

SCRUTINY 19 SEPTEMBER 2022

ESTABLISHMENT UPDATE

Cabinet Member(s): Clive Eginton, Deputy Leader and Cabinet Member for the Working Environment and Support Services

Responsible Officers: Matthew Page, Corporate Manager for People, Governance and Waste
James Hamblin, Operations Manager for Human Resources

Reason for Report: This reports builds upon the data and information shared in February 2021, August 2021 and February 2022, reviewing the performance of the workforce but also how the workforce had been affected by the COVID-19 pandemic.

RECOMMENDATION: The Committee is asked to note the information below

Financial Implications: Financial implications occur where the structure of a service changes without adherence to allocated budgets.

Budget and Policy Framework: This report sits within the current budget and policy framework.

Legal Implications: In accordance with article 14 of the Constitution.

Risk Assessment: If the establishment is not appropriately managed and reviewed then service delivery will be put at risk.

Equality Impact Assessment: No equality issues highlighted in this report.

Relationship to Corporate Plan: This report highlights the Establishment figures and, as such, supports our aim to reduce costs without affecting service quality and continuity.

Impact on Climate Change: No climate change issues highlighted in this report.

1.0 Introduction/Background

1.1 The purpose of this report is to provide an update on the performance of our workforce as the Council moves into the Autumn/Winter period of 2022/2023.

1.2 These items include updates on the key establishment indicators of sickness and agency expenditure, turnover and the impact of COVID-19 on our workforce.

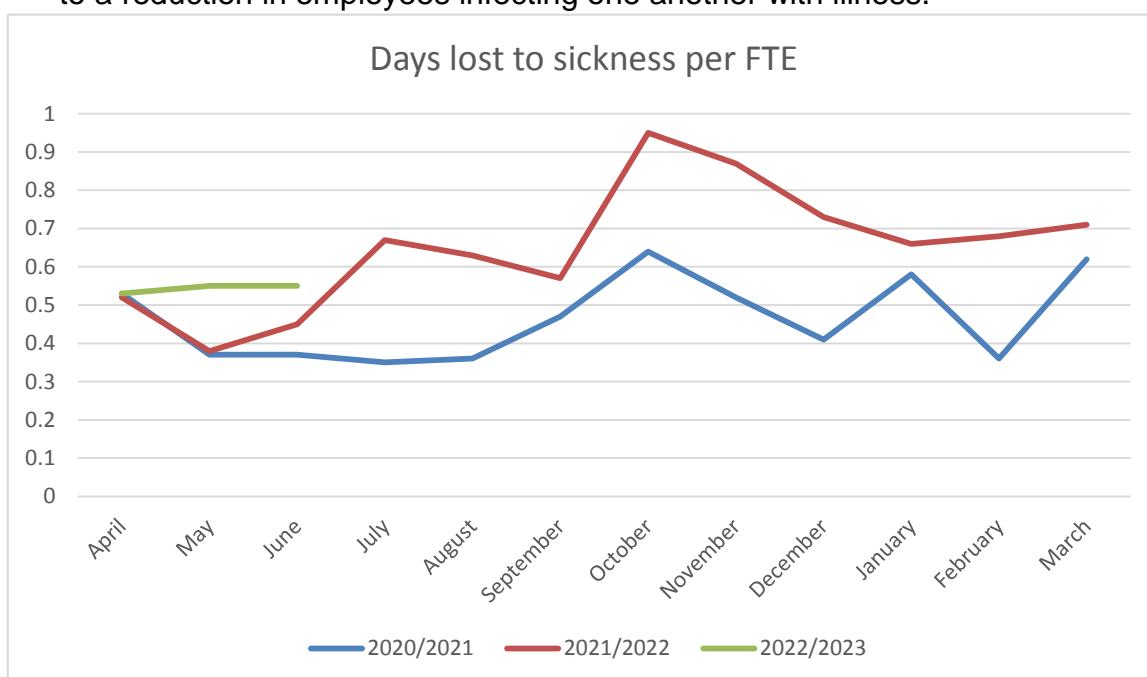
2.0 Sickness Absence, Agency Expenditure and Establishment

