THE EVOLUTION AND IMPLEMENTATION

OF AN INTEGRATED MODEL

OF

HUMAN RESOURCE STRATEGY

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CHAPTERS

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1 <u>**ABSTRACT**</u>

This project report covers the evolution of a model for the development of an Integrated Human Resource Strategy for an organisation and then how this model has been applied and implemented in the Corporation of London.

At the start of this project I introduced the 'Roulette Wheel' diagram to show the large number of issues that influence the development of an HR Strategy and which would eventually be affected by the implementation of that strategy. My major concern was that many disparate initiatives are underway to change the culture of the organisation, to improve people management and development and to raise efficiency and performance. These initiatives clearly impact on each other and need to be controlled and integrated to ensure maximum benefit and to minimise adverse effects.

Many of the current initiatives fall under specific functional HR strategies and so part of the model that has evolved links all these functional strategies together to produce a coherent overall HR strategy and set of objectives for those having to implement the strategy.

Action research was the methodology used for this project and involved extensive literature research on HR strategy. This led me to realise the importance of values in culture change and resulted in more reading around this topic. This literature study also convinced me that the focus of HR strategy needed to be on those factors which address the concerns of employees about the way they are treated and valued by the organisation, about how their careers are developed, the nature of the work they undertake, their working environment and their work-life balance. Get these and other factors right and there is a greater likelihood that the organisation will achieve its vision and strategic aims, whatever they are.

In order to identify those factors which needed to be addressed in order to raise employee commitment, motivation and performance I undertook extensive employee research. The main vehicles for this which are described in this report are the Stress Risk Assessment exercise, identifying the work-related causes of stress in employees, and the Employee Opinion Survey. This survey covered management, culture and relationships between staff and the Corporation as employer, communications, equal opportunities, rules, regulations and fairness, workload, pay, career development and training, harassment, support, influence and control over one's work, attitudes to sickness absence, flexible working and work-life balance.

This employee research along with research into the impact of current and proposed employment legislation provides a crucial basis on which to develop a list of HR core values that are important to employees and employer alike. Having consulted on and agreed this set of HR core values and identified issues for change or improvement in the organisation I was able to consider the functional HR strategies to bring about the change. These ranged from resourcing, to reward, to communications, to training and development strategies. In this report I have identified thirteen separate functional HR strategies and discussed how they need to be integrated to produce the overall HR strategy and its strategic objectives.

As I progressed through the project a model for the development of an HR strategy evolved and this is presented in chapter 8. It is an integrated model starting with employment research, moving on to statements of organisation values and HR core values, the development of HR strategic aims and policy priorities, informing the integrated set of HR functional strategies and then the overall HR strategy with its strategic objectives, targets and performance indicators.

An HR strategy is a sterile document unless it is successfully implemented, its success monitored and continuous improvements made to the strategy. The successful implementation of the strategy depends to a large extent on HR service delivery and the working partnership between HR professionals and line management. For this reason a crucial element of any HR strategy should be a strategy for the transformation of HR service delivery. This became an important aspect of this project which was developed from the start and is still in progress. The work done and progress to date is covered in this report.

This project report would not be complete without a résumé of the achievements to date in implementing the strategy. Some of the main outcomes by February 2004 of the HR strategy are discussed under the five main headings of Staff Communications, Transformation of HR service delivery, Learning, Training and Development, Performance Management and Reward.

Finally recommendations are made for the future monitoring of the impact of the HR strategy and an evaluation of changes to the culture of the organisation and the extent to which the new HR Core Values have become embedded in the organisation. Plans will be developed to disseminate this work in the hope that the Integrated Model of HR Strategy Development can be tested in a private sector organisation as well as in the public sector Corporation of London.

2 HUMAN RESOURCE STRATEGY DEVELOPMENT AND DELIVERY FOR ORGANISATION CHANGE IN THE CORPORATION OF LONDON

INTRODUCTION

This project or rather series of integrated projects on the development and delivery of the human resource strategy for the Corporation of London was a natural extension of, and built on, 29 years experience in the personnel function that has been largely focussed on organisation change in both a private and a public sector organisation.

The intention behind this project was to reflect on the progress of organisation change since I joined the Corporation of London in July 1993, refocus the strategy for change for the next five years and to provide added stimulus to a number of key and integrated elements of the action programme. In theoretical terms, these processes resulted in the formulation of an integrated model of HR strategy which would be applicable to many large organisations wishing to improve their performance.

The extension and continuation up to March 2004 of the work on the development and implementation of a human resource strategy for the Corporation completed a fully integrated programme of research and development, project leadership and management, spanning 11 years. Some of this work I have handled personally, most of it has been a team effort from a dedicated, highly competent staff of professionals but all the work has been directed by myself. Over this period I have learnt a great deal about managing and motivating a team of professionals and not allowing my natural 'hands-on' approach to stifle their initiative and creativity.

This project has also provided an opportunity to research the latest thinking on Human Resource Strategy and the difficulties experienced in linking this to what is commonly called Business Strategy. I have concluded that Business Strategy is really Organisation Change Strategy which is the main focus of H.R Strategy. At the start of my project I developed a Roulette Model of HR Strategy which doesn't have Business Strategy as one of the key inputs. Rather it has Corporate Strategic Aims, Corporate Objectives, Corporate Values and Corporate Performance Indicators linked to Best Value, Employment Research, Human Resource Indicators, HR Objectives, Performance Management and Management Behaviour. In the Corporation of London other important issues that have to be taken on board are elected Member expectations and Chief Officer attitudes to change.

There are many elements that feed into the Human Resources Strategy, some with greater importance than others and some which need to be explored before others. These elements are presented in the roulette wheel below.

FIG 1: The Roulette Wheel of Influences on HR Strategy

The Roulette Wheel depicts the view I formed at the beginning of this project. Namely that there were a large number of issues that would influence the development of an HR Strategy and that eventually would themselves be affected by the implementation of that Strategy. This was a very messy situation for those involved in driving organisation change with conflicting, constantly changing priorities and no clear means of integrating and coordinating all these issues and activities.

In all organisations the wheel containing the many diverse segments is constantly spinning and the ball can, at any one time, land on any one issue that has for various reasons become the priority of the day. Those dealing with that issue however need to understand how it is affected by, or affects, other issues ranged around the Roulette Wheel. For example, concerns may surface about 'Manager Behaviour' but this can be informed by 'Employee Research' and the solution may reside in 'Performance Management'. Or the 'Manager Behaviour may give rise to concerns in relation to' Employment Legislation.

Having recognised this situation I formed the view that the evolution of the HR Strategy needed to be based on sound research into employee and manager views and attitudes, into current and proposed employment legislation, into the Government's plans for the modernisation of local authorities, and into the Member and Chief Officer aspirations for the organisation.

Literature research coupled with my practical experience convinced me that the success and performance of an organisation was largely determined by the commitment, motivation and performance of the employees and how they are managed and led. Get that right and they will deliver whatever achievable Corporate or business objectives are set. For that reason I determined that the HR Strategy should not be a product of the Business Strategy but rather an integral part of it.

I also became convinced that the culture of an organisation was crucial to the commitment, motivation and performance of employees. No amount of skill training or imparting of knowledge would guarantee success unless employees felt valued, understood the importance of their role, and worked in a supportive climate and a pleasant, comfortable and safe working environment. Organisation or Corporate Values are important but are often of more relevance to those outside than within an organisation or do not reflect those values that employees feel are most important to them such as work-life balance. Having reached that conclusion I decided to develop with my HR colleagues a comprehensive set of HR Core Values to complement the half dozen or so Corporate Values. This is explained more fully in chapter 4 of this report – 'The Role of Values in HR Strategy'.

Having set in motion the necessary employment research and analysed the information gleaned I then worked on the development of the HR Core Values and a means of integrating all those issues ranged around the Roulette Wheel. What evolved was the integrated Model of HR Strategy Development shown at Fig 8 in chapter 8. From the Employment Research and Core Values a set of HR Strategic Aims and Policy Priorities were developed followed by a fully integrated set of Functional Strategies covering for example, Workforce Planning, Equal Opportunities and Diversity, Communications, Employee Relations. These are described in chapter 6 along with how each functional strategy integrates with other strategies. From this set of functional strategies were derived the HR Strategic Objectives with relevant targets and performance indicators.

The way in which the Strategic Aims, Strategic Objectives, and Performance Indicators are linked to specific HR Core Values is shown in Table 2 of chapter 9 on the 'HR Strategy For The Corporation of London'.

In summary this project has moved Human Resources Management from the Roulette Wheel model to the fully integrated model and the outcomes to date from this is reported in chapter 11.

Most theories on HR Strategies start with the premise that they should be derived from the business strategy. This simplistic approach overlooks the fact that people are the drivers of sustained corporate success.

What I argue is that while business plans are being developed they should include consideration of the workforce planning (resources and skills), organisation design and development implications. Consideration also needs to be given to how excellent employee performance can be ensured through embedding the right values and attitudes in the organisation through appropriate managerial behaviour and highly effective internal communications. There is a need to create the right environment and performance management arrangements in which employees are highly motivated and committed and strive for continuous improvement in themselves and the functions they perform.

The strategies and plans that will lead to excellent employee performance need to be based on research among employees and following this on a consideration of those values, and the organisation culture that is most appropriate to meet the needs of customers, suppliers and employees.

HR Strategy is a core component of overall business planning and for both to be effective, the two need to be developed hand-in-hand, taking account of those who need to deliver the business strategy and plans, the employees of the organisation.

