

For publication

HR annual report 2018/2019

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| Meeting: | Corporate Management Team Employment and General Committee |
| Date: | 4 November 2019 |
| Cabinet portfolio: | Governance / Customers and Business Transformation |
| Report by: | HR and Support Services Manager |

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1.0 Purpose of report

- 1.1 This report provides an overview of attainment against the Council's Human Resources key performance measures, together with the activity undertaken by the Human Resources team to support managers in achieving their corporate objectives during the financial year 2018/2019.

2.0 Recommendations

- 2.1 That the contents of the report are noted, and future actions endorsed.

3.0 **Report details**

Background

- 3.1 The Human Resources team was transferred from the Arvato Public Private Partnership to in-house service delivery in October 2018. On transferring, the team was restructured and merged with the Council's support services function. The HR team has been strengthened to include three new HR Business Partner roles, together with a new role of Learning and Development Business Partner. The restructure ensures that the HR team can deliver a proactive service and can better meet the individual needs of service areas.
- 3.2 This report provides an overview of the HR performance measures attained across the Council in 2018 – 2019.

Employee headcount and turnover

- 3.3 At the end of March 2019, there were 933 employees (716 FTE) at Chesterfield Borough Council against an approved corporate structure of 956 posts (780.5 FTE).
- 3.4 There has been an increase in headcount since the beginning of the year, reflecting the TUPE transfer of people from Arvato and Careline services and also reflecting the restructure of the Arts and Venues service area.
- 3.5 However, despite the employee headcount increasing, there have been a number of vacancies within team structures throughout the year, resulting in the combined corporate salaries, overtime and agency budgets being delivered with an underspend of £776,540. In 2018/2019 the budget was set with an expectation of £150,000 savings generated through vacancy control. The savings are largely attributable to delays in recruitment to new ICT posts and recruitment gaps within

Commercial Services and Housing. Such a significant budget variance is not expected to be experienced during 2019/2020.

- 3.6 Controls are in place across the Council to ensure that where there are vacant posts within the structure, there is challenge built in to ensure their continued need. These checks and balances are completed by the Council's Vacancy Control Panel, which is chaired by an Executive Director. In the financial year 2018/2019 185 posts (127 FTE) were brought to vacancy control panel and 157 posts (109 FTE) were approved by the panel. A review of the vacancy control process will be undertaken in 2019/2020 to ensure that it remains a streamlined and effective process.
- 3.7 Annual turnover levels were 13%. 126 people left the Council's employment and there were 137 new starters during the year. Our new employees were fully inducted following satisfactory employment checks and allocated to the Council's payroll on time. We have been unable to easily report on the time taken to recruit to new posts and it is intended that this measure becomes a new key performance indicator during the next financial year. The latest staff opinion survey shows that employees are growing in satisfaction with the Council's recruitment policies, with satisfaction levels increasing by 15% over the last six years.
- 3.8 Despite 126 employees leaving the Council, only 27 exit interview questionnaires have been completed and returned, meaning that robust analysis of turnover cannot be completed. Where issues or patterns have been identified from the questionnaires, employees have been offered a face to face interview with a Human Resources Business Partner to gain greater understanding. Underlying issues relating to communication and management behaviours have been identified in individual service areas following these discussions and the HR Business Partners will be working with managers to address areas of concern.

Apprenticeships

- 3.9 The Council was targeted to take on 23 apprenticeships during the year and there were 35 apprenticeships underway in March 2019. Chesterfield is one of only 3% of council's nationally who have achieved their target in year one and two. This is a great achievement and the Council is leading by example in making Chesterfield an Apprentice Town.
- 3.10 The Council's apprentice levy budget is £69,326 (at the time of writing). Apprentice levy funds expire after two years and the Council has used sufficient funding to prevent any loss of levy during the year.
- 3.11 Interest in apprenticeships across the Council continues to increase. Many enquiries for new apprenticeships relate to higher level qualifications and these are being supported where possible to provide a pathway for succession planning and build resilience into service areas.

Absence

- 3.12 For the year 2018 – 2019, the average number of days lost per person to sickness absence was 14.00 days. This is a high level of sickness, impacts adversely on the Council's overall productivity and is an increase of 1 day on the previous year's performance results. This equates to a lost time rate of 5.53%.
- 3.13 As a comparison, the national average days lost to sickness within the public sector was 9.7 days in 2017. High sickness levels place increased pressure on the existing workforce who are often required to backfill absences and work longer hours.
- 3.14 The absences fell into two categories: short term and long term (over 28 days). During 2018/19 there were 718 occasions

of short-term absence and 111 occasions of long-term absence. The main reasons for absence were:

- Stress/depression and anxiety
- Operations
- Back problems
- Musculoskeletal (not back)

3.15 We have implemented several measures to support employees in managing health issues, including the provision of an occupational health programme, counselling sessions and physiotherapy sessions. In addition, we provide healthy workplace activities such as yoga and relaxation and provide discounted membership rates at our Leisure Centres. New learning and development sessions have been delivered relating to managing conflict and the Council continues to promote flexible working options and other policies which support the work/life balance. This has been recognised by staff and is reflected positively in the latest Staff Opinion survey.