2.1 In 2020/2021, MDDC had an average of 5.57 sickness days per FTE. This moved in 2021/2022 to being 7.82 sickness days per FTE and in the first quarter of 2022/2023 stands at 1.63 sickness days per FTE. In the 2021/2022

financial year a target and subsequent action plan was in place to reduce the days lost to less than 7 days per FTE (in line with industry standards across other councils). Evidence has shown both the direct and indirect impact of COVID-19 on our sickness statistics. Going into the Autumn and Winter period of 2022/23 is it expected that we see an increase in absence as the workforce is exposed to illnesses which have been suppressed over the last two years. It is therefore of paramount importance that business continuity plans are reviewed (and continue to be reviewed) in the face of likely increases in employee absence. MDDC has agreed to complement the government's free flu vaccination policy for over 50's by offering all employees under 50 a free flu jab. This has already been highlighted to service leads and will continue to be so through regular and consistent corporate communication.

2.2 In 2020 a new sickness policy was introduced and brought many benefits (clarity on reporting, new management guidelines, clarity around type of intervention). This policy has supported the Council through the COVID-19 pandemic and following the pandemic we are now revisiting this policy. We continue to see a mixture of both long term and short term absence, however updates within the policy will be supplemented with management training that will be rolled out across the Council. This training will provide an in-depth review to managers of the updated policy and attempts to harness the advantages seen in our training on 'Managing Difficult Conversations' and 'Managing Poor Performance'.

2.3 In the first quarter of this year (April to June 2022) the Council has lost 1.63 days to absence per FTE, meaning we are could see absence of 6.52 days per FTE if sickness continues at this level for the rest of the year. However we typically see sickness absence increasing in the second half of the year and therefore absence figures which were seen last year are a very real possibility in 2022/2023. Through early and regular messaging on free flu jabs and the importance of using annual leave to support wellbeing, we hope to minimise absence. The formal launch of hybrid working at MDDC is likely to contribute to a reduction in employees infecting one another with illness.



Graph 1. Sickness at MDDC 2020 - 2023

2.4 Comprehensive measures continue to be developed to support employees with regards to health and wellbeing. For the leave year 2022/2023, the Council provided all employees with an additional days leave (pro rata for part time) for wellbeing. This 'Wellbeing Day' is aimed at allowing employees the opportunity to focus on their wellbeing, however they decide to spend this.

Alongside this, as of 1 September 2022, MDDC is reducing the monthly cost for employees to access our leisure facilities from a 10% discount to 50%. This has been communicated to all employees and alongside being a benefit for retention and recruitment, it is hoped it will have a positive impact upon absence levels as we encourage the workforce to look after their health and wellbeing. Further initiatives are being reviewed by the Council to support employee wellbeing through a full workforce online survey.

2.5 Last year saw the Council launched an all staff survey to gauge opinion and feedback on key organisation performance indicators including communication, leadership, development and wellbeing. This was run by an independent organisation to both ensure a greater level of trust and confidence in the survey and its impartiality amongst the workforce with results from the survey being shared with service leads across the Council. Following this, a corporate action plan was put in place to address areas of development such as that relating to; all staff communication, wellbeing, hybrid working and management development.

2.6 June 2022 saw the launch of our first 'online' all staff briefing. Spread over three sessions on the same day, this allowed employees to hear directly from the leadership team at the Council and put questions to the panel. Feedback from those that attended outlined that these sessions were both useful and informative. Future all staff briefings are planned.

2.7 One of the consequences of high sickness absence and other poor establishment performance (vacancies, turnover and unresolved conflict) is rising agency costs.

2.8 During the first quarter of 2022/2023 the organisation spent £222,441.95 on agency workers in comparison to £172,710.47 in the same reporting period in 2021/2022. The below table highlights the agency spend at the Council since 2019.

Year	Agency Spend	YOY Change (+/-)
2019/2020	£534,378.49	
2020/2021	£576,368.28	+7.56%
2021/2022	£823,288.55	+42.84%

Table 1. Agency Spend 2019 - 2022

Agency workers provide cover to vacant posts as well as cover to employees who are sick or absent from the workplace in critical services including waste and planning. Work will begin shortly in reviewing individual service establishment with a by-product of this allowing for greater detailed understanding of agency usage in the Council. It should be noted that the

increase in YOY between 2020/2021 to 2021/2022 will have been impacted by COVID absence and increases in demand for agency staff nationally to support services due to both high levels of absence and workforce shortages.

