



## NOTICE OF MEETING

<b>Meeting</b>	Employment in Hampshire County Council Committee
<b>Date and Time</b>	Wednesday, 13th March, 2019 at 10.00 am
<b>Place</b>	Chute Room, Ell Court, The Castle, Winchester
<b>Enquires to</b>	members.services@hants.gov.uk

John Coughlan CBE  
Chief Executive  
The Castle, Winchester SO23 8UJ

## FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website. The meeting may also be recorded and broadcast by the press and members of the public – please see the Filming Protocol available on the County Council's website.

## AGENDA

### 1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

### 2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Personal Interest in a matter being considered at the meeting should consider, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

### 3. MINUTES OF PREVIOUS MEETING (Pages 5 - 8)

To confirm the minutes of the previous meeting

### 4. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

**5. CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make.

**6. JOINT VENTURE WITH COMMERCIAL SERVICES KENT LTD TO SUPPLY AGENCY WORKERS TO HCC** (Pages 9 - 14)

To consider a report of the Director of Corporate Resources regarding the Joint Venture with Commercial Services Kent Ltd.

**7. CORPORATE MANAGEMENT CAPACITY** (Pages 15 - 28)

To consider a report of the Chief Executive regarding Corporate Management Capacity.

**8. THE HAMPSHIRE APPRENTICESHIP PROGRAMME - UPDATE** (Pages 29 - 44)

To consider a report of the Director of Children's Services regarding the Hampshire Apprenticeship Programme.

**9. BREXIT - WORKFORCE IMPLICATIONS AND CONSIDERATIONS FOR HAMPSHIRE COUNTY COUNCIL** (Pages 45 - 54)

To consider a report of the Director of Corporate Resources regarding the implications of Brexit.

**10. SHARED COST ADDITIONAL VOLUNTARY CONTRIBUTION SCHEME** (Pages 55 - 62)

To consider a report of the Director of Corporate Resources regarding the Additional Voluntary Contribution Scheme.

**ABOUT THIS AGENDA:**

**On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.**

**ABOUT THIS MEETING:**

**The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk) for assistance.**

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

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# Public Document Pack Agenda Item 3

AT A MEETING of the Employment in Hampshire County Council Committee of  
HAMPSHIRE COUNTY COUNCIL held at the castle, Winchester on  
Wednesday, 11th July, 2018

Chairman:

\* Councillor Stephen Reid

\* Councillor Keith Evans  
\* Councillor Christopher Carter  
Councillor Adrian Collett  
\* Councillor Judith Grajewski  
\* Councillor Keith House

\* Councillor Roy Perry  
\* Councillor Stephen Philpott  
Councillor Roger Huxstep  
\* Councillor Jackie Porter

\*Present

## 24. APOLOGIES FOR ABSENCE

Apologies were received from Cllr Collett and it was noted that Cllr Porter was in attendance as the Liberal Democrat Group substitute Member.

## 25. DECLARATIONS OF INTEREST

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## 26. MINUTES OF PREVIOUS MEETING

The minutes of the last meeting were reviewed and agreed

## 27. DEPUTATIONS

No requests to make a deputation to the meeting had been received.

## 28. CHAIRMAN'S ANNOUNCEMENTS

The Chairman noted that this was the final meeting for Jenny Lewis (Head of HR) before she left to take up a new position with the NHS.

## 29. MANDATORY GENDER PAY GAP REPORTING 2016/2017

The Committee considered a report of the Director of Corporate Resources regarding gender pay gap reporting 2016/17.

The report was introduced and it was confirmed that within the County Council everyone receives the same pay for undertaking any particular role. It was explained that the gender pay gap identified in the report was largely a result of the split of roles typically more attractive to women or men within the Authority, in particular in the areas of social care. In comparison with other Authorities, HCC continues to directly employ many lower grade roles and a re-evaluation of the data removing roles that are often not directly employed in other Authorities resulted in a significant reduction in the gender pay gap. The position was monitored by the inclusion and diversity group.

Members questioned how the special recognition payment (SRP) scheme was balanced across genders and it was confirmed that this was being monitored through moderation with the aim of awarding achievement and avoiding any unconscious bias. It was also questioned whether there should be any attempt to change the demographic of the workforce and Members acknowledged that this had a wider societal connotation as for a number of reasons particular roles were more attractive to either men or women.

It was agreed that further review of the gender pay gap, including any gap in SRPs should be carried out by the inclusion and diversity group, as well as investigation as to why some roles are more appealing to either men or women.

RESOLVED:

That the report be noted and the aspects for further review be referred to the inclusion and diversity group.

### 30. **WORKFORCE REPORT**

The Committee considered a report of the Director of Corporate Resources regarding workforce data.

The report was introduced and key points from each section highlighted to Members, who noted that the data was also monitored by CMT on a regular basis. A number of questions were raised and discussed around shared roles, agency staff in schools, the recognition of diversity and travel implications for the health and wellbeing of staff. With regards to mental health as a cause of staff sickness it was explained that generally the underlying reasons were complex and often stemmed from outside the workplace. It was confirmed that risks and the impact on capacity of external work with partners are considered and taken into account.

The Committee considered sickness absence and Members were pleased to see that overall sickness absence was reducing. It was asked how absence compared nationally and whether the flu jab would be offered to some staff. It was explained that HCC figures would be affected as a direct employer in areas such as social work where staff may be requested not to work when they are ill. Robust measures were in place to ensure balance in high pressure environments.

RESOLVED:

That the report be noted and in particular it be recognised that 98.8% of staff were meeting or exceeding performance targets.

### 31. **PAY AND POLICY UPDATE**

The Committee considered a report of the Director of Corporate Resources providing an update on the national pay award and the impact in 2018 and 2019 on EHCC's pay framework.

It was confirmed that the first phase of the pay award had been implemented. This followed a significant review of the national pay framework and alignment with the EHCC framework. A number of changes were intended to pre-empt future increases in the national living wage. A report would only be brought to the November EHCC meeting should further pay modelling identify possible changes.

The proposed change to relocation allowance was set out in the context of supporting senior recruitment and the increasing actual cost of relocation. Members were supportive of the proposals, noting that historically it had very rarely been required, but felt that an update on the impact in terms of recruitment success should be provided to a future meeting. It was confirmed that such payments were not required to be included in gender pay gap reporting.

RESOLVED:

That the EHCC Committee:

1. Agree to implement the 2019 NJC pay award of 2% to grades H to K, and those staff paid above grade K.
2. Agree that should further pay modelling identify proposed changes that these be brought back to November EHCC meeting for consideration
3. Agree the proposed variation for Relocation Assistance to the EHCC Collective Agreement that "In exceptional circumstances, reimbursement of costs, including the impact of tax and NI, exceeding £10,000 and up to no more than 25% of base salary, may be agreed, subject to Chief Executive and Director of Corporate Resources approval". That a report on the impact of this variation be provided to a future meeting of the Committee.

### 32. **REDUNDANCY POLICY**

The Committee considered a report of the Director of Corporate Resources regarding the Council's redundancy policy.

The report was introduced and it was explained that the wrong calculation for severance pay had been being used, as set out in paragraph 2.5. It was therefore proposed that the policy be amended to reflect requirements. Members were supportive of the approach with some minor amendments to the new wording at paragraph 3.2.

RESOLVED:

That the EHCC Committee approve the amendment to the Council's redundancy policy to bring the calculation period only for redundancy pay into line with statutory requirements. That finalisation of the wording as expressed in paragraph 3.2 be delegated to the Chief Executive and the Head of Human Resources in liaison with the EHCC Chairman.

33. **BREXIT - WORKFORCE IMPLICATIONS AND CONSIDERATIONS**

The Committee considered a report of the Director of Corporate Resources regarding the possible impact of Brexit on the County Council's workforce.

It was noted that this was an initial report to look at the likely impacts. The development ability of the Council was discussed and it was acknowledged that the majority of policies were based on EU legislation. The report was welcomed and it was recognised that there were many unknowns.

RESOLVED:

That the report be noted.

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Chairman,



## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Employment in Hampshire County Council Committee
<b>Date:</b>	13 March 2019
<b>Title:</b>	Joint Venture with Commercial Services Kent Ltd to supply agency workers to HCC
<b>Report From:</b>	Director of Corporate Resources

**Contact name:** Stephanie Randall

**Tel:** 01962 846531

**Email:** stephanie.randall@hants.gov.uk

#### 1. Recommendation

- 1.1. EHCC are asked to note the programme of work currently underway to implement the new Joint Venture 'Hampshire & Kent Commercial Services' for the sourcing and provision of Agency Workers from April 2019.

#### 2. Summary

- 2.1. In September 2018, Cabinet took a decision to create a new Joint Venture with Commercial Services Kent Ltd, a company wholly owned by Kent County Council, for the sourcing and management of agency worker provision to Hampshire County Council.
- 2.2. The purpose of this paper is to update EHCC on the new Joint Venture, and the work underway to implement the new arrangements from 1 April 2019.

#### 3. Contextual information

- 3.1. On 17 September 2018, Cabinet considered a report from the Director of Corporate Resources, recommending the creation of a new Joint Venture Local Authority Trading Company (LATC) for the purpose of providing Agency services to all departments within the County Council.
- 3.2. Agency workers fulfil a valuable and important aspect of the council's workforce requirement, supplementing and/or complementing our permanent workforce. This temporary workforce often fulfills hard to recruit or very specialist roles, as well as providing essential cover for periods absence within our permanent workforce.
- 3.3. However, the County Council continues to face a range of challenges with regard to the recruitment of agency workers. Despite a growing use and dependency of this resource (and therefore rising financial cost),

increasingly it is difficult to source workers of sufficient quality, particularly at short notice. These issues are particularly common in the social care market, which at times has posed potential risk to the vulnerable people the council support's.

- 3.4. It is recognised that the make-up of a modern workforce must comprise of not only permanent employees, but also those skilled individuals who may require or seek greater flexibility in their employment arrangements to meet their personal circumstances; agency working offers these individuals an appropriate alternative.
- 3.5. Good agency workers provide a valuable role in to the council, integrated and working alongside our equally important permanent workforce. To support delivery of improvements in service continuity and quality, it is therefore critical that the council has the ability to attract and retain these workers over longer periods, as well as providing a route for them to attain potential permanent employment with the council in the future.
- 3.6. Consideration has therefore been given to how the council could respond to these challenges; this included the creation of a Local Authority Trading Company owned by the County Council to source and manage our agency worker requirement, providing an opportunity to collectively retain greater control and influence in this area.
- 3.7. It is recognised however that the council does not have the necessary skills and experience to set-up this type of arrangement on its own, or quickly. As a result, it was agreed by Cabinet that we would enter in to a new Joint Venture with Commercial Services Kent Ltd who have an existing and well established agency service that they provide to Kent County Council. This new venture will be owned 50:50 by HCC and CSKL, providing the council with the extent of control over service delivery that is sought. Other benefits of this approach include:
  - Access to CSKLs extensive and specialist knowledge in this area;
  - Adoption of CSKLs existing 'Master Vendor' delivery model, which seeks to provide both fulfilment of agency workers who are directly registered with the new Joint Venture, as well as access to agency workers from a broader supply chain of 3rd party agencies registered through a compliant procurement vehicle with the Joint Venture;
  - Access to CSKL systems, processes and back office support, such as IT infrastructure, pay and bill, client and agency portals, CRM, job boards and HR employee relations, required to run an agency;
  - Ability to share the initial cost of setting up and implementing the LATC.
- 3.8. Whilst it is envisaged this new arrangement has the potential to deliver modest financial efficiencies in the longer-term, this is not the primary driver for the decision taken. In recognition that our temporary workers will continue to form an important aspect of our future workforce strategy, our key focus and priority is to improve the quality of our agency workers.

