

To: **Employment Committee**
4 February 2021

Staff Retention
Director of Resources

1 Purpose of Report

- 1.1 To outline options for staff retention initiatives for the Committee's consideration, to inform the final 2021/22 budget proposals to be considered by the Executive and Council later this month.

2 Recommendation(s)

- 2.1 That the Employment Committee consider and comment on the issues and options set out in this report and make recommendations to Executive Members for consideration as part of the Council's final 2021/22 budget proposals.**

3 Reasons for Recommendation(s)

- 3.1 A pay freeze in 2021/22 for most public sector employees, including those in local government, was announced by the Chancellor of the Exchequer as part of his Spending Round announcement in November 2020. It is believed, based on past experience, that this is likely to make retention of staff over the next 12 – 18 months more difficult, at a time when the Council needs to have access to the right skills and capacity to help the Borough and its residents recover from the impacts of the Covid pandemic. Executive Members have indicated they may be willing to consider one-off retention initiatives for staff during 2021/22 to help mitigate this risk, subject to the views of the Employment Committee.

4 Alternative Options Considered

- 4.1 An alternative would be to simply acknowledge the risk of losing key staff during 2021/22 at this point and consider more targeted interventions to deal with specific staffing challenges during the year. The risk with such an approach is that it would be after the event and some key staff would need to leave before arrangements were in place that could have meant they would have otherwise remained with BFC.
- 4.2 Bracknell Forest could choose to withdraw from national pay bargaining arrangements, undertaken through Local Government Employers and determine its own approach to pay. This would, however, require extensive consultation with staff and unions both in relation to the withdrawal and subsequently to undertake local pay bargaining each year. Any decision to proceed with this would take a significant amount of time investment that would, certainly in the short term, fail to address the concerns addressed in this report.

5 Supporting Information

- 5.1 In November 2020 the Chancellor of the Exchequer announced as part of his Spending Round response to the current economic situation that, *“pay rises for public sector workers – apart from NHS workers and the lowest-paid – could not be justified at a time when average earnings in the private sector*

were falling”. The implication of this for local government workers earning over £24,000 is an expected pay freeze at least in 2021/22 and possibly beyond next year, should the lengthy pay freeze period following the introduction of austerity measures by the Government in 2010 be repeated.

5.2 While this was perhaps an inevitable response from the Government to what was happening to the economy during 2020, it has been not been welcomed by the local government community. Cllr James Jamieson, Chairman of the Local Government Association, stated that, *“The coronavirus crisis has highlighted the exceptional commitment of council staff and care workers who - alongside NHS health workers - have been on the frontline in the battle against COVID-19 and are true heroes of this pandemic... As we look to build back better from the devastating social and economic impact of this crisis, our communities will need them and the local services they provide more than ever before. It is critical that that the Government uses the Spending Review to provide significant investment so councils can continue to support their employees as much as possible and recruit and retain the staff needed to provide the local services that are delivered every day by our hard-working staff, alongside care workers and NHS colleagues.”*

5.3 Despite some public perceptions that local government is a relatively “safe haven” for employment at the current time, evidence in Bracknell Forest shows that staff turnover is still happening at broadly the same rate as prior to the Covid period. It is therefore an issue that needs to be considered at a time when service continuity is critically important. It was also becoming apparent before the Covid challenges that local competition to recruit and retain children social workers was evident. Aside from the day to day service risks this creates, the potential reputational risks associated with Ofsted inspections at a time of staffing changes are not insignificant.



5.4 The Provisional Local Government Finance Settlement announced just before Christmas did prove to be relatively generous with an increase announced in core spending of 4.5%, albeit with over 85% of this is to be funded by council tax increases. In addition, an extension of one-off specific grants to help mitigate Covid-related costs into 2021/22 was announced. Most significantly for Bracknell Forest, the New Homes Bonus grant was continued in 2021/22, coinciding with the period of fastest housing growth in the borough since the creation of the new town.

5.4 As a consequence, the Council has some unexpected one-off financial flexibility in 2021/22. Proposals to use this on a range of measures to support the Borough’s recovery from the impacts of Covid will be set out in a report to the Executive’s meeting on 9 February.