3.16 The absence policy has been reviewed and refreshed and has been formally adopted. On a monthly basis, absence reports are produced from our HR and Payroll system and are provided to service managers for review and action. Since the HR Business Partners have been in post they have been discussing sickness levels with service managers and providing support when sickness meetings are held. However there is some inconsistency in process across the Council and concerns have been raised over the quality of the system data provided. A full review of absence management is underway with proposals for a more centrally controlled absence process being established alongside the planned upgrade of the HR and Payroll system. Further progress reports will be provided throughout 2019/2020.

Casework

- 3.17 The HR team have dealt with a total of 44 cases related to performance management during the year. This is a reduction on 2017 – 2018 levels and it is pleasing that through strengthened management, close working with Trade Unions and supportive HR intervention, the Council has continued to experience a reducing level of casework over the last 2 years.
- 3.18 Of the overall cases above, the team have dealt with 17 disciplinary cases, resulting in 5 cases where no further action was taken, 1 informal warning sanction, 6 written warning sanctions, 3 final written warning sanctions and 2 resignations. This is a significant reduction in the 30 disciplinary cases undertaken in 2017-2018 and demonstrates the benefits of our business partner model.
- 3.19 There have been 4 capability ill health meetings resulting in dismissal during the year.
- 3.20 The team have dealt with 8 grievances, 2 harassment cases and 1 whistleblowing case. These cases have highlighted areas for improvement in some service areas and the HR Business Partners are working closely with these service areas to address the concerns raised. These cases have all been resolved by either formal mediation through ACAS or informal resolution locally.
- 3.21 During 2018 – 2019 the HR team has provided support and guidance to the Arts and Venues manager when completing a restructure of the areas and administered 8 redundancies which were generated from this restructure. A further redundancy was completed within the Housing service area.
- 3.22 The HR team works hard to maintain a good relationship with the trade unions, and this has enabled us to resolve grievances at the lowest level possible and maintain good

employment relations in most areas. This aids in the policy decision making process.

- 3.23 The team have refreshed and revised nine policies during the year. HR policies are reviewed on a regular basis to ensure their currency. Whilst a programme of policy review has been agreed with the unions for 2019/20, urgent refresh to policies may be required due to changes in legislation. It is anticipated that at least 4 policies will be reviewed and refreshed during 2019/2020.

Pay and grading

- 3.24 The HR and Support Services manager acts as client manager for the payroll service which has been retained in Arvato. An annual audit of the service has provided satisfactory assurance around the systems and internal controls in place. An end to end review of the payroll process will be completed during 2019/2020, to identify areas for continuous improvement.
- 3.25 Issuing of paper payslips has been significantly reduced following the move of all staff onto monthly payroll, streamlining the payroll process. It is the intension to consult with employees around moving to online provision for payslips during 2019/2020. This will enable improved employee access through self- service and will help to increase productivity levels within the Payroll team. In addition, a reduction in paper will help to support the Council's activity around the climate emergency.
- 3.26 The HR team continue to ensure that pay and grading is consistent, fair and transparent. The NJC Job Evaluation process is the vehicle for this. During 2018 – 2019 HR and Trade Union officials sat at 13 job evaluation panels and evaluated a total of 46 posts. The bulk of these evaluations were related to the Arts and Venues restructure and to the

transfer of the ICT service. Further work will be completed in 2019/2020 to evaluate whether our pay and grading remains fit for purpose.

Learning and Development

- 3.27 The Council has recruited a Learning and Development officer who is an accredited trainer, and this has enabled the Council to deliver more in-house, face to face training during the 2018/2019 financial year.
- 3.28 226 people have attended training courses delivered by the HR team. Courses delivered have been designed to meet the priority needs of our employees and have focused on managing attendance, PDR training, managing employee performance, managing stress, interview skills, conflict management and customer services training.
- 3.29 7030 e-learning modules have been completed across the council, equating to the provision of approximately 220 days of training. Just over 87% of the workforce have completed their allocated mandatory training and are compliant. There are often extenuating circumstances for mandatory training not being completed, however a due diligence process will be implemented during 2019 – 2020 and where there are no extenuating circumstances, the non-completion of mandatory training will be escalated to the line manager and then to the Assistant Director for correction.
- 3.30 The learning and development budget was centralised during the 2018/2019 financial year and a process implemented to allow oversight and ensure that funding was spent on priority areas of need. Budget approval was provided for all essential training identified within the council, however the budget did not allow for any desirable training to be completed during the year. The outturn on this budget was £25,465 and a carry

forward of this sum was granted due to the lateness of formal agreement to the L & D expenditure plan in 2018.