#### **4. Implementation of the new Joint Venture – Connect2Hampshire**

- 4.1. Since the decision taken by Cabinet in September 2018, work has progressed with CSKL to develop the delivery plan, which included the formal set-up the new Joint Venture, Hampshire & Kent Commercial Services LLP. It will operate under the local trading name Connect2Hampshire, providing agency worker services to the County Council with effect from 1 April 2019.
- 4.2. A key priority of the implementation is to ensure that continuity in agency worker provision is maintained throughout the transition. As such significant focus is being placed (and project resources from both the council and Connect2Hampshire) on both the sign-up of existing suppliers to the new agency's procurement vehicle (through a Dynamic Purchasing System), as well as preparing our hiring managers for the changes in process and approach, planning outgoing exit arrangements with the outgoing contract holder, and recruiting to key team roles within Connect2Hampshire. These aspects are being managed closely by HCC project leads to ensure that any emerging risks are identified and can be mitigated accordingly.
- 4.3. Other key activities underway include completion of the various legal agreements that will underpin the new venture, as well as the design, build & implementation of technology changes that will support both Agency Workers and Hiring Managers.
- 4.4. Work is also underway with Connet2Hampshire to consider the future recording and reporting requirements of its agency workers e.g. nationality. This will be important in gaining an understanding of the agency workforce composition and factoring into workforce strategies.

#### **5. Managing Performance of the new arrangement**

- 5.1. Upon commencement of service delivery, performance of the new arrangement will be governed through Hampshire & Kent Commercial Services LLPs Executive Board. This Executive Board includes two Directors; the Deputy Chief Executive & Director of Corporate Resources for the County Council and the Chief Executive of Commercial Services Kent Ltd.
- 5.2. In addition the day-to-day performance and delivery of services to the County Council will be managed through a set of Key Performance Indicators (to be agreed with the Executive Board), and through contract management arrangements which will be put in place with key officer(s) of the County Council.

**CORPORATE OR LEGAL INFORMATION:****Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	Yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	Yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	yes

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> Creation of a Joint Venture Local Authority Trading Company	<u>Date</u> 17 September 2018
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u> N/A	<u>Date</u>

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

It is not expected that this proposal would impact groups with protected characteristics.

### **2. Impact on Crime and Disorder:**

2.1. There is no expected impact on Crime and Disorder.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

*No impact.*

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

*No impact.*

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Employment in Hampshire County Council
<b>Date:</b>	13 March 2019
<b>Title:</b>	Corporate Management Capacity
<b>Report From:</b>	Chief Executive

**Contact name:** John Coughlan, Chief Executive

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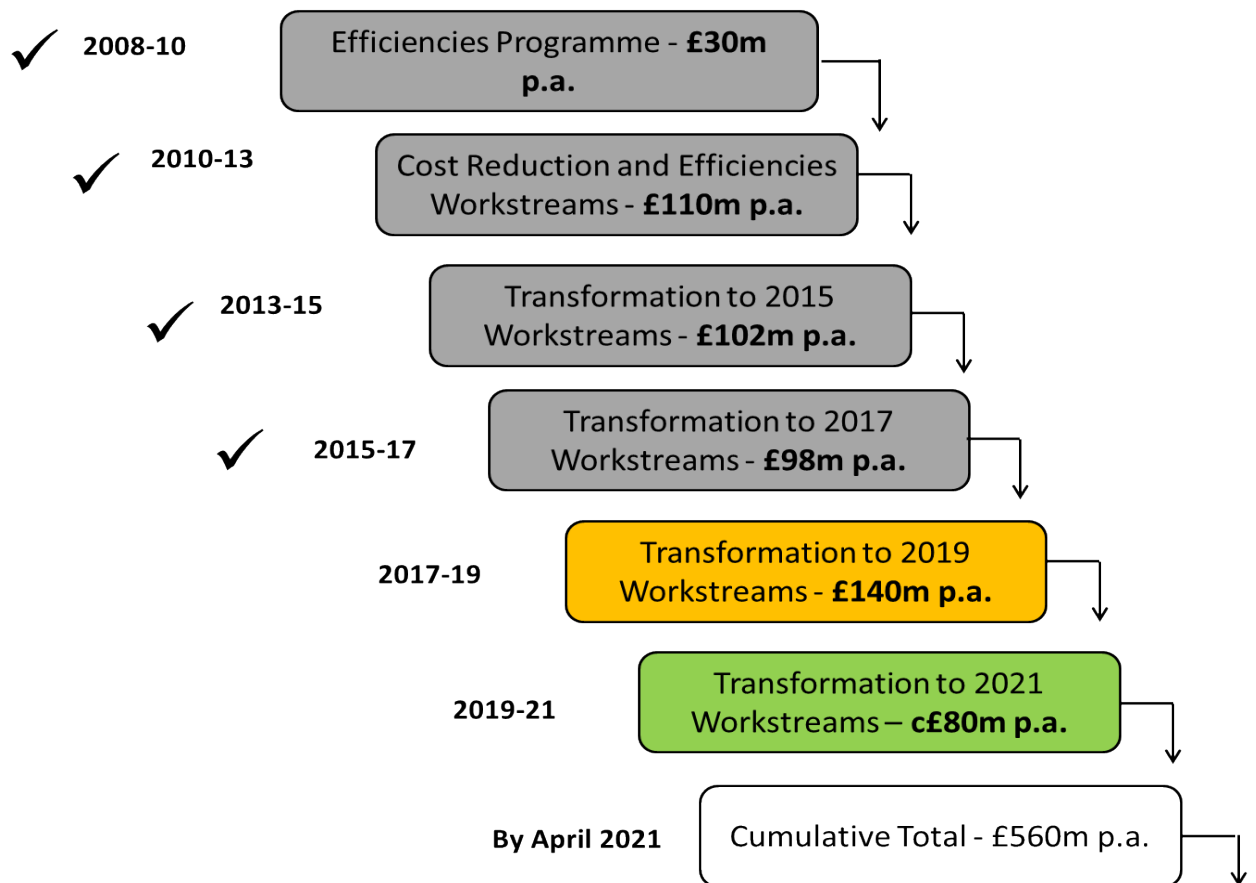
#### 1. Recommendation(s)

- 1.1. It is recommended that the EHCC Committee notes and agrees the proposed adjustments that are being made in departmental management arrangements, as outlined in the body of the report, in order to provide the necessary capacity and capability to meet the Council's change programme.
- 1.2. It is further and specifically recommended that EHCC agrees the reaffirmation of the previously established approach to local flexibilities in the development of interim additional capacity within DMTs in accordance with the constraints described in paragraph 3.23.

#### 2. Summary

- 2.1. The purpose of this paper is to update and secure support from Members of the Committee on progress being made to adjust senior management capability and capacity as a result of recent and proposed changes to departmental management team (DMT) membership across the organisation. The report addresses the continuing need for the County Council to work to meet its Transformation to 2019 targets as well as reduce its spend by a further £80m by 31 March 2020/21. In so doing, and in keeping with the politically approved corporate objectives, including an ambitious programme of strategic projects and the ongoing development of the "extended organisation" (see Appendix 2), the County Council needs to ensure it has the right quantity and quality of senior management capacity to successfully lead the organisation through this next critical phase.
- 2.2 The wider historical and current financial context was last reported to Cabinet in December 2018 and this has been further supplemented with the Medium Term Financial Strategy report to Cabinet and Full Council in March 2019. The following diagram shows one version of the cost

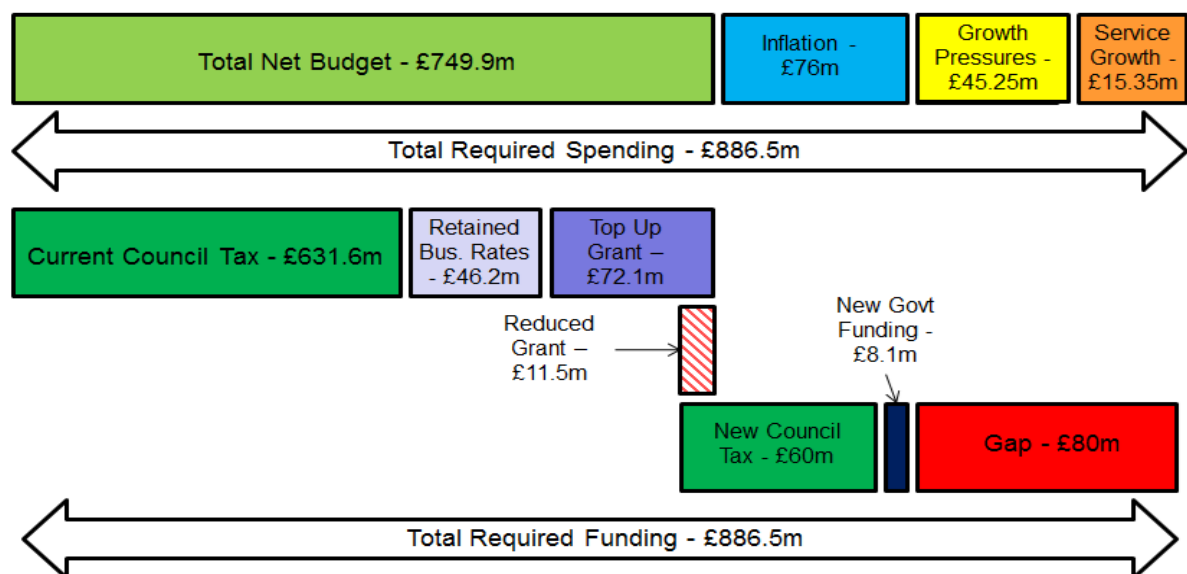
reduction exercises that have been in train for over a decade now including the Transformation to 2021 programme requirement:



**Note: The cumulative figure is made up of inflation, demand and reduced grant**

2.3 The cumulative total therefore reaches over £0.5 billion of revenue savings achieved over the period to April 2021. However, while this total is an accurate representation of the annual value of the transformation programmes, it is also recognised that this figure does not represent simple “savings” as such. Rather it is a combination of direct savings, compounding inflation and the cost of increasing demand. That is why the diagram on the following page is now used alongside to offer a different but accurate depiction of the continuing financial challenge, this time up to 2021.





**Notes:**

Blocks are not to scale. Inflation estimate covers a 2-year period. Growth pressures relate mainly to Adult and Children’s Services demographics. Service growth includes new targeted investment e.g. into I.T.

