

REPORT TITLE: ORGANISATIONAL DEVELOPMENT PERFORMANCE  
MONITORING – THIRD QUARTER 2017/18

12 MARCH 2018

REPORT OF PORTFOLIO HOLDER: CLLR GODFREY – PORTFOLIO HOLDER  
FOR PROFESSIONAL SERVICES

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WARD(S): ALL

PURPOSE

This report provides a summary of the progress that the Council has made against the six key areas and priority outcomes that are set out in the recently approved Employee Strategy.

The report also provides an update on the Council's key HR risks as well as Organisational Development performance measures for sickness absence, staff turnover and the Council's staff establishment.

RECOMMENDATION:

1. That any issues arising from the performance information included in the report be raised with the Portfolio Holder and consideration be given to whether any items of significance need to be drawn to the attention of Cabinet.

## IMPLICATIONS:

### 1.1 COUNCIL STRATEGY OUTCOME

- 1.2 The need to manage and monitor the staff resources at the Council is essential in delivering front line services to the residents of the District and achieving the outcomes as set out in the Council Strategy

### 2 FINANCIAL IMPLICATIONS

- 2.1 There are no direct financial implications arising from this report.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None.

### 4 WORKFORCE IMPLICATIONS

- 4.1 This report presents monitoring data relating to the workforce of the Council including sickness absence, staff turnover and numbers of new starters and leavers. Increased or excessive staff sickness can have an impact on the Council to be able to deliver effective front line services and deliver the projects and actions that are included in the Council Strategy and Service Plans.
- 4.2 High staff turnover within the Council can lead to increased costs arising from the employment of agency staff used to cover vacancies and the cost of recruitment. It can also be an indication of decreased employee engagement.

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None.

### 6 CONSULTATION AND COMMUNICATION

- 6.1 Quarterly meetings have been put in place to discuss matters with staff. There are no matters in this report that have required specific consultation.

### 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None.

### 8 EQUALITY IMPACT ASSESSMENT

- 8.1 None required.

### 9 RISK MANAGEMENT

- 9.1 A detailed risk register covering the key HR risks that could impact upon the Council is included in Appendix 1.

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property</i>	n/a	n/a
<i>Community Support</i>	n/a	n/a
<i>Timescales</i>	n/a	n/a
<i>Project capacity</i>	n/a	n/a
<i>Financial / VfM</i>	Regular monitoring of staffing costs ensures that actual expenditure is kept within budget.  Any exceptional staffing requirement incurring additional expenditure has to be supported by a business case and is subject to senior management approval	Efficient use of staff resources across the organisation ensures that the Council is providing value for money.
<i>Legal</i>	n/a	n/a
<i>Innovation</i>	n/a	n/a
<i>Reputation – risk of comparatively high levels of sickness</i>	Regular management and reporting of sickness levels enable management to take action to reduce sickness	Close management and comparatively lower levels of sickness enhances reputation of the Council with stakeholders
<i>Poor rationale for staff leaving</i>	Mandatory exit interviews to enable action to be taken from leaving staff's feedback	Improve employment offer through feedback. Enable greater opportunities through reasons for leaving.
<i>Other</i>	n/a	n/a

## 10 SUPPORTING INFORMATION:

- 10.1 This report provides an update on the progress achieved to date against the six key areas as set out in the recently approved Employee Strategy (Report [PER304](#), 23 November 2017 refers).
- 10.2 Appendix 1 sets out in the form of a risk register, details of the key HR risks that could impact upon the organisation. Further information is included on the likelihood and impact of the risks occurring and the plans in place to manage the risks.
- 10.3 The report also provides in Appendix 2, performance information for the human resources of the Council to the end the third quarter of 2017/18 by way of a range of key performance measures.

- 10.4 The performance information in Appendix 2 is presented in an updated format to that which has been previously reported. This new layout reflects the format adopted for other performance reporting across the Council, including the Council Strategy and ensures consistency across these reports.

