

Report of: Chief Officer Human Resources

Report to: Corporate Governance and Audit Committee

Date: 24th June 2016

Subject: Annual assurance report on employment policies and procedures and employee conduct.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This is the annual report to the committee concerning the Council's employment policies and employee conduct. From the review, assessment and on-going monitoring carried out, the Chief Officer HR has reached the opinion that, the requirements of employee conduct are established and regularly reviewed; requirements relating to employee conduct are communicated and feedback is collected on whether expected behaviours are being demonstrated; and employee conduct is monitored and reported.

Recommendations

1. Members are requested to consider and note the positive assurances provided in this report in relation to employment policies and employee conduct. Particularly:
 - a. In relation to the requirements of employee conduct being established and regularly reviewed:
 - Assurance that the Code of Conduct is accessible to employees and fit for purpose.
 - Assurance that politically restricted posts have been matched to the specified and sensitive criteria.

- Assurance that there is a programme of review for employment policies to ensure they are fit for purpose.

b. In relation to the requirements of employee conduct being communicated and feedback being collected on whether expected behaviours are being demonstrated:

- Assurance that annual reminders regarding gifts and hospitality are issued and that Directors review annually the declarations that have been made.
- Assurance that there is rolling programme for the completion of register of interests for employees in identified high risk posts and that declarations are reviewed by Directors.
- Assurance that through the Manager Challenge programme the values and behaviours expected of managers is being embedded.
- Assurance that through the appraisal process managers rate employees on their overall performance and also on the behaviours they demonstrate.
- Assurance that through the annual engagement survey feedback is gathered direct from employees on how well behaviours are being demonstrated.
- Assurance that mandatory “Information Governance Level 1” training is in place and is reviewed and refreshed every 2 years.

c. In relation to the requirement that employee conduct is monitored and reported:

- Assurance that where appropriate employees are referred for investigation under the disciplinary policy.
- Assurance that there have been no referrals to the HR casework team in 2015/16 for any breach of the politically restricted posts policy, the gifts and hospitality policy or the register of interests policy.

1 Purpose of this report

- 1.1 To provide assurance to the Corporate Governance and Audit committee that: the requirements of employee conduct are established and regularly reviewed; requirements relating to employee conduct are communicated and feedback is collected on whether expected behaviours are being demonstrated; and employee conduct is monitored and reported.

2 Background information

- 2.1 An internal audit of “Employee conduct – central controls” was issued in June 2015 and this concluded that overall there was “Good assurance”. A recommendation from the audit was that a reporting mechanism be introduced to the Corporate Governance and Audit Committee to give assurance that the key employment policies and procedures are fit for purpose, effectively communicated, working as intended and regularly reviewed. The first such report was presented in September 2015.
- 2.2 An internal audit of register of interests and gifts and hospitality is currently in progress.

3 Main issues

3.1 Employee Code of Conduct

An Employee Code of Conduct is in place and is set out in Part 5 of the council’s constitution ‘Codes and protocols’. It was revised in 2013 to align it with the Members Code of Conduct. Any breach of the employee code of conduct can lead to disciplinary action. In addition to this the Council has also established a set of values to inform the way that the council delivers services and the way in which staff work.

- 3.2 Employees have access to the Code of Conduct and associated policies via the Toolkit section on InSite along with guidance and supplementary notes. It is the duty of managers to ensure that the Code of Conduct is available to employees who do not have access to InSite. There is also an induction checklist that is completed for new starters and this covers making employees aware of the Code of Conduct on the first day of their employment.

- 3.3 The Code of Conduct is referenced every time a communication goes out about any of the policies and procedures which link to the code. In addition to regular council-wide reminders regarding the code of conduct, individual services identify when specific reminders are needed.

3.4 Gifts and hospitalities

The rules on the acceptance of gifts and hospitality are communicated to managers and staff annually to ensure all employees are aware of the process. This communication normally takes place in early December as offers of gifts and hospitality traditionally see an increase in the run up to the Christmas period.

