

**NORTH YORKSHIRE COUNTY COUNCIL****CORPORATE AND PARTNERSHIPS OVERVIEW AND SCRUTINY COMMITTEE****18 APRIL 2016****WORKFORCE UPDATE****Purpose of Report**

1.0 This report updates the Overview and Scrutiny Committee on the County Councils changing workforce, presents key workforce data and details progress on the Workforce Plan which takes the County Council workforce up to 2020.

**2.0 A Smaller Workforce**

2.1 The County Council's workforce (non schools) continues to reduce at a relatively steady pace as below;

	Headcount	FTE
Q2 2012/13	8580	5810
Q2 2013/14	7716	5659
Q2 2014/15	7663	5668

The 15/16 end of year outturn has yet to be finalised but is currently reporting at 5632 FTE.

2.2 It should be noted that headcount has reduced to a greater extent than FTE because a large proportion of posts removed have been very part time often for only a few hours a week.

2.3 The reduction prior to 2014 focused in the main on managerial and back office/support posts but changes since 2014 coming from 2020 service proposals have had more impact on frontline posts. To date the reduction in back office and managerial posts remains well over 20% including senior manager reductions at 24% and frontline reductions by contrast at around 4%

2.4 Since April 2014 the impact on staff of 2020 organisational restructures has been:

- Over 2000 staff involved in redundancy consultations
- 50 restructures completed
- 426 staff displaced (meaning their job no longer exists in the new structure)
- Around 150 posts removed through natural wastage (staff leaving for external posts, deletion of vacancies, reduction in hours etc.)

For the staff displaced:

- Over 130 left voluntarily for other jobs during the consultation and implementation period.
- 80 staff have been redeployed
- Around 200 redundancies (of which a third were voluntary and 50 of which held another part time post)
- 12 retired

2.5 The number of voluntary leavers above relates to the long lead period in implementing restructures, which allows post reductions to be achieved by

holding vacancies caused by normal turnover and staff at risk of redundancy seeking alternative employment.

- 2.6 In terms of the cost of redundancies £5m was allocated in MTFS in 2010 for One Council changes redundancy and pension strain costs. This was spent over a 4-5 year period and a further £5m allocated in 2014/15 for 2020 costs of which £1.3m has been spent to date. The County Council exit payments are those set out in relevant legislation notable the Redundancy Modification Order as applicable to local government and the LGPS if staff made redundant are over 55. Additional payments via available discretions are not used. This spend compares well with costs and spend across comparator authorities which average £20 -30m. The average payment to staff is around £9k.

