

HUMAN RESOURCES COMMITTEE

Wednesday, 13 April 2016 at 7.00 p.m.

Room MP701, 7th Floor, Town Hall, Mulberry Place, 5 Clove Crescent,
London, E14 2BG

This meeting is open to the public to attend.

Members:

Chair: Councillor Clare Harrisson

Vice-Chair: Councillor Dave Chesterton

Councillor Rachel Blake, Councillor Julia Dockerill, Councillor Shafiqul Haque,
Councillor Sirajul Islam and Councillor Rabina Khan

Deputies:

Councillor Khaled Uddin Ahmed, Councillor Shiria Khatun, Councillor Ayas Miah and
Councillor Gulam Robbani

[The quorum for this body is 3 Members]

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APOLOGIES FOR ABSENCE

- 1. DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST** **1 - 4**

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992.

See attached note from the Monitoring Officer.

- 2. MINUTES OF THE PREVIOUS MEETING(S)** **5 - 12**

To confirm as a correct record the minutes of the meeting of the Human Resources Committee held on 21 January 2016.

- 3. REPORTS OF CORPORATE DIRECTOR, RESOURCES**

- 3.1 Workforce Strategy** **13 - 28**

- 3.2 Pay Policy Update** **29 - 34**

- 3.3 Senior Manager Recruitment Update** **35 - 50**

- 3.4 Closed Recruitment in the Public Sector** **51 - 86**

- 3.5 Human Resources Committee Work Programme** **87 - 94**

- 4. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT**

Next Meeting of the Committee

The next meeting of the Committee will be held on Wednesday, 27 July 2016 at 7.00 p.m. in Room MP701, 7th Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

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Agenda Item 1

DECLARATIONS OF INTERESTS - NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Members' Code of Conduct at Part 5.1 of the Council's Constitution.

Please note that the question of whether a Member has an interest in any matter, and whether or not that interest is a Disclosable Pecuniary Interest, is for that Member to decide. Advice is available from officers as listed below but they cannot make the decision for the Member. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending a meeting.

Interests and Disclosable Pecuniary Interests (DPIs)

You have an interest in any business of the authority where that business relates to or is likely to affect any of the persons, bodies or matters listed in section 4.1 (a) of the Code of Conduct; and might reasonably be regarded as affecting the well-being or financial position of yourself, a member of your family or a person with whom you have a close association, to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected.

You must notify the Monitoring Officer in writing of any such interest, for inclusion in the Register of Members' Interests which is available for public inspection and on the Council's Website.

Once you have recorded an interest in the Register, you are not then required to declare that interest at each meeting where the business is discussed, unless the interest is a Disclosable Pecuniary Interest (DPI).

A DPI is defined in Regulations as a pecuniary interest of any of the descriptions listed at **Appendix A** overleaf. Please note that a Member's DPIs include his/her own relevant interests and also those of his/her spouse or civil partner; or a person with whom the Member is living as husband and wife; or a person with whom the Member is living as if they were civil partners; if the Member is aware that that other person has the interest.

Effect of a Disclosable Pecuniary Interest on participation at meetings

Where you have a DPI in any business of the Council you must, unless you have obtained a dispensation from the authority's Monitoring Officer following consideration by the Dispensations Sub-Committee of the Standards Advisory Committee:-

- not seek to improperly influence a decision about that business; and
- not exercise executive functions in relation to that business.

If you are present at a meeting where that business is discussed, you must:-

- Disclose to the meeting the existence and nature of the interest at the start of the meeting or when the interest becomes apparent, if later; and
- Leave the room (including any public viewing area) for the duration of consideration and decision on the item and not seek to influence the debate or decision

When declaring a DPI, Members should specify the nature of the interest and the agenda item to which the interest relates. This procedure is designed to assist the public's understanding of the meeting and to enable a full record to be made in the minutes of the meeting.

Where you have a DPI in any business of the authority which is not included in the Member's register of interests and you attend a meeting of the authority at which the business is considered, in addition to disclosing the interest to that meeting, you must also within 28 days notify the Monitoring Officer of the interest for inclusion in the Register.

Further advice

For further advice please contact:-

Melanie Clay, Director, Law, Probity and Governance, 020 7364 4801

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to the Member's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where—</p> <p>(a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p>

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LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE HUMAN RESOURCES COMMITTEE

HELD AT 7.15 P.M. ON THURSDAY, 21 JANUARY 2016

**C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,
LONDON, E14 2BG**

Members Present:

Councillor Clare Harrisson (Chair)
Councillor Dave Chesterton (Vice-Chair)
Councillor Julia Dockerill
Councillor Khaled Uddin Ahmed
Councillor Ayas Miah

Apologies:

Councillor Rachel Blake
Councillor Shafiqul Haque
Councillor Sirajul Islam
Councillor Rabina Khan

Officers Present:

Simon Kilbey, (Service Head, HR and Workforce Development)
Graham White, (Interim Service Head, Legal Services)
Mark Keeble, (Senior Business Partner)
Tom Scholes-Fogg, (Committee Services Officer, Democratic Services)
Charles Yankiah, (Senior Committee Officer, Democratic Services)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Rachel Blake, Shafiqul Hoque, Sirajul Islam and Rabina Khan and also from Melanie Clay (Corporate Director, Law, Probity & Governance) and Zena Cooke (Corporate Director, Resources)

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST

No declarations of pecuniary interests were made.

3. MINUTES OF THE PREVIOUS MEETING

The unrestricted minutes of the Human Resources Committee held on 28 October were presented for approval.

Resolved that the unrestricted minutes of the meeting of the Human Resources Committee held on 28 October 2015 be agreed and signed by the Chair as a correct record of the proceedings.

Matters Arising:

1. 4.2 Human Resources & Workforce Development Update

Councillor Julia Dockerill enquired about the Apprenticeships.

Simon Kilbey informed the Committee that the Apprenticeship programme was not within the remit of the Committee, but that a presentation would be arranged regarding the Apprenticeship programme outside of the Committee but for the Council. He also stated that suitable dates would be canvassed from members of the Committee.

4. UNRESTRICTED REPORTS FOR CONSIDERATION

4.1 Workforce Savings and Employment Options Update

Mark Keeble (Senior Business Partner) presented the update on the progress on delivering workforce changes to implement Service Challenge driven savings and the Employment Options Saving Programme and informed the Committee of the following:

- Approximately £11million of the £28million of savings required by the Medium Term Financial Plan (MTFP) for 2015/16 relate to reducing the size of the Council's workforce;
- Good progress is being made to remove 322 posts from the establishment to deliver savings of £10.791 million;
- 309 of these posts are expected to be deleted by the end of March 2016 to achieve full year equivalent savings of £10.224 million;
- Further contribution to reducing the Council's Full Time Equivalent (FTE) workforce (including both employees and agency staff) by 26% from 5.543 FTE in March 2010 to 4,110 FTE in September 2015;
- CMT have decided not to repeat the Employment Options savings programme, as a result the programme will now end;
- There have been 178 redundancies agreed by People Board Operations to date;
- 174 are VR/ER, all of whom have signed a Settlement Agreement;

- The remaining 4 are compulsory redundancies and are just over 1% of the reduction in posts required (compared to 13% during 2010/11);
- There has been a positive response from staff and Trade Unions during the consultations;
- Failures to agree have cost £897k to date as a result of delayed implementation of savings;
- This estimate takes into account agreed extensions to consultation periods and the vacant posts that would be deleted as a result of implementation;
- A full list of savings proposals has been published and shared with Trade Unions and staff;
- During this consultation process, every member of CMT met with Trade Unions to provide a briefing on their Directorate's proposals and respond to concerns; and
- Initial analysis shows that up to 20 of the proposals will have an impact on the workforce and will deliver savings of approximately £5million with a reduction in the Council's establishment of less than 100 Full Time Equivalent (FTE) employees.

The Chair, Councillor Clare Harrison stated that the Workforce Savings and Employment Options was a clear process and the information has helped everyone including staff and Councillors to understand the process. It is a flexible approach which is transformation drive and it is important to maintain an oversight of the process and to develop it further so that it is clear to everyone and is as smooth as possible.

During discussions members enquired about the following:

- The savings of £11million required by the Medium Term Financial Plan (MTFP) for 2015/16, are the savings being made year on year;
- The £897k referred to in relation to Failures to Agree, where does this money come from; and
- Is the Council looking ahead toward 2017/18 and putting things in place to support the decisions being taken now in relation to organisational reviews, redundancies and restructures.

Mark Keeble (Senior Business Partner) informed the Committee that the savings of £11m will be an ongoing saving to the General Fund. The VR/ER costs of implementing each restructure could be a maximum of 3 times the full year value of the saving achieved. This is in line with legal advice received. He also stated that feedback on the previous public consultation process was used to engage more with staff and Trade Unions during the recent Your Borough, Your Voice consultation. The £897k referred to in relation to Failures to Agree was covered on a one off basis from the Corporate provision for slippage contained within the 2015/16 budget if services requested to draw on it.

In response to a question from Councillor Chesterton, Simon Kilbey (Service Head, HR & Workforce Development) informed the Committee that initial

discussions are taking place in the Management Team in relation to future planning by taking 2 methods of approach. Firstly by looking at the current approach and secondly learning from other approaches and looking at which model to use as plans for the future of the Council are developed. There are a few things to take into account as well that would influence the approach such as, legislative changes or Government guidance that would directly affect exit plans and redundancies. Nothing has been decided upon yet, but the Management Team are already thinking about it and will put arrangements in place to review policies and make robust plans to develop action plans and move forward. The Committee will be briefed on the proposed changes and the arrangements to manage their implementation.

Resolved that the report be noted.

4.2 Workforce Savings 2015/16 Equality Assessment

Mark Keeble (Senior Business Partner) presented the report on the assessment of the equalities impacts of the workforce changes that took place as a result of the Council's savings programme during the period November 2014 and September 2015 and informed the Committee of the following:

- The assessment was undertaken in line with the requirements of the Equality Act 2010, which places a legal requirement on the Council to have 'due regard' to the Public Sector Equality Duty in all activities undertaken;
- The Council is rated as 'excellent' against the Equality Framework for Local Government;
- There was no significant change to the workforce between November 2014 and September 2015 with regards to age, gender or sexuality of employees;
- There have been small increases in the proportion of employees who are disabled, Muslim or Bangladeshi whilst the proportion of the workforce that is White or Christian has reduced slightly; and
- Between the periods November 2014 to September 2015 there was a total of 409 leavers including resignations and other dismissals as well as VR/ER.

During discussions members enquired about the following:

- What does 'protected characteristics' refer to; and
- All religions and ethnicity groups should be referred to within the report not just White and Blacks and Christian and Muslims;

Mark Keeble (Senior Business Partner) informed the Committee that the 'protected characteristics' referred to the 'equality strands' e.g. ethnicity, religion, age, gender etc. He also referred the Committee to 3.2 and 3.3 of the Equality Assessment that referred to all religions and ethnicities that were identified.

Resolved that the report and actions be noted.

4.3 Pay Policy 2016/17

Simon Kilbey (Service Head, Human Resources & Workforce Development) presented the report on the Council's requirement to adopt a pay policy statement for each financial year and informed the Committee of the following:

- The Council's first pay policy statement was adopted for 2012/13 and subsequent pay policy statements were agreed for 2013/14, 2014/15 and 2015/16;
- No supplementary guidance specifically on the pay policy was published in 2014 or 2015 and to date no specific supplementary guidance has been published in relation to the 2016/17 pay policy statement;
- The pay policy statement sets out a policy on the level and elements of remuneration of each chief officer, a policy on the remuneration of lowest paid employees, a policy on the relationship between the remuneration of chief officers and the remainder of the workforce and a policy on other specific aspects of chief officers' remuneration;
- Pay Multiples, London Living Wage (LLW), Chief Executive Returning Officer Fees and Chief Officer Job Evaluation; and
- Future legislative changes including Repayment of Public Sector exit payments, changes to Tax Treatment of Pensions, Public Sector Exit Payment Cap, Simplification of Tax and NI Treatment of Termination Payments and Trade Union Consultation.

Members enquired about the following:

London Living Wage (LLW)

- When the LLW increase is applied, how much will it add to the annual payroll; and
- What about the staff who are on the 'base point' of the spinal pay point and work for Tower Hamlets, but work outside of London.

Simplification of Tax and NI Treatment of Termination Payments

- With the NI change, what is the figure for the Council?

Schools

- There needs to be assurances that schools are incorporated into the consultation on the pay policy.

Simon Kilbey informed the Committee that in relation to the LLW, the financial effect to the Council would not be relatively small. As far as he was aware there were only 2 members of the staff that were on the 'base point' and worked outside London, but it needed to be looked at as soon as practicable.

Mark Keeble reported that the Council provided a model pay policy for Schools that was updated each year in line with changes to School Teachers Pay and Conditions. Consultation took place with Trade Unions and through Headteachers. The content of the Schools pay policy reflects the key principles in the policy produced by the Council for non-schools staff as required by legislation e.g. the model policy for schools includes a commitment to paying LLW. Under arrangements for Local Management of Schools each Governing Body will decide whether they want to adopt the model policy as it stands, make amendments or adopt another policy.

Resolved that:

1. The recommendations as outlined in the report be agreed;
2. The information requested relating to the NI changes and the figure for the Council be circulated to the Committee via Committee and Member Services;
3. The Committee agree in principle that Simon Kilbey look into the members of staff who are on the 'base point' of the spinal pay point and who work outside of London to be included in the LLW increase and inform the Committee of the outcome of the consultation; and
4. Simon Kilbey looks into how the consultation with schools on the model pay policy can be broadened to include Governors as well as Headteachers and involve schools in future consultations regarding the Council's own pay policy and report back to the Committee.