Corporate or organisation culture is a complex mixture of elements, partly conceptual, partly sensual, partly behavioural, partly a set of values. Chris Parsons, who headed the change management practice at Penna Consulting is quoted as saying in an article by Keith Rodgers in Personnel Today in January 2003, that there are eight principal components:-

- "Leadership and clarity of mission
- Employee involvement and engagement
- Information sharing and teamwork
- Empowerment
- Employee responsiveness and continuous learning
- Flexibility and managing change
- Innovation and forward focus
- Customer orientation"

In the same article Margaret Savage, BT's Group HR Director is quoted as saying, "Culture is an output – the product of collective behaviour."

Before going on to explain in more detail the aims and objectives of the project and how it has been conducted I need to set it in the context of my own experience, what I found when joining the Corporation in 1993 and what had been achieved before I started on the D. Prof. Programme. I also need to describe the key features of difference I have found in working on change in a public sector as opposed to a private sector organisation.

PAST EXPERIENCE

My work experience spans 35 years in Morgan Crucible Group Research and Development, GEC Central Research Laboratories, Milk Marketing Board Head Office, Institute of Personnel and Development and now at the Corporation of London. All these years have been devoted to research - initially scientific research and development where I learnt project management skills, the importance of data collection and the benefits of a logical, methodical, approach. This research and development expertise was then applied to the human resources field in 1975 when I joined the Milk Marketing Board, initially as a management training officer and shortly afterwards as personnel manager.

The MMB was very much a private sector organisation being run by and on behalf of all dairy farmers in England and Wales. I spent 18 years there largely working on organisation change projects and as Head of Personnel assisted the Chief Executive to develop and implement new structures that ultimately facilitated the breaking up of the MMB into separate businesses to satisfy the political ideology of Maggie Thatcher's government.

In the MMB there was a long established culture of operating performance management with organisation strategies and objectives, performance appraisal, individual and team development plans, performance related reward. There were clear policies and procedures that were adhered to and a corporate approach to HR issues. Staff communications were given a high priority, with team briefing operating in a structured way. Budget proposals were developed by each function head and approved by the Chief Executive.

The Chief Executive held weekly meetings with the team of directors and they were empowered to make decisions for the efficient and effective running of the organisation. The Managing Directors of the respective parts of the organisation and their top team were similarly empowered but were expected to implement Corporate decisions. The HR strategy was submitted to the Board of farmers once a year supplemented as necessary by reports on any major organisation change which required their approval.

Decision making was fast and corporate decisions were accepted and implemented so that the organisation was very change orientated and there was consistency of approach. Managers were developed throughout their careers and appointed and promoted for their managerial skills which were generally very high compared to what I have experienced in the Corporation. The concentration on the human aspects of management was reflected in a very happy, motivated, committed workforce and an absence of grievances, disputes and claims against the employer.

The MMB had farmer members on its Board but they were generally very astute businessmen and women who only concerned themselves with strategy. At the Corporation the Members were and still are, surprisingly involved in levels of detail which I believe should be the responsibilities of officers. Getting the Members of the Establishment Committee to focus more on policy and strategy has been one of my aims that has achieved a fair degree of success.

CORPORATION OF LONDON EXPERIENCE

I found the contrast between the private sector MMB, and the public sector Corporation of London, to be staggering in terms of organisation structure, work culture, management behaviour and skills, decision making processes, bureaucracy and HR practices. In 1993 I soon realised that I had stepped back at least 20 years and that I had an enormous challenge on my hands.

In 1993 the Corporation was very different to the situation today. Performance management did not exist, there was no HR strategy or even plans. The culture was of fire fighting and dealing with issues as they arose. The focus was on meeting the needs of Committee and having to involve members in the minutiae of decision making. The Corporation was a federation of 32 separate departments each headed by a Chief Officer whose power base was his or her own members committee. Independence was jealousy guarded and there was no adherence to the few policies and procedures and agreements that actually existed. The lamentable lack of personnel policies and procedures and recognised good practice in people management lead to a high risk of contravention of current employment law. We were 'consistent in our inconsistency' to quote the Principal Personnel Office of the time. I did not have a separate HR budget and staff communications were non existent.

Chief Officers were appointed because of their technical knowledge of their area of operations and for their ability to deal with members of the Committee. There was no management development programme and the poor management behaviour and skills result in an organisation of demotivated, disgruntled employees with disputes and claims against the employer of a ridiculously high level.

My HR department spent most of its time preparing reports to Committee asking for approval of the establishment or deletion of a post, to pay an increment to someone or for committee blessing to the results of job evaluation. None of this was really going to make a real impact on the organisation and to change the culture. The cost of bureaucracy was horrendous and decision making was a slow and tortuous process affected by internal politics and by individual member prejudices as there was no party political influence. Coming from a modern, commercial, extremely well run organisation I soon recognised that I had a major long-term research and development project on my hands.

In 1994 a strategy was developed with my staff to put in place the building blocks of good practice. In November 1999 I gained Chief Officer and Member approval for an updated Human Resource Strategy to continue the process of organisation structure and culture change. This is being implemented to make the Corporation a better employer and to ensure greater efficiency and effectiveness of service delivery. The change process is being aided by the Government's Best Value Review programme with its emphasis on consultation, challenge, comparison and competition.

The number of departments has been reduced to 20, there is a more corporate approach with 'joined-up' services and major consultation exercises have been put in place with residents, the general public and City workers who are all the ultimate customers of the Corporation.

The first aim of the HR Strategy was to put in place the building blocks of best practice for people management. This entailed developing a template of best practice in people management for use by line managers, writing or amending employment policies and procedures, changing reward structures and harmonising pay and conditions of service of manual workers with those of the white collar staff. All this was done in partnership with the recognised unions, GMB and the Staff Association, which became a branch of AMICUS.

A Single Status Recognition Agreement has been negotiated and a Joint Consultative Committee put in place for regular meetings between employee representatives, officers of the Personnel department and Members of the Court of Common Council.

Training and development facilities and provision have been revolutionised and a single performance management (performance and development review) scheme implemented across all departments of the Corporation. Equal Opportunities policies, practices and monitoring have been put in place and are being continuously enhanced to raise the profile of the Corporation among staff and among potential recruits. The Corporation has been awarded the 'two ticks' symbol for disability awareness and achieved level 2 of the CRE Standard in December 2002. Many departments are now working towards achieving Investors In People accreditation.

Staff communications have been radically improved to engender a greater sense of corporate belonging and to ensure people have access to all the information they require as employees. A staff newspaper, *The Leader*, is distributed on a regular basis and this is supplemented by extensive use of the intranet and internet website. The next phase of the change programme which started was potentially the most difficult as it focused on the culture change - the way we do things around here. We needed to determine what is right and what needs changing about the way employees are managed, how their work is organised and to help them achieve a better work-life balance.

The need for change had to be clearly demonstrated to all levels of management and feedback from employees was crucial in that process. The recognised unions and other employee representatives needed to be partners in this culture change programme, encouraging all to participate, respond to questionnaires, allaying fears and contributing ideas and suggestions to make sure the various projects were as effective as possible.

Changing management behaviour is still one of the greatest challenges remaining and this project again provided a focus for work to achieve that aim. This required a multi-faceted approach including the introduction of competencies and the development and successful implementation of a management development programme.

An important aspect of the project was updating the Human Resources strategy to reflect the situation in the Corporation and current and anticipated employment law at the beginning of 2004. Linked to this was the development of a set of clear objectives and targets for each of the elements of the updated HR Strategy. A set of performance indicators was developed for people management across the Corporation and these again were closely linked to the elements of the HR Strategy and to the objectives so that the impact of the strategy could be monitored on a continuous basis. The development of these objectives, targets and performance indicators was done by me in conjunction with my staff following literature research, attending external seminars and participation with other London Boroughs in surveys and personnel working groups.

The HR Strategy was last reviewed, updated and approved by the Establishment Committee in November 1999. The review set out the problems that were identified in 1993 and the strategy and objectives produced in 1994. These problem areas were identified through brain-storming sessions chaired by myself and involving my team of HR Consultants. Having come from a very progressive organisation with highly developed people management practices I was able within my first 6 months at the Corporation to identify what changes were needed.

Some of the most important problems identified were:-

♦ No Corporation mission statement

♦ No performance management processes

♦ Staff communications left to the recognised unions

♦ Local practices at variance to negotiated agreements

♦ Need to move to harmonisation of pay and conditions and single status

♦ Personnel policies and procedures either out of date, written in legalise or non existent

♦ Inadequate personnel computer system

♦ Need to move from control by establishment to control by budget

♦ No equal opportunities policies or monitoring

♦ No systematic identification of training needs

♦ Emphasis on course training rather than work based learning and development

♦ Lack of senior management training

♦ Excessive bureaucracy with many operational decisions taken by committee

♦ Need for a scheme of delegation to clarify authority levels.

By April 1999 the Corporation had approved a set of strategic aims which were:-

♦ Reforming corporate governance

♦ Promoting the City

♦ Supporting surrounding areas

♦ Providing first class services in the City

♦ Proving high quality services of regional and national significance

Having set out the key elements of the business strategies I then set out the consequent need for organisation culture change as well as a discussion of the external and internal pressures on the Corporation.

The HR Strategy report stated that the culture needed to change as a result of:-

♦ the decision to reduce the number of Members

♦ amalgamation of departments and reduction in the number of Chief Officers

♦ the need for a more Corporate approach driven by Best Value, financial pressures and employment legislation

♦ need to communicate effectively with all employees during a period of change and insecurity.

♦ need to operate performance management in all departments to satisfy the Best Value regime, continuously improve and achieve Beacon status as a local authority

♦ need to improve consultation with our stakeholders for Best Value.

♦ need for improved leadership and people management skills to raise staff morale and commitment, improve communications and achieve greater efficiency and effectiveness from staff resources.

♦ changing employment legislation and a more litigious society.

