
Report To:	Policy and Resources Committee	Date:	31 January 2017
Report By:	Head of Organisational Development, Human Resources and Communications	Report No:	HR/04/17/AW
Contact Officer:	Allan Wilson	Contact No:	712022
Subject:	People and Organisational Development Strategy 2017-2020 - Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update Members on the key actions planned over the next few months to support Council's People and Organisational Development Strategy 2017-2020. The priority actions will focus on the significant workforce implications arising out of the government settlement announcement which has resulted in an increased funding gap for 2017 - 2020.

2.0 SUMMARY

- 2.1 The Organisational Development Strategy 2017-2020 was formally approved by the Policy and Resources Committee in September 2016. The Strategy was designed to support the range of planned transformation and change management projects and to ensure the required skills are in place to deliver these and the required savings.
- 2.2 It is recognised that the period 2017-2020 will be extremely challenging for the Council and it is therefore more important than ever to ensure that we have a strategy and workforce plans in place, which will drive and deliver change across services while ensuring our employees continue to be motivated, sufficiently trained, qualified and experienced to deliver quality services which meet current and anticipated service needs.
- 2.3 With an estimated funding gap in the region of £14.5 million for 2017/19 the Council will require to focus on a programme of service reduction, stopping services and reducing the size of the workforce. It is estimated that there will be a reduction of staff in the region of 175 – 300 FTE for the period 2017/19. In addition the Council will also look at programmes to investigate options for sourcing services externally and shared services both of which will have staffing implications.
- 2.4 Although the Council has successfully managed workforce reductions in recent years it is recognised that the scale of workforce reductions over the next three years will be far greater than previously required. Accordingly, it is vital that detailed workforce plans reflect the planned workforce changes ensuring that any loss of skills does not have a negative impact on the Council's ability to deliver services and its significant programme of change.
- 2.5 Delivery of the key actions over the next few months will be taken forward in consultation with the Trades Unions through the Joint Budget Group and with the workforce. The Corporate Workforce Planning and Development Group will have a key role in developing workforce plans ensuring a consistent implementation of People and Organisational Development Strategy and key actions across the Council.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- a) note the key workforce planning actions outlined in section 5 of this report which will support the Council to manage the workforce implications required to address the projected funding gap and also to support our employees through the next period of significant change, and;
- b) note the intention to undertake a 'soft' voluntary severance trawl in key targeted areas where there may be potential for workforce reductions.

Steven McNab
Head of Organisational Development,
Human Resources and Communications

