

<b>SIGNED OFF BY</b>	Head of Organisational Development
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<b>TO</b>	Employment Committee
<b>DATE</b>	Thursday, 20 June 2019
<b>EXECUTIVE MEMBER</b>	Portfolio Holder for Corporate Direction and Governance

<b>KEY DECISION REQUIRED</b>	N
<b>WARDS AFFECTED</b>	(All Wards);

<b>SUBJECT</b>	Workforce Data Summary & Organisational Development Approach
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<b>RECOMMENDATIONS</b>
(i) <b>To note the Workforce Data summary and the approach to developing the Organisational Development to inform further detailed discussion at a future meeting of the Committee.</b>
<b>EXECUTIVE SUMMARY</b>
<p>This report and annexes provides the Employment Committee with an overview of the Council's workforce data – high level summary of the workforce profile relating to equalities and employee relations and key HR measures.</p> <p>Also addressed in this report and annexes is an overview of the draft approach for the Organisational Development Strategy.</p>

<b>BACKGROUND</b>
<ol style="list-style-type: none"> <li>Following the recent Governance/Constitution review by the Governance Task Group, a number of recommendations were approved relating to changes relating to the Council's committees, including the Employment Committee.</li> <li>The following was agreed by the Council –</li> </ol>

To ensure the Employment Committee makes a positive input to strategic recruitment and cultural development, the following roles and responsibilities be added to the terms of reference for the Employment Committee:

- a. Oversight and engagement (with relevant Officers) in respect of the development of the Organisational Development Strategy – which includes the talent attraction/development/ retention strategy for staff and the Council’s Management Structure.
- b. Establishing a critical friend role in relation to ensuring the Organisational Development Strategy is on track and fit for purpose. This should include consultation around the annual Service and Financial Planning process and Pay Policy Statement.
- c. That the application of a. and b. (above) be detailed in an annual work programme to be agreed at the start of each Municipal Year by the Employment Committee.

## KEY INFORMATION

### Workforce Summary

1. The Council needs to understand, plan and develop its workforce requirements for the future in order to provide excellent services to the community it serves and to support the Council’s vision, aims and values.
2. To set some context and help the Employment Committee understand the makeup of the Council’s workforce and key HR measures, some high level data has been compiled for the Employment Committee to note. Please see the information outlined in Annex 1a and 1b.
3. The Employment Committee are asked to note this information at this stage. This information will be discussed at a future meeting.

### Organisational Development Strategy

4. Organisational Development is a new, explicit function area for the Council. The “Head of Organisational Development” position was created as part of the organisational structure review in the summer of 2018.
5. What is Organisational Development (OD)? One way of defining OD is as a systematic approach **to improving organisational effectiveness** – one that aligns strategy, people and processes.
6. OD can enable an organisation to be ready for the future by taking steps which create an environment that allows employees to understand, embody and deliver the organisation’s objectives.
7. OD involves both “hard” issues – strategy, policies, structures and systems – and “soft” issues those that develop appropriate skills, behaviours, attitudes, culture and a style of leadership that will enable organisations to deliver optimum performance.
8. The Head of Organisational Development has drafted a suggested approach for OD at the Council (see Annex 2), which has Employee Engagement as the key outcome.

Great People = Engaged People. The approach or strategy is represented in a diagram form at this stage on one page. It has the outcome of Engaged People in the centre, with enablers (i.e. what helps make people engaged at work), in the boxes around the centre.

9. Research shows that organisations with high levels of employee engagement are more efficient and effective and that highly engaged employees:
  - are more **customer focused**, find they are more **creative** at work, and **take less time off** sick;
  - care about the future of their organisation and put in **greater effort** to help it meet its objectives;
  - feel proud of the organisation they work for and are inspired to **do their best** and **motivated** to deliver the organisation's objectives.
  - This approach will help ensure we are the best organisation we can be, with the best people, skilled to deliver our ambitious Corporate Plan priorities.
10. At this stage the Employment Committee are just asked to note this draft approach.

## CONSULTATION

11. The Head of Organisational Development has engaged with the Chief Executive, Directors and Heads of Service about the suggested OD approach. At the recent Management Team Away Day on 15<sup>th</sup> May, collective senior officer agreement and support was given to progress OD at the Council in this way.
12. Very high level conversations have taken place with the Leader about this suggested approach/outcome focusing on 'Engaged People' and conversations have started with the Portfolio Holder for Corporate Direction and Governance.
13. The Employment Committee will be asked to consider the approach at a future meeting.