- 2.4 In an increasingly precarious local government sector, the County Council can be justifiably proud that it has achieved these transformation programmes to time and target, thereby ensuring a level of financial stability and security that is the envy of many authorities and, more importantly, is to the great benefit of citizens of Hampshire and especially those who depend upon critical services. With particular regard to those services, it is also notable that the County Council’s performance in its key areas of activity remains at a very high standard throughout. This was outlined in some detail at the most recent performance report (“Serving Hampshire”) to Cabinet in December 2018.
- 2.5 To meet these twin challenges, of hard fought and carefully delivered financial sustainability alongside continuing general top quartile performance, it has been essential that the County Council has protected (and developed) its senior management capacity across the departments.
- 2.6 Two appendices to this report further illustrate what has been and will continue to be required to maintain these levels of financial and service performance. Appendix one, Strategic Focus, gives a simple depiction of the range of corporate projects and initiatives that sit across the “business as usual” activities of the service departments. Each of these projects and initiatives is making a vital contribution to the progress of the organisation but is also demanding of time and talent from senior managers. Appendix two, the Extended Organisation, is again a simple but developing illustration of the range of significant income generating partnerships and activities that have been developed through the corporate trading strategy. These range from the Integrated Business Centre that now supports six other major organisations, the work of Children’s Services across at least four

authorities, and a plethora of other business activities. The trading strategy does not pretend that HCC can trade its way out of its financial challenges. Instead it helps secure the County Council's ability to recruit and retain the best senior managers by testing them from a position of confidence. It helps build the reputation of the authority as a skilled, supportive and enabling organisation, and it does deliver a gross income of at least £130 million per annum. Both appendices serve to illustrate the radically different expectations and opportunities presented to HCC's senior managers in what is a high performing but highly demanding organisation.

- 2.7 It has also become increasingly apparent that this approach to sustaining internal capacity contributes substantially to the County Council's positive approach to succession planning. The organisation remains deeply committed to actively seeking strong external competition for all new senior vacancies. Regrettably, especially for some specialist senior roles in, for example, social care and highways, both the quality and the quantity of external applications can be limited. The markets for some posts are extremely "dry" with candidates reluctant to move or the best people being well held by their current employers. In these circumstances it is of the utmost importance that we are providing effective support and stretching opportunities to senior managers so that they are well prepared to fill higher level responsibilities and also bring with them the imbued Hampshire standards of public value, innovation and effectiveness.
- 2.8 Accordingly, at different points of the austerity journey, reports have been brought to EHCC addressing senior management capacity and deployment. Much earlier, this included a strong approach to reduction of general capacity, but a proportionate status quo has been held since then as it became clear that a crude and disproportionate reduction of this capacity, as adopted in some organisations, simply served to denude those organisations' ability to cope with a new public sector environment. It is also arguable that this is not genuine status quo given that the numbers of senior managers have remained relatively unchanged for some years, but the levels of additional corporate activity have grown substantially, as per the appendices. A number of service specific management reports have also been brought to EHCC over time and occasionally there has been a more comprehensive report clarifying a range of changes across all departments. This is one such report. This report updates the committee on further changes proposed in the Departments across the Council including particularly the issues around management capacity for the Transformation to 2021 programme. All the proposals can be contained within the current reduced departmental cash limits. Some of them are already in train as they do not require additional specific approvals. Some are permanent changes as a result of appointments to vacant roles, others are interim arrangements for specified periods of time. Any proposed permanent arrangements are subject to Member approval and the relevant appointment panels being established. All respective Executive Lead Members are supportive of their departmental proposals and actions.

### **3 Changes to Department leadership teams**

#### **3.1 Children's Services**

3.2 Following the promotion of the Assistant Director, Access, Performance and Resources for Children's Services into the role of Director for CCBS, the opportunity is being taken to review the future role requirements.

3.3 It is clear that Children's Services is facing its most critical period of transformation since the policy of austerity was implemented in 2010. Despite an exceptional history of stability and high performance, the Department faces the same national challenges of extreme management and financial pressures, especially around children in care and children with disabilities. Given this it will be important to ensure the right level of capability and capacity is in the senior leadership team in order to meet these challenges.

3.4 The vacant Assistant Director role has been re-shaped and focussed to place greater emphasis on delivering business objectives through external partnerships and importantly will play a pivotal role in ensuring collaboration across the department and the council to improve outcomes for children. Recruitment started in January and is expected to be concluded prior to this meeting of EHCC following a Member appointment panel on 11 March.

3.5 During the last 12 months, the Assistant Director for Transformation has been working increasingly closely with Children's Services on its transformation programme and particularly on the 'Partners in Practice' programme, including its Sector Led Improvement work in order to develop income streams. Having this role at the senior leadership table has proved to be highly effective in terms of providing challenge, innovation and strategic thinking in taking forward the challenges of the transformation to 2019. Given this and the ongoing transformation agenda, the Assistant Director for Transformation will continue to retain oversight of the Transformation Practice, whilst also having a widened remit primarily focussed on Children's Services transformation and become a member of the Children's Services DMT. This adjustment to the positioning of the role with Transformation and Governance has no financial implications for either department.

3.6 Whilst reviewing the wider strategic requirements of the service, it has become clear that there is a need to create a cross-council role in order to continue the development and delivery of the capital delivery of the property strategy. In the past two years the role of the former Head of Strategic Development has been extended outside of Children's Services to provide much needed additional support for Adults' Health and Care in the acceleration of the extra care strategy, among other activities. Given the remit and critical nature of this role it is proposed to convert the post and create an additional Assistant Director post. This post will nominally remain in Children's Services for direct reporting but will also work corporately across Adults' Health and Care and CCBS, joining the respective DMTs as required. The job title will be Assistant Director (Property and Capital Delivery). It is proposed that the current post holder will be appointed on an

interim basis subject to member approval on the basis of an exceptional track record. A review will take place in 12 months and if appropriate confirmation of this appointment on a permanent basis will be sought via a member appointment panel.

- 3.7 It is anticipated that these changes can be brought about within existing budgets in order that there is no additional cost to the council. It should also be noted here that the section below which deals with deputising arrangements for directors includes a specific reference to Children's Services which is also cost neutral (para 3.21).
- 3.8 **Adults' Health and Care**
- 3.9 The ongoing austerity measures continue to impact the work of Adults' Health and Care. The sustained financial pressure is creating an environment which demands the need for continued significant changes to the way in which social care is delivered to the residents of Hampshire, who are typically living longer but in poorer ill-health. Partners across the health and social care landscape are committed to integrated working. However, that will put further demands on both the capacity and the capability required of DMT, particularly the need for partnership working in a highly complex and political environment.
- 3.10 The senior leadership team has been highly effective, achieving both the delivery of the department's saving targets and re-modelling the service. However, the role of Assistant Director for Older Adults has been operating on an interim basis for some time, and the role of Assistant Director for Transformation & Digital has recently become vacant. Given this, and to ensure the department continues to have a leadership team that will meet the challenges referenced above, recruitment is underway for both roles.
- 3.11 The Assistant Director for Older Adults is an appointment of national level importance, with a spend of some £140m per year in this service area. This is the biggest and arguably most complex service area given its performance is fundamental to keeping the increasing older population of Hampshire living as independently as possible with the optimal level of wellbeing, as well as being our largest group of people supported through eligible, publicly funded support working closely with the NHS and the wider care sector. It will be critical to recruit an individual with a deep knowledge of the sector, the capability to develop it further and effect the changes required, not least a sustained improvement to delayed discharges of care.
- 3.12 The Assistant Director post for Transformation & Digital is a key role that is central to supporting the department to transform if not revolutionise how the department operates in the future. Exploiting innovative technologies and the application of digital capability will provide the department with the single greatest opportunity to provide better outcomes for service users as efficiently and effectively as possible. The Assistant Director for Transformation & Digital must ensure the development of the operating model between the technological opportunities and the best principles of care in our service delivery. The risks associated with the adoption of

technology or digital solutions across a department as large and complex as Adults' Health and Care is significant, hence the need to recruit strong leadership capability in this area.

- 3.13 Both posts are part of the current Adults' Health and Care DMT establishment, therefore there is no increase in current capacity. A Member appointment to the Assistant Director for Transformation & Digital has now been made, with recruitment activity progressing for the Assistant Director for Older Adults. The expectation is that this will be concluded by the end of March.
- 3.14 Furthermore, the Director of Public Health has very recently given notice of their retirement at the end of June 2019. This post is a statutory role. It is suggested that an appointment of an internal interim Director of Public Health, for a period of up to 12 months in the first instance, is undertaken to enable continuity of the current Public Health programme. This process will need to be managed in tandem with Public Health England.
- 3.15 **Corporate Services – Corporate Resources**
- 3.16 Following the vacancy created by the Head of HR & Workforce Development moving on, the role has been reviewed taking account of the Council's requirements together with the wider Shared Services partnership. The now titled Assistant Director, HR and Workforce Development role went out to market in February 2019, with interviews and a full member appointment expected in early May. This role will have autonomous Heads of Service embedded within the respective partner organisations in the same way as Finance which will therefore mitigate the risks of one person holding excessive responsibility across all organisations within the partnership.
- 3.17 **ETE**
- 3.18 Following the departure of the Deputy Director – Highways, Traffic and Transport, that role was reviewed and subsequently ringfenced to a group of suitably qualified Heads of Service within ETE. Through this competitive selection process an 'acting up' appointment was made from this cohort to the role of Interim Assistant Director – Highways, Traffic and Engineering for a period of 12 months starting in May 2018.
- 3.19 It is clear that this role is critical to the ongoing delivery of these services, and never more so than in the current context. The interim arrangement, with a senior leader from current establishment taking the role forward has proved very successful not least in leading the challenging process of managing the transition to a new Highway Service provider and mobilising a new and different type of highways contract and supplier relationship. It is therefore proposed to place this post on a more formal footing in order to continue and ensure ongoing appropriate leadership, in both capacity and capability terms, are in place as we move through to Transformation to 2021. The changes can be secured from within the department on a cost neutral basis.

3.20 Following the rise of EHCC, an appointment panel will be convened to consider confirmation of this interim appointment into a permanent position.

### 3.21 **Deputy Arrangements for Directors**

3.22 Going forward it is considered appropriate that Directors should have the ability to nominate an existing Assistant Director as a formal deputy to provide support and additional capacity on transformational and departmental leadership. Such arrangements will only apply to established and “senior” assistant directors and should have little if any financial implications, all of which will be borne within departments. One particular example is that the established structure for Children’s Services has always defined the most senior roles for social care and education as deputy director roles to ensure appropriate seniority and balance for the two crucial and counterbalancing service duties of the department. Neither role has been defined formally as a deputy for the past three years, but that anomaly should now be resolved for both posts (at nil cost to existing salaries). EHCC will be kept updated on other deputy arrangements in due course and according to departmental needs.

### 3.23 **Future Capacity**

3.24 The need for management capacity to continue to meet significant challenges faced by the organisation has long been recognised. The full extent of what will be required for Transformation to 2021 is not yet known, although it can be predicted that additional capacity will be required to cope with the change programmes, cost reduction and associated activities within the council. That includes evolving to manage the extending organisation, for which the cost of additional capacity is covered by generated income. It is therefore proposed that each Chief Officer may, if required and with the approval of the Chief Executive and in consultation with respective Executive Lead Members, create an additional post at the level of Assistant Director from internal capacity. Such posts would be on an interim basis up to but not beyond two years without formal member approval. EHCC will be kept updated of any such arrangements in future management capacity reports.

## 4 **Finance**

4.1 There are no direct financial implications to this report. All roles above will be met within current budgets; with salaries reflective of established rates.

