

Agenda

Employment panel

Date: **Monday 13 January 2020**

Time: **10.00 am**

Place: **Committee Room 1, Shire Hall, St. Peter's Square,
Hereford**

Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

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Agenda for the meeting of the Employment panel

Membership

Chairperson **Councillor David Hitchiner**
Vice-Chairperson **Councillor Tony Johnson**

Councillor Ellie Chowns
Councillor Liz Harvey
Councillor Terry James

Agenda

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p>	
2.	<p>NAMED SUBSTITUTES (IF ANY)</p> <p>To receive details of any member nominated to attend the meeting in place of a member of the panel.</p>	
3.	<p>DECLARATIONS OF INTEREST</p> <p>To receive declarations of interests in respect of Schedule 1, Schedule 2 or Other Interests from members of the committee in respect of items on the agenda.</p>	
4.	<p>MINUTES</p> <p>To approve and sign the minutes of the meeting held on 3 December 2019.</p>	7 - 8
5.	<p>QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive any written questions from members of the public.</p> <p>Details of the scheme and related guidance are available here: https://www.herefordshire.gov.uk/info/200148/your_council/61/get_involved Please submit questions to councillorservices@herefordshire.gov.uk The deadline for the receipt of questions is 7 January 2020 at 5.00 pm. Accepted questions and answers will be published as a supplement prior to the meeting.</p>	
6.	<p>QUESTIONS FROM COUNCILLORS</p> <p>To receive any written questions from councillors.</p> <p>Please submit questions to councillorservices@herefordshire.gov.uk The deadline for the receipt of questions is 7 January 2020 at 5.00 pm. Accepted questions will be published as a supplement prior to the meeting.</p>	
7.	<p>PAY POLICY STATEMENT</p> <p>To consider the 2020 pay policy statement for recommendation to Council. It is a statutory requirement for Council to approve an annual pay policy statement.</p>	9 - 20
8.	<p>INTRODUCTION OF AN ANNUAL LEAVE PURCHASE SCHEME FOR EMPLOYEES</p> <p>The purpose of this report is to consult Employment Panel on the introduction of an annual leave trading scheme for Herefordshire Council employees. The scheme would be trialled for six months during the 2020 annual leave year and would initially allow employees to request to purchase up to 3 days' additional leave (pro-rata for part time employees) during the trial period, subject to their line manager's approval.</p>	21 - 30

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- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the council and all committees and sub-committees and written statements of decisions taken by the cabinet or individual cabinet members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
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Minutes of the meeting of Employment panel held at Leominster Room, Plough Lane, Hereford on Tuesday 3 December 2019 at 4.00 pm

Present: Councillor David Hitchiner (chairperson)
Councillor Tony Johnson (vice-chairperson)

Councillors: Liz Harvey, Terry James and Trish Marsh

Officers: Chief Executive and Assistant Director, People

8. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Ellie Chowns.

9. NAMED SUBSTITUTES (IF ANY)

Councillor Trish Marsh substituted for Cllr Ellie Chowns.

10. DECLARATIONS OF INTEREST

There were no declarations of interests.

11. MINUTES

RESOLVED:

that the minutes of the meeting of 7 October 2019 be approved as a correct record and signed by the chairperson.

12. QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions from members of the public.

13. QUESTIONS FROM COUNCILLORS

There were no questions from councillors.

14. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

that under section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12(A) of the Act, as indicated below and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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

15. APPOINTMENT OF DIRECTOR FOR ECONOMY AND PLACE

Summary of exempt proceedings

After a full and rigorous appointment process, including final interviews earlier in the day, the employment panel agreed that, subject to there being no valid objections, Richard Ball be appointed as the council's director for economy and place.

RESOLVED:

That subject to there being no valid objections received from cabinet members by 9.00 am on 5 December 2019, Richard Ball be appointed as the council's director for economy and place.

The meeting ended at 4.06 pm

Chairperson



Meeting:	Employment panel
Meeting date:	Monday 13 January 2020
Title of report:	Pay Policy Statement
Report by:	Assistant Director, People

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To consider the 2020 pay policy statement for recommendation to Council. It is a statutory requirement for Council to approve an annual pay policy statement.

