
London Borough of Hackney
Skills, Economy and Growth Scrutiny Commission
Municipal Year 2019/20
Date of Meeting Monday, 16th September, 2019

Minutes of the proceedings of
the Skills, Economy and
Growth Scrutiny Commission
held at Hackney Town Hall,
Mare Street, London E8 1EA

Chair Councillor Mete Coban

Councillors in Attendance Cllr Polly Billington (Vice-Chair), Cllr Richard Lufkin, Cllr Sam Pallis, Cllr Steve Race and Cllr Gilbert Smyth

Apologies:

Officers In Attendance Annie Gammon (Director of Education), Dan Paul (Head of HR & OD & Elections) and Olga Vandenberg (Business Communications & Engagement Manager, Regeneration Delivery Team)

Other People in Attendance Sian Davies (Primary Advantage Federation), Councillor Carole Williams (Cabinet Member for Employment, Skills and Human Resources) and Hamida Rogers (FRCE Recruitment Group)

Members of the Public 1 member of the public

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Councillor Mete Coban in the Chair

1 Apologies for Absence

1.1 No apologies for absence.

2 Urgent Items / Order of Business

2.1 The order of business was as per the agenda.

3 Declarations of Interest

3.1 Cllr Lufkin declared he was employed by IPSOS Mori. There was reference to this organisation under item 5.

4 Minutes of Previous Meeting

- 4.1 The minutes were agreed.

RESOLVED	Minutes were approved.
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5 Cost of Living and Public Sector Recruitment

- 5.1 The Chair welcomed to the meeting Cllr Carole Williams - Cabinet Member Employment, Skills and HR; Dan Paul - Head of HR and Organisational Development; Annie Gammon – Director of Education/Head of Hackney Learning Trust from London Borough of Hackney. Hamida Rogers – Associate Director from FRCE and Sian Davies – Executive Principal from the Primary Advantage Federation.
- 5.2 The Chair advised the discussions would cover 3 key areas:
1. Recruitment and retention
 2. Cost of living and economic drivers impacting on recruitment and retention
 3. Resolution and strategies.
- 5.3 The session commenced with the Cabinet Member for Employment, Skills and HR outlining the council's response to the questions sent in advance of the meeting. The main points were:
- 5.3.1 The report highlighted the challenges and barriers the council faced in relation to recruitment. Particularly in relation to the changes in the labour market, cost of living in Central London and the public sector pay freeze local government has been experiencing since 2010.
- 5.3.2 The economic drivers and disparity were outlined in the report on pages 1 - 2.
- 5.3.3 Hackney is similar to many other London boroughs and there are challenges across the whole labour market. Related to the hollowing out of the labour market, lack of increases in pay and how this is impacting on an individual's physical affordability to live in inner London.
- 5.3.4 In response to the question about housing the Cabinet Member advised this was not her portfolio and asked the Commission to contact Cllr Moema if they required more detail than the information provided in the report or had further questions.
- 5.3.5 In relation to ages and seniority within the council. Hackney's workforce is a little older in comparison to the general population in the borough. The council does not have a young workforce but equally the council has not experienced any trouble recruiting young workers.
- 5.3.6 There are a number of mechanisms used by the council to increase recruit, one of these mechanisms is the Council's corporate Apprenticeship Programme. Whilst the Council has not placed any age limit on the council's apprenticeship scheme they do attract a large number of younger applicants.
- 5.3.7 There is the Hackney 100 programme work experienced programme. This aims to equip young people with employment work experience whilst at school

and college. This is part of developing a pathway into employment. The Council is also using some of the apprenticeship levy to up skills the employees of the council.

- 5.3.8 The Council has analysed its gender pay gap as well as the ethnicity pay gap. There were pleased to report that Hackney has a positive result for the gender pay gap. The Cabinet Member pointed out women are not paid more than men. They have found the council has a high number of women in high paid positions within the organisation, therefore the overall gender pay gap for the organisation is positive.
- 5.3.9 This year they have analysed their ethnicity pay gap. The council has identified that the ethnicity pay gap is the reverse of the gender pay gap trend. This shows that ethnic minority staff are paid less than the workforce overall. Black and ethnic minority staff are in the bottom 2 quartiles of the organisation. The Commission was informed that by doing this analysis earlier than required the council is able to understand the challenges and barriers. This was reported to Full Council.
- 5.3.10 In response to the council's experience of challenges in relation to recruitment. The jobs and income bands most affected are as outlined in the report. It was pointed out that the jobs within the council that encountered specific issues or barriers were mainly senior level roles.
- 5.4 Presentation by Hamida Rogers, Associate Director from FRCE Recruitment Group. The main points from the presentation were:
- 5.4.1 FRCE Recruitment specialise in public sector recruitment. They work in partnership with Matrix who manage the temporary workforce solutions for Hackney Council.
- 5.4.2 Matrix act as a master vendor for the Hackney Learning Trust (HLT) and exclusively fulfil all the recruitment needs within HLT children centres in the borough.
- 5.4.3 In public sector recruitment the 3 distinct areas they operate in are:
- Education
 - Social Care & Social Work
 - Nursing.
- 5.4.4 FRCE Recruitment have been working within these sectors for over 10 years.
- 5.4.5 There is a higher than typical (when compared to the private sector) percentage of substantive posts covered long term by temporary agency staff across the UK and particularly within London. Local authorities in London appear to rely for too long on temporary workers. This not only increases recruitment costs but affects continuity and makes it harder to drive forward strategies with a more transient workforce.
- 5.4.6 FRCE Recruitment noted that there are locum social worker that have been within an organisation for 5 years. The agency queried why in cases like this, local authorities did not consider these positions to be substantive posts.