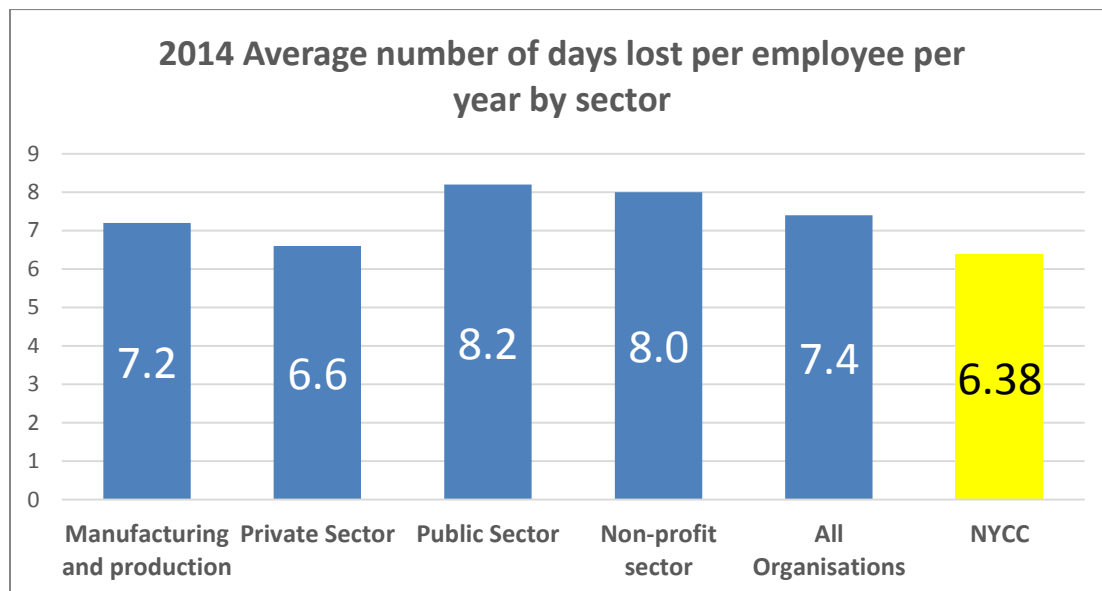
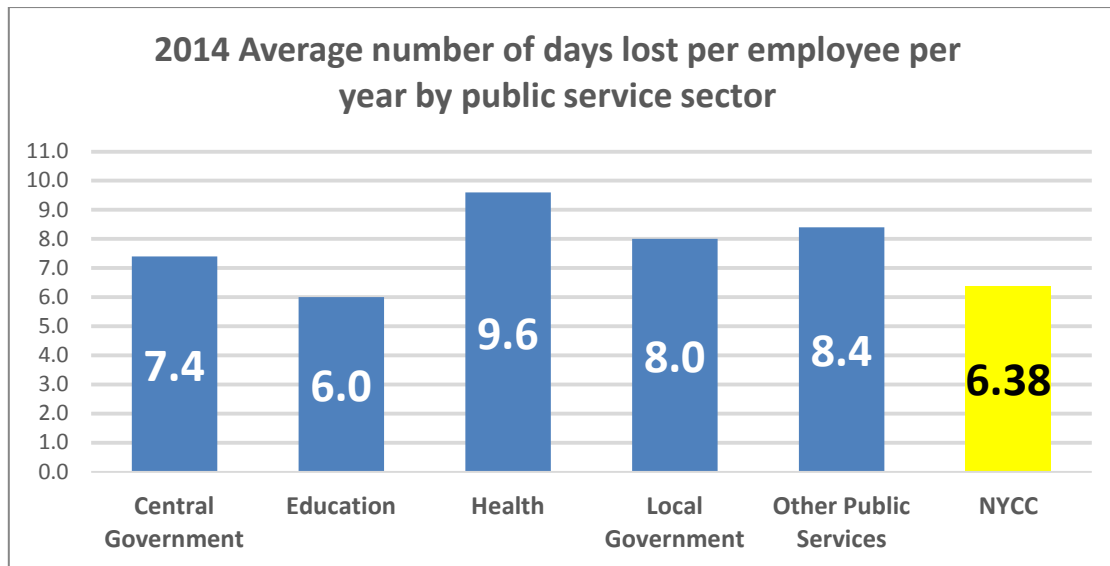
### 3.0 Other Workforce Data

- 3.1 **Recruitment and Turnover;** Despite staff reductions recruitment continues focused on front line posts. The data for 15/16 is not yet finalised but follows the same pattern for most years. In 2014/15 there were 1909 vacancies with 98% filled at time of first advertising, comparing well with 86% in other authorities. This covered 3196 new starters as some adverts were for multiple posts. The average time to hire was 33 days compared to average 47.5 days in other authorities. Nearly 30,000 applications were received, an average of 15 per vacancy. Full year advertising spend for 15/16 was £41k as the vast majority of vacancy promotion now takes place very successfully on line and increasingly via social media. On an on-going basis, there are about 250 vacancies a month actively recruited to, with the majority in care, cleaning, catering and professional front line posts such as social work.

Turnover has increased slightly from 11-11.5% in 2014/15 to 12-12.5% in 15/16 with redundancies accounting for around 3% of turnover. The increase is due to staff reductions caused by 2020 restructures and may also reflect improved employment opportunities outside NYCC with staff leaving for other opportunities particularly at times of uncertainty. Certainly there has been a reasonably high turnover and therefore vacancy levels in services in the run up to restructures. When compared to Local Government Workforce Survey, the turnover rate is slightly higher than average of 11.5% for whole of UK which is to be expected given the level of restructures in 15/16.