4.4 Repayment of Public Sector Exit Payments

Simon Kilbey (Service Head, Human Resources & Workforce Development) presented the report on the Repayment of Public Sector Exit Payments and informed the Committee that the regulations require public sector employees or office holders earning more than £100,000 per annum, now reduced to £80,000 per annum, to repay exit payments on a pro rata basis if they return to the same part of the public sector within 12 months.

Resolved that the report be noted.

4.5 Senior Management Update/ Recruitment to vacancies

Simon Kilbey (Service Head, Human Resources & Workforce Development) presented the update on the Senior Management recruitment to the Committee and provided up to date information on both permanent and interim positions and the actions being progressed to ensure appointments are concluded as soon as possible.

Councillor Julia Dockerill enquired as to why Penna recruitment agency was being used by the Council again, despite the failings on previous occasions.

Simon Kilbey (Service Head, Human Resources & Workforce Development) presented the update on the Senior Management recruitment to the Committee regarding the selection of recruitment agencies from the Council's Framework agreement and a discussion was held regarding the process for selecting recruitment agencies. Penna provided the Council with the recruitment specialism that was needed for certain senior management recruitment at this time and reassurances were obtained from Penna regarding the processes that they will follow.

Resolved that:

1. The recommendations be agreed;
2. An updated timetable regarding the recruitment of senior management be circulated to the Committee; and
3. The appraisal process for the Chief Executive be agreed subject to the Committee having the opportunity to provide feedback as part of the process by June 2017.

4.6 Human Resources Committee Work Programme 2016/17

Simon Kilbey (Service Head, Human Resources & Workforce Development) presented a proposed Human Resources Committee Work Programme for 2016/17 to assist with agenda planning, to ensure reports submitted to the Committee are planned in advance and are in line with its terms of reference.

The Chair, Councillor Clare Harrison stated that the work programme should allow for the meetings to have added value regarding the decisions taken and the feedback to Cabinet and Council and should ensure that the Committee performs its role and works with purpose.

Councillor Julia Dockerill enquired if a presentation could be presented to the Committee regarding its functions and its statutory role, similar to the presentation being arranged for the Apprenticeships.

Simon Kilbey informed the Committee that he would feedback to the officer team regarding the request to have a presentation on the function of the HR Committees and being able to map the process.

Resolved that:

1. The proposed draft Work Programme for 2016/17 be agreed; and
2. Simon Kilbey provides feedback to Zena Cooke (Corporate Director, Resources) regarding an officer presentation relating to the role and functions of the HR Committee.

5. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT


There was no other business which the Chair considered urgent.

6. DATE OF THE NEXT MEETING

The next meeting will be held on Wednesday 13th April 2016 at 7.00pm in Room MP701, 7th Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG.

The meeting ended at 9.10 p.m.

Chair, Councillor Clare Harrisson
Human Resources Committee

Non-Executive Report of the: HR Committee 13 th April 2016	
Report of: Zena Cooke, Corporate Director Resources	Classification: [Unrestricted or Exempt]
Workforce Strategy	

Originating Officer(s)	Simon Kilbey – Service Head HR&WD
Wards affected	All wards

Summary

The Corporate Management Team (CMT) has agreed a new Workforce Strategy for the council (Appendix 1). This will be monitored by CMT on a quarterly basis and provides a framework from which to develop the workforce, ensuring that all staff has the skills, attributes and behaviours required to deliver effective and efficient services.

Recommendations:

HR Committee is recommended to:-

Note the Workforce Strategy and the activities that will be undertaken in the next five years.

Note that activities contained in the strategy, which fall within the remit of the HR Committee, will be presented to Committee for agreement as part of the development process.

1. REASONS FOR THE DECISIONS

1.1 This is an information report. No decisions are required.

2. ALTERNATIVE OPTIONS

2.1 This is an information report. No decisions are required.

3. DETAILS OF REPORT

- 3.1 The Workforce Strategy covers a 5 year period, from 2016/17 to 2021/22. During this period further budget reductions will be required, continuing to reduce the total workforce and change the way in which people work, alongside the move to a new civic centre, bringing opportunities to change working styles and increase flexibilities. The Workforce Strategy reflects these developments and enables a proactive approach to creating the future workforce.
- 3.2 The Workforce Strategy replaces all other strategies concerning the workforce. Thus, the strategic aims and objectives of the Workforce to Reflect the Community Strategy, the People Strategy (and associated frameworks, such as staff engagement) and the Learning and Development Strategy have been reviewed and combined within the Workforce Strategy.
- 3.3 The strategy was developed following an external review to compare other workforce strategies and best practice activities for organisational development and workforce planning. The LGA provided additional guidance and support in the development of the strategy and offered a 'critical friend' role in reviewing the draft documents.
- 3.4 The narrative of the strategy was agreed at CMT on 24th March. A benchmarking exercise is currently taking place with other boroughs to identify the baseline performance for each measure. This information, alongside the 2015/16 outturn performance data, will be used to identify performance targets for each of the five years of the strategy. Targets for future years will be reviewed as part of the annual review of the Workforce Strategy to ensure that they remain appropriate and achievable.
- 3.5 The strategy will be professionally designed and will be launched between April and September as part of a cohesive approach to improving organisational culture.
- 3.6 The activities listed in the strategy will be developed individually. Where an activity falls within the remit of the HR Committee, for example the review of terms and conditions to ensure consistency with other, modern organisations, a separate report will be presented to HR Committee for decision, as is the usual process.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 This report is for information only. There are no financial implications arising from the recommendations.

5. LEGAL COMMENTS

- 5.1 By virtue of Section 112 of the Local Government Act 1972 the Council shall appoint such officers as it thinks necessary for the proper discharge of its functions.

5.2 It is in line with the Council's best value duty under Section 3 of the Local Government Act 1999 that a Workforce Strategy is established to secure continuous improvement by ensuring all staff has the skills, attributes and behaviours required to exercise functions having regard to a combination of economy, efficiency and effectiveness.

5.3 There are no immediate legal implications arising from this report.

6. ONE TOWER HAMLETS CONSIDERATIONS

6.1 The development of a Workforce Strategy is identified as a strategic objective in the council's Strategic Plan. The strategy enables the transformation of the organisation through its workforce and ensures effective and efficient delivery of council services.

7. BEST VALUE (BV) IMPLICATIONS

7.1 Development of a Workforce Strategy is part of the Organisational Change BV Improvement Plan. An engagement exercise will be undertaken to launch the strategy, which will focus on the organisational culture required to transform the council and how this should be achieved.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

8.1 There are no implications.

9. RISK MANAGEMENT IMPLICATIONS

9.1 There are no direct risk management implications arising from this report.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 There are no implications.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- Appendix 1 – LBTH Workforce Strategy

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- NONE.

Officer contact details for documents:

- Simon Kilbey, Service Head (HR/WD) 020 7364 4922

LBTH Workforce Strategy 2016 – 2021

Forward by the Chief Executive

I have worked for Tower Hamlets for 6 months. As a new employee, albeit the Chief Executive, I've had the same thoughts as many new starters: what will be expected of me? Will I fit in with the culture and values? What will I get out of working here? How can I make a difference?

This workforce strategy explains what we expect from all staff. It tells you where we are heading as an organisation and how we need to work together to get there.

We recognise that to serve our community fully, we need to have a workforce that broadly represents the diverse make-up of our borough.

There's a lot to do. We need to fully embed equality in everything we do and ensure that all staff has an equal opportunity to progress and develop within the organisation. We need to transform our services; ensuring we deliver the best possible outcomes for the borough, whilst spending less money. We need to be transparent about everything that we do and work in partnership both internally and externally to enhance our services. This is a tough ask. To achieve all this we will need a workforce that responds positively to change, is flexible, dependable and committed to the work we do.

This strategy tells you what we will do to prepare us for these changes. You can expect training and support to develop the skills and attributes we need in the future. In return, we expect staff to share our vision, work tirelessly to deliver our priorities and make a difference with everything that you do.

I look forward to working with you to transform the lives of our residents, which, after all, is why we are all here.

What is a Workforce Strategy?

The Workforce Strategy describes our workforce vision and provides a blueprint of how to get there. Essentially, the strategy will ensure that we have the right people, with the right skills, in the right place, at the right time, for the right price.

Why do we need one?

The Strategic Plan describes our priority outcomes for the period 2016-2019. In order to achieve these priorities, the following enabling outcome and strategic objectives are detailed in the plan:

A transformed council, making best use of resources and with an outward looking culture

- Make best use of council resources through effective procurement, exploiting the value and use of assets and maximising income from local growth
- Support an organisational culture based on transparency, trust and effective relationships
- Deliver an organisational transformation programme to ensure effective, responsive front line services and efficient, cost-effective support services, enabled by ICT and including a new civic centre
- Develop an effective workforce strategy, with appropriate skills and representative of the community
- Nurture an outward looking culture, by asserting our place and relationships in London.

The Workforce Strategy sits alongside the Digital Strategy and the Asset Strategy to describe how we will develop the organisation through our people, our use of technology and our buildings.

Where are we heading?

A lot will happen in the next 5 years. Here are some of the headlines:

What will happen?	What does this mean?	Why are we doing this?
Some of our services will be 'Integrated'.	We will deliver services jointly with other organisations, through shared teams and management arrangements.	The government has instructed that councils must integrate their health and social care services with the NHS by 2020. We have already started this work and will take a phased approach to integrating our services over the next 4 years.
We will operate from a new Civic Centre in Whitechapel with a local presence at John Onslow House. These will be supported by smaller offices in the community.	We will work more flexibly by increasing the use of technology, touch down points, staggered hours and home working. This will release desk space and enable us to occupy fewer buildings.	Our lease for Mulberry Place is coming to an end and we need a new building. We have bought Whitechapel Hospital and will be developing this to provide a central facility at the heart of the community, with top quality office accommodation.
We will have a 'mixed market' of service provision.	Some of our services will be delivered by us and some will be managed by us but delivered by the private sector. Others will be delivered by the local community or by third	Our services are measured by the outcome to the community. Outcomes can sometimes be improved by delivering services in a different way; through organisations with a greater level of expertise or with a

	sector organisations, supported by the council.	greater connection to the community. However, one size does not fit all. Different models will suit different services/functions and each area will be reviewed individually.
We will continue to reduce the total workforce expenditure.	We will have a more agile workforce so that resources can be moved between services according to organisational priorities. We will employ less staff and use fewer agency workers and consultants. However, this will be a modest reduction. We do not have a target for staffing reductions and will continue to provide the most competitive salary and benefit package that we can afford.	We need to save another £53m by 2019/20. The majority of this will be made by changing the way we deliver our services, although a proportion will need to be made through workforce reductions. We must provide value for money in all our services and we will continue to look for opportunities to do more for less.
More of our back office services will be consolidated into single teams.	Similar functions that operate separately within directorates will be drawn together to create cross-council teams. This does not necessarily mean that services will be centralised. Teams will be located within whichever directorate is the most appropriate to enable the functions to be delivered effectively.	This will ensure consistency across the council and enable the creation of centres of excellence for specific functions. This will also help to create economies of scale and enable a reduction of management positions.
We will have a flatter management structure.	The number of tiers of management between the top and the bottom of the organisation will be reduced and spans of control will be increased.	This will ensure that a greater proportion of our resource is spent on those whom are delivering the outcomes and improvements in the borough, rather than those managing the delivery.
We will undertake open recruitment for the majority of our positions.	The recruitment process will be streamlined to make it quicker and easier for managers and	This will ensure that the best possible applicants are engaged quickly and effectively.

	<p>applicants. Vacancies will be open to internal and external candidates simultaneously, allowing the best candidate to be recruited straight away.</p>	<p>The government has intimated that future guidelines/legislation will be introduced to restrict the use of closed recruitment (internal applicants only) in the public sector.</p>
<p>Our workforce will have the skills to deliver public sector services in the future.</p>	<p>Corporate training will reflect where we are heading as an organisation and provide the skills that will be required. Staff will be developed to become more agile, resilient, commercially minded and partnership focussed.</p>	<p>We cannot provide high quality services for the future unless we invest in our staff and provide the skills required to drive our services forward.</p>
<p>Apprenticeship placements will form part of our service structures</p>	<p>Apprenticeship placements will be included within our structures to be filled by apprentices whilst they undertake their training. These will be temporary placements and, once each apprentice has completed their training, the placements will be filled by the next cohort of trainees.</p>	<p>The Government has set a target for 2.3% of the workforce in public sector organisations to be made up of apprenticeships. We need to accommodate this within our structures and ensure that we provide excellent opportunities for young people to start their careers.</p>
<p>Improvements in digital technology will change the way we engage with our customers</p>	<p>We will do more of our business through the internet, text messaging and other digital resources rather than face to face contact. A Digital Strategy is being produced to explain how will be use this technology to enhance our services and make it easier for staff to work flexibly, work from different locations and conduct virtual meetings.</p>	<p>We need to move with the times. Technology has developed at such a pace over the past few years that we are in danger of being left behind. We must offer our residents the service that they would expect from any large organisation.</p>

How will we get there?

Our vision for the workforce is simple. We want:

- Great people
- Great performance
- Great place
- Great partnerships

The following sections describe, for each element, what great looks like, what we will do to get there and how we will measure our success.

GREAT PEOPLE

People are the driving force behind any organisation. We need to recruit and retain the best people, ensuring that they have the skills to move the council forward and provide the best possible outcomes for our community. Developing our existing staff is important. We must continue to nurture our talent and provide opportunities for people to progress within the organisation. However, it is equally as important to recruit new people. New members of staff bring with them skills and experience that we may not already have within our workforce. They also bring a fresh pair of eyes and knowledge of new approaches or improvements that may have been introduced in other organisations.