## ANNEXES

1. Workforce Summary Data (including Gender Pay Gap Report)
2. Organisational Development Approach Diagram



## Workforce Data Summary

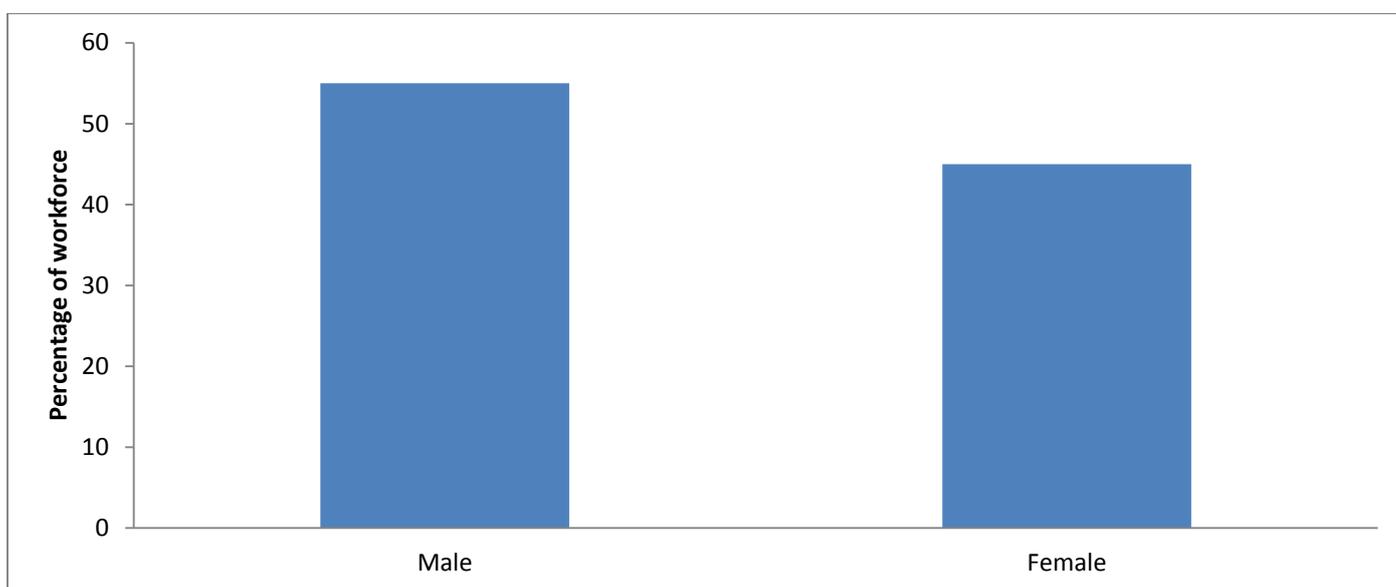
RBBC's workforce is key to the success of our organisation and service delivery, and therefore consideration of our employee demographics is essential to future workforce planning and organisational strategy.

In addition to employee demographics, we also capture and analyse data to help us measure the success of our people management strategies, policies and procedures.

### Employee demographics

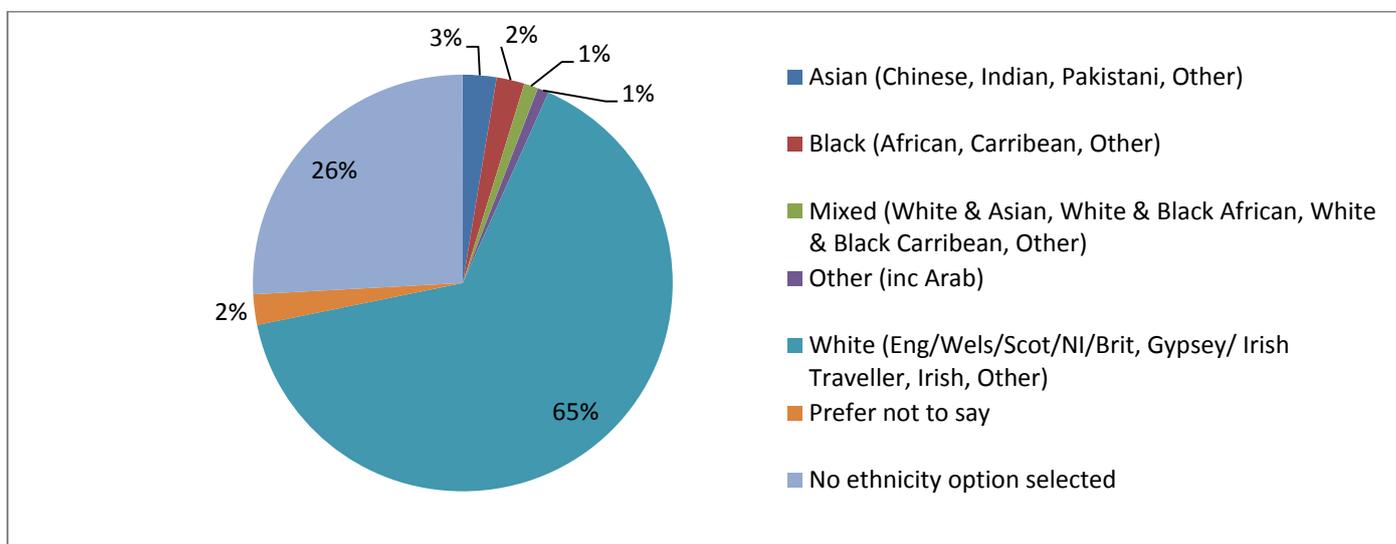
The information below reflects the make up of our organisation workforce, under some of the protected characteristics as defined by the Equality Act 2010. This information is correct as at 31 May 2019.

