

HUMAN RESOURCES & COUNCIL TAX COMMITTEE
12 October 2023

REPORT OF ASSISTANT DIRECTOR OF PARTNERSHIPS

A.1 HUMAN RESOURCES TRANSFORMATION AND UPDATE REPORT

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide Members of the Human Resources and Council Tax Committee with an update on a number of key Human Resources activities, including the pending Pay Review and Pay Award, the procurement of a new HR & Payroll System and the introduction of a new Employee Benefit – Salary Finance.

EXECUTIVE SUMMARY

Procurement of a new Payroll & HR System

Tendring District Council (TDC) currently uses a Human Resources and Payroll software solution provided by Iris FMP TeamSpirit (version 23.1.2). The current system is due to be retired (*no longer supported by the provider*) on 31 March 2024 and as a result, there is a requirement to purchase a new software solution.

The TDC payroll function facilitates payment to approximately 700 staff; at the time of writing, this comprises permanent (521) and temporary (16) members of staff, apprentices (10) and casual workers (150).

Membership in the Local Government Pension Scheme (LGPS) is automatic for most TDC employees; therefore, all elements of employer and staff contributions and management activity, including the production of monthly returns, are required.

There is also the need to facilitate a separate Elections Payroll (*in order to process data files provided by the Elections Team*) to pay those working on behalf of the Returning Officer for any Election.

The objective of procuring a new system is to deliver an integrated Human Resources and Payroll software solution that seeks to automate the administrative functions of each discipline, providing an end-to-end solution that supports the entire employee lifecycle from recruitment to end of employment.

A detailed specification has been prepared to outline TDC's requirements in respect of the Human Resources and Payroll software to support TDC's activities in these areas, including the following requirements: -

- Adequate security controls throughout the Human Resources and Payroll disciplines.
- The provision of accurate information for statutory and government returns as well as for internal management information.
- A flexible approach allowing TDC to implement and use any additional module(s) according to their own timetable and/or requirements.

The Council's financial controls will also be embedded within the chosen system to achieve greater efficiency with the use of automated processes and decision making.

In line with the expectations set out in the Council's constitution, a framework agreement has been identified rather than the Council undertaking its own tender process (*due to the significant number of suppliers, it is expedient to use a framework approach rather than a full tender process*). This framework is available via Crown & Commercial Services (G Cloud 13, lot 2). The framework allows for a contract period of up to 4 years (3 + 1) and can be awarded directly rather than through any further competition.

The procurement exercise entailed a long, medium and short list process, whereby the authority's requirements were described, and suppliers were narrowed down against these through each list or stage. MHR iTrent came out as the only supplier that could specifically meet the Council's requirements.

MHR iTrent currently delivers services to 47% of UK Local Governments. In addition, it is noted that other local authorities in Essex also use the MHR iTrent system, which could provide further value for money opportunities/flexibilities as part of potentially exploring shared service options going forward.

In terms of key milestones and delivery, subject to Cabinet's agreement to the additional necessary funding as part of the review of carry forwards from 2022-23, which they are due to consider at their October 2023 meeting, it is anticipated that contracts will be signed early in October and implementation will commence shortly after. A dual payroll process will be undertaken in January, February and March 2024 to ensure the system is fully tested before going live on 1 April 2024.

Procurement of InfiniStats System to support the pending Pay Review

The Human Resources and Council Tax Committee have previously requested that Senior HR Officers engage the services of East of England Local Government Association ((EELGA) a *politically led, cross-party organisation that works on behalf of the 50 local councils in the East of England*) to expand on the earlier Pay Review undertaken (*which looked at the recruitment and retention issues for Tendring District Council, reviewing current solutions in place and seeking alternative options. Also benchmarking the Council's offer and against current market, with options for consideration where appropriate*) to carry out a comprehensive, **service wide**

review of TDC's pay structure as follows: -

- Across the whole staffing establishment, in the context of neighbouring authorities and regionally.
- In the context of professional and technical areas – this will be an extension of the work already undertaken by EELGA and will also consider those areas in which Market Forces Supplements* are currently applied.

**A Market Forces Supplement is an additional temporary payment to the basic salary of an individual job or specific group of jobs where market pressures would otherwise prevent the Council from being able to recruit or retain staff with a particular skill or group of skills as endorsed by the Human Resources & Council Tax Committee.*

Upon completion of the review, TDC is looking for formal recommendations for corrective action (*if applicable*) both in terms of the current salary position and the likely position in 3-5 years. This is particularly important in the context of the current fiscal savings agenda and will allow TDC to set an appropriate salary budget position.

EELGA has responded to this request to say that while they can support this workstream, they are unable to undertake any separate pay benchmarking outside of InfiniStats (*in the region*), and therefore this assignment would require the authority to be signed up to the system.