This means that we need to create a better balance between internal promotion and recruiting new staff. A key measure of our success will be our voluntary turnover of staff. For organisations to be effective it is generally considered that the voluntary turnover (the number of voluntary leavers as a percentage of the number of permanent staff) should be approximately 12%. In March 2016 our voluntary turnover was 8%. Increasing our voluntary turnover does not mean that we should value our workforce any less. It is a reflection that we should nurture our outward looking culture; as stated in the Strategic Plan objectives. We can do this by providing opportunities for staff to undertake training and development alongside colleagues from other boroughs or local companies. We can also encourage external mentoring, secondment and project opportunities for staff to gain experience of other organisations and different approaches.

Our staff are committed to serving the borough. We need to encourage and harness this public service ethos. It is this drive to make a difference that will ensure we deliver quality services for the public.

Where do we want to be?

- The best calibre of staff will be recruited and retained from a wide and diverse field of applicants.
- Our total benefit package will be competitive, attractive and appropriate.
- Our workforce will have the skills and attributes to deliver effective public services in the future.
- All staff will be versatile, agile, innovative and resilient.

What will we do to get there?

Year	Activities
2016/17	<ul style="list-style-type: none"> • Review and streamline our recruitment processes to reduce the time taken to recruit and increase the ability for the wider community to access employment within the council. • Join the national graduate development programme (NGDP) to encourage new talent and fresh approaches into the workforce. • Undertake a full review of learning and development, identifying training packages linked to organisational need for different categories of staff. • Review and amend our employee benefits offer as appropriate, working with other London boroughs to get the best value for money • Review the use of recruitment and retention payments for professional and hard to recruit positions.
2017/18	<ul style="list-style-type: none"> • Review the principles used to govern internal/external advertisement of positions to ensure appropriate use of closed (internal) recruitment practices.
2018/19	<ul style="list-style-type: none"> • Review and strengthen the induction and probation processes to ensure that new starters understand and are committed to the council's values, expectations and performance culture. • Review the mentoring scheme and open up mentoring opportunities in other boroughs. • Implement a talent management programme, in partnership with other boroughs, to develop the attributes of a 21st century public sector worker • Review senior manager salaries and job evaluation scheme as part of the wider London human resources group to ensure we remain comparative within the sector.
2019/20	<ul style="list-style-type: none"> • Increase apprenticeship opportunities and create trainee posts within service structures.
2020/21	<ul style="list-style-type: none"> • Create and maintain a workforce skills matrix to identify skills gaps and enable greater movement of resource to accommodate changing priorities.

How will we measure our success?

Performance indicator	2015/16 performance	2016/17 target	2017/18 target	2018/19 target	2019/20 target	2020/21 target
Average number of applicants per job advert	New measure					
Voluntary turnover of staff						
Percentage of learning and development programmes evaluated as good or excellent						
Average cost of learning and development per employee	New measure					

GREAT PERFORMANCE

Great performance is not just about outcomes and performance indicators. It is also about our behaviours, our culture, our leadership and our management style.

We have gone through a significant period of change and uncertainty over the past few years. This has had an impact on our culture and behaviours and has started to change the way we work as an organisation. Over the next five years we will see bigger changes with a wider impact on the workforce. However, we now have a permanent Corporate Management Team and a determined approach to transformation. We need to refresh our organisational culture and values to reflect this vision; focusing on the future, whilst learning lessons from the past.

Our senior leaders and managers must become role models for our values and ensure a consistent application of our policies and procedures. They must also inspire, motivate and enable all staff to perform to the best of their ability.

Where do we want to be?

- Managers will have the skills, abilities and information to enable them to effectively manage their human resources.
- Senior leaders will be visible, credible and visionary; providing effective role models for the organisation.
- Our organisational culture and core values will be clear and fully embedded in all our activities.
- All employees will perform to a high standard; meeting and exceeding their operational objectives on a regular basis.

What will we do to get there?

Year	Activities
2016/17	<ul style="list-style-type: none"> • Engage with staff to review and develop our core values and organisational culture. • Review and refresh the HR ICT system specification to enable the procurement of efficient software, providing accurate and accessible management information. • Review all HR policies, procedures and guidelines to ensure effective and consistent application and ease of use. • Introduce 360* appraisals for senior managers and create individual development plans. • Implement a process for monitoring and evaluating the return on investment in learning and development across the council.
2017/18	<ul style="list-style-type: none"> • Review the PDR process, including a numerical assessment for each employee to chart progress and identify excellent performers across the council. • Automate all workforce activities to provide management notifications to undertake upcoming actions. • Implement a comprehensive management training package, including action learning sets, networks, shadowing and mentoring

	<p>for new and existing managers in the organisation.</p> <ul style="list-style-type: none"> • Introduce leadership development training, in partnership with other boroughs/organisations.
2018/19	<ul style="list-style-type: none"> • Review our performance management approach including options for performance related pay. • Redesign and update the HR pages of the intranet with easy search facilities and legible routes to information. Include a managers' area to share knowledge and information. • Review our performance management approach
2019/20	<ul style="list-style-type: none"> • Review the employee appeals process, ensuring consistency with other boroughs and industry best practice. • Review and strengthen the leadership and management competency framework
2020/21	<ul style="list-style-type: none"> • Develop a framework for outcome based performance management, reviewing appraisal systems and objective setting.

How will we measure our success?

Performance indicator	2015/16 performance	2016/17 target	2017/18 target	2018/19 target	2019/20 target	2020/21 target
Percentage of annual PDRs and 6 month reviews completed						
Percentage of eligible managers undertaking leadership development training	New measure					
Percentage of staff that feel senior leaders are visible, credible and visionary (staff survey question)	New measure					
Total number of employee investigations						

GREAT PLACE

Tower Hamlets is a great place to work. Our staff are proud to work here and are extremely committed to both the council and the borough. However, we can make it even better.

We continue to be recognised as a 'positive about disability' employer and are currently ranked as number 30 in the Stonewall Index of the top 100 best employers for lesbian, gay, bisexual and trans staff. We have been accredited as Silver by Investors in People (IiP) and will be aiming to achieve Gold accreditation in our next assessment in 2017. When comparing our senior management teams to other London Boroughs, we have the fourth highest proportion of our top earners that are disabled. We also have the third highest proportion of our top earners that are black, Asian or minority ethnic (BAME). We recognise that to serve our community fully, we need to have a workforce that broadly represents the diverse make-up of our borough. We review this every year in our workforce equalities report along with other measures to

ensure we have a fair and equitable workplace and that we are meeting our equalities obligations as a public body.

We operate a number of healthy lifestyle and health awareness interventions in the workplace, yet the average number of days absent through sickness has risen steadily over the past few years. We must improve the way we deal with sickness absence. This can be achieved by reviewing our workplace interventions to ensure that we are providing the right support in the right areas. It can also be achieved by strengthening our sickness procedures, ensuring that short term patterns of sickness are tackled effectively and quickly.

Where do we want to be?

- We will provide a healthy and effective workplace and will encourage and support healthy lifestyles for our staff.
- We will provide effective and efficient use of resources in all our workforce activities.
- Knowledge and skills will be retained in the organisation when key people leave.
- We will promote and celebrate the equality and diversity of our workforce, ensuring we are recognised internally and externally as a diversity friendly employer.

What will we do to get there?

Year	Activities
2016/17	<ul style="list-style-type: none"> • Review the sickness procedure, guidance and interventions to ensure that we have robust and best practice processes for tackling short and long term sickness absence. • Fully embed the whistleblowing charter and process within the organisation.
2017/18	<ul style="list-style-type: none"> • Complete an Investors in People (IIP) assessment with the aim of reaching gold status. • Undertake an audit of healthy lifestyle interventions undertaken by Occupational Health, Public Health and other partners to identify the impact, resource implications and any opportunities for joint delivery models. • Sign up to the Healthy Workplace Charter, undertaking necessary activities to increase health and well-being within the workplace. • Undertake a Best Companies staff survey to identify areas of organisational strength and weakness.
2018/19	<ul style="list-style-type: none"> • Review terms and conditions of employment to ensure that we are consistent with other comparator organisations that have modernised their workforce. • Develop an effective process of knowledge transfer and succession planning.
2019/20	<ul style="list-style-type: none"> • Develop and implement flexible hiring and an action plan to gain accreditation as a Timewise employer.

	<ul style="list-style-type: none"> Review the council's position on restrictive covenants and settlement agreements.
2020/21	<ul style="list-style-type: none"> Complete an Investors in People (IIP) assessment with the aim of maintaining gold status and building towards platinum status. Review and implement a suite of organisational design principals.

How will we measure our success?

Performance indicator	2015/16 performance	2016/17 target	2017/18 target	2018/19 target	2019/20 target	2020/21 target
Percentage of staff that are proud to work for Tower Hamlets (staff survey)	New measure					
Average age of the workforce						
Average length of service of the workforce						
Agency workers as a percentage of the establishment						
Total number of employees + agency headcount						
Sickness average per FTE (days)						

GREAT PARTNERSHIPS

Great partnerships relates to our working relationships between council services, between officers and elected members, management and trade unions and managers and staff. It also relates to how we work with other organisations and residents.

Increasingly, the future of public sector working will rest on the ability to build strong and effective partnerships. Delivering more for less means that we need to work collaboratively to ensure we achieve positive outcomes for our residents. This may mean that we will integrate services, for example health and social care services will be integrated with the NHS. It may also mean that we provide services through different partnership delivery models, for example shared service approaches, mutuals, arm's length management organisations or contracted services. This will mean that staff will need a different skillset to be able to identify partnership opportunities, negotiate joint outcomes and effectively manage relationships.

Our internal partnerships are equally, if not more, important. It is crucial that staff feel empowered and engaged to provide their views and drive the organisation forward. We need to review our existing approaches to staff engagement, including engagement through trade unions, to ensure that staff understand their views are vital to the transformation of the organisation.

Where do we want to be?

- We will operate a best practice, collaborative approach to industrial relations.
- Staff will be engaged and empowered; concerns will be addressed and meaningful consultation will be undertaken.
- We will deliver our services using the most appropriate delivery method to achieve effective outcomes and value for money.
- Staff will have the tools and techniques to initiate and develop effective partnerships with all stakeholders.


What will we do to get there?

Year	Activities
2016/17	<ul style="list-style-type: none"> • Undertake a full review of staff engagement systems and processes to ensure effective opportunities to consult and engage staff. • Undertake an independent review of industrial relations practices to identify opportunities for greater collaboration and best practice approaches.
2017/18	<ul style="list-style-type: none"> • Introduce partnership working, client management and employee relations training for all relevant staff.
2018/19	<ul style="list-style-type: none"> • Map reciprocal training agreements currently in place with other organisations, initiate additional agreements, where relevant, and maximise the mutual benefits of all agreements. • Create alumni of previous employees to act as critical friends, provide mentoring opportunities and share learning/experience.
2019/20	<ul style="list-style-type: none"> • Develop a framework and toolkit for maintaining flexible working whilst delivering services through a variety of partnership arrangements. • Create a HR and managers toolkit to define the process, considerations and timescales for establishing different service delivery models
2020/21	<ul style="list-style-type: none"> • Introduce job families and role profiles to increase generic working and movement between teams.

How will we measure our success?

Performance indicator	2015/16 performance	2016/17 target	2017/18 target	2018/19 target	2019/20 target	2020/21 target
Percentage of staff that feel we work effectively with external partners (staff survey)	New measure					
Percentage of staff that feel we work effectively between internal services (staff survey)	New measure					
Percentage of formal consultations concluded within 6 weeks	New measure					
Number of reciprocal training agreements in place with other organisations	New measure					

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Non-Executive Report of the: HR Committee 13 th April 2016	 TOWER HAMLETS
Report of: Zena Cooke, Corporate Director Resources	Classification: [Unrestricted or Exempt]
Pay Policy Update Report	

Originating Officer(s)	Simon Kilbey – Service Head HR&WD
Wards affected	All wards

Summary

HR Committee on 21st January 2016 considered and agreed the Pay Policy 2016-17. The report that accompanied the pay policy highlighted a number of issues that required follow up, which were discussed at the committee. This report provides an update on those issues and information on further possible reforms to public sector exit payments.

Recommendations:

HR Committee is recommended to:-

Consider the report for information and provide comments.

1. REASONS FOR THE DECISIONS

1.1 The report is for information and comments only.

2. ALTERNATIVE OPTIONS

2.1 The report is for information and comments only.

3. DETAILS OF REPORT

3.1 The Pay Policy 2016-17 Report, considered by HR Committee on 21st January 2016, raised a few issues that require the provision of further information.

Pay Multiples

3.2 In the previous report, it was stated that benchmarking information on the pay multiples for other boroughs would be brought to HR Committee for information.

- 3.3 The table below shows how Tower Hamlets ratios compare to the latest ratios of other London Boroughs. As this report was written before 31st March, which is the date by which all councils must publish their pay policies, we have limited information at present. The information currently available is as follows:-

Council	Pay Ratio (highest:median)	Pay Ratio (highest:lowest)
Tower Hamlets	1:6.7	1:10.87
Bexley	1:7	N/A
Ealing	1:5.44	N/A
Hackney	1:5.56	1:10.12
Hounslow	1:6	1:10
Southwark	1:6.02	N/A

- 3.4 Further benchmarking information will be presented verbally to HR Committee on the 13th April, following the requirement for all authorities to publish their pay policies by 31st March.