- 5.4.7 Currently there are more leavers than entrants to skilled professions such as teaching, nursing and social work. The agency pointed out if long term agency placement are not tackled at the grass roots level the plans and strategies for the workforce to be engage with the community will not come to fruition.
- 5.4.8 FRCE Recruitment advised London has a unique model in the sense that every borough operates through a vendor managed service. This means FRCE does not hold the contract directly with the local authority, there is an intermediary organisation. One vendor controls almost 50% of London's labour market. In their view this has a big impact on recruitment and retention within the London labour market.
- 5.4.9 With this model margins have been driven down for the agency and pay rates driven down for the candidate. This has had an impact on the model developed to win contracts. The agency pointed out having an economically advantageous model did not guarantee quality staff.
- 5.4.10 A public sector career is not championed to graduates or clear career path shown to them. Therefore a public sector career is not a career of choice. The public sector is viewed as providing less career development, training opportunities and lower salaries. In particular for professions like a qualified social work (QSW). There are some perceptions within the market like social work having high volume and complex caseloads. In relation to the increasing caseload the demand on workers are high and the salaries are not measureable to the day to day operations.
- 5.4.11 There is a disparity with how agency workers feel compared to permanent workers. Within QSW agency staff have reported there is little support around reflective practice or CPD training for locum staff in comparison to their permanent counter parts. It is difficult to sustain the motivation and morale if there is not equal access for all staff members.
- 5.4.12 Among agency staff there is a perception of a blame culture for agency workers. The Director pointed out if an accusation is made against an agency worker that workers is suspended without pay until there is an outcome; whereas for a permanent worker they are suspended on full pay pending an investigation. This has led to some workers leaving the profession. This highlights the lack of support available for temporary workers. Notwithstanding this experience, agency worker are still reluctant to go permanent.
- 5.4.13 Some professions feel they cannot do a competent job with the budget cuts and lack of funding. This is affecting front line service delivery. In many professions people are trained to make a difference and do not want to tick boxes. The agency has found that a number of people are either going to neighbouring boroughs, the private sector or leaving the profession completely.
- 5.4.14 There are also financial factors that make it difficult for local authorities to drive through any programme of change. For children in schools, residents in care homes or nursing homes they are not achieving continuity and/or consistency in their care delivery service. There is a variation of skills and no consistency in support for the end user.

- 5.4.15 Pay rates are not always in line with the cost of living. This has created a unique situation whereby you have people in full time work but on poverty thresholds. Agency worker pay is reducing year on year and the cost of living is increasing. People cannot save and do not have disposable income. This erodes motivation and the morale to work. People can feel exasperated and think they are not in a position to start a family or embed themselves within the local community.
- 5.4.16 The pay scales are not comparable to what people study or can bring to the community. This does not attract the best talent. This can lead to workers viewing public sector roles as transitional. In their view this is not a rewarding career and you will not attract the best talent. This impacts on the end user.
- 5.4.17 What the agency has noticed is that the private sector and some neighbouring boroughs are paying more for the same roles. As it is easy for individuals to commute around London, they can get the same job for more money, less stress or a lower caseload.
- 5.4.18 It was pointed out the big impact on retention of nursing staff is the pay cap, pay rise freeze and scattered pay scales. The agency highlighted today's graduates want to be recognised for what they achieved and do not want to work to a spinal point for 3-5 years.
- 5.4.19 Business rates and rents are significantly high in London. Businesses are opening and closing down quite quickly. As a result they are finding that businesses are using more shared working spaces. This does not encourage engagement with the community.
- 5.4.20 The welfare and benefit changes have affected workers too. The agency has found that some workers do feel its financial beneficial for them to work full time anymore. This is a concern because benefits should be viewed as a support until a person acquires a sustainable income and lifestyle. This view is eroding the skills of the workforce because workers with very good key skills are leaving the profession.
- 5.4.21 Conversely there are individuals who feel forced to sign up to find a job or lose their benefits. The agency informed the Commission working with this cohort is costly and for this reason they do not work closely with Job Centre Plus. The agency has found this cohort is reluctant to enter the job market.
- 5.4.22 They have found that people are starting a family later in life and moving out of the inner London boroughs to buy a property or start a family. This makes the community more transient which makes it difficult for councils to build that community spirit. This means there is no invest in the local community and they are losing future talent.
- 5.4.23 There is less affordable housing being built. There are care workers and teaching assistants who do not earn a high salary and are not classified as key workers but equally carry out key roles. For the agency a key worker should be anyone who perform a key public sector role. They consider key workers to be anyone who provides a vital public service (both qualified and unqualified). This does not match the current definition used nationally of a key worker.