Recommendation(s)

That:

- (a) the draft pay policy statement at appendix A be recommended to full Council for approval.

Alternative options

1. There are no alternative options to the recommendation; the annual approval by Council of the pay policy statement is a statutory requirement arising from the Localism Act 2011 to provide transparency with regard to the council's approach to setting the pay of its employees. The statement does not of itself make any policy changes, but provides a summary of those policies already in place.

2. It is open to the panel to determine any changes it wishes to make to the statement to improve transparency, having regard to the statutory guidance issued by the Department for Housing, Communities and Local Government.

Key considerations

3. The Localism Act places a requirement on the council to produce an annual pay policy statement for each financial year and for this statement to be approved by full Council before the start of the financial year to which it relates.
4. The statement must set out the council's policies relating to:
 - a) The remuneration of its chief officers
 - b) The remuneration of its lowest paid employees; and
 - c) The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
5. The statement must include the council's definition of 'lowest paid employees' and the reasons for adopting that definition.
6. The statement must include policies relating to:
 - a) The level and elements of remuneration for each chief officer
 - b) Remuneration of chief officers on recruitment
 - c) Increases and additions to remuneration for each chief officer
 - d) The use of performance related pay for chief officers
 - e) The use of bonuses for chief officers
 - f) The approach to the payment of chief officers on their ceasing to hold office under, or to be employed by the authority; and
 - g) The publication of and access to information relating to remuneration of chief officers
7. The statement draws together factual material and provides a summary of the current pay policies of the council.
8. All posts, whether chief officer or not, have their level of remuneration established through assessment by a nationally recognised and independent job evaluation scheme. Council must approve any new salary packages, or severance payments, exceeding £100,000.
9. In approving its statement, Council must have regard to any guidance issued by the secretary of state. This has been taken into consideration in the development of the statement.

Community impact

10. By complying with the legal requirement the council continues to ensure that the resources available are used in the most effective way and there is transparency in how public money is used. This contributes to the corporate plan priority to secure better services, quality of life and value for money.

11. By publishing the statement the council is demonstrating the code of corporate governance principles of implementing good practices in transparency, reporting, and audit to deliver effective accountability, and behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Equality duty

12. Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The pay policy statement makes clear that the council’s employment policies, and the processes by which pay levels for a post are set, have full regard to equality legislation.

Resource implications

14. There are no financial implications relating to the pay policy statement arising from the report; the statement simply summarises current policies and pay levels.

Legal implications

15. Sections 38 – 43 of the Localism Act 2011 requires the council to prepare a pay policy statement for each financial year. Section 3.5.21 of the constitution requires the employment panel to review the pay policy and recommend to council. It must be prepared and approved before 31 March and once approved, published.
16. The 2020 policy statement meets the requirements of the Localism Act and also meets the requirements of the guidance issued by the Secretary of State for Communities and Local Government to which the council is required to have regard to Section 40 of that Act.

Risk management

17. The risk associated with the pay policy statement is set out below.

Risk / opportunity	Mitigation
Failure to approve and publish a statement would result in non-compliance with a statutory requirement.	Arrangements are in place to ensure publication of the statement following approval by Council.

Consultees

18. None

Appendices

Appendix A – draft pay policy statement

Background papers

None identified

PAY POLICY STATEMENT 2020

Introduction

1. This document meets section 38(1) of the Localism Act 2011 that requires councils to produce an annual pay policy statement that articulates the council's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and lowest paid employees. The majority of terms and conditions are universal and apply to all employees, unless otherwise specified.
2. The council's pay policy statement does not apply to schools, other than reference to pay for bargaining for support staff in locally maintained schools.
3. Herefordshire Council's rules with regard to employment of staff are set out within the employment rules contained within Part 4, section 9 of the constitution.
4. The statement is subject to annual review. Council has delegated authority to the monitoring officer to make in year amendments to reflect changes to post holder details or changes to local or national pay policy.