These factors were still relevant to the further development of the HR Strategy along with the issue of survival of the Corporation, establishing good working relationships with the Greater London Authority and taking account of the Government's agenda for modernising local government.

The 1999 HR Strategy reflected on changes in employment law and European Directives and the review of the strategy to be done as part of my project required an update on employment law, both changes that have happened since 1999 and others in the pipeline.

Some of the key ones were:-

- Fixed term workers

- Race relations

- Equal Treatment

- Transfer of undertakings

- Maternity and parental leave

- Age Discrimination

- Investigatory powers

- Working time

- Reform of employment tribunals.

The review of the HR Strategy also needed to cover progress made over recent years and changes to the organisation structure. The Corporation policy plans for 2002/2003 and 2003/2004 also had to be studied for HR implications.

The next item on the Research project plan was:-
- Development of the template of best practice in human resource management.

In January 2000 a template was drafted and departmental status against this was discussed with Chief Officers. This needed to be further developed in the light of those discussions, the latest developments with the HR Strategy and feedback from the Employee Stress Risk Assessment Survey carried out in 2000/2001. Issues covered by the template include:-
- Recruitment, Selection and Appointment
- Training and Development
- Performance Management
- Employee Communications
- Organisation Design and Work Allocation
- Employee Relations
- Employee Wellbeing
- Competencies

The further development of the template involved literature research on best practice and consultation with managers and personnel staff throughout the Corporation.

The third item on the Research project plan was :-
- Analysis of the Employee Stress Risk Assessment Survey 2000/2001

In the past the Corporation had never undertaken any surveys of the views of staff, perhaps afraid of the feedback it would receive.

However, in the years 2000 and 2001 a Stress Risk Assessment questionnaire was developed and implemented internally, mainly by Health and Safety professionals guided by a stress working group of other disciplines and employee and management representatives and chaired by myself. Due to budget constraints, all this was done internally, including the processing and analysis of questionnaires which went to all employees with a separate questionnaire to their managers. Having to do this work on top of other day-to-day tasks and responsibilities meant it took far too long to complete and the final report to Chief Officers and Members was not prepared until February 2002. This exercise of processing and analysis which formed part of this D. Prof project has proved to be invaluable in determining the work-related causes of stress in employees and an action plan has been developed to address many of the issues identified.

A questionnaire was designed, piloted and issued to all employees working for designated managers. Another questionnaire was issued to each manager so that a comparison could be done of the perceptions of a manager and of his staff of the organisational factors that lead to stress in their own workplace.

The results for each department have been incorporated into a report showing the percentage of excellent, good, fair, poor and very poor ratings given for: -

- Working Environment
- Opportunities for Development
- Job Satisfaction
- Balance of Work and Home
- Relationships between Colleagues
- Relationships between Managers and Employees
- Management Style
- Management Expertise
- Departmental Organisation

The ratings given by all employees across the Corporation have also been analysed to provide a benchmark for each department against which to compare themselves.

In the research project all this information was analysed and a report produced on the most prevalent factors adversely affecting staff. This was followed by action plans to address the problem areas.

The fourth item on the Project Plan was to:-

- Develop and Implement an Employee Attitude Survey and analyse the results

We have long recognised the need to conduct a more wide-ranging employee attitude survey to inform our HR Strategy development and to change management perceptions of the way they manage and hence management behaviour. Such a survey also ensures that the HR function is consulting its most important stakeholders and customers as part of the Best Value Review of the personnel functions across the Corporation. The development and implementation of this employee attitude survey again formed an important part of this D. Prof project. Conducting the employee attitude survey enabled us to probe in more depth some of the issues raised by the Stress Risk Assessment exercise as well as to establish a benchmark of employee attitudes against which we can measure and assess the continuous improvement that is our aim.

As before this will be followed by action plans to improve employees' perception of the Corporation as an employer and to improve their motivation for work.

The Employee Attitude Survey covered a broader and more in depth range of issues than the stress risk assessment, i.e. issues such as:-

- Communication
- Development
- Equal Opportunities
- Health and Safety
- Leadership
- Service Quality
- Teamwork

A separate Survey was undertaken on the implementation and effectiveness of performance management and appraisal.

The next two elements of the Project Plan were:-

- Objectives and targets for each element of the HR Strategy
- Performance indicators for people management across the Corporation

What I aimed for whilst working through this project was for the development and implementation of a model of Human Resource Strategy and management which I referred to earlier in this first chapter of my report. The HR Strategy geared to the Corporation's strategy, objectives, and core values. The HR Strategy is inextricably linked with the Performance Management approach which has been promoted across the organisation.

Each element of the Strategy has a clear set of objectives and responsibility for delivery allocated to individuals in the HR team. Again each strategy has a set of performance indicators which can be used to monitor progress and impact and for benchmarking purposes with other organisations.

The next two elements of the Project Plan related to the Best Value regime which has been imposed on the public sector by the government:-

- Best Value review of the personnel function service delivery
- Best Value review of learning and development

The 4 'C's approach has to be taken with Best Value to:-

- Challenge why, how and by whom a service is being provided.
- Compare with the performance of others across a range of relevant indicators, taking into account the views of both service users and potential suppliers
- Consult service users, in the setting of new performance targets
- Competition - use fair and open competition wherever practicable and appropriate as a means of securing efficient and effective services

In order to ensure the effective delivery of the strategy I completed, as part of this project, a Best Value Review of the delivery of personnel services across the Corporation and obtained Chief Officer and Member approval for radical change. A customer satisfaction survey for completion by Members and a separate one for completion by Corporation Managers was developed and implemented as part of the Best Value Review. Targets for improving the quality and timeliness of service delivery by the staff of the central Personnel and Management Services team were also developed.

The Best Value review of the personnel function and of our Learning and Development service will ensure that we are organised in a way that supports the desired culture change and are able to drive forward the move to a more corporate approach across the Corporation.

I examined the issue of centralised versus de-centralised service, the scope for a central service unit for non face to face activities utilising employee self service through the intranet and developing performance indicators for the quality of service delivery.

The next two elements of the project plan were:-
- Introduction of competencies into the Corporation
- Development and implementation of a management development programme

These two are clearly linked as the competencies needed for fully effective business and people managers need to be identified, described and approved by Chief Officers and Members and then to form the basis for the design of a management development programme that will enhance the required competencies.

Of course the competencies approach is widely applicable to all aspects of people management and this will now need to be promoted throughout the Corporation.

The final two elements of the project plan are essential for identifying the learning points for those involved in the change process both internally and externally. These were:-

- Review at 2003 of progress with the HR Strategy
- Review at 2003 of the impact of the HR Strategy

In summary, the key activities that were undertaken in this project and which are covered in this report are:-

- HR Strategy Update
- Development of Template of Best Practice in HR Management
- Employee Stress Risk Assessment Survey
- Employee Attitude Survey
- Objectives and Targets for Each Element of the HR Strategy
- Performance Indicators for People Management
- Best Value Review of the Personnel Function
- Best Value Review of Learning and Development
- Introduction of Competencies
- Management Development Programme
- Review at 2003 - Progress with HR Strategy
- Review at 2003 - Impact of HR Strategy

RESEARCH METHODOLOGY

The Project required a variety of research methodologies but I decided to use 'Action Research' as the umbrella methodology for the project.

Hart E and Bond M (1995) set out seven criteria which in dynamic interaction they argue distinguishes Action Research from other methodologies. These seven criteria which seemed to me to encompass the aims for my project are that Action Research:-

- "is educative
- deals with individuals as members of social groups
- is problem - focussed, context-specific and future-orientated
- involves a change intervention

- aims at improvement and involvement
- involves a cyclic process in which research, action and evaluation are interlinked
- is founded on a research relationship in which those involved are participants in the change process"

I have deep-seated views and values about how an organisation should function and the behaviours that need to be encouraged for the benefit of the efficiency, and effectiveness of the organisation and to improve the enjoyment of work and performance of all those employed by the organisation. I recognise that I need to improve the way I operate as a professional and to bring about changes not only to my practices but to the practices of managers throughout the organisation. This philosophy seems to accord very well with the definition of action research as set down by Lomax P (1990), "…action research is a way of defining and implementing relevant professional development.

It is able to harness forms of collaboration and participation that are part of our professional rhetoric but are rarely effective in practice…(it)… starts small with a single committed person focussing on his/her practice. It gains momentum through the involvement of others as collaborators. It spreads as individuals reflect on the nature of their participation, and the principle of shared ownership of practice is established. It can result in the formation of a self-critical community: extended professionals in the best sense of the term."

The changes which my research is intended to bring about will not happen without the involvement, collaboration and the building of commitment with the key stakeholders in the organisation. These key stakeholders are the Town Clerk, Chief Officers, Members and recognised unions and of course my own team who will have to undertake much of the detailed work and help to drive forward the change process.

I have read an informative book on action research, McNiff J, Lomax P, Whitehead J (1996). These authors describe action research as:-
- systematic, critical enquiry made public;
- informed, committed, intentional action;
- worthwhile purpose.

The authors stated that for action research there must be praxis rather than practice with praxis being informed, committed action that gives rise to knowledge rather than just successful action. It is informed because other peoples' views are taken into account. My project plan was built around the views of employees, managers, Chief Officers and the recognised unions as well as the implementation of ideas that come from deep-seated values that motivate me to intervene in changing the culture of the Corporation of London.

A central value that I share with most action researchers is the value of respect for others which means that their views and values must be accommodated. In action research there is also clearly an emphasis on the researcher's deliberate intention to intervene in their own practice to bring about improvement. This is one of my motivators for undertaking the doctorate programme.

Blaxter, Hughes and Tight, (1996) have reviewed alternative perspectives of what the process of undertaking research should look like:-

- Research is often presented as a fixed, linear series of stages, with a clear start and end e.g.

