



PERSONNEL COMMITTEE

DATE OF MEETING: **18 September 2018**

DRAFT WORKFORCE STRATEGY 2019-2021

The report provides a first draft of the Workforce Strategy for the period 2019-2021 to serve as the basis for consultation with staff and other stakeholders.

1. RECOMMENDED THAT:

- 1.1 The overview of the draft workforce strategy presented at the meeting (Powerpoint) be noted.
- 1.2 That consultation with staff and other stakeholders commence with the circulation of the first draft of the Workforce Strategy 2019-2021.
- 1.3 Feedback from consultation with the Local Joint Committee be noted.
- 1.4 That a further report be brought to the next meeting of the Committee in December 2018 with details of feedback received and a final version of the strategy with a view to the Committee’s approval and recommendation of the strategy for ratification at Council in January 2019.
- 1.5 That the Workforce Strategy 2019-2021 be supported by annual workforce plans detailing the actions to be undertaken and the first of these (the Workforce Plan 2019) be considered at the next meeting of the Committee in December 2018.

2. INTRODUCTION

- 2.1 The Workforce Strategy 2015-2018 ratified by the Council on 26 November 2014 is due to expire at the end of the calendar year. The Workforce Strategy 2015-2018 was developed with reference to the Local Government Workforce Strategy 2010 together with an LGA survey published in February 2014 which provided information on progress made by local authorities across the country against the key workforce challenges. The LGA has recently consulted on a new Local Government Workforce Strategy called ‘Great People for Growing Places’ March 2018 a copy of which has been considered at previous meetings of the Committee, along with the New Local Government Network/LGA report ‘Outside the Box – the council workforce of tomorrow’ and the INLOGOV report ‘The 21st Century Public Servant’.
- 2.2 The first draft of the strategy (see attached), takes cognisance of this research but has been tailored to meet the Council’s local needs as a relatively small district authority, located close to a number of London Boroughs and consequently subject to specific market forces in the local labour market.

3. **DEVELOPING A NEW WORKFORCE STRATEGY FOR HERTSMERE**

3.1 The five key areas highlighted in the current LGA proposals correspond closely to the five key priorities set out in the previous LGA strategy, which was the basis for the 2015-2018 HBC Workforce Strategy. The draft Workforce Strategy 2019-2021 also adheres to these five key priorities, to provide a measure of consistency with other local authority workforce strategies and continuity with the existing workforce strategy (2015-18). The five key priorities are as follows:

- **organisational change and development** that is focused on people, their wellbeing and resilience
- **great leadership** that is visionary, ambitious and effective and the development of leadership skills at all levels
- **skills development** that is truly innovative and focused on combining organisational and individual needs
- **improved recruitment and retention** outcomes based on proper planning and use of best practice techniques
- **pay and reward** systems that attract and retain talent, motivating and helping people throughout their careers

3.2 The draft Workforce Strategy 2019-2021 also seeks to support the values and address the challenges set out in Hertsmere's 2020 Vision. The values are as follows:

- Being of service
- Investing in employees
- Integrity and openness
- Ensuring equality in all we do

3.3 The draft Workforce Strategy 2019-2021 has a particular role to play in assisting the council to achieve the strategic objective of being an enterprising council in that it seeks to optimise use of our staff resources, and to enable innovative ways of working that increase the council's resilience and self-sufficiency.

3.4 The main challenges being faced by the Council as an employer have been identified as follows:

- **An ageing workforce** - the average age of Council employees as at 31/12/2017 was 47 years, representing an increase from an average age of 45 years in 2014
- **Sickness absence levels** – whilst the target for short term sickness absence of no more than 3.5 days per employee in a rolling 12 month period had been achieved up to June 2018, the results for July 2018 exceeded the target by a small margin and this is a cause for concern. Overall levels of sickness absence have also increased since 2017. A comparison of the out-turn at the end of Q1 in 2017 (6.9 days per employee) and the out-turn at the end of Q1 in 2018 (8.3 days per employee) illustrates the extent of the increase.

- **Recruitment and retention difficulties** – the Council is still struggling to fill vacancies in recruitment hot spots such as Planning and staff turn-over in these areas has been rising. The proximity of the Council to the London labour market is a factor, with pay differentials that we would have difficulty matching, and a significant proportion of leavers from these professional areas have been snapped up by neighbouring London Boroughs.
- **Budget reductions** – The urgency and severity of the need to make reductions in the Council's budget to balance reductions in funding, will inevitably impact negatively on staffing resources and this has consequences for workforce capacity and potentially the health and well-being of staff. There will be a need to manage change pro-actively to minimise any adverse impact on staff morale.
- **Legislative change** – The Council as an employer, must comply with employment legislation and there have been a number of developments which are challenging, including the General Data Protection Regulations and case law around disability discrimination. There has been a rise in applications to the Employment Tribunal since the repeal of the fees regime in 2017 and this alters the risk of litigation. There is also an unknown factor in relation to post Brexit legislative change.