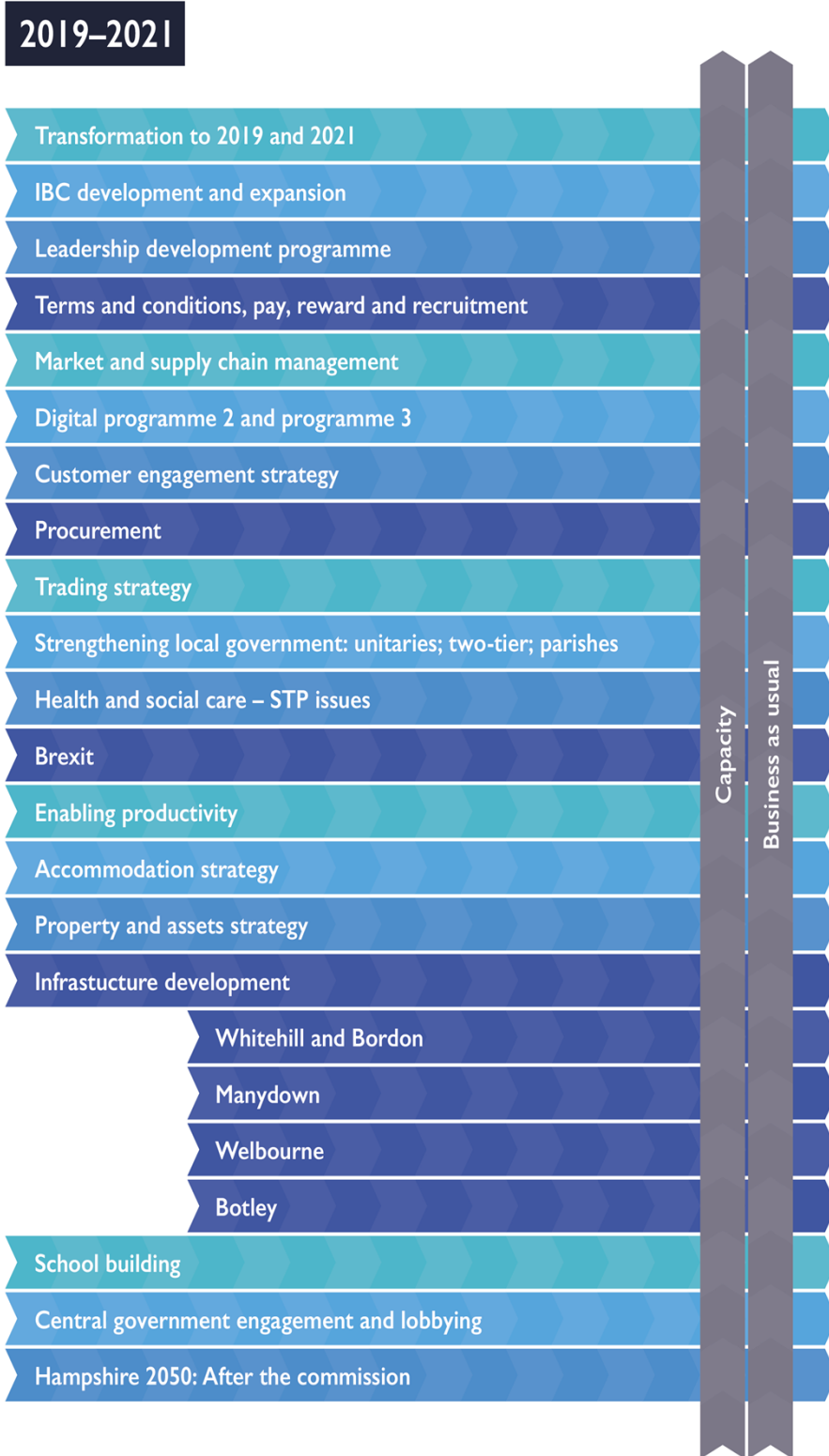
## 5 **Conclusion**

5.1 The core basis of this report is the successful and sustainable delivery of current and future transformation programmes through the continued progression of the most effective and flexible senior management capacity and in line with the organisation’s established strategic approach.

5.2 At the beginning of austerity, the County Council adopted a radical approach to senior management reductions which were appropriate for the time and circumstance. Since then the organisation has learned from internal and

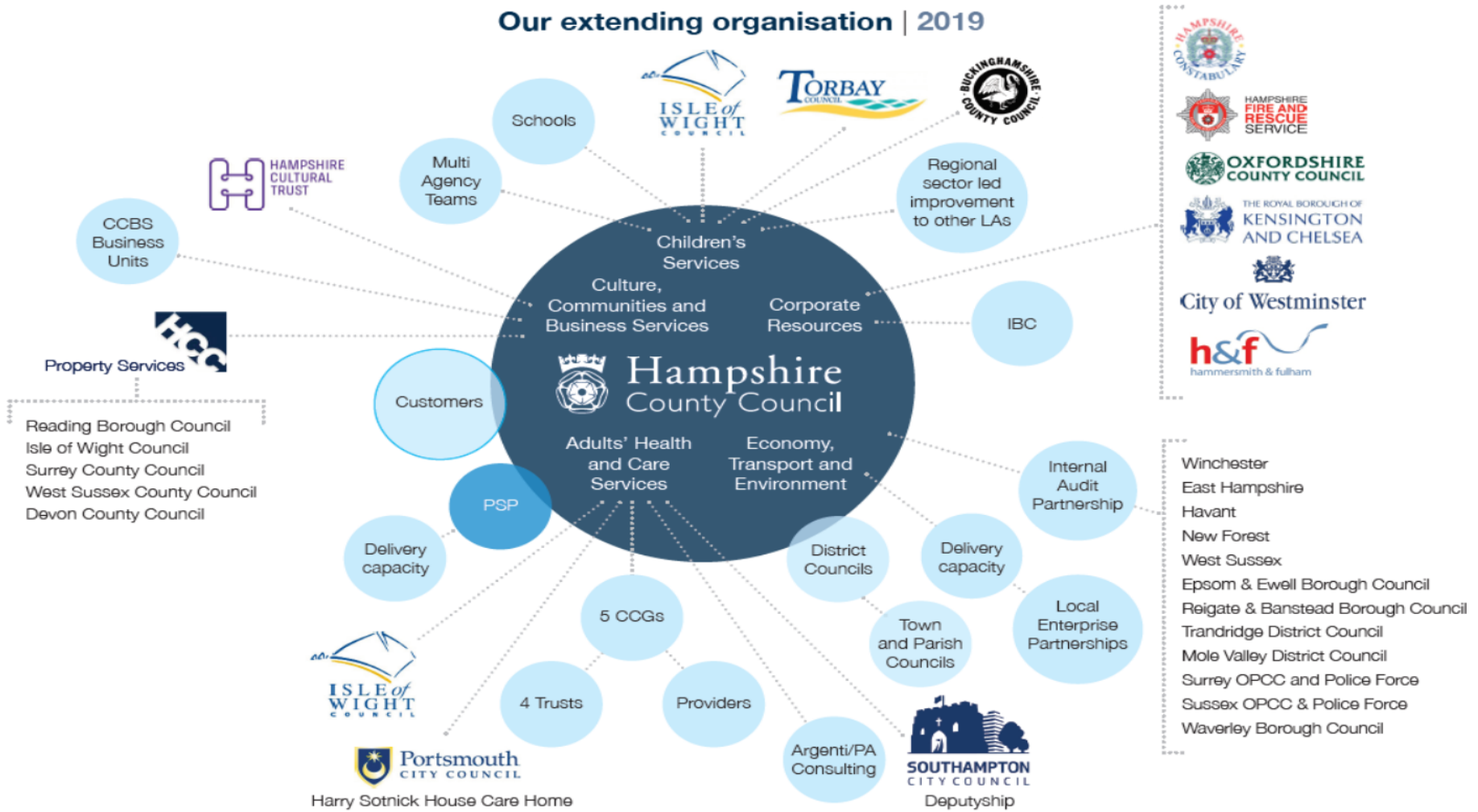
external experience that it is counter-productive if not dangerous to continue to radically denude senior leadership and management capacity while the organisation transforms and, in some respects, expands. This does not mean that senior management capacity is in any way protected from the usual savings reviews which form the basis of Transformation. This report therefore describes a restrained but proactive approach to ensure that the appropriate levels and quality of capacity is retained and developed for the current and future effectiveness and success of HCC.

- 5.3 Inevitably this remains work in progress. While this is one of the more comprehensive management capacity reports which addresses a range of departmental issues, more will inevitably follow. For example, as the new Director of CCBS becomes established there are likely to be further recommendations forthcoming in due course from that department.





Our extending organisation | 2019



**CORPORATE OR LEGAL INFORMATION:**

**Links to the Strategic Plan**

This proposal does not link to the Strategic Plan but, nevertheless, requires a decision to enable appropriate management capacity to be available to manage the Council's change programme.

**Other Significant Links**

**Links to previous Member decisions:**

<u>Title</u>	<u>Date</u>
Serving Hampshire – Strategic Plan for 2017-2021	19 June 2017

**Direct links to specific legislation or Government Directives**

<u>Title</u>	<u>Date</u>
None.	

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## IMPACT ASSESSMENTS:

### 1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- 1.1.1 The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- 1.1.2 Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- 1.1.3 Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### 1.2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by proposals in this report.

### 6 Impact on Crime and Disorder:

6.1 Not applicable.

### 7 Climate Change:

7.1.1 How does what is being proposed impact on our carbon footprint / energy consumption? Not applicable.

7.1.2 How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Not applicable.

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## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Employment in Hampshire County Council
<b>Date:</b>	13 <sup>th</sup> March 2019
<b>Title:</b>	The Hampshire Apprenticeship Programme - update
<b>Report From:</b>	Director of Children's Services

**Contact name:** Phillip Walker

**Tel:** 07540 930270

**Email:** [Phillip.Walker@hants.gov.uk](mailto:Phillip.Walker@hants.gov.uk)

#### 1. Recommendations

- 1.1. To note the progress being made in the development and delivery of the Hampshire Apprenticeship and Hampshire Schools Apprenticeship programmes
- 1.2. To note the financial position including the pending clawback of uncommitted levy funds from May 2019.
- 1.3. To receive a future update report in 2020

#### 2. Summary

- 2.1. This paper provides the EHCC committee with an update on the Hampshire Apprenticeship and Hampshire Schools Apprenticeship programmes, both established in response to the introduction of the Apprenticeship levy in May 2017.
- 2.2. Good progress has been – and is being – made to maximise the opportunity created by the levy. A record number of Apprentice starts have been generated since May 2017. At the end of December 2018, the total of Apprentice starts since May 2017 has been 465. Starts to date in the 18/19 financial year have been 336, 196 in corporate departments and 140 in schools maintained by the local authority. This is against a FY target of 300. A revised forecast total for the end of March 2019 is now 375.
- 2.3. Financially, the County Council's levy account had a balance of £5.24m at the end of December 2018. Against this, the financial commitment was £2.47m. Reflecting changes in employee head count, our monthly contribution has reduced from £303k to £258k. This is expected to increase again from April as a result of the 2019 pay award including the impact of any backdated award.

