

Item No. 13.	Classification: Open	Date: 31 October 2017	Meeting Name: Cabinet
Report title:		Annual Workforce Report	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD - COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

In November, cabinet agreed a suite of new strategies to help staff in the way they work so that we can be the best employer that we can, and so that our workforce is equipped to deliver the council's priorities for the people of the borough.

Each year, we produce an annual workforce report which provides progress, statistical information on staff and employment activity and this year includes gender pay gap reporting. The annual workforce report shows that our workforce is broadly reflective of the local community. It also provides a strong indication of the success of our apprenticeship and management programmes and that our workforce is developing the skills and knowledge that will enable us to deliver innovative and high quality services for all our customers in the future, recognised through our achievement of Investors in People Gold status.

Equality and diversity remains a strong focus at Southwark and the report highlights aspects that require further consideration as part of our equality work planning and development of our equality action plan which will set further equalities priorities and continued action to address any areas of concern and build upon areas where we are doing well.

The council has again faced unprecedented cuts to its budget from central government. Despite this we have managed to avoid compulsory redundancies and we maintain a productive and motivated workforce who tells us they are proud to work for Southwark, with low sickness rates, fewer complaints and a high level of retention.

I am proud that every day, residents across the borough are served by a team of talented, committed and hard working council officers who support the council's mission to deliver a fairer future for all in Southwark. This report shows we are committed to not just making Southwark a great place to live, but a great place to work too.

RECOMMENDATIONS

That the cabinet

Notes the workforce report attached as Appendix 1 and that this report:

1. Demonstrates that the council continues to reflect the diversity of the borough in the makeup of its workforce and the levels of change that have taken place have not impacted negatively on the diversity of the workforce;

2. Demonstrates that the council has protected frontline staff despite the level of savings that have been made due to reductions in central government funding;
3. Suggests a picture of a productive and well motivated staff with low levels of sickness, low levels of staff complaints and good rates of staff retention.
4. Suggests that the council is an attractive employer given the high numbers of applications that the council receives;
5. Highlights how we will continue to inform Southwark's Workforce Strategy agreed by cabinet in November 2016 suggesting some areas requiring further consideration and action for example in encouraging staff to declare disabilities assisted by our HR system upgrade, so that the council can monitor our commitment to employing and retaining staff with disabilities.

BACKGROUND INFORMATION

6. In November 2016 cabinet agreed a suite of strategies to help staff in the way they work and support the delivery of the council's priority outcomes. The workforce strategy will help us make sure that our people can deliver our corporate plans and priorities for our borough and as one council. This will help provide staff across the council with a more consistent experience, reduce bureaucracy and communicate to and between staff more effectively.
7. The Equality Duty 2010 is supported by specific duties which require public bodies to publish relevant, proportionate information annually demonstrating compliance. Information must be published in a way which makes it easy for people to access it and, for public bodies with 150 or more employees, to consider how their activities as employers affect people who share different protected characteristics. The span of information to be published is not specified within the Duty, but it is suggested that the following could be included:
 - composition of the workforce
 - pay equality issues; in Southwark this is shown by profile at different grades and includes new reporting requirements to publish gender pay gap data.
 - recruitment and retention rates;
 - learning and development opportunities;
 - grievances and disciplinary issues for staff with different protected characteristics.
8. Published information could also include plans to address equality concerns within the workforce, and information from staff surveys.
9. The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 placed a new requirement on employers in the public sector in England with 250 or more staff to publish their gender pay gap data, specifically:
 - their mean gender pay gap
 - their median gender pay gap
 - their mean gender bonus gap
 - their median gender bonus gap
 - the proportions of male and female employees who received bonus pay
 - the proportions of male and female employees in quartile pay bands.

10. To meet our obligations, the council produces an annual workforce report which includes a range of Human Resources (HR) related data. This year it will include the gender pay gap data for the first time. The report is published on the council's website. The 2016-17 report is attached at Appendix one.
11. Southwark's trade unions have been briefed on the workforce data and we will continue to work constructively with them on the development of the workforce equality plan.