Pay structure / national frameworks

5. Herefordshire Council is committed to fair pay and grading determined by a robust and objective job evaluation process. The National Joint Council's (NJC) job evaluation scheme is used for identifying the pay grade for all posts up to 07HC and the Hay job evaluation scheme for all posts above this level.
6. The council's pay structure is based on the National Joint Council for local authorities pay spine as the basis for its local grading structure up to 11HC. Pay rates above this are locally determined. The pay structure is at appendix 1. The council adheres to the national pay bargaining for local government employees, including any negotiated annual cost of living increases. This also applies to support staff in local authority maintained schools.
7. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by council policy.
8. The terms and conditions of employment for the majority of council employees are determined by the National Joint Council for local authorities. Statutory chief officers and employees on director grade and above are aligned to the Joint Negotiating Committee for Chief Officers of Local Authorities (or Joint Negotiating Committee for Chief Executives of Local Authorities). These may be amended, supplemented or superseded by decisions on conditions of service made by the council from time to time and contained within the council's employment policies and procedures.

9. Nationally or locally determined rates and terms and conditions apply for other employee groups including:
- Employees whose pay and conditions are determined by the Soulbury Committee;
 - Centrally employed teachers whose pay and conditions are determined nationally;
 - Employees who have transferred from the NHS to the council and retain their former terms and conditions of employment;
 - Employees who have retained terms and conditions of employment from other employers following a TUPE transfer to the council.

Level and elements of remuneration for each chief officer

10. For the purpose of this statement 'senior management' means 'chief officers' as defined within section 43 of the Localism Act. The posts falling within this definition are listed below, with details of their grade.

	Post Title	Salary grade	Notes
	CEO Herefordshire Council (head of paid service)	CX	
	Solicitor to the council (monitoring officer)	HoS2	
Statutory chief officers			
	Director of children and families	DIR1	
	Director for adults and communities	DIR1	
	Chief finance officer (section 151 officer)	DIR2	
	Director of public health (0.81fte)	HOS1	1
Non statutory chief officers			
	Director for economy and place	DIR1	
Deputy chief officers			
	Assistant director, safeguarding and family support	HOS1	2
	Assistant director, education, development and skills	HOS1	4
	Assistant director, safeguarding, quality and improvement (new post tbc)	HOS1	
	Assistant director, corporate support	HOS1	
	Assistant director, transformation, performance and business improvement	HOS1	
	Assistant director, people	HOS1	
	Assistant director for highways and transport (acting)	HOS2	
	Assistant director for technical services (acting)	HOS2	
	Assistant director for regulatory, environment and waste services (acting)	HOS2	
	Head of economic development	HOS2	
	Programme director – housing and growth	HOS2	
	Head of infrastructure delivery	HC13	
	Head of corporate finance (deputy S151 officer) (0.81fte)	HC13	
	Head of management accounting (deputy S151 officer)	HC13	
	Strategic capital finance manager	HC13	
	Consultant in public health (0.5 fte)	HOS2	3
	Consultant in public health (0.81 fte)	HOS2	
	Assistant director, commissioning (new appointment tbc)	HOS1	
	Assistant director, operations (new appointment tbc)	HOS2	

1. Plus market forces supplement of £12,000
2. Plus market forces supplement of £6,000
3. Plus market forces supplement of £3,000
4. Plus market forces supplement of £6,000

Remuneration of lowest paid employees

11. 'Lowest paid employees' is defined as those paid on full time equivalent salaries on spinal column point 01HC, which is the minimum spinal column point currently in use within the council's grading structure. The council engages some apprentices on learning agreements rather than employment contracts and this group is not included within the definition of 'lowest paid employees'.

Relationship between remuneration of chief officers and remuneration of employees who are not chief officers

12. The relationship between the rate of pay for the lowest paid and chief officers is determined by the job evaluation process used for establishing the grading of posts and grade/role profiles as set out earlier in this policy statement. The salary ratio between the council's lowest paid staff and the chief executive's salary is 1:8.68.