3.5 In light of the above, the principal aims of the workforce strategy are as follows:

- Re-brand the Council as an employer of choice for today's market and improve recruitment and retention
- Optimise the skills of our staff resources and enable innovative ways of working that increase resilience and capacity
- Support the values and engage staff with the challenges set out in the Council's 2020 Vision
- Invest in the health and well being of staff to reduce sickness absence and enable good work life balance
- Comply with current and emerging employment legislation and manage risks arising
- Develop sustainable pay and reward systems that attract and retain talent
- Address workforce demographics with effective and practical succession planning and better opportunities for younger people

3.6 The Workforce Strategy 2019-2021 will need to be supported by detailed annual workforce plans. In anticipation of preparations for the first of these to cover 2019, a number of areas of special focus have been identified as follows:

- **Modernising Recruitment** and improving the employment offer to attract candidates
- **Health and Well-being Initiatives** to support staff and improve sickness absence levels
- **Work-Life Balance Initiatives** to both assist with improving sickness absence levels and also to improve recruitment and retention outcomes.
- **Apprenticeship Opportunities** to expand the inflow and retention of younger people into the Council's workforce

- **Succession Planning Initiatives** - practical arrangements that can assist with knowledge transfer and the provision of experience for potential successors to senior and specialist posts.
- **HR Systems Development** - to reduce paper and streamline HR and Payroll processes and assist with GDPR
- **Enabling Digital Transformation** – to support effective change management and the development of new job descriptions and relevant skills development programmes

4. **FINANCIAL AND BUDGET FRAMEWORK IMPLICATIONS**

- 4.1 The costs will be reported to the Executive for their approval before the strategy goes to full Council for ratification.

5. **PERSONNEL IMPLICATIONS**

- 5.1 These are set out in the draft Workforce Strategy 2019-21 attached as Appendix A. Whilst much of the strategy focuses on pro-active and supportive measures that can be taken by the Council as an employer to assist employees, it should not be overlooked that there is a duty on employees to comply with the requirements of the Employee Code of Conduct and a legitimate expectation that employees will reciprocate by performing their duties in good faith and to the best of their ability.

6. **LEGAL POWERS RELIED ON AND ANY LEGAL IMPLICATIONS**

- 6.1 UK and EU employment law currently applies.

7. **EFFICIENCY GAINS AND VALUE FOR MONEY**

- 7.1 Doing more for less is one of the key factors addressed in the draft Workforce Strategy 2019-21.
- 7.2 Digital transformation is one of the most important ways of achieving efficiencies and this in turn depends upon engaging the workforce and equipping it for new ways of working.
- 7.3 HR systems play a key role in the provision of management information to help manage productivity and performance. The modernisation of HR systems is addressed in the draft Workforce Strategy 2019-21 with a view to enabling self service by managers and employees across a range of HR information requirements, including establishment control, sickness absence management, pay, training and appraisals.

8. **RISK MANAGEMENT IMPLICATIONS**

- 8.1 The high level risks are identified in the draft Workforce Strategy 2019-21 as follows:
- An ageing workforce and a weakness in succession planning poses the risk of loss of significant skills and experience over the next three years.
 - Continuing difficulties in recruiting and retaining skilled staff in areas of skills shortage such as Planning, Finance, Legal, Environmental Health and Asset Management is exacerbated by our proximity to London. (N.B. this is not an exhaustive list)

- Requirement for budget reductions arising from funding deficits impacting negatively on staffing levels, pay and benefits
- Capacity problems impacting on the health and well-being of the workforce, leading in turn to further capacity problems through increased sickness absence and turn-over rates.
- Loss of morale and motivation in the workforce impacting on service quality and stakeholder perceptions
- Lack of clarity in employment law following Brexit
- There is a risk of potential rises in agency costs arising from the implementation of changes in IR35 regulations and the Apprenticeship Levy on employment agencies
- There is a risk of claims at the employment tribunal for breach of employment rights if policies and procedures are not followed and this is exacerbated by the recent repeal of fees for tribunal applications.
- There are risks of claims for personal injury if health and safety issues are not managed well.

9. **CORPORATE PLAN & POLICY FRAMEWORK IMPLICATIONS**

9.1 These are identified in paragraph 3.3 above and in the draft Workforce Strategy 2019-2021.

10. **APPENDICES ATTACHED**

- 10.1 Appendix A: Draft Workforce Strategy 2019-21
- 10.2 Appendix B: Health and Well Being Initiatives
- 10.3 Appendix C: HR Systems
- 10.4 Appendix D: Expanding Apprenticeship Opportunities
- 10.4 Appendix E: Improving Recruitment Strategy and Systems
- 10.5 Appendix F: Draft Strategy Powerpoint Presentation

11. **BACKGROUND PAPERS USED IN PREPARATION OF THIS REPORT**

11.1 Document title: The Workforce Strategy 2015-2018
 Custodial Officer: Judith Fear
 Where filed: Agenda and minutes for the Council meeting of 26 November 2014

12. **AUTHOR**

Judith Fear, Head of HR and Customer Services, Ext: 2917

Contributory Authors:

Clare Noble, HR Adviser, Ext:
 Author of Appendices B, C and D

Linda Martin, HR Adviser, Ext:
 Author of Appendix E