KEY ISSUES FOR CONSIDERATION

12. The workforce strategy has set out key employment related areas to support delivery of the council's fairer future promises:
 - New ways of working
 - Recruitment and retention
 - Management and leadership
 - Learning and development
 - HR and management policies
 - Pay and reward
 - Equality and diversity
 - Job design and organisational structure
 - Wellbeing and engagement.
13. The workforce report provides some key information to consider within the context of the workforce strategy.

Recruitment and retention

14. Our strategy sets out the work we are doing to develop our employee brand so that we can continue to attract and retain high calibre staff, supported by effective recruitment and retention policies. Despite reductions in our workforce, it is as important as ever to improve our approach to workforce planning so that as the council and our services evolve we have the right staff with the right skills doing the right jobs.
15. The workforce has reduced from 4,538 at year end 2015-16 to 4,150 at year end 2016-17.
16. Despite having to make significant savings in 2016-17, the council has protected frontline staff from cuts where possible; in total, there was an 8.6% reduction in the workforce.
17. Throughout the year a total of 384 people left through the council's voluntary redundancy scheme which closed at the end of 2016. During 2016-17 no compulsory redundancies were made.
18. Competition for posts is vital to ensure the council is able to appoint the best quality candidates; in 2016/17, the council received almost 6,000 applications, averaging over 15 applications for each opening. This demonstrates that the council is seen as an attractive employer, in spite of the recent cuts to local government.

19. The council prides itself on ensuring that all applications are treated equally. In terms of gender and disability, the success of hired candidates remains proportionate to the percentages of people who applied.
20. 42% of those recruited were from a black or minority ethnic (BME) background. This data includes both internal and external recruitment. New starters to Southwark were evenly split between BME and white candidates which mirrors our existing establishment.
21. There was a difference between the percentage ultimately hired from BME communities (42%) and the percentage of BME applicants (61%). This is partially explained by the fact that those recruitment exercises with the largest number of applicants tend to be those with higher percentages of BME candidates, i.e. for jobs with more than 100 applicants, on average 75% of applicants were from BME backgrounds compared to an average across all roles of 64%.
22. Many candidates also make multiple (defined as more than three) applications to the council. 80% of multiple applicants are from BME backgrounds. Every separate application is included in the data. The most applications made by one candidate was 14 during the year.
23. 49% of promotions were amongst staff from BME backgrounds.
24. 269 people started work with the council during the year 2016-17. As expected, this number is much lower than the previous year when there were 451 new starters.
25. Those starting work during 2016-17 have not made any noticeable changes to the profile of our workforce in terms of gender, age or ethnic origin. 55% of staff hired during the year were female and 52% were from BME communities. 5% classified themselves as having a disability.
26. 81% of advertised posts were successfully recruited to during 2016-17. This is higher than our expectation of 75%.
27. A review of recruitment processes and timescales to improve a number of areas in recruitment as part of our workforce strategy has begun and modernisation of the candidate experience through a new look and feel job site allows applications from any smart mobile device.
28. In 2015-16 and 2016-17 combined, 82 apprentices/ trainees have completed their programme - 56 have secured jobs with the council and 16 with other employers including our contractors, 13 have progressed to higher level apprenticeships or to university while only 9 have left the programme without completing their studies & without securing a permanent job immediately following the programme. This represents a success rate of 90%.
29. 3.6% of our workforce are aged 16 to 24 years of age. This is higher than the London average of 3.3%.
30. Agency workers are not employees of the council, but they are an important part of our resourcing arrangement. There has been an increase in the number of workers on assignment compared to last year while restructures and recruitment are pending. The "snapshot" across 2016-17 shows that at the end of March 2017, 489 individuals (8.4% of the workforce) were agency staff.

Learning and development

31. We have committed to creating a workplace where staff enjoy what they do and have opportunities to develop and share their knowledge with others. We wish to ensure that learning and development opportunities will always enable better performance in existing job and/or help staff to progress within the council.
32. Investors in People awarded Southwark Gold status in August 2015, as recognition of our investment in staff learning and development. Only 14% of the companies awarded Investors in People status achieved the Gold standard in 2015. We are due for reaccreditation in 2018.
33. There has been provision of a comprehensive set of training programmes. Over 3,900 training events were recorded across the workforce in 2016-17.
34. The proportion of those attending is broadly in line with the profile of our workforce although fewer male staff attended training compared to female staff. This will be addressed through a number of mechanisms e.g. performance management, developing strategies that encourage learning and development to all staff equally.