#### Employee gender



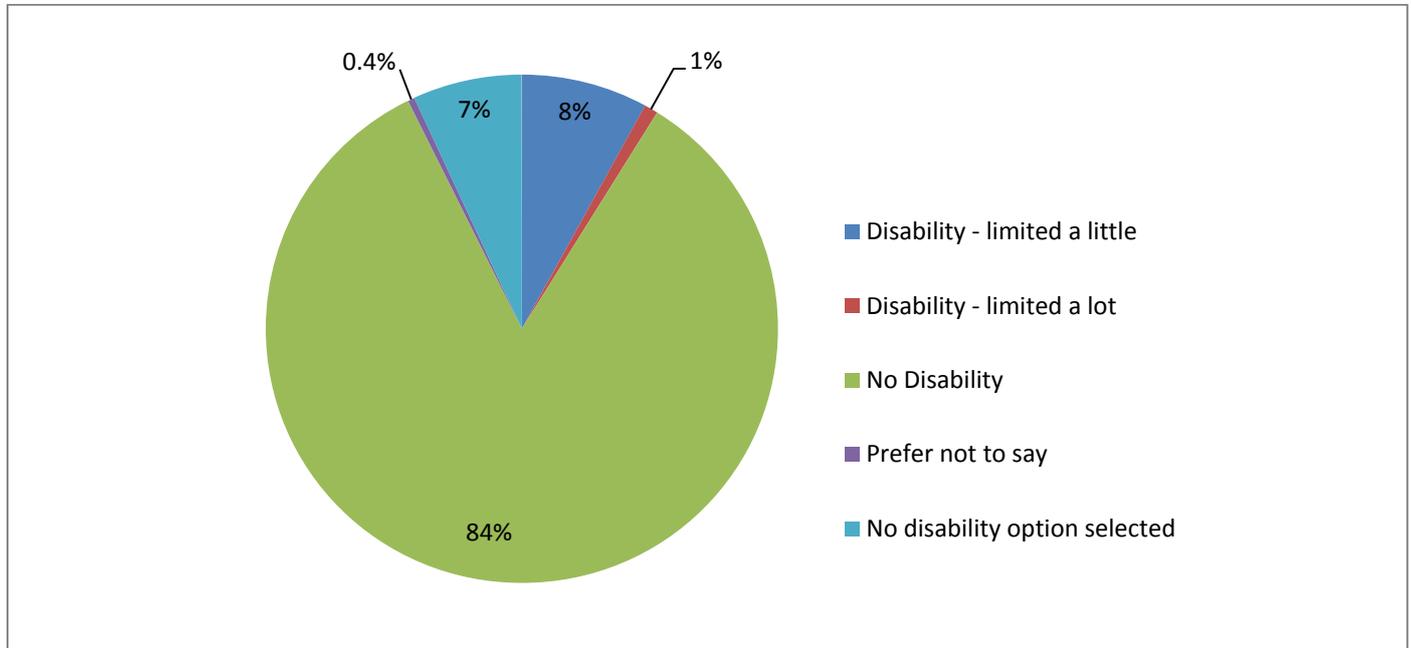
The gender distribution of our workforce is 55% male, 45% female.

#### Employee ethnicity



The ethnicity of our workforce is more diverse than the RBBC resident population. After 'White', the second largest ethnic group in the borough is 'Asian' (5.1% of the population), which is also our workforce's second largest ethnic group at 3% of the workforce.