- 2.9 The below tables compare the establishment for the Council and their associated costs from 2019/20220 to 2021/2022. The number of employees paid has increased from last year, with the FTE increasing over the same period. It should be noted that the increase in gross pay includes a 1.75% cost of living award for each member of staff. The cost of living award for the current year (2022/2023) is still being finalised but initial indications show this is likely to be a flat rate payment rather than % increase.

	2021/22	2020/21	2019/20
Total number of employees/workers paid	728	697	718
Establishment FTE	426.43	422.79	422.11
Total Taxable Gross Pay	£12,197,334.88	£11,515,324.63	£11,170,336.78
Employers NI	£1,126,244.53	£1,038,135.28	£1,024,710.32
Employers Pension	£1,938,973.16	£1,832,713.73	£1,595,839.06

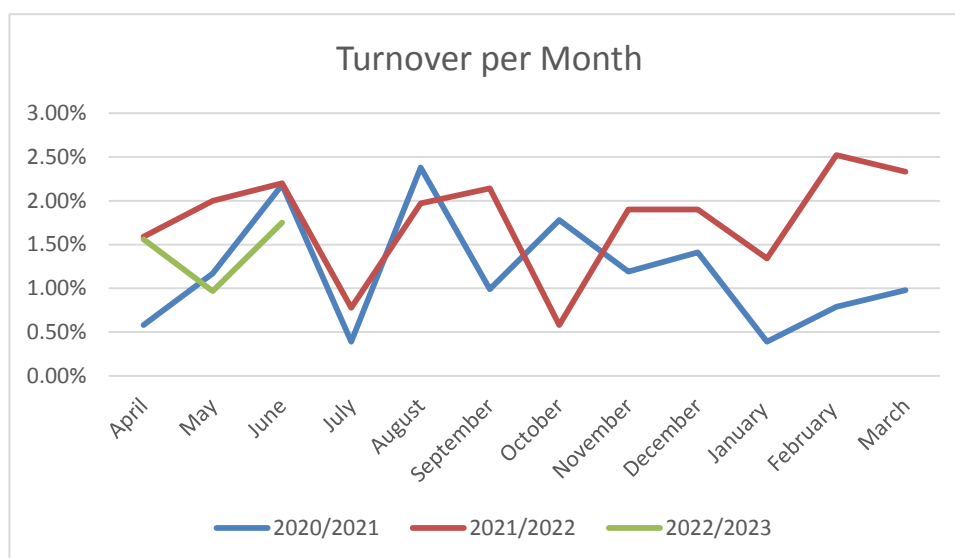
Table 2. Establishment 2019 - 2022

3.0 Turnover

- 3.1 Turnover for the first quarter (1 April to 30 June 2022) stands at 4.28% a reduction from 5.79% in the same period for 2021. During the first quarter of this financial year a total of 22 employees left the Council. A breakdown outlining reasons for leaving is provided in Appendix 1.
- 3.2 This compares with turnover standing at 6.19% in Q4 of the 2021/22 financial year and a cumulative turnover figure of 21.25%. This was higher than the cumulative turnover figure for 2020/21 which stood at 14.23%. This does reflect the challenges faced by many organisations in retaining employees during and following the pandemic.
- 3.3 A full breakdown of all leavers and data collected during exit interviews for the last financial year is shown in Appendix 1.
- 3.4 Mid Devon, like other local authorities, has faced increasing challenges over turnover due to a number of different external factors. In terms of manual work the lack of supply of European workers has hit different industries hard which has had the result of increased competition for drivers, loaders and other types of worker amongst different sectors. In other sectors a movement towards 'contractor' work rather than 'employed' work has been supported by record levels of vacancies across the UK as workers attempt to earn more in the current cost of living crisis.
- 3.5 These challenges have brought into sharp focus the need to consider our longer term employment offer for potential applicants. As a result, autumn 2022 will see the launch of a benefits survey at MDDC. This will focus on understanding what benefits we currently provide that our employees value

and those that they may value in the future. Additionally current employees have been given the option, where applicable, to work in a hybrid way and this has been supported by formal contractual changes. This year will also see great emphasis on skills and development in the Council as we launch a review to understand skills and knowledge gaps within our services.

