Government meaning that it would be necessary to either reduce the pay that SCC was able to offer its Chief Executive or increase the salary for apprentices. Mr Essex was advised that PPDC had had a lengthy conversation following the announcement made by the previous Chief Executive of his intention to retire and had unanimously agreed that having a Chief Executive was fundamental to the effective functioning of SCC particularly in such challenging times. As such it was necessary to have a benefits package that would attract top talent to apply for the role of Chief Executive vacancy.
3. In terms of increasing the pay awarded to apprentices, Members indicated that it would not be possible to incorporate the cost of implementing this within SCC's staffing budget and would ultimately mean staff redundancies. The Committee also highlighted that SCC commits £2.9m annually to the Apprenticeship Levy. Mr Essex was informed that SCC had published its pay ratio for a number of years and that this had fluctuated over time but had always remained within the legal parameters and had rarely been lower than the ratio outlined in the Pay Policy Statement which PPDC was being asked to approve.
4. Mr Essex stressed that he fully supported PPDC's assessment that it was necessary for SCC to have a Chief Executive and recognised that the Council was legally compliant regarding its published pay ratio but suggested that the Committee may wish to introduce its own policy or benchmark in regard to the difference between the salary awarded to the Chief Executive and the lowest paid within the organisation.
5. PPDC Members rejected Mr Essex's proposal for SCC to introduce an aspirational policy in regard to its pay ratio. The Committee instead agreed that the report recommending the Pay Policy Statement to Full Council should state that the Council's pay ratio is in accordance with the outcomes of the Hutton Fair Pay Review and is within the legal parameters set out by Government.

Mr David Hodge left the meeting at 2.48pm

6. Discussion turned to the Pay Policy Statement and Members sought clarity on the definition of a Chief Officer as detailed within the Statement. Officers indicated that chief officers were those who reported directly to the Chief Executive or to a strategic director and advised that this definition had not been incorporated within the Pay Policy Statement as it was determined by SCC's Constitution and governance arrangements which are independent of its pay arrangements. The Committee agreed that for the purposes of clarity a definition of a Chief Officer should be included within SCC's Pay Policy Statement.
7. Members reviewed the Pay Policy Statement and requested a number revisions ahead of it being submitted to Full Council for approval at its meeting on 5 December 2017.

Mr David Hodge returned to the meeting at 2.58pm

8. Information was sought on how the Trade Unions had responded to SCC imposing the 2017 Pay Settlement. The Committee was informed that the response from Trade Unions had been muted despite UNISON Members having initially rejected the Settlement. Officers stated that there had been some reaction by staff on the Council's internal discussions forums but these had been responded to by members of the HR Team.
9. PPDC requested a report detailing the number of pay policy exceptions awarded to Council staff in the financial year 2017/18. Officers suggested that this information should be reported to the Committee at an appropriate time following the end of the financial year and it was agreed that the Committee would consider details and analysis of pay policy exceptions for the financial year 2017/18 at its meeting in April 2018.
10. A Member of the Committee highlighted concerns regarding dissatisfaction among some staff within the Adult Social Care Directorate in relation to the new appraisal framework that had been introduced by the Council. The Head of HR & OD indicated that he had had a conversation with the Strategic Director of Adult Social Care & Public Health to understand the concerns of staff within this Directorate. He highlighted that managers within the Directorate had been restrictive in the way in which they had judged staff members against the performance criteria outlined within the appraisal framework particularly during the moderation process. This had led to very few 'Exceptional' ratings within the Directorate and had been the source of this dissatisfaction. The Committee was advised that it would take time to embed the new appraisal process but work would take place with managers to enable them to strike the right balance and support the aspirations of staff. The Head of HR & OD indicated that he would have a further conversation with the Strategic Director of Adult Social Care & Public Health following which he would advise the Cabinet Member for Adult Social Care as to the outcomes of this discussion.

11. Members stated that the Committee was being asked to give its approval to the Pay Policy Statement quite late in the year and asked that it be brought earlier to the Committee in future years to ensure that SCC does not fall foul of its legal requirement to produce a Pay Policy Statement. Officers indicated that the delay in bringing this item to the Committee had arisen due to negotiations with Trade Unions who had contended some aspects of the Pay Settlement for 2017. The Committee was further informed that the Statement was accurate up until the October pay roll and so SCC had remained compliant with its duty to publish a Pay Policy Statement.
12. Concerns were raised regarding the possibility of a mandated pay rise for public sector employees being included within the 2017 Autumn Statement to be delivered by the Chancellor on 22 November as this would add significant pressure to the Council's budget for staff salaries.