London Living Wage (LLW)

- 3.5 There are 8 staff employed by the council who are based at the Gorsefield Centre. This is located outside London and they are therefore paid on the National pay scale rather than the pay scale applicable to Inner London. 2 of these staff currently receive an hourly pay rate that is lower than the LLW. The issue around their pay was discussed at the HR Committee on 21st January. The committee resolved at that meeting that in principle this issue should be looked into to include these staff in the LLW increase and then inform the committee of the outcome of consultation.
- 3.6 Final resolution of this issue is partially influenced by the 2016-18 NJC Pay award, since the differences in the current pay offer between grades (currently 6.6% proposed increase at Scale 1 level and 1% at Scale 3) has profound implications for pay differentials between staff at Gorsefield. An interim solution involving the payment of the London Living Wage with effect from 1st May 2016 (in line with the Living Wage Foundations timeline), together with a longer term resolution that also address the issue of pay differentials in the context of any national pay award, will be included in a report to CMT in mid-April. Agreed actions will be consulted on with the appropriate parties and information will be provided to the committee as to the outcome of this.

Pay Claim

- 3.7 The Employers Side has offered a two-year pay award with a one per cent increase in each of 2016 and 2017 in addition to increasing the bottom pay points by up to 6% to take account of the new National Living Wage.

- 3.8 This issue was not included in the previous report but is now included because the proposed national pay award will have a noticeable effect on the council's grading structure and the national negotiations appear to have reached an impasse.
- 3.9 The Trade Union Side submitted their national pay claim for 2016, which asked for £1 an hour on each spinal column point. As this claim was rejected by the Employers Side, Unison, GMB and Unite have balloted their members to determine whether the pay offer should be accepted.
- 3.10 GMB members voted to accept the pay offer but both Unison and Unite members voted to reject the offer.
- 3.11 If the current pay offer were to be agreed, it would have an effect on the Council's grading structure. The lowest Scale Column Point (SCP) currently used is SCP 8. This is because SCPs 6 (£16,524) and 7 (£16,680) are below the LLW and are therefore not used at present.
- 3.12 If the NJC pay offer were to be accepted, it would raise SCP 6 to £17,424 and SCP 7 to £17,580 with effect from 1st April 2016. Both these salary amounts would be higher than the LLW and therefore, in theory, these SCPs could start to be used again for new starters. The Trade Unions have requested that SCPs 6 and 7 not be used in future and that all new starters are placed on SCP 8.
- 3.13 As a result of the pay offer, there is likely to be an overlap between grades 1A1 and 1A2. This may need to be considered by CMT, following which the provision for minor changes in the pay policy (e.g. Chairs agreement) may need to be utilised.
- 3.14 As at 1st April 2016, if the pay award were to be implemented as proposed by the Employers Side, the difference between SCP 6 and SCP 8 would be £531 per annum. There are currently 576 employees on Scale1A1, all on SCP8, and 39 employees on Scale1A2 (SCP 8-10).
- 3.15 Further work will be undertaken on this issue and considered by CMT should the proposed pay award go ahead. In that case, it will be brought back to HR Committee for information.

Future Legislative Changes

Date of change unknown – Reforms to Public Sector Exit Payments

- 3.16 Further to the future legislative changes that were detailed in the Pay Policy Report considered by HR Committee on 21st January, the Government has published a further consultation with regard to further reforms to public sector exit payments.

- 3.17 The consultation, which closes on 3rd May 2016, looks at options which the government suggests will make public sector exit compensation terms fairer, more modern and more consistent.
- 3.18 The government is proposing to take action on some or all of the following elements across all mayor public sector compensation provision: -
- Setting the maximum tariff for calculating exit payments at three weeks' pay per year of service
 - Capping the maximum number of months' salary that can be used when calculating redundancy payments to 15 months. There may be a differential where employers distinguish between voluntary and compulsory redundancies by applying a lower limit to the latter.
 - Setting a maximum salary for the calculation of exit payments. This could potentially align with the NHS's redundancy scheme's salary cap of £80,000.
 - Enabling the amount of lump sum compensation an individual is entitled to receive to be tapered as they get close to the normal pension age or target retirement age of the pension scheme to which they belong, or could belong, in that employment.
 - Reducing the cost of employer-funded pension top up payments, such as limiting the amount of employer funded top ups for early retirement, or removing access to them, and/or increasing the minimum age at which an employee is able to receive an employer funded pension to up. The latter would link the minimum age more closely with the individual's Normal Pension Age in the scheme in which they are currently accruing, or have accrued, pension benefits.
- 3.19 Currently the council calculates redundancy compensation based on actual pay, with a maximum payment of 30 weeks' pay in respect of redundancy payment and 36 weeks' pay in respect of severance payment.
- 3.20 With regard to the payments in scope, general limits would be imposed on most employer-funded payments made in relation to leaving employment, including compensation packages for exits whether in impending or declared redundancy situations or in other situations where individuals leave public sector employment with employer-funded exit packages.
- 3.21 Any increase in the minimum age at which an employee might be able to receive a pension top up on voluntary or compulsory exit would apply to payments under the major compensation schemes (but not to any payments made in relation to death or injury attributable to duty or ill health retirement).
- 3.22 These proposals would impact on the council's redundancy terms and would require a change to the current policy, as well as having pension implications. If any of the proposals are to be taken forward following the consultation, a further report will be provided to HR Committee as appropriate.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 This report is for information only. There are no financial implications arising from the recommendations.

5. LEGAL COMMENTS

- 5.1 Under Section 38(i) of the Localism Act 2011 the Council is required to adopt a pay policy statement for each financial year. The statement for 2016/17 was approved and adopted by the Council at its meeting on 3 March 2016.
- 5.2 This report updates issues which were discussed by the Committee when the Pay Policy Statement was considered prior to approval by Council.
- 5.3 There are no immediate legal implications arising from this report.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The Pay Policy statement describes existing policies and practice rather than proposing new ones. Should there be amendments, further advice on the impact will be given.

7. BEST VALUE (BV) IMPLICATIONS

- 8.1 There are no Best Value implications.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.2 There are no implications.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 The draft statement describes existing policies and practice. Any risks, e.g. from proposing changes in the future to pay and benefits, would be assessed at the time.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 There are no implications.

Linked Reports, Appendices and Background Documents

Linked Report

- Pay Policy 2016-17 Report considered at HR Committee on 21st January 2016.

Appendices

- NONE.

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report


List any background documents not already in the public domain including officer contact information.

- NONE.

Officer contact details for documents:

- Simon Kilbey, Service Head (HR/WD) 020 7364 4922

Agenda Item 3.3

Non-Executive Report of the: HR Committee 13 th April 2016	 TOWER HAMLETS
Report of: Service Head Human Resources and Workforce Development.	Classification: Unrestricted
Senior Management Update / Recruitment to Vacancies	

Originating Officer(s)	Simon Kilbey, Service Head, Human Resources & Workforce Development
Wards affected	All

Summary

This report provides members with updated information on current senior management vacancies. Having ensured the stability of the management structure through both permanent and interim positions, action is being progressed to ensure that permanent appointments are concluded as soon as possible where there are currently interim engagements. This report sets out the actions underway and the recruitment timetables for this process.

The report also provides further information on the Chief Executive performance management arrangements

Recommendations:

The HR Committee is recommended to:

1. Note the progress on recruitment to Senior Management vacancies of Director of Adults' Services, Corporate Director Children's Services, Service Head, Finance and Procurement, Service Head Public Realm, Service Head Legal and Democratic Services, Service Head Communications and Marketing, Service Head Education and Partnerships, Service Head Corporate Strategy and Equality and Service Head, Commissioning and Health.
2. Note the position in relation to continuation/termination of the current interim

arrangements for covering Senior Management vacancies.

3. Note the arrangements for the appraisal of the Chief Executive.

1. REASONS FOR THE DECISIONS

- 1.1 The appointment to permanent positions provides long term stability and enhances the ability to lead and deliver the Council's medium term priorities. A number of the senior management vacancies have now been filled with permanent appointees due to commence in the very near future. In the meantime, it is important to maintain the interim arrangements in order to avoid any disruption to work in progress.

2. ALTERNATIVE OPTIONS

- 2.1 As stated above a number of the recruitment exercises have now been completed and resulted in permanent appointments. Interim arrangements are in place for others and there is the option to continue with these arrangements. However it is important to ensure that there is stability at the most senior levels of the organisation to support the Mayor and Chief Executive in the continued delivery of services to the community.

3. DETAILS OF REPORT

3.1 Background

- 3.1.1 HR Committee at its meeting on 28th October 2015 received information on the proposed recruitment exercises for the Corporate Director Children's Services, Director of Adults' Services, Service Head Public Realm, Service Head Communications and Marketing and the Service Head, Finance and Procurement (previously designated Service Head, Finance, Risk and Accountability).
- 3.1.2 At its meeting on 21st January 2016, the Committee were provided with an update on the appointments listed in paragraph 3.1.1 above. The Committee were also advised on the situation regarding recruitment to the Service Head, Commissioning and Health, Service Head, Learning and Achievement (now redesignated Service Head, Education and Partnerships, Service Head Legal and Democratic Services and Service Head Corporate Strategy and Equality.
- 3.1.3 As previously reported to the Committee following the appointment of the Chief Executive a formalised set of arrangements is being developed for his performance management and assessment. These arrangements will provide transparency, ensuring that consideration of the requirements of the Mayor and Council are translated into clear and accurate performance objective targets.

3.2 Corporate Director Children's Services and Director of Adults' Services

- 3.2.1 As previously reported to the Committee the recruitment consultants, Penna, have been assisting the Council with recruitment to these two Director posts.
- 3.2.2 The posts were advertised on the 19th November with a closing date of 11th December and the usual searches carried out. Preliminary assessment of longlisted candidates was carried out by Penna and technical assessors.
- 3.2.3 Final interviews for the post of Corporate Director Children's Services were carried out on 1st February. Debbie Jones (the interim Director) was the successful candidate and took up the permanent position on 14th March.
- 3.2.3 Final interviews for the post of Director of Adults' Services took place on 4th and 22nd February. Denise Radley, an independent consultant whose most recent permanent appointment was as Director of Adults' Social Services at Peterborough City Council was the successful candidate. Denise is due to commence with Tower Hamlets on 18th April.
- 3.2.4 Luke Addams who has been covering the post of Director of Adults' Services on an interim basis will return to his substantive post of Service Head Adults' Social Care. This latter post has been covered on an interim basis by Cath Scholefield who was seconded from Royal Borough of Greenwich. She will be retained until the end of May to facilitate a smooth handover and then return to Greenwich.

3.3 Service Head Public Realm

- 3.3.1 Penna have also been assisting the Council with recruitment to this post. The post was advertised on 26th November with a closing date of 18th December. Preliminary assessment of longlisted candidates was carried out by a technical assessor and Penna and final interviews for the post were held on 5th February.
- 3.3.2 Roy Ormsby, currently Head of Street Scene and Communities in Brentwood was the successful candidate and will take up the appointment on 2nd May. Roy has spent a number of years working on public realm issues in local government including at Wakefield and East Lindsey.
- 3.3.3 Simon Baxter has been covering the duties of the post on an interim basis and will return to his substantive post when Roy commences with Tower Hamlets.

3.4 Service Head Finance and Procurement

- 3.4.1 Again, Penna have been assisting with recruitment to this post. A joint advertisement for this, and the Service Head Public Realm, post was published on 26th November (closing date 18th December). Preliminary assessment of longlisted candidates was carried out by a technical assessor and Penna and final interviews for the post took place on 29th January.

3.4.2 Neville Murton, currently the Deputy S151 Officer at Haringey Council was the successful candidate and will take up his appointment with Tower Hamlets on 2nd May. Neville has worked in the finance service of several local authorities for over 30 years so has extensive experience of working in a corporate finance role.

3.4.3 The current interim arrangement for covering this post will end on 31st March. Neville is therefore spending some time with the current interim postholder, Barry Scarr, prior to his formal commencement, to facilitate a smooth handover.

3.5 Service Head Education and Partnerships (previously designated Service Head Learning & Achievement)

3.5.1 As previously reported, Penna were awarded the contract to support the council in recruiting to the post. The post was advertised in Municipal Journal, Times Education Supplement and the Guardian and the recruitment consultant carried out the usual searches. However, none of the candidates who applied at that stage were suitable for recommending to the Appointments Sub Committee for shortlisting.

3.5.2 Further progress on appointing to the post was deferred until the outcome of the recruitment process for the Director of Children's Services was known. A new search has now commenced and the post has been re-advertised with a closing date of 15th April. The Appointments Sub-Committee is currently planned to meet during week commencing 9th May to carry out the short-listing and to re-convene for final interviews during week commencing 16th May.

3.5.3 Interim arrangements are in place and it is proposed that these should continue but be kept under review

3.6 Service Head, Commissioning & Health

3.6.1 The post is being covered on an interim basis. As previously reported, Penna have been engaged to assist the Council with the recruitment process but the process has been deferred pending the appointment of the two Directors (Adults' and Children's). Interim arrangements are in place to cover the duties of the post and it is proposed that these should continue for the time being but be kept under review.

3.7 Service Head Communications and Marketing

3.7.1 As reported to HR Committee on 21st January 2016 it was proposed to seek the appointment of an Interim Service Head to maintain a strong focus on all aspects of the post to replace the previous interim arrangements. John Seekings is now the Interim Service Head.

3.7.2 Green Park were engaged to assist with the recruitment of a permanent Service Head. The post was advertised on 20th January with a closing date of 15th February. The Appointments Sub-Committee is due to meet on 31st March to short-list from the 10 candidates long-listed to participate in the preliminary process. It is planned (but not yet confirmed) that the ASC will carry out the final interviews on 11th April.