- 3.6 Work continues to embed hybrid working at the Council where it is possible to do so and service delivery is not compromised. The Council will continue to monitor this new way of working to ensure service delivery is effective. The roll out of the new 3CX online soft phone system as well as the implementation of Office 365 are key deliverables in strengthening the effectiveness of hybrid working,
- 3.7 Our work around the Evolve learning and development project has developed. The second round of Appraisal/PDR has been completed with a 91% response rate achieved to date. This will inform a future skills analysis piece that has been captured by the Appraisal process which will assist future workforce planning as well as talent and leadership development programmes.
- 3.8 The Council continues to support the recruitment of apprentices across service areas. On programmes in August showed that we had a total of 13 (mixture of apprentice and upskilling of existing employees) and we advertised a total of 10 opportunities. This allows the Council to grow their own talent for the future as we acknowledge an ageing workforce.



4.0 COVID-19

- 4.1 The Council continued to enforce protective measures in line with the Government guidance. As these were phased out in 2022, employees returned to their 'normal' place of work. Feedback, as highlighted in the all staff survey, has been largely supportive of the communication and measures put in place to protect staff during the pandemic. As stated above we expect staff sickness levels to rise this autumn and winter as people work and interact with no restrictions in place.

5.0 Conclusion and Recommendations

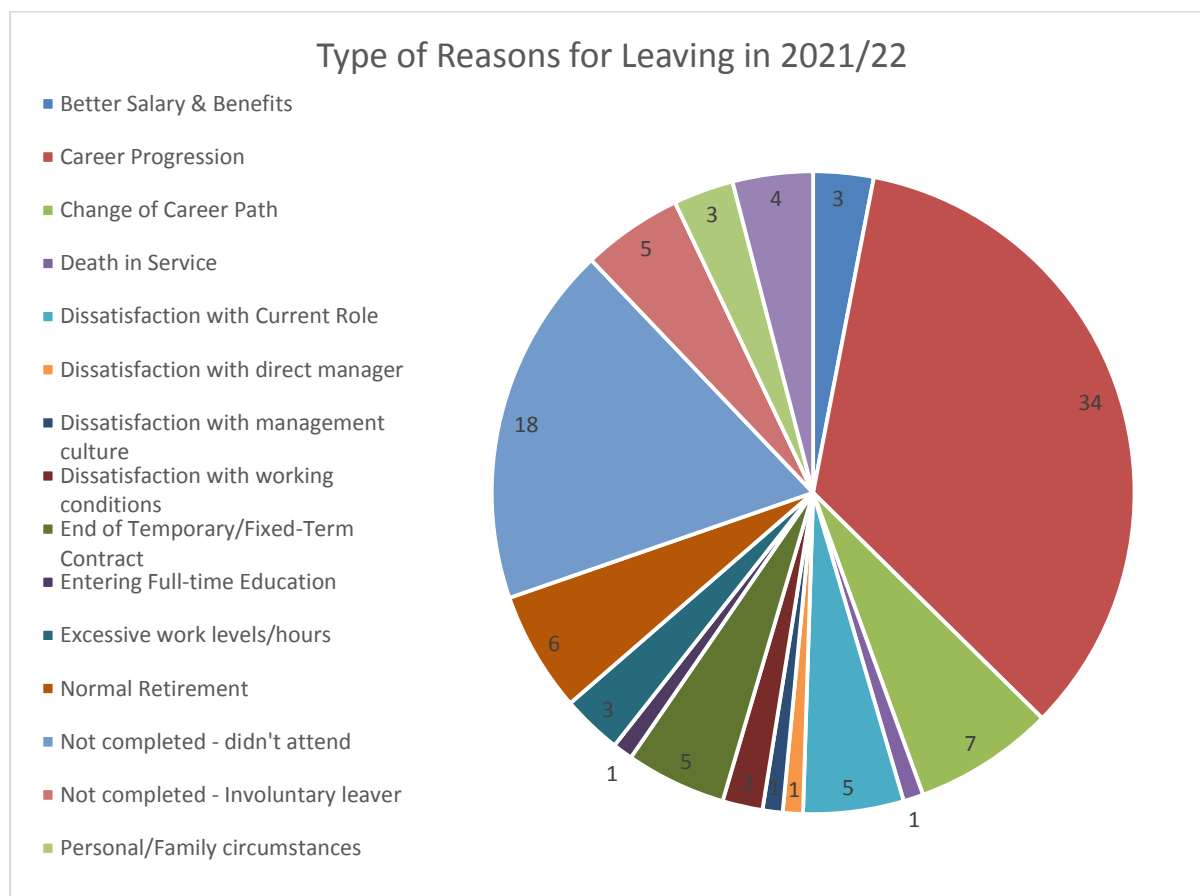
- 5.1 There are a number of priorities which the Corporate Manager for People, Governance and Waste wants to focus on in terms of our Establishment performance but he would like to draw attention to three key priorities.
- 5.2 It is vital in the face of increasing costs and the current cost of living crisis, a greater detailed understanding of our establishment need is understood (inclusive of agency usage across the Council). As previously mentioned there has been a transition from 'employee' to 'contractor' working within specific service areas and it will be through initiatives such as that regarding our benefits review which will help us understand if we can attract the required talent into the Council. Hybrid working, a way of working in place for many organisations, has helped shape the current picture,
- 5.3 Service areas are provided with specific metrics in order to support long term decision making (sickness, vacancy, turnover). The last year has seen the implementation of quarterly performance review meetings, with workforce data being reviewed. Coupled with support from colleagues within our Accounts department, this will allow for efficiency gains to be made where possible and explore synergies between turnover, vacancies and budget planning.
- 5.4 We will compile the skills analysis from the recent running of online Appraisals and use this to inform workforce planning as well as our plans around talent management and leadership development. This will be supported by a greater understanding of how we attract talent into the organisation but also how we retain it. With greater emphasis placed on growing our own talent, services will need to consider how this is best done (e.g. hire talent vs developing existing talent vs growing talent (e.g. apprenticeships)).