4.0 BACKGROUND

- 4.1 The Council has recognised the importance of supporting employees through periods of sustained change and this has been demonstrated through the delivery of two Organisational Development Strategies from 2009 and the recent development of a People and Organisational Development Strategy for 2017-2020. It recognises that in order to deliver on the Council's policy ambitions in a climate of reducing resources, the Council will need a workforce that is developed appropriately and remains engaged, and motivated.
- 4.2 In order to support the large range of transformation and change management projects, Inverclyde Council formally introduced an Organisational Development Strategy in 2009, shortly after the successful introduction of Single Status. Since then the Council has continued to give Organisational Development (OD) a prominent role, placing a high value on OD and workforce planning activity. The 2009-2012 strategy was followed by our second OD strategy 2013-2016 which continued to ensure that positive people management and workforce planning initiatives were supported, introduced and recognised as playing a valuable role in achieving key Council priorities and objectives and securing high service delivery standards.
- 4.3 The 2017-2020 strategy which was formally agreed by the Committee in September was developed in consultation with all services which has helped to provide a baseline assessment against the key objectives within the Corporate Statement and Corporate Directorate Improvement Plans. Stakeholder engagement has included workshops with the Extended Corporate Management Team, Heads of Educational Establishments, Service Managers and feedback from the recent Employee Opinion Survey. Consultation on the development of this strategy has also taken place with the Trades Unions and the Corporate Workforce Planning and Development Group which has representation from all Directorates of the Council.
- 4.4 With an estimated funding gap in the region of £14.5 million for 2017/19 the Council will require to focus on a programme of service reduction, stopping services and reducing the size of the workforce. It is estimated that there will be a reduction of staff in the region of 175 – 300 FTE for the period 2017/19. In addition the Council will also look at programmes to investigate options for sourcing services externally and shared services both of which will have staffing implications.
- 4.5 Although the Council has successfully managed workforce reductions in recent years it is recognised that the scale of workforce reductions over the next three years will be far greater than previously required. Accordingly, it is vital that detailed workforce plans reflect the planned workforce changes ensuring that any loss of skills does not have a negative impact on the Council's ability to deliver services and its significant programme of change.
- 4.6 The Council is pursuing an ambitious and wide ranging agenda through the recently refreshed and approved Corporate Directorate Improvement Plans (CDIP). One of the greatest challenges in the coming years is to continue to deliver high quality services to our customers in extremely challenging financial circumstances. The delivery of the objectives within our CDIPs will require the commitment and hard work of the Council's workforce.
- 4.7 In addition, the Council and its partners are operating in an environment dominated by a public sector reform agenda, involving anticipated changes in legislation and policy which directly affects the way the Council services are delivered in the future and will make new demands on the skills and capabilities of our workforce. It is essential therefore that the People and Organisational Development Strategy and workforce plans for the next three years respond to these challenges, equip its managers and workforce to enable the Council to continue to work corporately and effectively to deliver on its policy ambitions.
- 4.8 The key actions being progressed during 2017 are highlighted in section 5 of this report. The delivery of the key actions over the next few months will be taken forward in consultation with the Trades Unions through the Joint Budget Group and with the workforce. The Corporate Workforce Planning and Development Group will have a key role in developing workforce plans ensuring a consistent implementation of People and Organisational Development

Strategy and key actions across the Council.

5. Key Workforce Planning Actions – 2017

5.1 The priority workforce planning actions for 2017 will focus on addressing the significant workforce implications arising out of the poorer than anticipated settlement announcement resulting in an increased funding gap 2017 - 2020. The key actions are set out below against the four key themes of the People and Organisational Development Strategy.

5.1.1 Theme 1 – Organisational Development (Planning for the Future)

Outcomes – What we plan to achieve

Excellence in people & performance management and organisational design. To continue to identify current and future workforce challenges and solutions.

Key Actions for 2017:-

a) Workforce Profiling of Potential Saving Areas

As part of the recent budget consultation exercise views were sought from the community on the services which we provide on a discretionary or enhanced basis. This has allowed areas to be identified where services could be reduced or stopped to achieve targeted savings. Detailed workforce profiling in these areas will be progressed to identify the potential employee impact of any savings and how best to plan and manage the implementation should savings in these areas be agreed. Workforce profiling will include looking at the age profile, skills, vacancies, number of temporary employees etc. Some of this data is currently available through the workforce information and activity reports which are issued to managers on a quarterly basis.

This information will be critical in assisting discussions with the Trades Unions at the regular Joint Budget Group meetings around areas where savings may be agreed.

b) Workforce Planning Matrix

Working with the Change Management Directorate Groups and members of the Corporate Workforce Planning and Development Group an updated workforce planning matrix will be developed to support services to take steps today to ensure we:

- Have the right **people**
- In the right **place**
- With the right **skills**
- At the right **time**
- For the right **cost**

This will cover key areas of organisational development, leadership & employee skills development, recruitment & retention and pay & benefits. The key purpose will be to maximise strengths and opportunities and counteract weaknesses and threats.

It should be noted that significant progress has already been undertaken within the Health & Social Care Partnership to develop a detailed workforce plan which should be submitted to the IJB for approval in the spring 2017.

c) Targeted Voluntary Severance Trawl

A number of targeted voluntary severance trawls have taken place over the past few years to help facilitate a reduction in workforce numbers. Given the forthcoming council elections this year and the projected budget gap of £14.5 million from 2017/19 there will be a requirement for the new Council to quickly consider budget saving proposals in order to give sufficient lead in time to release employees on voluntary severance and to facilitate any necessary skills transfer.

