

Report title: Funding of Implementation of Essex Pay – Social Care Capability Framework	
Report to: Councillor Gagan Mohindra - Cabinet Member for Finance, Property and Housing and in consultation with Councillor Susan Barker – Cabinet Member for Customer, Communities, Culture and Corporate	
Report author: Pam Parkes, Director, Organisational Development and People	
Date: 15 October 2019	For: Decision
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County Divisions affected: All Essex	

1 Purpose of Report

- 1.1 The Council is implementing new pay arrangements for most of its staff. The new arrangements have two different sets of scales, the 'main pay grades' and 'social care pay grades'.
- 1.2 This report asks for £1.9m funding so that the Head of the Paid Service can move the pay of certain employees on the 'social care pay grades' to the 'rate for capability' for their role.

2 Recommendation

- 2.1 Approve £1.9m to be vired from Other Operating Costs portfolio, £751,000 to be moved to the Health and Adult Social Care portfolio and £1.1m to the Children and Families portfolio in 2019/20 to fund the movement of all eligible employees on the social care pay grades to the rate of pay applicable to their assessed level of capability.

3 Summary of issue and proposals

- 3.1 Essex County Council is in the process of implementing a new system of pay which is known as 'Essex Pay'. This started with the agreement of a revised Pay Policy Statement in December 2017.
- 3.2 The scheme as ultimately designed created a 'correct pay rate' for each role. For the main pay grades this is known as 'rate for the job' and for social care roles it is known as 'rate for capability'.
- 3.3 Due to the cost of moving everyone to this rate, it was originally envisaged that transition of existing employees to their correct rate of pay would take a up to 3 years.

- 3.4 As a result of extensive employee discontent and concerns about recruitment, retention and equality and fairness. The Head of Paid service took the decision in February 2019 that he wished to accelerate the progression of eligible employees on main pay grade to their 'rate for the job'. As a result, in April 2019 the Cabinet Member agreed to the draw down of £1.97 million from the transformation reserve to make this possible and eligible employees moved to the rate for the job in summer 2019.
- 3.5 However, in April 2019, the development of the social care capability framework was not complete, and the costs of moving frontline social care staff to the 'right' place in the grade was not known. This work has now been completed.
- 3.6 The Social Care Capability Framework (SCCF) has been developed in line with Social Care professional capability frameworks such as the Social Work Professional Capabilities Framework and the Royal College of Occupational Therapists.
- 3.7 The roles which are subject to the Social Care Pay Ranges are those which have been determined and agreed are involved in front-line social care practice. Vacancy rates for Childrens social care are at 14% and vacancy rates for Adults is 22%
- 3.8 Turnover is 9% in children's and 11% in Adults. We know from the ESCA exit interviews that pay is reported as a significant factor in the decision to leave the Council
- 3.9 This data and workforce planning in both social care functions show that we are failing to recruit and retain enough staff, which is a strong indicator that our Employee Value Proposition (EVP) needs to be strengthened to attract social workers. The SCCF gives a clear mechanism for progression in line with capability and skills within social work. The advantage of this over static salaries with an annual increase is that those who demonstrate the highest capability can be suitably rewarded and career pathways discussed and pursued.
- 3.10 Work has now been completed on the social care capability framework. The aim of this is to ensure the Council has a fair and equitable pay system for social care which will allow us to
- Enhance the capability of our social care workforce
 - Allow us to attract and retain the social care workforce we need against a backdrop of a national skills shortage and increasing demand
 - Reduce dependency on agency social workers,
 - Support the productivity of the social care functions through a stable directly employed workforce
- 3.11 The arrangements for moving employees onto Essex pay social care grades are currently being operated as follows:

- If existing employees were job matched or opted into Essex Pay to their existing role (transitioning employees) their pay either remained the same (or they moved to the bottom of the grade if that was higher),
 - If employees (either existing or new) were appointed to a new role because of a normal recruitment process or as a result of a selection process as part of organisational design. A recruitment toolkit was used to assess a new employee's level of skills and experience
- 3.12 A consequence of not moving existing transitioning employees within the grade has been inequity in salary, as some new starters to the organisation have been appointed at a salary which in some cases is higher than existing and more experienced employees.
- 3.13 There is disparity between longer serving colleagues and newly appointed colleagues; with newly appointed colleagues being offered higher salaries in order to match or improve on existing packages; the Social Care Capability Framework enables us to assess candidates fairly at the point of recruitment and ensure our existing staff are rewarded appropriately - not for length of service but for performance and contribution.
- 3.14 In order to maintain fairness and equity across the Council as employees on main pay grades have moved to their rate for the job, employees on the social care grades should now move to their rate for assessed capability. As Head of the Paid Service, the Chief Executive proposes to authorise the transition all social care employees who are not yet paid at their assessed 'rate for capability' effective from April 2019. Doing so would:
- Meet employee expectations and show commitment to existing employees, in particular that of pay equality;
 - Demonstrate commitment to raising the level of capability and productivity in our social care functions.
- 3.15 In essence all staff would have their capability assessed in line with the Social Care Capability Framework. Each employee will be assigned a level of capability and that level will have an associated rate of pay. If that rate is lower than the employee's current pay, they will move to that associated rate of pay. If that rate is higher then their pay will remain unchanged until the pay for their level of capability catches up. The total FTE of employees in scope of this assessment is 1923.