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- 5.4.24 The IR35 legislation, implemented last year, has had a significant impact on agency workers particularly the qualified social work profession. The agency envisaged this would encourage uptake of permanent posts. However this was not the case. Some agency workers have moved back to PAYE working and some have chosen to leave the profession. This legislation is being rolled out to the private sector in April 2020. The impact of this will be reviewed.
- 5.4.25 The officer explained as a result of this legislation the individual can no longer work for their own limited company and all their income is treated as employee income. Both the agency, individual and employer are potentially liable to HMRC if the income of the individual is not treated correctly. This had a significant impact on the professional industries.
- 5.4.26 In regards to recruitment last year, the agency has found that the IR35 one of the biggest factors that affected London.
- 5.4.27 It was also highlighted that there are barriers for returners to work. For example Social Work England's new registration criteria almost precludes returners to work. However currently there is alternative funding available to support returners to QSW in the last 2 years. This highlights no synergies between Government and governing bodies.
- 5.4.28 In relation to Hackney the agency pointed out the council pays agency workers the same rate of pay as a permanent employee (for doing the same role) from day 1 as opposed to after 12 weeks. This is good for the agency workers however the agency questioned if this added to the cost of recruitment for the council. Despite the good pay conditions in their view this was not enough to address some of the wider social issues in Hackney such as in poverty and social inequalities.
- 5.4.29 The agency pointed out the challenges they have encountered is in recruiting quality and skilled educators in Hackney. Schools have class room behaviour management issues. Many children have high complex needs as well as a number of children in the borough have care plans.
- 5.4.30 It was pointed out newly qualified teachers will come to Hackney to get the inner London salary scale, get experience and start their career but will move on to other boroughs or the private sector. Feedback received is that the role involves social work skills and they do not feel trained or equipped to deal with some of the issues being presented in the classroom. Many do not live locally but travel into the borough so there is no long term commitment to contributing to the local community.
- 5.4.31 The agency does not find it hard to recruit younger staff but they are finding it difficult to retain them. This may be due to Hackney being viewed as a stepping stone and not a long term career.
- 5.4.32 The agency pointed out that Matrix, the intermediary company, do work around social responsibility and the council could do more with Matrix in this area.
- 5.4.33 The skills gaps are primarily noticeable in teaching, nursing and QSW. In reference to Hackney's report and the job roles they have listed as challenging to recruit to. These are prevalent across all London boroughs and have been

for a long period of time. There is no easy solution to resolve these recruitment challenges.

- 5.4.34 Another factor challenging recruitment for the public sector is Brexit. Brexit will have a negative impact on front line care delivery services. This is because a high percentage of care workers and nursery workers across London and within Hackney are non UK citizens. They are putting strategies in place to encourage people to enter these professions to ensure there is a sustainable workforce for the future.
- 5.4.35 The officer explained they are not in the position to effect change in regards to the disparity in pay for the public sector but where they can provide support or effect change they do. As agency QSWs do not have access to CPD support. FRCE has set up a programme and recruited an experienced social worker (who has recently chosen to leave the profession) to run their development programme.
- 5.4.36 In regards to the social care and education staff they supply to Hackney Council. In 2018/19 the number of hours billed increased by 10,000 hours. The agency pointed out this is increasing year on year. To date in 2019 they are expecting to bill for more hours than the previous 2 years. In the agency's view this trend should be the reverse. Analysis shows these workers are long term agency workers, this indicates there are challenges in relation to employing permanent staff.
- 5.5 Presentation by Sian Davies, Executive Principal of the Primary Advantage Federation. The main points from the Head teacher's presentation about school recruitment were:
- 5.5.1 The head teacher informed the Commission she had 20 years' experience as a head teacher and is the Executive Head Teacher over 8 primary schools in Hackney.
- 5.5.2 Alongside the external factors impacting on teachers recruitment and retention for the education profession. For Hackney's workforce in schools another key role with challenges for recruitment is teaching assistants. The welfare reform and benefit cap is impacting on their working hours. In addition to an increasing number of families being rehoused outside the borough in the education sector they are seeing a large number of teaching assistants being rehoused outside the borough too. Although TAs may want to continue in the role and commute, the costs and pay do not allow them to sustain this.
- 5.5.3 There are a number of teaching assistants coming into the profession with a desire to progress into teaching roles; but the routes into teaching are varied and confusing. Streaming this would help but schools have no ability to implement this change.
- 5.5.4 In addition to the challenges with enticing young teachers to work in London once qualified; they have found encouraging young teachers to come into the profession is challenging too.
- 5.5.5 The head teacher agreed with the agency that young teachers use Hackney as a stepping stone in their career. But in her opinion Hackney has a good

reputation as an education community and professional development is highly regarded, the environment in which people are working is highly regarded too.

- 5.5.6 In regards to the recruitment of teachers, another noticeable trend is that newly qualified teachers are opting to stay and teach in the same location they went to university because the salary they earn is not much different to London and the housing costs are less. London is no longer an attraction for qualified teachers due to the high rent to live in London (often this is one room in a shared house like they did for 3 years as a student).
- 5.5.7 There are challenges with attracting young teachers into Hackney which has been compounded by the external factors related to working in London.
- 5.5.8 The incentive to travel into Hackney is no longer attractive. The localised nature of primary schools in boroughs means there is a primary school in close proximity to where people live. If a worker chooses to move to another borough and wants to work in a primary school near home, this is an option. They can live more cheaply out of London and do not have to suffer the travel inconveniences because they can get a job locally.
- 5.5.9 Retaining teachers is also an issue when they wish to develop professionally, find security and to settle down to start a family. As teachers start families they want their children to go to school near where they live and do not want to suffer the inconvenience of childcare or travelling with the child into Hackney.
- 5.5.10 The de regulation of pay in the education sector has added a level of complication. This means academies and free schools are able to pay at different rates to maintained schools. Although all schools have budget concerns they still face issues with competing in the market where other institutions are paying more. In Hackney they can offer pay incentives but this does not always compete with the pay being offered elsewhere.
- 5.5.11 For the Executive Principal's grouping of schools they have found 2 things work well. Flexibility, especially for staff returning to work following maternity leave. Where they can offer flexibility this has worked well. Childcare, for her federation of schools they offer childcare on site. This has helped to bring staff back to work. This works well particularly for 1 child but if they have 2 children childcare tends to become more of a challenge. This when they find people can leave the profession for a period of time.
- 5.5.12 The other area of challenge relates to the uncertainty and future of school funding. This has impacted on the permanency of staff in schools.
- 5.5.13 The review of the national funding formula is threatening to take away huge amounts of money from Hackney schools. This has made head teachers and school governors more cautious about the permanency of staff.
- 5.6 Presentation by Annie Gammon – Director of Education/Head of Hackney Learning Trust from London Borough of Hackney. The main points from the presentation were:
 - 5.6.1 Director of Education/Head of Hackney Learning Trust agreed with the previous points made by the speakers. In relation to recruitment of teachers HLT has

found that generally schools can recruit but there may not be many applicants for the roles. Therefore the choice is limited particularly for supply teachers and covering absences.