Pay and reward

35. Our most valued resource is our staff and we want ensure that the rewards of working for Southwark are attractive, modern, and relevant to the aspirations of our workforce.
36. The performance management scheme links the performance of the employee to the attainment of organisational aims. Under the scheme staff may be recommended for an incremental award on 1 April in each year (until they reach the maximum point of their grade). In 2017, 73% of the workforce were eligible for an increment. 67% of employees received an increment which is slightly higher than the previous year.
37. The London Living Wage is in place and maintained across the entire workforce. Staff benefits including season ticket loans, bike scheme, free gym and swim and childcare vouchers continue to be available. 85% of staff are in the pension scheme.
38. The gender pay gap data shows that the average pay for female staff is above the average pay for male staff. This is predominantly driven by the fact that we have a large in-house street cleaning service where roles are at the lower grades in our structure. The majority of that staff group is male.
39. Bonuses are only in place within our traded service, e.g. for electricians and plumbers. This is almost entirely a male staffed service and the average bonus pay is higher for men. This is influenced by the additional shifts they carry out which the legislation requires us to include. The scheme is under review.

HR and management policies

40. We want to ensure that our HR and management policies and procedures add value and improve our management practices.

41. The workforce report shows a relatively low number of disciplinary investigations and actions across the workforce and there are low numbers of staff complaints. The number of staff subject to disciplinary or capability actions are few and equate to less than 1% of the workforce although they can be time consuming to manage. We focus in particular on hotspots although the relatively low numbers overall may be considered as an indicator that the council has robust and compliant processes in place and that the vast majority of staff have engaged positively with these.
42. Cases are regularly reviewed to identify themes and patterns which may inform improvements to our practice and policies.
43. The number of BME staff subject to disciplinary, capability, complaints and respect at work complaints compared to white staff is broadly in line with the workforce profile.

Equality and diversity

44. Southwark is hugely proud of our diverse and vibrant local community and we want to reflect these at all levels within the council.
45. It is important that the council reflects the diversity of Southwark. In terms of gender, ethnicity, age and disability, the council reflects the borough. For example, 50.5% of Southwark is female and 51% of the council's staff are female. Similarly, 45.8% of Southwark's residents belong to a Black and Minority Ethnic (BME) group and 49% of staff are BME.
46. The number of BME and female staff at JNC level (grade 14 and above) at year end 2016-17 has increased this year from 14.5% to 15.8% for staff from BME backgrounds and from 46.3% to 48.2% for female staff. These increases are positive, but we will look to introduce initiatives for increasing the representation at senior levels in the organisation amongst staff from BME backgrounds.
47. The number of staff declaring a disability (2.7%) fell for the third year and is now under the London average of 4.0%, which has also experienced a reduction over time. This has been impacted due to a larger percentage of leavers (9%) in 2016-17 being disabled. Southwark has been a Two Tick disability employer (now Disability Confident Employer) for the last nine years, recognising our commitment to employing and retaining staff with disabilities.
48. Whilst new employees are encouraged to declare any disability at recruitment, it is recognised that existing employees who develop disabilities during their employment need to be encouraged to declare this. Early results from the staff survey conducted in 2017 show 10% of staff declaring a disability. As part of the 2018 improvements to our HR system (SAP), we will ask staff to update their details.
49. The broad ethnic origin of staff leaving the council is balanced with 46% BME staff and 53% white staff leaving and broadly similar to the workforce.

Wellbeing and engagement

50. We want our staff to enjoy coming to work and to do a brilliant job. It is important to us to provide a working environment that is welcoming, supportive, empowering, professional and safe.