4 Options

- 4.1 Option 1: Approve the virement of £1.9m from the Other Operating Costs portfolio to allow social care employees to transition to their rate for capability backdated to 1 April 2019
- 4.2 Option 2: As option 1 but fund from existing resources. This option is not recommended as it would either result in services having to find additional

savings to offset the cost of the transition or to delay the transition of employees to their rate for the capability

- 4.3 Option 3: Do nothing. By not implementing the framework the portfolios will be unable to enhance workforce capability. This in turn will reduce the ability to attract and retains a social care workforce and so leading to the likely need for further reliance on agency staff and so this option is not recommended.

5 Financial implications

- 5.1 Social Care has been recognised as requiring separate pay ranges and a different mechanism for progressing pay based on professional capability. This change will mean the moving away from performance management to a system whereby individuals will be assessed against a framework and so will have clarity on where they are paid in relation to their level of contribution / capability.
- 5.2 A moderation panel and process were established whereby circa 10% of the social worker work force were assessed to the proposed capability framework.
- 5.3 The table below models the cost of the framework in 2019/20 on the basis that outcomes from the pilot are replicated through the remaining 90% of the workforce, backdated to 1st April 2019.

	Health and Adult Social Care £000	Children & Families £000	Total £000
Cost of framework	1,421	1,886	3,307
Existing budget	670	785	1,454
Variance to 2019/20 budget	751	1,102	1,853
Funding required 2020/21	978	228	1,206
Total funding required over 2 years for Social Care Pay	1,730	1,330	3,059
Total funding required over 2 years - Essex Pay	1,878	1,967	3,845
<i>Additional funding that would be required to move to main pay grades (see paragraph 5.9)</i>	148	637	786

- 5.4 The recommendation is to vire £1.9m from Other Operating Costs, where an under spend has been identified in the current year, to the Health and Adult Social Care and Children and Families portfolios for 2019/20.

- 5.5 It should be noted that as the modelling has been based on 10% of the workforce there is a risk that the actual impact of assessing the remaining 90% of the social worker workforce against the proposed capability framework may result in a different total cost to the above financial modelling.
- 5.6 The financial impact on 2020/21 is that an additional £1.2m is required and this will be reflected in the medium-term resource strategy.
- 5.7 The new framework is expected to increase recruitment and retention, particularly in Adult Social Care where there is currently reliance on the use of temporary agency worker cover. Portfolio's do not budget for agency cover, instead the costs of temporary workers are funded from budget under spends generated through staffing vacancies. Where this funding proves insufficient, which is often the case since temporary staff costs are higher than permanent staff, budget holders are expected to identify alternative one-off funding. Therefore, whilst it is expected that applying the new framework will result in a more settled workforce, there will be no savings directly realised.
- 5.8 The implementation of the framework is expected to impact on retention levels of the front-line social worker teams, however material savings are not expected to be realised within the authority's central Recruitment and Retention Team.
- 5.9 Should the main Essex Pay and Gratings framework have been implemented for Social Care then this would have resulted in an additional funding requirement of **£3.8m** over 2 years, an increase of **£786,000** when compared to the proposed Social Care Capability Framework of **£3m**.

6. Legal implications

- 6.1 Virements of this size must be approved by the Cabinet Member for Finance, particularly with a virement from of Corporate and Other Operating Costs for which the Cabinet Member for Finance is accountable.
- 6.2 It should be noted since not all employees have been assessed, we cannot yet know the overall cost of moving employees to their assessed 'rate for capability', the £1.9m cost for 2019/20 assumes that the sampling accurately reflects the whole of the social care frontline workforce.
- 6.3 It will be important to have a clear written decision by the Head of Paid Service to implement the Social Care Capability Framework and transitional guidance as this will found the changes to people's contracts and it is important to minimise risks by avoiding uncertainty and having clear guidance.

7. Equality and Diversity implications

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that ‘marriage and civil partnership’ is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The equality impact assessment indicates that the proposals in this report **will not** have a disproportionately adverse impact on any people with a characteristic. Essex pay is designed to ensure and uphold equality of pay. The EQIA for Essex pay indicated that Essex pay will help ensure equality of pay across all protected characteristics once all pay movements have been applied (over original 3 years). Progression to the assessed 'rate for capability' for all transitioning employees and enhanced guidelines, support and monitoring for developing employees will bring this equality in a shorter time frame.

8. List of Background papers

Funding of Essex Pay – CMA 11/04/2019

https://cmis.essex.gov.uk/essexcmis5/Decisions/tabid/78/ctl/ViewCMIS_DecisionDetails/mid/422/Id/7892/Default.aspx

9. List of appendices

Equality Impact Assessment

<p>I approve the above recommendations set out above for the reasons set out in the report.</p> <p>Councillor Gagan Mohindra, Cabinet Member for Finance, Property and Housing</p>	<p>Date</p> <p>31 October 2019</p>
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In consultation with:

I approve the above recommendations set out above for the reasons set out in the report.	Date 31 October 2019
Councillor Susan Barker, Cabinet Member for Customer, Communities, Culture and Corporate	

Role	Date
Director, Organisation Development and People Pam Parkes	15 October 2019
Director, Finance (Deputy S151 Officer) Stephanie Mitchener	18 October 2019
Director, Legal and Assurance (Monitoring Officer) Paul Turner	15 October 2019