- 5.6.2 One of the key impacts for schools and children centres is the set ratios. For children centres this means they cannot just manage if a staff member is off sick and this is the biggest part of the agency fees.
- 5.6.3 In addition to the points made about the recruitment of new teachers. The officer advised the Commission Parliament had published a report on recruitment and teaching. This report lists a number of initiatives the Government has put in place about recruitment.
- 5.6.4 The officer referred to HLT's report in the agenda and pointed out the subjects they had challenges recruiting teachers to e.g. maths and science. The officer pointed out for these subjects a bursary is offered to encourage people into teaching those subjects.
- 5.6.5 In reference to the complexity of routes into teaching a possible solution suggested by HLT was to advertise more widely the routes into teaching and the initiatives available. It was thought this might encourage more local people into teaching.
- 5.6.6 HLT agreed newly qualified teachers are attracted to Hackney schools and see Hackney as an exciting place to work. As mentioned by the head teacher Hackney does have a good reputation in the education profession.
- 5.6.7 HLT has found that teachers who have been teaching for 3-5 years want to have their own property rather than share. At this stage it is too expensive to remain in Hackney. Although teachers may get promotions while working in Hackney they cannot afford to live in Hackney. Therefore any housing subsidy initiative for teachers in the borough would be welcomed.
- 5.6.8 HLT has found that teachers have a strong sense of loyalty to their school / institution and are a close knit community. HLT advised it has been recognised nationally, if teachers are valued and there are good routes for progression this encourages them to stay. Where there are professional development opportunities, good routes through or masters courses are subsidised it retains staff.
- 5.6.9 HLT highlighted 98% of the schools in the borough are rated outstanding or good and this helps with the recruitment and retention for schools in the borough.
- 5.6.10 HLT informed the Commission from their experience teachers in the UK do not leave schools to work in the private sector but are likely to go abroad. It is easy to get a job abroad in an English speaking institution in many part of the international education community.
- 5.6.11 Another factor recognised nationally as impacting on recruitment and retention is workload. HLT advised it was important to share good practice on workload management and highlighted there is a national initiative to do more sharing of good practice.

- 5.6.12 In reference to part time work and flexibility. The Director explained it was not always possible to have flexibility in teaching. This is because the timetabling may result in children being taught by 2 or 3 different staff members in the week. Although it is an important to retain staff parents and pupils like continuity and want to see the same staff. It encourages commitment to the community.
- 5.6.13 There are government initiatives for returners to the teaching profession. This may be something they could advertise more widely.
- 5.6.14 HLT pointed out there is flexibility with pay scales. It was noted previously teachers entered at a salary point and progress steadily year on year. This has changed and teachers who are working well can be accelerate quicker through the spinal pay points. This can help to retain staff and enhance their career development. But this is also impacted by the budget constraints schools are facing.
- 5.6.15 Apprenticeships have been piloted and used in 2 federations in Hackney in the last 18 months. There has been some success.
- 5.6.16 HLT advised it was key to point out there are definitely issues related to the cost of housing. There is more that could be done to make all the routes into the teaching professions, staying or returning more widely known and less confusing. Made

5.7 Question, Answers and Discussions

(i) Members made the following comments and queries:

- a) **Members noted the areas highlighted in the report as challenging, the council's work in terms of bespoke recruitment and high rental and house prices. In relation to this Members asked if the council had an understanding of the economic drivers causing people to leave or not apply for the job roles.**
- b) **Members queried if issues such as house process came out in the council's workforce survey and has the council identified a link between high cost of living and the ability to retain staff?**
- c) **Members asked if workers in Hackney were paid more than Hackney residents.**

The Cabinet Member for Employment, Skills and HR confirmed workers in Hackney are paid more than residents in Hackney but both cohorts earn less than the London average.

In response the Cabinet Member for Employment, Skills and HR advised London is experiencing challenges when it comes to cost of property and where people can live. In regards to whether the council has evidence that shows how this is affecting the council's workforce they do not. Although they do have discussions about these points. There may be a question in the staff survey but this would need to be clarified. The council is aware it is important for residents to get good paid jobs close to home and this is one of the reasons they have a local recruitment campaign.

- (ii) **Members suggested the questions to gather this information could be in exit interviews. Members referred to the report highlighting the challenges with recruitment for higher value / higher paid jobs in specific sectors. Members discussed if the issue of recruitment and retention was a combination of factors such as public sector pay cap, high rents and high property prices? Members also queried if this was a challenge for other sectors in the workforce too.**

In response the Cabinet Member for Employment, Skills and HR advised the jobs referenced in the report also faced challenges due to the technical nature of the job and a competitive London labour market. Therefore there may not be a specific correlation between the economic drivers and the jobs set out in the report on page 7. The reason for this view is due to the level of pay some of the roles stated can demand in London.

The Head of HR and Organisation Development pointed out many of the jobs are IT, accountancy and strategic property jobs. The correlation may be how much the private sector pays for these roles. These roles are the same but pay less in the public sector. The reason they have challenges is because of the competition with the private sector.

- (iii) **Members enquired if the council has an understanding as to why there is the churn and if it is related to the cost of living or if staying employed in the public sector was related to the pay cap. Also specifically for Hackney was it a combination of these issues?**

The Cabinet Member for Employment, Skills and HR advised currently there has no evidence to support this assumption.