3.8 Service Head Legal and Democratic Services

3.8.1 Interim arrangements are in place to cover the duties of this post. The process to secure a permanent Service Head is being progressed with the assistance of Green Park. The advertisement for the post is live with a closing date of 15th April. It is planned that the Appointments Sub-Committee shortlisting meeting will be held during week commencing 13 June, with final interviews due to be held during week commencing 28th June.

3.9 Service Head Corporate Strategy and Equality

3.9.1 The post became vacant on 12th January. Interim arrangements have been secured and a permanent replacement is being recruited with the assistance of Green Park. The advertisement for the permanent appointment is live with a closing date of 15th April. It is planned that the Appointments Sub-Committee shortlisting meeting will be held during week commencing 1st June with final interviews to take place on 16th June.

3.10 Chief Executive Performance Management Arrangements

3.10.1 The formalised arrangements for the appraisal of the Chief Executive are being implemented in April alongside the conclusion of the probationary process for the Chief Executive. The appraisal process will involve external training for members who are conducting this, following which it is intended that a version of the performance objectives for the Chief Executive for 2016/2017 will be published. Arrangements are also in hand to appoint an independent advisor to the process as provided for in the Performance Management Process for the Chief Executive attached at Appendix A.

3.10.2 The Commissioners have been advised of a likely timetable for the appraisal process. Arrangements are in hand to finalise the timetable and members will be advised of the actual dates at the Committee's meeting on 13 April 2016.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

4.1 This report provides HR Committee with an update on the status of current senior management vacancies within the Council and asks the Committee to note progress made to date in recruiting to these posts.

4.2 The posts referred to within this report and the recruitment costs associated with trying to fill the posts are funded through existing budgets. Any additional

costs associated with the appraisal process detailed in section 3.10 above will also be met through existing budgets.

5. LEGAL COMMENTS

- 5.1 The Council is required to appoint such officers as it thinks necessary for the proper discharge of its functions (Local Government Act 1972, section 112). All such appointments should be on merit, as required by section 7 of the Local Government and Housing Act 1989.
- 5.2 The report details the progress of recruitment for Director of Adults' Services, Corporate Director Children's Services, Service Head Finance and Procurement, Service Head Public Realm, Service Head Legal and Democratic Services, Service Head Communications and Marketing, Service Head Education and Partnerships, Service Head Commissioning and Health and Service Head Corporate Strategy and Equality
- 5.3 The appointments are governed by the Officer Employment Procedure Rules in Part 4.9 of the Council's Constitution.
- 5.4 The functions of the HR Committee include determining the criteria for the appointment of statutory and non-statutory chief officers and deputy chief officers for the Appointments Sub-Committees established from time to time to consider such appointments. In the circumstances it is reasonable for the Committee to be informed of the progress of the recruitment process undertaken so far and to approve the continuance of the interim arrangements already in place if it is so minded. In respect of the interim arrangements in Children's and Adult Services, the committee should note that there is a need for the Council to fulfil its statutory functions in respect of education and social care and therefore have in post (albeit on an interim basis at present) officers designated to carry out the statutory chief officer roles until permanent appointments can be made.
- 5.5 The Officer Employment Procedure Rules provide that the procedure for appointing chief officers and deputy chief officers shall only apply to the appointment of the Director within the Law, Probity and Governance Directorate. Although the Constitution delegates recruitment to officers for the Service Head posts within this directorate, it has been decided that on this occasion members should appoint to all senior management positions for continuity.
- 5.6 When carrying out its functions as an employer and as a public authority, the Council must not discriminate or otherwise engage in unlawful behaviour contrary to the Equality Act 2010. The Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). Ensuring that any selection process is fair and subject

to equal opportunity is part of complying with the Council's equality obligations. An appropriate level of advertising for any vacancy should help to achieve this. Officers should ensure that the Council complies with its own policies and procedures in relation to any recruitment process.

6. ONE TOWER HAMLETS CONSIDERATIONS

6.1 The Council's commitment to equalities includes an undertaking to achieve a Workforce to Reflect the Community at all levels in the organisation and such considerations will be part of the recruitment process and inform the procurement process. All posts are recruited to on merit. Internal arrangements provide for succession planning and career development.

7. BEST VALUE (BV) IMPLICATIONS

7.1 Recruitment to Senior Management vacancies provides stability to the organisation and assists in continuity which contributes to efficiency and effectiveness. In addition, permanent staffing arrangements can be more cost effective than some interim arrangements, especially where these have to be secured through a third party arrangement such as interim supply agencies.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

8.1 There are no implications.

9. RISK MANAGEMENT IMPLICATIONS

9.1 The arrangements proposed in this report will reduce the risks associated with temporary staffing.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 There are no implications.

Linked Reports, Appendices and Background Documents

Linked Report – This is a regular update report to the HR Committee

Appendices

A. Chief Executive : Performance Management Process

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

- NONE

Officer contact details for documents:

- N/A

Chief Executive : Performance Management Process

Introduction

The aims and objectives for the post of Chief Executive are set out in the job description and via the Mayor and Group Leaders as part of the recruitment process. These aims and objectives are the basis for the ongoing performance management of the Chief Executive. These aims may be changed over time.

Performance Management falls into the main categories: Probation; Regular Performance Management (one to ones); and Annual Performance Appraisal.

Probation¹

The aim of the probation process is to determine whether the Chief Executive's performance over the first 26 weeks of employment (this can be extended by a further 10 weeks) is to a satisfactory standard with regards to the general performance of the duties of the office of Chief Executive.

The probationary period will be managed in line with the Council's Probation Procedure and section 4.9 of the constitution, the Officer Employment Procedure Rules.

Meetings under the Probation Procedure will be held after 8 weeks, 16 weeks and 24 weeks service, by the Mayor, in consultation with Group Leaders.

Regular Performance Management²

The Mayor will meet on a regular basis with the Chief Executive and at these regular management meetings the aims and objectives set out as part of the recruitment process will be discussed, along with any other immediate assessment areas.

Annual Performance Appraisal³

Introduction

The JNC Chief Executive Conditions of Service include Joint Guidance on Appraisal of the Chief Executive and this process is based on that guidance.

Scope

This process applies to the Chief Executive only.

¹ Council's Probation Procedure

² Council's Performance Development Review Scheme

³ Council's Performance Development Review Scheme/JNC Conditions

The Appraisal Cycle⁴

Appraisals should take place on a predetermined date (normally in April), at least annually backed up by monitoring meetings on a regular basis at which targets can be reviewed for continuing relevance.

A formal system of appraisal should not prevent the continuous review of progress and performance.

Responsibility for Appraisal⁵

The responsibility for appraising the Chief Executive sits with senior elected members. It is a contractual obligation on the part of both the Chief Executive and the Council to engage in a regular process of appraisal.

The appraisal will be conducted by the Mayor and Group Leaders, with the Chair of the HR Committee also attending. The Mayor will be the Chair of the panel, who will form a collective view.

Those conducting the appraisal should bear in mind at all times that the Chief Executive is employed by the Council as a whole, not the controlling group/Mayor, and is therefore required to serve all of the Council.

Members carrying out the appraisal should draw on information from their group and feed back to them, so that they draw on and inform the wider views of Members.

In advance of the performance appraisal, the parties that will form the appraisal panel will have a chance to submit any proposed amended/additional aims and objectives for the Chief Executive to be considered as part of the performance appraisal. Any written responses or presentations from the Chief Executive will be made available to all members of the panel in advance of their deliberations.

Aims of the Appraisal⁶

The Chief Executive's position in the Council is unique. In one sense their objective is to deliver the corporate priorities set by members. However, it is important that personal objectives are also set for the Chief Executive.

The aims of the appraisal are: -

⁴ Best Practice/JNC Conditions

⁵ JNC Conditions

⁶ JNC Conditions

1. To identify and clarify the key objectives, priorities and targets of the Council and appropriate timescales for their achievement over the next 12 months
2. Agree what the Chief Executive should personally achieve over the next 12 months and identify required standards of performance, in order to deliver the Council's key objectives, priorities and targets. Wherever possible standards of performance should be expressed in ways which can be monitored objectively
3. Discuss positive achievements over the past 12 months and identify reasons for good performance
4. Discuss instances over the past 12 months where targets have not been met, identifying the factors preventing the achievement of agreed goals
5. Discuss developmental requirements. The Chief Executive will have strengths and weaknesses and the parties should identify the professional development necessary to equip the Chief Executive with the requisite skills to meet the Council's objectives. The parties should be proactive and anticipate future developmental needs in the context of the Council's changing priorities. This discussion could lead to the design of a formal programme of continuous professional development (CPD). Equally this discussion may lead to agreement on changes to the working relationship between leading members and the Chief Executive. It should not be assumed that it is only the Chief Executive who may need to adjust his/her approach to the working relationship

Appraisals should be set in the context of the Council's objectives, priorities and targets, generally expressed in the Community and Corporate plans. Appraisal targets when taken as a whole should be related to agreed targets for the Council as a whole.

Key Elements of the Appraisal Process⁷

1. Continuous two-way monitoring of performance against objectives
2. Preparation for an appraisal interview
3. An appraisal interview where recent and current performance, future objectives and development needs are discussed
4. Agreement should be reached on action required from either party to ensure required performance is achievable
5. The process of informal discussion regarding performance should continue

Conducting the Appraisal⁸

1. Both parties should be well informed and prepared for the interview
2. The process should be two-way
3. The interview should be free from interruptions and notes should be taken when necessary

⁷ JNC Conditions

⁸ JNC Conditions

4. The parties should concentrate as far as possible on established facts rather than unsubstantiated opinions
5. Targets which are realistic and capable of being monitored should be agreed
6. Any agreed development plans should be implemented within the agreed timescale
7. The Chief Executive should be given a reasonable opportunity to correct any shortfalls in performance
8. A date for the next review should be agreed

Preparation for the Appraisal⁹

In advance of the review the Chief Executive should review their job description and any previous objectives; and against the framework set out below, prepare a written response or presentation (to last no longer than 45 minutes) which sets out their performance against each criteria.

Members carrying out the appraisal should, in preparation for the appraisal, draw on information from their group, so that they draw on and are informed by the wider views of Members.

Performance Framework¹⁰

The appraisal should consider the performance of the Chief Executive in relation to the following.

Community Plan themes

Strategic Plan

- One Tower Hamlets
- Mayoral Priorities

When considering performance against the above criteria, the following should be considered: -

- Have relevant objectives been met? Were they realistic?
- What went well?
- What didn't go so well/could be improved upon?
- Any other feedback points

Consideration should also be given to the Chief Executive's leadership skills in relation to: -

- Role of Head of Paid Service
- Organisational capacity for excellent performance
- Partnership working across local partnerships
- Civic engagement
- Personal, i.e. leading by example

⁹ Research

¹⁰ Research/Best Practice

Future objectives should be agreed and a personal development plan (PDP) should be agreed.

Appraisal Outcome¹¹

The awarding of increments within the Chief Executive pay scale is dependent on a successful performance appraisal.

Following the appraisal, the Mayor and Group Leaders, with the Chair of the HR Committee will assess the Chief Executive's performance against the defined performance measures.

Where targets have not been achieved, consideration needs to be given to the reason for what may appear to be lack of success. This includes consideration of the circumstances of the past year and forming a judgement as to overall performance. Measuring achievement of core leadership skills must be an integral part of this decision.

Where overall performance has fallen short of that which might normally be expected at this level, specific shortcomings and evidence of missed agreed targets should be identified. This will result in no incremental progression.

Where overall performance has been consistent with that which might normally be expected at this level, generally all targets have been met and core leadership skills demonstrated then this will result in progression of one increment.

Where exceptional performance can be demonstrated both in terms of corporate contribution and achievement of specific responsibilities of the post two increments can be awarded. The award of 2 increments will be exceptional.

Progression Arrangements¹²

Increments apply from 1st April, although the PDR process may not be completed until June. Retrospective payment may therefore apply.

The Service Head, Human Resources and Workforce Development, will confirm outcomes in writing and arrange changes to pay accordingly.

Acceptable Range¹³

¹¹ Research/Best Practice/Current Practice

¹² Current Practice

¹³ Research/Best Practice

When deciding whether objectives/targets have been met, consideration should be given to whether they remained realistic through the year and to what the acceptable range is for successful performance. For example, if a target is to build 5000 affordable homes in the borough, it might be considered that an acceptable range for successful performance is within 10% of the target.

External Assistance¹⁴

External assistance in facilitating the appraisal process will be sought.

External assistance may take the form of an external organisation directly participating in the process for which a fee may be requested to cover staff time or the recommendation of, for example, a suitably experienced recently retired senior officer or other independent individual.

The external assistance must have the agreement of both sides and selection of who should provide the external assistance will be made by the Mayor with the Chief Executive.

Disputes¹⁵

Any disputes, in terms of the objectives proposed or the assessment of performance can be referred to an appropriate external organisation (i.e. the Local Government Association).

Other Matters¹⁶

The content of appraisal interviews should be treated as confidential to the participants. However, it should be reported to the Council's HR Committee that an appraisal interview has taken place [and that increments have been awarded].

The agreed aims and objectives of the Chief Executive should be circulated as appropriate to Council and Elected Members.

The Chief Executive's aims and objectives should cascade down the organisation to inform the aims and objectives of Corporate Directors, Service Heads and so on.

This may be useful in acting as a reminder that the Chief Executive and Members need to ensure that chief officers are in turn appraised.

It should, however, be noted that the process for appraising the Chief Executive is different to the process to be used for other staff. There is a fundamental difference between elected members appraising the Chief

¹⁴ JNC Conditions

¹⁵ Best Practice


¹⁶ JNC Conditions

Executive and managers appraising subordinates. The principles, nevertheless, are the same.