Research Design $\longrightarrow$ Sampling $\longrightarrow$ Data Collection $\longrightarrow$ Data Analysis $\longrightarrow$ Report

- Another common representation portrays research as a circular process analogous to the more general process of learning. There is an implication both that the process might be entered at a number of points, and that the experience of later stages might lead to a reinterpretation or revisiting of earlier stages.

My experience is that research does require a structured approach and plan but initial results will cause a reconsideration of practice and continuous intervention at various stages of the process. Research in an organisation rarely comes to an end as the philosophy of continuous improvement leads one to review the effectiveness of prior interventions and the impact of changing internal and external factors.

The project plan required a number of research methods for data collection. Throughout my working life I have used a great variety of research methodologies for the range of organisation change projects I have undertaken. For the update to the HR Strategy I needed to carry out documentary search.

The Employee Attitude Survey and the customer satisfaction surveys involved the design, implementation and analysis of questionnaires.

The development of competencies and the Best Value Review involved interviews and focus groups.

The development and implementation of a management development programme and the template of best practice in human resource management involved workshops, presentations and consultation with the key stakeholders who are the Town Clerk, Chief Officers, Members of the Establishment Committee, Personnel professionals and the recognised unions.

A lot of this work was of a qualitative nature but much quantitative work was done in the development of performance indicators for people management across the Corporation as well as in the analysis of the Employee Attitude Survey.

DATA COLLECTION

The research method used most extensively for data collection to inform the development of the HR Strategy was the use of questionnaires. Both the stress Risk Assessment Exercise and the Employee Attitude Survey used questionnaires developed by working parties. Personnel staff from across the Corporation and union representatives contributed to the working parties and the Town Clerk and Chief Officers approved the final versions of the questionnaires.

The design and wording of questionnaires is critical to avoid ambiguity, impression or assumption. The researcher needs to be clear about the information required and for what purpose. The validity of the response to questionnaires is best tested by alternative research methods which can include observation, interviews, analysis of other data and seeking responses to the questionnaire' findings from those most intimately involved.

Because the questionnaires needed to provide information from a representative sample of the staff in each of the Corporation departments a large total number of people needed to be surveyed. For this reason a confidential, postal survey had to be used. Future repeat surveys are likely to be done on-line but this was not possible at the time of the project. Postal surveys are likely to have lower response rates so there needed to be a lot of encouragement of staff to return the completed questionnaire. A response rate of 52.7% was achieved from employees for the Stress Risk Assessment and 31.6% for the Staff Opinion Survey.

Blaxter, Hughes and Tight 2000 in their book 'How To Research' provide hints on wording questions.

- "Try and avoid questions which are ambiguous or imprecise or which assume specialist knowledge on the part of the respondent.
- Remember that questions which ask respondents to recall events or feelings that occurred long ago may not be answered accurately.
- Two or three simple questions are usually better than one very complex one.
- Try not to draft questions which presume a particular answer or lead the respondent on, but allow for all possible responses.
- Avoid too many questions which are couched in negative terms; though in some cases, such as when you are asking a series of attitude questions, it can be useful to mix positive and negative questions.
- Remember that hypothetical questions, beyond the experience of the respondent, are likely to attract a less accurate response.
- Avoid questions which may be offensive, and couch sensitive questions in a way and in a place (e.g. at the end of the questionnaire) unlikely to affect your overall response rate.
- Do not ask too many open-ended questions: they take too much time to answer properly and too much time to analyse."

The questionnaires were piloted before the survey was carried out and the questions modified in the light of feedback from those attempting to answer them. Questionnaires lend themselves to quantitative forms of analysis and reporting and this will be evident from Appendix I which covers the Stress Survey and Appendix 2 which covers the Staff Opinion Survey 2002.

For the Staff Opinion Survey 2002 assistance in the design of the questionnaire was obtained from the Department of Psychology, Goldsmiths College, University of London. They also received the completed questionnaires to ensure confidentiality and analysed the results using a statistical procedure called factor analysis.

The questionnaire was not subdivided into sections but factor analysis allowed us to understand how the people who responded to the survey related the questions together. It showed that people saw the questions falling into fourteen factors or groups which represent the most important global issues for the respondents to the Staff Opinion Survey.

ETHICAL ISSUES

Some of the research and analysis carried out could have an impact on the future jobs of employees, particularly research carried out for the Best Value Reviews and transformation of Personnel Service delivery. When these people were interviewed they were aware of the purpose of the research so that they could safeguard their own interests. The information and opinions gathered from questionnaires for the Stress Risk Assessment Survey carried out in 2000/2001 was kept strictly confidential so that the feedback could not be attributed to any individual.

Information, often highly critical of individual managers was given in the strictest confidence and this confidence was maintained throughout. This was vital as employees later needed to be encouraged to participate in the wide ranging Employee Attitude Survey carried out during 2002. Employees were given similar assurances regarding the feedback from the Employee Attitude Survey. Other information obtained from individuals such as during interviews on the competencies required in managerial jobs was written up and verified with the interviewees. Drafts of reports were circulated for consultation with those involved in their compilation before they were formally submitted for approval.

OUTCOMES

What were the intended outcomes from my research and development project? As I mentioned earlier this project was a continuation of previous and current work aimed at effecting a change in culture, or the way we do things, at the Corporation of London.

My aim was and is to make sure the Corporation is operating efficiently and effectively in accordance with the latest employment law, recognised good practice for people management and the Government's agenda for modernising local government. This will be ensured through the continual review and updating of HR Strategy to reflect the latest internal and external factors which affect the organisation.

The template of best practice in human resource management gives everyone a clear statement of what the organisation expects and a model to work to when recruiting, developing staff, managing performance, or saying goodbye.

The Employee Stress Risk Assessment and Employee Attitude Survey provided strong messages to managers and ammunition for me to sell the message that change was required in the way that people are employed, managed and led. It is now up to me to encourage and facilitate the development of management skills and bring about change in management behaviour.

The change in management behaviour will be aided by the involvement of managers in identifying the key competencies needed for managers and making sure these are used in recruitment and appointments, in the design and delivery of training and in feedback on performance and job behaviour.

There should be a considerable impact on the knowledge, skills and attitudes of all those in management positions within the Corporation. The findings of the research and methodologies employed to bring about cultural change will be shared with a wider audience of HR professionals through the publication of articles in the journal of the Chartered Institute of Personnel and Development. Local government management will be reached through articles in journals such as the Local Government Chronicle, Municipal Journal and through the Society of Chief Personnel Officers.

SUMMARY

In this chapter I started with the Roulette Wheel description of the previously unplanned approach to Human Resource Management in the Corporation of London with the issue described in each segment of the wheel impacting on the development of the HR Strategy, impacting on issues in other segments and ultimately being affected by the strategy developed.

I realised the importance of sound research of relevant literature, into the impact of evolving employment legislation covered in chapter 5, of the perception of employees about the Corporation as employer and of their working environment. The research projects on stress and employee attitudes is covered in chapters 13 and 14 respectively.

Before starting on this project I mapped out the work on functional HR Strategies that needed to be done and which would draw on the findings of the two major research surveys into work factors creating stress in employees and into employee attitudes to the Corporation and their work. The issues that need to be considered in the functional strategies and how they are closely integrated with each other is discussed in chapter 6.

In this chapter I have briefly discussed the research methodology, Action Research, that I had decided from my reading, was most appropriate along with the importance of an ethical approach to the employee research.

At the start of this project I realised that successful implementation would depend significantly on how the HR service to managers and employees was delivered and so the transformation of HR service delivery became an important part of this project for the development and implementation of an HR strategy for the Corporation of London. This work is reported in chapter 10.

Out of this practical real-life project, which is aimed at bringing about cultural change in the Corporation of London, has evolved a theoretical model of HR Strategy development and this is presented in chapter 8.

In the next chapter 3, I have reviewed some of the literature research that I undertook which had a significant impact on my thinking and on the development of the model of HR Strategy. A key aspect of this was the importance of Values which is covered fully in chapter 4.

This report would not be complete without a consideration of the outcomes of the project and these are summarised in chapter 11.

3   <u>H.R. STRATEGY - A CRITICAL REVIEW</u>

The first phase of the action research for this project was to undertake wide reading of relevant literature on HR strategy, organisation culture and values. This, along with my experience helped to clarify my thoughts on the important issues and the approach I would adopt although this constantly evolved as I did the research. This literature study continued throughout my project and has always featured strongly in my day to day work as Personnel Director. This has enabled me to keep up to date with developments in employment law, best practice in each of the functional aspects of personnel work and in external factors impinging on my work such as Government initiatives for the modernisation of local authorities.

The Human Resources strategy is undoubtedly one of the most vital strategies that an organisation needs to ensure success, underpinning as it does the whole corporate performance management process. There are many strategies needed in an organisation which may range from business aims, financial, marketing, sales, research and development, product innovation, manufacturing or process technology, information technology and customer relations. Public sector bodies will have different strategies such as environmental and sustainability, community, education, planning, equality in service delivery, health. The only significant resources at their disposal are funds and people. The finances are largely dictated by Central Government so this makes human resources strategy of vital importance to high performance. The importance of these strategies for sustained success is discussed in Jeffrey Pfeffer's book Competitive Advantage Through People' (1994).

Pfeffer concludes that the source of competitive advantage has shifted over time. Traditional sources of success- product and process technology, protected or regulated markets, access to financial resources and economies of scale – can still provide a competitive edge but to a lesser degree now than in the past, leaving organisational culture and capabilities, derived from how people are managed, as comparatively more vital.

Pfeffer goes on to state that achieving competitive success through people involves fundamentally altering how the workforce is regarded and the employment contract. It means working with people not by replacing them or limiting the scope of their activities. The workforce needs to be regarded as an asset not just as a cost to be minimised or avoided.