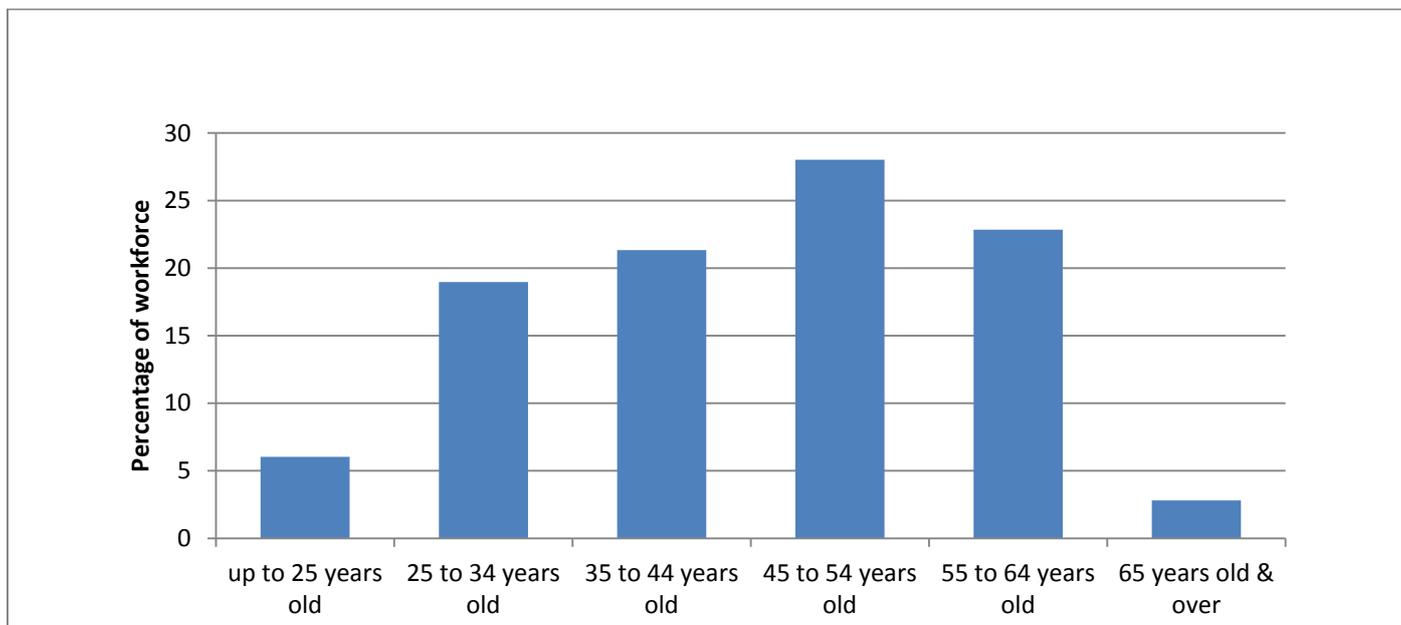
Employee's with a disability  
(as per definition under the Equality Act 2010)



Where an employee deems they have a condition which affects their ability to perform 'normal day to day activities' for a period of 12 months or more, this is classed as a disability under the Equality Act. For the purposes of our workforce data, we ask employees to self declare this, and specify if they feel their disability limits them 'a little' or limits them 'a lot'.

Not all employees who select either of these two options choose to provide any further declarations about their disability. Where an employee or a manager feel that greater support can be provided to keep them in work, and /or working at the performance level required, we will discuss, assess and put in place reasonable adjustments (physical, policy or procedural) to aid this.

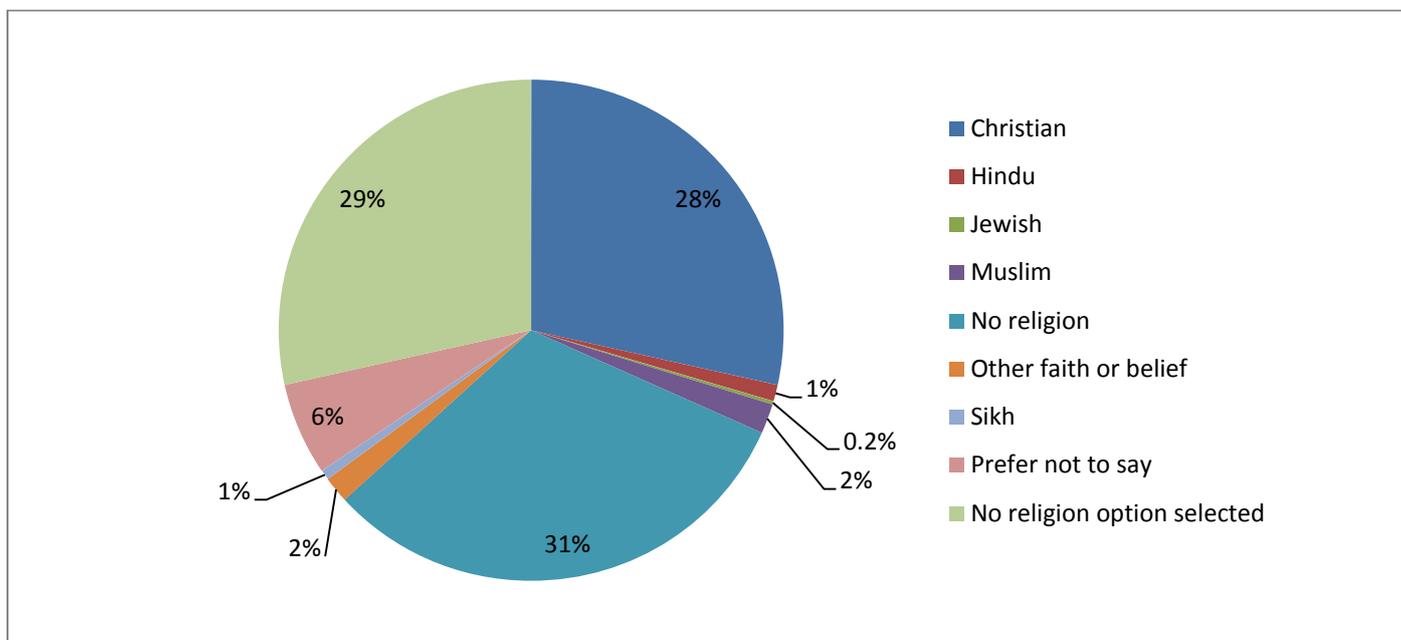
## Employee age



The age profile of the workforce is fairly evenly distributed across middle most age brackets. As you would expect to see due to the UK's pensionable age being 66 years old, we have very few employees remaining in the workforce who are aged '65 years old and over'. 17% of the borough's residents are 65 years old and over.

