CITY COUNCIL   **3 JULY 2012**

REPORT OF THE FORMER EQUALITIES AND HUMAN RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

RETENTION AND DEVELOPMENT OF STAFF IN THE CITY COUNCIL

1   INTRODUCTION

1.1   One of the current challenges the City Council faces, resulting from the economic climate, is to manage change in the City Council's workforce. This includes moving towards different ways of working as well as making reductions in headcount.

1.2   Since 2009 the City Council's workforce has reduced from around 26,000 to 20,000 employees, excluding schools. Including schools the workforce has moved from around 53,000 to 46,000 employees[1]. This has been achieved through a number of means such as natural wastage[2] and voluntary / compulsory redundancies.

1.3   Members of the former Equalities and Human Resources Overview and Scrutiny Committee felt that, whilst contributing a significant amount to the Council's required budget savings, this could generate difficulties for the organisation both now and in the future. These could include, for example, a loss in key knowledge and skills as people leave the organisation; lower levels of morale, motivation and productivity; and damage to the reputation of the City Council as a place to work.

1.4   Last municipal year Members of that Committee undertook a short piece of work examining retention and development. The key aim was to find out whether the City Council was doing enough in this important area and to look at how the Council can continue to be a place where people want to pursue a career.

1.5   The purpose of this short report is to make the findings available to Members, raise awareness of some of the messages coming from the workforce and provide recommendations for further work to be undertaken.

2   BACKGROUND

2.1   The City Council has made significant progress, both in terms of the support available around staff development and in the ability of the Council to use workforce information to best effect. Less than a decade ago, the Council was in a position where it was difficult to ensure consistency in the application of policy, little was done to understand perceptions within the workforce and a number of separate data systems meant that an overall picture of the workforce was difficult to achieve.

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[1] Information taken from workforce profile reports presented to Overview and Scrutiny in June 2009 and March 2012.
[2] For example, employees retiring or leaving to move to another role elsewhere.

The Excellence in People Management Programme

2.2   The main catalyst of recent progress has been the Excellence in People Management Programme (EPM). This was one of a series of Business Transformation programmes which aimed to increase efficiency, improve processes and improve the quality of service for customers. The key objectives for the EPM programme included:

- To maximise the value of the Council's workforce;

- To achieve sustainable high performance;

- Provision of a comprehensive management toolkit;

- Self service portals for managers and staff;

- To enable workforce agility and capability to meet future needs.

2.3   The Business Case for EPM was approved in October 2007. This was then updated and resulted in a Revised Full Business Case in March 2009. The programme was completed in a number of phases, including being rolled out as a purchased service to 400 schools. In November 2011 the final EPM programme board met to agree that the programme was complete and the outputs had become 'Business As Usual'.

2.4   These outputs included a new single payroll system; a whole workforce database; an interactive portal for employees and managers; and the introduction of a performance review process. New processes around workforce planning, organisational design and talent management have also been put in place.

2.5   One of the overall results of the programme was a shift in the way the Council operates towards one in which managers are made more responsible for day to day transactional activity in their teams. A web based portal, named People Solutions, was put in place to support this. Employees can now view their own personal information at their desktop and submit requests for things such as annual leave, whilst managers can access the information regarding their team and deal with those employee requests. All staff using People Solutions have access to Council Policy and guidance. There are over 20,000 hits on People Solutions each month, with 80% of managers registered on the system accessing People Solutions services on a monthly basis e.g. to handle leave requests, compile manager reports.

2.6   This shift also supported a change in the way Human Resources operates, reducing its own headcount by 40% and moving towards a more strategically focused service. As well as providing more accurate workforce information, for example, it aims to deliver a workforce planning and organisational design capability for current and future needs.

2.7   The following are just some examples of the tools available which aim to support the retention and development of staff and are the ones which Members focused on in their work. Further information is available on the People Solutions website, which Members have access to.

The Performance and Development Review process

2.8   The Performance and Development Review (PDR) process is a way of recognising good performance, enabling pay progression and supporting employees in training and development. It is a performance management process, focusing on the day to day actions and behaviours of employees to help improve performance.

2.9   PDRs are not new to the organisation; however before the formal introduction of the electronic PDR process through People Solutions in 2009/10, the completion rate of PDRs across the organisation was low and was not consistent. In addition the PDR was not linked to pay progression. The roll out of the new process has been successful, with years one and two of the new PDR process achieving an over 90% completion rate across the workforce.

2.10   The PDR involves a two-way discussion between a manager and employee, where a number of objectives for a year (April – March) are agreed and tracked. The objectives form the 'what' part of the reviewee's performance agenda for the year and are made up of tasks or goals. These can be 'standard' i.e. part of the employees normal job, or 'challenging' i.e. something over and above the typical role.

