

Open Report on behalf of Debbie Barnes OBE, Executive Director for Children's Services

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| Report to: | Overview Scrutiny and Management Board |
| Date: | 27 June 2019 |
| Subject: | Council People Management and Workforce Plan 2019 - 20 Progress Report Update |

Summary:

The purpose of this report is to provide an update on the HR Management Information and the actions which have been taken forward following the 2017 employee survey.

Actions Required:

The Overview and Scrutiny Management Board is asked to seek assurance on HR Management Information and the actions taken following the 2017 employee survey.

1. Background

The HR Service provides quarterly updates of HR management information to Director Management Teams (DMT). Annual reports are also reported to Corporate Leadership Team (CLT) which provide workforce information from both within and external to the Council to aid planning to address future HR and workforce priorities. The HR Service is also required to publish information on the internet about the workforce in an annual gender pay gap report and in the annual Workforce Report, summarising equality and diversity performance both in line with statutory requirements. This report provides a summary of the most recent data available from the 2018/2019 Quarter 3 report (September to December 2018).

In 2017, the HR Service conducted an employee survey, the outcomes of which although positive also provided qualitative data on areas for improvement across the Council. This report provides an update on the actions that have and will be taken to address concerns raised through this survey. The plans for the next employee survey are currently under consideration.

2. Corporate Workforce Management Information

Together with other organisational information, the data about the workforce informs the priorities for the Council's HR and Workforce Plan projects and the

solutions required to address current and future workforce challenges, in particular to attract, recruit and retain skills in high risk areas.

The following summary highlights the key information gathered during Quarter 3 of 2018/2019 (01/10/2018 – 31/12/2018). Illustrations of the data can be seen in Appendix A.

2.1. Number of employments

At the end of Quarter 3 2018/2019 the Council had 4,412 employment contracts covering 3,895 full time equivalent (FTE) roles. The number of FTEs reached the lowest figure in March 2017 (3,429) but has now increased past April 2015 figures (3,694) and the trend suggests that this will continue to increase by 1% per quarter. The following provides example reasons for the FTE variations over the previous years:

- Insourcing of Health Visitor teams and Children and Young People nurses totalling 211 full time equivalent roles from the NHS to Children's Services on 1st October 2017.
- Reduction in agency workers (91 fewer contract agency workers since March 2015).
- Additional funding to address specific workforce challenges (for example Better Care Funding for Adult Care).

Since the last report to this board in October 2018, which covered data from Quarter 1 2018, the employment figure has risen by 66 FTE corporately. This increase accounts for successful recruitment campaigns to fill vacancies across the organisation but a third of the increase has been in Children's Services who have been able to recruit 23 vital workers which included social workers, health visitors and student health visitors.

2.2. Equality data

The gender balance across LCC remains at approximately 1/3 male (32.76%) and 2/3 female (67.24%). The highest proportion of male employees is in both the Finance and Public Protection Director area and Environment and Economy (Place) (47.14%). However the proportion of female employees in both these areas has increased from 46% to 53% in the last 2 years. Adult Care and Community Wellbeing and Children's Services share the highest proportion of female employees which is currently 82% in both areas.

The proportion of female employees across LCC has gradually increased in the last 2 years and the current trend suggests that this will continue to rise next quarter. This increase can be seen across all Director areas but particularly in Children's Services. The NHS transfer in October 2017 included a high proportion of female employees and further recruitment to fill vacancies in these teams continues to attract female applicants.

Up to G13, all grades are heavily female dominant. Grades 14, 15 and 16 remain the only grades where there are more men than women.

2.2.1. Gender Pay reporting

In March 2019, the Council published our 2nd Gender Pay Gap report. The median gender pay gap shows the difference between the median hourly rate of pay for males and females within the Council.

The median gender pay gap for 2018 was 2.1%. This means that in the Council, men earned 2.1% more per hour than women; this was substantial improvement of 11.2% from 2017. The UK median pay gap is currently 9.6% showing that LCC has a significantly greater balance of pay than other UK employers.

There has been the most significant increase in the percentage of females within the upper quartile pay bands from 2017 to 2018, with a slight increase in all other quartiles. This improvement has been influenced by a number of factors including:

- Leadership and career development programmes
- Unconscious bias training for managers on interview panels
- Notable increase in females in Senior Management Teams, particularly within Children's Services and in Adult Care and Community Wellbeing
- The transfer in of the Children's Health Services from the NHS, which was mainly female employees in the higher pay quartiles.

2.3. Age profile

Our last annual workforce data set confirmed that the highest number of Council employees in any 10 year age group is between 45 and 54 years old. 49% of senior leaders within the organisation are over 50 years old compared to 36% of the whole organisation. However since this data set was analysed, the Council has appointed two new Executive Directors. There have also been promotions to other senior leadership posts from within the organisation. We therefore predict a reduction in age range of senior leaders in the 2019 data.