Jeffrey Pfeffer describes sixteen unrelated practices which seem to characterise companies that are effective in achieving competitive success through how they manage people. No one organisation will operate with all these employment policies and procedures and there will be different emphasis placed on each to reflect the nature of the business. The following is a brief synopsis of the views put forward by Pfeffer on each of these sixteen practices.

Employment Security signals a long-standing commitment by the organisation to its workforce and is likely to generate loyalty, commitment and a willingness to expand greater effort for the organisation. Such policies impact on the care taken over selection, lead to greater incentive to invest in training. Any concerns over lack of emphasis on performance can be overcome by financial incentives for excellent performance and with work organisation practices that motivate employee effort and team working, by dealing with capability issues, in other words by a comprehensive performance management approach.

Selectivity & Recruiting

Reliance on the workforce for competitive success and certainly policies on employment security reinforce the need to select the right people at the right time with the required attitudes, know-how and skills needed by the organisation or at least the motivation and ability to reach the levels of competence required. A rigorous selection process creates an expectation of high performance in employees from the outset.

High Wages

Generally you get what you pay for. To recruit outstanding people and to attract a sufficient pool of candidates from which to carry out careful rigorous selection it is necessary to offer competitive pay. Paying more than competitor companies assuming the employment practices are good, should minimise turnover which is a high cost to an organisation in recruitment and training costs and in loss of knowledge. Higher wages also reinforce the message that the organisation values its people and leads to a stable workforce. Incentive pay for outstanding work will help to maintain success and improve productivity.

Incentive Pay

Pfeffer makes the well established statement that people are motivated not just by money but by recognition, security and fair treatment. Rewards for business success should not just go to top management (the fat cats) or to shareholders as this will be seen as unfair by those who made a major contribution to the success. Lincoln Electric in the USA base bonuses on company profitability and an individual's merit rating which is based on four equally important aspects of performance: dependability, quality, output, and ideas and cooperation. Some believe that individual merit pay nourishes short-term performance and demolishes teamwork and prefer to reward performance by group, sub unit or even the entire organisation.

Employee Ownership

Pfeffer records that evidence supports the view that employee ownership has positive effects on various dimensions of organisation performance. Those in the public sector are precluded from this means of enhancing commitment to the long term aims of the organisation.

Information Sharing

If people are to be incentivised from organisation performance they need to be kept regularly up to date on the organisation's targets and business performance. Job security may be affected by competitive position in the marketplace so this needs to be communicated. Quality and customer satisfaction ratings are only likely to be achieved if the workforce is kept informed of progress. Keeping people in the dark breeds suspicion and does not build commitment and motivation.

Participation and Empowerment

Participation increases both satisfaction and employee productivity. Autonomy is one of the most important dimensions of jobs and requires moving from a system of hierarchical control and co-ordination to one in which lower-level employees are encouraged to self-manage with the elimination of non-productive extra layers of management. This way of working requires good information sharing, careful selection of teams and good training and development.

Teams and Job Redesign

Even an empowered workforce requires co-ordination, discipline and monitoring. Often this is provided by the traditional organisational hierarchy but an alternative is to use teams with groups exerting a powerful influence on individuals. This influence can be on appropriate work quantity and quality and can be reinforced by rewards for group efforts and performance.

Training and Skill Development

An integral part of most new work systems is a greater commitment to training and skill development provided that people are then permitted to employ their skills.

Cross Utilisation and Cross-Training

If people are able to do multiple jobs then work is likely to be more interesting. Variety in a job permits a change in pace, a change in activity, and even a change in work colleagues all of which can make life more challenging. Multiskilling gives the organisation more flexibility to use its workforce productively and is a useful adjunct to policies that promise employment security. Cross-functional teams are effective for development, to solve problems, to transfer design to manufacturing. They lead to seamless organisational boundaries which enhance productivity.

Symbolic Egalitarianism

Important barriers to decentralising decision making, using self-managed teams and eliciting employee commitment and cooperation are symbols that separate people from each other. There need to be ways of signalling to both insiders and outsiders that there is comparative equality. Egalitarian symbols come in many forms such as absence of private offices, separate dining and rest areas, parking spaces, different conditions of employment. Harmonisation of manual and white collar workers' conditions of employment and a single pay structure for all does much to promote an egalitarian organisation.

Wage Compression

When tasks are interdependent and cooperation is helpful for accomplishing work, pay compression, by reducing interpersonal competition and enhancing cooperation, can lead to efficiency gains. Conversely dispersion of pay with large differences in rewards can result in excessive time and energy spent on ingratiating oneself with the supervisor or trying to affect the criteria for reward allocation. A de-emphasis on pay can also focus attention on the other advantages of organisational membership such as good colleagues and work. Vertical pay dispersion sends a signal that the lower-paid, lower-level people matter comparatively less which is quite inconsistent with attempting to achieve high levels of commitment and output from all employees.

Promotion from Within

Promotion from within encourages training and skill development, more social bases of influence, an incentive for performing well and a sense of fairness and justice in the workplace. It also tends to ensure that people in management positions actually know something about the business.

Long-Term Perspective

Achieving competitive advantage through the workforce inevitably takes time to accomplish but is likely to be enduring and more difficult for others to duplicate. The time required to implement these practices and start seeing results means that a long-term perspective is needed.

Measurement of the Practices

Measurement provides feedback on how well the organisation is implementing various policies. Data needs to be collected and analysed on such practices as the percentage of positions filled internally, the competitiveness of pay, the spend and access to training. Measures affect behaviour. Employee attitude surveys permit the organisation to see the extent to which it is actually doing what it thinks it wants to.

Overarching Philosophy

The survival of the separate practices that appear to generate success is somewhat dependent on there being glue to knit things together. This glue is a system of values or beliefs about the basis of success and how to manage people. The road to success needs to start with some underlying principles or philosophy which makes it easier to explain what the organisation is doing, justify it and mobilise support from internal and external constituencies. It is hard to get somewhere if you don't know where you are going.

Many management practices seem like fads because they are adopted without much understanding or because they are implemented without an underlying philosophy or set of values. Founded on neither knowledge nor substantive belief, they are prone to be adopted or abandoned accordingly to the taste of the time. There is striking evidence of how stable basic ideas of how to manage people have been over time.

Douglas McGregor's treatise on Theory X and Theory Y management was produced over 30 years go. Theory X assumed that the average person has an inherent dislike of work and will avoid it if possible. Because of this people needed to be induced and controlled to exert adequate effort. The average person likes to be directed, prefers to avoid responsibility and seeks security. Theory Y assumptions, by contrast, include; the expenditure of both physical and mental effort is natural; people will exercise self-direction to achieve objectives to which they are committed; under the right conditions people seek responsibility, the ability to exercise imagination, creativity, and ingenuity is widely distributed in organisations; but under current management practices, much human potential is wasted or underutilised. McGregor recognised that people will behave in a way consistent with how they are treated.

Strategic Human Resource Management according to Armstrong and Baron (2002) is based on the premise that improved business performance takes place when organisations adopt a strategic and coherent approach to people management incorporating the use of leading – edge practice. There is now wide acceptance that HR does make an impact on business results and service delivery but the key issue is how the HR function can achieve maximum impact on maximising the contribution of people to business performance. These processes, Armstrong and Baron refer to as strategic HRM, the development, formulation and implementation of strategies concerned with the management of people.

Armstrong and Baron regard strategic HRM as addressing broad organisational issues relating to changes in structure and culture, organisational effectiveness and performance. It endeavours to match resources to future requirements, the development of distinctive capabilities, knowledge management, and the management of change. HR strategies however focus on the specific intentions of the organisation on what must be done, what must be changed, and how these changes are to be made. Richardson and Thompson (1999) suggest that an HR Strategy has 2 key elements; a strategic objective, (the things that the strategy is supposed to achieve) and there must be a plan of action, (the means by which the objectives will be met). HR strategies commonly cover resourcing, training, motivation, reward, flexibility, team working and employee relations.

It follows that HR strategies are derived from strategic HRM decisions which should be an integral part of the strategic or business plan of the organisation.

HR strategies need to be integral to Business Strategies which will fail if the people implications are not taken into account and acted upon. Both business and HR strategies need to be long term but constantly reviewed and sufficiently flexible to respond quickly to changing circumstances. Armstrong and Long (1994) commented, A Strategic HRM approach only becomes "real" when it provides the basis for integrated HR strategies which clearly declare the future intentions of the organisation about its people, which are put into effect, and which work.

The Professional Doctorate report sets out a fully integrated approach to strategic HRM that has been developed, the HR strategies that have flowed from it, the practical implementation of those strategies and how the success is being monitored through performance indicators. What is novel about the approach adopted at the Corporation is the founding of strategic HRM on sound employment research, on the HR values which the organisation believes need to be embedded in order to achieve excellence in service delivery and on the total integration of all processes with a competence framework and performance management as the golden thread for success.

There has been much debate about the differences between Personnel Management and Human Resource Management and Legge (1989) identified their key features as:-

- "Personnel management is an activity aimed primarily at non-managers, whereas HRM is less clearly focused but is certainly more concerned with managerial staff.
- HRM is much more of an integrated line management activity, whereas personnel management seeks to influence line management."

To an HR Director this seems to be a fruitless debate, Line management need the input of HR/Personnel specialists as much as HR/Personnel need the commitment and involvement of line management to achieve the common goals of having the right people in the right jobs at the right time with the right competences, attitudes and motivation, all working towards common aims.