- 3.2 **Sickness Absence;** Absence levels reached a record low of 6.21 days lost per employee for 2014/15 following a steady trend downwards over previous years from around 8 days in 2007 to 6.5 days for 2013/14. 2015/16 figures are being finalised and show a slight increase to 6.36 which is still very low.

Below is a summary of key findings from CIPD absence survey 2014/15 which shows NYCC absence as very low compared to both the public sector and across all sectors. It should be noted that for the private sector for companies of over 5000 staff the average days lost is 9.



**3.3 Composition;** 80% of staff are female, 60% part time, many in multiple roles, 4.5% are 25 years old or younger, 3% BME and over 80% live in the county. Other than the proportion of young people the workforce composition has not changed over recent years. The reducing level of staff under the age of 25 (4.8% in 13/14 and 5% in 12/13) is the inevitable consequence of holding vacancies and not recruiting in a number of areas where previously there had been a relatively healthy intake of young people eg Business Support.

**3.4 Spend on agency pay**

Spend on agency staff for 15/16 was £311k, which whilst an increase on a historic low of £132k for 2014/15 is still extremely low in comparator terms. Overall spend is higher than previous 2 years due to increase in agency spend attributable to a small number of gaps for specialists such as Approved Mental Health Practitioners, Educational Psychologist, Traffic signals engineer and Lawyer pending recruitment and a need for HAS resource workers pending recruitment or service changes eg Brentwood lodge. NYCC remains one of only a very small number of authorities which has no agency social workers and this

was remarked on in the LGA review as being “unheard of” compared to most authorities which operate on 15-20% agency social workers. National benchmarking of agency staff spend in the public sector details 376 organisations spending £1.1bn, with London Boroughs spending £10+m and larger authorities more eg Birmingham at £50m with an average spend of £3m, significantly higher than NYCC. Reviewing spend regionally, NYCC’s spend is in line with several local district councils and is by a long way the lowest spend of any upper tier Authority. Spend in other local councils include:

Leeds City Council £14m	Sheffield Council £6m
Doncaster Council £8.7m	East Riding Council £1m

#### **4.0 Supporting our Workforce through Change**

4.1 Over 40% of Council staff have been through a restructure and been declared at risk of redundancy with some having been through this process 2 or 3 times since 2010.

4.2 In 2020 restructures, there is less opportunity to redeploy staff than previously due to the more specialist and senior posts affected. Support to staff has therefore focussed on achieving ‘good outcomes’ for staff, acknowledging that this may not be continued employment with NYCC. As part of measuring outcomes for displaced staff their ultimate destinations is recorded as far as possible and where known these are:

- 51% found other employment
- 34% did not wish to seek new work (this includes 51 who worked fewer than 7.5 hours a week)
- 2.25% changed to self-employed
- 3% were unemployed and still seeking work
- 1% went into further education/training.

This means for displaced staff it can be considered that 97% achieved a positive alternative outcome.

4.3 Taking 15/16 as an example, staff support was provided through a variety of routes recognising staff have different needs and choose different solutions:

- An online resource (covering topics from job seeking and redeployment to fostering, adoption and volunteering) to help staff consider their options and seek specialist advice if needed eg to retrain, set up in self-employment or flexibly retire. Accessed by up to 100 staff a week.
- 3 information fairs attracted over 135 staff with representatives from a range of organisations able to answer staff questions, eg training, volunteer and enterprise organisations, job centre, HR, pensions, money and careers’ advice.
- Over 120 staff attended one to one drop-in sessions across the county.
- 20 ‘Moving Forward’ Workshops delivered across the County covering personal strategies for dealing with change, redeployment and all aspects of jobs/careers search. 97% of attendees reported the workshop was beneficial.

- CV, applications and interview skills workshops and Self-Employment workshops have been delivered by partners at zero cost.

## 5.0 Learning and Development

5.1 Ensuring council staff have the right knowledge and skills continues to be important and 2020 service changes often alter roles and hence the skills needed requiring development and training for the staff affected.

