

Meeting:	Overview and Scrutiny Committee
Date:	Monday 31 January 2005
Subject:	Annual Report of HR Portfolio Holder for 2003/04
Responsible Officer:	Executive Director, Organisational Development
Contact Officer:	Sue Styles, Director of HR and Organisational Effectiveness
Portfolio Holder:	Portfolio Holder For Business Connections Finance & Performance Management Portfolio Holder For Communications, Partnership & Human Resources
Key Decision:	No

Section 1: Summary

This report sets out the HR work of the council over 2003/04, the key service objectives and progress made to date implementing these objectives.

1.1 Decision Required

That the Overview & Scrutiny Committee notes the report of the HR Portfolio Holder Member.

1.2 Reason for report

On 22nd January 02 the Overview and Scrutiny Committee received a report from the Human Resources Portfolio Holder which set out how the Personnel service was delivered and work carried out over 2000/01, the key service objectives and progress made to date implementing these objectives. The report also outlined the composition of the council's workforce in terms of ethnicity and gender and detailed the representation of disabled people in the workforce.

The Chair asked for such a report on an annual basis, and this report details progress during 2003/04.

1.3 Benefits

Overview and Scrutiny Committee are able to monitor the work of HR Services and progress against key service objectives.

1.4 Cost of Proposals

HR Services and projects were financed from within the 2003/04 budget provision

1.5 Risks

N/A

1.6 Implications if recommendations rejected

N/A

Section 2: Report

2.1 How Personnel/HR Services are Delivered

2.1.1 Personnel Services was a service unit within the Chief Executives department. From October 2003 Personnel became part of the Organisational Development Directorate and is now headed by the Director of Human Resources and Organisational Effectiveness.

2.1.2 There are 7 separate units within the service. These include departmental Personnel units that provide a comprehensive service to all departments of the council; the occupational health and health and safety units; payroll; pensions and training and development. HR is currently subject to restructure as part of the Middle Management Review.

2.1.3 Services are delivered by the Council's staff who are largely based at the civic centre. The Occupational Health Service was provided under an agreement with Northwick Park Hospital Trust but following a tendering exercise, is now provided by National Britannia.

2.2 Key Performance Indicators

2.2.1 HR Services are responsible for monitoring and reporting the Council's performance against a range of indicators, including a number of Corporate Health BVPIs.

2.2.2 Compared to 2002/03 the Council has improved its performance against the majority of the key performance indicators monitored by HR Services. However it has not achieved all its performance targets. Performance compared to last year and the targets for 2003/04 are set out in table 1 below:

Table 1

Performance Indicator	2002/2003 Actual Performance	2003/2004 Targets	2003/2004 Actual Performance	Trend
(a) BV2 The level of the Equality Standard for Local Government to which the authority conforms.	Level 1	Level 2	Level 2	↑
(b) Success Ratio for black and minority ethnic job applicants	0.53	0.7	0.4	↓
(c) The proportion of black and minority ethnic appointments reflect the proportion of black and minority ethnic people in the local community.	44%	42.7%	32.9%	↓
(d) BV17a The percentage of black and minority ethnic employees of the total workforce.	27.4%	30%	28.55%	↑
(e) BV17b To achieve a balanced workforce which reflects the working age (18-65) people from ethnic minorities in Harrow.	42.7%	42.7%	42.7%	N / A
(f) BV11b – The percentage of black and black and minority ethnic staff in senior management in the top 5% of earners.	5.3%	7.5%	5.9%	↑

Performance Indicator	2002/2003 Actual Performance	2003/2004 Targets	2003/2004 Actual Performance	Trend
(g) The proportion of women appointments reflect the proportion of women in the local community	64%	51.7%	49.7%	↑
(h) To achieve a balanced workforce which reflects the gender profile of the local community of Harrow.	76% women 24% men	51.7% women 48.3% men	75.64% women 24.36% men	
BV11a – The percentage of Senior Management posts filled by women, based on the top 5% of earners.	35%	37.5%	36.24%	↑
(i) BV16a The percentage of staff of the total workforce declaring a disability.	2.4%	3%	2.99%	↑
(j) The numbers of employees using or subject to HR procedures is proportionate to the workforce profile in terms of ethnicity, gender and disability.	Potentially adverse impact on black and ethnic minority staff only appears in the disciplinary & probationary procedures	Proportionate to the workforce profile.	Potentially adverse impact on BME staff only appears in the disciplinary & probationary procedures	
(k) That access to training is at least proportionate to the workforce profile in terms of ethnicity, gender and disability.	Target exceeded for: BEM 39% Disabled 4% Women 71%	Target will not prevent positive action for BME, women or disabled staff.	Target exceeded for: BME 42% Disabled 4% Women 69%	↑
(l) BV12 – The number of working days lost due to sickness absence	9.98	9.50	9.84	↑
(m) BV14 – The percentage of employees retiring early	0.12	0.45	0.848	↓
(n) BV15 – The percentage of employees retiring on grounds of ill health	0.47	0.50	0.288	↑

