

Corporate Services Select Committee

7 March 2018



Human Resources and Organisational Development Strategy

Purpose of report: Scrutiny of Policy Development and Review

Introduction

1. The Human Resources and Organisational Development (HR & OD) team provides strategic and operational support to the Council in planning, recruiting, managing and developing its workforce, organisational culture and supporting performance and delivery of services.
2. Orbis Partnership HR & OD is delivered through Orbis Partnership and has an integrated senior management team made up of the Director of HR & OD with 'local leads' who act as the Head of HR & OD for Surrey County Council, East Sussex County Council and Brighton and Hove City Council. As part of the integration and efficiency agenda, HR & OD services have been clustered to focus on services valued by customers and management teams have been integrated to lead these service areas.
3. Each Head of HR & OD is accountable to the senior management team for development of an HR & OD strategy and workplan that meets the sovereign needs of the organisation and for the quality and delivery of HR & OD services and initiatives. The strategy sets out the strategic focus and work plan including core business and strategic developments that have been identified to support delivery of the corporate plan and service plans.
4. This report includes the latest version of the strategy which was developed in consultation with senior workforce leads and the Chief Executive's direct reports. The strategy was considered by the People, Performance and Development Committee (PPDC) on 30 November 2017, where it was approved, according to the Scheme of Delegation, Section 2, para 6.13.
5. The strategies in HR & OD have been reviewed by the HR & OD leadership team who considered the challenges and opportunities for the workforce over the next two years. This strategy identifies our key aims and how the members of the HR&OD team in Surrey County Council will enable the workforce to deliver the best possible services to Surrey residents.
6. This reports sets out the organisational context in which the HR & OD service delivers services. It includes the aims and measures of the HR & OD strategy and information

on key workforce management issues including training, appraisal, wellbeing, attendance and workforce planning.

Background

7. The HR & OD service offer needs to adapt to changing circumstances which are dictated by national policy, workforce dynamics, local and regional workforce challenges and national strategy. For example, Surrey services are part of three Sustainability and Transformation Partnerships with health service partners, each of which is developing workforce strategies. This brings challenges of keeping informed, aligned and influencing with work across a wide range of partners.
8. For over six years, the county council has faced large reductions in funding from central government whilst at the same time seeking to deliver services in the face of increasing demand and cost. Alongside increasing customer expectations for quality, professionalism has been the growing emphasis on self-directed support.
9. Services are therefore seeking to review and transform to ensure they are able to meet these financial demands at the same time as providing services to the residents of Surrey. As a result of these drivers there have been changes to services which have resulted in redundancies as some functions have ceased or through the refocussing of services into different areas. Not all of the changes in the organisation have resulted in redundancies as management have taken steps to mitigate redundancy where possible through the deletion of vacant posts or through re-focussing existing roles. Other measures have also been implemented to mitigate the impact and help maintain staff engagement in the changes.
10. The table below shows the changes to the number of employed staff (expressed as people FTE) from 2016/17, 2017/18 to date. It also sets out the total number of staff in each directorate to show how the overall shape of each directorate has changed. The directorates vary in the changes to their staffing numbers with the only significant decrease having occurred in Adult Social Care. This is largely due to redundancies over the last two years as a result of the Older People home closures.

Service	People FTE - 1 April 2016	People FTE - 1 April 2017	People FTE - 1 Oct 2017
Adult Social Care	1642	1566	1482
Children, Schools and Families	2715	2837	2742
Business Services	951	941	910
Customer and Communities	120	111	*
Legal, Democratic and Cultural Services	648	635	625
Environment and Infrastructure	1137	1096	1167
TOTAL	7213	7186	6926

HR & OD Strategy

11. The HR & OD Strategy (see Annex A) outlines the key intentions and outcomes measures we will focus on. Our vision is *'to ensure we support and improve the behaviours, performance, the health and wellbeing, motivation, innovation, connectivity, creativity and productivity of our workforce.'*

