

Long Service Awards policy

Purpose

1. The purpose of the report is to update SPC on the policy updates for the Long Service Awards policy.

Background

2. It is proposed that:
 - The voucher amount awarded at 25 years' service is increased from £150 to £250.
 - The milestones of 15, 20, and 25 years' service are recognised with a certificate of recognition and a badge.
 - Wiltshire Rewards is used as the council's long service voucher provider going forward, with each directorate contributing to a central pot to cover these and other awards.
3. The current arrangement is that employees are given a voucher to the value of £150 upon reaching 25 years' service with Wiltshire Council. This arrangement has been in place since before the move to unitary status in 2009, with the previous Wiltshire County Council policy continuing to apply.
4. The council's current provider for long service vouchers is Edenred (formerly Capital Incentives) which provides an online voucher ordering system at no cost to the council.
5. The arrangement has been reviewed in recent years, however the focus has been on the process for payment rather than the amount awarded.

Main considerations and reason for changes to the policy

Long service awards and tax liability

6. As a long service award is given as a non-cash award in the form of a non-cash voucher, there is no tax liability as long as the following apply:
 - the employee has worked for the organisation for at least 20 years
 - the award is worth less than £50 per year of service

- the employee has not received any other long service award in the previous 10 years.
7. As a result, there is no tax liability associated with increasing the value of the non-cash voucher award from £150 to £250.

Benchmarking and review of voucher amount

8. Benchmarking of local pay and reward groups has been carried out to determine common practice with regards to the approach to recognising long service. On the basis of this benchmarking, it is recommended to increase our long service award amount to £250 in line with that awarded at Bath & North East Somerset Council, a close neighbouring local authority. The cost associated with increasing our 25-year long service award from £150 to £250 is indicated in the table below, based on figures from the last three financial years.

Financial year	No. employees who achieved 25 years' service	Actual cost to Wiltshire Council under current policy (voucher amount: £150)	Cost under proposed policy (voucher amount: £250)
Apr 20 – Mar 21	24	£3600	£6000
Apr 21 – Mar 22	20	£3000	£5000
Apr 22 – Mar 23	24	£3600	£6000

Recognising lower service milestones

9. Employee habits are changing, and employees are less likely to achieve high service milestones. As such, the option to introduce monetary recognition in the form of a £50 voucher for 10 years' service has been explored. However, non-cash awards that are received within an employee's first 20 years of service are liable to tax and National Insurance. A P11D form would need to be completed by Payroll and submitted to HMRC for each non-cash award, with Class 1A National Insurance paid on the full value of the award. Due to the impact of this on the value of the award, as well as the resulting additional administrative burden, it is not recommended that a voucher award is introduced for 10 years' service.
10. It should be noted that the council already recognise 5 years' service by granting an additional 5 days' annual leave.

Non-monetary recognition for 15 and 20 years' service

11. Benchmarking indicates that some local authorities, including Dorset Council, Hampshire Council, and West Sussex County Council, recognise long service milestones in non-monetary ways, such as with a certificate of recognition.

12. Increasing the number of long service increments that are recognised will communicate to employees that their service to the organisation is noted and appreciated. This would support with engagement and retention.
13. It is therefore recommended that the council recognises 15 and 20 years' service with a certificate of recognition and a badge. Employees who achieve 25 years' service should receive a certificate of recognition and badge alongside their voucher award.
14. The table below details the number of employees who reached these milestones in recent financial years. In recognition of 15 or 20 years' service, the certificate of recognition and badge would be presented to the employee by their Director or Corporate Director as appropriate, within an in-service forum. In recognition of 25 years' service, the certificate of recognition and badge would be presented to the employee by the Chief Executive at the annual Winners of Wiltshire (WOW) awards ceremony.

Financial year	No. employees who achieved 15 years' service	No. employees who achieved 20 years' service	No. employees who achieved 25 years' service
Apr 20 – Mar 21	119	57	24
Apr 21 – Mar 22	105	55	20
Apr 22 – Mar 23	162	92	24

Voucher ordering and budgeting

15. The current process for ordering a long service voucher is managed through Edenred. A review of this process took place in September 2022 and it was determined that Edenred would remain as the current provider, with tweaks to the information held on HR Direct to provide further clarity to managers.
16. Issues with the process have persisted, with managers requiring regular support from colleagues in Strategic HR, Payroll, Procurement, and Finance. Vouchers have been delayed, risking counteracting the awards' aim of making long-serving employees feel appreciated.
17. It is therefore recommended that long service vouchers are included under the Wiltshire Rewards online benefits platform, through our partnership with the provider Reward Gateway. It should be noted that this would represent an increase in cost; Reward Gateway provide the service as a chargeable product at an approximate cost of £1,275, whilst Edenred offer the process at no charge to the council.
18. Current long service award budgets are managed in-service, with managers ordering and funding the award within their staffing budget. In order to use the Wiltshire Rewards benefits platform, this would require the funding of vouchers to be managed corporately. Consideration has already been given to the development of a central pot, paid into by all directorates, which would remove the administrative burden of reclaiming funds from the services. It is

recommended that each directorate contributes to the central pot to support employee recognition and embed the 'celebrating success' element of Our Identity. This total amount would cover long service awards and offset some of the cost associated with the WOW awards, as well as any other events the organisation may wish to hold to celebrate success.

Environmental impact of the proposal

19. None identified.

Equalities impact of the proposal

20. This policy was taken to an equality impact assessment panel on 12th October 2023. All comments from this panel were considered.

Risk Assessment

21. Employees' sense of their value to the organisation may be impacted if the recommendations proposed to SPC are not approved. This could negatively affect engagement, morale, and potentially loyalty and retention.

22. In addition, as noted above, employee habits are changing, and employees are less likely to achieve high service milestones. By revising how we recognise service, we continue to align the council's practice to the changing workforce.

Financial Implications of the proposal

23. It is important to note that any increase in the voucher award will impact on service budgets, as long service is budgeted from services rather than funded corporately. If the recommendation of annual directorate contribution to a central pot is approved, this will impact directorate budgets.

24. Although any increase in voucher amount is expected to be minimal given the small number of employees reaching 25 years' service compared with the total council workforce, the impact on services will vary depending upon the demographics of each particular service workforce.

25. In addition, consideration needs to be given to the effective date of any changes and whether any change in amount will be backdated as this will further impact on service budgets. It is recommended that the change in amount is not backdated, and takes effect from 1st January 2024.

Recommendations

26. It is recommended that SPC support the updates to this policy, as summarised:

- The voucher amount awarded at 25 years' service is increased from £150 to £250, in line with a revised published policy effective from 1st January 2024.
- The milestones of 15, 20, and 25 years' service are recognised with a certificate of recognition and a badge, effective from 1st January 2024
- Wiltshire Rewards is used as the council's long service voucher provider going forward, effective from 1st January 2024, with each directorate contributing to a central pot to cover these and other awards.

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