In the period April 2015 to March 2016, 121 gifts/ hospitality were registered, 43 of which are recorded as rejected by the employee who was offered the gift/

hospitality. The vast majority of the 78 gifts/ hospitality which were accepted are for attendance at seminars/ award ceremonies/ CPD events and were made to employees working within City Development. 59 of the 78 records are valued at £60 or under. On an annual basis Directors are sent a copy of the register for their directorate and they are responsible for reviewing this to ensure that they are satisfied that there are no concerns, either with what individual officers have declared over the year or with any particular firm making inappropriate offers. No such concerns were identified in the last annual review and there have no referrals in 2015/16 to the HR casework team for any breach of the gifts and hospitality policy.

3.5 Employee Register of Interests

There is a rolling programme in place for the completion of Register of interest forms. High risk posts are identified using the following criteria: posts that give significant advice or speaking for the council; posts where there is significant authority to make decisions; and posts with significant discretion over spending. For Public Health and Civic Enterprise Leeds all forms have been completed and reviewed by the Director/ Chief Officer. In other directorates the forms have been sent to employees in identified high risk posts for completion (final forms sent May 2016) and responses are being collated ready for review. Directors and chief officers have a responsibility to assess declarations and take the necessary actions to address any potential conflict of interest. Examples of declarations include duties such as school governors and other voluntary activities with other organisations. There have been no referrals to the HR casework team in 2015/16 for any breach of the register of interests policy.

3.6 At the Corporate Governance and Audit committee held on the 18th March 2016, minute 71 c asked that further enquiries be made of the Chief Officer HR in regard to officers who have left or are in the process of leaving and any restrictions being made in respect of commissioning or procurement work. If an employee who is involved in procurement and commissioning activity resigns from their employment at the Authority then it is the line manager's responsibility to identify with the employee if there is any conflict of interest between their current work programme and their future external employment. If a conflict is identified then the employee is given alternative meaningful work during their notice period. In addition all employees are reminded in writing when they leave the Authority that that any unauthorised or improper disclosure of what is classed as sensitive personal information would be a breach of the Data Protection Act 1998 for which they could be personally liable. Once an employee has left the Authority then it is possible for complaints to be raised through internal audit for investigation and referred to the police if criminal activity is suspected.

3.7 A report was submitted to the Scrutiny Board (Resources and Council Services) in April 2015 which explored the use of restricted covenants in employment contracts. The conclusion detailed in the report was that, "The use of restrictive covenants would not prevent people using their knowledge and information gained in council service to be used for their own personal gain. Unless the council can prove that it would damage a business interest, it would be difficult and expensive to pursue a remedy."

3.8 Mandatory “Information governance level 1” training for all employees is in place. It was completed in 2014 and is reviewed and refreshed every 2 years. The new training is due to be launched in June 2016 and employees have 8 weeks to complete. Employees with IT access complete an e-learning package and those without IT access receive a leaflet to their home address.

3.9 Politically restricted posts

An exercise was conducted in early 2015 to ensure politically restricted posts were matched to the specified and sensitive criteria. New positions are categorised from the creation of the post. In August 2015 there were 74 politically restricted posts, this has reduced to 70 (May 2016), 63 of these posts are currently filled. There have been no referrals in 2015/16 to the HR casework team for any breach of the politically restricted posts policy and procedure.

3.10 Expectations from managers and supervisors

Our values and behaviours clearly set out expectations for all managers and supervisors. We continue to run Manager Challenge, a culture change programme launched in April 2014 for 2,500 managers and supervisors. The programme is supported by a range of learning opportunities and is continuously evaluated.

3.11 Appraisal data

Arrangements are in place to assess the performance of staff against expected behaviours through the two formal appraisals each year, a ‘full year’ appraisal (1 April to 30 June) and an ‘interim appraisal’ (1 October to 31 December). At the end of each appraisal window, any outstanding appraisals are chased up and this has resulted in high levels of completion rate on time. In the ‘full year’ appraisal cycle, managers are required to rate employees’ performance in terms of how well they are performing against the council’s values in the way they carry out their work, and their overall performance. In the mid year appraisal employees are invited to give feedback on how well they feel their manager is performing against the values.