Our key aims

12. Five key aims have been identified to deliver the vision and direct HR & OD support for the organisation. These are:
- **Sustain**; we recruit people with the right skills, at the right time, in the right place to deliver high quality and affordable services for our residents.
 - **Enable**; our colleagues feel nurtured, valued and empowered to be innovative and effective.
 - **Achieve**; colleagues are skilled, with access to the right resources and opportunities to grow and develop.
 - **Collaborate**; we show our values and team behaviours working with other.
 - **Transform**; we embrace and respond to the changing needs and expectations of residents.
13. The strategy sets out:
- a description of purpose and why this is important;
 - the challenges we are seeking to address;
 - the opportunities to develop further work;
 - why it is important to focus on the issues;
 - what we're doing now in terms of business as usual; and
 - what we're developing as a strategic intervention.
14. Our key aims align to five of the Corporate Strategic Goals, as demonstrated in the last section of the strategy.

Measuring its effectiveness

15. We recognise that measuring the progress of our strategic work programmes and monitoring health and productivity are key to understanding both our successes and our key drivers moving forward. We have two methods for monitoring its effectiveness:
- 15.1 We monitor progress against the delivery of our strategic work programme and are updating our protocols to provide timely and accurate reporting to members.
- 15.2 We are developing a dashboard, a set of standard reporting charts, to monitor the range of health and productivity measures featured within each of the key aims in the strategy. We are taking this dashboard to PPDC on 29 January 2018, for comment, as part of the development.

Outcomes from delivery

16. We are improving and implementing effective workforce data reporting and using this data with services to help them understand their workforce. We have commenced a project to improve the recording of staffing information on the HR database and to align financial planning and HR information. This will be completed by April 2018. We are also developing a set of measure to help track the delivery of the key aims of the strategy which are set out in the document.

Longer term strategic planning

17. The strategy is for two rather than five years, we anticipate following the appointment of a new Chief Executive and the refreshed corporate plan will provide an opportunity to refresh the strategy for the coming period. A critical element of this will be working with directorates to better understand their future.

HR & OD Operations

Learning and development

18. The Learning and Development (L&D) Service provides a supporting and enabling function to all directorates, providing a mix of consultancy and project development services. Our development programmes are purposefully delivered using a blended approach which involves e-learning being combined with traditional classroom methods and independent study to create a new, hybrid teaching methodology.
19. Our classroom occupancy rate has been on average 66 per cent. This is an area we monitor closely and each month we share attendance data with the services to tackle teams where there are high levels of late cancellation and no shows. The core elements of our approach to training are set out below.
20. Essential training- we collectively refer to our statutory and mandatory training as 'essential' training and for us it means that staff will have the knowledge to maintain a healthy and safe working environment for themselves and their colleagues. This is continually reviewed and updated to meet changing needs.
21. Induction- our induction programme provides our new employee's or those moving internally with the information they need to get started and operate effectively in their appointed role and its goal is to align new starters with Surrey's culture, mission and values, and focus on strengthening their connection to the council and its staff.
22. Continuing Professional Development (CPD) and career development- our CPD activities can range from formal classroom events, workshops or seminars, to more informal approaches such as work-based learning or mentoring. CPD can also include self-directed study such as e-learning courses with access to a wide range of online pocket books and journals. We are actively working with services to promote career development, making sure the workforce planning, job design, rewards and learning and development initiatives support and promote career and personal development.
23. Apprenticeships and sponsored qualifications- the numbers of staff starting a fully funded qualification has steady increased over the months and we are forecast to meet our target of 264 for 2017/18 under the Apprenticeship Levy.

24. Leadership and Management Development- the offer seeks to support leaders and managers to work in line with our leadership expectations and our management behaviours. We offer development for foundation, enhanced and strategic levels. Leaders and managers are encouraged to take a more self-directed approach to their learning and development and embrace new technologies to collaborate and share learning across the wider system to support the development of a learning organisational culture.