5.2 Headline data for the last 12 months for staff development and training is;

- 1095 classroom training events delivered to 14,000 delegates (including 2,516 from PVI Sectors)
- 323 commenced a qualification, 325 completed one and at end of 14 there were 131 on-going.
- 15000 mandatory online learning completions (including 1,700 PVI Sectors)
- 2100 CPD training and learning activities undertaken by staff
- 111 front line managers completed Foundation Level Management Programme
- 148 middle managers completed the Middle Management Development Programme
- 52 social work students placed and 19 Trainee Practice Educators being mentored

5.3 Online learning resources:

- Ashridge (Learning materials for managers) 5705 views
- StreamLearning (short videos on how to communicate/manage effectively and productively when faced with typical workplace problems) 732 views
- Learning Nexus (a suite of learning to support staff – e.g. ICT courses, social care, health and workplace legislation) 29502  
These are delivered via the Learning Zone which had over 1million views and can be accessed by staff from any electronic device.

5.4 The approach to Workforce development has been improved to ensure the training provided is needed and delivered in a relevant and appropriate way. There is an increasing move towards online and blended learning for knowledge based training, with webinars and classroom based training used for skill based. All training is fully costed and detailed in the training plan reviewed and approved by Management Board twice yearly. The current training budget is some £0.5m to fund the purchase of training resources including on-line packages, qualifications and external training/venues where required. There are centrally employed trainers utilised to deliver training as much as possible in order to keep the cost of external spend to a minimum. The central training unit also provides training to other organisations including schools, district councils and the private and voluntary care sector on a trading basis. The commitment to staff is a minimum of 5 days training a year which includes mandatory and work based training. Clearly some staff groups and particularly new staff receive more than 5 days.

5.5 The new approach to workforce development is based on a more strategic 4 year workforce planning cycle with an annual refresh, more closely aligned to

the Council Plan and service planning; and a revised workforce planning framework with a thematic approach. Additional Workforce Development Advisors capacity has been funded on a temporary basis from the corporate training budget to ensure that the workforce development needs of 2020 service changes and the 2020 cross cutting themes are sufficiently identified and addressed. This is in addition to the ongoing staff development needs created by directorate and other corporate work including responding to national changes such as social work reform.

## **6.0 Workforce Strategy**

6.1 2020 service changes can fundamentally change what is needed for a specific staff group now and into the future and it is important the County Council is able to develop staff into changed roles and recruit the right staff where there are gaps. The County Council needs to ensure it has the right people with the right skills working in the right way within effective roles and structures and has developed the 2020 Workforce Strategy to do this. The County Council needs to be able to attract, develop, retain and motivate a high quality workforce into the future.

6.2 The 2020 Workforce Strategy has been in place for 18 months and sets out the Council's priorities for its staff across 5 areas:

1. Transforming the Organisation
2. Managing and Developing Talent
3. Driving Performance
4. Engaging the Workforce
5. Working Together

Progress against each priority over the next 5 years is considered and monitored by Management Board sitting as the 2020 Programme Board as much of this strategy sits within the 2020 cross cutting theme on Organisation Development. In addition, the Members Workforce Development Group considers progress for one of the 5 priorities at each quarterly meeting

A particular focus over the past 12 months has been on Engaging the Workforce and Managing and Developing Talent as below:

### **6.3 Engaging the Workforce**

There has been a number of developments and initiatives to increase the level of staff engagement;

- The staff survey recently completed by over 50% of staff show results that, despite the ongoing changes for staff, were reassuringly positive with most areas having improved on the position in the last staff survey a few years ago. Staff said they are clear about what they are expected to achieve and are positive about their managers encouraging ideas, providing positive feedback and listening. They understand and endorse the council's change programme and felt there is a clear vision for the future. Many staff recognised that they have the opportunity to discuss changes in the service and 65% agreed that they were encouraged to think innovatively. The survey also gave clear pointers to areas the county council can improve which include senior management doing a good job at keeping staff informed, teams working effectively together across the council and staff feeling comfortable about raising issues. Plans have being drawn up and are being actioned by staff and managers across the council to follow up on the results

for their teams.