The Head of HR and Organisation Development advised informed the commission the trend is that the local workforce (as a percentage of residents living and working in the borough) is on a gradual decline. A factor for this decline could be people retiring and new employees being less likely to live in the borough. However this trend has been reversed recently the Council's corporate apprenticeship scheme. The apprentices are all local residents. This has resulted in an increase in the number of residents as employees of the council. It was noted being a local resident was a pre-requisite for an application to the scheme.

- (iv) **Members commented the impression they get is Hackney is a good employer to work for. Are there mechanisms in place that enable staff to give honest feedback about Hackney as an employer and how is this measured?**

In response the Cabinet Member Employment, Skills and HR informed Members the council conducts a staff survey and the results of the most recent survey was distributed to Members. The council compiles its own staff survey to identify how staff feel about working in the borough. This included questions about how people feel about working in Hackney.

The Cabinet Member pointed out there are a number of staff benefits in addition to good pay. The council acts upon the feedback received in the staff survey. It helps to build trust when you acknowledge the concerns raised by

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your workforce and the concerns raised by the unions. The Cabinet Member pointed out the Council has been responding to the concerns raised.

The Head of HR and Organisation Development added the staff survey is carried out every 2 years. The officer pointed out there is a similar question to the one asked by Members but phrased slightly differently e.g. 'your pride in working for the council, what you think of the council as an employer, what do you think about the council delivering services and would you speak highly of the council without being asked'. This survey includes measures against local authority norms. To date the council has been proud of its rating in the survey. Comparisons with other boroughs indicate Hackney is a good council to work for.

The survey is carried out by IPSOS Mori and the council does not hold or receive any of the data collated. The Council works with IPSOS Mori to set the questions to be able to make comparisons with other local authorities. All responses go to IPSOS Mori. The council only receives the analysed results. The council has agreed with IPSOS Mori they would not have access to the data, this ensures the response is anonymous. This is to assure that the survey is completely anonymous. If the sample is small for any particular area the responses are added to a bigger sample.

- (v) Members made the following enquires: about**
 - a) Asked about BMAE representation in senior leadership roles.**
 - b) Referred to staff currently in lower bands and enquired about the council's plans in terms of training and the other forms of support for progression into senior roles?**
 - c) Asked if this will be included in the inclusive leadership strategy?**
 - d) Members referenced a statement in the report "*We will set targets for the proportion of applications that we get from Hackney residents for our jobs, as well as aim to increase the proportion of our workforce that lives in the Borough*" and enquired how the council will achieve the set projections and the action that will be taken to achieve future target figures/projections.**
 - e) Although it's a strategy what strategies will you undertake to further that proportion.**

- (vi) In addition to the above question Members referred to the section BAME staff representation "We are committed to take practical action to address these disparities" and enquired what that journey would look like for staff particularly existing staff members? What is the ideal workforce for the council?**

- (vii) Members enquired about the council's reporting on ethnicity pay gap since 2017.**

In response the Cabinet Member Employment, Skills and HR clarified that the council is only currently required to monitor the gender pay gap. There is no current legal requirement to monitor the ethnicity pay gap. The Government has consulted on the ethnicity pay gap monitoring. The council has proactively carried out this work and published information. This early work has given the council an indication of the challenge areas. However there is no formal methodology to calculate the ethnicity pay gap. The council has used the

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gender pay gap methodology. The Cabinet Member pointed out there are anomalies the council will have to take into consideration, like not all staff declare ethnicity. Therefore the current calculation may not give an accurate picture.

(viii) Members enquired about the pathways into senior leadership for BAME staff.

The Cabinet Member Employment, Skills and Human Resources advised the council's inclusive leadership programme has different strands. The council has consulted the workforce on the programme and recruited a number of champions. They will be trained on the roll out of the programme. They have held a number of focus groups too. The council is still gathering data to feed into the programme. The Cabinet Member advised she is happy to give SEG an update in the future.

(ix) Members enquired what the council was using as a key indicators for success. Is it a set number that has completed training or a number of people going into leadership?

In response the Cabinet Member for Employment, Skills and HR explained she would like to see staff on the lowest bands in the council have access to the levy funding to give them the skills they require to step up in their career. There is also the aspect of what they do about recruitment to fill posts in the upper 2 quartiles of the organisations.

(x) Members enquired how often the council reviews its recruitment processes to assess if they are fit for purpose in light of the data collected from the staff survey.

In response the Cabinet Member Employment, Skills and Human Resources advised their recruitment is fit for purpose. There is a rolling period for which it is reviewed and changes made. The council is in the process of developing a workforce strategy. The strategy will address some of the questions asked at the meeting.

The Head of HR and Organisation Development explained they have held workshops with BAME workers specifically to understand the barriers to progression. This is the council's work to understand how their current workers would like the council to address the issue. Directors in the organisation held the workshops personally to hear the feedback directly. The feedback from the workshops is being pulled together and there will be an action plan to support the strategy.

In response to recruitment practice they are working with employee groups currently to ensure their recruitment policy and the way they collect information does not result in any unconscious bias or disadvantage any particular groups. The council is working towards anonymous recruiting and anonymising application forms. This was one of the requests workers have asked the council to do. The council is not only developing the strategy and action plan but taking action to create inclusivity in their recruitment process.

- (xi) **Members made comments about identifying key worker occupations and asked the Cabinet Member to explain the council's caution with identifying key worker occupations? In discussion Members pointed out previously key workers occupations and accommodation was implemented to tackle some of the challenges being experienced around recruitment and retention (shortage of workers) for certain occupational groups.**

In response the Cabinet Member Employment, Skills and HR referred the commission to the Cabinet Advisor for Housing Cllr Moema response detailed in the report. However from conversations with Cllr Moema the Cabinet Member advised she was informed it is not a measure the council uses because there are more people crucial to the London labour market. It was pointed out that the definition of a key worker, as previously understood, is not applicable to the current labour market conditions.