- 2.4. In autumn 2018, the County Council provided its first return against the 2.3% public sector Apprenticeship target. This recorded that 0.5% of employees were following an Apprenticeship across the organisation as of March 2018. Progress reported above – and forecast to the end of the current FY – will improve performance against this measure significantly.
- 2.5. Operationally, the government has made some changes to the levy and intends to consult on further changes later this year. These are aimed at increasing employer's flexibility in how they use their levy funds. This includes the ability to passport up to 10% (and later 25%) of the levy balances to other employers from April 2019. Currently, more fundamental changes called for by employers, such as the ability to use levy funds for salaries and Standards development, have not been adopted.

### **3. The Apprenticeship Levy**

- 3.1. The Apprenticeship Levy was introduced in April 2017 as part of the government's Apprenticeship reform programme. Placing employers at the heart of the reforms, government is targeting three million new apprenticeship starts by 2020.
- 3.2. The development of Apprenticeship Standards, which are replacing Apprenticeship Frameworks, aims to ensure that employers determine the content of new qualifications so that they meet their current and future skills needs.
- 3.3. The levy requires all employers in England, across all sectors, who have an annual salary bill of £3.0m or above to pay 0.5% of their wage bill into a digital account. An allowance is applied of £15,000. Funds within the account are available only to fund approved Apprenticeship training (delivered by an approved Apprenticeship provider) and associated end-assessment. Hampshire County Council has one account covering all parts of the organisation, corporate and schools.
- 3.4. Associated with the reform programme, Government has also introduced a public sector Apprenticeship target of 2.3% (Apprentices as a proportion of the workforce). For Hampshire County Council, our public sector target is modelled at 684 employees, 268 in corporate departments and 416 in schools maintained by the local authority. This is based on a total headcount of 29,760 employees. At the end of March 2018, our performance was 0.5% and equating to 123 in corporate departments and 27 in schools. The increase in starts in the current FY will improve performance against this target significantly when reported later in 2019.
- 3.5. There is only a part relationship between levy contribution and annual Apprentices starts, the actual being dependent on the length and value of Apprenticeship Standards being followed at any one time. For example, a degree Apprenticeship will typically have a funding value of £27,000 and be delivered over 3-4 years whilst an Advanced Apprenticeship in Administration has a funding value of £5,000 and will last 12-18 months.
- 3.6. In January 2019, the Director of Children's Services assumed the Chair of the Hampshire Apprenticeship Programme Board.

3.7. Appendix 2 provides update from the National Apprenticeship Service on public sector apprenticeships.

#### 4. Finance and use of funds

4.1. The estimated annual levy contribution for the County Council was c. £3.5m (c. £1.3m from corporate departments, c. £2.2m from schools maintained by the local authority). Monthly contributions to the levy are calculated through payroll. Reflecting changes in employee head count, our monthly contribution has reduced from £303k to £258k. However, this is expected to increase again from April as a result of the 2019 pay award.

4.2. The primary objective of the County Council is to fully utilise the levy to maximise talent attraction and development. The associated financial objective is to utilise the levy funds in full plus, if demand required, to access further funding available from government.

4.3. As of 31 December 2018, the County Council had a balance of £5.2m in its digital account. The table below show the approximate split between contributions from corporate departments and Hampshire schools (where the local authority is the employer). The balance includes a 10% top-up payment from government. Against above balance, our forecast commitment is c. £2.4m.

	<b>Corporate Departments</b>	<b>LA Schools</b>	<b>Total (12/18)</b>
<b>Approx. share of balance (12/18)</b>	£1.8m	£3.4m	£5.2m
<b>Est. Commitment</b>	£1.4m	£1.0m	£2.4m

4.4. This higher proportionate commitment within corporate departments reflects the greater availability of new Standards relevant to role within those departments. We anticipate this profile changing as the number of Apprenticeships in schools increases and as new education-related Standards are approved.

4.5. Funds remain within the digital account for 24-months. In May 2019, government will start to clawback any unspent or uncommitted funds. Full policy and operational guidance on this is still to be issued (as of January 2019) but it will work on a monthly rolling basis, i.e. in May 2019 funds will be clawed back from our April 2017 contribution net of any commitments. As the volume of levy starts has increased over the last two-years, the value of monthly clawback will be higher in the first period before declining as our spend and commitments profile increases. Work in being undertaken to estimate our actual clawback profile.

4.6. Of the 336 Apprentices starts between April and December 2018, 196 are employed in corporate departments and business units (60 in CCBS, 35 in Corporate Services, 30 in ETE, 35 in Children’s Services and 36 in AHC), 140

in schools maintained by the local authority (69 in primary, 21 in secondary and 50 in special).

- 4.7. The total forecast for Apprenticeship starts for the FY 2018/19 has been revised from 300 to 375. This is an increase on the final actual 2017/18 total of 150.
- 4.8. Whilst good progress is being made, the restrictions on the use of the levy to fund (approved) Apprenticeship training and end assessment costs only is a limiting factor. The primary costs associated with employing an Apprentice are salary costs which can not be met in full or part from the levy. Proposal to allow employers to use the levy to fund the salary of those previously unemployed or at risk of redundancy have not been adopted.
- 4.9. From April 2016 employers of apprentices under the age of 25 are no longer required to pay secondary Class 1 (employer) National Insurance contributions (NICs) on earnings up to the Upper Earnings Limit (UEL), for those employees

## **5. Programme Development**

- 5.1. A list of the current range of Apprenticeship standards being delivered, and by which provider, is shown in appendix 1. This illustrates the ever widening range – both in terms of subject and levels – of Apprenticeships now being delivered within the Hampshire Apprenticeship and Hampshire Schools Apprenticeship programmes.
- 5.2. Key programme developments include a Leadership & Management Apprenticeship pilot, being co-ordinated with Hampshire Workforce Development to ensure alignment to the Hampshire Leadership offer, a schools-based Business Managers Apprenticeship, a Teaching & Learning Support Apprenticeship and a small degree-entry Teaching Apprenticeship cohort which leads to qualified Teacher status.
- 5.3. The approval and roll-out of a Social Work Apprenticeship, leading to qualified Social Worker status, is being planned in Children’s Services and Adult Health & care later this year. If successful, the programme will provide a further mechanism by which to attract and retain staff to these key roles.
- 5.4. Hampshire County Council, along with other local authorities, is exploring with the Department for Education and the Institute for Apprenticeship the development of an under-graduate entry Teaching Apprenticeship. This is viewed as a potential important mechanism by which we can address workforce requirements within the school sector. It would also provide an under-graduate route to qualified Teacher status for higher level Learning Support Assistant. Whilst open to the prospect, thus far Ministers directly have rejected proposal for such a standard. The County Council and partner are continuing the dialogue with government.
- 5.5. The operational demands of teams – corporate and schools – are a key consideration when exploring the suitability and feasibility of an Apprenticeship-based development programme. For example, the practical and theoretical requirements of an Apprenticeship, often (but somewhat



misleadingly) referred to as '20% off the job' may be outside the operational capacity of the team. Also, and by design, new Apprenticeship Standards reflect specific occupational roles, with competency criteria determined by employers as part of the Trailblazer development process. This requires an individual to be undertaking key tasks within job in order to fulfil the requirements of the Apprenticeship Standards. Whilst there is an ever growing range of approved Standards, this means that an Apprenticeship will not always be the most effective or appropriate CPD programme option.

- 5.6. The County Council continues to participate in a group of leading local authorities (identified for their best practice) to advise the DfE on the operation and development of the levy within local government and schools. This afforded a further opportunity to press for the further flexibilities.
- 5.7. From April 2019, employers paying the levy will have the facility to passport up to 10% of their annual levy contribution to another employer. This could be, for example, SME's within a supply chain or a subsidiary. Government made an announcement in the autumn 2018 budget that the transfer option will rise to 25% at some future point, although currently no guidance or confirmation from the ESFA has been received to confirm this policy change (as of January 2019).
- 5.8. Hampshire County Council is developing a policy proposal that outlines how we may use the flexibility to passport uncommitted levy funds to other organisations. To be considered by the Apprenticeship Board, the proposal is likely to suggest prioritising public and third sector partners and suppliers. Our objectives would be to support job creation and participation for priority cohorts and to support workforce development in key sectors. Use of those funds will need to be compliant with the national guidance and will require any recipient employer to set up their own digital account. Legal guidance is being sort in relation to the allocation of public funds.
- 5.9. The passporting of uncommitted levy funds provides for the potential to further develop the County Council's partnership working with other organisation, public and private, in pursuit of our corporate objectives and statutory duties. The proposal to use such funds would be subject to due final agreement.

## **6. Procurement**

- 6.1. The procurement of external Apprenticeship training and end assessment by the County Council is subject to public procurement regulations. To this end, we have established a Hampshire Apprenticeship provider framework which was implemented in summer 2018. This four year framework has a total value of £27m.
- 6.2. The approach to apprenticeship procurement undertaken by Hampshire County Council has been commented upon by the EFSA (funding body) and partner LAs as representing emerging best practice. Consequently, all 11 Hampshire District and Borough Council's have been named on the framework, as have Hampshire fire, Hampshire police , Southampton City Council, Portsmouth City Council and the IOW Council. The exercise – and its

subsequent operation – is leading to greater levels of collaboration between the Hampshire Local Authorities around this agenda. A future option for a shared service Apprenticeship service will be explored in 2019/20.

- 6.3. All Hampshire Academies have also been named on the County Council's Apprenticeship provider framework. A small – but growing – number of these have approached the County Council to explore how we may operate their levy programme on their behalf. If agreed, this will provide a contribution towards the resourcing of the Hampshire Strategic Apprenticeship Team

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	Yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	Yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	Yes

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> EHCC Apprenticeship Levy Update	<u>Date</u> 28 <sup>th</sup> March 2018
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u> The primary legislation setting out the Apprenticeship Levy is contained in Part 6 of Finance Act 2016	<u>Date</u> Enacted May 2017

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- 1.1.1 The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- 1.1.2 Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- 1.1.3 Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

Equality objectives are not considered to be adversely affected by proposals in this report.

### **2. Impact on Crime and Disorder:**

2.1. Not applicable.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption? Not applicable.
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Not applicable.

