

## **BUDGET AND PERFORMANCE PANEL**

### **HUMAN RESOURCES STRATEGY 13th March 2007**

#### **Report of Head of Legal and Human Resources**

##### **PURPOSE OF REPORT**

To inform Members of the Panel of progress and development with the Council's Human Resources Strategy, with particular regard to its relationship with the VFM (Efficiency) Strategy.

**This report is public**

##### **RECOMMENDATIONS**

(1) **That the report be noted.**

##### **1.0 Introduction**

1.1 At its meeting on the 12th September 2006, the Committee considered a report on the Human Resources Strategy. This report updates the information provided in that report.

1.2 The Council's Human Resources Strategy was prepared in July 2003. Since that time, the Human Resources Service, formerly Personnel Services, has undergone considerable change as a result of staff turnover, and has since April 2006 been combined within Legal and Human Resources. The Human Resources Strategy has not recently been reviewed. However, the contents of the Strategy are developed in more detail in the Human Resources Business Plan, and the Audit Commission has recently undertaken a Performance Project on People Management. Its report, once finalised, together with examples of good practice provided by the Audit Commission will assist in updating the Strategy .

1.3 The Value for Money (Efficiency) Strategy describes the Human Resources Strategy's contribution in the following terms:

*The Council employs approximately 1,000 staff and is now pursuing a programme of actions set out in the HR Strategy. The HR priorities and initiatives within the*

*strategy seek to obtain maximum efficiency from the Council's workforce. Specifically, these are targeted on:*

**Workforce Reform**

*-includes workforce planning as well as change management issues.*

**Pay Modernisation**

*-includes the completion of Single Status and Job Evaluation exercises.*

**Learning and Development**

*- includes staff and workforce development programmes.*

**Leadership and Management Development**

*-includes the "Success through People" training initiative, which in turn will contribute to the more effective management and performance of the organisation in all aspects.*

**Absence Management**

*- includes promotion of existing policy to improve attendance levels and hence productivity.*

**Recruitment and Retention**

*- introduction of Job Centre Plus and web based systems have reduced costs of recruitment.*

**Flexible Working / Homeworking**

*- modernisation of HR policies, such as flexible and home working are being developed to bring about better productivity and reduced transport/accommodation costs.*

- 1.4 This report sets out the progress made in dealing with these specific areas, and how they contribute to efficiency within the Council.

**2.0 Details**

**Workforce Reform**

- 2.1 The Human Resources Service is currently preparing a Workforce Strategy. This work is being carried out in conjunction with a Consultant from the North West Employers Organisation, in conjunction with a number of other local authorities in the area. A first draft has been completed. It is intended that all Service Business Plans will link to this Strategy, ensuring that the Council's human resources for the future will be organised effectively to plan for changing working practices and priorities and to ensure that an appropriate skills base is available, with succession planning as appropriate.
- 2.2 Having an effective workforce strategy saves costs in many ways. By retaining skilled staff, there can be a reduction in recruitment costs, and performance levels can rise. Workforce planning also helps avoid skills shortages, and saves the cost of employing temporary or agency staff or recruitment incentives.

## **Pay Modernisation**

- 2.3 The major piece of work being undertaken by Human Resources this financial year is the Fair Pay process, which involves a Job Evaluation scheme. This is a systematic process whereby jobs are assessed against common criteria in order to establish their relative value and make sure that the Council pays the fair value of those jobs when compared with each other.
- 2.4 The Single Status agreement brought together the former manual workers and former APT&C staff under one common pay spine. In 2004, a three year pay agreement was reached and included the requirement for local authorities to undertake a local pay and grading review. The Council is undertaking this through the Fair Pay process, in order to ensure fairness and equity across the organisation by clarifying roles and responsibilities. Value for money will be demonstrated through objective assessment of the relative value of jobs to the organisation and ensuring that pay policy is clear and that remuneration is fair and equitable and based on objective criteria.
- 2.5 It is anticipated that the job evaluation process, which is based on a computerised system involving the completion of a questionnaire and an interview with a Job Analyst in respect of each post, will be completed by August 2007, with a view to implementing the new pay and grading structure from April 2008. Issues relating to pay protection and back pay have been discussed through the Fair Pay Single Status Working Group and the JCC, but regard has to be had to national developments, in particular tribunal and court decisions relating to equal pay issues.
- 2.6 The process is a long and difficult one, but it is a corporate priority, and it is important that it is completed properly, in order to ensure that remuneration is fair and equitable.

