



**Report of :** Chief Officer Human Resources

**Report to :** Corporate Audit and Governance Committee

**Date:** 21<sup>st</sup> September 2020

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

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open 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

### 1. Main issues

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.

### 2. Best Council Plan Implications (see the [latest version of the Best Council Plan](#))

The Best Council Plan and the Best Council Ambition to be an efficient, enterprising and healthy organisation can only be achieved through the linked ambition to be the Best Place to Work which will be delivered by our People Strategy 2020- 2025.

### 3. Resource Implications

There are no additional resource implications arising from this report.

## 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.

### 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 annual report to this committee has been received since 2015. The internal controls are designed to mitigate a number of risks including breaches of employment law which could result in claims to the employment tribunal, reputational damage leading to poor employer brand and poor employment practices leading to poor staff engagement and lower quality service delivery.

### 3. Main issues

- 3.1 Conduct and discipline. All employees are required to work in accordance with the employee code of conduct (available via Insite and covered on day one of induction) and this is supported by a strong set of council values. The council's disciplinary policy exists to take action when an employee's conduct falls below the expected standards. The policy is ACAS compliant and managers are supported in taking action by a skilled and professional HR team.
- 3.2 In 2019/20 137 disciplinary cases were concluded, this represents less than 1% of the overall workforce and is broadly similar to levels of disciplinary cases in the last 3 years. The outcomes of these cases were as follows: 21 dismissals, 1 transfer as alternative to dismissal, 25 final written warning, 9 written warning, 18 refer back to management, 27 recommendations to management, 16 resignations, 9 employment ceased and 11 no further action.
- 3.3 The principal audit manager and the HR Business Partner with the lead for casework meet regularly (approximately every 2- 3 months) to identify any disciplinary cases which may be reportable to the annual fraud and corruption survey or require intervention by the audit team.
- 3.4 Due to COVID-19 there has been an impact on the organisation's ability to resolve disciplinary cases because normal face to face meetings have not been possible. The council's response has been in line with the guidance issued by ACAS and discussions have been held with the trade unions about adopting a case by case approach to select the best fit way of holding a formal meeting from a range of options, supported by corporate and individual risk assessments.
- 3.5 Employment policies. Although a disciplinary policy is necessary it is the quality and effective operation of other employment policies that ensures that the vast majority of employees meet the expected standards of conduct at work.

- 3.6 Between 2015 and 2017 the following employment policies were revised: disciplinary, improving attendance, dignity at work, alcohol and drugs, grievance resolution, improving performance and probationary.
- 3.7 In all of 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.
- 3.8 In 2019 the new recruitment policy statement and toolkit was agreed with the Trade Unions which makes the process more inclusive and creates a flexible set of values based methods for recruiting.
- 3.9 The supporting staff at work charter with accompanying reasonable adjustment and working carers passports are due to be introduced in Autumn 2020.
- 3.10 As a result of the COVID-19 pandemic, a Flexible Resourcing Plan was developed with the trade unions in March 2020 to support workforce agility and deployment.
- 3.11 Workforce implications of meeting the financial challenges. In line with our values all employees have been made aware of the significant financial challenges and the bulk of savings are expected to come from directorate service reviews. Executive Board are reviewing all proposed service reviews and Full Council approves the budget which is now supported by longer term planning through the medium term financial strategy.
- 3.12 As required under the 1992 Trade Union and Labour Relations (consolidation) Act a Section 188 notice has been issued and formal consultation with the Trade Unions has commenced which includes identifying actions that will avoid, reduce and mitigate the need for compulsory redundancies.
- 3.13 As approved by CLT and with oversight from the Deputy Leader of the Council, all staff have been asked to consider whether they are interested in a range of voluntary measures and it is anticipated this will result in a large number of employees leaving the organisation by the 31<sup>st</sup> March 2021. In addition a smaller number of employees are expected to remain in the organisation but take up other voluntary measures which contribute to overall cost savings. These other voluntary measures include reduction in hours, career breaks, the buying of additional annual leave and flexible retirement. These actions are being considered at a directorate and cross council level to ensure that the impact on service delivery is minimised whilst achieving the savings needed. The process has been and continues to be equality impact assessed.
- 3.14 The council has collectively agreed a Managing Staff Reductions policy which in addition to detailing the range of measures to avoid redundancy also sets out the process including notice periods, redundancy pay and the right of appeal against selection for redundancy. As the current financial challenges are more significant than the council has faced in the past an accompanying document setting out in more detail how consultation and engagement with Trade Unions will be carried out was agreed in August 2020.
- 3.15 Employee register of interests. New starters are required to declare any interests when they commence employment and all employees are required to register any interests as specified in the register of interests policy on an ongoing basis. Examples of declarations include duties such as school governors and other voluntary activities, employment outside the council and personal relationships with contractors.