**EHCC Committee, March 2019**  
**Apprenticeship Update – Appendix 1.**  
HCC Apprentices as of January 2019  
No. on Levy Account = 465

Technical Pathway	Level	Provider	No. apprenticeships by Provider	No. apprenticeships by Pathway
Accountancy Taxation Professional	7	CIPFA	1	1
Professional accounting taxation technician	4	Eastleigh College	1	3
		Kaplan	2	
Adult Care worker	2	Hampshire Futures	3	3
Adult Care worker	3	Hampshire Futures	3	3
Agriculture	2	Sparsholt College	1	1
Agriculture	3	Sparsholt College	1	1
Assistant Accountant	3	Kaplan	9	10
		Portsmouth College	1	
Associate project manager	4	ASPIRE ACHIEVE ADVANCE LIMITED	21	42
		Fareport	21	
Business Administrator	3	Fareham College	1	31
		Fareport	1	
		Hampshire Futures	29	
Business and Administration	2	Fareham College	1	31
		Hampshire Futures	30	
Care Leadership and Management	5	Fareport	13	13
Children and Young People's Workforce: Early Years Educator	3	Eastleigh College	1	9
		FNTC	2	
		GLOBEUS TRAINING LTD	1	
		Peter Symmonds College	3	
		SHOWCASE TRAINING LTD	1	
		Sparsholt College	1	
Children, Young People and Families Practitioner	4	Hampshire Futures	11	11
Commis Chef	2	Havant and South Downs College	2	2
Construction Site Engineering Technician	4	SOLENT UNIVERSITY	10	10

Construction Technical and Professional	3	Eastleigh College	4	8
		Southampton City College	4	
Customer Service	2	Hampshire Futures	2	2
Digital Learning Design	3	Sparsholt College	1	1
Engineering design and draughtsperson	3	SETA	1	1
Facilities Management	2	Eastleigh College	2	5
		HIT	3	
Horticulture and Landscape Operative	2	Sparsholt College	1	1
Hospitality Supervision and Leadership	3	Eastleigh College	6	6
HR Consultant / Partner	5	Eastleigh College	1	2
		SOLENT UNIVERSITY	1	
Infrastructure technician	3	Fareham College	1	5
		Sparsholt College	4	
Intelligence Operations	4	INTELLIGENCIA TRAINING LIMITED	2	2
IT, Software, Web and Telecoms Professionals	3	BASINGSTOKE ITEC LIMITED	2	2
Laboratory technician	3	Fareham College	3	3
Lead adult care worker	3	Hampshire Futures	9	9
Management: Team Leading	2	Eastleigh College	4	4
Operations / departmental manager	5	Fareham College	10	10
Paralegal	3	Damar	1	1
Playwork	3	Eastleigh College	1	1
School Business Professional	4	Fareham College	7	22
		Hampshire Futures	15	
Senior Leader Master's Degree Apprenticeship	7	Portsmouth University	11	11
Solicitor	7	CITY, UNIVERSITY OF LONDON	1	1
Supply chain warehouse operative	2	WILTSHIRE TRANSPORT TRAINING & DEVELOPMENT LIMITED	1	1

Supporting Teaching and Learning in Schools	2	Eastleigh College	1	8
		Wiltshire College	1	
		Hampshire Futures	6	
Supporting Teaching and Learning in Schools	3	Hampshire Futures	29	39
		Eastleigh College	10	
Teacher	6	PCP SCITT	2	3
		THE UNIVERSITY OF CHICHESTER	1	
Teaching Assistant	3	BCoT	23	23
Team leader / supervisor	3	Fareport	15	15
Technical Theatre, Lighting, Sound and Stage	3	Fareham College	1	1
Unified Communications Technician	3	PETA	1	1
Vehicle Maintenance and Repair: Heavy Vehicle	2	Paragon	2	2
Vehicle Maintenance and Repair: Heavy Vehicle	3	Paragon	3	3
Chartered Surveyor	6	Portsmouth University	6	6
Food Production and Cooking	2	Eastleigh College	47	47
Chartered Manager	6	Winchester University	3	6
		Portsmouth University	3	
Business and Administration	3	Hampshire Futures	16	16
Business and Administration	4	Fareport	2	5
		Eastleigh College	3	
Children and Young People's Workforce: Residential Childcare	3	Peter Symmonds College	18	18
Professional Cookery	2	Eastleigh College	2	2
Facilities Manager	3	Eastleigh College	1	1

Total Hampshire Futures delivery	153
Total external provider delivery	312





## **Public Sector Apprenticeships – Communications Campaign**

Thank you for your continued support with public sector apprenticeships.

As we draw to the end of the year and with the release of statistics outlining the public sector's first year progress towards the public sector apprenticeship target [Public Sector Apprenticeships in England 2017 to 2018](#) we would like your help to show case the good news stories and successes from across the public sector. Through this burst of activity in the last two months of the year, we aim to increase the supply of quality apprenticeships and to boost apprenticeship starts, building on from the momentum in the World Skills UK Live Show.

### **Key messages:**

#### **Minister for Skills and Apprenticeships Anne Milton said:**

“I am very pleased to see the number of apprenticeship starts rising in the public sector. I am particularly pleased to see that vital services like the NHS are doing well, and along with the Royal Navy are leading the way.

“With exciting apprenticeship opportunities available from nursing to policing to firefighting, there is something for everyone! I visited Leeds Teaching Hospital recently where I saw first-hand how apprenticeships have changed people's lives and are helping to make sure the NHS can continue to get the skilled nurses they need. I want to see other public sector employers rising to the challenge so that more people can get the skills they need to get a good job and rewarding career.

“We want to see as many people as possible doing apprenticeships. We are working with employers to create more options. It's great to see the latest figures showing that of all apprenticeship starts 43.7% are on our new high quality apprenticeship standards – that's up from 4.8% this time last year.”

### **Supporting narrative**

- The apprenticeship reforms have changed the apprentice landscape so much that many public sector employers have now reframed their views on apprenticeships, focusing on clear high quality progression pathways ultimately raising the skills levels and aspirations of their staff.
- The public sector apprenticeships target provides public sector employers with the opportunity to review their approach to the recruitment and training of staff, ensuring they are attracting and retaining people with the skills they need to deliver world-class public services.
- We are working across the public sector to make sure all public bodies can benefit. For example, we are with NHS trusts and Health Education England to make sure the NHS is fully supported to recruit apprentices, and with the Local Government Association to provide similar support to local authorities. We expect to see numbers rise as employers embed the apprenticeship agenda into their long-term workforce plans.
- Public sector bodies (the armed forces, NHS, schools, and many others) are fully involved in developing new, high quality apprenticeship standards – and that's great to see. Standards are available for teachers, nurses, police constables, fire fighters,

managers, and many more – the full list is available on the [IfA website](#). And we are already hearing from public sector employers, providers, and apprentices that they are creating a step change in the quality of apprenticeships across the country.

- The Civil Service is also leading the way in recruiting apprentices, but our strategy is about more than just numbers. It is our commitment to improve social mobility and strengthen the skills base of the Civil Service, through high quality learning opportunities that are embedded in professional career paths and accessible to all prospective and existing staff.

#### How you can help:

- Use some of our key messages, statistics and suggested content (Annex A)
- Share your own content (case studies/quotes) within your networks, social media and other channels
- Remember to include #Apprenticeships and #ApprenticeshipsWork in your messaging
- Refer contacts to apprenticeships available near them by visiting the government's [Find an Apprenticeship](#)
- Remember to share vacancies on [vacancy snapshot](#) through the Amazing Apprenticeships website <https://amazingapprenticeships.com/>

 Twitter  Facebook and  LinkedIn

## Annex A

### Key facts and statistics

#### Public Sector Stats

- **1.4% of workers in public sector bodies started an apprenticeship in the first year of the target (between 1 April 2017 and 31 March 2018).**
- Over 45,000 apprentices reported as starting work in this period from those declaring themselves in scope and included in averages.
- Apprentice recruitment rates across the public sector in the reporting period ranged from 9.1% in the armed forces to 0.2% in police forces.
- 1.4% of public sector employees were apprentices immediately before the start of the reporting period (31 March 2018). This had risen to 1.9% by the end of the year (31 March 2018) – an increase of 0.5 percentage points, equating to nearly 15,000 additional apprentices.
- Increases in apprentice employment rates seen across most areas of the public sector
- New apprentices account for one in ten of all appointments in the public sector in the reporting period.

#### Wider Programme Stats

- Link to our fact sheets:
  - Apprenticeships – [Employer Guide to Apprenticeships](#)
  - Standards – [Standards](#)
- By 2020 we will be investing nearly two and a half a billion pounds in apprenticeships per year, to increase the number of high-quality opportunities. That's double what was spent in 2010.
- We have put **quality at the heart of apprenticeships**. Old style apprenticeships known as 'frameworks' are being replaced, giving way to new high-quality employer-designed 'standards'. From the start of the 2020/21 academic year, all new apprenticeship starts will be on standards. These changes are making sure that today's apprenticeships reflect what business wants and need
- Over 350 standards are already approved, in all sectors of the economy - with more on the way. There have been 161,700 starts on apprenticeship standards reported in the provisional 2017/18 academic year; more than 6 times higher than the 23,700 reported at the same point the previous year (2016/17).
- The Department for Education met its own target in 2017-18, with 116 starts against a target of 108. This is great news, but of course we want to continue to build on this with even more fantastic opportunities for people to get a rewarding career.

**Key quotes****Leeds Teaching Hospital NHS TRUST Head of Organisational & Development Learning Karen Vella said:**

Last year, the Trust employed nearly 600 Level 2 to Level 7 apprentices, across 29 programmes and a variety of disciplines, ranging from Business Administration to Facilities Management to Dental Nursing.

Apprenticeships have also helped the Trust address workforce need, reduce recruitment and agency costs, as well as giving back to the community through offering equal-opportunity apprenticeships to those who live in the local area.

There has been a lot of mis-information surrounding apprenticeships, and some existing members of staff felt an apprenticeship wasn't right for them. We have worked hard to promote apprenticeships as a form of learning in the workplace and we believe we have done this successfully. As a Trust, we want our staff members to make an informed choice and know that through an apprenticeship they can gain a qualification and start a career full of opportunities.

**Brighton & Hove Council Apprenticeship Programme Manager Carla Butler said:**

It's important the workforce reflects the community it serves, particularly in Local Authorities – and apprenticeships are a way of achieving this. We'd absolutely recommend apprenticeships to any employer. They are not only a great way to diversify your workforce, but national stats show they're productive, bring in new skills, and help with succession planning. There are a thousand reasons to employ apprentices – they're amazing

**Buckinghamshire Fire & Rescue Services HR Manager Charlie Turner said:**

We are keen to keep pushing forward with apprentices well into the future. With the Apprenticeship Levy and the 2.3% target for public sector organisations in view, the organisation is determined to invest in getting the right number of apprentices in the right places and improve its service to the community. As such, 2018 will also see the introduction of a management apprenticeship for its current staff, ranging from level 3 to level 7, creating more opportunities for staff to develop and realise their potential

**Lancashire Teaching Hospitals NHS Foundation Trust HR Manager Andrew Stone said:**

The shortage of nurses across the NHS is well known. But retaining nursing talent is also a problem. As a teaching hospital we train a lot of student nurses who often return home or move to other parts of the country once their training is complete. By recruiting local candidates via an apprenticeship and offering the opportunity to continue their learning at university, we hope to develop and retain local talent for the long-term.

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Employment in Hampshire County Council Committee
<b>Date:</b>	13 March 2019
<b>Title:</b>	Brexit – Workforce Implications and Considerations for Hampshire County Council
<b>Report From:</b>	Director of Corporate Resources

**Contact name:** Nichola Andreassen

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**Email:** nichola.andreassen@hants.gov.uk

#### 1. Recommendation

- 1.1 EHCC are asked to note the work underway to ensure the Council remains sighted on the potential impact of currently available information regarding Brexit and the mitigations being put in place.

#### 2. Summary

- 2.1. A paper was provided to EHCC in July 2018 outlining the broad implications that the UK uncoupling from the EU, as a result of Brexit, may have on the workforce at a national level and on Hampshire County Council.
- 2.2. At the time of writing, and in light of the current Brexit position, this paper builds on previous information, with a more focussed look at the workforce in Hampshire County Council, Hampshire schools and the potential impact of Brexit.