#### Employee Strategy

- 10.5 The recently adopted Employee Strategy identified workforce priorities for the next three years and is aligned to and supports delivery of the Council's vision and priorities.
- 10.6 The Strategy sets out six key strategic priorities which support the Council to co-ordinate, combine and focus efforts so that the whole organisation moves forward together on a shared agenda.
- 10.7 Since the Employee Strategy was approved in November 2017, progress has been made against the priority outcomes as follows:
- All staff briefings have been introduced and are hosted by the Chief Executive and Directors. These briefings provide staff with updates on key developments and are held approximately every six months, feedback is proactively sought and indicates high levels of support for this new engagement initiative;
  - Three focus groups have been held with a cross section of employees to develop the Council's values and associated behaviour statements. These are still in development and subject to senior management consideration in March;
  - Seven applications were received to provide a Health Care Cash plan as an employee benefit. Following assessment, a preferred supplier has been identified and final due diligence checks are being undertaken. The Health Care Cash plan is targeted for launch in April 2018;
  - The experience of joining the Council has been reviewed and a new induction pack is under preparation. This supports the introduction of 'Welcome to Winchester' new starter briefings hosted by the Chief Executive and the Directors. Further work will follow to ensure service induction is fully integrated and new starters settle in swiftly.
  - Following the senior management restructure, a leadership and development programme has been commissioned to ensure our managers empower, lead and effectively coach staff to achieve the best outcomes for residents. This complements the existing management modules that are currently available in the areas of managing sickness absence, disciplinary procedures etc.
  - A full review of HR policies is underway to modernise and simplify guidance for managers. Staff side have been engaged in this process with fifteen HR policies currently under review.

### HR Risk Register

10.8 Appendix 1 provides details of the key HR risks that could impact on the organisation and are:

- Loss of key staff and/or critical skills
- Inability to recruit to key posts
- Critical IT System Failure e.g. impacting on the ability to pay staff accurately and on time
- Failure to comply with statutory requirements (e.g. resulting in Employment Tribunal or similar legal action)

10.9 Plans and management actions are in place to manage or mitigate these risks and are reviewed on a regular basis. The recently adopted Employee Strategy is an example of a key document that includes actions to support the Council to recruit to key posts and retain existing staff.

### Performance Measures

10.10 Appendix 2 sets out performance monitoring information for a range of performance measures relating to staff attendance, staff turnover and the Council's staff establishment.

### Establishment and Staff Profile

10.11 The following table provides information covering the reasons for staff leaving during the last four quarterly periods.

<b>Reason for leaving</b>	<b>Jan – Mar 2017</b>	<b>Apr – Jun 2017</b>	<b>Jul - Sep 2017</b>	<b>Oct – Dec 2017</b>
End of Temporary/ Fixed Term Contract	2	1	5	1
Resignation – public sector appointment	4	3	3	4
Resignation – private sector appointment	3	2	5	2
Resignation – other	4	13	11	4
Retirement	2	3	3	0
Redundancy	1	0	1	6
Other	2	0	0	1
<b>TOTAL</b>	<b>18</b>	<b>22</b>	<b>28</b>	<b>18</b>

10.12 Since 1 December 2017, HR has been actively promoting the use of an electronic survey to capture key exit data from staff but this only provides a partial picture. Exit interviews are now mandatory for those who leave the Council voluntarily.