This information is reviewed in more detail at a team level with managers on an annual basis, to aid succession and workforce planning.

## Employee religion or belief



## Other protected characteristics

Data is collected from our workforce on a further 4 equalities protected characteristics; sexual orientation, gender reassignment, pregnancy and maternity, marriage and civil partnership. It is completely voluntary

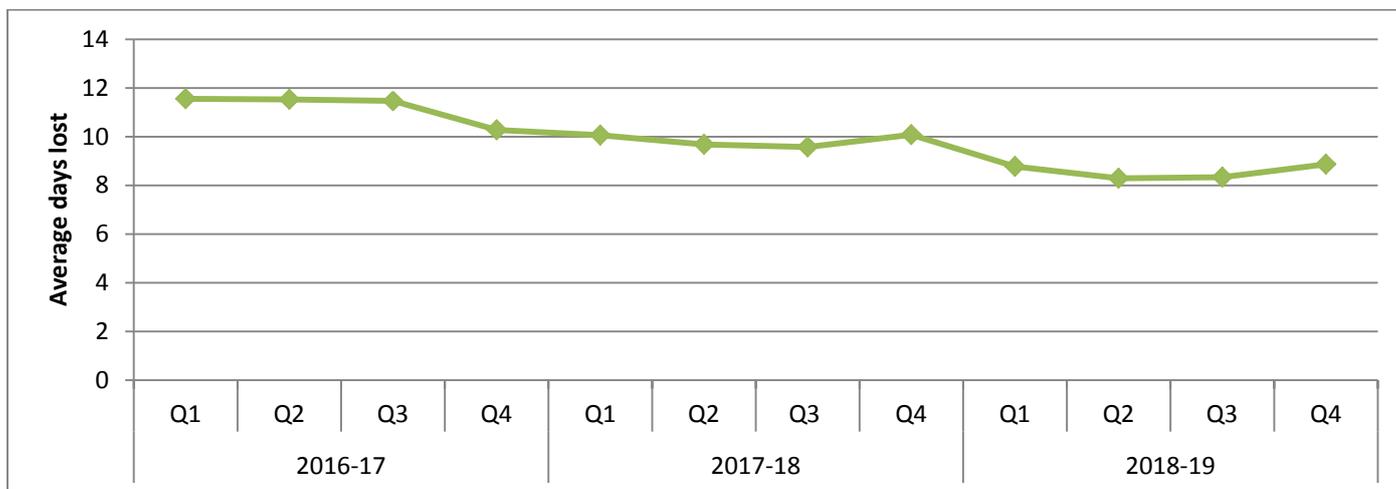
for employees to provide us with this information, and therefore we do not have a significant amount of data in these categories. Employees will be encouraged to confidentially provide this to Human Resources, so that greater analysis of our workforce makeup can be performed in the future.

### Organisation workforce measures

On a quarterly basis, we collate data on a number of indicators to help us assess the organisation's health of workforce stability, performance and effectiveness of people management policy & procedures.

The information shown below is a cumulative total figure for the financial year of 1 April 2018 to 31 March 2019.

#### Employee sickness absence



The average number of days lost to sickness absence has reduced by just over 2.69 working days per person, since 2016. The current average of 8.5 days sickness absence per year per employee (inclusive of periods of long term sickness lasting 20 working days or more), is comparable to other public sector organisations (8.4 days) according to the Chartered Institute of Personnel & Development's 'Health and Wellbeing at work report' April 2019.

#### Employee turnover (attrition)

RBBC's voluntary (resignation) employee turnover rate has remained steady at an average of 12% of the workforce for the past few years. It is felt this is a comfortable and healthy turnover rate at a time when unemployment is low, and provides us the opportunity to regularly review our workforce, skills and experience requirements.

The 2018 XpertHR 'Labour Turnover Rates Survey' gives the 2017 average voluntary resignation turnover rate in for the Public Sector of 12.9%. The same for the Private Sector was shown to be 19.7%. The 2019 survey report (showing 2018 figures) is due to be released imminently.

## Recruitment advertising

In 2018-19 RBBC launched 73 job advertising campaigns to recruit to a combination of newly created and existing roles which had become vacant. The majority of these campaigns were successfully managed in-house, though external support was sought in the case of particularly niche or hard to fill roles.

Although there is an improved job market in the private sector (against whom we compete for many commercially skilled and experienced candidates), we continue to be able to attract good quality candidates in the main.