Best Practice

The footnotes referencing best practice are based on benchmarking of Chief Executive performance appraisal processes of a number of other local authorities, both inside (e.g. Southwark, Lewisham) and outside (e.g. Brighton, Bedfordshire) London.

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Non-Executive Report of the: HR Committee 13 th April 2016	 TOWER HAMLETS
Report of: Zena Cooke, Corporate Director Resources	Classification: [Unrestricted or Exempt]
Closed Recruitment	

Originating Officer(s)	Simon Kilbey – Service Head HR&WD
Wards affected	All wards

Summary

The government has stated that it wants to open up public sector recruitment and has launched a consultation entitled “Closed Recruitment Practices in the Public Sector”, requesting information on the use of internal-only recruitment in the public sector, including whether it is ever ineffectively or inappropriately used.

The consultation document is attached at Appendix 1, the proposed response to this consultation is attached at Appendix 2 and the draft response that will be submitted from the LGA is attached at Appendix 3.

Recommendations:

HR Committee is recommended to:-

- Note the call for evidence for the BIS consultation “Closed Recruitment Practices in the Public Sector”.
- Note and comment on the proposed LGA response
- Note and comment on the proposed Council response to the consultation and agree that this should be sent direct to Government with a copy to the LGA in support of their own response.

1. REASONS FOR THE DECISIONS

1.1 The report is for information and comments only.

2. ALTERNATIVE OPTIONS

2.1 The report is for information and comments only.

3. DETAILS OF REPORT

- 3.1 The BIS consultation document suggests that it is more common in the public sector for employers to only use internal or 'closed' recruitment practices, focusing exclusively on those candidates already employed in the organisation and limiting opportunities for others. The 'call for evidence' seeks to gather information on the prevalence of recruiting internally for jobs and whether it is ineffectively or inappropriately used.
- 3.2 It also seeks views on increasing the amount of open recruitment in the public sector, suggesting that where a public sector employer seeks and invites applications from the open market it will gain access to a wider talent pool and benefit from new influences, skills and expertise.
- 3.3 Finally it seeks views on the potential role for the Government in encouraging open recruitment, for example by requiring public sector employers to publish information on the level of internal-only recruitment used, by introducing a cap on closed recruitment or by banning the use of internal-only recruitment.
- 3.4 The closing date for contributing to the consultation is 15 April 2016.
- 3.5 The Local Government Association (LGA) has indicated that it will be responding to the consultation request, and is asking for contributions from councils. To summarise, the LGA draft response (attached as appendix 3) opposes government action in this area.
- 3.6 For a number of years the Council's Management Team (CMT), through its regular People Board meetings, has closely scrutinised requests to recruit in conjunction with, and in the context of, numbers and types of redeployees and proposed reorganisations. Dependent on the circumstances prevailing at the time the approach to approval to recruit has moved between being given on the basis of internal and external advertisement at the same time or internal advertisement followed by external advertisement if the internal round proved unsuccessful. Most recently due to the savings programme and number of reorganisations attached to that programme the approach has been to approve requests to recruit on the basis of internal advertisement only, unless there was a clear business case for internal and external advertisement at the same time. Where internal advertisement has proved unsuccessful, the request has been referred back to People Board for approval to advertise externally. In all cases, redeployees would be considered before any other internal or external candidate. This approach, endorsed by the Mayor's Advisory Board, has given the Council maximum flexibility in balancing the need to attract as wide a field as possible to vacancies to secure the best people to do the job and the statutory requirement to avoid compulsory redundancy in times of change and down-sizing.
- 3.7 The breakdown of appointments over the last 3 years across the whole council is as follows:

	Number	%
Redeployment	141	10
Other internal	494	34
External	811	56
Total	1446	100

Excludes 'not known', iTres and Working Start trainees

- 3.8 Excluding redeployments, around 62% of appointments are of external candidates.
- 3.9 The LGA states “There is evidence from one local government region where all councils use the same recruitment portal. That shows that over the last 4 years the percentage of vacancies that have been advertised (at least initially) on an internal-only basis has varied between 18- 21%”
- 3.10 Around 38% of council appointments are internal, suggesting that Tower Hamlets’ usage of internal recruitment has been higher than average (though direct comparisons are not exact). However, it should be recognised that this result is influenced by the Council’s stringent approach to avoiding compulsory redundancy and also its various initiatives to support talent management and succession planning.
- 3.11 Whilst there remains a need to affect savings, the Council has already recognised the need to shift the balance so that its ability to attract experience and innovative practices from elsewhere in the public or private sector is not unduly restricted. The current proposal is therefore to move to recruiting internally and externally at the same time unless there are clear reasons why internal recruitment is the best option. Therefore, limiting the number of ‘closed’ recruitments (though not doing away with them entirely) is in line with current council aims.
- 3.12 There are a number of reasons why internal recruitment retains a valid option in some cases. There are:

To redeploy staff who would otherwise be made redundant

- 3.13 As outlined in paragraph 3.6 above there is a statutory requirement to take all necessary steps to avoid compulsory redundancy. It is expected that whatever changes to public sector recruitment are made as a result of the current initiative, this will remain unchanged, with the council continuing to use the current redeployment procedure.

To reduce the timescale or cost of the recruitment process

- 3.14 In the past, cost was a considerable consideration, with a single advert in a national newspaper costing up to £3,000. On-line recruitment has meant that the cost has reduced considerably. Similarly (though to a lesser extent) the shorter copy deadlines required by on-line recruitment have reduced the length of time taken for recruitment. The validity of this as a reason to recruit internally has therefore diminished appreciably. However, where there is an

urgent reasons to recruit (for example, time-limited grant funding) and the most likely outcome is an internal appointment the reasoning remains sound.

To retain staff who were perceived to be excellent as part of talent management strategy

- 3.15 A talent management strategy which attempts to keep home-grown talent and high-fliers is clearly of great value to the council, and this has been used as justification for many internal recruitment processes. However, open recruitment does not mean that internal candidates cannot apply for or be appointed to council posts – only that they will have to compete with external candidates. In this circumstance, the expectation would be that our most talented staff would be appointed if they were better than the best of external candidates.

To recruit to short term, temporary or fixed term posts

- 3.16 There is an expectation that councils would continue to be allowed to recruit internally for relatively short-term appointments, particularly where there is little notice of the vacancy occurring. The alternatives – either periods where important posts are unfilled or using agency workers – are in many cases not conducive to high standards of service delivery.
- 3.17 The council broadly agrees with the limiting or reducing of closed recruitment but does not feel that the issue is sufficiently great as to require legislation or formal government intervention. Over half the council's recruitment is from external sources and this figure is likely to increase in line with the current direction of travel. However, any such legislation would need to allow closed recruitment in situations where it is the most efficient method of filling vacant posts.

4. THE RESPONSES

- 4.1 The Council's draft response is attached at Appendix 2, The LGA's proposed response is attached at Appendix 3. In general the responses are broadly similar in their approach. However, at Question 8 there is an option for the Council to consider in terms of which option it thinks would be most appropriate to tackle closed recruitment in the public sector. The options are:

- greater transparency
- a cap on internal-only recruitment
- a ban on internal-only recruitment
- none: there is no problem to address, or not sure

- 4.2 Appendix 2 shows that the proposed Council response is for greater transparency which would require regular reports to Government on the amount of internal recruitment undertaken. This is preferable to any option involving a cap or ban on internal-only recruitment which would severely

restrict the Council's ability to flex its approach in the light of prevailing circumstances. The response of the LGA is, however, to say 'none – there is no problem to address'. This is a valid response in light of the fact that the Council continues to consider an approach which best meets the needs at the time of recruitment. It is open for the Committee to consider whether to support the LGA response by amending its own suggested response to this question to reflect that of the LGA.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 This is a noting report which provides HR Committee with details on the government consultation into 'closed recruitment practices in the public sector' and seeks member comments on draft responses to the consultation. This report is for information only and does not have any direct financial implications.

5. LEGAL COMMENTS

- 5.1 Under Section 112 Local Government Act 1972 the Council shall appoint such officers as it thinks necessary for the proper discharge of its functions. As required by Section 7 of the Local Government and Housing Act 1989 all such appointments shall be made on merit. That apart there are no legal constraints upon the recruitment methodology though in any process the equality duty must be met.
- 5.2 There are no other immediate legal implications arising from this report.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The Council's commitment to equalities includes a workforce strategy that represents the diversity of the borough and delivers the council's equality obligations. Such considerations will be part of the recruitment process and inform the decision as to whether posts are advertised internally and/or externally. All posts are recruited to on merit.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The approach to filling vacancies and attracting applicants to work for Tower Hamlets will be determined after due consideration of the cost of any external recruitment campaign and the potential use of agency or interim staff (at greater cost) to cover vacancies whilst recruitment is in progress.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 There are no implications.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 A proper balance between internal and external recruitment avoids the risk of 'insularity' through over-reliance on internal recruitment whilst at the same

time protecting the Council from litigation associated with taking insufficient steps to avoid compulsory redundancy.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 There are no implications.

Linked Reports, Appendices and Background Documents

Linked Report
N/A

Appendices

- **Appendix 1 – BIS Consultation Document**
- **Appendix 2 – Tower Hamlets Draft Response**
- **Appendix 3 – Public Sector Closed Recruitment – LGA Proposed Response**

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- NONE.

Officer contact details for documents:

- Simon Kilbey, Service Head (HR/WD) 020 7364 4922



Department
for Business
Innovation & Skills

**CLOSED RECRUITMENT
PRACTICES IN THE PUBLIC
SECTOR**

Call for evidence

JANUARY 2016

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Closed recruitment practice

Summary

- Open recruitment refers to recruitment in which the employer seeks and invites applications from the open market.
- This provides the recruiting employer with the greatest chance of finding the right person for the job, and expands the opportunity to find work to more people.
- Some employers only use internal, or 'closed', recruitment practices, focusing exclusively on those candidates already employed in the organisation and limiting opportunities for others. This is generally more common in the public sector.
- This call for evidence is to gather evidence on the prevalence of internal only recruitment in the public sector, including whether it is ever ineffectively or inappropriately used. Views are also sought on the role for Government in promoting more open recruitment.

Closed recruitment in the UK labour market

1. Hiring new staff is one of the most important decisions an employer will make. How the recruitment process is run is a key determinant of whether the employer is successful and able to enhance their organisation with new skills.
2. Open recruitment refers to recruitment in which the employer seeks and invites applications from the open market. Open recruitment gives employers the best chance of finding candidates with the required skills and expertise. It allows employers to select from the widest pool of talent and to match the best candidate with the job on offer whether they are from that organisation, or elsewhere in the public, voluntary or private sector.
3. Open recruitment expands and enhances the opportunity to work: by seeking applications from people external to the organisation, more individuals have the chance to apply for and find work. Open recruitment also exposes organisations to new influences, skills and expertise, which may benefit innovation and promote growth. For example, central Government departments have taken steps in the past to encourage external recruitment for specific posts to encourage more diversity, the spread of new ideas and a wider mix of skills.
4. Internal recruitment, in which an employer limits recruitment to individuals already working for or associated with the organisation, may be the right recruitment approach for employers at certain times or for certain roles. Employers choosing internal recruitment may decide that an open recruitment will be too costly or time-consuming, and be confident they can find suitable candidates from within their organisation.

5. However, by definition, internal recruitment practices limit the opportunities of individuals outside of the organisation to discover and apply for the jobs available and reduce the employer's opportunities to tap into a much wider pool of skills and expertise. We know that these practices are generally more prevalent among public sector employers and want to use this call for evidence to understand the reasons for this. The Government has a particular responsibility to ensure public sector employers use recruitment practices that provide fair employment opportunities, as well as taxpayer value for money.
6. In recent years, there have been a number of reports of employers being pushed to use internal recruitment, rather than as a result of their own choice. Through this call for evidence, the Government is also seeking evidence or examples of when this has been the case.

The purpose of this call for evidence

7. The purpose of this call for evidence is to build evidence on the use of internal recruitment and the drivers of this, and to examine whether Government action is necessary to promote fair and open recruitment in the public sector.
8. The Government is aiming to gather evidence on the prevalence of internal recruitment practices. The Government is also seeking evidence on the impact of internal recruitment on the UK labour market, and on the opportunities provided to individuals to find work. Finally, some of the policy interventions the Government could make to promote more open recruitment in the public sector are cited. The Government is seeking views and evidence on the impact of these options, or whether there are other options that should be considered.
9. The Government will assess the evidence collected through this exercise, and propose any further action to promote fair and open recruitment in the light of that evidence.

The role of internal recruitment in the labour market

Summary

- The Government is seeking evidence on the prevalence of internal, or 'closed', recruitment and the likely impacts.
- These impacts are discussed below. Views are sought on whether this accurately assesses those impacts, and whether there are other relevant factors.

What are the advantages and disadvantages of internal recruitment?

10. The Government wishes to understand why employers may opt for internal-only recruitment, and the factors relevant in their decision.
11. There are a number of possible reasons an employer may choose to use internal-only recruitment. Advertising to attract and sift external candidates carries costs, and may take longer. Some employers will prefer to avoid these eventualities and run an internal recruitment. Internal recruitment could also help employers develop career progression routes for their staff. In some circumstances it may reduce redundancy and other staff costs.
12. Open recruitment which involves seeking applicants from a much wider pool of candidates creates higher costs for employers, but also gives them the very best chance of finding the right person for the job. So employers using internal-only recruitment risk missing out on better candidates.
13. Open recruitment increases the diversity of people and skills an organisation attracts. A broader mix of skills is often associated with increased levels of innovation and growth, which an employer would forgo if they only sought candidates internally. Similarly, an organisation might risk becoming unrepresentative of the wider population if it used internal-only recruitment for an extended period of time.
14. Finally, internal recruitment creates disadvantages in the wider labour market insofar as it restricts job opportunities to those within an organisation. This limits the opportunities for those outside the organisation, as well as reducing the efficiency of the labour market in matching the right candidates to the right jobs.