Remuneration on recruitment

13. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate or if an internal candidate is appointed on promotion so that a pay rise ensues. The chief executive and directors are on spot salaries specified in this statement, the right of approval to offer new appointments, not specified above in this statement and or to approve a severance packages in excess of £100k is reserved to Council

Increases and additions to remuneration

14. Employees, within a salary pay band, receive annual increments until the top of their salary grade has been reached. The first increment is paid when the employee has been in post for 12 months or six months after appointment, whichever is the later. This does not apply to the chief executive or directors. In exceptional circumstances increments may be accelerated within the grade on grounds of special merit or ability subject to the maximum of the level not being exceeded.
15. The chief executive is the returning officer for Herefordshire. No additional payment is made for fulfilling this duty for local elections as this is built into the overall salary. Employees who undertake election duties are paid a fee that is set by the returning officer depending on the duties undertaken.
16. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where this is necessary the council may apply pay supplements to posts which are determined to be 'hard to fill'. At all times the council will ensure the requirement for such supplements is objectively justified by reference to clear and transparent evidence of relevant market conditions. These supplements are regularly reviewed and reported to employment panel.
17. Honoraria payments are made to recognise either a special contribution an employee has made that is over and above general performance in a role, or where they have temporarily undertaken additional responsibility at a higher grade.

Use of performance related pay, bonuses or pension enhancements

18. The council does not apply any bonuses or performance related pay to employees.

19. Pension enhancements are made in line with the council's LGPS discretions policy.

Benefits in kind

20. Employees currently have access to salary sacrifice schemes for bicycles. The council also operates a childcare voucher scheme to those employees already in the scheme at 1 April 2018 and subject to prevailing legislation. In 2019 the council introduced a package of high street discounts and benefits which staff can access. This reflects the benefits available to staff in neighboring authorities so that the council is able to be competitive in recruitment markets.

21. Reasonable relocation expenses may be paid for new employees or workplace relocation. Employees are reimbursed for reasonable travel and subsistence expenditure incurred in the course of their work. Subsistence is only paid when travelling outside of the county.

22. Worcestershire County Council administers the local government pension scheme on behalf of the council.

Approach to payment on ceasing to hold office under or to be employed by the authority

23. The council's policy on termination of employment of employees prior to reaching normal retirement age is to base redundancy payments on the statutory calculation multiplied by 1.5.

24. The council operates a mutual early resignation scheme (MERS) under which an individual employee, in agreement with the council, chooses to leave employment in return for a severance payment or, if in the Local Government Pension Scheme and aged over 55, a pension that is not actuarially reduced. It is not a redundancy or a voluntary redundancy.

Accountability and decision making

25. In accordance with the council's constitution, the employment panel (in respect of the chief executive, monitoring officer, Section 151 officer and directors) or the chief executive (in respect of all other employees) is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the council.

26. For those pay accountability matters identified within the Localism Act as being reserved to Council, the employment panel will be the body accountable for formulating recommendations to council including the undertaking of an annual review of this statement before recommending its approval to council as one of the suite of documents council approves as part of its medium term financial strategy. The pay policy statement therefore forms part of the budget and policy framework of the council.

27. In addition to approval of this statement, the right of approval of new salary packages for additional posts not listed in this statement over £100,000 is reserved to Council. In such circumstances the employment panel will be the body accountable for developing recommendations to Council.

Publication of and access to information

28. After approval by Council, this statement will be published on the council's website. In addition, statutory employees' (chief executive, directors, including the chief finance officer, and monitoring officer) details are disclosed in the council's annual statement of accounts setting out the total amount of:

- Salary, fees or allowances paid to or receivable by the person in the current and previous year.
- Any bonuses so paid or receivable by the person in the current and previous year.
- Any sums payable by way of expenses allowance that are chargeable to UK income tax.
- Any compensation for loss of employment and any other payments connected with termination.
- Any benefits received that do not fall within the above.