2.11   In addition, employees are expected to demonstrate 'how' their work is undertaken and the behaviours which they apply. This is called the 'Birmingham Way' and includes such measures as how an employee presents themselves or deals with customers.

2.12   The combination of both objectives and behaviours results in an overall score for the employee, ranging from A to E. Where an employee sits in the grading structure will determine which overall score they require to achieve pay progression.

2.13   As each PDR year has progressed, a number of improvements to the process have been identified, both in terms of the way in which the PDR is carried out and how it is recorded on the People Solutions system. In particular there have been significant changes to the 2012/13 PDR year which include:

- A simplification of the behaviours employees are expected to demonstrate;

- Clearer guidance on what challenging objectives are;

- A standard Managers Objective automatically added to all managers PDR forms;

- A BEST Leaders Objective automatically added to all BEST Leaders PDR forms;

Talent Management

2.14   A five step Talent Management process ('Talent Net') has been developed by the Workforce Planning and Intelligence Team based in Human Resources. This is available as a tool for managers to identify and support high performing employees and those who have the potential to progress within the organisation.

2.15   If service areas or directorates choose to adopt the talent management process, managers would begin by identifying critical posts and individuals. Employees are considered 'critical' if they have unique experience or specialist skills, which would present a significant risk to service delivery if lost. A critical role, rather than an

individual, is one where if the role was vacant for a length of time it would cause a problem for the service area or organisation.

2.16   Managers then review current and potential talent in their teams or service areas. The PDR process is a starting point for this; and links with talent management by identifying those capable of working at a higher level, or being considered as a high performer. The following is a way of identifying those individuals:

- High Performer: An employee who achieves an A or B rating in their PDR;

- Aspirational: An employee who identifies in their PDR that they are looking to move role, either upwards or sideways;

- Aspirational High Performer: An employee who satisfies both of the above conditions.

2.17   Managers then consider the potential of an employee to progress. A three box matrix has been developed to support this and the resulting information is presented to a Talent Forum, which is a meeting to agree critical posts, critical individuals, high performing members of staff and development plans.

2.18   Managers then discuss with those employees identified as to whether they would like to be part of the programme. If an employee agrees then a development plan is finalised. This could include, as examples:

- **On the job activities:** Teaching / coaching, sharing expertise, spending time in a different part of the Council learning a new skill and using it back in their own job;

- **Mentoring / Coaching:** An internal mentor from one or two levels above them in the organisation.

2.19   All of the above information allows a manager to create a picture of current and potential talent within a service area or team. The recording of these activities on People Solutions allows a picture to be built up across the Council as a whole.

Employee Reward and Recognition

2.20   Reward and recognition schemes are a way of encouraging staff retention and demonstrating that the Council is an organisation which values and recognises its workforce. There are a number of award schemes which aim to recognise the work of employees, these are both Council wide and directorate focused and include, as examples:

- The Chamberlain Awards; designed to reward City Council workers who go the extra mile to ensure that the people of Birmingham receive quality services;

- 'Living It' Awards; recognising employees who demonstrate the BEST qualities of Belief, Excellence, Success & Trust in their daily working lives;

- Platinum Awards: recognises employees in Corporate Resources in a number of different areas such as 'Professionalism', 'Making a difference' and 'Innovation'.

2.21   More recently, work has been undertaken on rewards for staff and a new website, 'My Birmingham Rewards[3]' has been launched. This provides a range of local and national discounts ranging from supermarket shopping and other goods to holidays and travel. To date, around 6,636 employees have signed up to the scheme, creating a total saving of around £48,000 on a spend of £770,000.

3   FINDINGS

3.1   One of the aims of Members was to find out the workforce's views on retention and development, particularly their thoughts on the support available to them. A small section of the workforce was asked for their feedback. At a time of significant change, it was unsurprising to find that morale and perceptions around progression and development were low.

3.2   Members then went on to consider the tools that have been put in place to ensure that these were fit for purpose, were giving staff the best opportunities for their own development and were presenting the organisation in such a way that made it an attractive place to work.

Feedback from the workforce

3.3   Quarterly 'Your Voice' surveys, developed by Human Resources, are now being carried out on a regular basis across the workforce. Employees are asked a number of questions relating to their confidence in the Council, their own job and how the Council is seen as an employer. 1,727 employees completed the survey in November and 1,600 in February. This represents around 8.4% and 7.8% of the workforce respectively. The next set of results is expected to be available in the early summer.

3.4   Based on the information received and presented in Table 1, it is clear there are particularly low scores in relation to questions on retention and development, particularly when employees are asked whether 'the organisation is good at retaining staff'. When asked what would improve engagement, responses covered the following themes as examples;

- Invest in next generation of staff;
- Tackle poor and mediocre performance;
- Senior officers back to the floor;
- Set up a staff consultation panel, equivalent to the trade unions;
- Focus on health and well being of staff;
- Raise standard of management.

