

**HR Assurance Update
21st July 2021**

Report of Director of Corporate Services

PURPOSE OF REPORT

This report aims to provide a synopsis of work undertaken to address matters raised relating to the effectiveness of Lancaster City Council's HR services.

RECOMMENDATIONS

- (1) To note the progress made in further investigating and implementing work on HR Assurance**

1.0 Introduction

- 1.1 This report provides an update on progress made since the previous Audit Committee on 9th June 2021

2.0 Details

- 2.1 During 2020, staff absences and other issues in the HR Service led to swift action being taken by the Chief Executive to ensure an effective service, including:
- The temporary transfer of reporting lines for certain functions and work to establish and address identified any identified competency issues with key staff or policy or process effectiveness and adherence issues;
 - The establishment of interim management of the HR function by a highly regarded and experienced officer, (Deputy Director) including due diligence and staff support;
 - A report was commissioned to support the authority in an independent review of issues raised;
 - A focus on Local Government experience and leadership within the recruitment processes for a new Corporate Services Director;
 - The findings of this report were referred to the Internal Audit Team, who produced a report into the matter on 29th October 2020, who identified that the report had not fully identified the range of responses required to the issues, and subsequently suggested an action plan to address the issues raised, included undertaking further investigation work;

- 2.2 No organisation wishes to have capacity challenges to address, and difficulties within HR services are particularly complex, as the HR service itself would normally play a significant role in supporting work and investigations regarding capacity, governance, conduct and competencies. However, the use of external expertise and interventions by the Executive Management Team supported by Audit and Legal teams meant that the issues were investigated, identified and responded to, maintaining service continuity throughout.
- 2.3 As is the case for all local authorities, Lancaster City Council has faced unprecedented challenges in the last year due to the Pandemic, and its approach to reallocating the workforce, delivering pandemic response activities, maintaining continuity of essential services, ensuring the wellbeing of the workforce and supporting the community has been externally recognised as exemplary. Despite the challenges identified in the reports, an effective HR service to recruit, support, train, operate essential HR services and systems, and do all of the extra work associated with pandemic related recruitment and staff changes was maintained.
- 2.4 As part of its regular activities, over the last year we have been able to gather information and insights on working in and for Lancaster City Council via our internal 'your voice' and employee survey activities. We have also been inspected and assessed as part of the independent 'Investors in People' scheme. While there is always room for improvement, these activities provide objective evidence that the impact and scope of the challenges above has been relatively limited, with Lancaster City Council moving from Basic to Silver level on IiP and also securing a Workforce Wellbeing Award. The IiP's findings are based on extensive, independent surveying of staff across the organisation and their own assessments of our systems, processes, behaviours and actions.
- 2.5 Given the differences in information and scope between the investigations and reports, it was vital the Executive Management Team acted based on a complete picture of the matter, and the Executive secured this from externally commissioned work. This was to ensure that, at all times they acted objectively, consistently, compassionately and fairly in their response.
- There were three distinct areas of work:
- HR assurance and investigations;
 - Maintaining continuity of service; and
 - Addressing any systemic weaknesses or lessons learned.
- 2.6 Feedback was obtained from the externally commissioned adviser in December 2020 confirmed that there were a range of opportunities for improvement regarding the behaviours and competencies, the content and governance of HR policy development, agreement and implementation, and adherence to policies, processes and procedures, including in the restructuring of, and appointments to the HR, OD and Projects Team. There appears to have been a limited direct impact of this, restricted to a very small number of roles and policies, and, due to the action taken by the Executive and supported by the Audit Team and others, for a limited duration of time.
- 2.7 The new Corporate Services Director joined the authority at the start of December 2021, met with the Audit Team, and agreed the overarching findings of the Audit Report, and the general principles of the proposed Action Plan. Management of the HR assurance work passed to her, and the following actions were taken:
- The Audit and related reports and investigations were reviewed;
 - A comprehensive service review of the HR team structure, policies and processes was started to regularise its establishment and this is now at staff

