Leeds CITY COUNCIL

Report author: Helen Fallows

Tel: 07891 271 222

Report of: Chief Officer Human Resources

Report to: Corporate Governance and Audit Committee

Date: 20th June 2017

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

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☐ Yes	X No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	X No
Is the decision eligible for Call-In?	☐ Yes	X No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	X 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, employee conduct is properly managed, policies are regularly reviewed and employee conduct forms part of normal manager/ employee relations.

Recommendations

1   Members are requested to consider and note the positive assurances provided in this report in relation to:

-   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:

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 and the second one in June 2016.

2.2   An internal audit of register of interests issued in August 2016 concluded that overall there was "acceptable assurance" on the control environment and "good assurance" on compliance and the recommendations made in the audit report are being implemented.

2.3   An internal audit of gifts and hospitality issued in August 2016 concluded that overall there was "good assurance" on the control environment and "good assurance" on compliance and the recommendations made in the audit report are being implemented.

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 employees work. In 2017 the values were refreshed and "tweaked" to reflect the feedback from colleagues. The changes were:

        -   Get the best deal on price, quality and social impact
        -   I am part of a team with a "can do" attitude
        -   Working with people - Engaging all communities
        -   Take a "no wrong door" approach if someone needs help

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.

3.4   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.

3.5   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 2016 to March 2017, 135 gifts/ hospitality were registered, 48 of which are recorded as rejected. The vast majority of the 87 gifts/ hospitality which were accepted are for attendance at seminars/ award ceremonies/ networking events and were made to employees working within City Development. 60 of the 87 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 2016/17 to the HR casework team for any breach of the gifts and hospitality policy.

3.6   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 2016/17 the business support centre has received 1010 responses. The details of declarations that have been made have been sent to the relevant Directors for review and they have also been given the details of the 70 non responders so these can be chased up. 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, employment outside the council and personal relationships with contractors. There have been no referrals to the HR casework team in 2016/17 for any breach of the register of interests policy.

3.7   Mandatory "Information governance level 1" training for all employees is in place and is reviewed and refreshed every 2 years. The latest training was launched in June 2016 and to date 91% of all employees have completed. Employees with IT access completed an e-learning package and those without IT access received a leaflet to their home address. The next training which is being developed at the moment will ensure employees understand their responsibilities under the new General Data Protection Regulations which become law on 25th May 2018.

3.8   Politically restricted posts

The Local Government and Housing Act 1989 (as amended) states that people in certain council jobs cannot be active in political parties. Those posts are known as 'politically restricted' posts. Posts may be politically restricted for two reasons: they may be specified posts or the post may have sensitive duties. As a guide, the top three tiers of management are likely to be specified posts. Posts will be designated as "sensitive duties" if the role involves regularly advising the authority, or regularly dealing with the media. 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 May 2017 there were 88 politically restricted posts, 77 of which were filled. There have been no referrals in 2016/17 to the HR casework team for any breach of the politically restricted posts policy and procedure.

3.9   Appraisals

Our values and behaviours clearly set out expectations for all managers and supervisors. Arrangements are in place to assess the performance of employees 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 = 97.8% (collected in December 2016)

Latest full year completion rate = 98% (collected in June 2016)

3.10   Employee Engagement Survey

The annual staff survey collects more general feedback on how well the expected behaviours are being demonstrated. This is the third 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. We improved our response rates in 2016, with 7,500 people completing the survey, a response rate of 53% (up on returns in the previous 2 years of 44% and 45%). 6 out of 8 directorates achieved a response rate of more than 50%.

3.12   We achieved an overall engagement score of 7.5 out of 10. 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?' All directorates have scored higher than 7 out of 10. The scores for 23 of the 26 survey questions improved between 2015 and 2016.

3.13　Given the tough climate we continue to work in, it's hugely encouraging to see such results. We have maintained and improved performance across the organisation during a very challenging year. An area for development is how to increase the number of responses from employees without IT access. Only 760 of the 7500 responses came from this group. This is a drop on previous years, and means 90% of all responses this year were from staff with IT access.

3.14　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. The outcomes of investigations for 2014/15, 2015/16 and 2016/17 are shown in the table below.

Outcome of disciplinary investigations.	2014/15 Number of employees	2015/16 Number of employees	2016/17 Number of employees
Dismissed	37	17	28
Offered an alternative to dismissal	1	4	0
Final or written warning	37	27	35
Resigned	25	15	17
(Management instruction*)or recommendation to management.	51	20	30
No further action	15	18	14
Frustration of contract	0	0	1
Total number	**166**	**101**	**125****

*"Management instructions" were part of the old disciplinary procedure and have been replaced in the new policy (live 1st July 2015) by informal action via line managers.

** 40 cases ongoing as at 31.03.17

3.12   The revised Improving Performance policy was introduced in August 2016, the revised Improving Attendance was introduced in October 2016, the revised Grievance Resolution policy was introduced in January 2017 and the revised Probationary policy was introduced in May 2017. In all these policies there is an emphasis on managers taking early action to avoid issues escalating unnecessarily and also on taking an individualised approach to supporting their employees to be at work and be their best.

3.13   The 2016/17 absence rate for the Authority was 9.31 days lost per FTE. This is an increase on the 2015/16 outturn of 8.90 days but still compares favourably with the 2014/15 figure of 9.41. In 2016/17 there were 73 ill health capability dismissals and 47 ill health retirement dismissals.

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

4.3.2   An internal audit of register of interests issued in August 2016 concluded that overall there was "acceptable assurance" on the control environment and "good assurance" on compliance.

4.3.3   An internal audit of gifts and hospitality issued in August 2016 concluded that overall there was "good assurance" on the control environment and "good assurance" on compliance.

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

An internal audit of register of interests issued in August 2016 concluded that overall there was "acceptable assurance" on the control environment and "good assurance" on compliance. An internal audit of gifts and hospitality issued in August 2016 concluded that overall there was "good assurance" on the control environment and "good assurance" on compliance. As an employer there is legal responsibility to ensure that certain employment policies are in place and as a good employer Leeds City Council wants to achieve a culture where all employees are clear on their responsibilities and can be their best. The monitoring of employee conduct allows trends to be spotted and early intervention prevents where possible issues escalating to formal procedures.

5   Conclusions

From the review, assessment and on-going monitoring carried out, the Chief Officer HR has reached the opinion that, employee conduct is properly managed, employment policies are regularly reviewed and employee conduct forms part of normal manager/ employee relations. In particular:

a. In relation to the requirements of employee conduct being established and regularly reviewed:

- The Code of Conduct is accessible to employees and fit for purpose.

- Politically restricted posts have been matched to the specified and sensitive criteria.

- 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:

- Annual reminders regarding gifts and hospitality are issued and Directors review annually the declarations that have been made.

- There is rolling programme for the completion of register of interests for employees in identified high risk posts and declarations are reviewed by Directors.

- Through the appraisal process managers rate employees on their overall performance and also on the behaviours they demonstrate.

- Through the annual engagement survey feedback is gathered direct from employees on how well behaviours are being demonstrated.

- 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:

- Where appropriate employees are referred for investigation under the disciplinary policy.

- There have been no referrals to the HR casework team in 2016/17 for any breach of the politically restricted posts policy, the gifts and hospitality policy or the register of interests policy.

6   Recommendations

Members are requested to consider and note the positive assurances provided in this report in relation to:

- 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:

7   Background documents

7.1   None.