Performance Development

- 3.31 The Council achieved a 92.58% completion rate in the number of PDR's completed in 2018 – 2019, up from 89% in 2017. A mid-year review was also completed for the first time.
- 3.32 Feedback on the PDR process suggests that more work is required to streamline the PDR form, making it quicker and easier to navigate, with specific reference to casual and variable hours staff. This review will be completed during 2019/2020.
- 3.33 The Council's staff opinion survey highlights that our employees do not feel that the PDR process recognises their contribution or makes them feel valued. The survey also highlights that employees do not feel that the Council cares for them. Further work will be completed during this financial year to develop our managers to have honest and motivational conversations with employees. Further support will also be provided by the HR Business Partners to help managers to use the PDR process to aid succession planning, support personal development and for it to act as an accountable plan when managing performance.

Change

- 3.34 During the year the HR and Support Services Manager and the HR Business Partners have worked with managers across the Council to support change, delivering the activities highlighted in the Council's workforce strategy. This work has resulted in the Council achieving Investors in People accreditation at silver level.

- 3.35 The new behavioural competency framework was actively utilised for recruitment and performance management in 2018/2019. The framework highlights 'what good looks like' and provides clear links to career development and progression. This will be fully rolled out to all employees ready for the next appraisal year.
- 3.36 The HR Business Partners are working closely with service leads, ICT project managers, business analysts and employees to support the successful implementation of the ICT Improvement Programme and the digital change that will ensue through delivery of this programme. The HR Business Partners will focus on ensuring teams are clear about the new vision, they will help to frame issues and concerns so that staff are engaged and mobilised and they will encourage new ways of thinking in a 'safe' environment. This activity is planned to continue until completion of the transformation programme.

Employee Survey

- 3.37 The 2019 employee survey achieved a response rate of 59.9% and for the first time ever achieved over 30% return rate in all service areas. The results showed increased performance year on year in 52 of 65 areas which is a huge achievement and demonstrates the progress we are making to improve employee engagement. However, the survey showed there is still more to do to demonstrate consistent improvements around the following areas:
- Workload and capacity
 - Management – focusing around style and instilling a culture of blame
 - Leadership visibility and trust
 - Change management
 - Having the right tools for the job
 - Perceived lack of care and concern for staff
 - PDR's

3.38 HR and L & D Business Partners are working with service managers to develop their employee survey action plans as a response to concerns raised and corporately the results have been fed into the new People Plan.

HR Services in 2019/2020

3.39 In addition to delivery of the HR and Payroll transactional services, the strategic activities planned for the HR and Support Services team during the 2019/2020 financial year include:

- Developing and delivering the HR Business Partner service delivery plans;
- Development and implementation of the 2019 – 2024 people plan;
- Development of our rewards, recognition and benefits offer for our people and our teams, so that exemplary behaviours are recognised;
- Development of career pathways and development programmes to support our people develop their careers with us;
- Supporting the introduction of technology that enables and encourages working in a flatter hierarchy;
- Creatively utilising flexibility within our pay and reward mechanisms to become more competitive in our recruitment;
- Developing ways to track investment in our people against our level of retention;
- Developing a pool of mentors and coaches to nurture talent and support performance;
- Developing a 'new manager' induction programme;
- Upgrading the HR and Payroll ICT system, so that efficiencies can be made, and better absence data be provided;
- Supporting the transition of Arvato and Kier employees into the Council;

4.0 Human resources/people management implications

4.1 The HR team has undergone restructure during 2018/2019 and has been strengthened with four new recruits to ensure that the Council has the appropriate capacity and capability to deliver against its people ambitions.

4.2 There has been 1 resignation within the team. The vacant post has now been filled and the new member of the team joined in September 2019. The team is now fully staffed against the approved establishment.

5.0 Financial implications

5.1 The service was delivered within its approved budget.

6.0 Risk management

6.1 The HR service has a risk register in place which is updated on a monthly basis. Significant risks are fed into the Customers, Commissioning and Change risk register or directly to the Council's corporate risk register.

7.0 Equalities Impact Assessment (EIA)

7.1 A full equality impact assessment is not required to support this report.

8.0 Alternative options considered

8.1 Not applicable

9.0 Recommendations

9.1 That the report is received and noted and future actions endorsed.

10.0 Reasons for recommendations

10.1 Members are aware of the key performance levels achieved in 2018/2019 relating to our workforce and endorse the actions being undertaken to support continuing investment in our people.

Decision information

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| Key decision number | |
| Wards affected | ALL |
| Links to Council Plan priorities | Delivering value for money services |

Document information

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|----------------------|--|
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