- The recent staff innovation awards, which will be repeated on an annual basis, provide staff the opportunity to highlight work they or their colleagues have been involved in, which they consider to be innovative. There were over 40 entries, the awards ceremony was held on the 11<sup>th</sup> December 2015 and the submissions can be viewed online at <http://nyccintranet/content/innovation-awards-2015>. This was the county wide innovation awards and directorates also have their own different recognition events to recognise good staff performance.
- There is an on-going “bright ideas” area on the intranet so staff can submit at any time an idea they have for improvements and change. This is increasingly well used and to date there have been 95 ideas posted. All ideas are considered and a response given.
- It is obviously a requirement of managers that they fully engage and involve staff in areas which affect them at work particularly at a time of change and this was a specific feature of the staff survey. To support this the behaviour and skills framework for managers has been refreshed to particularly emphasis this requirement. It is also a feature of the CEX twice yearly discussion sessions with Managers and is to be covered in the “leadership conversations” which Assistant Directors are having with all line managers in the next few months. The use of team brief as a cascade from the CEX via directors to all staff through line management ensure that key messages and information is disseminated in a timely way and feedback is encouraged.

#### **6.4 Developing Talent**

Work is ongoing to improve our approach to succession planning, graduates, apprenticeships and qualifications to ensure there is a ‘pipeline’ of talent available when needed to meet the demands for the ‘workforce of the future’ in 2020 and beyond

- The approach to succession planning is based on roles which pose a ‘risk’ to service continuity and resilience. 3 risk ‘hotspots’ have been identified as listed below against which development plans for likely successors are being worked up, or advance recruitment plans if no successors are identified.
  - a. Senior Manager roles (grades SM1 and above)
  - b. Service critical roles (relating to service resilience, eg HAS resource workers)
  - c. Hard to fill/retain roles (at or above Council average turnover of 13%)
- The approach to graduates has been refined to take a more targeted approach focusing on the specific professions needed in the future, such as social workers and engineers, as opposed to the previous more generic approach. Good relationships have been established with Universities that can supply these disciplines, and services are now determining current and future need. This will be complimented by the approach to Apprenticeships which is being revised to reflect the national changes being implemented as part of the Enterprise Act.
- An improved approach to Qualifications is being developed to determine whether the Council has the appropriate qualifications framework in place to

meet current and future service needs in the context of the 2020 challenges. This will include current needs as well as those created by changing roles as part of 2020 changes. Notably, this will consider 'capacity building' where a new qualification requirement would improve workforce fit for a service area going forward, as well as where the new provision of a qualification as part of wider measures would enhance the ability to attract, retain and succession plan in 'hotspot' / hard to fill roles.

## **7.0 Achievements and Challenges**

**7.1 Achievements;** The County Council has had a number of achievements in terms of its workforce over the last two years including:

- Social Worker Employer of the Year 2014/15
- Recognised as a Top 100 Apprentice Employer (covering all sectors)
- Workforce performance and resilience being recognised as key strength in the recent LGA Peer Review. The formal written feedback has not yet been received but from the LGA initial feedback the following were detailed as key workforce strengths; "a loyal and committed workforce at all levels", "resilient staff" and good engagement with "Innovation awards celebration of success" and staff's "high regard for training and development" specifically mentioned. The review team gave as a key message to feed back "Great people and senior leadership".
- Top quartile sector wide workforce metrics on issues such as sickness absence and use/spend on agency staff

**7.2 Challenges;** The Peer Review identified challenges as:

- Succession management at senior levels.
- Identifying for post 2020 the skills and competencies needed for the future and getting skills and capacity in right place.

The approach and work outlined above hopefully addresses these.