- (xii) **Members queried if the council was able to identify if there were particular jobs and roles whereby the housing issue was a causation rather than a correlation for Hackney's workforce? Members asked if the council did identify this was a causation would the council implement a working definition for key workers? Members also asked if Hackney has identified particular occupations within the council's workforce where this might be a potential solution.**

In response the Cabinet Member Employment, Skills and HR agreed with the points made by Members. But she pointed out without occupations like cleaners, bus drivers, refuse staff and grounds maintenance it would be difficult to continue to run a council in a London borough. This is one of the reason why she would dispute the applicability and definition of a key worker. However, if Members were suggesting the council created its own definition of a key worker, this would contain a large number of jobs and professions needed in the borough and council.

The Cabinet Member advised she would take this query back and discuss it with the Mayor and Cabinet.

ACTION	The Council to discuss and explore setting up its own definition for a key worker.
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- (xiii) **Members suggested the best starting point would be to look at where the council has recruitment and retention issues for particular roles. Members asked if the council identified a link would it implement a definition.**
- (xiv) **Members suggested the council looks at the approach taken by other local authorities to consider the policies they use and explore if the use of a key worker definition was worth deploying?**

In response the Cabinet Member for Employment, Skills and HR advised through their workforce strategy the council is looking at where they have challenges with recruitment and considering what they can do to address some of the gaps discussed at the meeting.

- (xv) Members referred back to ethnicity pay gap reporting and enquired if the council participated in the Government's consultation and if the council was aware they could be an early adopter? Members commented shining a spotlight on this issue could help to drive change. Members asked through the council's early work how could they make it more effective to drive the change they want to see?**

The Head of HR and Organisation Development from Hackney Council confirmed the council did participate in the consultation and all London boroughs responded as a group through London council. London boroughs are all supportive of the introduction of ethnicity pay gap monitoring and want a detailed definition like the gender pay reporting. Council's would welcome this to ensure the data is comparable across local authorities. The officer confirmed the Council has not been asked to be an early adopter.

- (xvi) Members referred to the increase in hours for agency staff and noted that the view is this should be decreasing. Members enquired what Hackney Council could do more to improve this situation?**
- (xvii) Members referred to the HLT report and noted their comments on not having the quantitative data on recruitment issues and asked if there is a reason why they do not collate this?**
- (xviii) Members queried if this was related to the structure of education in Hackney e.g. having academies? Members acknowledged HLT was not required to collect this data, is there a way to collect this data but enquired if schools could be encouraged schools to provide this data?**

In response to the first question the Associate Director from FRCE Recruitment advised for nurseries there will always be some element of agency worker because of the staff ratio required. Nurseries will not always be aware of their staffing levels on a day to day basis. However from an agency prospective, if you have a workers that is continuously booked for the last 2 years. There should be a review of that post to consider permanent recruitment. This is an indication that there is a requirement.

The Associate Director from FRCE Recruitment explained only the Children Centres are mandated to use their recruitment framework. Schools can choose to use alternative recruitment agencies. The Director suggested Hackney Council considers mandating all schools to use their recruitment services because this would be more cost efficient.

The Director of Education/Head of Hackney Learning Trust explained schools employ their own staff so they do not know all the details about the staff employed. The Director of Education/Head of Hackney Learning Trust advised the Commission schools do have a duty to return a workforce census, this informs HLT about the number of staff and how many are temporary staff. HLT could use this data to get more information and they could ask schools for more information. But this data is not currently a statutory duty for schools.

- (xix) Members enquired to what extent the increasing housing costs and the decrease in volume of social housing is a key risk to the education**

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system in Hackney over the next 5-10 years? The education system is one key area of improvement and achievement for the council over the last few years. Members pointed out from discussions they not note that currently Hackney has teachers who are willing to travel to the borough to teach. Members asked for officer's views if this would still be the situation in the near future.

The Director of Education/Head of Hackney Learning Trust explained the system is managing at the moment. Nationally it is reported 1% – 2% of teachers are agency and the indications are this is reflected locally too. It was pointed out that it is getting harder to retain staff due to the house price surge in the last 5 years. The Director suggested they could engage with teachers to enquire if housing was available would they be encouraged to stay. This would ascertain if housing was a key factor in the retention of teacher in the borough.

Alongside the combined housing and travel costs the Associate Director from FRCE Recruitment pointed out those factors are relevant but there are other factors to consider like career development. People want a role that fulfil their career ambitions and pays well too. If they have this they are prepared to travel. Although it may not be sustainable long term.

They find that nursery workers want to work locally and Hackney pay its nursery staff a good rate above market rate. In Hackney they do not have any challenges recruiting to this role and have found the workers are often older. The workers tend to live in the local area as opposed to attracting newly qualified nursery practitioners. They usually seek to enter the private sector than a local authority.

In relation to workers moving abroad the Associate Director from FRCE Recruitment explained it was largely due to the working environment. They are often tired of the classroom management, the social aspect to the role and the increasing issues presented to them in the working environment in London. These are the other issues that entice people to seek a better work life balance and better working environment.

Although schools are rated good and outstanding; newly qualified teachers see a disparity between the day to day operations and the Ofsted ratings and think about staying for a year before moving to another borough, academy or free school.