Performance appraisal

25. Surrey County Council is a values led organisation with effective staff management being at the heart of our culture which is delivered through our appraisal process. In 2016 the Council introduced an updated behaviours framework and created a link between appraisal and pay progression as part of the reward strategy agreed with trades unions. In 2017 we launched an appraisal policy, guidance and toolkit with associated workshops and learning to support managers conduct successful appraisal reviews.
26. The appraisal year falls in line with the business planning cycle and follows on from the strategic direction set in April. The previous years' objectives are reviewed with all staff and appropriate performance levels are given determined, moderated and recorded by 31 May each year. The objectives are then set by June for the coming year and are reviewed between October and November with the support of a 360-degree feedback where practicable.
27. Regular monthly team meeting and conversation with individuals keeps the focus on performance. There is also a midyear appraisal review of performance and development needs between October and December each year to check on progress, provide feedback, and put in place any measures that give individuals the best opportunity to be successful.
28. To ensure fairness and transparency the process includes a final moderation of performance levels given to all staff. Services also review objectives set for similar roles at the beginning of the appraisal year to encourage consistency in standards of performance required.
29. The aim for everyone is to do a great job to a high standard. On this basis, the appraisal process provides for three ratings of performance:
- Successful,
 - Exceptional, and
 - Improvement needed.
30. Every individual must be given a level in accordance with their achievement against their service standards, objectives and the behaviours. The right support should be in place if the standards are not being met. The Council has set out a guided distribution for appraisal ratings; approximately five per cent will achieve an exceptional rating, five per cent will have improvement needed and 90 per cent will be successful. See the summary of outcome ratings below.

1) Successful	2) Exceptional	3) Improvement needed	4) Not discussed
The majority of us	A small number of	This level will be given	This is given to

<p>will be successful, completing high quality work, delivering our objectives consistently for our residents, and role modelling the behaviors.</p>	<p>those achieving 'successful', may also experience a year where they have consistently delivered exceptional results, and have had a significant and positive impact on others.</p> <p>For those who have really excelled themselves and the standards expected, the level 'exceptional' can be used to recognize their achievement.</p>	<p>where an individual is not able to demonstrate they have met the requirements of the job they are employed to perform. There may be formal or informal measures already in place, appropriate to the improvement needed. Improvement measures should be in place to help the individual be successful as soon as possible.</p> <p>The effect of this performance level on pay is to pause any eligible pay increase until such time as the required improvement is made</p>	<p>someone as a temporary measure who is absent from their appraisal and it was not possible to reschedule before the deadline required by the service. An updated level of either successful, exceptional or improvement needed will be discussed when they return to work.</p> <p>The effect of this performance level on pay is to pause any eligible pay increase until such time as the appraisal can be completed</p>
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31. The current completion rate for 2016/17 of those staff eligible for appraisals by 31 May deadline is **94.2 per cent**. A Summary of the organisational and directorate appraisal completion rates for is included in the table below,

Personnel Area	Not Completed	In Process	Completed
Adult Social Care Services	4.70%	0.24%	95.06%
Business Services	0.88%	0.69%	98.43%
Chief Executive Office	1.82%	0.00%	98.18%
Children's Sch & Fam Service	6.55%	1.75%	91.70%
Customer and Communities	7.19%	0.00%	92.81%
Environment & Infrastructure	8.30%	0.35%	91.34%
Legal, Demo & Cultural Service	0.45%	0.28%	99.27%
Grand Total	4.90%	0.92%	94.18%

32. The overall distribution for 2016/17 is within the guided distribution parameters which suggest five per cent will achieve an exceptional rating, five per cent will have improvement needed and 90 per cent will be successful. Please see table below,

Personnel Area	Not Discussed	Improvement Needed	Successful	Exceptional
Adult Social Care Services	2.04%	2.65%	93.47%	1.84%
Business Services	1.69%	2.79%	90.84%	4.68%
Chief Executive Office	0.00%	0.00%	96.30%	3.70%
Children's Sch & Fam Service	3.12%	5.04%	88.01%	3.83%
Customer and Communities	3.10%	3.10%	87.60%	6.20%
Environment & Infrastructure	0.69%	0.77%	92.37%	6.16%
Legal, Demo & Cultural Service	2.16%	0.51%	95.17%	2.16%
		3.01%	91.13%	3.57%