2.2.3 Across the payroll & pension service there are 28 service delivery targets, (12 of which are benchmarked against National targets). Performance met or exceeded all except one of these targets in 2003/4 Performance

against targets was published and distributed to all clients both in the Annual Newsletter and on the Intranet.

2.3 Composition Of The Workforce

2.3.1 The number of employees in March 2004 was 5762 and has increased compared to 5637 in 2003. (NB all figures are as at 31March).

Black and Ethnic Minorities

2.3.2 The overall proportion of black and minority ethnic employees in the workforce is now 27.55%.

Table 2

Payband		Profile as at 31.03.04	Profile as at 31.03.03	Profile as at 31.03.02	Profile as at 31.03.01	Profile as at 31.03.00
Band 1	White	64%	67%	70%	68%	71%
	BME	36%	33%	30%	32%	29%
Band 2	White	69%	67%	77%	79%	79%
	BME	31%	33%	23%	21%	21%
Band 3	White	81%	81%	82%	79%	84%
	BME	19%	19%	18%	21%	16%
Band 4	White	88%	88%	93%	92%	93%
	BME	12%	12%	7%	8%	7%

2.3.3 The Council's local performance indicator for 2002/3 was that the proportion of black and ethnic minority appointments reflects the proportion of black and ethnic minorities in the general population and was set at 42.7%. As can be seen from the figures in table 3 below, the Council did not meet its target.

Table 3

ETHNIC MINORITY APPLICANT MONITORING			
Year	Applications	Shortlisted	Appointed
2003-04	55%	46%	33%
2002-03	59%	52%	44%
2001-02	58%	51%	39%
2000-01	53%	46%	38%
1999-2000	49%	45%	39%

2.3.4 Table 3 also shows that the proportion of ethnic minority appointments is lower than the proportion of ethnic minority applicants hence the Council has fallen short of its success ratio target of 0.7.

Disability

- 2.3.5 The Council's target for the employment of disabled people is 3% of the workforce. The Council almost met its target as the number of staff declaring they have a disability increased from 2.4% to 2.99%.
- 2.3.6 The number of applications received from people who declared that they considered themselves to have a disability is 69 (2.3%). The number of applicants with a disability shortlisted is 21 (2%), and 6 applicants with a disability were appointed out of 328 appointments (1.8%).

Gender

- 2.3.7 The Council set a target of 51% for its local performance indicator that the proportion of women appointments reflects the proportion of women in the local community. The proportion of women appointments for 2003/4 was 49.7%, which is close to the target.
- 2.3.8 The proportion of women applying for posts is 57% compared with 43% for men. The proportion of women shortlisted is 52% and the proportion of women appointed is 50%. The proportion of women appointed is higher than men at all paybands and is consistently at 60% or above.
- 2.3.9 An analysis of the number of appointments by payband and comparisons with previous years is shown in table 4 below:

Table 4

Appointment of Women by Payband					
Payband	2003/04	2002/03	2001/02	2000/01	1999/2000
Band 1 Men	92	43	88	45	93
Band 1 Women	51	68	90	102	210
Band 2 Men	50	66	50	39	72
Band 2 Women	80	123	132	91	90
Band 3 Men	8	21	32	20	15
Band 3 Women	23	41	24	21	48
Band 4 Men	15	8	14	5	8
Band 4 Women	9	12	20	12	10

2.4 Sickness Absence

- 2.4.1 Employees in Harrow took an average of 9.84 days sickness absence in 2003/04. This compares with 9.98 days last year and is the 4th year on year reduction. However, our sickness absence remains in excess of the target set by government of 9.1 days.

2.4.2 The attendance management project group has developed an action plan which is being implemented to accelerate the rate of improvement so that we are able to achieve the government target by 2004/05.

2.5 Turnover

2.5.1 Around 10% of the workforce leaves each year for voluntary reasons, with 0.848% retiring early and 0.288% of the workforce retiring on grounds of ill health during 2003/04.