The Executive Principal of the Primary Advantage Federation advised the risk to the future education system is future funding for schools and the lack of funding for special educational needs. This is making the teaching environment for teachers an issue. If the anticipated changes to funding materialise this is expected to have an adverse impact. This will make the environment for teachers harder. In turn will make have an even bigger impact on the retention of teaching staff in a borough like Hackney.

The Associate Director for FRCE Recruitment agreed teachers do not always think they have the support framework they need to give the level of attention required to the class. This is a contributing factor to teachers leaving the profession.

(xx) Members enquired if the volume of agency workers is an issue for the council?

The Head of HR and Organisation Development from Hackney Council confirmed the council does have high volumes of agency spend. The officer explained there are a number of reasons for this and the Audit Committee currently keeps this under review. The officer pointed out Council holds a lot of data on its agency staff such as the positions they occupy and how long they have been working for the council.

For service areas with high agency worker spend the council runs recruitment campaigns periodically to bring staff onto the permanent work force. Particularly for social work and waste services. For waste services the recruitment campaigns are run approximately every 12-18 months. This was recently successful for waste services.

Although Hackney Council does have high agency spend the borough is experiencing the same issues as other London boroughs. The officer referred Members to the jobs outlined in the report that the council has found challenging to recruit and the number of applications per post (pages 45-46 of the report).

(xxi) Members made the following enquires:

a) How many teachers have been teaching in Hackney schools for 15 years or more?

b) What is the ethnicity makeup of the teaching staff?

c) In reference to IR35. How many agency workers moved to PAYE and how has this affected Hackney Council?

The Associate Director from FRCE Recruitment advised the HMRC IR35 affects agency worker or consultant employed by the Council not PAYE workers. It was highlighted that anyone earning over £10 per hour would have been better off working through their own limited company or an umbrella organisation because their take home pay could be up to 75%-80% of the gross earnings. Under PAYE this reduces to 60-65%.

The Head of HR and Organisation Development from Hackney Council informed the Commission when IR35 was introduced very few agency workers left the organisation. The number that left was very small. The officer confirmed the rates of pay for agency staff is linked to the Council's pay scales.

(xxii) Members enquired if they could confirm the numbers and look at the rate the council pays?

The Head of HR and Organisation Development from Hackney Council advised different rates of pay for agency staff would apply to jobs that are employed outside the council's pay scales.

The Associate Director from FRCE Recruitment explained when the IR35 was introduced initially the onus was on the worker to take the test on the HMRC website. This test dictated if the legislation was applicable to them and confirmed if they could operate through a limited company or not. It was found

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that some individuals were not answering the questions correctly to place themselves outside the legislation. However since this discovery recruitment agencies have lobbied HMRC because the financial ouns fell to the recruitment agency if it transpired the worker was not permitted to continue operating through their limited company. Therefore if Hackney Council is employing workers who are working through their own limited company and they should not be. If HMRC took the view this worker was not permitted to operate under their own limited company, Hackney Council would have to confirm if the individual fell within or outside the legislation to have a statutory defence.

In response to the question about the number of long term teachers in Hackney schools, the Director of Education/Head of Hackney Learning Trust advised they do not have this data; explaining schools are not required to provide this information.

In response to the ethnicity makeup of the teaching staff, the officer explained they have initiatives to encourage BAME staff. HLT is aiming to have a workforce that reflect the pupil population. Schools are aware of the initiatives to encourage the number of BAME staff in schools.

The Chair commented it would be helpful to have a definitive picture of the ethnicity makeup of the teaching staff and for the council to have an understanding of the teaching staff experience (staff with 15 years or more teaching experience) within the borough's workforce.

ACTION	HLT to confirm the number of teaching staff who have worked in Hackney schools for 15 years or more.
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- (xxiii) Members highlighted one area not mentioned in the discussion was the grouping of schools and the role of schools. This is having a big impact on the finances of schools and also on roles like teaching assistants with free schools and academy opening. Members referred to a Hackney schools group being formed for grant maintained schools and enquired how the council will make sure there will be an equal distribution in terms of finance and places?**
- (xxiv) Members commented Teaching Assistant (TA) roles should be viewed as a destination and not as a departure point, but coming into the role as a career. Members pointed out many TAs are there to support pupils with education, health and care plans (EHCPs). Members enquired about the qualifications of TAs and asked how many TAs were qualified to support the pupil's they were supporting?**
- (xxv) In discussions Members referred to pupils being sent out of borough to access support. Members pointed out if pupils are sent to out of borough provision for support this incurs further costs to the Council. Members suggested lobbying central government about qualifications for TAs; and locally thinking about the career development plan offer for TAs. Members were of the view this could help with recruitment, status and long term engagement.**

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The Director of Education/Head of Hackney Learning Trust advised the Hackney schools group Board will cover all schools - the education system in Hackney. The Chair for the Board should be confirmed at the Council's Cabinet meeting this month. One of the areas the Board plans to look at is recruitment and retention linked professional development.

The number of children in schools is a challenge for some primary schools in the borough and a number of factor contribute to this. The school population was expected to increase but this has not transpired. The unexpected turn in trend for the pupil population coincided with the UK referendum. Other factors likely to be impacting are housing benefit changes and the increase in housing costs as noted in earlier discussions. This has shifted the demographic of children in the borough. HLT cannot allocate school places equally because legislation dictates this is parental choice.

Currently the borough would challenge any proposal put forward for a new Free Schools in the borough due to the changes in pupil population numbers.

The officer pointed out where schools can fill their classes (if they have 30 and not 22) they can manage financially. They do manage down the pupil admission numbers for some schools. This helps with planning ahead for staffing.

In relation to TAs and qualifications they have a professional development offer at the Tomlinson centre or they can run this in schools. The officer agreed training could be improved and more specialist. It is has recognised there are a growing number of children with special educational needs in Hackney and they want them to have the best possible provision in Hackney schools.