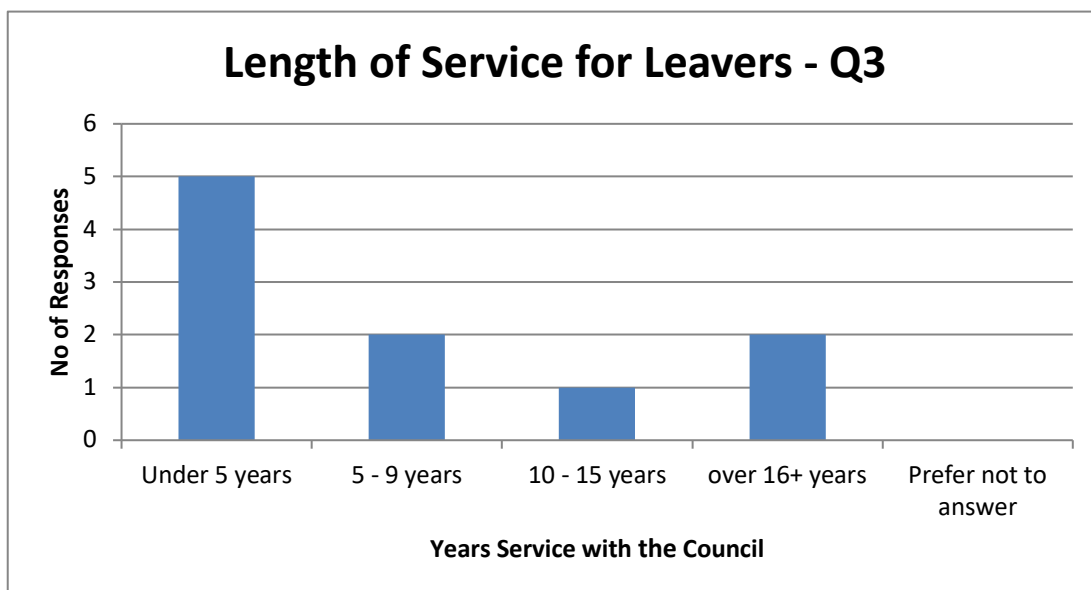
10.13 The data from the current reporting period is summarised below:

- Ten staff exit interviews have been undertaken since 1 December 2017; all of the respondents were female.
- Eight of the ten respondents stated that they would work for the Council in the future; of the remaining two respondents, one has relocated and the other retired.
- While the reasons for leaving as stated by the employee are given below, the survey allows the participant to select as many as apply to their situation. The reasons provided by the employees are summarised as follows:

Reasons for Leaving	Total Responses
Improved Salary/Wage	2
Better employment conditions	1
Enhanced career opportunities	4
More interesting work	1
More convenient work location	1
Family reasons	1
Retirement	1
End of fixed term contract	1
Other *	4

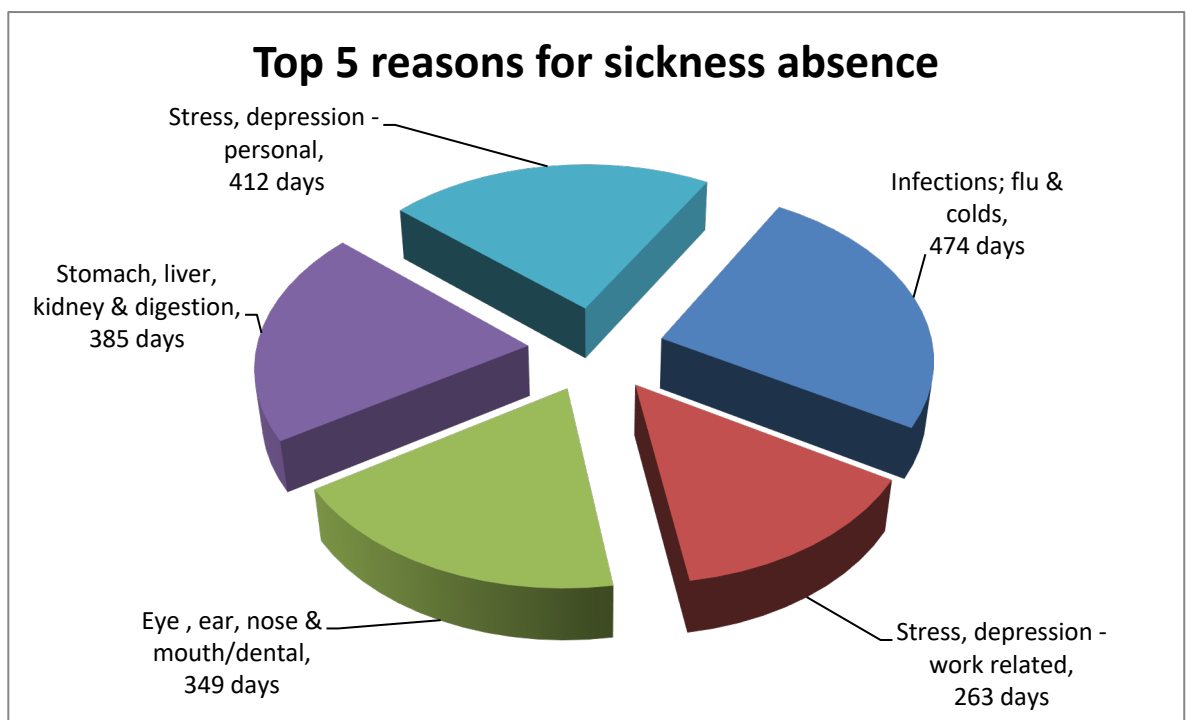
(\* reasons given were: relocating; move to role in retail; lack of progression in department; personal reasons).