**NATIONAL JOINT COUNCIL FOR LOCAL GOVERNMENT GRADES:
PAY STRUCTURE AS AT 1 APRIL 2019 (to be updated April 2020)**

Grade	National SCP (scp50 & above are local)	Annual Pay Rate £	Hourly Pay Rate £
01HC	1	17,364	9.00
02HC	1	17,364	9.00
	2	17,711	9.18
	3	18,065	9.36
03HC	3	18,065	9.36
	4	18,426	9.55
04HC	4	18,426	9.55
	5	18,795	9.74
	6	19,171	9.94
05HC	6	19,171	9.94
	7	19,554	10.14
	8	19,954	10.34
	9	20,344	10.54
	10	20,751	10.76
06HC	11	21,166	10.97
	12	21,589	11.19
	13	22,021	11.41
	14	22,462	11.64
	15	22,911	11.88
	16	23,369	12.11
	17	23,836	12.35
	18	24,313	12.60
	19	24,799	12.85
07HC	19	24,799	12.85
	20	25,295	13.11
	21	25,801	13.37
	22	26,317	13.64
	23	26,999	13.99
	24	27,905	14.46
08HC	25	28,785	14.92
	26	29,636	15.36
	27	30,507	15.81
	28	31,371	16.26
	29	32,029	16.60
	30	32,878	17.04
09HC	30	32,878	17.04
	31	33,799	17.52
	32	34,788	18.03

	33	35,934	18.63
	34	36,876	19.11
10HC	35	37,849	19.62
	36	38,813	20.12
	37	39,782	20.62
	38	40,760	21.13
	39	41,675	21.60
11HC	40	42,683	22.12
	41	43,662	22.63
	42	44,632	23.13
	43	45,591	23.63
	44L	46,829	24.27
12HC	45L	48,099	24.93
	46L	49,407	25.61
	47L	50,572	26.31
	48L	52,128	27.02
	49L	53,544	27.75
13HC	50L	55,001	28.51
	51L	56,496	29.28
	52L	58,032	30.08
	53L	59,609	30.90
HoS2	1	75,016	38.88
	2	77,042	39.93
	3	79,120	41.01
HoS1	1	81,257	42.12
	2	83,451	43.26
	3	85,701	44.42
Dir 2	1	101,969	52.84
Dir 1	1	124,860	64.72
CX	1	150,873	78.20



Meeting:	Employment panel
Meeting date:	Monday 13 January 2020
Title of report:	Introduction of leave trading
Report by:	Chief executive

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

The purpose of this report is to consult Employment Panel on the introduction of an annual leave trading scheme for Herefordshire Council employees. The scheme would be trialled for six months during the 2020 annual leave year and would initially allow employees to request to purchase up to 3 days' additional leave (pro-rata for part time employees) during the trial period, subject to their line manager's approval.

The proposed annual leave purchase scheme would promote employee wellbeing whilst also positively contributing to employee recruitment and retention which, given the evidenced link to organisational performance, should in turn lead to better outcomes for residents and communities.

Recommendation(s)

That:

- (a) **Employment Panel make comments and recommendations to the Chief Executive on the proposed annual leave trading scheme for Herefordshire Council employees**

Alternative options

1. This section sets out the alternative option to the recommended option, together with its advantages and disadvantages, and the reasons rejecting the alternative option.
2. The council maintains its current position and does **not** introduce an annual leave trading scheme:

Advantages	Disadvantages	Reasons for rejection
<ul style="list-style-type: none"> This would be no different to the council's current position and so there are no advantages as such 	<ul style="list-style-type: none"> This may limit the council's ability to remain competitive within the current job market, particularly as leave trading schemes are on offer from neighbouring councils This would lead to a potential 'missed opportunity' in respect of an enhanced recruitment and retention, and employee wellbeing offer This would lead to a potential 'missed opportunity' in respect of income generation from leave purchase requests 	<ul style="list-style-type: none"> The disadvantages of this option outweigh the advantages The main reason for rejection being the potential for a 'missed opportunity'

Key considerations

3. In July 2018, Employment Panel received a report which recommended a range of measures to help the council address difficulties in recruiting and retaining staff in hard-to-fill roles. Employment Panel were supportive of those measures, which included the potential award of additional annual leave.
4. Since then, as part of the council's recruitment and retention offer, the Cabinet Member for Finance and Corporate Services approved the introduction of an employee benefits scheme in June 2019. This was launched in July 2019 – branded as The Orchard and is open to all centrally-employed council employees.
5. The introduction of an annual leave trading scheme for Herefordshire Council employees would further support the council's recruitment and retention offer by enhancing the council's employer brand and position within the current job market. It would also help to promote a positive approach to employee wellbeing by placing value on the importance of

employee choice, maintaining a good work-life balance and taking time away from the workplace.