We continue to explore our recruitment approach and techniques, as well as our on-boarding and induction practices as part of a wider 'Talent Attraction' programme of work, to improve candidate experience and seek more efficient and effective recruitment practices.

The collection, analysis and use of data to inform these changes will be key and will include regular review of the success of recruitment campaigns and practices using metric such as the time to hire, cost to hire, and success of new employee/ performance.

## Employee relations

In the 2018-19 year, formal professional HR advice and support was provided to managers in 63 separate employee relations cases. This comprised of:

Type of ER case	Number
Disciplinary investigation cases & disciplinary action	9
Performance management	2
Sickness absence management	52

This does not include professional HR advice given to managers on employee relations matters that were resolved informally, nor HR support provided to managers in connection to service performance improvements, restructures, or recognised Trade Union relationship management.

## Gender pay gap

Only 14% of organisations required to report Gender Pay Gap (GPG) figures in the UK have a 'negative' GPG (one that is in favour of women) and RBBC is one of those few organisations.

Our 2017 mean GPG was -4.5% which means that our female employees' mean hourly rate was 4.5% higher than that of our male employees. This increased to a gap of -6.9% in 2018.

In other words, on average (rounded up to the nearest penny), female employees earned £1.05 for every £1 earned by our male employees in 2017, and £1.07 for every £1 earned by our male employees in 2018.

This is calculated by adding up all the hourly rates of male employees, and then dividing it by the number of male employees, and then doing the same for female employees.

Further detail on RBBC's GPG statistics can be found on the attached GPG report (also on the Council's website - [http://www.reigate-banstead.gov.uk/download/downloads/id/4226/gender\\_pay\\_gap\\_-\\_31\\_march\\_2017.pdf](http://www.reigate-banstead.gov.uk/download/downloads/id/4226/gender_pay_gap_-_31_march_2017.pdf)).



# Gender Pay Gap Report 2018

The below represents the picture for Reigate & Banstead Borough Council as at 31 March 2018. Read the report narrative for further information.

Key: ● women ● men - gap in favour of women + gap in favour of men

## RBBC gender pay gap

Mean pay gap  
**-6.9%**  
 -4.46% in 2017

Median pay gap  
**-18.9%**  
 -16% in 2017

## Employee gender distribution

**45%**  
 44% in 2017



**55%**  
 56% in 2017

## Proportion of women and men in each quartile pay band



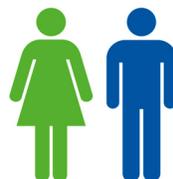
## Bonus gender pay gap

Mean bonus pay gap  
**-23.2%**  
 -61.4% in 2017

Median bonus pay gap  
**-51%**  
 1.3% in 2017

## Bonus gender distribution

**23.3%**  
 25% in 2017  
 of women  
 received a bonus



**41.9%**  
 42.5% in 2017  
 of men  
 received a bonus

# Gender Pay Gap Report

## Comparison between 31 March 2017 and 31 March 2018

The law requires organisations with 250 or more employees to publish the previous year's Gender Pay Gap (GPG) information each March.

The information provided in this report is based on a snapshot of employee data on 31 March 2017, and again on 31 March 2018. It compares the two years' data and provides context to the figures, by describing factors that may have contributed to our GPG.

### Our organisation

The Council is made up of multiple business areas and teams – from Finance and Building Control to Parking and Greenspaces - and our employees have a vast range of professional backgrounds and expertise. In order to attract and retain high performing employees, we ensure that our roles are graded at competitive salary levels with those of other private and public sector employers.

For more information on the variety of work we undertake, and to view our payscales and pay policy statement, visit our website: [www.reigate-banstead.gov.uk](http://www.reigate-banstead.gov.uk).

### Our approach to pay and remuneration

We have a strong, fair and equitable framework for determining the pay and remuneration of employees, built into employee terms and conditions of employment. Changes to these terms and conditions must be made in consultation with two recognised Unions and the Staff Association, with approval sought in line with our Constitution and Scheme of Delegation.

To minimise the likelihood of gender bias in how we apply pay and remuneration, the following structured mechanisms are in place. These are documented in our Pay Policy Statement, which is reviewed and published annually on our website.

- Job evaluation, and routine examination of external pay rates (benchmarking) to determine minimum and maximum levels of pay for a role (grading process),
- Structured incremental payscales,
- Performance related pay schemes,
- Clear criteria, process and procedure to approve an honorarium bonus payment.

### Employee gender distribution

On 31 March 2017, 208 out of 474 members of our workforce were women, approximately 44%. Of this, three of the nine Senior Management Team members were female.

This has remained relatively static as on 31 March 2018, 219 of 479 were women, approximately 45%. At this time, four of the nine Senior Management Team members were female.

### What is the Gender Pay Gap?

This is a high level snapshot of pay within an organisation and shows the difference in the



average pay between all men and all women in a workforce. It compares the average hourly rate of a male employee with the average hourly rate of a female employee, irrespective of the type of role being performed.