Questions for consultation

- 1) What other advantages, disadvantages and considerations do you believe apply to internal-only recruitment?

How often is internal-only recruitment used?

15. The Government is seeking evidence of the prevalence of internal-only recruitment. Survey data shows internal recruitment is much more common in the public sector. We are seeking the views of employers and individuals on their experience of internal-only recruitment at work. We are also seeking the views on what other sources of data may be available to help assess the prevalence of internal recruitment.

Questions for consultation

- 2) How often is internal-only recruitment used by employers? Please provide an estimate based on your own experience.
- Very frequently
 - Frequently
 - Infrequently
 - Very infrequently
 - Not sure
- 3) Do you agree that internal-only recruitment is more common in the public sector than in the private sector? Please explain your answer.
- Yes, it is more common in the public sector
 - No, it is more common in the private sector
 - There is no difference
 - Not sure

Other drivers of internal recruitment

Summary

- Public sector employers aim to strike a balance between providing job opportunities for their existing staff and accessing the talent of the wider public, private and voluntary sectors.
- There has been media reporting and commentary focused on some public sector employers over-relying or even being pushed into using internal-only recruitment, leading also to accusations of organisations being out of touch with challenges faced by others or an over-reliance on hiring temporary contractors or consultants to meet skills gaps.
- This section seeks further evidence on whether this is the case, and on the general recruitment practices in the public sector.

What other drivers are there of internal recruitment?

16. There have been media and anecdotal reports of public sector employers over-relying on historically closed recruitment practices or even being pushed or influenced into using internal-only recruitment. Pressure upon employers to run internal-only recruitment is a restriction upon employers' ability to run their organisations effectively, and limits job opportunities. The Government is seeking evidence on whether restrictive practices such as these occur.
17. Pressure to use internal-only recruitment in the public sector may arise from trade unions, professional organisations or others seeking to ensure jobs are only advertised within the employer's organisation or to a particular pool of individuals. In some cases this will be for good reasons or intentions: focusing recruitment upon individuals accredited by a professional organisation, rather than going wider, may guarantee levels of safety and professionalism. In other cases though, individuals or organisations may promote restrictive practices to benefit one particular set of workers. Restrictive practices by public sector employers are unfair not just to those in the voluntary or private sectors, but also to those who work in other parts of the public sector.
18. There are also other trends and drivers that work to encourage open and external recruitment. For example, internet and online advertising has lowered the costs and increased the potential reach towards potential audiences for external recruitment. Public sector employers should always strive to provide a fair balance between supporting promoting hard working staff internally and accessing the skills, experience and expertise of the wider public sector, and the voluntary and private sectors.

Questions for consultation

- 4) Do you think public sector employers are striking the right balance between supporting the progression of their staff, and accessing the skills and expertise of other sectors?
- 5) If not, what more could or should be done to encourage this?
- 6) Are you aware of instances where public sector employers have come under pressure or influence to retain or introduce internal-only recruitment?
- 7) If so, why does external pressure to run internal-only recruitment arise, and from who? Please answer based on your own experience.

The role for Government to support employers

Summary

- In light of the evidence collected about the extent of external pressure to undertake internal-only recruitment, the Government will consider whether action is required to support employers and to promote more open recruitment.
- In this section three broad approaches to doing this are presented, with an initial outline of the advantages and disadvantages of these approaches.
- Views are sought on the feasibility of these options, and whether there are any other actions the Government can take to promote open recruitment in the public sector.

Government action to support employers

19. The Government is considering what action it could take to ensure the benefits of open recruitment are realised by both employers and individuals. In particular, should there be evidence of pressure upon employers to run internal-only recruitment, the Government will consider how it can address these pressures and free up public sector employers to recruit openly.
20. In this section three options for Government action are outlined. The Government is seeking views on the costs, benefits and feasibility of these options.

Greater transparency on public sector recruitment

21. The Government is committed to public sector transparency, to ensure accountability and to increase performance. Survey information shows internal recruitment is more common in the public sector, but any greater clarity on the extent of internal recruitment in different parts of the public sector is not available.
22. Under this option, the Government would ensure that all public sector employers published information on the levels of internal-only recruitment used within their organisation. This might include the number of staff brought in under internal recruitment, and the proportion of all recruitment that took place as a result of internal-only recruitment. This information would be publicly available, and would allow scrutiny and debate over the extent of internal recruitment.
23. The aim would be for this transparency and accountability to incentivise public sector employers to reduce, if appropriate, their level of internal recruitment. While this approach would create modest costs for the public sector in the work of collecting and publishing data, it is a flexible approach that does not impinge on employers'

choices to recruit either internally or openly. On the other hand, this option would not immediately tackle pressure upon employers to run internal-only recruitment.

A cap on the proportion of internal-only recruitment in the public sector

24. A related option is to introduce a cap on the extent of internal-only recruitment in the public sector. Should this option be pursued, it would follow the previous option. Published data on the extent of internal-only recruitment may provoke debate and public concern that the level of internal-only recruitment in the public sector is too high. In these circumstances, the Government could introduce a cap on the amount of internal-only recruitment public sector employers used. This cap might be expressed as a target proportion of total recruitment that is internal-only recruitment. Public sector employers subject to the cap would not be able to undertake internal recruitment that meant they exceeded that proportion.
25. The aim would be to ensure a greater proportion of public sector recruitment takes place under open competition, rather than internally. This approach is in line with the Cabinet Office's broader objectives for Civil Service Reform, which are to increase the diversity of skills and experiences in the Civil Service workforce.
26. This approach would increase costs in the public sector, if it compelled public sector employers to run external campaigns they would not undertake otherwise. Generally, external campaigns generate high costs through advertising and sifting the resultant applicants. There would be benefits in the longer term however, if the approach successfully enabled public sector employers to find the best candidates and to increase the diversity of staff employed in the public sector.

A ban on internal-only recruitment in the public sector

27. The third option the Government is seeking views on is to introduce a general ban on all internal-only recruitment in the public sector. The aim would be to move the public sector to open-only recruitment, in order to achieve the benefits of open recruitment set out above. This approach has the advantage of creating an immediate and widespread impact across the public sector. The public sector is a very significant employer in the UK economy: this would create a transformative impact in open recruitment and equality of opportunity for job-seekers.
28. On the other hand this approach is likely to be the most costly for public sector employers of the three options presented here, given the high volume of open competitions employers would need to run. The Government is seeking views on what, if any, unintended consequences a ban might create. These could include creating incentives for public sector employers to avoid the costs of open recruitment by retaining poorly-performing staff; or undermining existing staff's morale if it was felt their opportunities for career progression were reduced.

Questions for consultation

- 8) Which option do you think would be most appropriate to tackle closed recruitment in the public sector?
- Greater transparency
 - A cap on internal-only recruitment
 - A ban on internal-only recruitment
 - None: there is no problem to address
 - Not sure
- 9) What are the costs and benefits of these options?
- 10) Are there other options to tackle closed recruitment in the public sector? Please specify in your answer.
- 11) What other risks and opportunities should the Government take into account when considering recruitment practices in the public sector?

Next steps

29. The Government will collate and assess the evidence gathered through this exercise, and may undertake additional consultative processes. We will then evaluate the extent of the problem of closed recruitment, and publish information on what further actions, if any, we propose to undertake in response.

How to respond

This call for evidence was issued on 25 January. Please respond by 15 April. Please send any enquiries to: labourmarket.consultations@bis.gsi.gov.uk.

Alternatively, a response form is available electronically here: www.gov.uk/government/consultations/closed-recruitment-practices-in-the-public-sector (until the consultation closes).

That form can be submitted by email or by letter to:

Labour Market Directorate
Department for Business Innovation and Skills
1 Victoria Street
London
SW1A 0ET

labourmarket.consultations@bis.gsi.gov.uk

When responding please state whether you are responding as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear who the organisation represents by selecting the appropriate interest group on the consultation form.

Confidentiality & data protection

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you want information, including personal data that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

Comments or complaints on the conduct of this call for evidence

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

Angela Rabess
BIS Consultation Co-ordinator,
1 Victoria Street,
London
SW1H 0ET

Telephone Angela on 020 7215 1661
or e-mail to: angela.rabess@bis.gsi.gov.uk



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Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000

Email: enquiries@bis.gsi.gov.uk

BIS/16/100



Closed recruitment practices in the public sector - response form

The call for evidence is available at:

www.gov.uk/government/consultations/closed-recruitment-practices-in-the-public-sector.

The closing date for responses is **15 April 2016**.

Please return completed forms by email or by letter to:

Labour Market Directorate
Department for Business Innovation and Skills
1 Victoria Street
London
SW1A 0ET

labourmarket.consultations@bis.gsi.gov.uk

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes. Please see the call for evidence for further information.

If you want information, including personal data, that you provide to be treated as confidential, please explain to us below why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we shall take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

I want my response to be treated as confidential

Comments: [Click here to enter text.](#)

Questions

Name: [Click here to enter text.](#)

Email address: [Click here to enter text.](#)

When responding please state whether you are responding as an individual or representing the views of an organisation:

I am responding as an individual

I am responding on behalf of an organisation

What is the name of your organisation? London Borough of Tower Hamlets

Please check the box that best describes you as a respondent:

	Respondent type
<input type="checkbox"/>	Business representative organisation/trade body
<input type="checkbox"/>	Central government
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Legal representative
<input type="checkbox"/>	Local government
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input type="checkbox"/>	Micro business (up to 9 staff)
<input type="checkbox"/>	Small business (10 to 49 staff)
<input type="checkbox"/>	Trade union or staff association
<input type="checkbox"/>	Other Click here to enter text.

1) What other advantages, disadvantages and considerations do you believe apply to internal-only recruitment?

See Q 3 below

2) How often is internal-only recruitment used by employers?

- Very frequently
- Frequently
- Infrequently
- Very infrequently
- Not sure

Please provide an estimate based on your own experience:

See Q 3 below

3) Do you agree that internal-only recruitment is more common in the public sector than in the private sector?

- Yes, it is more common in the public sector
- No, it is more common in the private sector
- There is no difference
- Not sure

Please explain your answer.

A significant amount of internal recruitment is currently carried out in the public sector in response to down-sizing and the statutory responsibility to minimise the number of redundancies. Additionally, internal recruitment in redundancy situations reduces the number of redundancy payments and so reduces the strain on the public purse.

Given the reduction to the public sector workforce, it is likely that internal recruitment is more common in the public sector than the private. However this is a response to the current circumstances and is likely to diminish significantly when the public sector workforce reduces to the size appropriate to its financial capacity.

Whilst we would accept that open recruitment ensures that the highest calibre of appointments are made, this needs to be balanced with the ongoing requirement to reduce the number of redundancy payments made by local authorities.

4) Do you think public sector employers are striking the right balance between supporting the progression of their staff, and accessing the skills and expertise of other sectors?

There are circumstances where the internal recruitment of highly skilled 'home-grown' staff with high levels of local knowledge can provide the best appointees. However we will always look to recruit externally where this is likely to provide the best candidates.

5) **If not, what more could or should be done to encourage this?**

N/A

6) **Are you aware of instances where public sector employers have come under pressure or influence to retain or introduce internal-only recruitment?**

No

7) **If so, why does external pressure to run internal-only recruitment arise, and from who?**

Please answer based on your own experience.

N/A

8) **Which option do you think would be most appropriate to tackle closed recruitment in the public sector?**

- Greater transparency
- A cap on internal-only recruitment
- A ban on internal-only recruitment
- None: there is no problem to address
- Not sure

9) **What are the costs and benefits of these options?**

This Council does not believe that there is a serious problem with regards to open recruitment. However the lack of information available in public sector recruitment means that this cannot be shown to be the case. Accordingly this Council believes that while no action is required, it would not oppose an extension to the transparency requirements to include a moderate degree of recruitment monitoring information.

10) **Are there other options to tackle closed recruitment in the public sector? Please specify in your answer.**

N/A

11) What other risks and opportunities should the Government take into account when considering recruitment practices in the public sector?

The scale of staff reductions is a major factor in public sector workforce considerations and certainly should inform any decisions about recruitment practices.

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply

BIS/16/100/RF

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**PUBLIC SECTOR CLOSED
RECRUITMENT: CALL
FOR EVIDENCE**

The Government has issued a [‘call for evidence’](#) on the use of closed recruitment practices in the public sector, to examine whether it should take action to promote fair and open recruitment in the sector. In this context closed recruitment means recruitment from candidates already working in an organisation, as opposed to open recruitment from outside the organisation.

Details of the call are set out below, along with the questions asked and the LGA’s proposed responses. To assist with our response we should be grateful if local authorities would send their views on the questions and proposed responses to jon.sutcliffe@local.gov.uk by 8 April 2016. In particular we would welcome any evidence authorities may have on the use of closed recruitment in their own organisation. Should authorities want to respond directly to the Government, details of how to do so are set out in the [call for evidence document](#) and the closing date for responses is 15 April 2016. We would be grateful if a copy of such responses could also be sent to jon.sutcliffe@local.gov.uk

Use of closed recruitment

The first part of the call for evidence focuses on the use of closed recruitment in the public sector and the advantages and disadvantages of such recruitment. In terms of open recruitment the Government indicates that although it can be costly and time consuming, its advantages are that it gives employers the best chance of finding the right candidate, and expands opportunities for work to those outside the organisation. It also exposes organisations to new influences, skills and experiences. In contrast, closed recruitment may be appropriate at certain times, for example to enable swift recruitment when the employer is confident that suitable candidates are available inside the organisation. However, it does limit opportunities for those outside the organisation.

