

Item No. 6.	Classification: Open	Date: 27 February 2017	Meeting Name: Audit, governance and standards committee
Report title:		Governance topic: update on human resources	
Ward(s) or groups affected		All wards	
From:		Head of Human Resources	

RECOMMENDATION

1. That the audit and governance committee note the progress in changes across the human resources and organisation transformation services, the workforce achievements since the last update in February 2016 and plans for the coming year.

Background and team changes

2. Through its governance framework the council can monitor performance and the achievement of strategic objectives. At its meeting in September 2015, the audit and governance committee selected human resources as its governance theme for the year and an initial report was considered in February 2016. This report outlines the progress made since that time.
3. The leadership of the modernise division is now in place with appointments to the Director of Modernise and heads of service for IT, HR and Organisation Transformation joining the existing head of corporate facilities management.
4. The restructure of the HR service took place during summer 2016, resulting in a new HR business partner team, resourcing and change expertise and a small policy and analytics function. Most vacancies have been filled, although some recruitment is still taking place as certain roles have proven harder to fill.
5. We are reviewing all processes to remove bureaucracy, making best use of technology to automate activity, freeing HR colleagues up to provide more valued professional advice on complex cases and to allow more focus on workforce planning, talent management and performance improvement. This is coupled with a skills development framework for HR colleagues to develop and share their expertise and progress their careers.
6. We have started to pilot quarterly narrative HR workforce reports developing better skills in using an evidence base to inform workforce priorities.
7. The Organisation Transformation team started a reorganisation on 15 February. The proposed structure is due to implement in May and creates capacity to support the council across learning and development, organisation development and business transformation.

Workforce strategy

8. On 1 November, Cabinet agreed a new workforce strategy for the council as part of its modernisation programme. The strategy aims to develop the culture, skills,

processes and management capability to support a productive, motivated and high performing workforce.

9. The workforce strategy was developed as a result of discussions and contributions from staff across the council, ensuring it is meaningful and addresses key service concerns. It identifies nine delivery areas in order to achieve our ambitions:

- New ways of working
- Recruitment and retention
- Management and leadership
- Learning and development
- HR management and policies
- Pay and reward
- Equality and diversity
- Job design and organisational structure
- Wellbeing and engagement.

10. HR and organisation transformation colleagues have been developing a work programme to deliver against this ambitious strategy and a brief summary of achievements and plans against each area is set out below:

New ways of working

- The strategy will help us to be fit for the future, transforming how Southwark operates as a council, fulfilling our promise to modernise our council by transforming where and how we work in order to better serve our customers.
- This includes improvements to our technology which will allow us to better connect colleagues and share information. Increasing, more mobile technology will enable us to work more efficiently and easily from different locations, reducing printing.
- We continue to offer excellent flexible working arrangements with 14% of staff working part-time and many others able to work in less formal flexible ways such as home working and flexible start and finish times.
- These arrangements are particularly taken up by female staff, often with caring responsibilities and older workers as they approach retirement.

Recruitment and retention

- We are increasingly using digital channels, reducing our reliance on traditional media, ensuring value for money on campaigns. We have recently met with our advertising partner to explore opportunities for more creative campaigns and use of social media to better target candidates for hard to fill areas.
- We continue to modernise our recruitment application system and are shortly to introduce a responsive jobs site rebranded in the Southwark style which will allow applications from mobile devices, bring content management in house and connect content to job types, improving the candidate experience without them having to create and manage accounts.
- Our time to hire new recruits remains stable with data showing that 87% of posts are filled within three months, including all safeguarding checks. This is

helped by our on-line portal through which the average turnaround time has decreased from 25 days to 16. Over 80% of applications are completed within 10 days.

- An interrogative review of our recruitment policies and procedures is underway, including our ability to source and attract the best candidates.
- We have started a project to review and update our induction and on-boarding of new employees, giving new joiners a high quality first experience of Southwark, increasing the likelihood of retention. Maximising the use of technology through our induction process will set out our expectation for new starters and support the embedding of a digitally-enabled culture in the council.