2.6 Review of 2003/04

2.6.1 Following the appointment of the Chief Personnel Officer to the post of Executive Director Organisational Development, interim management arrangements for HR were put in place until the appointment of the Director of HR and Organisational Effectiveness in May 2004. These arrangements continued throughout 2003/4.

2.6.2 The continuing roll out of the New Harrow Project and the associated restructuring of the council was the focus of much of HR activity. In particular the development and implementation of the Middle Management Review and the development of the Harrow Competency Dictionary.

2.6.3 The Council's undertook its first staff attitude survey in November 03 and following wide scale consultation with stakeholders and partners the Council's HR Strategy 'Strategy for People' was developed and adopted by Cabinet in March 2004.

2.6.4 Key areas of work included diversity and equalities in particular the work undertaken to review the impact of our recruitment practices on Asian applicants, who have a disproportionate success rate in appointments compared to other ethnic groups. This issue was a significant factor in the Council not meeting its targets for the success ratio and proportion of appointments from black and minority ethnic groups (see Table 1 above).

2.6.5 Attendance Management was also a high priority and representatives from Directorate Personnel teams, Employee Relations, Occupational Health, Health and Safety and the Trade Unions have been involved in the project group set up to improve attendance.

2.6.6 Local employee relations improved significantly following the cessation of industrial action over the London Weighting dispute and good progress was made in negotiating the introduction of 'Single Status' with UNISON.

2.6.7 Significant work was undertaken in resolving issues associated with the Employment Tribunal decision in respect of claims by Resident Wardens under the Working Time Regulations and National Minimum Wage Regulations

2.6.8 Supporting the preparation for establishing the ALMO provided significant challenges.

2.6.9 Membership of the Local Government Pension Scheme continued to rise, amounting to a 28% increase over the past 5 years.

2.6.10 2003/4 was the first year where responsibility for reconciliation of the pension fund expenditure and payments was wholly vested with Harrow's Pensions Service, resulting in significant reconciliation processes being drafted, adopted and implemented.

2.6.11 Joint pension service initiatives meetings were held with Department for Works and Pensions and a number of north-west London local authorities, the outcome of which has formed a number of exciting projects for 2004/5.

2.6.12 Significant work took place to raise staff awareness of the new Harrow Project, including developing a video of the effect on staff of the South Harrow Pilot and support for the October 1st launch of the new Harrow Council structure in 2003.

2.6.13 A project management system was developed and launched across the Council in April 2003.

2.7 Progress Against Key Objectives

Key Objective	Progress
To develop appropriate change management policies, practices and procedures to ensure the effective implementation of the New Harrow Project.	Arrangements for the Middle Management Review including revised structures grades and pay scales have been implemented. The selection process and transition support for staff has been agreed and implementation commenced in 2004.
To develop and align the HR Strategy and HR Development Strategy to the New Harrow Project Corporate Objectives.	The Council's HR Strategy 'Strategy for People' was approved by Cabinet in March 2004
To develop and implement individual performance management schemes that translates corporate objectives into individual targets.	The decision was taken that this should follow the implementation of the strategic corporate performance management framework, which is currently under development.

<p>To develop and implement development programmes for Elected Members and Senior Managers to develop their leadership skills.</p>	<p>A leadership programme for elected members was run, however attendance at the programme was less than desirable</p> <p>A leadership programme for senior management was developed with the support of Dieu Leadership Institute, and the initial session in the programme was run.</p>
<p>To review and develop Harrow's recruitment and retention policies, to ensure that it can attract and retain high quality staff in the current labour market.</p>	<p>The review of the Recruitment policy was postponed so that it could take in to account the findings of the group set up to review the adverse impact on Asian applicants. The review will also take account of the findings of the review of the MMR selection process. This work is currently underway.</p>
<p>To ensure that elected members and the workforce have the skills and competencies required to lead and deliver high quality services</p>	<p>A revised set of Competencies has been developed and agreed by Cabinet. These are being used to develop the role profiles for posts in the MMR and form the core of the selection process.</p> <p>A management development programme scheme will be designed to support managers appointed to posts in the new management structure.</p>
<p>To implement Harrow's Equality Policies to ensure that its Employment Policies and Service Delivery Policies address the needs of Harrow's diverse community.</p>	<p>A Corporate Equality Group has been established to lead on Equality and Diversity and act as a steering group for achieving progress on the Council's Race Equality Scheme and Equality Standard for Local Government.</p> <p>The Council successfully reported first year progress on the RES and attained its target of achieving level 2 of the Equality Standard.</p> <p>The Corporate Equality Group is also leading on the development of a Corporate Equality Plan</p>