Questions 1-3 and LGA responses

- 1) What other advantages, disadvantages and considerations do you believe apply to internal-only recruitment?*

LGA proposed response

Local authorities may choose to appoint to posts from a ring-fenced group of individuals when they are restructuring and people are at risk of redundancy; there are important value considerations here because of the risk of losing expensively-trained, experienced people, as well as fairness issues. The requirement to minimise the number of redundancies and to offer suitable alternative employment where it is available are legal requirements for all employers. The reduction in local government funding in recent years has resulted in a significant increase in employees facing redundancy and therefore a greater need to use internal redeployment than may have been required in other sectors and in previous years. Selecting from a pool of redeployees reduces the risk of litigation, for example, unfair dismissal, and its associated costs. It can also avoid the need to make redundancy payments. While we recognise the advantages of open recruitment set out in the consultation paper (e.g. fresh talent, best possible pool/appointee) matching a redeployee with a good skills match, as well as avoiding potential redundancy costs and litigation, can bring new skills and a new perspective to a particular service area.

Going back to the 1980s when many local authorities introduced equal opportunities policies open recruitment was a key tool in addressing under-representation of particular groups within the workforce. By definition internal recruitment where particular groups were under-represented would perpetuate the problem. Although councils have made significant progress in achieving a diverse workforce, this would still be a useful tool, particularly for more senior roles.

2) How often is internal-only recruitment used by employers?

- *very frequently,*
- *frequently,*
- *infrequently,*
- *very infrequently, or*
- *not sure?*

LGA proposed response

We believe the use of internal-only recruitment in the local government sector is infrequent. There is evidence from one local government region where all councils use the same recruitment portal. That shows that over the last 4 years the percentage of vacancies that have been advertised (at least initially) on an internal-only basis has varied between 18-21%. In many cases ultimately these will have been advertised externally as there were no suitable redeployees or other internal candidates. Statistics breaking this down further are not available, but we consider it is common enough to suggest that overall, 'infrequently' is the correct assessment.

Note: We would welcome any other evidence from other authorities on their use of closed recruitment.

3. *Do you agree that internal-only recruitment is more common in the public sector than in the private sector?*

- *yes, it is more common in the public sector,*
- *no, it is more common in the private sector,*
- *there is no difference, or*
- *not sure*

LGA proposed response

Open recruitment is routine practice in local government and has been for years because of the importance of equal opportunities for employers in the sector. More formally, local authorities have a duty to appoint on merit under section 7 of the Local Government and Housing Act, 1989.

The private sector does not operate under this particular legislative requirement and so has no obligation to use open recruitment processes. However, as stated above the same requirement to minimise redundancies exists for all employers. It is possible that the bigger difference is between employers of different sizes and that this is a more relevant consideration than the sector.

Reasons for closed recruitment

The call indicates that some media reports have referred to public sector employers over-relying or being pushed into using internal-only closed recruitment practices, resulting in organisations becoming out of touch and over-reliant on temporary contractors or consultants to cover skills gaps. The pressure to use closed recruitment may come from trade unions and/or professional organisations, recognising though that in some cases that might be appropriate, for example to ensure that safety and professional standards are guaranteed.

Questions 4-7 and LGA responses

4. *Do you think public sector employers are striking the right balance between supporting the progression of their staff, and accessing the skills and expertise of other sectors?*

LGA proposed response

Local authorities are always anxious to recruit the best people for the job but will seek to balance this with providing development opportunities for ambitious home-grown staff, so in short, the answer is yes. Whilst it is true that there are some new groups of skills often described as 'entrepreneurial' for which employers will often focus on other sectors, there are many specialist skills which exist almost exclusively within local government.

For some of the professions in local government, councils remain the main employer. From this it flows that in many cases open recruitment means opening up opportunities for sideways or upwards moves for employees of other local authorities. This can bring employees with different experiences if not fresh skills sets.

5. *If not, what more could or should be done to encourage this?*

LGA proposed response

Not applicable in local government.

6. *Are you aware of instances where public sector employers have come under pressure or influence to retain or introduce internal-only recruitment?*

LGA proposed response

It feels rather over-the-top to use words like 'pressure' in this context. As has been mentioned already, all public employers, including local authorities need to make decisions about how to act fairly and efficiently when services are restructured; making decisions about whether to ring-fence appointments for at-risk staff is often unavoidable in these circumstances.

Where there is no suitable redeployee to fill a particular vacancy it is our expectation that the norm will be there will be an open recruitment exercise. We would qualify that by saying that it is possible that there may be occasions when some councils think it is prudent to limit recruitment for some vacancies to internal candidates only when they anticipate that some jobs will need to disappear in the near future, but there is not yet a specific pool of employees to be considered for redeployment.

7. If so, why does external pressure to run internal-only recruitment arise, and from who?

LGA proposed response

In the circumstances described in question 6, it is reasonable for trade unions to raise options around ring-fencing, indeed they would be failing in their duty if they didn't.

Role of Government

The Government is considering three options it could take to ensure the benefits of open recruitment are realised by employers and individuals. They are as follows:

- Greater transparency: Under this option the Government would ensure that all public sector employers published information on their levels of closed recruitment.
- A cap on the proportion of public sector closed recruitment: If this were pursued, it would only be after the option above had been tried.
- A ban on closed recruitment: This would have an immediate and widespread impact. However, it would increase

costs given the high number of open recruitment exercises that would have to be run.

Questions 8-11 and LGA responses

8. *Which option do you think would be most appropriate to tackle closed recruitment in the public sector?*

- *greater transparency*
- *a cap on internal-only recruitment*
- *a ban on internal-only recruitment*
- *none: there is no problem to address, or*
- *not sure*

LGA response

None, there is no problem to address.

9. *What are the costs and benefits of these options?*

LGA proposed response

As there is no problem to address the proposals would result in additional and unnecessary administrative burdens being placed on local authorities. Further any cap or ban would need to make allowances for how it might operate in the case of redundancy/redeployment situations, so as to minimise the risk of unfair dismissal claims. It would also need to factor in how the duty to make reasonable adjustments for a disabled employee through redeployment to a vacancy would work under the cap or ban.

10. *Are there other options to tackle closed recruitment in the public sector? Please specify in your answer.*

LGA proposed response: No comment.

11. *What other risks and opportunities should the Government take into account when considering recruitment practices in the public sector?*

LGA proposed response: As public services become more integrated in places such as devolved city regions, there is an increasing need for experienced staff to consider 'portfolio' careers moving between the NHS, civil service and local government, as well as the private and third sectors. Such movement

is hindered by the inability to provide full recognition of continuity of service for people considering moves. This can be addressed most effectively by bringing the modification order regulations up-to-date to reflect the changing face of public service. The LGA has written to the Cabinet Office about this issue in detail.

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Non-Executive Report of the: HR Committee 13 th April 2016	
Report of: Zena Cooke, Corporate Director Resources	Classification: [Unrestricted or Exempt]
HR Committee Work Programme 2016/17	

Originating Officer(s)	Simon Kilbey – Service Head HR&WD
Wards affected	All wards

Summary

At HR Committee on 21st January 2016, a report setting out proposals for a work programme for the committee was considered and agreed. This report provides a draft HR Committee Work Programme 2016-17 for agreement (Appendix 1).

Recommendations:

HR Committee is recommended to:-

Consider and agree the HR Committee’s Work Programme for 2016-17.

1. REASONS FOR THE DECISIONS

- 1.1 At present, there is no set programme of work for the HR Committee. It was previously agreed by the committee that a work programme should be developed and therefore a draft work programme has been developed.

2. ALTERNATIVE OPTIONS

- 2.1 The Committee could decide not to agree the draft work programme, or could make changes to it.

3. DETAILS OF REPORT

- 3.1 The functions of the HR Committee are set out in section 3.3.8 of the council’s Constitution and are as follows: -

- 1) To determine major policy on the terms and conditions on which staff hold office within allocated resources
 - 2) To establish a sub committee to consider any proposal to discipline and/or dismiss the Head of Paid Service or a statutory or non statutory chief officer or deputy chief officer in accordance with the Officer Employment Procedure Rules set out in Part 4 of this Constitution
 - 3) To agree any negotiated settlement, in relation to a senior executive in circumstances which do not amount to a dismissal, that may be proposed in accordance with the council's Pay Policy Statement
 - 4) To establish an Appointments Sub Committee to consider the appointment of the Head of Paid Service and to make recommendations to the council on that appointment
 - 5) To determine the criteria for the appointment of statutory and non statutory chief officers and deputy chief officers for the Appointments Sub Committees established from time to time to consider such appointments
- 3.2 The HR Committee is usually held on a quarterly basis, though sub committee meetings can also be held, as can extraordinary meetings, when needed.
- 3.3 At present, the work of the HR Committee is set from meeting to meeting with agreement from the Chair, with some standing reports.
- 3.4 Agreeing the work programme for the HR Committee will allow the work of the committee to be focused on the main issues relating to the council's workforce.

WORK PROGRAMME FOR 2016-17

- 3.5 Meetings of the HR Committee are scheduled for 13th April 2016, 27th July 2016, 19th October 2016, 19th January 2017 and 20th April 2017.
- 3.6 It was agreed at HR Committee on 21st January 2016 that the committee will receive matters for decisions on:-
- Major policy on terms and conditions of employment
 - Any proposals to discipline/dismiss a statutory or non statutory deputy chief or chief officer
 - Any proposed negotiated settlements for a senior executive
 - Proposals to recruit to senior management positions
 - Pay Policy
- 3.7 The committee will be provided reports for either information or for their view as a stakeholder. Examples include:-

Subject	What will be provided	Why provided
Workforce Strategy	The narrative version of the strategy, prior to publication	For information
Employer Circulars	Depending on timing, reports will be provided	HR Committee are a stakeholder –views will

	setting out the details of any government consultation	be sought as to the council's response
Designated Independent Person process for disciplinary/dismissal of statutory chief officers	A report setting out the proposed detail of the process – once national guidance and an amended JNC model procedure have been agreed	HR Committee are a stakeholder and decision maker – could have contractual implications
A review of the council's terms and conditions	A report especially relating to terms around redundancy, following legislation that will be introduced in 2016 on the £95k redundancy cap	HR Committee are a stakeholder and decision maker – could have contractual implications

3.8 Reports relating to specific one off matters will continue to be brought as needed, where they fall under the terms of reference of the committee and by agreement of the Chair of the HR Committee and the Service Head, Human Resources and Workforce Development.

3.9 A proposed HR Committee Work Programme 2016-17 is attached at Appendix 1.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

4.1 Resources required to support the programme will be funded through existing budgets. There are no additional financial implications as a result of the recommendations within this report.

5. LEGAL COMMENTS

5.1 There are no immediate legal implications arising from this report.

6. ONE TOWER HAMLETS CONSIDERATIONS

6.1 The use of a work programme will support the HR Committee to plan and prioritise its work effectively and this will in turn support the council to be an efficient and effective organisation.

7. BEST VALUE (BV) IMPLICATIONS

7.1 The implementation of a work programme would be a more efficient use of the HR Committee's time and enables effective forward planning to focus on a number of key areas that affect the workforce where the Committee can add value

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

8.1 There are no implications.

9. RISK MANAGEMENT IMPLICATIONS

9.1 There are no direct risk management implications arising from this report.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 There are no implications.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- Appendix 1 – HR Committee Work Programme 2016-17

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- NONE.

Officer contact details for documents:

- Simon Kilbey, Service Head (HR/WD) 020 7364 4922

HR Committee Work Programme 2016-17

This document sets out the reports that will be provided to HR Committee throughout 2016-17. This programme may be subject to change/additions.

Report/Presentation	What provided	Why provided	Comments
HR Committee - 13 th April 2016			
HR Committee Work Programme Report	Work programme for the HR Committee for 2016-17	For agreement	
Pay Policy Update Report	Follow up report giving an update on issues related to the Pay Policy 2016-17	For information/views as stakeholders	
Workforce Strategy Report	The narrative version of the strategy prior to publication	For information as stakeholders	
Senior Management Recruitment Update Report	The latest information on senior appointments	For information as stakeholders	
Closed Recruitment in the Public Sector Report	Information following the Government's call for evidence	For information/views as stakeholders	
HR Committee – 27 th July 2016			
Organisational Change Report	The Council's approach to change	For information/views as stakeholders	

The Role and Functions of the HR Committee Presentation	Officer presentation to provide information on the role/functions of the HR Committee	For information	
Designated Independent Person Report	The role of the DIP in the discipline/dismissal of statutory officers	For agreement	This date may be subject to change as it is dependent on changes to the JNC Handbook being agreed nationally
HR Committee – 19 th October 2016			
Review of Policies and Procedures Report	Any changes to core policies that are a major change to terms and conditions	For information/views as stakeholders	This is an activity from the Workforce Strategy
Review of Council Terms and Conditions Report	Potential changes to the Council's redundancy terms, to take in to account legislative changes around a redundancy cap etc	For agreement	
Outcome of the Industrial Relations Review Report	The findings of the review and recommendations	For information	This is an activity from the Workforce Strategy



HR Committee – 19 th January 2017			
Pay Policy 2017-18 Report	A proposed pay policy for 2017-18 and further information on any proposed changes from 2016-17	For agreement	
Review Use of Recruitment and Retention Payments Report	Specifically for hard to reach posts	For views/decision as stakeholders	This is an activity from the Workforce Strategy
HR Committee – 20 th April 2017			

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