- 3.16 In addition there is an annual exercise covering employees in high risk posts which 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. In 2020 1,362 employees were identified as “high risk”. The annual exercise is usually completed in May however due to Covid-19 it will be completed in September.
- 3.17 Directors and chief officers have a responsibility to assess declarations and take the necessary actions to address any potential conflict of interest as detailed in the toolkit guidance, “Assessing outside interests.” Advice is available from the HR team. There have been no referrals to the HR casework team in 2019/20 for any breach of the register of interests policy.
- 3.18 Gifts and Hospitality. All individual declarations are reviewed and either approved or rejected by a Director or their nominee. The declarations are logged on a central register at the Business Support Centre.
- 3.19 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 been no referrals in 2019/20 to the HR casework team for any breach of the gifts and hospitality policy.
- 3.20 In 2019 a benchmarking exercise on the gifts and hospitality policy was undertaken with the core cities which confirms that our arrangements are broadly similar to other local authorities.
- 3.21 Following recommendations from last year’s committee the gifts and hospitality policy was updated in November 2019. From January 2020 Directors were required to gain approval from the Chief Executive and in turn the Chief Executive gains approval from the Leader/ Deputy Leader for any gifts and hospitality. The second recommendation related to introducing a process whereby the annual review of gifts and hospitality requires ‘nil returns’ to be submitted. Those employees in identified “high risk” posts are now required to actively confirm that they have complied with the gifts and hospitality policy at the same time that they complete their annual return for the register of interests.
- 3.22 Politically Restricted Posts. In order to comply with The Local Government and Housing Act 1989 the council has a politically restricted posts policy and this was reviewed in 2019 by a member of the legal services team which resulted in no recommended changes. The identification of posts is built into the guidance notes accompanying the creation of new posts and also the redesignation of existing posts. Requirements of the policy are communicated to employees via their contract of employment documentation. There have been no referrals in 2019/20 to the HR casework team for any breach of the politically restricted posts policy and procedure.
- 3.23 Appraisals. Our values and behaviours clearly set out expectations for all employees. 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).
- 3.24 Due to the need to respond to COVID-19 the decision was taken in consultation with CLT to suspend the full year appraisal cycle for 2019/20. Regular manager and

employee communication including discussion of job performance and amended responsibilities has continued through 121s and where required individual risk assessments.

- 3.25 Employee Engagement Survey. Further to consultation with services, staff networks, trade unions and feedback from Scrutiny Board (Strategy and Resources) it was agreed by CLT in March 2019 that the survey would be refreshed to reduce the number of questions asked and to conduct it once every two years rather than annually. It is therefore due to be conducted again in 2021.
- 3.26 In 2020 due to the need to gather feedback from staff in response to COVID-19 two wellbeing pulse surveys have been run, each one completed by over 4000 employees and a more in depth working from home survey was held which was completed by 5,400 employees, 57% of the eligible workforce. These surveys have ensured that the views of staff are gathered, that support for their wellbeing has been put in place and that CLT have received information from employees to assist in the planning for future service provision and delivery. Over 80% of the respondents have reported feeling happy with the level of support they are receiving. For those who were unhappy if they chose to leave their contact details then they have received an individual phone call from a member of the HR team to offer further support.
- 3.27 Oversight and monitoring. CLT receive regular reports on a variety of workforce related matters, examples in 2019/20 include the newly developed People Strategy 2020- 2025, the talent management strategy and the inclusion and diversity plan.
- 3.28 Councillor Lewis as Deputy Leader and Executive member for Resources meets weekly with members of the HR leadership team on the full range of employment related activities.
- 3.29 At the strategy and resources scrutiny board workforce information is monitored through key performance indicators such as employee absence rates, number of apprenticeships and details of workforce protected characteristics. The board receives the information twice a year, normally in January and June although the June 2020 board was suspended due to Covid-19 and therefore the next report is due in January 2021.
- 3.30 Health and safety compliance is monitored through monthly meetings between the Head of Health and Safety and the Director of Resources and Housing and through a quarterly health, safety and wellbeing priority board with Chief Officers. In addition health and safety matters are reported to CLT twice a year and Executive Board receive an annual report.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 Employment policies are developed and reviewed by the HR team in consultation with trade union colleagues and staff networks with additional advice where applicable being provided by legal services. The views of and feedback from managers is also collected via focus groups. Development of new/ reviews of existing policies form part of the weekly meetings with Councillor Lewis.

### **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 There are a number of workforce matters reflected in the Best Council KPIs and the new People Strategy 2020 – 2025 has introduced the ambition to the Best Place to Work which can only be achieved through modern and effective employment practices.

#### Climate Emergency

- 4.3.2 Consideration of the climate emergency goals is integrated throughout the development, implementation and review or establishment of any key decisions, strategies, policies, services and functions.

### **4.4 Resources, procurement and value for money**

- 4.4.1 Effective management of our workforce has a positive impact on our overall salary costs. Our policy review process includes working pro actively with our Trade Union colleagues to ensure that our employment policies are in line with our values and are easy to understand for employees and managers so that our workforce is managed and supported effectively.

### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 All employment policies are legally compliant and the human resources team receive direct updates from ACAS that allow policies to be reviewed to ensure they keep up with legislative changes as well as best practice advice.
- 4.5.2 This report is not subject to call in.

### **4.6 Risk management**

- 4.6.1 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.
- 4.6.2 If employment policies are not effectively implemented then there is a risk of employees taking legal action against the Council through Employment Tribunal claims. ACAS early conciliation and employment tribunal cases are monitored through monthly meetings between the Deputy Chief Officer HR, the HR casework team manager and legal services. These internal controls help protect against reputational damage which could lead to a poor employer brand making it harder to attract and retain the best employees. From April 2019 all formal casework has been logged via SAP which has resulted in better quality reporting allowing trends to be spotted and action to be taken.

## **5. Conclusions**

- 5.1 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:

- Directors review annually the declarations of gifts and hospitality that have been made. There is an annual programme for employees in identified high risk posts to actively confirm their compliance with the policy.
- There is an annual programme for the completion of register of interests for employees in identified high risk posts and declarations are reviewed by Directors.

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

- Where appropriate employees are referred for investigation under the disciplinary policy and there is effective monitoring of cases using the SAP system to produce quarterly reports for the HR leadership team.

5.2 There have been no referrals to the HR casework team in 2019/20 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<sup>1</sup>**

7.2 None

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<sup>1</sup> 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.