Figures preceded by a positive indicator (+) demonstrate higher male earnings, and figures preceded by a negative indicator (-) demonstrate higher female earnings.

If a workforce has a particularly large GPG, the supplementary calculations may help to identify the cause of the gap and prompt a review to address this.

## Gender pay not equal pay

The Gender Pay Gap is a different concept to equal pay. Equal pay is a more specific legal concept that deals with the pay differences between men and women carrying out jobs with comparable duties or value to an organisation. Men and women in comparable jobs are normally entitled to the same pay unless an employer can show differences in pay are justified.

A GPG does not mean that there is an equal pay problem, although it may be a trigger for further investigation about the reasons why the gap exists.

## Our Gender Pay Gap

There are two different calculations; the mean and the median GPG.

### Mean Gender Pay Gap

This is the figure that is commonly discussed in the media.

It is calculated by adding up all the hourly rates of male employees, and then dividing it by the number of male employees, and then doing the same for female employees.

Our 2017 mean GPG was -4.5% which means that our female employees' mean hourly rate was 4.5% higher than that of our male employees. This increased to a gap of -6.9% in 2018.

In other words, on average (rounded up to the nearest penny), female employees earned £1.05 for every £1 earned by our male employees in 2017, and £1.07 for every £1 earned by our male employees in 2018.

### Median Gender Pay Gap

This figure is calculated by ranking all male employees from the highest paid to the lowest paid, then taking the hourly rate of the person in the middle. The same is then done for female employees. The median GPG is the difference between the female employees' median hourly rate (the middle paid woman) and male employees' median hourly rate (the middle paid man).

Our 2017 median GPG was -15.6% which means that our female employees' median hourly rate in 2017 was 15.6% higher than that of our male employees. This increased to a gap of -18.9% in 2018.

In other words, when comparing the median hourly rates, our female employees earned on



average (rounded up to the nearest penny), £1.16 for every £1 earned by our male employees in 2017, and £1.19 for every £1 earned by our male employees in 2018.

## Why we have a Gender Pay Gap

It is important to remember that the GPG is not an indicator of an equal pay issue, and given our current organisational makeup a small gap in favour of women is what we'd expect to see.

Our gap in favour of female employees reflects that a greater number of our female employees occupy roles which demand a higher salary level than our male employees. These salaries are determined (graded) by job evaluation and/or external market salary benchmarking, as outlined above in the 'our approach to pay and remuneration' section.

There are several departments within the Council which attract salaries on the lower end of our payscales, and these are also male dominated professions (such as Refuse & Recycling, Street Sweeping and Greenspaces). This is a key factor in our GPG as it lowers the average male employee hourly rate, affecting both the mean and median figures. Further examination is provided in the 'pay by quartiles' section below.

Our mean and median GPGs have increased slightly between 2017 and 2018. This is a result of the salaries for several roles having been adjusted to better reflect external market salaries, and the roles with the higher increases happened to be occupied by female employees.

## Pay by quartiles

Pay quartiles are calculated by splitting all employees in an organisation into four even groups according to their level of pay, and indicating the percentage of women and men in each group.

Our figures show that the roles within our lower and lower middle pay quartiles tend to be occupied predominantly by men, whereas the gender balance is more even in the upper middle and upper pay quartiles. Given our organisational makeup we'd expect to see this.

For instance, in 2017 134 employees (29% of our workforce) – of which 127 were men - worked in our Refuse & Recycling, Greenspaces and Street Sweeping teams.

A male dominated workforce is common in these fields of work and they sit within the lower and lower middle pay quartiles. This trend of male dominated roles in the lower and middle pay quartiles continues to be the case in 2018.

We're comfortable that the salaries for these roles are comparable to external market rates for these professions.

The gender distribution in our pay quartiles does not cause us concern or indicate there is an issue to be addressed, however we will continue to monitor it for longer term trends.

## Our Bonus Pay Gap

Firstly, for our 2017 GPG data return – submitted in March 2018 - we reported a mean bonus pay gap of +5% and a median bonus pay gap of +3.7%, both in favour of men. Since we



published that information we have established that how we had interpreted the guidance for calculating those figures was incorrect. We have therefore revised those figures and the correct ones are below and in this report's infographic.

## Bonus schemes

A number of different types of bonus are taken into consideration in calculating this gap.

We operate two performance related pay and bonus schemes.

- All employees are entitled to an incremental pay increase within their payscale after demonstration of high level or outstanding performance in the previous year.
- A bonus (a percentage of the salary, dependent on level of performance) may be payable in addition to, or instead of, an incremental increase if an employee is at the top of their payscale. We call this a 'top of bar', 'top of grade' or 'appraisal bonus' payment.
- A separate senior manager performance related pay scheme exists, which follows the same principles as above, but with higher percentage bonuses available.