<p>To have a workforce that is representative of Harrow's diverse community.</p>	<p>The workforce profile shows an improvement in the numbers of black and minority ethnic employees and employees who have declared a disability. The profile also indicates an improvement in the numbers of women and black and ethnic minorities employed in the top 5% of earners.</p> <p>Work is continuing to further improve performance in these key areas.</p>
<p>To ensure Harrow's resourcing needs are met via effective management of absence and ill health retirement - ensuring that turnover is not excessive and analysing the reason for leaving.</p>	<p>Sickness absence figures continue to improve and the action arising from the Attendance Management Project Group will enable us to maintain our improving performance.</p> <p>Turnover generally remains stable and in line with other Authorities. However recruitment and retention problems persist in specific areas and tailored approaches continue to be developed to address these e.g. affordable housing, partnership working arrangements, market supplements.</p>
<p>To review and modernise Harrow's HR Policies and Procedures, ensuring that they support service delivery, including developing new ways of working.</p>	<p>HR and TU resources have been focussed on delivering 'single status' and the development and implementation of policies and procedures to support New Harrow Project. Consequently the ongoing policy review programme has fallen behind and priority has been given to reviewing those policies and procedures affected by changes in legislation.</p>
<p>To promote a healthy and safe workplace through appropriate policies and practices.</p>	<p>Health and safety statistics show an overall improvement in number of accidents and associated time lost. However, the statistics show an increasing trend for incidents of violence and aggression and a joint working group has been established to look at this specific issue.</p>
<p>To review the structure of the personnel function to ensure that Harrow is managing people in the best possible way and that the Council's strategic objectives are achieved.</p>	<p>The review has been delayed pending appointment of the Director of HR</p>

<p>E-HR to use technology including the Internet & Intranet to improve, personnel administration transactions, process and performance.</p>	<p>Recruitment administration has been centralised and a response management database set up to enable more effective data management.</p> <p>The HR Intranet site provides clients with immediate access to relevant generic information. Regular refreshing of the site ensures that employees have access to current payroll/ pension information and can reference all employment HR policies.</p> <p>HR has also taken initial steps in identifying areas of service overlap, data input duplication/triplication. The areas identified will form the first tranche of services to be business process re-engineering in preparation for the future single database.</p>
<p>To ensure that elected members are inducted into the organisation and that they are supported to meet their changed roles in the new political structure.</p>	<p>An induction process has been developed to cater for new members elected at by-elections</p>
<p>To develop and implement the Council's response to Single Status</p>	<p>Negotiations with UNISON on 'single status' continued through in to 2004 and an agreement was approved by Cabinet in June and implemented from 1 July 2004</p>

2.8 What has gone well?

2.8.1 Despite resource constraints and interim management arrangements, 2003/04 was relatively successful and Personnel Services marked the following as achievements:

- Completed the 2003 tasks set out under Priority 9 (Human Resources Strategy) of the Improvement Plan agreed by Cabinet in response to the Comprehensive Performance Assessment and IDeA Peer Review i.e.
 - Commission bi-annual staff attitude survey
 - Programme of measures to address sickness absence
 - Review current management competencies and management development programme
 - Develop Human Resources Strategy incorporating vision and values (Key Priority 2) and the need to bring about organisational change as part of the New Harrow Project
- Instigated and supported the establishment of the Corporate Equality Group and development of a Corporate Equality Plan

- Developed an audit and assessment process and co-ordinated the external verification for achievement of Level 2 of the Equality Standard for Local Government
- Led a review of the Council's Race Equality Scheme and published an amended Scheme
- Developed and implemented a Staff Development Scheme for Social Care.
- Developed the trainee Social Worker scheme as part of our recruitment and retention package to ensure the provision of qualified and experienced social workers.
- Developed a recruitment and retention programme for teachers including initiatives on affordable housing and teacher training and publicised through recruitment literature and recruitment fairs.
- Co-hosted a Job and Career Fair focussing on employment opportunities for people with disabilities
- Developed a new stress management policy and measures to address violence and aggression at work
- Co-ordinated the promotion of the activities to mark European Safety Week.
- Established a Workforce Agreement Forum (WAF) to take forward work on remodelling of the school workforce
- Supported the preparatory work for creation of an Arms Length Management Organisation.
- Implemented the pay and grading review of all jobs in former Harrow Contract Services
- Reviewed applicant and workforce monitoring systems to comply with forthcoming legislation on age.
- Integrated HR support from Housing and Environmental Health Services into the Urban Living HR Team.
- Establish a central team to co-ordinate recruitment administration.
- Exceeded the targets for provision of Information Advice and Guidance in training and career opportunities
- Trained over 200 staff through a certificated disability awareness programme.