Wellbeing, absence and attendance management

33. The Wellbeing, Inclusion and Health and Safety functions have now become an integrated team. This enables a seamless and enriched offer, ensuring a broad range of support and assistance is available, that prevents difficult situations and ill health and offers early and effective help. This model has been reflected across the Orbis partnership, to improve shared learning and improve the local offer and improve best practice.
34. The Wellbeing Plan is composed of various initiatives, plans and services, all designed to meet the needs and demographics of our workforce. Within this there are plans to support Armed Forces, promote and increase volunteering, enable conflict resolution through the restorative framework, flexible and family friendly working, a Wellbeing and Inclusion JIVE Network, Council wide Wellbeing Days and events, Occupational Health and Wellbeing Services, Employee Assistance Programmes, Health Surveillance and Health Protection and Driver Wellbeing Programmes.
35. A dedicated Absence Plan was introduced in 2016-17, to enable the Council to deliver an evidence based approach, meeting the specific support needs of staff and system improvements, to ensure a more successful, earlier and effective return to work. Examples of key activities included a new Management Development one day

workshop on Supporting Wellbeing and Attendance, maximising the new OH and EAP provider offers and creating new offers for e.g. physiotherapy, targeted line manager conversations where staff had been off for over 20 days and policy changes on the levels of paid absence leave. This resulted in a sharpened management focus and earlier and more positive returns to work, which have contributed to long term absence reduction, in both frequency and duration.

36. Surrey County Council continues to make strong, overall progress on improving the management of attendance and reducing the cost and impact of staff absence. There has been sustained performance, with consistently low absence, averaging just over an average of 6 days per FTE per year, compared to approx. 8 days per FTE in the same sector in the south east. Whilst there are some challenges of under reporting, these are isolated and through successive audits have been shown to be no more than zero to 10 per cent, which still represents strong progress.
37. Further analysis of sickness patterns, types of sickness and reasons, shows wide variations between duration, types of absence and services. Various HR initiatives in the Absence Plan, takes into account the current issues and the need for a consistent approach and should lead to sustained improvements in wellbeing and attendance management.
38. This analysis shows that although there is good progress, there is still high potential to make further improvements and achieve more performance. A key challenge is prolonged and unnecessary absence duration due to slow management response rates and access to support and slow decision making. This is encouragingly starting to reduce. Conversely there is also a challenge of increased, shorter spells and the Council is currently considering the use of an external first day absence provider.

Headline analysis

Attribute	2015-16	2016-17	Difference	Impact
Total Days Absence	66,384	59,085	7299 days less	PRODUCTIVITY
Total Cost Absence	£5,564,000	£5,085,102	£478,898 less	SAVING
No Spells Absence	9959	12,025	2066 more	DISRUPTION
Average Duration – Headcount - non FTE	6.67 days pa	4.91 days pa	1.76 days pp pa	PRODUCTIVITY

39. The results overall, show a very positive picture, in particular the net reduction of 7299 absence days, representing an approximate saving of £500K. This is improving the council's ability to deliver services and reducing the pressure on services to find additional resources, to supplement this lost time. There is a notable concern around the growing number of short term absence spells increasing. To respond to this, as well as the Absence Plan activities, the Council is investigating the use of an external provider, First Care, to offer nurse led conversations on day one of absence, prior to a management conversation. First Care can also provide real time, accurate data and a compliance and assurance requirement, for managers to conduct effective return to work interviews.

Long Term Absence (LTA) analysis

Attribute	2015 – 16	2016 - 17	Difference	Impact
20+ days – 3 months – days	17,145 days	12,703 days	4442 less days	EARLY REHABILITATION
20+ days – 3 months – spells	492	375	117 less spells	LESS MANAGEMENT
3 months – 6 months – days	11,547 days	7330 days	4217 less days	REHABILITATION
3 months – 6 months – spells	130	80	50 less spells	LESS MANAGEMENT
6 months+ - days	9023	12385	3362 more days	COMPLEXITY
6 months+ - spells	44	54	10 more spells	COMPLEXITY
Total LTA days	37,715	32,418	5297 less days	SAVING
Total LTA spells	666	509	157 less spells	SAVING

40. Through targeted interventions, performance has been strong in this area, reducing the overall number of long term spells and associated by 157.
41. The very long term cases now relate to the most complex issues, the key reasons and themes for prolonged long term absence include terminal illness, depression, cancer, advanced musculo-skeletal conditions and situations that have become linked into formal HR procedures. All long terms absence over 20 days become absence management plans, discussed between the manager and the HR Absence Team.

