

<b>Committee:</b> Audit and Risk Management	<b>Date:</b> 9 <sup>th</sup> September 2014
<b>Subject:</b> Corporate Risk 18; Workforce Planning	<b>Public</b>
<b>Report of:</b> Director of HR	<b>For Information</b>
<b><u>Summary</u></b>	
<p><b><u>Corporate Risk 18</u></b> – Workforce Planning has been reviewed and updated to take account of recent information and the mitigating actions taken to control the risk. This report reviews the current position taking into account the economic position, recent legislative changes and the employment market environment. It reviews the controls in place and assesses whether these are sufficient to minimise the risk.</p>	
<p><b>Recommendations</b> The Committee is asked to note this report and to consider whether any recommendations should be made with regard to the management of the risk by officers.</p>	

## **Main Report**

### **Background**

1. This report has been prepared in accordance with the request of the Audit and Risk Management Committee. It provides an account of CR18 Workforce Planning and the mitigating arrangements in place.
2. Corporate Risk 18 is that: The City of London would lose its workforce capacity to deliver its strategic aims and objectives if there are changes in the working environment which the City is unable to predict and therefore plan for.

### **Current Position**

3. The City of London employee's terms and conditions have been less affected by the economic downturn than most other organisations. Our employees have been largely protected through this time and this has probably been a factor in recruitment and retention rates. However this increases the risk in the next 3 years. Other organisations are starting to slowly recover and the market value of specialist skills is beginning to increase, for us this is a time of greater uncertainty as the reality of service reviews and reducing budgets becomes apparent, our best staff are generally the most portable and most likely to move on.
4. This risk is heightened by the removal of the default retirement age and the increases to statutory pension age which can have at least two negative consequences. Firstly we can no longer predict turnover due to retirement and so the risk of losing skills, experience and corporate knowledge, without adequate time to prepare, is greater than before these changes. Secondly younger people in heated job markets expect faster progression, we may recruit them but we are at greater risk of not being able to retain them long enough to

recoup their value if the workplace and the working environment is not comparable to the external markets. Most external markets, even traditional ones, have progressed, delayering management, adopting modern management models and maximising the use of technology to automate process and increase the independence of individuals and managers through self-service.

5. Our reputation and the breadth and diversity of our services has been attractive in the past and much sought after by those looking to be at the top of their field. Today, career development no longer means a career based on one profession or industry, people look to add both specialist and generic skills to their CVs to increase their options for the future. Technology and new, smarter, ways of working crosses all areas and being 'leading edge' and having the jobs most sought after can be as much about our modern working practices and use of technology as the job itself. If we are unable to offer a full package of reward, job content and working practices, we are likely to become less and less attractive in the job market.

### **Controls**

6. Mitigating controls are in the HR Business Plan for 2014/17 which has 6 strands; Recruitment, Development of our people for today and tomorrow, Pay and Reward, Enabling the business, Healthy and Safe Workforce and Escalating Performance.
7. In 2014/15 this will include;
  - Departmental Workforce Planning by SMTs is facilitated by Business Partners. Each department will reviews its critical posts, workforce profiles and analyses future needs in departments. The Director of HR reviews the Chief Officer profiles with the Town Clerk and updates the senior management Workforce Plan.
  - HR resources have been committed in 2014/15 to further developing the online recruitment, on-boarding<sup>1</sup> and induction systems, demonstrating a modern professional organisation to our potential future employees, the development of the pre and post starting date induction should assist in retention. This development is controlled by a programme board in HR which meets monthly to review progress against the business case.
  - Business critical roles have been identified and where appropriate retention payments are being made.
  - Resources have been developed in HR to provide an efficient and effective team in the recruitment to senior posts. This team has been cited in every senior appointment as presenting a professional and efficient organisation making the organisation attractive to the candidates. Not only does this control the reputational aspect of recruitment but it also provides the shortest recruitment times, usually the recruitment is achieved within the notice period of the outgoing incumbent, providing a seamless transition. Most recently appointments have been made in enough time to allow for an overlap and therefore an effective handover to the new postholder. This was achieved with the last two most senior officer posts in the organisation; the Chamberlain and the Town Clerk.
  - The absence of a default retirement age is being addressed by the revised PDF scheme will include individual's future plans and the development of staff for the future needs of the business. In addition the Learning and Development Strategy includes specific training for managers to both accurately identify learning needs and to understand the options for meeting those needs improving our development of the workforce for future business need.

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<sup>1</sup> Onboarding is the process of getting the successful applicant from conditional offer to starting work. It includes security, identity, medical and other checks, including references and DBS where appropriate.

- Corporate HR has brought the three independent schools into the business partner model and the business partner has developed comprehensive business plans for the three schools identifying areas of highest risk and putting controls into mitigate those risks. These are reviewed monthly by the Business Partner and the senior management teams in the three schools.
- The relevance of pay to the market is reviewed regularly, a comprehensive research study is commissioned periodically and this has just been completed on the senior posts which attract an MFS. This study has tracked the market rates in critical areas and HR are currently working with Directors on the implications of the findings. This in turn will inform our sourcing strategy.
- The Job Evaluation (JE) system is centrally controlled and requires comprehensive evidence for grade levels. This not only reduces our risk of legal challenge but increases confidence in the fairness of reward, which in turn increases retention.
- IIP accreditation tests our response to workforce planning in a number of areas, in particular to management and leadership, employee engagement and communication. These are key retention elements which continue to be tested IIP. The City Corporation has agreed to work towards the stretch standards of IIP aiming to achieve Gold Standard. The achievements will be tested on an incremental basis, in year 1 (2014/15) it will concentrate on the single organisation culture and the effectiveness of leaders and manager.
- The Workplace Charter is a new ‘standard’ that has been agreed by Chief Officers and which tests the Health and Wellbeing of the working environment. The initial assessment has been made and will be complete in November 2014. This together with our Health and Safety Strategy is a control for the safe working environment and contributes to our recruitment and retention.
- A talent management strategy for the entry level is being developed to include a Graduate scheme, Apprenticeships and work experience. This strategy will target attracting and supporting young people from our wider community who, despite being extremely talented, need help in getting into the job market. This will widen our job applicant field and contribute to our reputation for being ‘a good place to work’.

### **Risk Assessment**

8. The current risk status of this risk is Amber, due to the risk being assessed as possible and the potential serious consequences for the delivery of the strategic aims and objectives of the Corporation. With the planned mitigation actions it is considered that this will reduce this risk to a Green status.
9. This risk is monitored via the monthly HR Dashboard which details; age, gender and ethnic origin profiles, starters, leavers and turnover, sick absence rates and case work levels.

### **Conclusion**

10. The risk is being actively managed. In addition to the above the risk is monitored together with the HR strategy on a quarterly basis.

Appendix 1 – CR18 – Corporate Risk Register Extract

**Contact:**

*Janet.fortune @cityoflondon.gov.uk / 02073321245*