6. It is proposed that an annual leave trading scheme is introduced for Herefordshire Council employees. A leave trading scheme can provide employees with the options to both purchase and sell annual leave. It is proposed that the scheme commences on a trial basis, limited to the sole option of leave purchase, in order that the impact can be tested on a relatively small scale. The trial would commence during the 2020 annual leave year and would initially allow employees to request to purchase up to 3 days' additional leave (pro-rata for part time employees), subject to their line manager's approval.
7. If the trial is successful, the council may decide to do one or all of the following at any given time:
 - extend the scheme into future annual leave years;
 - increase the number of days' leave that is available to purchase; and
 - introduce the option for employees to sell annual leave.
8. The annual leave trading scheme would not apply to the following groups of staff:
 - those based in schools;
 - those employed on term-time working patterns;
 - those on secondment to the council from another employer, who are not on council terms and conditions; and
 - those working on a casual, relief or agency basis.
9. Through purchasing additional annual leave during the trial period, employees would give up a proportion of their salary in exchange for extra time off work. Whilst it is difficult to predict exactly how many employees would request additional leave via the scheme, we do know that 51% (174) of employees responding to an employee benefits survey conducted by the council during summer 2015 stated that they would be interested in purchasing additional annual leave.
10. Based upon the council's average actual employee salary of £26,522.99 (as at 29 October 2019 and based upon the eligible employee group), it is estimated that introducing the annual leave purchase trial could generate the following income for the council:

Percentage of eligible employees taking up the scheme	Income per day purchased
5%	£ 4,559.77
7.5%	£ 6,839.66
10%	£ 9,119.55
12.5%	£ 11,399.44

11. It is important to note that the net income will vary from case to case as it is dependent upon whether it is necessary for the service to arrange cover for an employee's additional leave period, for example. The information contained at paragraph 10 is for illustrative purposes only.

12. Any income generated from employee annual leave purchase requests would be returned to departmental budgets. It would be for departments to reallocate this money as they deem appropriate during the given financial year.
13. As part of the research carried out into the options for an annual leave trading scheme, it is clear that many organisations, both private and public sector, already offer employees the option to purchase and/or sell annual leave. This includes Hoople Ltd.
14. Hoople Ltd have operated an annual leave trading scheme since 2017. The scheme enables employees to purchase or sell up to 3 days per leave year. The below table summarises the utilisation of Hoople Ltd's leave trading scheme:

Leave Year	Total number of days leave		Average number of days leave per employee	
	Purchased	Sold	Purchased	Sold
2017/2018	57.47	20.78	2.61	2.60
2018/2019	32.62	42	2.51	3
2019/2020	61.05	39	2.65	3

15. A number of councils across England and Wales already offer an annual leave trading scheme to their employees. For the purposes of this report, the below table summarises the offer currently available in neighbouring councils:

Council name	Maximum purchase entitlement	Maximum sale entitlement
Gloucestershire County Council	10 days	N/A
Monmouthshire County Council	10 days	N/A
Powys County Council	10 days	5 days
Shropshire Council	5 days	N/A
Worcestershire County Council	15 days	N/A

16. Herefordshire Council's annual leave trading scheme would be a non-contractual employee benefit and the council could decide to cease or remove such a scheme at any time.
17. The effectiveness of the proposed annual leave trading scheme would be monitored in terms of usage rates, financial impact, operational impact and the perceived value of the scheme would be tested through stakeholder engagement. There would be a first, formal review of the trial annual leave purchase scheme during Autumn 2020. Following this review, a decision would be made regarding the potential continuation and/or enhancement of the scheme during the 2021 annual leave year.