3.5   Undertaking these surveys quarterly and publishing the results quickly and in an accessible way is another positive improvement and an excellent way of providing feedback to the workforce. Members were also pleased to hear that focus groups are

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[3] http://www.mybirminghamrewards.com

underway to look at some of the results in more detail. These should continue to be a forum through which employees can express their views freely and honestly.

3.6 Anecdotal evidence Members received reflected the results of the survey, with employees citing such things as the recruitment freeze and reductions in training budgets as reasons for their reduced confidence in the organisation.

> If BCC is to retain staff it needs to really think about the way it demonstrates that it values staff and to think about how people can progress upwards through the organisation, and start to remove some of the barriers.
> **BCC Employee**

> I understand that at a time when we are shedding staff it will be difficult, but there needs to be some kind of 'recovery plan' to give people confidence that there is light at the end of the tunnel and that the organisation is worth sticking with.
> **BCC Employee**

Table 1: 'Your Voice' employee survey results 2011-12

Question	% of respondents who agree or strongly agree		
	Nov 2011	**Feb 2012**	**%diff**
I support the strategy and goals that the members set for the Council	76%	78.4%	+2.4%
I have confidence in the way the Chief Executive and his team are implementing this vision	21.4%	26%	+4.6%
I understand the need for change within the council	72.5%	74.9%	+2.4%
I am satisfied with my current job	51.1%	53.2%	+2.1%
I feel I accomplish something worthwhile at work	66.7%	67.6%	+0.9%
I go beyond what is normally required of me in my job to help the organisation succeed	86%	88.3%	+2.3%
The organisation gets the best out of me	60.3%	61%	+0.7%
I speak highly of the Council as an employer	28.1%	34.6%	+7.5%
I like the way we do things around here	16.7%	20.7%	+4.0%
The organisation is good at retaining staff	10.5%	12.7%	+2.2%
I am optimistic about my own future within the council	11.2%	16.4%	+5.2%
I still intend to be working for this organisation in two years time	42.5%	46.4%	+3.9%

3.7 Members asked a small number of employees to think about any barriers to further development and any good practice they have experienced. There were some positive examples of initiatives which have benefited employees, for instance:

> Advancing women was a good initiative that helped me get… into a career in commissioning and later project management.
> **BCC Employee**

3.8 Overall however there was a feeling that there were still some barriers, aside from budget considerations, standing in the way of progression. Fro instance two employees stated:

> I know times are difficult, but for those of us that are constantly getting positive feedback and being told they deserve to be in a higher grade/role, to then just feel you are stuck is quite de-motivating.
> **BCC Employee**

> Although I do understand that priority movers need to be given first pick of roles, it does make it extremely difficult for people like myself to progress within the Council.
> **BCC Employee**

3.9 One of the barriers highlighted to Members was the ringfencing policy. This currently states that ring fences should be identified for each role or group of roles undergoing a restructure or a change to the service. In its widest context this could be to the entire affected staff community and in its narrowest form one person to one post[4]. Feedback from the employees that Members spoke to was that this prohibited them for applying for promotions and positions in other service areas where their skills might best be used. Anecdotal evidence suggested that this was particularly true for employees who undertook secondments or placements, where they may have been doing a particular job in a service area for some time, but are not included in restructures or ringfences.

3.10 There may be some further consideration needed as to whether Council policies, as they are, allow the best or most appropriate person for a job to be put in a role, or whether it reinforces a more traditional way of thinking which the organisation is trying to change through processes like the PDR. It is clear that there are limitations on how policies such as this can be developed; however there may be room to do so and is something that could usefully be investigated.

Identifying high performers and potential in the workforce

3.11 Based on recent PDR scores, the organisation identified around 8,000 'high performers' (achieved an A or B rating). Around 16% of these were classed as 'aspirational high performers', meaning that they had recorded on their PDR that they were looking to move role.

3.12 Of the 'aspirational high performers', the vast majority were looking to move upwards within their current service, fewer were looking to move upwards and out of their current service. From the data provided, it appeared that no employees recorded that they were looking to move sideways into a different role. This makes clear the need to consider further promotion of the benefits and opportunities around job groups, through which employees are encouraged to move laterally across the organisation, as well as upward.

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[4] Birmingham City Council principles for Ring Fencing & Selection, August 2011

3.13   Members examined whether the measures used to identify talent and high potential were adequate and capable of making the required distinctions. This led us to highlight a number of concerns to officers.

