

A New Way of Working

Unifying Reward

and Driving Performance



## Building a great place to work at London Borough of Barnet Council

### Our client's need

The London Borough of Barnet Council knew it needed to make changes to the way it attracted, developed and retained people in order to be an employer of choice in a competitive market. Specifically, there was a requirement to review the way the council rewarded performance; balancing the need to retain great people with budget constraints.

Capita HR solutions works in partnership with Barnet Council across a number of areas including HR. The council asked Capita to pick up this HR project, and to manage it, while involving the council's employees as well as unions to ensure a successful outcome for all. The goal was to create a compelling proposition for employees and future employees that is fair, open, and drives performance through people.

The project had been in discussion since 2011 and had experienced some set-backs due to its sensitive nature. The Capita team, led by Strategic HR Director, Graeme Lennon, put a timeline in place that would see the consultation, sign-off and project implementation happen within seven months.

The emphasis of the work was to be on creating a performance culture, defining clear pathways for career development, and mitigating risk through the retention of accumulated knowledge and experience. The council had specific areas to address such as pay progression, absence management, employee wellbeing and improving work-life balance. The major challenge for Capita was to achieve all this through a cost-neutral model.

### Our support

The starting point to achieve all the aims identified by the Council and Capita was the Council's pay and grading structure, including terms and conditions of employment. Beginning with the crucial detail, Capita's Job Evaluation team worked with the council to measure and clearly define 650 unique roles carried out by 8000 staff across the borough. This part of the project required Capita to challenge evaluations and meet with a number of employees in order to ensure job descriptions were fair and accurate.

These roles were then put into a new grading structure with broader bands, simplifying the previous narrow band system with more than 300 grades. Broader bands allow more flexibility, for example to bring people in at a lower level, and for managers to progress them and reward them without a grade change. It would also make the whole system easier to understand across departments.

Council employees and relevant trade unions were consulted throughout this process. Capita held 29 consultation sessions with more than 1000 staff and trade union representatives. Council employees were invited to provide feedback, and to talk to Capita about what was really important to them, which benefits were less valuable, where they felt there were shortfalls in the current pay and grading model. A comprehensive programme of communication, including answering of employee queries, ran alongside the technical project activity.



## Our support

As Capita formed the solution, including pay, benefits, terms and conditions, we challenged the thinking of the Council's leadership team as well as employees in order to reach a solution that brought benefits to all. For example, removing the traditional incremental pay progression and replacing this with pay progression based on performance as well as making changes to overtime pay that truly reflected the demands being made on employees.

Likewise, the Council knew a change to absence policy was required but they were unsure as to how. By analysing attendance data, Capita was able to make recommendations that would drive better attendance, reduce sick-pay costs, yet that would support employees who did have long-term sickness or disability issues. Whilst concerns were raised over the revised sickness proposals, market research showed that Barnet employees had 3.5 more sick days than the public sector average, thereby strengthening the rationale for change.

We also benchmarked all elements of the proposed solution against the market to ensure Barnet's proposition would enable the Council to attract the right talent. For example, in the old structure leave was variable based on a number of criteria, and there was an argument for reducing the allowance. Having gathered intelligence on the Council's competitors, we recommended a standard 30 days leave across all employee groups. This would allow the Council to remain competitive while being commercially viable.

Using its experience, Capita was, on behalf of the Council, able to secure a collective agreement with the relevant trade unions to implement the changes.

Finally, Capita will oversee the issuing of more than 5,000 letters and new contracts of employment, reconfiguration of the Council's HR and Payroll systems to programme changes in the pay, grading and terms and conditions of employment.

## Creating better outcomes together

Capita's solution, which has been approved by Council committee including the leadership team and trade unions, is cost-neutral for the council, and only around 5% of employees will be negatively impacted financially (compared with an average of 20%). Those who will be negatively impacted receive 12 months' pay protection. Within five years there will be a positive return on investment with the council achieving savings of £1 million.

The Capita solution has significantly reduced business risk. The new clear and transparent pay and grading structure has reduced the risk of legal challenge in relation to the Council's pay and grading system. Plus, by putting in place measures for improved retention rates, knowledge and experience will be retained by the Council.

The changes which include a new market-leading employee benefits package which has the potential to save the Council £800,000 per year and clearer career progression demonstrate the Council's long-term commitment to high quality staff. The new reward structure is designed to drive a performance culture in which the best possible outcomes are achieved and where outstanding performance is encouraged, recognised and rewarded.

### Features of the London Borough of Barnet solution

- Uplifting the basic rates of pay to the market average
- 12 new grades to replace the old structure of over 300 grades
- Pay progression based on performance
- More than 90% of staff will receive the same or higher rates of basic pay
- 12 months' pay protection for employees who are negatively impacted
- New absence management policy to manage high levels of sickness absence
- Simplification of annual leave set at 30 days for all employees
- Introduction of voluntary health checks
- Introduction of a market leading employee benefits package

## Contact us:

To find out more about how Capita can help you, please contact us:

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