The table below summarises the length of service of those leaving the Council, generally it is staff that have been with the Council for the shortest time, and potentially younger employees, that are leaving.

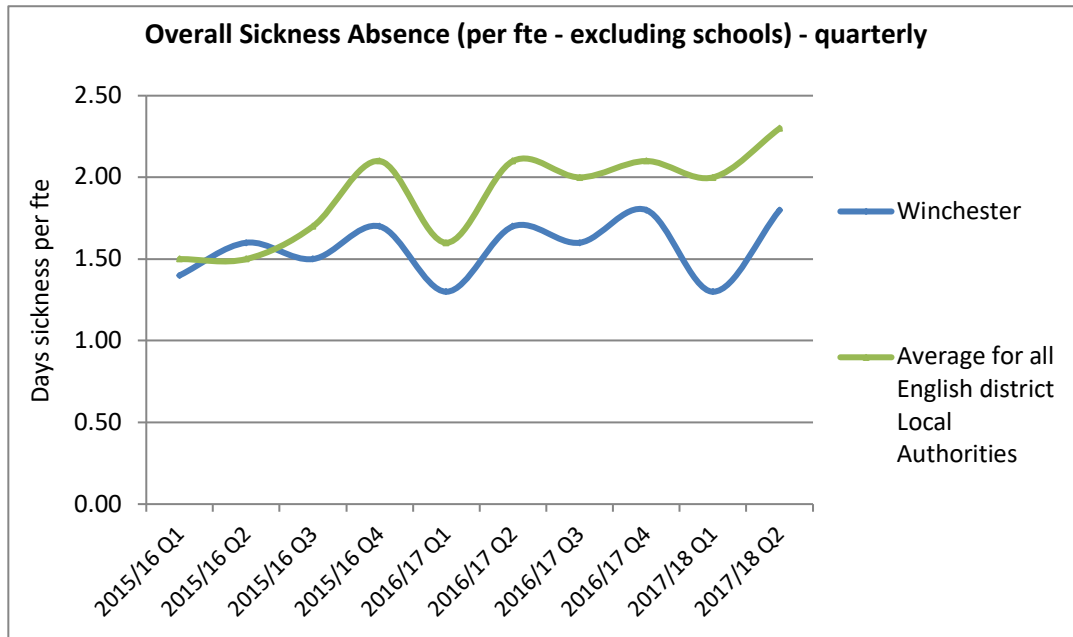


### Attendance and Staff Sickness

- 10.14 Staff sickness continues to be monitored very closely with detailed reports made available to managers after the end of each month. Further high level reports are presented to Executive Leadership Board on a monthly basis.
- 10.15 The staff sickness during the 12 month period ending 31 December 2017 shows that the reason for the highest number of days absence is colds and flu at 474 days taken during the reporting period.
- 10.16 The chart below shows information relating to the top five reasons for staff sickness absence and the number of days taken during the twelve month period ending 31 December 2017. More detailed analysis of sickness data, including a comparison with previous quarters is included in Appendix 2 of this report.