3.14   An employee is only able to achieve an 'A' grade when over half of their PDR objectives are classed as 'challenging' (a challenging agenda). Evidence suggests that there has been some confusion over whether employees should be set a challenging agenda based on business need or at the employee's request. The Chief Executive has made clear that he expects employees to have access to a challenging agenda; however we found that PDR guidance available on People Solutions at the time did not make this clear. As a result it is possible that managers were continuing to refer back to initial assumptions that challenging objectives were based on business need. Anecdotal evidence supported this, suggesting that employees felt they were restricted from pursuing the top grade within the PDR.

> Previously I have managed to go above and beyond in a more 'official' capacity, but was never allowed to achieve more than a B in my PDR.
> **BCC Employee**

3.15   As highlighted earlier in this report, changes to the PDR process for 2012/13 have been made. One of these changes is around challenging objectives and includes the introduction of a checklist to ensure that challenging objectives are applied consistently across the organisation. Members anticipate that new and ongoing guidance will be explicit in stating that an employee should have access to a challenging agenda if they would like one.

3.16   Members felt that there were some issues in the way 'aspirational' employees have been identified. The section of the PDR which records an employee's desire to move role was, until now, discretionary and did not need to be completed by the employee. Feedback Members received suggested that it was not made clear to employees why this information was being requested or how it would be used. As such many chose not to complete it. The organisation therefore has potentially missed out on identifying more employees looking to develop their career because of poor communication. During our evidence gathering officers accepted this and reinforced the need to ensure that communication with employees was effective. As this particular part of the PDR is now mandatory, good communication is even more critical in ensuring that employees understand how the information is used and what the benefits of providing the information are.

The Talent Management process

3.17   Any policy, process or toolkit developed should add value to the Council, to employees and to customers. In examining the Talent Management programme we wanted to ensure that those identified as high performers and included in the programme saw an added value to being identified in such a way.

3.18   Talent Management guidance makes clear that employees identified for the programme are not given an advantage in terms of vacancies which arise, but are given development opportunities intended to accelerate their movement or progression. However the guidance also suggests that an employee does not have to be part of the programme in order to put similar development plans together and access the Council's resources. Members believed that anyone with a personal commitment to their career would put a development plan in place regardless and so would query what the programme gives to an employee that they could not already access.

3.19   Member's understanding was that the use of talent management will be one of the key aspects of the way forward on engagement, development and retention. As such Members thought it very important to ensure that this process is clear, robust and beneficial for employees.

Communication with the workforce

3.20   Members felt that poor communication may be one of the main reasons why perceptions around retention and development and knowledge of the tools available are currently poor. As well as not having a clear understanding of the reasons behind elements of the PDR, some employees had only a limited understanding of the talent management programme and other support. Although People Solutions contains much of the information available, it may be that employees have not been made aware of it. In thinking about the range of options being made available for staff, there may be more work to be done in presenting an overall package of support to ensure clarity.

3.21   An area of positive communication has been the 'Your Voice' surveys, particularly the use of focus groups. Members hope that further publicity and communication around the surveys will continue and improve completion figures. In addition officers should work to identify and address any of the reasons why employees may be reluctant to complete the survey or the barriers they face in doing so.

4   RECOMMENDATIONS

4.1   The City Council has come a long way in terms of how it supports staff development, but there is still more that can be done. In examining only a small part of the overall package of support available to the workforce, Members found some good practice in particular around reward and recognition. However Members also found some contrast between the processes in place and how these are being perceived and used within the organisation.

4.2   The principles of the tools created are welcome but need further development, refining and communicating in order to make a difference. It is increasingly important that they are seen as an excellent package which the Council can offer new people who may think about joining the organisation.

4.3   Communication is, as ever, key. Making employees more aware of the support available and how it will benefit them could further improve perceptions of the Council as a good employer. Having more people using the tools will also help to identify where improvements can be made. In addition, an increase in two way communication could

allow the organisation to challenge perceptions which might not reflect the reality of a situation.

4.4   The following recommendations set out how improvements can be made.

	Recommendation	Responsibility	Completion Date
R01	That the tools available to support staff development and retention are further refined to ensure that they are fit for purpose. This includes ensuring that methods for identifying high performers are appropriate.	Deputy Leader	December 2012
R02	That the tools available to support staff development and retention are sufficiently joined up to provide an overall package of support to employees.	Deputy Leader	December 2012
R03	That current and future approaches around retention and development are clearly communicated to employees to ensure they are aware of the support available.	Deputy Leader	December 2012
R04	That Council policies relevant to employment, progression and development are reviewed to ensure that they are not prohibitive to people progressing in the organisation.	Deputy Leader	December 2012
R05	That the Deputy Leader should report back to the Resources, Governance and Member Development O&S Committee on progress in implementing the above recommendations.	Deputy Leader	January 2013

MOTION
That the recommendations shown above be approved and that the Executive be requested to pursue their implementation