Once we have InfiniStats, the authority plans to engage an EELGA (*Talent Bank*) Associate who can then utilise TDC's and other Council's data in the context of undertaking the pay review and providing formal recommendations as outlined above.

Additional benefits offered by using InfiniStats to support this workstream will mean that the authority will have access to regional and local pay data on an ongoing basis.

Once the review by EELGA has been concluded, a report of the findings and the associated recommendations for action (*if applicable*) will be presented to a future meeting of the Human Resources & Council Tax Committee.

Introduction of a new Employee Benefit – Salary Finance

As a result of the current cost of living pressures, our employees, like everyone else, may be struggling more than ever with their finances, which may place additional pressure on their mental health and ability to be productive at work.

Supporting the financial wellbeing of our employees is one of the most effective ways the Council can improve their personal and professional lives.

According to recent research undertaken by Salary Finance - 2023 (*figures relate to 15.6 million working people*).

- 53% of people struggle more with their finances since Covid-19;
- 2x as many worries about their financial situation every day;
- 95% of those say it has a negative impact on their mental health;
- 43 million hours are lost each week to poor financial wellbeing; and
- 40% say their financial situation affects their ability to be productive.

The Chartered Institute of Personnel and Development (CIPD) believes all workplaces, regardless of size or sector, should offer financial wellbeing support to employees (*February 2023*).

The Council does not currently hold a contract with any salary finance company. Previously, the Council had a contract with Neyber; however, this company has been bought out by its biggest competitor, Salary Finance.

As a due diligence exercise, HR Officers have researched the salary finance market to ensure TDC employees are offered value for money and the best service possible from a reputable finance company.

Following the research into Salary Finance, it was identified that they are a well-established, reputable financial wellbeing provider. It is the largest employee finance wellbeing provider in the UK, helping over 4.5 million employees. Their services are used by a large number of private, public sector (*including many local, district and borough Councils*), and not-for-profit organisations. Their services are also endorsed by the Public Services People Managers Association (PPMA).

Salary Finance offers a range of different options to suit each individual employee. This could be a loan, an advance, savings and/or an education platform. The percentage rates are more favourable than those of high street lenders and give the employee the flexibility to repay their loan, advance, or savings through their salary. The service is free to the Council, as the employer, and therefore an easy way to offer support to our employees.

There is no specific cost to TDC for using the service, apart from the administrative costs for the Payroll and HR teams, which would be responsible for setting up individual arrangements with employees and Salary Finance.

It is planned that following the 12-month initial contract, the service provision will be reviewed, and if TDC is satisfied that the service meets our employees' needs, we will look to extend for a rolling 12-month period*.

It should be noted that Salary Finance is part of the suite of financial wellbeing support for our employees. The Council already provides financial advice through the Employee Assistance Programme and will seek to identify other ways to support our employees during these particularly challenging times. The Council is also planning to promote free cost of living support sessions for employees over the coming months, which are being provided by the Suffolk and North-East Essex ICS, who are partnering with HSBC.

**If the Council decides not to extend the contract with Salary Finance, any employees who have existing arrangements will not be affected as Salary Finance will continue to comply with all its outstanding obligations with no impact to the organisation. Similarly, should an employee leave the employment of TDC, any financial obligation will transfer with them.*

Pay Award Update 2023/24

The Council is part of the National Employers arrangements (*The National Agreement on Pay and Conditions for Service*), whereby pay awards are negotiated nationally between local authority representatives and trade unions, with these arrangements covering around 1.4 million people across around 300 councils.

A full and final pay offer was made by national employers in February 2023 as follows: -

- With effect from 1 April 2023, an increase of £1,925 (*pro rata for part-time employees*) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive.
- With effect from 1 April 2023, an increase of 3.88 per cent on all pay points above the maximum of the pay spine.
- With effect from 1 April 2023, an increase of 3.88 per cent on all allowances (*as listed in the 2022 NJC pay agreement circular dated 1 November 2022*).

Two of the Trade unions have called for a re-negotiation, one of whom has a current ballot of its members for industrial action (*due to conclude 24 October*). However, if the offer were to be accepted by the unions, an employee on the bottom pay point in April 2021 (earning £18,333) will have received an increase in their pay of £4,033 (22.0 percent) over the two years to April 2023. For an employee at the mid-point of the pay spine (pay point 22), their pay will have increased over the same period by £3,850 (13.99 percent).

Two out of three unions need to agree to put into action the 2023 pay award.

National Employers continue to advise very strongly against imposing any pay offer before the collective bargaining process has concluded as this carries the risk of fragmenting the unity of the employers' position as well as wider legal implications.

Once the pay award is agreed upon, HR Officers will work with Payroll colleagues to ensure that it is processed as soon as possible, including the backdating arrangements to 1 April 2023.