Community impact

18. The recommendations outlined in this report are a key enabler to achieving the council's ambition for Herefordshire as set out in its Corporate Plan.

19. The proposed annual leave purchase scheme would promote employee wellbeing whilst also positively contributing to employee recruitment and retention which, given the evidenced link to organisational performance, should in turn lead to better outcomes for residents and communities.
20. Given the council's focus on residents and communities, employee requests to purchase and/or sell additional annual leave would be agreed at line managers' discretion taking account of any operational impact.

Equality duty

21. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
22. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. The council's procedure would set out that all annual leave purchase and/or sale requests should be given equal consideration by line managers, with the criteria for approval being based solely upon operational or technical considerations related to the employee's job or service needs.

Resource implications

23. This section focuses on the impact of the decision on finance, ICT and human resources, as there would be no impact in respect of property.
24. The trial annual leave purchase scheme would have a positive impact on finance per approved leave purchase request, as set out in paragraph 10 of this report. This is because the employee would effectively give up some of their salary in return for the additional annual leave. The income from those employee salary deductions would be returned to departmental budgets for departments to reallocate as they deem appropriate.
25. Should the council decide at a later date to also introduce the option for employees to sell their annual leave, employees would effectively be reimbursed in return for them giving up some of their contractual annual leave entitlement. The option to sell leave would therefore come at an additional cost to the council. Before deciding to introduce this option, full and careful consideration would be given as to how the potential financial impact would be managed. As an example, some other organisations manage this by allowing one leave sale request per leave purchase request which can lead to the scheme being cost neutral.

26. There would be no additional costs associated with implementing the annual leave trading scheme or with its ongoing management on the basis that these would be managed as part of existing ICT (Business World) and HR work programmes.
27. In terms of the administration of the scheme, the process for employees requesting to purchase (or eventually sell) annual leave and for line managers to approve such requests would mirror other existing Business World processes. Employees and line managers are already familiar with those processes and so would be able to complete them as part of their normal day-to-day work. An alternative process would be designed to accommodate non-Business World users as part of the implementation period.

Legal implications

28. The proposed annual leave trading scheme for employees demonstrate the council's commitment to helping employees to achieve a balance between work and personal life and is in line with s.80F of the Employment Rights Act 1996 confers on employees the right to request flexible working arrangements.
29. Prior to implementation of scheme, the council should develop a clear policy setting out for issues such as the conditions for employees to trade annual leave, the limit on the number of days that an employee can trade, whether untaken additional leave purchased can be carried over into the following leave year, rights to refuse applications to trade leave, whether there will be any rights of appeal from such a decision etc.
30. Although clause 15 makes it clear that the scheme itself would be a non-contractual benefit, the arrangement to buy additional holidays may operate so as to constitute a contractual agreement between the employee and employer (the council). Once the agreement is entered into it will be valid for a set duration and withdrawal from the agreement will be limited to pre-determined period and agreed circumstances. Such an agreement would also vary an employee's existing terms and conditions of employment for the duration of the agreement. It does so by reducing the employee's gross pay by the value of the annual leave days purchased and in turn increasing their annual leave entitlement.
31. Where an employee requests to purchase additional annual leave, this will result in a reduction to their monthly salary for their whole leave year thus pension benefits and National Insurance contributions may be affected.
32. For pension purposes, it may be that any additional annual leave purchased may result in pension contributions by both the employee and council not automatically being paid. It may therefore be helpful to consult with the Pension Team on whether the employee would have the option to pay additional pension contributions to cover the amount of pension lost during the period of the authorised unpaid leave of absence.

Risk management

33. The below table sets out the risks to the council both if the recommendations of this report are agreed and if the recommendations of this report are declined. It provides an overview as to how these risks would be managed.