Management and leadership

- We are developing a behaviours framework underpinned by the existing Fairer Future Principles to better portray to prospective candidates and existing staff our values, including a clearer narrative on what it means to be a Southwark manager.
- In January 2016, we held our first top 100 leaders event. In response to positive feedback, this will be rolled out in spring 2017 as a quarterly event and a monthly briefing for the top 500 managers will be issued to support engagement and timely information sharing.
- Our Leadership and Management Development programme offers managers at different levels the opportunity to enhance their skills and knowledge to progress their careers. The programme is endorsed by the Institute of Leadership and Management (ILM). At present there are 74 employees on the programme, at a variety of levels. Since the inception of the ILM programme in 2014, 234 managers have completed an ILM programme and remain within the council.

Learning and development

- We are consulting on a corporate learning and development plan underpinned by a review of our learning and development management system and refreshed intranet to ensure that it supports our digital agenda, allowing better use of e-learning, social learning, content sharing and virtual classroom. The design of the programme will maximise our ability to use technology but where courses are classroom based, we will promote opportunities to network with colleagues across the council.
- We continue to holding the coveted liP gold status and are working to ensure this is retained when we seek reaccreditation in 2018. In the 2015 staff survey 62% give a good or very good rating to their manager for identifying training needs and/or areas of professional development for team members.
- Southwark is one of three boroughs (with Lewisham and Greenwich) to form a DfE funded South East London Teaching Partnership to provide innovative and sector-leading development for our social workers.

- We will continue to lead the apprenticeship agenda, with an increased focus on post-entry training, and attracting candidates to hard to reach areas by offering high quality training opportunities through high level apprenticeships. This maximises the opportunities presented to us by the apprenticeship levy. In January we became the only London borough to be included in the national top 100 apprentice employers. As at January 2017 we have 72 apprentices on our programme and 25 trainees.

HR management and policies

- We have started a fundamental HR policy review programme, looking to modernise internal procedures for dealing swiftly and sensitively with staff grievances, performance, absence and disciplinary matters.
- We will also be streamlining our organisational change procedure, ensuring we are able to be agile in reshaping the organisation to meet our strategic objectives while providing appropriate opportunities for early and ongoing engagement and consultation with affected staff and trade union colleagues.

Pay and reward

- We are placing a strong focus on our pay and benefits packages to ensure that the rewards of working for Southwark are attractive, modern, and relevant to the aspirations of our workforce. This will include making sure that our employment package is consistent where it needs to be, but offers flexibility to be tailored to meet different business or individual needs, while ensuring value for money in difficult financial times.
- We continue to maintain the London Living Wage for all staff, meeting the commitment to ensure that staff on salaries below £21k receive at least a £250 pay increase.
- We continue to offer a wide range of employee benefits, aimed at improving recruitment and retention of valued staff. Our suite of benefits facilitates employment for parent-carers, addresses our ambitions for a greener borough through supporting sustainable travel and promotes good health in line with our public health priorities.
- Examples include: free access to swim and gym borough-wide, season ticket loans, a childcare voucher scheme, childcare loans, the recently introduced cycle scheme and an employee discount platform, all of which have good take-up.

Equality and diversity

- Our annual workforce report shows that the demographics of our workforce have remained stable over the past few years, despite the significant staffing reductions as a result of our financial challenges; for example 51% of our staff are female, 48% from a black or minority ethnic background, both of which are very similar to the percentages in the Southwark community. 3.3% have declared a disability. The average age of our staff is 45.

- We are seeing an increase in colleagues wishing to organise employee networks which we continue to support, e.g. women's network, young workers and those on the autism spectrum.
- New requirements for gender pay gap reporting will be coming into force this year and we will be required to publish gender data in accordance with statutory calculations by March 2018. We propose publishing this as part of our annual workforce report and will work with the women's network on any arising actions.