The pressures on line management mean that they do not generally have the time, knowledge or in some cases expertise to develop employment policies and procedures, performance management systems, management development programmes, job evaluation, reward and recognition schemes, flexible working arrangements, HR computer systems, e-recruitment, e-learning, initiatives to improve workforce diversity, enhanced internal communications, health promotion initiatives, consultation and negotiation forums and the host of other activities undertaken by HR/Personnel professionals. These specialists are also in a prime position to ascertain the views and attitudes of employees about the organisation and how they are managed to identify problem areas, to examine options for organisation structure and culture change, to ensure efficiency and effectiveness and to work on management attitudes and behaviours to ensure a work environment for employees that is conducive to high performance and to ensure compliance with the deluge of complex employment legislation. HR/Personnel specialists and line management must work hand in hand respecting the roles and responsibilities of each other and not being resistant to changes which are for the corporate good.

Strategic Human Resource Management is the umbrella that embraces traditional personnel management activities, specific HR or Personnel strategies such as for reward or training, the roles of senior and line management in organisation development and people management and the processes that ensure successful implementation and monitoring of change.

Research conducted by Guest and Conway (1997) reported that a higher number of HR practices in an organisation was associated with higher employee ratings of fairness, trust and management's delivery of their promises, more were satisfied with their jobs and motivation was higher.

Armstrong and Baron (2002) see business or corporate strategies as consisting of statements of what the organisation wants to become, where it wants to go, and how it means to get there. In a commercial organisation the strategy answers the question, 'What business are we in and over the longer term; how are we going to make money out of it. In the public sector the questions are 'What is the purpose of this organisation and, over the longer term how are we going to achieve that purpose?'

The Corporation of London, as a public sector organisation, has in its published Policy Plan 2003/2004 a clear statement of its purpose or vision which is:

> 'To enhance the status of London as a world class city by promoting and developing the City's role as the world's leading international financial and business centre, for the benefit of Londoners, London and the nation.'

In order to support this vision the Corporation has the following six strategic aims set out in its Policy Plan:-
- To ensure that the Corporation remains attuned to the needs and requirements of its shareholders
- To promote and enhance the City as the world's leading international financial and business centre
- To provide first class services in the City of London
- To help to combat social deprivation London-wide

- To provide high quality services for the benefit of London, its environs and the nation
- To incorporate environmentally sustainable policies and programmes in its work and to encourage others to do likewise.

The Corporation's stakeholders are residents, City businesses, workers and visitors. The Corporation produces an annual performance plan which shows how well services have been delivered and what plans there are to achieve the strategic aims and ensure continuous improvement of service delivery. This is the business strategy of the Corporation which incorporates the Human Resource Management Strategy, 'to ensure that the Corporation can continue to attract and retain a well trained and highly motivated workforce able to deliver high quality, customer focused services in a changing environment.'

According to Hendry and Pettigrew (1986), strategic HRM has four main features:
- "The use of planning
- A coherent approach to the design and management of personnel systems based on an employment policy and manpower strategy, and often underpinned by a 'philosophy'
- HRM activities and policies matched to some explicit business strategy
- The people of the organisation perceived as a 'strategic resource' for the achievement of 'competitive advantage."

The main features of strategic HRM as defined by Dyer and Holder (1988) are:
- "Organisational level – Because strategies involve decisions about key goals, major policies and the allocation of resources, they tend to be formulated at the top
- Focus – Strategies are business-driven and focus on organisational effectiveness; in this perspective people are thus viewed primarily as resources to be managed toward the achievement of strategic business goals
- Framework – Strategies by their very nature provide unifying frameworks that are at once broad, contingency-based and integrative. They incorporate a full complement of HR goals and activities designed specifically to fit extant environments and to be mutually reinforcing or synergistic."

The HR strategy needs to have vertical fit with the business strategy or preferably be an integral part of it. Horizontal fit or integration is required between the different elements of the people strategy so that there is a coherent approach with the various practices being mutually supportive. However, the HR if not the business strategy, has to take into account the external environment particularly employment legislation and regulation whether from the European Union or UK government. Public sector bodies have to take account of the Government's modernising agenda and the Audit Commission's expectations for an 'excellent' organisation.

The national and local labour market and its impact on recruitment and retention has to be assessed and taken into account as has current competitiveness of pay and benefits. Guest (1997) identified that the strategy should be closely aligned to an ideal set of practices reflecting the views that there are 'best practices' that all organisations can adopt, to their advantage. The concept of best practice needs to be approached with caution as such practices need to fit with the strategy, culture, management style, working practices and state of development of the organisation. However, a knowledge of best practice is important to inform decisions on best fit practices for the organisation.

The HR strategy should take into account the interests of all the stakeholders in the organisation, employees as well as management and in the public sector, Members, representing the external interests. The strategy also needs to balance the 'soft' aspects of people management, stressing security of employment, continuous development, communication, involvement and the quality of working life with the 'hard' aspects of strategic HRM which emphasises the yield to be obtained by investing in human resources in the interests of the business. Such resource-based strategic HRM is concerned with the enhancement of the intellectual capital of the organisation.

Ulrich (1998) comments, "Knowledge has become a direct competitive advantage for companies selling ideas and relationships." The challenge to organisations is to ensure that they have the capability to find, assimilate, compensate and retain the talented individuals they need. A human resource management strategy should focus on the enhancement of strategic capability through the development of managers and other staff who can think and plan strategically and who possess project management skills. The sum total of the knowledge, skills and abilities of the employees in an organisation now referred to as 'human capital' now has to feature in annual reports alongside other crucial resources employed by the organisation. The HR strategy needs to set out how this human capital can be made to grow by developing existing staff or recruiting new staff with valued skills, knowledge and competence.

The term intellectual capital is used to describe the knowledge, skills, abilities and intellect of the people in the organisation. Organisational effectiveness depends on making good use of the knowledge acquired by people which has to be developed, captured and exchanged. This process is known as knowledge management which should form part of an HR Strategy but is frequently neglected due to the complexity of the problem. Davenport (1999) makes an interesting comment on human capital which has relevance to HR strategy and people management. "People possess innate abilities, behaviours and personal energy and these elements make up the human capital they bring to their work. And it is they, not their employers, who own this capital and decide when, how and where they will contribute it." For the worker, the expected returns on human capital investments are a higher level of earnings, greater job satisfaction, better career prospects, and more secure employment. This has implications for HR strategies on reward, succession planning and development. People management practices must be given significant prominence in any strategy to get, retain and maximise the investment in human capital.

HR strategy should not be viewed as something that can be developed and written down over a short period of time. Realistically it is never complete but evolves and changes continuously from perceptions and visions, reactions to change, business and financial pressures, changes in the external environment.

Tyson (1997) suggests that:

- "Strategy has always been emergent and flexible – it is always 'about to be' it never exists at the present time.

- Strategy is not only realised by formal statements but comes about also by actions and reactions.

- Strategy corresponds to a description of a future – orientated action intended to lead to change.

- The management process itself conditions the strategies that emerge."

However it is important to define the strategic intent of an organisation whether that is the business or HR strategy in order to provide a sense of purpose and direction. Broad but concise HR strategies can be formulated and remain relevant for long periods. It is the detail of the end result or of achieving it that is likely to change frequently and needs to be subject to constant review to ensure fit with the organisation and environment of today.

An article entitled "Implementing a human resources strategy" a local authority case study, written by Elizabeth Flegg was published in Croner's Human Resources and Employment Review, Volume 1, No. 4, December 2003. This concluded that a "one-fit HR Strategy" is a feasible route for multi complex and cultured organisations, such as local authorities where silo-working has been the norm. Of particular interest is the identified benefits of a "one-fit" HR Strategy which were elicited from interviews with 16 senior managers. These were:-

We are one organisation

- Strives to respond to customer need as a single organisation
- Organisational branding – all wear the same badge
- Promotes cross – organisational working
- Aids transfer of knowledge, skills and expertise across the organisation
- Places organisation on same level footing
- Provides a unifying sense
- Brings employees into harmony with common goals
- Moves people in a similar direction

- Unless corporately owned will not achieve full delivery potential of the organisational strategy

People Management practices

- Provides a model of good practice
- Provides acceptable benchmarks for fair and equal treatment of employees
- Instrument for avoiding potential litigation
- Useful in litigation cases as same pay system, benefits, consistent practices
- Bureaucratic benefits, e.g. single system for HR
- Across board culture for delivering the HR Strategy.

For the employee, HR practitioner, manager

- Acceptance/ownership at the top to help it come to fruition
- Staff will feel valued as it is a "corporate strategy for them"
- Results in happy, motivated workforce driving and delivering excellent services
- A movement to change corporate perceptions about being a manager
- Minimises "crystal ball gazing"
- Better allocation of resources as doing the same thing
- Proactive in approach, more efficient mechanisms for managing staff
- More likely to be grown, monitored and revised together
- Raises the profile of HR, placing it politically at the corporate centre
- Eases work for personnel professionals as potential pitfalls are minimised."

HR strategy was seen as a driver to increase organisational performance, and in a local government context, as a means of delivering services more effectively to its community. The HR strategy contained six key principles with each principle listing a number of different HR values. The key principles were:-

- Equipping our people
- Driving for success
- Developing our capacity to change

- Ensuring fairness and equality

- Attracting and keeping the people we need

- Developing our knowledge base

The literature research convinced me of the importance of Values to HR Strategy and also that the numerous functional strategies such as on resourcing, reward, or communications needed to be considered individually and how they could be integrated as they impacted so often on each other.

The next chapter reviews the literature on Values and then reports on the development of the HR Core Value statements for the Corporation of London.

4   THE ROLE OF VALUES IN HR STRATEGY

Armstrong and Baron (2002) identify two types of strategy, Organisational and Functional. The former is concerned with organisation development, culture change, knowledge management and the psychological contract. Organisation development covers organisation structures, processes and systems and the transformation of organisations which involves planning and implementing significant and far-reaching developments in corporate structures and organisation-wide processes. Common examples of transformational change are centralisation or de-centralisation or extensive computerisation of processes.