## **Learning and Development**

- 2.7 A motivated, highly skilled, well trained and adaptable workforce is key to the Council delivering its corporate objectives. As part of the Employee Development and Performance Appraisal process, individual development plans are produced, and these are used to develop the Corporate Training Plan and a programme of training events. This ensures that staff training needs, linked to the achievement of the Council's objectives, are met.
- 2.8 In January 2007, City Contract (Direct) Services were assessed for liP and have received recognition. The report highlights examples of the clear link between investment in training and improvements in performance. It is intended that recognition for the whole Council will be sought in 2007/08.
- 2.9 In addition, there is a programme of development and training for the Council's elected members. Council on the 7th February 2007 approved a Member Development Strategy. A programme of induction and training has been arranged to take place after the May elections.

## **Leadership and Management Development**

- 2.10 The Council has developed its own in-house management development programme which was delivered to over 100 senior managers in its first year. The programme is now in its second year, being extended to middle managers. Building management and leadership capacity in this way and on such a scale will ensure that the Council

is more able to demonstrate a commitment to capacity building, performance management, people development and efficiency gains in the future.

### **Absence Management**

- 2.11 One of the Council's key performance indicators for 2006/07 is to reduce the average days lost to sickness to 10 days per employee by March 2007. For 2005/06 the average was 11.6 days, and this had fallen from 12.2 in 2004/05. At the end of the third quarter of 2006/07, the figure was 8.57 days compared with 8.45 for the equivalent period in 2005/06.
- 2.12 Advice is given by Human Resources staff on managing sickness absence, with a view to encouraging clear and timely management decisions. External support is provided by the Council's Occupational Health provider. During the third quarter there were three stage 4 absence hearings. In other cases phased returns to work supported by management and occupational health are being encouraged. It is hoped that this will result in an improvement to the figures for 2007/08.
- 2.13 Financial Services advise that for 2005/06 non-cashable savings for reduction in sickness absence were calculated at £63,165. To date the anticipated savings for 2006/07 have not been quantified.

### **Recruitment and Retention**

- 2.14 The cost of recruitment has been reduced by the use of the "jobsgopublic" website and less advertising in newspapers and journals. For 2005/06 £46,969 cashable savings were calculated for recruitment advertising. The forward looking annual efficiency statement for 2006/07 includes savings of £60,000 (£50,000 cashable and £10,000 non-cashable) for recruitment advertising. However, there are occasions where individual Services take the view that a particular post needs to be advertised more widely or prominently in a specialist journal or local newspaper, and fund such advertisement themselves from other budgets.
- 2.15 The Council's learning and development programmes and workforce planning, as well as flexible working and home working proposals should assist with staff retention.

### **Flexible Working/Home Working**

- 2.16 These issues are closely linked to the Council's Access to Services review and Business Travel Plan. Home working may generate significant efficiencies, reducing accommodation costs and staff travel. In addition staff may benefit from more flexible working patterns. A pilot project on home working and "hot desking" is focusing on the Services in Palatine Hall (Planning and Building Control, Economic Development and Tourism, and Licensing), and a feasibility study is currently under way.

## **3.0 Conclusion**

- 3.1 All the above form part of the Council's Human Resources Strategy, and are being developed in what is a very challenging Service Business Plan for 2006/07. The People Management Project undertaken by the Audit Commission was designed to support the Council in modernising its Human Resources function and building a more strategic approach to people management with better integration of workforce

planning and workforce development into its overall business planning. It is hoped that the actions arising from the final report will help focus resources on complementary and consistent people management practices that support delivery of priorities both for internal change and for improvement to services to local people, and will help inform future development of the Human Resources Strategy.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None identified arising from this report.

**FINANCIAL IMPLICATIONS**

There are no financial implications arising directly from this report.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and has no further comments.

**MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring Officer has been consulted and has no further comments to add to the report.

**BACKGROUND PAPERS**

Human Resources Strategy July 2003  
Audit Commission Performance Project Brief  
June 2006

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