Succession planning approaches have been implemented in a number of services across the Council, particularly in those areas where there are ongoing and long term difficulties in recruiting people with the required skills, putting a responsibility on senior managers to identify and develop individuals with potential.

The profile of the older workforce will continue to provide challenges for services that will need to plan for the retention of their knowledge and skills which would otherwise be lost. This confirms the need to continue focusing efforts on succession planning but creating entry level roles including apprenticeships and career progression routes so the Council is able to develop talent from within the organisation for the future.

2.4. Voluntary turnover

Voluntary turnover has remained at a steady rate over the last 2 years, between 8% and 10% - this is considered a 'healthy' turnover rate. As part of the recruitment and retention focus, total turnover of new employees within their first 24 months of employment is also monitored to identify and address any areas of concern and as at Quarter 3 stood at 4.36%. The 2018 public sector average for turnover is 12.9%

and within the first 12 months is 10.9%. Therefore the Council is performing better than other public sector organisations for both turnover figures.

There has been a slight increase in the LCC early leaver turnover figure which suggests a need to ensure that new recruits fully understand the role they are taking on, that the recruitment process accurately represents the reality and that local induction arrangements provide the appropriate development and support for new starters.

2.5. Agency spend

Services within the Council use agency workers to provide additional resources. Agency workers provide flexibility on a short-term basis, which may be to cover a role pending permanent recruitment, to cover a secondment, for peaks in demand, specialist skills or to cover absences such as paternity leave, holiday or sickness.

There are therefore circumstances where using agency workers is beneficial to the organisation as a quick way to fill short term absences or vacancies. Longer term and repeated use of agency workers can have a significant financial impact which we seek to avoid where possible.

There has been a reduction in the usage and cost of agency staffing through our agency contracts over the last 3 years when the figure reached £6 million in 2015/2016. The amount spent on agency workers in 2018-2019 under our current provider contracts was £4.48 million per annum. This reduction is partly due to the implementation of a number of effective recruitment and retention initiatives, reducing the need to cover vacancies with agency workers.

The new contracts introduced in September 2017 have also enabled the reduction of off contract agency spend so that we are better able to monitor the agency usage. The total off contract agency spend, where the corporate contracts cannot deliver the skills required, was £1.6m in 2017/18. The off contract spend for 2018-2019 is £1.25 million which is also showing a downward trend. Whilst Adult Care and Community Wellbeing have been able to reduce this spend significantly, other areas are seeing an increase due to difficulties sourcing workers for specialist roles.

In Children's Services, government funding has been used to support the SEND (Special Educational Needs and Disabilities) reforms which has required agency resources which can only be fulfilled outside of the current contracts, for example Educational Psychologists. Following the SEND reforms implementation, the ongoing permanent staffing will be reviewed and it is planned that agency usage will reduce.

Legal Services has also had a high agency spend due, in particular, to the difficulties in appointing Childcare Lawyers. There is a national shortage of experienced professionals in the field which increases the competition between employers. Legal Services is investing time in developing intern, apprenticeship and internal development opportunities and is exploring the use of attraction payments which, compared with the agency spend, provides a more cost effective

solution. A recent recruitment has led to the appointment of three new lawyers but difficulties remain at more senior grades. Further work is underway to identify new opportunities to source candidates to apply for vacancies in the future.

When services have vacancies and where they need to employ agency staff, these situations can have a negative effect on service provision and the wellbeing of employees as in many cases agency staff are not able to take on the full responsibilities of the role which puts additional pressure on other employees in the team.

Currently, the corporate reporting of vacancy figures is under review as part of the rebuild of the HR structure on Business World. Once available, this data will enable better understanding of the impact on employees when comparing vacancy and agency usage with sickness and turnover figures for example.

2.6. Days lost due to sickness absence

The current days lost due to sickness absence is 7.04 days lost per FTE. This figure is based on the previous 12 months, therefore is not affected by seasonal variations seen particularly in the winter months. The data shows that reported sickness absence over the last 2 years has remained at a similar level, however has had a slight increase over the last 3 quarters. It remains lower than the 7.5 sickness days per FTE target. This target was set in 2014-15 and continues to be used.

When comparing the Quarter 3 2018 sickness days per FTE with the same quarter in 2017, the majority of Director areas have seen a slight increase in the level of absence.

Sickness absence in Adult Care and Community Wellbeing has been consistently higher than other Director areas and remains above the days lost target at 8.13. However this has been reduced significantly over the last 7 years when figures were as high as 20.05 days lost per FTE compared to the corporate figure of 12.04. The data therefore provides clear evidence of the improvements that have been made through the efforts of the managers, employees and the HR team.