RECOMMENDATION(S)

It is recommended that the Human Resources & Council Tax Committee:

Note the content of this report, including the Officer Decisions already taken in

consultation with the Chair of the Human Resources & Council Tax Committee, and the decision taken by the Portfolio Holder for Finance & Governance (as outlined under the 'Previous Relevant Decisions' heading of this report).

REASON(S) FOR THE RECOMMENDATION(S)

This report seeks to update members of the HR & Council Tax Committee on operational developments within the Human Resources Service Unit.

ALTERNATIVE OPTIONS CONSIDERED

There is no alternative option to consider, as this is an update report on the Council's key Human Resources activities.

Alternative options were considered as part of the decision-making process for each of the above relevant headings.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Positive people related practices will ensure that high standards of conduct and commitment to service are observed by officers, thus, contributing to the Corporate Plan 2020/24 priority requirements of '*strong finances and governance*' and the '*delivering high quality services*'.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

The Council must ensure compliance with Employment Legislation, the Equalities Act 2010, and the Working Time Directive.

The Council has a legal duty of care to employees to ensure their health and safety at work, as set out in the Health and Safety at Work Act 1974, the Management of Health and Safety at Work Regulations 1999 and other related legislation.

This report is to update the HR & CTAX Committee, therefore, they are asked to note the content of this report only. All decisions as outlined in this report have been made in line the executive decision-making process as outlined in part 3 of the Council's constitution.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The '*Finance and Other Resource Implications*' were considered as part of the formal decision-making process for each of the above relevant headings.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

<p>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</p>	<p>By ensuring best practice is applied to our people practices, the authority will ensure it attracts and retains the resource required to sustain high levels of service delivery for residents.</p>
<p>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</p>	<p>Regular monitoring of the workforce and review of the authority's people policies (<i>in line with recognised best practice</i>) also ensures compliance with Employment Legislation.</p>
<p>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<p>As a major employer in the district, the Council's ambition is to contribute to building a more prosperous local community by modelling good employment practices.</p> <p>Tending District Council is also an 'Anchor' organisation; Anchors play a key role in shaping and developing the skills of the local workforce.</p>
<p>MILESTONES AND DELIVERY</p>	
<p>(a) Management Team 26 September 2023 (b) Human Resources & Council Tax Committee 12 October 2023</p>	
<p>ASSOCIATED RISKS AND MITIGATION</p>	
<p>Failure to monitor the authority's staffing levels and demographic, including vacancies, could impact upon the authority's ability to meet service demand, the new HR & Payroll system will allow greater workforce monitoring opportunities.</p>	
<p>OUTCOME OF CONSULTATION AND ENGAGEMENT</p>	
<p>The local union branch executive is consulted on all staff change management programmes and is regularly updated on the authority's staffing matters.</p>	
<p>EQUALITIES</p>	
<p>The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society.</p> <p>In line with the Public Sector Equality Duty, public bodies such as the Council must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, and victimisation, advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.</p> <p>The Council is committed to being an inclusive employer in all its People policies and practices, which it extends to volunteers.</p> <p>As a Disability Confident Leader and an Anchor Organisation, the Council will proactively identify and facilitate ways to recruit individuals who may experience barriers to employment.</p> <p>The Council will also take an active leadership role in encouraging and working with local communities and employers to do the same.</p>	

A detailed equality impact assessment has been undertaken (*as appropriate*) to ensure that there is no impact on the protected characteristics.

SOCIAL VALUE CONSIDERATIONS

The Council aims to lead by example as a major local employer. This includes following recognised best practices and ensuring full compliance with legislation.

Examples of this include being a Disability Confident Leader and an Employer Recognition Scheme Gold Award holder; both of these commit the authority to being an advocate in these areas.

The Council is also an Anchor organisation. Anchor organisations are usually large organisations that are local to the place they operate and have the leverage to maximise social value through their role as workplace developers, employers and procurers, their core businesses (for example, health and education), and the linkages they have to the place they operate.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030

This report has no direct implication on the Council's aspiration to be net zero by 2030.

OTHER RELEVANT IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	Not applicable
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Health Inequalities	Not applicable
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Area or Ward affected	Not applicable
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ANY OTHER RELEVANT INFORMATION

N/A

PART 3 – SUPPORTING INFORMATION

BACKGROUND

PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.

[Decision details on public web site](#) (PFH Decision Procurement of a New HR & Payroll System)

[Decision details on public web site](#) (Officer Decision taken in consultation with the Chair of the HR & CTAX Committee – Procurement of InfiniStats System)

[Decision details on public web site](#) (Officer Decision taken in consultation with the Chair of the HR & CTAX Committee – Introduction of Salary Finance)

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

N/A

APPENDICES

N/A

REPORT CONTACT OFFICER(S)

Include here the Name, Job Title and Email/Telephone details of the person(s) who wrote the report and who can answer questions on the content.

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