Risk / opportunity	Mitigation
Recommendations of this report are declined and the annual leave trading scheme is not implemented	The council seeks to enhance its employee wellbeing and recruitment / retention offer in other ways.
The annual leave trading scheme is found not to work in the interest of the council	There would be an initial six-month trial leave purchase scheme during 2020 and the success, or otherwise, would be subject to review in Autumn 2020. This report makes it clear that there is no guarantee the scheme would continue in future years – this would be subject to the trial’s success.
The granting of leave purchase requests are found to have an adverse impact on service delivery on the whole	<p>The annual leave purchase procedure and supporting FAQs would be explicit that requests to purchase additional leave are subject to line managers’ discretion taking account of operational or technical considerations.</p> <p>Introducing the option to sell annual leave in the future may also help to mitigate this risk as this could increase employee cover.</p>
The granting of leave sale requests are found to have an adverse financial impact on the whole	<p>The annual leave sale procedure and supporting FAQs would be explicit that requests to sell leave are subject to line managers’ discretion taking account of financial considerations.</p> <p>Prior to introducing the option to sell leave, full and careful consideration would be given as to how the potential financial impact would be managed. As an example, some other organisations manage this by allowing one leave sale request per leave purchase request which can lead to the scheme being cost neutral.</p>
The granting of leave purchase requests are found to result in increased agency usage on the whole	<p>The annual leave purchase procedure and supporting FAQs would be explicit that requests to purchase additional leave are subject to line managers’ discretion taking account of operational or technical considerations.</p> <p>Introducing the option to sell annual leave in the future may also help to mitigate this risk as this could increase employee cover.</p>

Further information on the subject of this report is available from
Lorna Simpson, email: <mailto:lorna.simpson@herefordshire.gov.uk>

<p>Requests to purchase additional leave by front-line employees are disproportionately declined</p>	<p>The annual leave purchase procedure would encourage line managers to take a flexible approach to employee requests, where operational or technical considerations allow. For example, an employee's request to purchase 3 days' leave cannot be granted but the line manager makes a counter-offer of 1.5 days.</p> <p>Where this is still not possible, the procedure and FAQs would be clear that requests can be refused.</p> <p>Introducing the option to sell annual leave in the future may also help to mitigate this risk as this could increase staff cover.</p>
<p>Employees seek to carry untaken additional purchased annual leave forward to the following leave year, presenting an operational issue for service areas</p>	<p>The annual leave purchase procedure and supporting FAQs would be explicit that purchased annual leave must be taken within the current leave year and this may not be carried forward to the following year. Employees would lose any purchased leave not taken by 31 December 2020.</p>
<p>Employees who have purchased additional annual leave in any given team / service all then wish to take the leave on the same dates e.g. over Christmas</p>	<p>The annual leave purchase procedure and supporting FAQs would be explicit that line managers have the discretion to ask for confirmation of the leave dates the employee wishes to take, during the employee request window. This gives line managers the assurance that they would be able to meet operational requirements before they approve an employee's purchase request.</p> <p>Otherwise, employees would request their annual leave dates via Business World as per normal process and line managers would make a decision regarding approval of those dates at that point in time.</p>

34. Working on the assumption that the recommendations outlined in this report are approved, the relevant risks would be managed at service level.

Consultees

35. The council's recognised trade unions were informed of the proposal to introduce an annual leave trading scheme for employees at the Joint Partnership Forum meeting held on 11 September 2019, without prejudice to the decision in respect of this report. The

trade unions understood the potential positive impact of the scheme. The trade unions will be kept informed of progress via regular scheduled Joint Partnership Forum meetings.

36. During September and October 2019, informal consultation meetings were held with the council's Management Board members to seek their individual views about the proposed introduction of an annual leave trading scheme.
37. Feedback from these individual consultation meetings was collated and presented at the Management Board meeting which took place on 12 November 2019. The outcome of that meeting was that Management Board were supportive of the proposal to trial an annual leave purchase scheme for council employees during the 2020 annual leave year, on the proviso that employees are able to request to purchase a maximum of 3 days' additional annual leave (pro-rata for part time employees).
38. There is no requirement to consult formally or more widely in respect of the recommendations outlined in this report as it does not represent a change to employee terms and conditions of employment.

Appendices

None.

Background papers

None identified.