Job design and organisational structure

- The development of a dedicated change team within HR as well as proposals under consultation for a business transformation team will enable us to better meet the recommendations of the November 2015 LGA peer review which advised that a more strategic approach to organisational change and transformation ought to be developed.
- The data snapshot for January 2017 showed that there were 457 agency workers on assignment; we remain within the top quartile of London authorities for our percentage of agency workers compared to our employed workforce. There continues to be close scrutiny on the use of agency workers and consultants.
- Over the coming year, we will be retendering our agency contract with Comensura which expires in March 2018. The contract is currently delivering against its KPIs and achieving savings against previous contract rates.
- A revised third enhanced voluntary redundancy scheme was introduced for a limited period in 2016-17 and has so far facilitated the exit of 284 staff members, realising significant salary savings.
- Data shows that the scheme is fully accessible to all grades of staff and lower-graded employees are well-represented. The average grade of those who have left under scheme 3 is grade 9.
- Proposals for future redundancy arrangements are being prepared for consideration now that scheme 3 has concluded.

Wellbeing and engagement

- We already hold the middle level of the London Healthy Workplace Charter in recognition of our employee health and well-being initiatives and will continue to work with our Health and Safety teams towards excellence.
- We have a new occupational health contract with Optima which commenced in April 2016.
- Sickness absence continues to reduce and stands at 6.08, lower than the average sickness across London boroughs at 7.5 days. We are looking to refine our categorisation of sickness absence reasons to allow us to better target health and wellness initiatives for staff in partnership with Optima.

- Our staff tell us that they enjoy working for Southwark and we have good retention rates. The average length of service is 9 years and we have a high percentage of employees with more than 20 years' service. Long service awards were given to over 60 employees in 2016.

Legislative changes

11. The committee heard last year that the government is introducing two pieces of legislation in relation to staff exits which will impact on them (and the council) financially. Finalisation of these pieces of legislation has been delayed and neither is yet in force. Both are expected in spring/summer 2017 but no date has been published at the time of reporting.
 - a) A cap of £95,000 on all public sector exit payments, including redundancy payments, pension strain costs, pay in lieu of notice and any other payments made in consequence of loss of employment e.g. as part of a settlement agreement.
 - b) A 'claw-back' arrangement to recover public sector exit payments from high earning individuals (earning over £80,000), who will be required to pay back a payment if they return to any part of the public sector within 12 months of their departure.
12. Although intended to capture 'top earners', analysis of our workforce data shows that the cap would affect middle earners upwards, e.g. those earning £30 - 40,000, in particular those who have just reached the pension trigger age of 55. This is because the Local Government Pension Scheme does not permit individuals not to draw their pension when made redundant over that age and the capital cost to the pension scheme is included in the cap.
13. There are also changes due in April 2017 to the tax legislation (IR35) which affect workers who choose to operate through a limited company vehicle. The changes have clear policy intent that those working in the public sector should pay income tax and national insurance where they are undertaking roles that might in other circumstances be filled by an employee. It is not uncommon for those working via a third party, i.e. an agency to operate as a limited company and we are working with our agency provider to ensure workers are engaged under the appropriate arrangements as well as reviewing the status of any directly engaged contractors.

Policy implications

14. This update report is not considered to have direct policy implications.

Community impact statement

15. This update report is not considered to have a direct impact on local people and communities.

Resource implications

16. This update report is not considered to have any direct impact on resources.

Consultation

17. There has not been any consultation in relation the content of this update report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

18. This has not been required.

BACKGROUND PAPERS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
None.	

AUDIT TRAIL

Lead Officer	Julie Foy, Head of Human Resources		
Report Author	Julie Foy, Head of Human Resources		
Version	Final		
Dated	13 February 2017		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments sought	Comments included	
Strategic Director of Finance and Governance	N/A	N/A	
Director of Law and Democracy	N/A	N/A	
Cabinet Member	No	No	
Date final report sent to Constitutional Team		13 February 2017	