In order to gain an understanding of employee intentions and to support workforce planning around potential savings areas, it is proposed that a 'soft' voluntary severance trawl is considered in appropriate areas where employees will be asked to express an interest or not in voluntary severance. This will be for indicative purposes only, with no commitment either way and employees will not be provided with any provisional calculations.

The Council has recently reviewed its Voluntary Severance Policy and reduced the provision available to employees in order to better manage early departure costs.

d) **Effective HR Policy Development & Implementation**

Effective HR policy development and implementation will play a key role in improving the performance of our people. A review is currently underway of our Supporting Employee Attendance Policy with the Trades Unions with a view to implementation later this year. Supporting employee attendance is a major focus for the Council and will continue to be so in future years to ensure acceptable levels of service delivery and minimise the impact of absenteeism on other employees. In times of economic constraint, managing the costs of absence becomes even more important. The Council's redeployment policy will also be a key document in managing the workforce challenges ahead.

5.1.2 **Theme 2 – Employee Skills Development, Leadership, Succession Planning (Employees our most Valuable Resource)**

Outcomes – What we plan to achieve

Ensuring our employees are sufficiently trained, qualified and experienced and our leaders are developed to lead, motivate and inspire to deliver quality services which meet service demands.

Key Actions for 2017:-

a) **Performance Appraisal Process & Future Skills Requirement**

The Council has in place a robust performance appraisal process, a key part of which is identifying training needs now and for the future and the creation of individual development plans to meet these needs. Refresher training will be arranged for employees and managers and guidance will be issued and promoted to ensure our performance appraisal process is as effective as possible and supports succession planning across the Council.

b) **Identification of Skills Gaps and Meeting Learning & Development Needs**

Key learning and development needs identified through the performance appraisal process require to be collated via the Corporate Workforce Planning & Development Group. This information will be analysed by the Council's Organisational Development Team and used to develop and deliver Corporate Learning & Development events and make enhancements to our e-Learning programmes.

c) **Leadership Development Events**

A Leadership Development Event was held last year which was attended by over sixty senior managers and head teachers. The focus of the event was improving employee performance and engagement in challenging times. The evaluation of the course by participants was very positive with many putting into practice the learning gained at the event. It is proposed that a similar leadership development event will be arranged for later this year which will focus on addressing the key leadership challenges ahead and the 'Delivering Differently in Inverclyde' transformation/change management programme.

5.1.3 Theme 3 – Employer of Choice (Continuous Improvement)

Outcomes – What we plan to achieve

To enhance our reputation as an employer of choice and as a Local Leader on innovative and modern employment practices, attract future and retain existing employees by promoting Inverclyde Council as a great place to live and work.

Key Actions for 2017:-

a) Recruitment & Selection Policy and Employee Induction

The Council is in the process of developing a new 'Recruitment and Selection' policy which will aim to ensure the Council can attract and appoint highly skilled, flexible and motivated employees who can meet future needs of the community of Inverclyde. It is intended that this revised policy will be implemented along with a new and improved induction programme for new starts joining the Council.

b) Healthy Working Lives Gold Award

The Council currently holds the Healthy Working Lives Gold Award and will be reassessed later this year. The Council aims to continue to demonstrate its long term commitment to the health and wellbeing of employees by retaining the 'Healthy Working Lives' Gold Award.

c) Modern & Innovative HR Policies

During 2017 the Council will continue to review and introduce Modern & Innovative HR Policies which support new, more efficient ways of working. The aim will be to build on the encouraging results coming out of last year's Employee Opinion Survey and from our latest attendance management statistic which follows a positive downward trend.

5.1.4 Theme 4 – Fairness & Equality

Outcomes – What we plan to achieve

Continue to work with our community partners to promote equality, dignity and respect and ensure our employees, customers and partners are treated fairly and with respect at all times. Ensure equality requirements are met through our grading and pay model and job evaluation processes.