In addition;

- A bonus payment may also be awarded for exceptional work or responsibilities outside of any employee's normal role. We call this an 'honorary payment'.
- A notional payment ('Christmas weekends') is made to those in the Refuse & Recycling team (approximately 35 employees) who work three weekends over the Christmas and New Year period, outside of their contracted week. 100% of this group are male employees, as is common in this field of work.

The latter has particularly skewed the percentage gender split of the workforce that has received bonus payments in both 2017 and 2018.

## Mean Bonus Pay Gap

This figure is calculated by adding up all the bonus payments of male employees, and then dividing it by the number of male employees who received a bonus. The same calculation is then done for female employees. The mean bonus pay gap is the difference between the female bonus value and the male bonus value. Our mean bonus pay gap has reduced from -61.39% in 2017 to -23.24% in 2018, but remains in favour of women.

## Median Bonus Pay Gap

This figure is calculated by ranking all male employees who received a bonus payment, from the highest value to lowest value, then taking the bonus value of the person in the middle. The same calculation is then done for female employees. The median bonus pay gap is the difference between the female employees' bonus value (the middle woman) and male employees' bonus value (the middle man).

There has been a significant change in the median bonus pay gap from +1.26% in favour of men in 2017, to -51.01% in favour of women in 2018.



In part this is due to four fewer men receiving a bonus payment in 2018. Although this is a small headcount number, due to the size of our workforce it has a big impact.

When examining the detail of the 2018 median, the mid-point female employee who received a bonus received £76 more than the mid-point male employee who received a bonus.

### Bonus gender distribution

Our 2018 bonus gender distribution data shows that 23.3% of women received a bonus, compared to 41.9% of men,

If we removed from the 2018 calculation the 35 male employees in the Refuse and Recycling team who receive the 'Christmas weekend' bonus, the percentage of employees who received a bonus payment would reduce to 29.07% of men and 23.26% of women – a more even distribution. This demonstrates that the volume of men receiving the 'Christmas weekend' bonus plays a significant part in skewing the distribution of bonus payments towards men.

The mean bonus pay gap also reduces to +8.69% (or £67.48) in favour of men in this revised hypothetical circumstance.

These bonus pay gap figures do not cause us concern, as we are confident that bonuses are applied fairly and equitable in line with our published policy and procedures, and performance related bonuses in particular (which are the reason for the majority of the bonuses) are accessible and applied consistently, regardless of gender.

### Conclusions

Our gender pay figures do not cause us concern as we are confident that we understand the variables which have caused them, namely the variety of roles attracting diverse salary ranges, and significantly higher numbers of men in some departments.

However, further examination will be carried out to identify the potential root causes of the trend for office roles to be held by a greater proportion of women, and physical manual roles to be held by a significantly higher proportion of men.

We will also look at the potential work we can undertake to attempt to bring a better gender balance into roles and teams, and therefore pay quartiles.

John Jory  
Chief Executive

Kate Brown  
Head of Organisational Development

Published: March 2019

## Great Leadership

Great leaders who are **visible, empowering & authentic**

Provide **clarity, direction, create safe environment, create trust**

**Strong strategic narrative** – our **purpose**. Strong communication to organisation – our history, where we are now and where we are going (our future)

## Commitment to Employee Wellbeing

- **Healthy & inclusive** workforce
- **Physical, mental, financial wellbeing**
- **Great workplace** – the best work environment to help employees thrive

## Great Communication – Employee Voice

- **Open communication** and **2-way**
- Employees kept informed and able to **feedback**
- Right questions asked, we **listen** to what people say and we **act** on what we hear. Employees are central to the solution, have genuine influence.
- Tools/methods are - **easy, mobile, employee generated** content and feedback

## (Talent Development) Excellent Employee Development

- Long term view of all **employees' value**
- We **invest in employees'** development & employees 'own' their development too

## Great Teamwork

- Effective **co-operation** and **collaboration** between different directorates/teams
- **Clear goals** - team and organisation
- **Team recognition**



“Great People” =  
Engaged People

## Great/Fair Compensation

- **Fair pay** structures and job/market analysis
- **Fair reward and recognition** structures – individual and team potential

## Great/Engaging Managers

- **Care** about employees, keep them **informed, trust** them and **encourage** upwards performance
- **Focus** on employees, give employees **scope**, treat employees as individuals, **coach** and **stretch** them – bring “you” to job
- Equipping managers to engage, to “be themselves” - authentic
- Managers **collaborate** with and **support** their peers as well as their teams
- Managers who **translate the strategic narrative** to their teams and help their staff establish **role clarity, autonomy**, ensure there is enough **challenge** in roles and set realistic expectations re **achievement**

## Clear, Accessible Employment Policies/Practices

- Including performance management - appraisals, pay/reward/benefits, equal opportunities, family friendly/work life balance, corporate social responsibility – volunteering?
- Diversity, inclusivity

## Organisation Integrity

- The organisation is **'keeping it real'!**
- **Values & behaviours** reflected day to day, from the top Leaders down through the organisation.
- **No say – do gap**. Promises made / kept or explanation given.