51. The results from the 2017 staff survey showed that a significant majority of employees (78% of the respondents) are proud to work for Southwark. The majority of staff (66%) would speak highly of the council as an employer and service provider. 89% understand how their work contributes to the success of the organisation. In general Southwark compares favourably to local government benchmarks and shows improvements since the 2015 survey.
52. Sickness absence rates showed another decrease this year, with an average of 6.2 days per employee. This is a continued reduction over the past three years and continues to be lower than the average sickness rates across London boroughs, currently 7.8 days per employee. 55% of the workforce had no sickness absence during the year 2016-17, a slight reduction on last year at 51%.
53. At present a high percentage of sickness absence does not have a recorded reason and it is likely that this is resulting in underreporting of stress, depression and anxiety related absence which we know is the primary cause of sickness absence in the public sector. Changes are being made to our systems to improve data capture and allow us to better target health interventions.
54. The council formally holds the achievement level of the London Healthy Workplace Charter having provided detailed evidence against criteria on leadership, health and safety, attendance management, smoking, healthy eating, physical activity, mental health and wellbeing and alcohol and substance misuse. This work continues through the Health and Wellbeing steering group.

Management and leadership

55. Our success in being a good employer and in delivering on our promises to our residents depends on the support, energy and professionalism of our managers and leaders. We need to ensure that managers and leaders have the knowledge, confidence and tools to support and develop staff, make fair decisions and are clear what it means to successfully deliver services in Southwark.
56. 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). Since the leadership programme commenced in 2014, 234 managers have completed the programme.
57. We continue to take steps to support career progression into more senior roles, particularly for women and those from BME backgrounds who are underrepresented at our more senior levels. We will be introducing a new approach to coaching and mentoring over the coming year and continue to work closely with groups such as the Women's Network who run a series of successful events and training focusing on e.g. career boosting.

Policy implications

58. Some action points may require amendments to existing HR policy as part of the development of the workforce strategy and will be subject to the appropriate approval process.

Community impact statement

59. Analysis and ongoing evaluation of the equality impact is fundamental to the Workforce Strategy. Our workforce reporting provides information demonstrating compliance with the Equality Duty and considers how the strategy affects people who share different protected characteristics. The workforce report informs the strategy and analyses the impact upon :
- composition of the workforce
 - pay equality issues; reporting on profile at different grades
 - recruitment and retention rates
 - learning and development opportunities;
 - grievances and disciplinary issues for staff with different protected characteristics.
60. This analysis of the reporting information influences plans and proposals to address equality concerns within the workforce.
61. Any policy changes will be subject to impact assessments.

Resource implications

62. There are no specific implications arising from this report. Existing resources are already in place to meet the strategic aims. Any actions arising which have resource effects will be subject to separate decision-making process and reallocation within existing budget.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

63. The director of law and democracy notes the content of the report.
64. The report asks cabinet to note the contents of the appended Annual Workforce Report.
65. Cabinet are reminded of the General PSED Duty under section 149 of the Equality Act 2010 to have due regard to the need to:
- a. Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - b. Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
 - c. Foster good relations between person who share a relevant protected characteristic and those who do not share it.
66. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are protected in relation to (a) only.
67. Cabinet's attention is drawn to paragraph 4 of the Report which sets out the new requirement, under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, for public authorities to publish specified information relating to the gender pay gap in their organisation in addition to the existing requirements under the duty to annually publish proportionate equality information in respect of

their workforce (Specific PSED Duty), to demonstrate their compliance with the General PSED Duty.

68. In producing and publishing the Annual Workforce Report as appended to this Report the council is meeting that Specific PSED Duty.
69. The PSED General Duty is a continuing one; the Annual Workforce Report and the new Workforce Strategy referred to in paragraph 1.5 of the Report will assist the council in complying with that General Duty.

Strategic Director of Finance and Governance

70. The strategic director of finance and governance notes the recommendations in this report. Where the updates to the council's workforce strategy have financial implications, these will be managed within the existing agreed budgets for the council's general fund and housing revenue account.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Workforce Report 2016-17

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Gerri Scott, Strategic Director of Housing and Modernisation	
Report Author	Julie Foy, Head of Human Resources	
Version	Final	
Dated	19 October 2017	
Key Decision	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	19 October 2017	