Data collected by the Office for National Statistics states that in 2018, the average number of days lost per worker is 6.1 days. If we translate the LCC days lost per FTE figure to an equivalent measure to days lost per employment, our corporate figure is also 6.1 days. The Council is therefore in line with the public sector average.

The management of sickness absence continues to be a key priority for all Executive Directors and line managers and is reviewed on a quarterly basis at Director Management Team level. Any concerns are investigated and actions are put in place. Audits of the sickness absence management have also been able to provide additional support and guidance to managers particularly in areas that have experienced a peak in absence.

In 2018/2019 there have been 781 referrals to Occupational Health from Director areas including Fire and Rescue. This includes referral of employees who are not at work, to help facilitate their return, but also people who are still working to help manage their condition and to gain advice on appropriate reasonable adjustments to their role and working environment. Our rate of referrals has been stable over the last 2 years in most areas but there has been a slight increase in referrals for Mental Health reasons.

From these 781 referrals, 12% have identified work related issues. The Occupational Health provider sees an average of 18% of cases identifying work related issues across all its clients which includes both public and private sector organisations. Following advice from Occupational Health and HR advisers, managers are supported to look into the causes, undertaking a risk assessment and taking actions to reduce the impact of work to these individuals where possible.

2.7. Reasons for sickness absence

Since the last report we have been tracking 4 groupings of sickness reasons:

- Cold/flu/virus (including respiratory, infections, headaches and migraines)
- Mental health (including stress, depression and mental illness)
- Musculoskeletal (including back and neck problems and other muscular issues)
- All other reasons (including surgery related, cancer and accidents)

It is clear to see the seasonal impact of short term absences in the cold, flu and virus category, however the long term absences (over 20 working days in length) which have a greater impact on the organisation are more likely to be because of mental health related issues. The number of days attributed to mental health related absences has increased from 18% of all ongoing absences in Quarter 3 2017 to 35% of all ongoing absences in Quarter 3 2018.

It is possible that recent Mental Health Awareness training and recent national media campaigns have increased understanding and reduced the stigma of mental health where employees may not have shared the true reason for similar absences in the past. It is important that further work is done to understand whether there are any organisational factors which are attributing to these absences within LCC so that appropriate actions can be taken to improve the mental health of our workforce. There are a number of initiatives planned as part of the Health and Wellbeing strategy which focus on the mental health of the workforce.

The number of days of absence counted within the 'all other reasons' category has fluctuated considerably throughout the year. As this grouping includes both surgery related and cancer related absences, these can affect people for long periods of time and therefore have a significant impact on the organisation; however in most cases these are not absences which can be attributed to organisational factors. Efforts will be taken to reduce the number of absences through general health and wellbeing initiatives.

2.8. The Employee Health and Wellbeing Strategy (EHWBS)

The Strategy launched on 1 May 2019 along with the Delivery Plan.

After extensive engagement with different teams, groups, and services the Strategy has been developed between Public Health and the HR Service and is based on the Joint Health and Wellbeing Strategy for Lincolnshire, incorporating best practice from the World Health Organisation and NICE (National Institute of Clinical Excellence) and the Chartered Institute of Personnel and Development.

It focusses on 8 priorities which support a healthy workplace and employee wellbeing and promotes the principles of "self care".

1. Personal Wellbeing and Resilience – promoting good employee health
2. Work Demands
3. Change Management
4. Employee Voice
5. Positive Relationships
6. Effective Leadership
7. Career Development
8. Creativity

A 6 month report will be presented to CLT on progress of the Delivery Plan. Derek Ward as Director of Public Health is the EHWBS champion on behalf of CLT. The key governance for the delivery of the strategy will be through the Organisational Development Steering Group which includes representatives from each Director area.

2.9. Management of Employee Relations cases

The number of formal disciplinary and grievance cases open during Quarter 3 is 18 and 8 respectively. There have been minor rather than significant fluctuations in the number of cases over the last 3 years.

The high risk cases are monitored by the Head of Paid Service on a monthly basis and where appropriate, challenge is made on how cases are being managed. Formal lessons learned are conducted for the majority of high risk cases to make sure that the relevant services can make any changes to practice where appropriate and that HR policies, guidance and training are updated accordingly.

N.B. High risk cases are those defined where an employee has been suspended from work for 8 weeks or more and/or there was the likelihood of dismissal, appeal or claim to an employment tribunal. Alternatively or in addition, a case may be particularly sensitive as regards reputational risk to the Council.

All settlement agreements are governed through an established sign off process involving the Strategic PM Adviser, Directors and Legal Services. We are seeing an increase in the number of tribunal claims as a result of the recent changes to

legislation, where fees are no longer payable by the complainant when cases are lodged.