- consultation stage;
- Externally verified evidence and information, and employee survey information was also reviewed to understand the general sense of employee support, satisfaction and morale;
- An interim review of specific policies and procedures was undertaken, to ensure that those in use were appropriately developed and agreed, resulting in temporary reversion to previous policies where appropriate;
- A further review is planned to align policies and procedures with best practise, including any governance and consultation activities required for proposed changes once the new team arrangements are in place;
- Discussions were held with key people including the Unions (3 meetings to date);
- Management, support and negotiations were held and, where relevant, return to work plans were put in place for any affected parties associated with the issues raised and their related formal processes;
- Additional checks and safeguards on any changes to the constitution, policies or procedures were put in place to minimise risks of recurrence;
- A revised Action Plan and tracker is in place based on the recommendations of the audit team and subsequent investigation;
- A reinvigorated 'Taking the Lead' regular meeting including leadership and management competency activities for all Heads of Service
- A training programme and approach for Member Committees has started, with training for Overview and Scrutiny Members held in March 2021 to strengthen understanding of roles, responsibilities and accountabilities of Committees and their Members and training planned for Personnel Committee in early Autumn 2021.

2.10 Since the previous update on 9th June the following actions have been undertaken:

- A further 12 staff consultation meetings have been held
- A whole-staff 'working well' survey helping us understand the needs, priorities, key issues and future ways of working for our employees (with a cc 50% response rate at time of report drafting – typical public sector staff surveys secure a 15-30% response rate)
- A recruitment process for an interim Head of HR has been carried out, with an offer now in place subject to pre-employment checks for a start within the month.
- A parallel process for a permanent appointee has been drafted, ready to be checked using the interim's expertise, ready for release.
- The Service review outcomes and feedback have been collated, ready for implementation by the interim Head of HR, again subject to their checking, and the relevant union and Personnel Committee engagement.
- Regular meetings are now in place with the Unions, and regular meetings have been proposed with the Personnel Committee Chair.
- Fortnightly detailed updates are being provided to the Portfolio Holder for HR (the Leader)
- A comprehensive review of progress against the audit findings will be undertaken again in Autumn 2021

3.0 Details of Consultation

3.1 Extensive consultations and interviews were held with a large number of employees and expert advice was sought from external HR and legal professionals from three

organisations. Portfolio holders and the union have been briefed and provided feedback on the relevant issues which has then been included in the actions taken.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Engage professional help and reform service and related policies	Option 2: Request Lead officers deal with matters raised	Option 3; BAU / do nothing
Advantages	Best potential to align authorities actions with good practice and mitigate risks	Would be the typical response to relevant audits.	Limited. Action is essential to address findings
Disadvantages	Very time-consuming entailing significant senior officer time and intervention, staff consultation and external commissioning of support	The issues raised relate to lead and senior officers within the authority	Exposes the authority to unacceptable risks.
Risks	There will be a period of time when transformation and	There is a risk that an objective approach may not be taken.	Employee satisfaction. Use of council resources. Adherence to legislation and policies

5.0 Officer Preferred Option (and comments)

5.1 Option 1 is the preferred option. A full review of the HR Services, policies and processes, and related governance checks and balances is now at the final implementation stage.

6.0 Conclusion

6.1 A thorough investigation and review of matters relating to HR Services has been undertaken arising from the identification of a number of issues of concern. Changes to personnel, systems and processes have been identified and are in the process of being implemented.

CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing): The steps proposed aim to align the actions of the council more closely with our equality and diversity policies and relevant other priorities.

LEGAL IMPLICATIONS
No further implications from previous update
Extensive legal and HR specialist advice has been engaged to support the investigations and inform the actions taken.

FINANCIAL IMPLICATIONS
No further implications from previous update
A provisional increase of £40,000 was agreed in the 2021/22 budget setting process to allow

for any changes needed to address the report's findings.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

SECTION 151 OFFICER'S COMMENTS

I am aware of the issues raised in the report and have been working with the Leadership Team to respond to them.

MONITORING OFFICER'S COMMENTS

I am aware of the issues raised in the report and have been working with the Leadership Team and external parties to respond to them.

BACKGROUND PAPERS

Appendix 1:

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Ref: