


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:

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