Managers are required to be trained on the Council's employee relations policies and processes but are supported with complex cases by the HR Advisory team.

3. Employee Survey Update

Key areas of corporate focus identified from the survey were:

- IMT
- Property
- Insights into the cause of lower participation rates in some areas and actions to improve this.
- The drivers for 23% of participants not feeling they have opportunities to develop both personally and professionally and actions to improve this.
- Actions to improve levels of awareness of:
 - Performance & Appraisal System
 - Employee Benefits
 - Work of other Director areas

3.1. IMT

- New computers

Since the previous report there has been a corporate rollout of approximately 1400 replacement Notebooks and PCs across the field based social care functions and many of those devices have been “SIM” enabled, meaning they have a mobile data connection in the same way a phone can.

The smaller size and weight, improved display and performance and the ease of connectivity have all been cited as game changing for those staff with a high percentage of satisfaction being expressed. The Council has also now approved the continuation of this roll out of new devices to the rest of Council staff during 2019, though data connections will only be available to genuine field workers to constrain cost.

These new devices when combined with the adoption of the Office 365 software being deployed during 2019 present a significant improvement to the user experience and bring us into line with a modern corporate solution.

- Support service

The support service being provided by our Service Partner has improved markedly with fewer abandoned calls since the support function has been moved to the local Lincoln account for the majority of calls.

- Upgrade of network infrastructure

The main Lincoln “Campus” is undergoing a significant upgrade of its wired and wireless network infrastructure and the associated onward connections to the internet which is due to be completed by Autumn 2019 and will deliver significant performance benefits across the Council.

- Mobile phone improvements

The remaining Blackberry and Windows Mobile phones are being replaced this year and the migration to a totally new device management platform is in pilot and that combination is delivering a very improved user experience and greater convenience.

The measures above being delivered during 2019 are expected to alleviate the staff dissatisfaction with the basic IMT solution.

3.2. Property

- Toilet and refreshment areas

There has been a review of all toilets and refreshment areas on site and any off-site specifically named in the survey and a top 10 hit list has been identified based on quality of facility and traffic to prioritise work done and to ensure improvements provide the maximum impact to staff. Property aim to add the remaining facilities which still require improvements, to the work plan, in the coming months.

- Cycle storage

Property has received a feasibility report to convert the ground floor of 51 Newland into space to support cycle provision – the initial drawings include showers, lockers and drying cabinets. They have requested this is progressed through to the design stage and will be consulting with the cycle community (through travel plan colleagues) to gain their feedback.

Extra cycle storage is also being investigated on site, not only to replace those lost with the demolition of the garages but also to create extra space in a variety of locations.

- Communication

Property is looking at their intranet pages to make them informative from a property perspective so people know who they should contact in different circumstances. They will also set clear expectations in terms of office moves and development work to ensure transparency.

- Work spaces

From a slightly more experimental point of view property has engaged with space experts and furniture specialists to understand how they can make working

environments more efficient and flexible. They will be trying out some new ideas with colleagues in the next few months.

3.3 Performance appraisal and development system

The new performance appraisal and development system is now out of its pilot year and fully launched across the whole organisation raising awareness levels to ensure all employees have a development plan in place.

The summary report of the 2018/19 appraisal reviews showed an 82% completion rate which suggests a significant improvement to the awareness of the process and recording across the organisation.

There will be a further evaluation of the process with managers and the learning from the first year will be incorporated into further guidance for managers. There will then be the opportunity to do more evaluation of the quality of appraisals later in the year.

3.4 Employee Benefits

The online Perkbox Employee Benefits project has now completed its pilot year having achieved 3,500 employees signing up and £44.5K of savings having been achieved for employees. The savings per employee range from £30 for a free coffee per month through to over £500 where a variety of savings have been accessed. This is the best participation we have ever had for any initiative.

In April 2018 we began the procurement for longer term provision which will see all our other Employee Benefit information, held in one place on the online system which will raise awareness of our complete benefits offer.

Free Flu vaccinations were offered to all employees in autumn 2018 as part of a new initiative with the Co Op, and Boots pharmacies.

4. Conclusion

The regular review and monitoring of HR Management data at both DMT level and by CLT is enabling effective oversight of workforce and HR performance at both a local level and for the organisation. This is enabling CLT and Directors to identify priorities and solutions required to address current and future workforce challenges, at both local and corporate levels, in particular to attract, recruit and retain skills in high risk areas. It is planned that the next report to the Board will be provided in the Autumn 2019.

5. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Not applicable

6. Appendices

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| These are listed below and attached at the back of the report | |
| Appendix A | Corporate Workforce Management Information illustrations Corporate Workforce Dashboard – Quarter 3 2018 |

7. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Shevill, who can be contacted on 01522 550422 or lucyk.shevill@lincolnshire.gov.uk.

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