- 10.17 The Local Government Association (LGA) continues to collect quarterly data for a small number of performance measures, including sickness absence for authorities on a voluntary basis. The most recent data released by the LGA relates to the second quarter of 2017/18.
- 10.18 The table below provides a comparison of the quarterly data for Winchester and all English district local authorities, where the data has been submitted to the LGA.



10.19 The data (period Q2 2017/18) shows that Winchester continues to have a lower sickness absence rate (1.8 days per fte) than the average (2.3 days per fte) of all the local authorities who have submitted data for the same period.

10.20 The data shows that there is a slight increase in the average number of days taken as sickness absence during the latest quarterly period from 1.30 days per member of staff to 1.80 days. This reflects the national trend and relates to a decrease in staff sickness during the summer months.

## 11 OTHER OPTIONS CONSIDERED AND REJECTED

11.1 None.

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

PER305 Organisational Development Performance Monitoring Q2 2017/18

#### Other Background Documents:-

None

### APPENDICES:

Appendix 1 – HR Risk Register

Appendix 2 Organisational Development Performance Measures – Q3 2017/18



**HR Risk Register**

The table below provides an updated risk register for the staff and organisational aspects of the Council.

Included are the significant areas of risk, the scale and nature of the risk and the potential impact on the authority and the mitigation measures that are being taken to address it.

Risk Summary - What might go Wrong	What will happen - Consequence	Controls in Place - Mitigation	Likelihood Score	Impact Score
Loss of key staff and/or critical skills over a short or long term period	<ul style="list-style-type: none"> <li>Objectives and targets not met</li> <li>Impact on ability to provide efficient and effective service</li> <li>Increase in use of temporary and/or agency staff</li> <li>Increase in complaints from service users</li> <li>Impact on existing staff to cover essential areas</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of the Employee Strategy Action Plan to introduce improved employee benefits, on going investment in staff development and the introduction of a talent management strategy</li> <li>1-Team process</li> <li>Succession Planning</li> <li>Use of interim staff where impact on business is critical</li> <li>Business Continuity Plans in place.</li> </ul>	Unlikely	Moderate
Inability to recruit to key posts	<ul style="list-style-type: none"> <li>Objectives and targets not met</li> <li>Impact on ability to provide efficient and effective service</li> <li>Increase in use of temporary and/or agency staff</li> <li>Increase in complaints from service users</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of the Employee Strategy Action Plan</li> <li>Partnership working arrangements in place with other authorities</li> </ul>	Likely	Moderate

Risk Summary - What might go Wrong	What will happen - Consequence	Controls in Place - Mitigation	Likelihood Score	Impact Score
	<ul style="list-style-type: none"> <li>• Impact on existing staff to cover essential areas</li> <li>• Increased costs</li> </ul>	<ul style="list-style-type: none"> <li>• HR Business Partners holding regular meetings with Heads of Service to plan recruitment</li> <li>• Access to shared recruitment portal with other Hampshire authorities</li> <li>• Bespoke recruitment programmes for “difficult to recruit” to posts</li> </ul>		
Critical System Failure (HR/Payroll system)	<ul style="list-style-type: none"> <li>• Inability to run Payroll</li> <li>• Loss of confidential staffing data</li> </ul>	<ul style="list-style-type: none"> <li>• IM&amp;T managed Business Continuity Plan and Disaster Recovery Plan in place</li> <li>• Dedicated HR resource to ensure that sensitive data is stored and processed in compliance with the General Data Protection Regulations (anticipated to become law in May 2018)</li> <li>• Mandatory training for all staff relating to confidentiality and data protection.</li> </ul>	Unlikely	Major
Failure to comply with statutory requirements resulting in an Employment Tribunal or similar legal challenge	<ul style="list-style-type: none"> <li>• Litigation</li> <li>• Adverse publicity</li> <li>• Damage to Council reputation</li> <li>• Additional Cost to the authority in longer term</li> </ul>	<ul style="list-style-type: none"> <li>• Policy &amp; Procedures in place which reflect statutory requirements</li> <li>• Continued Professional Development (CPD) for HR staff</li> </ul>	Unlikely	Moderate