Functional HR strategies cover the core activities of HR management such as performance management, reward, employee relations, resourcing, training, communications. The key to successful strategic HR management is to integrate these functional strategies and the organisational strategy into an overall HR strategy that appears seamless with each element complementing others and leading towards a specific vision of the organisation.

This vision of the future is crucial to provide a purpose and direction for all employees whatever their level in bringing about beneficial change. Ideally this should be a common purpose with the vision of the organisation that front-line staff would like to work in, being shared by middle and senior managers.

To achieve this common vision means extensive employee research on their attitudes about how things are and what they would like changed. Their view needs to be compared with the managerial view to see if there is a mis-match, followed by joint working parties to reach agreement on the way forward that satisfies both front line staff and managers. In other words there needs to be an analysis of the existing culture, the desired changes to that culture and an organisational development programme to achieve that change.

HR strategy is an articulation of a well integrated programme for change covering all the individual HR functional strategies as well as organisation development and transformation.

A set of HR or people values for the organisation are an important first step in reaching a common approach and vision of the future. Once agreed they set the framework for development and change and a template for organisational behaviour.

Furnham and Gunter (1993) define organisational culture as 'the commonly-held beliefs, attitudes and values that exist in an organisation'. According to Baron and Walters (1994) real culture change involves the management of behaviour but also the fostering of a positive attitude among employees. It follows that people management is crucial to the management of culture and a key aspect of HR strategy. Processes such as performance management and the use of competency frameworks help to change behaviour but the right attitudes and real belief in and commitment to organisational and people values are essential if the vision of the organisation is to be achieved.

Commitment refers to the employee's feelings of attachment and loyalty to the organisation and willingness to contribute to organisational objectives. However Cappelli (2000) has recognised that the changing employment relationship has impacted on such attitudes, as 'jobs for life' no longer exist, even in the public sector. Today a commitment strategy will focus on the development of internal communications, education and training programmes, increased involvement and ownership and performance management and reward to ensure employees receive feedback on their efforts, receive recognition and feel valued.

Trust also needs to be generated by ensuring consistency between what is said and what is done. Trust is created by good managerial behaviour such as treating people fairly, equitably and consistently and by developing a mutual understanding of expectations between employer and employees. Espousing core values such as 'people are our greatest asset' and then ignoring them rapidly destroys trust. Leadership skills are necessary to build commitment and trust and ensure that the espoused values of the organisation are made the reality.

VALUES

The importance of Values to an organisation's vision and culture and to the strategic aims is discussed in Thompson J.L, (1990). Vision is an essential aspect of effective strategic leadership. Visionary strategic leaders communicate their views of the future, and their main values for the business, throughout the organisation, thereby influencing the culture. Their values concern customers and service, people management within the organisation, and management systems and procedures.

Culture is reflected in the way that people in an organisation perform tasks, set objectives and administer resources to achieve them. It affects the way that they make decisions, think, feel and act in response to opportunities and threats. Culture also influences the selection of people for particular jobs, which in turn affects the way that tasks are carried out and decisions are made. Thompson believes that culture and values is a central driving force with a number of linked elements.

FIG 2. Culture and Values – the central driving force.

(Thompson J L, (1990)
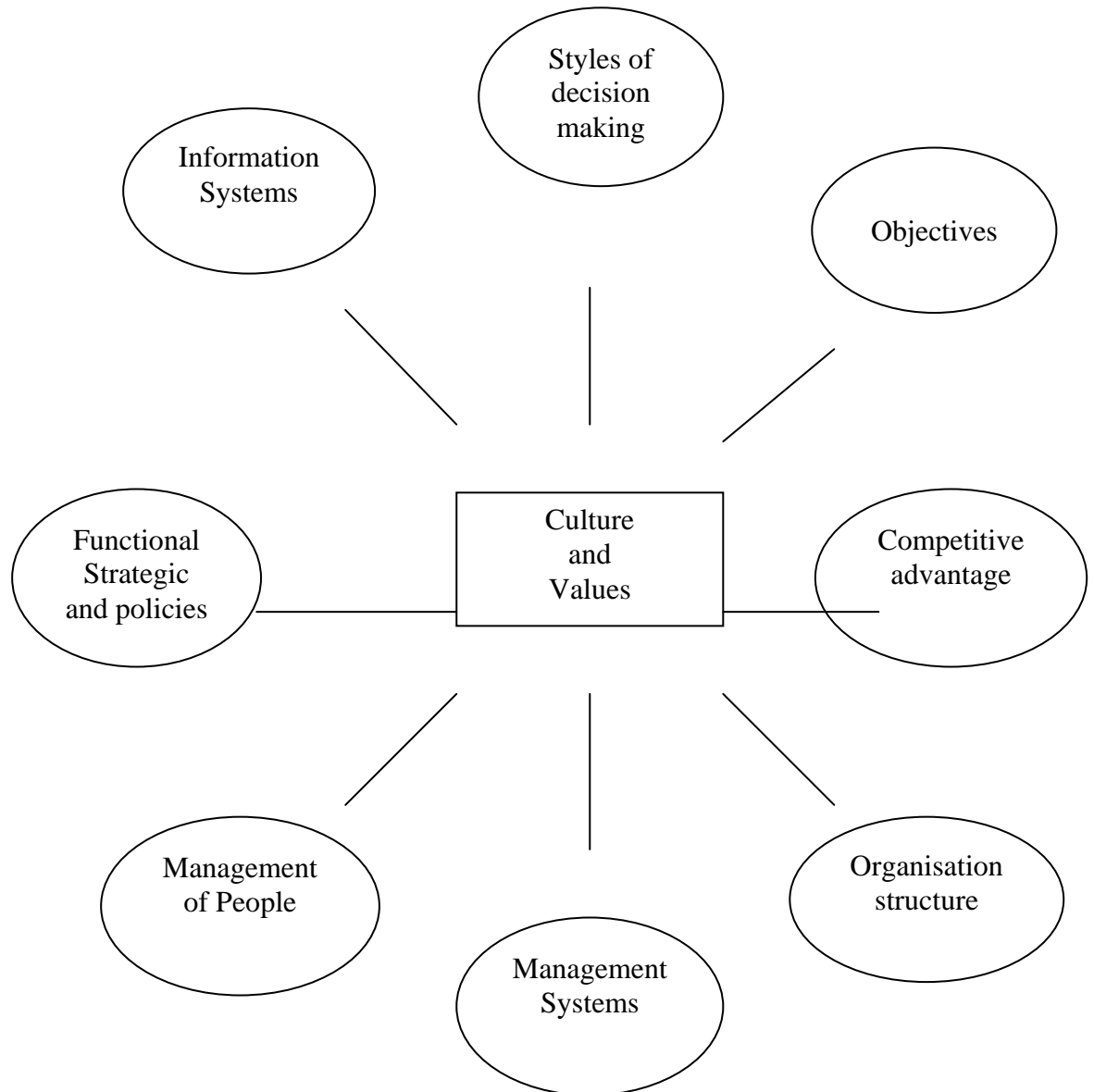
Structure is closely tied to leadership and decision making. The extent to which the organisation is decentralised and managers are held accountable and rewarded for success and sanctioned for failing will affect the culture. Management systems will include communications, both formal and informal, which in turn affect the way managers work together. The management of people includes communications, motivation and rewards and sanctions.

The more managers are aware of what is expected of them and of the objectives and strategies of the organisation, and the more motivated they are to help achieve them, the more the basic values will be shared and adhered to.

Atkinson P (1990) refers to the value system which predominates within an organisation as the building blocks of culture. Atkinson does not believe many people give much thought to the key values but they are critical to helping to manage change – but only if people live up to them.

Atkinson defines values as stable, long term beliefs that are hard to change. They define what is 'right' or 'wrong', 'good' or 'bad' and 'correct' or 'incorrect'. Atkinson provided typical value statements of direct relevance to human resources.

(i)   "Values on growth and success
        The principal reason for the organisation's existence is to create added value for the company and provide staff with stable employment.

(ii)   Values on safety
        Our aim is a safe and hazard-free working environment.

(iii)   Values on job content
        It is our objective to provide everybody with a satisfying job and the opportunity to improve skills and develop.

(iv)   Values about corporate and community responsibility
        We will lead, act as an example to others and be a responsible member of the local community.

(v)   Values of communication
        To provide accurate, reliable and valid information to our people and ensure that we listen to the opinions of others."

I do not regard these as true value statements rather expressions of intent.

The level of consistency between what we 'value' and what we 'do' will only come about through example and by changes to management behaviour.

Leigh A (1988) devotes a chapter of his book on change to the importance of visions and values to strategies for effective change. He states that, "A vision statement is usually written down and built from core values such as:-

- We care about keeping our customers satisfied

- Everyone has the right to disagree

- We listen to what customers say

- We accept that success means tolerating failures

- What we say we will mean

- Being a manager is about supporting one's staff

- We believe in initiative and risk taking

- Quality comes first

- Value each employee as an individual"

Values are 'standards or principles considered valuable or important in life (Oxford dictionary). They are deep-rooted attitudes that have a significant influence on people's behaviour. They express what people really believe in, their attitudes towards the most important topics in life. Values will determine how we feel, think and behave and reflect our cultural background. Values are influenced by the history of the organisation.

Armstrong M & Barron A (2002) list means identified by Schein E.H (1985) of underpinning the desired culture:

- "Reaffirming the behaviours believed to be important

- Providing detailed explanation of the reasons behind the need for those behaviours

- Encouraging appropriate behaviours by providing financial and non-financial rewards for behaviour that accords with expectations, and by further actions designed, for example, to implement total quality and customer care programmes, to improve productivity, to promote and reward good teamwork, to develop a learning organisation.