#### 3. Timeline and roles impacted

- 3.1. The previous paper, provided to EHCC in July 2018, identified that the types of jobs migrant workers perform in Hampshire County Council varies and that EU and non-EU workers are primarily recruited into shortage occupations. For Hampshire County Council and schools in Hampshire (regardless of governance status) shortage occupations are:
  - Teachers – particularly in secondary schools in all subjects but especially Maths, Science, Modern Foreign Languages, Business Studies and Computing;
  - Nurses, care assistants, social workers;

- Engineers;  
Low skilled workers such as cleaners, catering, domestics and laundry staff.

3.2. The following timeline has been provided by the government and outlines the indicative key dates and milestones, and which may be helpful in setting the context for this paper:

<b>29 March 2019</b>	UK ceases to be a member of the EU at 11.00pm
<b>March 2019</b>	Application scheme for settled status opens
<b>31 December 2020</b>	End of transition period – free movement continues until then
<b>31 December 2020</b>	Any new arrivals from the EU must meet new rules for EEA nationals (yet to be determined)
<b>30 June 2021</b>	Deadline for applications for ‘settled status’ in the UK from EU citizens (see below)

#### 4. Engaging with the workforce

- 4.1. Some staff may, understandably be nervous and unsettled and it is therefore critical that we initiate and maintain regular engagement; providing information, assurance and support where we can.
- 4.2. A communications plan has been developed which has included, providing to staff, a set of FAQs, fact sheets, links to relevant government sites and regular updates from the Chief Executive and Directors.
- 4.3. The most recent communication, in line with government information at the time, provided information to staff about the actions they may need to take if they wish to secure settled status and assurance that the Council would reimburse the £65 application fee that is required of applicants in applying for this. The Prime Minister has recently confirmed that when the scheme is fully opened in March / end of March the Government will waive the registration fee for all applicants; a further communication will update staff to this effect.
- 4.4. It is interesting to note that the number of contacts or queries received by staff have been low.
- 4.5. The requirements for individuals, based on current information, are outlined below:
  - EU citizens living in the UK continuously for 5 years (“continuous residence”) will be eligible for “settled status” which will entitle EU people to continue to live and work in the UK after 31 December 2020.
  - To apply for settled status proof of ID and of residence in the UK will be needed. The proof of residence could be a National Insurance number or demonstrated through the tax paid through work or benefits received.

- EU citizens with less than 5 years continuous service when they apply can still apply to remain in the UK and will generally be provided with ‘pre-settled’ status which allows people to stay for a further five years. Once five years continuous residence has been achieved people can then apply for settled status. An application fee of £65 will be applicable to applicants, for which the Council has agreed to re-imburse, although the Prime Minister has recently confirmed that when the scheme is fully opened in March / end of March the Govt will waive the registration fee for all applicants.
- 4.6. A working group has been set up to include senior officers from across the Council and represents all departments. The group will play a key role in ensuring that the latest developments associated with Brexit are considered, that any likely impact can be planned for and that that relevant communications go out to staff in a timely and informative manner. The group will also, through local channels, be able to gather intelligence from the workforce and factor this in to the wider communications and activities plan.

## 5. The workforce – nationality profile

- 5.1 The report to Cabinet referenced that of the 12,762 staff employed (excluding schools) an estimated 322 staff were non-UK EU nationals.
- 5.2 This number is estimated as prior to February 2018, an employee was unable to record their citizenship within the SAP database. Given this, we have been unable to quantify the number of non-UK EU employees or the roles they occupy.
- 5.3 Following the rollout of the new recruitment package (Success Factors) in January 2018, an employees citizenship can now be recorded and a snapshot sample of new recruits for the period February 2018 to mid January 2019 shows the following breakdown of UK; EU national; and non-UK non EU national employees.

New Recruits: February 2018 – Jan 2019							
	Adults Health and Care	CCBS	Childrens Services	Corporate Services	Economy Transport & Environment	Grand Total	% of new recruits
GB01 (UK National)	321	532	302	263	67	1485	92.87%
<b>GB02 (EU National)</b>	<b>16</b>	<b>12</b>	<b>13</b>	<b>7</b>	<b>2</b>	<b>50</b>	3.13%
GB03 (Non UK or EU National)	33	11	10	9	1	64	4.00%
<b>Grand Total</b>	<b>370</b>	<b>555</b>	<b>325</b>	<b>279</b>	<b>70</b>	<b>1599</b>	<b>100%</b>

- 5.4 The data above shows that 3.13% (50 of 1599) of those recruited to during this period are EU nationals. Of these 50 EU recruits, 23 filled hard to recruit to roles such as; care assistants, cooks, catering assistants and social workers. A mixture of less hard to fill roles were filled by EU nationals,

including, for example, project management, bilingual, library, warehouse, school patrol and FM assistants. Whilst we do not know if this is representative of the whole workforce, it is a helpful indicator and would support local intelligence.

- 5.5 As referenced earlier, the above data is a sample based at a point in time and may or may not be completely typical of recruitment patterns. This will continue to be monitored and the data tracked in order to continue to identify any trends or specific parts of the organisation and/or roles that particularly attract EU nationals.

## **6 Recruitment and retention challenges**

- 6.1 It is evident that both Adults' Health & Care and Children's Services have roles which are difficult to recruit to and therefore there is a level of reliance on the EU employment market. Mitigations to meet these challenges are explained further in the paper.
- 6.2 Within CCBS, HC3S EU nationals account for approximately 2% of all staff. This equates to around 35 to 40 catering staff and whilst this may not seem proportionately high in number, the service typically runs with a vacancy factor of circa 50 – 60. Given this, there is likely to be a diminished pool of potential employees after the Brexit transition period has passed. Further areas of potential focus reside around Vehicle Technicians and Facilities Management. There are known EU workers fulfilling lower skilled roles such as cleaners and given that this is an occupation of regular turnover, this area is monitored closely.
- 6.3 In addition to the data gathered above, and whilst not a significant risk as a result of Brexit, within ETE there is a potential risk of not being able to recruit to Transport Planning, Development Planning, Engineering and lower level technical roles, such as highways technicians to undertake surface works on the highways. Discussions are underway with strategic partners to consider future options, particularly as this may be exacerbated by Brexit given the existing UK skills shortages and the fact that the Construction Industry relies on EU nationals for labour and skills, especially in London and the South East.
- 6.4 The roles filled by EU nationals within Corporate Services are not considered to be hard to recruit roles, however there is high attrition in parts of the business (e.g. IBC), and there may be a small, though manageable impact if available labour is reduced.

## **7 Interventions to address the recruitment issues**

- 7.1 The 2017-18 Workforce Report identified a number interventions that are underway to attract and retain staff to its hard to fill roles; **and not necessarily as a direct result of Brexit.**
- 7.2 That said, as noted above, there is some reliance on accessing non-UK employment markets to fill roles. As Brexit situation remains unclear, the position will be continually reviewed in order to ensure that initiatives in place



are effective and to determine what else can be done to minimise any risks to the Council of not being able to fill vacancies and deliver services. Some of the key interventions and progress being made are summarised below:

### **7.3 Interventions – Adults’ Health and Care**

- 7.4 There continues to be challenges in recruiting qualified nurses and as we know, this is a reflection of national challenges. Evidence suggests that non-UK nursing staff are typically sourced from non EU countries such as India, given this, it is not anticipated that the uncoupling with the EU will have a significant impact.
- 7.5 A higher proportion of Care Assistants, which have recruitment and retention challenges, are drawn from the EU employment market, however this has been difficult to quantify as the data was not collected prior to February 2018. Work has been underway with the NHS and Adults Health and Care to improve transferability of employees from one organisation to another in order to aide movement between organisations and therefore speed up time to hire. This is being done by passporting the statutory and mandatory training that employees have successfully completed together with DBS checks which means these do not need to be repeated in the new employing organisation. This is likely to be embedded in the NHS first, as is the creation of an internal agency/bank, so that staff can be shared across the STP footprint ie Isle of Wight, Portsmouth, South/South East Hampshire and Southampton.

### **7.6 Interventions - Children’s Services and Schools**

- 7.7 The primary roles which are hard to recruit to in Children’s Services are Social Workers. There is a lot of work to support this recruitment and retention, the biggest positive impact being from the launch of the Graduate Entry Training Scheme for NQSWs – approximately 90 new staff have been recruited through this route to CSD this year. However, it is not anticipated that Brexit will impact this as very few Social Workers apply from the EU nor are employed from the EU. There is, however, an increase in non EU applications (primarily from Africa).
- 7.8 Schools continue to have significant challenges recruiting teachers and this is reflective of the national challenges, particularly for senior schools. Schools do not record the citizenship of their employees so it is not possible to provide data but it is known that a high number of Modern Foreign Languages Teachers, for instance, are drawn from the EU employment market of France, Spain and Germany. There is concern that it will become more difficult to attract teachers from these EU countries after the transition period of Brexit. Schools are working with agencies to source overseas teachers from both EU and non EU countries to help to address the shortage of available UK Teachers.
- 7.9 Both Adults’ Health & Care and Children’s Services acknowledge that it is more difficult to recruit in the north of the county for roles such as care workers and social workers. However, this is not necessarily likely to be exacerbated by the implications of Brexit.

## **7.10 Interventions - CCBS and ETE**

7.11 The initiatives which have been developed in CCBS and ETE are in areas of shortage occupations and as a consequence are aimed primarily at the engineering and surveying professions in order to 'grow our own' and support a constant talent pipeline. There is known to be a small number of EU citizens currently employed within our graduate cohorts and given the opportunity to apply for settled status, there is little concern about attrition increasing as a result of Brexit for existing employees. However, given the national picture and scarcity of skills in these professions which may be compounded further as a result of Brexit, this remains a critical area of focus for both departments.

7.12 Both CCBS and ETE continue to work on general ongoing recruitment initiatives such as:

- a Scholarship Scheme with the University of Portsmouth
- Graduate Trainees (Generalist and Specialist) – whilst a reasonably small cohort are directly employed, some of these are believed to be from non EU countries e.g. India and one from an EU country. Opportunities for Graduate Trainees are advertised on the University websites which attract a wider audience than just the UK.
- Civil Engineering Apprenticeships, Levels 3 and 4
- Chartered Surveying Degree Apprenticeship

7.13 The above initiatives are progressing well and do attract people from EU and non EU countries. This will therefore need to be kept under review as it is not known whether Brexit will have a significant impact on future recruitment to these interventions.

## **7.14 Interventions - Corporate Services**

7.15 The main retention challenges are for Shared Services administrative roles, with work underway to increase retention levels. This includes development opportunities for individuals together with team events to engender a culture of 'team' and creating a sense of value and purpose with our customers at the heart of roles. In addition, staff are asked to help with recruitment by recommending friends and family in return for an award for successful appointments. These initiatives are proving successful in being able to recruit and retain employees and it is not anticipated that decoupling from the EU will have a direct impact on this strategy or the recruitment challenges.

## **8. Agency – Connect2Hampshire**

8.1 Following the decision by Cabinet in September 2018 to create a new Joint Venture (Connect2Hampshire) for the delivery of agency provision to HCC departments, significant progress has been to enable a planned go-live of 1st April 2019.