**Likelihood Rating**

It is unlikely that in many cases the probability of a risk occurring can be calculated in a statistically robust fashion as we do not have the data to do so. However, as an indicator, the likelihood is defined by the following probability of a risk occurring:

<b>Likelihood</b>	<b>Probability</b>
Highly Unlikely	1% to 25% chance in 5 years
Unlikely	26% to 50% chance in 5 years
Likely	51% to 75% chance in 5 years
Highly Likely	76% to 100% chance in 5 years

**Impact Rating**

The impact for the risks is evaluated across a number of criteria including Financial Risk, Health and Safety, Reputation and Service Provision as set out in the Council's Risk Management Policy.

A copy of the Risk Rating Card that is included in the Risk Management Policy is provided on the following page.

Risk Rating Card

	<b>Low (1)</b>	<b>Moderate (2)</b>	<b>Major (3)</b>	<b>Significant (4)</b>
<b>Financial</b>	Less than £20K	£20k or over and less than £200K	£200K or over and less than- £2MK	£2M plus
<b>Service Provision</b>	No effect	Slightly Reduced	Service Suspended Short Term / reduced	Service Suspended Long Term Statutory duties not delivered
<b>Health &amp; Safety</b>	Sticking Plaster / first aider	Broken bones/illness Lost time, accident or occupational ill health	Loss of Life/Major illness – Major injury incl broken limbs/hospital admittance. Major ill health	Major loss of life/Large scale major illness
<b>Morale</b>		Some hostile relationship and minor non cooperation	Industrial action	Mass staff leaving/Unable to attract staff
<b>Reputation</b>	No media attention / minor letters	Adverse Local media Leader	Adverse National publicity	Remembered for years
<b>Government relations</b>	One off single complaint	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently

**Organisation Development Performance Measures**

Quarterly Performance Monitoring – Q3 2017/18 update

Performance Indicator	2016/17 Data			2017/18 Data			Direction of Travel
	Q2	Q3	Q4	Q1	Q2	Q3	
<b>Establishment &amp; Staff Profile</b>							
Actual number of Full-Time Equivalent (FTE) in post	422.97	444.39	446.77	439.37	441.08	439.15	↓
Total Authority headcount	476	497	499	491	496	494	↓
- Full Time	338	363	361	355	358	363	↑
- Part Time	138	134	138	136	138	131	↓
Turnover – Number of leavers as a percentage of headcount	3.40%	2.00%	3.60%	5.50%	5.70%	4.22%	↓
Number of actual leavers	22	10	19	27	28	21	↓
- Full Time	18	7	15	20	21	15	↓
- Part Time	4	3	4	7	7	6	↓
Number of appointments to vacant posts	42	30	23	18	22	34	↑
- Internal appointment	12	6	6	5	8	13	↑
- External appointment	30	24	17	13	14	21	↑
<b>Attendance &amp; Sickness</b>							
Average Sickness per member of staff (days) – rolling year	6.0	6.0	6.3	6.4	6.5	6.9	↑
Number of employees with no sickness absence	166	169	171	169	179	171	↓
Percentage of employees with no sickness absence	34.9%	34.0%	34.3%	34.7%	37.0%	35.0%	↓

Performance Indicator	2016/17 Data			2017/18 Data			Direction of Travel
	Q2	Q3	Q4	Q1	Q2	Q3	
Total number of days sickness (quarterly)	720	703	832	592	771	855	↑
Sickness days by reason (top 5)							
- Infections, including cold & flu	634	567	580	560	540	474	↓
- Stomach, Liver, kidney & digestion	406	375	338	294	245	385	↑
- Stress/ Depression - personal	402	293	396	479	544	412	↓
- Stress/ Depression – work related	175	164	140	164	127	263	↑
- Eye, ear, nose & mouth/ dental	134	109	113	105	52	349	↑