In relation to the cost of out of borough provision, the officer agreed this does incur increased costs. In the future HLT aims to have more provision in borough. They will be developing a plan and strategy for this.

(xxvi) Members pointed out through the discussions at the meeting it was clear a number of policies have impacted on recruitment and retention of staff. Members asked the meeting attendees to identify one area of *policy* (For example would it be the public sector pay cap, welfare benefits around housing benefit or access to social housing) they would like to see changed to enable them to recruit competent and skilled staff to the areas they currently have gaps or challenges recruiting to.

(xxvii) In the discussions Members noted the potential detriment to the local community because of the problems recruiting and retaining skilled staff. Members asked the guests to consider what recommendations they could or should make to national Government to achieve a positive impact on economy growth and skills for the borough.

The Associate Director from FRCE Recruitment advised lifting the pay cap would enable them to offer candidates better earning potential. This may enable them to have more disposable income or buy / stay in the area.

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The Primary Advantage Federation agreed with the pay cap but in addition to this raise other issues such as the work environment, children being rehoused out of borough, families in temporary accommodation and school funding.

Hackney Council highlighted that local government pay scales have fallen behind inflation over the past 10 years (measured with by RPI or CPI) in some cases quite significantly. The officer referred to page 46 in the agenda and highlighted the high number of apprenticeship applications they received from local residents because the pay is above the market average.

The Hackney Learning Trust advised the pay cap and housing – housing for length of job and relocation packages.

The Chair thanked guests Hamida Rogers – Associate Director from FRCE Recruitment and Sian Davies – Executive Principal of the Primary Advantage Federation for attending the meeting.

The Chair also thanked the Head of HR and Organisation Development and Director of Education/Head of Hackney Learning Trust from London Borough of Hackney for attending the meeting.

6 Skills, Economy and Growth Scrutiny Commission 2019/20 Work Programme

6.1 The Chair referred to the Commission's work programme on pages 125-130 of the agenda.

6.2 The Chair advised the next meeting would be the Night Time Economy Summit on 16th October 2019. The commission was holding an engagement session with stakeholders about the night time economy and the vision for Hackney's night time economy.

6.2.1 The proposed themes for discussion were outlined to be:

1. An inclusive night time economy - what would an inclusive night time economy look like?
2. A sustainable night time economy in Hackney - is the current night time economy sustainable and what is its impact on the environment?
3. Jobs - How do we get good quality and sustainable jobs in the sector?

The meeting would not focus on the licensing policy but aimed to engage with stakeholders about the future of the night time economy in the borough. This engagement session aimed to give residents and businesses an opportunity to help shape the vision for Hackney's night time economy.

6.2.2 The Chair explained the format of the session would be like the BMAE business engagement event the Commission held in July 2018. There would be discussion groups with 4-6 people on each table.

6.2.3 The Chair informed the Commission he had invited Amy Lamé the Night Czar Chair to the session. The Chair was still awaiting a response.

- 6.2.4 The Chair informed there would be representation of young people voices at the session. The Chair of the Hackney Young Futures Commission (HYF) would be in attendance. The Chair informed the Commission the Hackney Young Futures Commission recently completed their consultation with young people around the borough and received 2400 responses. The data was currently being analysed and the feedback report was expected in October 2019.
- 6.2.5 In the discussions Members suggested the local pub watches in the borough were invited to the engagement session. The Chair agreed.
- 6.2.6 The Chair advised ward Councillors from wards with an active night time economy would be invited to the session.
- 6.2.7 The Chair informed the Commission the following people were listed as invitees to the meeting:
- Relevant Ward Cllrs - Dalston, Hackney Wick, Hoxton East and Shoreditch, Stoke Newington and Hoxton West
 - local businesses – including Pub Watches
 - Tenant Resident Associations (resident groups)
 - Hackney Young Futures Commission.
- 6.2.8 In addition the above, the following council departments and relevant Executive Members would be invited to the session.
- Relevant Cabinet Members
 - Area Regeneration Department
 - Planning Department
 - Licensing Department and Licensing Chair.
- 6.2.9 Members enquired about the start time for the night time economy event.
- The Overview and Scrutiny Officer confirmed it would be 7pm.
- 6.2.10 In response to Members discussion about engaging a variety of local businesses at the session. The Overview and Scrutiny officer explained it was hoped that by taking the meeting out into the community and holding it in a local licensed premises; this would encourage other business owners to attend.
- 6.2.11 In the discussion Members also referred to the Future Shoreditch plan and commented this plan looked at the local area and considers what they would like to see operating in the night time economy for that area.
- The Chair suggested they encourage Councillors from the other Wards with an active night time economy to attend the session too.
- 6.3 The Chair advised the Community Infrastructure Levy (CiL) discussion item would be added to the SEG work programme for the November meeting. Members discussed the stakeholders they wish to invite to the meeting.

- 6.4 For the Crossrail update Members discussed including electrify Hackney buses to the November meeting.

This was agreed.

- 6.5 Following the discussion under item 5 on the agenda Members were not assured the council held sufficient data that enabled them to understand the correlation and causation for the areas where they experience staff recruitment and retention challenges. Member were of the view this information would help the council to understand their key workers and then enable them to establish a local definition for key workers.

Members agreed to submit a letter of reference to the Executive about the definition of a key worker and suggest that this should include an exploration of other organisational practices in relation to recruitment strategies for key workers. Member also suggested the council establishes some kind of formal process to consider this.

ACTION	The Commission to submit a letter of reference to the Executive making reference to the discussion under item 5.
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7 Any Other Business

- 7.1 None.

Duration of the meeting: 7.00 - 9.05 pm