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Circulation of the Report: Cabinet Member seen and approved Yes – Cllr Clive Eginton, Leadership Team seen and approved Yes.

List of Background Papers: Previous Establishment Reports taken to Scrutiny in August 2020 and 2021.

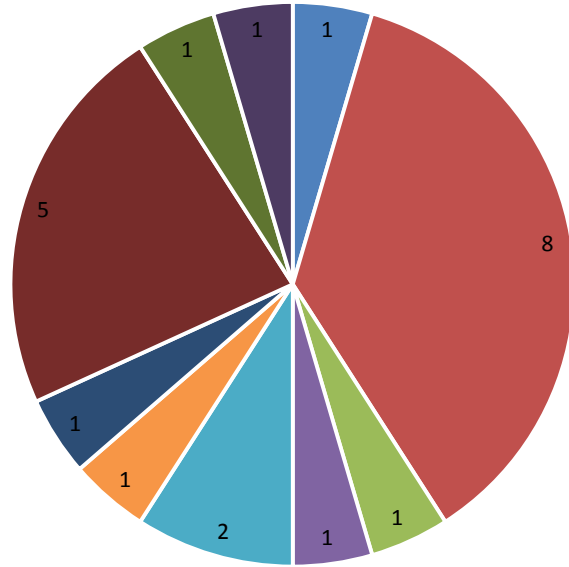
Appendix 1



Type of Reasons for Leaving 2021/22	
Better Salary & Benefits	3
Career Progression	34
Change of Career Path	7
Death in Service	1
Dissatisfaction with Current Role	5
Dissatisfaction with direct manager	1
Dissatisfaction with management culture	1
Dissatisfaction with working conditions	2
End of Temporary/Fixed-Term Contract	5
Entering Full-time Education	1
Excessive work levels/hours	3
Normal Retirement	6
Not completed - didn't attend	18
Not completed - Involuntary leaver	5
Personal/Family circumstances	3
Travel	4

Type of Reasons for Leaving in 2022/23 Q1

- Better Salary & Benefits
- Career Progression
- Change of Career Path
- Dissatisfaction with management culture
- Dissatisfaction with working conditions
- Excessive works levels/hours
- Normal Retirement
- Not completed - didn't attend
- Not completed - involuntary leaver
- Personal/Family circumstances



Type of Reasons for Leaving in 2022/23 Q1

Better Salary & Benefits	1
Career Progression	8
Change of Career Path	1
Dissatisfaction with management culture	1
Dissatisfaction with working conditions	2
Excessive works levels/hours	1
Normal Retirement	1
Not completed - didn't attend	5
Not completed - involuntary leaver	1
Personal/Family circumstances	1