Latest mid year completion rate = 97.6% (collected in December 2015)

Latest full year completion rate = 97.3% (collected in June 2015)

3.12 Employee Engagement Survey

The annual staff survey collects more general feedback on how well the expected behaviours are being demonstrated. This is the second year that we have run the Employee Survey in its current format, with a set of questions aligned to our ‘Doing our Best’ ambitions, values and manager habits. There is real significance to the 2015 results, as they give us our first progress report since the baseline figures were established in 2014, and give us an insight into the impact of our Manager Challenge programme. Pleasingly, there is a good news story to tell. We successfully maintained the high level of response rates in 2015, with over 6600 people completing the survey (44% in 2015, compared to 45% in 2014). The overall engagement score for the council increased from 7.2 (2014) to 7.52

(2015). This was based on answers to the question 'If a friend asked you to give a score from 1 to 10 working for Leeds City Council, what would it be?' The scores for every individual question improved between 2014 and 2015.

3.13 Handling disciplinary matters

There are also formal routes for staff to report non-compliance with the Code of Conduct through raising a grievance or submitting a whistleblowing concern which may lead to an investigation under the disciplinary policy. A revised disciplinary policy was implemented as of 1st July 2015. The new policy is ACAS compliant and was subject to detailed consultation with service managers and trade union colleagues. Since implementation monthly meetings have been held with trade union colleagues to discuss the operation of the new policy and these have proved to be very effective in addressing concerns. Informal mechanisms including regular supervision between an employee and the supervisor/manager are used to raise and correct minor misconduct matters, but for more serious issues the formal disciplinary policy is used.

3.14 In 2015/2016 122 employees were referred for a formal disciplinary investigation. Feedback from trade union and HR colleagues indicates that managers are using the new policy appropriately to deal informally with some issues which previously were escalated for formal investigation. The outcomes of investigations for 2014/15 and 2015/16 are shown in the table below.

Outcome of disciplinary investigations.	2014/15 Number of employees	2015/16 Number of employees
Dismissed	37	17
Offered an alternative to dismissal	1	4
Final or written warning	37	27
Resigned	25	15
Management instruction* or recommendation to management	51	20
No further action	15	18
Total number	166	101**

**"Management instructions" were part of the old disciplinary procedure and have been replaced in the new policy by informal action via line managers.

** 21 cases ongoing as at 31.03.16

- 3.12 In November 2015 the Dignity at Work policy and the revised Drugs and Alcohol policy were implemented. The Improving Performance, Managing Attendance and Grievance policies are all currently being reviewed. Working groups of HR, managers and Trade Union colleagues are formed and meet to discuss proposed changes before consulting more widely. In all these policies there is an emphasis on managers taking early action to avoid issues escalating unnecessarily.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Reviews of employment policies are subject to consultation with service managers and trade union colleagues.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 All reviews of employment policies include Equality Impact Assessments. These ensure equality, diversity, cohesion and integration is considered throughout the development, implementation and review or establishment of any key decisions, strategies, policies, services and functions.

4.3 Council policies and the Best Council Plan

- 4.3.1 An internal audit of "Employee conduct – central controls" was issued in June 2015 and this concluded that overall there was "Good assurance".

4.4 Resources and value for money

- 4.4.1 Effective management of our workforce has a positive impact on our overall salary costs.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This report is not subject to call in. All employment policies are legally compliant and if they are not followed then there is a risk of employees taking legal action against the Council through Employment Tribunal claims.

4.6 Risk Management

- 4.6.1 An internal audit of "Employee conduct – central controls" was issued in June 2015 and this concluded that overall there was "Good assurance".

5 Conclusions

- 5.1 This report provides assurances to the Corporate Governance and Audit Committee that employee conduct is properly managed, policies are regularly

reviewed and employee conduct forms part of normal manager/ employee relations.

6 Recommendations

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7 Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.