Condition specific analysis

Attribute	2015 - 16	2016 - 17	Difference	Impact
Stress – Days	12,138 days	11,188 days	950 less	REHABILITATION
Stress – Spells	429	580	151 more	DISRUPTION
Stress – Avg Duration	28.29 days	19.29 days	9 days less pp pa	REHABILITATION
MSK* – Days	12,685 days	9,057 days	3628 less	PRODUCTIVITY
MSK* – Spells	747	815	68 more	DISRUPTION
MSK* – Avg Duration	16.98 days	11.11 days	5.87 pp pa less	REHABILITATION
Colds/flu– days	7018 days	5995 days	1023 less	PRODUCTIVITY
Colds/flu– spells	2487	3295	808 more	LOW PREVENTION
Colds/flu– Avg Duration	2.82	1.82	1 day less pp pa	PRODUCTIVITY

*musculo-skeletal conditions

42. Stress continues to form one of the main conditions and reasons for lost absence days, although the average duration has markedly reduced by 10 days per spell, to 19.29, which has shifted this type of absence to just below the long term absence definition of 20 days. A strong focus and attention has been given to long term absence, including a revised policy and targeted calls to line managers for any absence over 20 days and for repeated short term absence. The Council's Employee Assistance Programme offering counselling support and Team Prevent, our Occupational Health providers,

who also provide physiotherapy support, have supported most long term absence to successful and early return to work.

Workforce planning

43. The ultimate aim of the workforce planning project is to enable the organisation to have a clear appreciation and good understanding of the changing needs and demands on our workforce. In order to allow this to happen the HR & OD Service has developed a light touch approach, which will work towards alignment with the Council's Business planning processes.
44. Our intention had been to help support Services in the development of a workforce plan by reviewing what was needed from their workforce to enable them to achieve their strategic aims. It is clear that services are currently considering a strategic direction and working towards defining their future operating models.
45. Activities to date have therefore been focused on workforce data - ensuring each Service has a clear understanding of their workforce composition, the cost of the workforce and any issues/areas of concern as highlighted by the data. We have been looking at key areas relating to attraction and succession, performance and skills and development.
46. A key factor in ensuring the success of this initiative is access to "good" data which allows analysis of workforce at directorate, service and team level. Our work to improve data quality and reporting will assist with this.
47. We are seeking to align and embed workforce planning activities with the business planning processes and to respond to specific areas of identified need for each service. A number of cross-cutting issues have been identified, including:
 - Clarity in defining critical roles and skills;
 - Simple approach to defining future vision and developing service operating model;
 - Clear understanding of what is available in terms of staff development opportunities; and
 - Creative and targeted resourcing plans for hard to fill roles.
48. The Council's Strategic Workforce Plan will end in 2018. This will be reviewed taking into account the revised corporate plan and the direction set by the new leadership team.

Staff survey

49. In 2015, Best Companies was appointed by Surrey County Council (SCC) to administer a three year programme of annual employee surveys. Best Companies are recognised as being associated with 'The Sunday Times Best Companies' report and providing expertise in the areas of employee engagement and advocacy which was felt to fit well with the organisation's values and culture. The first survey was undertaken in October 2015 with the second and third surveys a year later.

50. The 2017-18 survey was the last of our current contract. The results of the survey have been considered by the Executive Leadership Team and by directorate leadership teams to determine their response to the key issues which they will share with staff. Officers will be reviewing the approach to be adopted for coming years.

Conclusions

51. The revised HR & OD strategy gives a refreshed focus to the range of programmes and activities that the HR&OD team will develop and deliver to achieve the vision of a healthy and productive workforce and delivery of our key aims. These have been reviewed against the directorate strategies and service priorities, to ensure they are effectively aligned and that the work identified in the strategy will support the delivery of council services.

Recommendations

52. It is recommended that:
- a) The Corporate Services Select Committee review and comment on the refreshed two year HR & OD Strategy, recently approved by PPDC.
 - b) The Corporate Services Select Committee comment on the intention for the service to take six monthly reports to PPDC to review progress of our key aims and measures.

Next steps

53. The refreshed HR & OD strategy has been published. A report will be presented to PPDC on a six monthly basis to apprise Members on progress of the key aims and measures.

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