Key Actions for 2017:-

a) Job Evaluation

The Council has agreed and implemented the 3rd Edition of the Scottish Councils Job Evaluation Scheme in partnership with the Trades Unions. Implementation is now being progressed along with the transfer of all historical job evaluation data onto a new electronic format. The ongoing maintenance of Job Evaluation Scheme will continue to be monitored in partnership with the Trades Unions to ensure all equality requirements are met.

b) Equality, Diversity and Respect at Work

A review is currently underway to strengthen the Council's Equal Opportunities policy demonstrating the Council's commitment to fairness and equality. In addition it is intended to introduce a Respect at Work policy for our employees during 2017. Equality is embedded in all Council policies and procedures. The Council will continue to ensure that following the introduction of the equality legislation, relevant policies, processes and training will be reviewed and amended to ensure compliance.

c) Equality Impact Assessments

Equality and Diversity issues continue to be a high priority for the Council so all employees, customers and partners are treated fairly and with respect at all times. It is essential, during the period of significant change ahead, that we maintain a focus on our commitments and have processes in place to meet our responsibilities and to monitor the impact on our staff and our workforce profile.

d) Equality and Diversity Training

The planned transformation and change management projects to support the achievement of budget savings will require strong awareness of equality responsibilities across the Council. Specific Equality and Diversity training is available to all employees of the Council in both a classroom style environment and through e-learning. Equality and Diversity is also mainstreamed throughout the Council's learning and development programmes which will continue to be promoted throughout 2017.

6.0 COMMUNICATION STRATEGY

- 6.1 To embed the People and Organisational Development Strategy a key development is the ongoing communications of the strategy. A new communications mechanism has been developed – Insider Council Update. This publication will be produced after each full Council meeting to highlight some key decisions from the meeting. It will also be used as a regular update sent to all employees to highlight people and organisational development issues and subjects highlighted in the strategy.
- 6.2 Insider Council Update is published and distributed online through email and ICON, the Council intranet. It is also sent to Heads of Service to arrange direct distribution to employees without access to email or PCs to further encourage direct communications to employees outside of the desk-based services. A copy of the strategy itself will be produced and distributed to all service managers at the start of 2017 to highlight their key role in the delivery of it.

7.0 PROGRESS REVIEW

- 7.1 This report outlines some key actions for 2017 which will support the Council to manage the workforce implications required to address the projected funding gap and also to support our employees through the next period of significant change. It is important that senior managers continue to be accountable and take responsibility for their role in implementing the key actions. The strategy and the underpinning action plan will both be live documents subject to regular review to ensure that the most important actions are addressed.
- 7.2 The Council's Workforce Planning & Development group will contribute to the development and monitoring of the key actions outlined above and within the wider strategy. Progress reports will continue to be brought to the Corporate Management Team and the Policy and Resources Committee.

8.0 PROPOSALS

- 8.1 It is proposed that the Policy and Resources Committee note the key actions planned during 2017 which will focus on the significant workforce implications arising out of the poorer than anticipated government settlement announcement, resulting in an increased funding gap 2017 - 2020.

9.0 IMPLICATIONS

Finance

- 9.1 N/A

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

- 9.2 None - agreed themes and work streams will continue with due regard to legal requirements. Full consultation with Legal Services will be sought as required.

Human Resources

- 9.3 Additional resources will be made available to the Head of Organisational Development, Human Resources and Communications to provide support for Services and staff as proposals for reductions are developed and, where approved by Members, ultimately implemented.

Equalities

- 9.4 Has an Equality Impact Assessment been carried out?

YES (see attached appendix)

NO - will be completed as required for specific topics

Repopulation

- 9.5 N/A

10.0 CONSULTATIONS

- 10.1 This strategy and key actions has been developed following consultation with the full Extended Corporate Management Team (ECMT) and Trades Union colleagues.

11.0 LIST OF BACKGROUND PAPERS

- 11.1 N/A