- 5.5 While acknowledging that awarding an on-going pay award for staff is not possible either financially nor without withdrawing from national collective pay bargaining, Executive Members acknowledge and support the views of the LGA on the importance of retaining skilled, dedicated staff to deliver essential services to residents in the period ahead and are keen to maintain the Council's position as an "employer of choice". They have, therefore, asked the Employment Committee to assess the merit of potential options for one-off retention initiatives for council staff of up to £0.5m, to inform the Executive's final 2021/22 budget proposals to the Council meeting on 24 February.
- 5.6 Members of the Employment Committee will be aware of the breadth of different roles the Council employs to deliver its wide portfolio of services to the residents and businesses of Bracknell Forest. Excluding staff in schools – who are individually responsible for agreeing and funding any enhancements to basic pay for their staff from their devolved budgets – there are over 250 different job roles currently used in the Council covering 1,140 staff (excluding the Corporate Management Team, who would not expect to be in scope for any retention initiatives) with an annual payroll bill of just under £35m.
- 5.7 The Council also typically spends in excess of £4m per year on agency staff, almost one half of which is for Adult Social Care workers. Agency workers would not be expected to receive any retention payments, though it is hoped that initiatives that enhance the Council's attractiveness as an employer will enable us to entice some of these workers to move onto the payroll, which would both save money and improve service stability. An increased number of leavers would, conversely, increase staffing costs since service pressures mean that holding posts vacant for lengthy periods is unsustainable.
- 5.8 With any proposed retention initiative needing to apply to 2021/22 only and costing up to £0.5m, the most straightforward and equitable approach to address needs across the whole organisation would be to award a flat 1%, one-off percentage payment based on current base salary (pro rata for part-time staff) to all staff currently working directly for the Council or join before an agreed cut-off date for eligibility and remain working here throughout the year ahead. Within this, there are some options for consideration:
- a) Should senior staff be excluded from any blanket arrangement, e.g. those on senior staffing terms and conditions (19 staff on salaries above £80k, excluding CMT who are out of scope), or all on BG-C and above (65 staff on salaries above £52k)? Or should they be in scope but with a capped payment (£520 or £800, based on these grades / salaries)?
 - b) Should there be a minimum payment (e.g. £300) to make the arrangement more attractive to lowest paid staff, recognising that the very lowest paid are already expected to receive a pay award of £250?
 - c) Payments would only be made to employees in post at the relevant payment date(s) (see d) below) but should such a scheme be available to all current employees, restricted to those who joined before a specific date (e.g. 1 January 2021) or include those who join prior to its implementation (e.g. 31 March 2021)?
 - d) Should there be a single payment made (e.g. in December) or would it be more impactful to provide some up front (e.g. half in June, half in December)? (With interest rates being negligible for cash deposits, the difference financially would be immaterial.)

5.8 The estimated cost of such approaches is as follows:

	£000
Flat rate 1% one-off retention payments to all staff (excl. CMT)	450
Impact of capping payments to senior staff:	
- Maximum £800	-2
- Maximum £520	-13
Impact of making no payments to senior staff:	
- Salary over £80k	-21
- Salary over £52k	-56
Impact of minimum increase for junior staff:	
- Minimum £300	+30
- Minimum £350	+63

- 5.9 A possible addition or alternative to this simple approach would be to target retention initiatives to specific groups of staff which have proven to be hard to recruit and retain. There are both advantages and risks to this option.
- 5.10 In financial terms it may be cheaper to target initiatives in this way and it could also be more impactful for specific groups of staff, although clearly the level of impact would likely correlate to the scale of the financial reward for staying loyal to Bracknell Forest Council.
- 5.11 Against this, being seen to value and reward certain groups of staff would have a negative impact on the morale of all those not singled out. At a time when the vast majority of staff are under pressure from increased workloads and having to work in physical isolation from colleagues, the possible effect of this on well-being and service levels should not be underestimated.
- 5.12 Should Members determine that a more targeted approach to retention initiatives merits further consideration, previous and current experience suggests that the following groups of staff are potentially at increased risk of being attracted to move to similar organisations or to the private sector;

- Social Workers (Adults and Children's) and social work team managers
- Approved Mental Health Professionals
- SEN Officers
- ICT system support and helpdesk staff
- Welfare and Housing Officers
- Solicitors
- Surveyors
- Accountants
- Commissioners
- Educational Psychologists
- Occupational Therapists
- Engineers
- Heads of Service (various services)
- Planners
- Revenues Officers

5.13 It should be recognised that many employers have removed the requirement to work at a specific location and many are now interviewing remotely. This means that staff who may be interested in moving on will find that there are more employment options available to them without having to relocate and that it is possible to apply and be interviewed for many jobs without leaving their home.

5.14 With funding only being potentially available for one year, tools such as the introduction of market premia that may typically be applied to help retention are not appropriate at this time, as they are on-going payments. The most obvious time-limited tool to use for such groups of staff would be "golden handcuffs", although Members will be aware that these are already in place for many social work staff. Research is being undertaken into possible alternative options for targeted groups of staff and an update will be provided at the meeting.

5.15 Members of the Employment Committee are asked to consider the contents of this report and the various options presented and to recommend to the Executive what retention initiative(s) (if any) should be allowed for in the final 2021/22 budget proposals.

6 Consultation and Other Considerations

Legal Advice

6.1 The report envisages a one-off retention payment for some or all categories of staff employed by Bracknell Forest Council. Such an award would be a local one-off initiative for 2021/22 driven by the factors highlighted in the report and would stand apart from the outcome of any national local government pay bargaining discussions.

6.2 An Equality Impact Assessment should be undertaken to minimise the risk of any Equal Pay issues arising as a result of any targeted approach (such as that envisaged in paragraph 5.12) inadvertently giving rise to potential indirect sex discrimination.

Financial Advice

6.2 The relevant financial information is included in the report.

Other Consultation Responses

6.3 N/A

Equalities Impact Assessment

6.4 None at this stage.

Strategic Risk Management Issues

6.5 This report is relevant to Risk 14 on the Council's corporate risk register:
"Council unable to deliver essential services and meet the needs of the community due to pressures from coronavirus on internal staff resources and external suppliers providing critical functions and increased demands for support arising from people and groups requiring support."

Background Papers

Contact for further information

Stuart McKellar, Director: Resources - 01344 352179

Stuart.mckellar@bracknell-forest.gov.uk