2.9 What has not gone so well?

- 2.9.1 The success rate for black and minority ethnic applicants continues to be below our target and the proportion of black and minority ethnic appointments has reduced. The Asian Applicant Review Group was unable to identify specific issues to address the disproportionate impact on Asian applicants. However, an action plan aimed at improving the success of all minority ethnic applicants was agreed and this is being implemented.
- 2.9.2 The intended review our recruitment policy in order to improve both the efficiency and quality of our processes. Work on this has resumed following the report from the Asian Applicant Review Group and will also take into account findings from the review of the MMR selection process.
- 2.9.3 Recruitment and retention continues to be a problem in specific work areas, though the initiatives introduced during the year are easing the problems for some staff groups.
- 2.9.4 Although we have improved our performance, the number of days lost through absence is below the Council and government target. Ongoing implementation of recommendations from the Attendance Management Project Group should accelerate progress.
- 2.9.5 The programme of review of employment policies and procedures has slipped and will need to be reviewed next year.
- 2.9.6 The London Agreement required implementation of some of the elements being negotiated under Single Status by 31st March 04 this was not achieved. However, it was jointly agreed that implementation would be suspended until full agreement could be reached and that this would then be backdated to 1st April 04.
- 2.9.7 Appointment to the post of Director of HR took longer than was anticipated and interim management arrangements were therefore required to continue through out the year.

2.10 Key Service Objectives For 2004/05

- To develop appropriate change management policies, practices and procedures to ensure the effective implementation of the New Harrow Project.
- To develop and implement individual performance management schemes that translate corporate objectives into individual targets.
- To develop and implement development programmes for Elected Members and Senior Managers to develop their leadership skills.

- To review and develop Harrow's recruitment and retention policies, to ensure that it can attract and retain high quality staff in the current labour market.
- To ensure that elected members and the workforce have the skills and competencies required to lead and deliver high quality services
- To implement Harrow's Equality Policies to ensure that its Employment Policies and Service Delivery Policies address the needs of Harrow's diverse community.
- To have a workforce that is representative of Harrow's diverse community.
- To ensure Harrow's resourcing needs are met via effective management of absence and ill health retirement - ensuring that turnover is not excessive and analysing the reason for leaving.
- To review and modernise Harrow's HR Policies and Procedures, ensuring that they support service delivery, including developing new ways of working.
- To promote a healthy and safe workplace through appropriate policies and practices.
- To review the structure of the personnel function to ensure that Harrow is managing people in the best possible way and that the Council's strategic objectives are achieved.
- E-HR to use technology including the Internet & Intranet to improve, personnel, payroll and pensions administration transactions, process and performance.
- To ensure that elected members are inducted into the organisation and that they are supported to meet their changed roles in the new political structure.
- To develop and implement the Council's response to Single Status.
- To support the Harrow implementation team in establishing the ALMO.
- To support the development and implementation of the Business Transformation Project

2.11 Financial Implications

2.11.1 This report does not identify any financial implications.

2.12 Legal Implications

2.12.1 Any legal implications are included within the report.

2.13 Equalities Impact

- 2.13.1 The applicant monitoring analysis has shown that over a number of years there is a disproportionate adverse impact on black and minority ethnic applicants and particularly Asian applicants during the recruitment and selection process.
- 2.13.1 The Asian Applicants Review Group was established to investigate the adverse impact of the recruitment process on BME applicants. The group has proposed an action plan and recommendations made within this will be taken into account as part of the proposed review of the R&S policy.
- 2.10.1 The consultation undertaken ensures that the reporting process does not adversely affect minority groups.

Section 3: Background Documents

3.1 Background documents (available on request)

Harrow Council's Strategy for People
Harrow' Council's Race Equality Scheme 2002-2005
Harrow Council – Best Value Performance Plan 2003/2004
The Equality Standard for Local Government
Annual Equality Monitoring Report 2003/2004
Annual Health & Safety Performance Report 2003/2004