**7.3** In addition there is much work needed going forward on a range of workforce issues particularly in relation to:

- The on-going government initiatives and changes which impact on the workforce continue particularly at a time of on-going large scale internal change. The apprenticeship developments introduced by the Government as part of the Enterprise Bill, are a notable example and details are attached as a briefing note at appendix 1.
- Social care workforce recruitment and retention. This is a nationally recognised difficulty with research suggesting there will be a gap of 200,000 care staff in the next few years. Work locally has identified an emerging worrying picture across the care sector and this has been identified as one of the most important issues for the health and wellbeing of the county by the Health and Wellbeing Board and a specific work strand and sub group has been set up to address this. With an ageing local population there is a real need to ensure a care sector workforce for the future. Current issues which will result in real problems going forward if not resolved include; almost full employment in the county so care providers needs to compete with other sectors for staff, an ageing care workforce, a lack of interest in care jobs and careers from young people, a trend for young people to leaving the county for work,



high costs of housing and travel in parts of the county making it difficult to attract staff in for vacant posts.

**Justine Brooksbank**  
**Assistant Chief Executive (Business Support)**

## Briefing Note New National Requirements for Apprenticeships

### Background

The National Productivity Plan published by the Government in July 2015 confirmed an ambition for 3 million new apprenticeships by 2020, representing approximately 600,000 per year across the economy. The Comprehensive Spending Review (CSR) announcement on 25<sup>th</sup> November 2015 confirmed the introduction of new national arrangements for apprenticeships to realise this ambition, as previously trailed in the Chancellor's summer budget statement. The Government will include provisions in the Enterprise Bill to place these arrangements on a statutory footing.

The supporting detail is being issued incrementally and is not fully available yet. Much of the available information is complex. Some further details have recently become available as part of the Government's consultation document on public bodies' apprenticeship quota targets. The original implementation date published was 1st April 2017. However, the recently published consultation on the public sector apprenticeship quota clarifies that 1st April 2017 is the effective start date for the apprenticeship levy, but talks about the legislation for the public bodies' apprenticeship quota being on the statute books in early October 2016, which is challenging. Further clarity is being sought

### Key Features

The key features of the new statutory arrangements are as follows:

- **Quota Targets:** The Enterprise Bill contains provision to amend the Apprenticeships, Skills, Children and Learning Act 2009 so the Secretary of State can set targets. An annual apprenticeship quota @ 2.3% of headcount (i.e. actual employees) is proposed for all public bodies in England with more than 250 employees. The Office for National Statistics (ONS) National Accounts Sector Classification is used to define a 'public body'. Apprentices can be young people or adults.
- **Levy ;** All employers with a paybill over £3m face an annual levy @ 0.5% of paybill, although there is a £15,000 pa rebate per employer.
- **Government Funding;** This is largely targeted at SMEs.
- **Governance & Reporting;** A new national employer led body will be established to set standards, quality assure, and promote apprenticeships.

### Impact on North Yorkshire County Council

The impact of the four key features on the Council as an employer is as follows:

**Quota Targets;** The consultation document clarified that the default definition of 'headcount' will be actual numbers employed, but invited comment on whether full time equivalents (FTEs) or some other definition would be better. County maintained schools are included in the local authority quota, although the operation of the 'Local Management of Schools' (LMS) regulations in this respect is unclear. Based on the Q2 2015/16 workforce information, the annual impact of a quota of 2.3% of the workforce for each method would be as follows:

2.3% Quota based on Q2 2015/16	Government definition		Alternative definition	
	Actual H'ct	App. Target p.a.	FTE	App. Target p.a.
Core Council	7,330	170	5,674	130
Maintained Schools	16,814	387	7,547	174
TOTAL	24,144	557	13,221	304

The number of unemployment claimants in North Yorkshire in Q2 2015/16, the latest

figures available, based on working age population of 361,900, was 2,795 (0.8%). The vast majority of these are officially classified as 'long term unemployed', i.e. they have unemployed for longer than 6 months. These claimants will have a range of special and access needs and are unlikely to be easily employed as apprentices without specialist support. Even if these special needs could be accommodated, then 2,795 people are insufficient to meet the 2.3% quota for all private and public sector employers across the North Yorkshire economy fishing in the same labour pool. A 2.3% quota of the North Yorkshire working age population of 361,900 would produce an apprenticeship target for the North Yorkshire economy of 8,324, almost three times higher than the number of people available.