Actions/ further information to be provided:

1. Report recommending the Pay Policy Statement to Full Council to state that the Council's pay ratio is in accordance with the findings of the Hutton Fair Pay Review and is within the legal parameters set out by Government.
2. SCC's Pay Policy Statement should include the definition of a Chief Officer.
3. The Committee to receive a report analysing data on pay policy exceptions for the financial year 2017/18 at its meeting in April 2018.

RESOLVED:

That the People, Performance and Development Committee are asked to recommend publication of the Pay Policy Statement to the next Surrey County Council Full Council meeting on 5 December 2017.

86/17 FAMILY LEAVE POLICIES [Item 8]

Declarations of interest:

None

Witnesses:

Ken Akers, Head of HR & OD
Prodromos Mavridis, Senior HR Adviser (Policy)

Key points raised during the discussion:

1. The report was introduced by officers who highlighted that the Committee was being asked to approve some changes to the Council's family leave policies that would help SCC to better support its staff.

2. Members sought clarity on the role of the Policy and Reward Board mentioned in the report. They were advised that this was an officer committee which reviews HR policies to understand how they will work in practice.

Actions/ further information to be provided:

None

RESOLVED:

The People, Performance and Development Committee:

- i. agreed to the proposed change to the Council's policy with regards to maternity, adoption, paternity, parental/shared parental leave;
- ii. agreed to the proposed change concerns the consolidation of the 'returner's payment' for new mothers/adopters into the Council's Occupational Maternity/Adoption Pay; and
- iii. noted that the revised policy incorporates a provision to allow term-time only employees to be paid for the equivalent of contractual annual leave accrued during maternity/adoption leave. This is a practice that has been adopted in 2016 following the receipt of relevant legal advice.

87/17 LEADERSHIP EXPECTATIONS GUIDE [Item 9]

Declarations of interest:

None

Witnesses:

Ken Akers, Head of HR & OD

Key points raised during the discussion:

1. The report was introduced by officers who highlighted that SCC wished to introduce expectations around the approach and behaviours of those with staff management responsibilities.
2. The Committee expressed concern regarding recommendation ii which asked that Members model the leadership expectations that were outlined within the report as this was already enshrined within the Members' Code of Conduct as outlined within SCC's Constitution. The Committee indicated their intention not to vote in accordance with recommendation ii.

Actions/ further information to be provided:

None

RESOLVED:

The People, Performance and Development Committee noted Surrey County Council’s Leadership Expectations.

88/17 STAFF ON THE MAXIMUM OF THE NON-SCHOOL SURREY PAY BANDS [Item 10]

Declarations of interest:

None

Witnesses:

Ken Akers, Head of HR & OD

Key points raised during the discussion:

- 1. Members expressed the view that staff shouldn’t get an incremental pay increase if they had reached the top of their pay band as they should be seeking to gain promotion.
- 2. Concern was expressed regarding the figure that 42% of staff within the Adult Social Care Directorate were within the upper tier of their pay band. It was advised that there was a perception of a lack of opportunity within this directorate which would lead to employees leaving in an area that was already suffering from staff shortages.

Actions/ further information to be provided:

None

RESOLVED:

The People, Performance and Development Committee note that 465 staff are currently at the top of their pay band for grades PS7 and above, excluding grades PS12 and PS12SC, who will not receive a pay increase.

89/17 EXCLUSION OF THE PUBLIC [Item 11]

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 the relevant paragraphs of Part 1 of Schedule 12A of the Act.

90/17 ORGANISATIONAL CHANGE AND IMPACT [Item 12]

Declarations of interest:

None

Witnesses:

Ken Akers, Head of HR & OD

Key points raised during the discussions:

The report was introduced by officers. The Committee asked a number of questions which were responded to by the officers present before moving to recommendations.

Actions/ further information to be provided:

The Committee agreed a number of actions which are recorded in the Part 2 minutes.

RESOLVED:

The Committee approved the recommendations set out in the confidential minute

91/17 PAY POLICY EXCEPTIONS OCTOBER 2017 [Item 13]

Declarations of interest:

None

Witnesses:

Ken Akers, Head of HR & OD

Key points raised during the discussions:

The report was introduced by officers. The Committee asked a number of questions which were responded to by the officers present before moving to recommendations.

Actions/ further information to be provided:

The Committee agreed a number of actions which are recorded in the Part 2 minutes.

RESOLVED:

The Committee approved the recommendations set out in the confidential minute

92/17 PUBLICITY OF PART 2 ITEMS [Item 14]

It was agreed that the information in relation to the number of staff redundancies would be made available to the press and public All other information related to Part 2 items discussed at the meeting would remain exempt.

93/17 DATE OF NEXT MEETING [Item 15]

The Committee noted that its next meeting would be held on 30 November 2017.

Meeting ended at: 3.30 pm

Chairman

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