8.2 The set up and way in which the new agency will operate will enable the council to have a high degree of control and influence and strategically plan

for the utilisation of agency workers to best meet workforce requirements and mitigate any risks.

- 8.3 Work is underway with Connect2Hampshire to consider the future recording and reporting requirements of its agency workers e.g. nationality. This will be important in gaining an understanding of the agency workforce composition and factoring into workforce strategies.
- 8.4 A critical role of Connect2Hampshire will be to ensure that agency workers are of the right calibre – in terms of qualification, skill set and perhaps more importantly the appropriate behaviours and attitudes – particularly for those workers who will be in roles that have a direct impact on service users, for example in care or social work roles.
- 8.5 Significant work is underway with managers across the departments and the team in Connect2Hampshire to ensure a deep understanding of the services and calibre of worker required as well as the turnover rates and expected demand.
- 8.6 It remains unclear what the impact of Brexit will be in filling roles within, particularly, Adults' Health & Care, Children's Services and CCBS HC3S. With the exception of HC3S, we also know that there is a high use of agency staff in these areas. Given this, work is underway to ensure continued access to staff through the new agency and 3<sup>rd</sup> party suppliers with a focus on ways to attract and retain high performing staff.
- 8.7 Recruitment campaigns and the onboarding of agency workers will continue to include key messages to potential candidates such as:
  - Competitive rates of pay
  - The ability to work flexibly to balance work and individual circumstances
  - 'Employees' and 'agency workers' are equally valued and will receive appropriate training and development
  - Agency workers will be able to genuinely gain a sense and be part of a team, with access to technology, learning, team events, support networks and resources
  - The potential to become a permanent employee of the council
  - The value of the work undertaken has a significant impact on the wellbeing and provision of services to residents of Hampshire
- 8.8 Connect2Hampshire will engage with all candidates, be able to 'sell' Hampshire and will support a sense of belonging. In taking the approach described, it is envisaged that we will be able to more easily attract and retain agency workers, convert agency workers to employed status where appropriate, and importantly, avoid situations where we are provided with poor quality agency workers who move across sites.

## **9 Conclusion**

- 9.1 At the time of writing, it is not yet known whether, or how, EU citizens will be able to enter the UK employment market after the transition period, but

current commentary suggests it will be based on a permit system similar to non EU citizens – ie based on skills and employability not based on their country of citizenship.

- 9.2 The time frames of the ‘uncoupling’ of Britain from the EU mean that free movement will continue until the end of 2020 providing the Council with some time to progress the recruitment and retention interventions and address the employment challenges.
- 9.3 Recruitment data since February currently suggest that the number and proportion of people gaining employment from the EU is relatively low (3.4%) with around half of these in roles that are difficult to recruit to.
- 9.4 The LGA paper “Brexit – Moving the Conversation On” refers to the critical need to ensure a steady skills supply for the sustainability of essential public services. If the employment pool is diminished through fewer people available from the EU market then more focus will be on growing, developing, engaging and retaining our own employees. We will therefore continue to build ensure we place the Council as an employer of choice through ongoing initiatives such as:
  - Attraction of the best talent from a wider range of potential labour markets
  - Values based recruitment
  - Development of existing employees through eg: scholarship schemes, graduate schemes, apprenticeships and leadership development programmes
  - Engagement of employees though good working practices and valuing staff with respect and dignity.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	Yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	No
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	Yes

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

<u>Document</u>	<u>Location</u>
Workforce Report – July 2018	EHCC
Brexit – Workforce Implications and considerations	EHCC

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- 1.1.1 The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- 1.1.2 Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- 1.1.3 Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

Equality objectives are not considered to be adversely affected by proposals in this report.

### **2. Impact on Crime and Disorder:**

2.1. Not applicable.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption? Not applicable.
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Not applicable.

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Employment in Hampshire County Council
<b>Date:</b>	13 March 2019
<b>Title:</b>	Shared Cost Additional Voluntary Contribution Scheme
<b>Report From:</b>	Director of Corporate Resources

**Contact name:** Claire Neale

**Tel:** 01962 845481

**Email:** [claire.neale@hants.gov.uk](mailto:claire.neale@hants.gov.uk)

#### 1. Recommendations

- 1.1 That EHCC approve the proposal outlined in this report to set up and implement a SCAVC scheme with the AVC provider Prudential for LGPS members.
- 1.2 That EHCC agree that amendments are to be made to the statement of particulars for any employee who joins the SCAVC plan. These amendments will state that the AVC contributions are considered to be a pensionable emolument and therefore will not affect LGPS pensionable pay.

#### 2. Executive Summary

- 2.1 This paper provides information regarding a Shared Cost Additional Voluntary Contribution Scheme.
- 2.2 The paper includes the benefits of the scheme and details of how it would be implemented for Hampshire County Council employees that are members of the Local Government Pension Scheme.

#### 3. Background

- 3.1 Hampshire County Council (HCC) employees that are members of the Local Government Pension Scheme (LGPS) already have the option to contribute to Additional Voluntary Contributions (AVCs) and receive tax relief on the

amount they pay through payroll. AVCs are effectively a long-term savings plan that runs alongside the mainstream LGPS that allow a member to build up a capital sum with flexible drawdown options at retirement.

- 3.2 Hampshire Pension Fund have two AVC schemes through providers Prudential and Zurich. This arrangement would not change with the introduction of a Shared Cost Additional Voluntary Contribution (SCAVC) scheme. A SCAVC scheme could only be implemented with Prudential as Zurich does not provide this option.
- 3.3 Scope exists to implement a SCAVC scheme for LGPS members. The advantages of this are that in addition to the tax relief that is currently received, the employee will pay lower National Insurance contributions (NICs). In addition, HCC will benefit from a reduction in the employer NICs. An example of such savings can be found in APPENDIX 1.
- 3.4 HMRC do not limit the tax or NIC advantages of salary sacrifice arrangements for pension saving into a registered pension scheme, employer provided pension advice, employer supported childcare, cycle to work schemes or ultra low emission cars.

#### **4. Implementation**

- 4.1 Under Regulation 17 of the LGPS Regulations 2017, HCC can exercise the discretion to allow LGPS members to contribute to a SCAVC scheme.
- 4.2 To ensure that the arrangement is compliant with the LGPS regulations, the plan should be set up as a Shared Cost scheme. Both the employee and the employer have to contribute to the SCAVC. Although this suggests that HCC has to actually pay its own contributions, in reality this is not the case.
- 4.3 The participating employee will agree to take a contractual reduction in salary, known as Salary Sacrifice, equivalent to the amount of the SCAVCs they would like to contribute. HCC pays this amount into the SCAVC scheme on their behalf. To ensure full compliance with the legislation, and for both parties to contribute, the employee would also need to pay at least a nominal £1 a month into the AVC fund via a payroll deduction.
- 4.4 An amendment will need to be made to the statement of particulars for any employee who elects to join the SCAVC plan to indicate that the AVC contributions are considered to be a pensionable emolument. This will



ensure that their LGPS pensionable pay is not affected. Without this change there could be a significant reduction in member's retirement benefits.

- 4.5 The SCAVC scheme and any documentation will need to be HMRC compliant and it may be necessary, although not essential, to use external tax advisors to construct the scheme and obtain the required HMRC approval.
- 4.6 Tax advisors PSTAX operate an arrangement called AVC Wise. Portsmouth CC used this to set up their SCAVC scheme. PSTAX will require a minimum three year contract with monthly charges which can be negotiated. The fees payable will include a fully managed service and ongoing support. PSTAX would be willing to discuss the arrangements in more detail should this be required. It is anticipated however, that any costs could be met out of the savings that will be made.

## **5. Financial benefits**

- 5.1 HCC has approx. 26,842 active members in the LGPS, of which 210 have an AVC with Prudential with an average monthly contribution of approx. £200. Take up of AVC's with Prudential is 1.5% of LGPS membership.
- 5.2 If 90% of current Prudential AVC members (189) transfer to the SCAVC scheme, HCC can expect to achieve annual savings of approx. £62,596.
- 5.3 If AVC Wise was used, then PSTAX would expect to see the take up of AVC's increase to a minimum 5% (1,342 members) which would provide HCC with annual savings of approx. £444,470.

## **6. Conclusion**

- 6.1 The SCAVC scheme will be beneficial to those paying AVC's with Prudential, and to any new members who wish to partake in this scheme.
- 6.2 HCC will benefit from any membership of this scheme by way of savings on employer NICs.
- 6.3 Although this scheme could be set up with out the assistance of external tax advisers, there would be significant additional workload for HCC staff that would need to be involved in the administration, communication and publication of this scheme.

- 6.4 Using external tax advisors such as PSTAX would minimise staff workloads but would additionally incur fees that would have to be paid, any charges could be covered by the NICs savings to HCC.
- 6.5 All communication would need to be carefully considered so that this is presented as a choice and not a hard sell, but equally being as informative as possible otherwise there is a risk that no one will sign up for it.
- 6.6 Once set up, if successful, the SCAVC scheme could be extended to our other partners with LGPS employees that are part of the IBC Shared Services arrangement.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	No
<b>People in Hampshire live safe, healthy and independent lives:</b>	No
<b>People in Hampshire enjoy a rich and diverse environment:</b>	No
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	No

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- 1.1.1 The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- 1.1.2 Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- 1.1.3 Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

Equality objectives are not considered to be adversely affected by proposals in this report.

### **Impact on Crime and Disorder:**

Not applicable.

### **Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption? Not applicable.
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Not applicable.

### Example of Shared Cost Additional Voluntary Contribution (SCAVC)

Andrew wants to pay £5,000 a year into the LGPS AVC scheme and earns £40,000 a year.

#### The current AVC Scheme

Under the current scheme Andrew would agree to pay £5,000 by regular monthly deductions from his pay (£417 per month). He would receive tax relief on this payment but his National Insurance contribution (NICs) would be calculated on gross earnings.

- For tax deduction purposes his salary would be £35,000
- For NIC purposes his salary would be £40,000
- HCC would pay NICs on £40,000

#### The SCAVC scheme

Under the SCAVC scheme, if Andrew agrees to his salary being reduced to £35,000 a year and HCC pays the £5,000 into the SCAVC scheme on his behalf, he would get the same tax relief, but pay less NICs.

- For tax deduction purposes his salary would be £35,000
- For NIC purposes his salary would be £35,000
- HCC would pay NICs on £35,000
- He would have to pay £1 into the AVC fund

#### Effect on take home pay

Current AVC scheme		SCAVC scheme	
Gross annual pay	£40,000	Gross annual pay	£35,000
Gross monthly pay	£3,333	Gross monthly pay	£2,916
Income tax (tax code 1185L)	£340	Income tax (tax code 1185L)	£340
NI	£315	NI	£265
LGPS (6.8%)	£226	LGPS (6.8%)	£226
AVC	£417	AVC	£1
<b>Net pay per month</b>	<b>£2,035</b>	<b>Net pay per month</b>	<b>£2,084</b>
<b>Net pay per annum</b>	<b>£24,420</b>	<b>Net pay per annum</b>	<b>£25,008</b>
Employer NIC	£363	Employer NIC	£305

- Net pay increase of £49 every month, £588 per year
- AVC contributions of £418 made to SCAVC scheme
- LGPS contribution rate still based on £40,000
- Employer NIC saving £58 every month, £696 per year

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