The Council does have specific labour shortages, notably in front line adult social care. Higher apprenticeships may be a route to both meeting this need and part meeting our quota target.

The potential alternatives are to compete for apprentices with other organisations within North Yorkshire with potential negative consequences for growth in the County and with potential political impacts, as if successful, the Council may starve other sectors of labour. Alternatively, costly recruitment campaigns could entice apprentices in from other areas of the UK with high unemployment.

However, the bottom line is that in the context of austerity and a shrinking revenue base, the Council simply does not have a business need for the numbers of recruits indicated by even the lowest quota target of 130 apprentices, and this will inform our consultation response.

The consultation document states that a clause in the Enterprise Bill will provide flexibility on how to set apprenticeship targets, allowing employers in a sector to group together. However, it also states the expectation is that existing headcounts would be added together, so this in no advantage as a higher aggregated headcount figure at 2.3% just will just produce a higher quota target.

For any organisation there is no penalty for not meeting the quota other than being named.

**Schools:** The consultation document makes it clear that Council maintained schools, where the Council is also the employer, will be included in the council quota target. No further information is provided and our consultation response sought clarity on how this provision will operate in the context of LMS regulations.

Other schools such as free schools, foundation schools, voluntary-aided, and academies or trusts with 250 or more employees will be covered by the duty. This will exempt many schools, due to small headcounts, but some larger schools or multi-academy trusts will be covered.

**Levy:** The Government has left HMRC to define 'paybill'. There are two main options and the impact of these on the 'core' Council i.e. excluding schools is below:

- (a) Basic + Allowances excluding on-costs: NYCC £140m x 0.5% = £700K
- (b) Basic + Allowances + On-costs: NYCC £175m x 0.5% = £875K.

CSR announcement talks about 'paybill' not 'payroll', so (b) more likely. These costs have been included in the revised budget assumptions in budget for 16/17 submitted to Full Council. The £15K p.a. rebate per employer represents 0.5% of a £3m paybill and is designed to deliver a no cost solution to SMEs. NYCC will receive the £15K but clearly this amount is insignificant against the total levy cost.

**Government Funding;** The headline is employers get £2 back for every £1 spent, but NYCC will be unable to fully access this due to:

- Very complex funding framework targeted at SME's not large organisations.
- Funding focuses on qualification costs not employment costs / levy.
- 4 funding elements, each cross referred to different apprenticeship levels, including

Higher Apprentices.

- 4 elements are: Core; Completion; 16-18 age group; SMEs.
- Core & Completion elements financially capped.
- 16-18 difficult to access given low youth unemployment; SMEs not applicable.

So funding will only cover a minority of the NYCC levy and early estimates show a need to employ between 300-600 apprentices to earn back the levy charge. This means there is a need to model the funding framework for NYCC against the 2020 NY workforce challenges to determine the most effective approach.

**Reporting Requirements;** Public bodies will have a duty to publish information annually on progress towards meeting the target and send this to the Secretary of State. This includes headcount and apprenticeship figures at the start and end of every year rather than the number of apprentices working on a given day. The number of apprentices required will reduce with any headcount reductions. Bodies will be asked to provide headcounts at the start and end of each reporting year and a variance report explaining why any targets are not being met. It is anticipated that the vast majority of a public body's apprentices will be directly employed by that body. However, apprentices employed by Apprenticeship Training Agencies (ATAs) and who work for, but are not directly employed by them can count towards the target.

### **Apprenticeship Scheme Availability**

Very few apprenticeships aligned to Council / Public Sector are posted on the National Apprenticeship Service (NAS) website. Low take up reflects similar workforce challenges and cost pressures across the sector.

**Next Steps** have been identified as:

- Set up task & finish group to project manage.
- Work to be set in the context of priority 2020 workforce planning needs.
- The focus to be on grow our own/higher apprenticeships for succession / recruitment & retention hotspots, e.g. HAS, ICT, Finance, HR, Legal, Engineering.
- Build requirements into workforce planning framework, alongside graduates, etc.
- Undertake modelling of funding framework against NYCC workforce challenges to determine the most effective approach.

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