- Developing a statement of core values which describes the basis for the desired behaviours using the value set as headings for reviewing individual and team performance, emphasising that people are expected to behave in ways that uphold the values.

- Ensuring that induction procedures cover expected behaviours and core values and how people are expected to act upon them.

- Reinforcing induction training through further learning processes set up as part of a continuous development programme

- ❏ Incorporating competencies, behaviours and attitudes expected of employees into the selection process"

In the book by Armstrong and Barron is set out the core value statements for the Human Resources Division of The Children's Society which will:-
- ❏ "Reach out – commit to respect all staff with respect for their personal and cultural backgrounds and regardless of their organisational position.
- ❏ Involve and listen – recognise the contributions which individuals can make to good decisions and take active steps to secure their participation.
- ❏ Overcome injustice – encourage fair and just processes within the Society and develop benchmarks against which human resource activity can be seen to meet best professional practice
- ❏ Recognise and nurture – ensure all staff and volunteers who add value to our work with children and young people are valued and rewarded and have opportunities for development to achieve business outcomes"

The CIPD's Recruitment and Retention Survey 2003 shows that employees look beyond financial considerations. Of the participants, 88% regarded the alignment of corporate and individual values and commitment to a worthwhile cause, as a significant influence on their decision to join and particularly to stay with an organisation.

John Purcell, Nick Kinnie and Sue Hutchinson of the University of Bath are the authors of a CIPD report published in May 2003 entitled "People and Performance: unlocking the black box." This analysed how 12 excellent firms managed to link people management to performance. They argue that better organisation performance comes about when people are stimulated to do their job better: becoming better at looking after customers, better at solving problems and better at working with colleagues. Organisations that support their employees by developing effective policies based on ability, motivation and opportunity will create higher levels of organisational commitment, motivation and job satisfaction.

The key policy areas that seemed particularly influential in generating organisational commitment were in descending order of importance:-
- • "Career development

- Training opportunities
- Job influence and challenge
- Involvement
- Appraisal processes
- Work-life balance"

The researchers also concluded that there were two vital ingredients of excellent organisations, strong values and an inclusive culture that covered customers, suppliers and employees. They called this "the big idea," and identified five attributes:-

- "Values were spread throughout the organisation and were embedded and part of everyday working life,
- The treatment of customers was linked to how staff were managed. This meant that external and internal values were consistent and mutually reinforcing.
- The values remained in place in good times and bad.
- High levels of efficiency were achieved through the creation of excellent routines and by sharing knowledge so that everyone knew what to do. These routines and the sharing of knowledge were reinforced by strong values of co-operative behaviour and co-ordination.
- Performance was measured and the data provided valuable indicators to help identify problems and to inform decision making."

The way in which managers brought the HR policies to life and exercised leadership was strongly related to positive employee views on such areas as involvement, worker-management relations, communication, openness, coaching and guidance, performance appraisal, reward and recognition, training, job influence and quality control.

The People Management journal of July 2003 carried an article on the development of HR Strategy at BAE System. This included work on deriving a new set of values, based on the group strategy and these were whittled down by the Board to "collaboration, creativity and results based." The values were fed into the leadership programme and formed the backdrop to work on its 11 key strategic goals launched as part of the 2003 business plan.

Hewlett Packard completed its acquisition of Compaq Computer Corporation in May 2002. Cultural integration was seen as part of the overall integration blending the best cultural values of the two organisations together. The resultant seven values were:-

- Passion for customers;
- Trust and respect;
- Achievement and contribution;
- Teamwork;
- Speed and agility;
- Meaningful innovation;
- Uncompromising integrity

Each newly formed team was given the opportunity to discuss the HP market strategy, the approach to customers and the new company culture.

Development of the HR Core Value Statements for the Corporation of London

Because of the crucial role played by values in influencing the culture of an organisation they have been taken as the starting point for the development of this third human resource strategy for the Corporation.

The set of core HR Values that is proposed in the strategy started their origins when the Corporation's Mission statement was first produced by a group of Chief Officers and the Director of Personnel and Management Services in 1994. This original statement of values has been amended over subsequent years and the Corporation's Core Values set out in the Corporation of London Policy Plan 2003/2004 are:-

- To consult with and be responsive to the needs of its stakeholders
- To seek value for money

- To promote equality of opportunity

- To follow the principles of environmental sustainability

- To work in partnership to achieve its aims

- To act as a model employer, ensuring that staff are developed to their full potential

- To learn from others and its own experiences

Research into staff attitudes through the Stress Risk Assessment Questionnaire, followed by the Employee Attitude Survey and by the programme of visits to departments by the Chairman of the Establishment Committee has provided valuable information on the HR Core Values that, provided they are translated into behaviour change, are likely to lead to greater employee commitment, motivation and performance.

In February 2004 a new set of Core Values for the Corporation was developed which is now the subject of consultation with senior managers and Members. This new set of core values relates closely to the existing values but also to the new draft Community Strategy which was released for consultation in December 2003. The new draft set of Core Values is:

- Valuing diversity and promoting equality of opportunity

- Valuing and supporting community involvement

- Valuing staff and recognising their contribution

- Valuing quality and promoting continuous improvement

- Valuing inclusion and ensuring accessibility

- Valuing and promoting sustainable development

The Corporation recognises that valuing and investing in our staff is a key ingredient for creating and sustaining an effective organisation and therefore this needs to feature as a core value. The Investors in People Standard, the Balanced Scorecard and the European Foundation for Quality Management Excellence Model confirm the importance of valuing and developing staff. The relevant principles from the IiP Standard have been extracted to illustrate this point given the Corporation's commitment to achieving Corporation-wide IiP status by April 2005.

Investors In People publishes 'The Standard' on its website and the first principle 'Commitment' states, "An Investor In People is fully committed to developing its people in order to achieve its aims and objectives." The indicators for 'Commitment' are listed as follows:

- "The organisation is committed to supporting the development of its people
- People are encouraged to improve their own and others performance
- People believe their contribution to the organisation is recognised
- The organisation is committed to ensuring equality of opportunity in the development of its people."

From the Corporation's Core Values, feedback from the Comprehensive Performance Assessment, the employee research and from published material the professional staff of Personnel and Management Services have produced the set of HR Core Values that now provide the starting point for this latest version of the HR Strategy. These staff also developed the proposed HR Vision and Mission statement which follows:-

HR VISION

Excellent people for an excellent organisation.

HR MISSION

To support the Corporation to achieve its strategic aims and business plans through the resourcing, development and motivation of a high performance, committed workforce.

HR CORE VALUES

- Treating people with respect.
- Being fair and equitable.
- Providing equality of opportunity.
- Valuing diversity.
- Working in partnership.
- Work-life balance.

- Attendance at work.
- Right people in the right jobs.
- Enabling people to achieve their potential.
- Learning from each other.
- Rewarding contribution.
- Continuous improvement.
- Value for money.
- Creativity and initiative.
- Performance excellence.
- Corporate responsibility.
- Sustainable use of resources.
- Compliance with the law.
- Communication and consultation.

5   IMPACT OF EMPLOYMENT LEGISLATION ON HR STRATEGY

Having carried out the literature research on HR Strategy and Values reported in the previous two chapters I then carried out a review of developments in employment legislation since 1999 when a similar review had been carried out.

This chapter covers changes already made to policies and procedures as a result of recent employment law changes and at the end lists further work that needs to be done under the relevant functional HR strategy as a result of forthcoming legislation.

Employment Law issues referred to in 1999 H.R. Strategy

The Employment Relations Bill (with its links to Directives flowing from the European Social Chapter) became an Act on 27 July 1999 the provisions of which were phased in between October 1999 and April 2000. The Act implements the Parental Leave Directive and the Part Time Workers Directive.

Parental Leave Directive

The Parental Leave Regulations came into effect on 15 December 1999 and stipulated that:-

- Employees have a right to three months unpaid parental leave following the birth of a child. This was extended in January 2002 to people with children under the age of five and employees are able to transfer service from previous employers to qualify for such leave if their jobs change. Parents of disabled children are able to take a further five weeks (over and above the 13 weeks) and it can be taken at any time up to the child's 18th birthday.
- The leave may be taken at any time before the child's fifth birthday;
- On completion of the leave, the worker has the right to return to the same job or equivalent where this is not possible.
- There is a right to time off for 'urgent family reasons'.

Under the Employment Act 2002 new provisions came into effect from 6th April 2003 which provide:

- Entitlement to six months' paid and a further six months' unpaid maternity leave.
- Two weeks' paid paternity leave for working fathers.
- Six months' paid and a further six months' unpaid leave for one of the working parents of a child placed with them for adoption.

An addition to the Employment Rights Act 1996 imposed a duty on employers from April 2003 to give serious consideration to requests from parents of young children to work flexibly. Employers will be able to refuse requests where they have a clear business reason.

The Corporation has taken this change on board by producing a job share policy, a home working policy and started a flexitime trial from February 2003 in Personnel and Management Services which was extended to a number of departments from October 2003. The Parental Leave Scheme policy was issued in March 2002 for inclusion within the Staff Handbook at section B28(a) and was updated in March 2003 to clarify Maternity Support Leave.

Part-Time Workers Directive

This directive was implemented through the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 which were subject to Amendment Regulations 2002 which came into effect on 1 October 2002. The regulations require that:-

- Employment conditions of part-timers should be no less favourable than for comparable full time workers. Any difference must be objectively justified. The 2002 amendment meant that part-timers can now compare themselves to a full-time colleague, irrespective of whether either worker's contract is permanent or fixed term.
- Conditions for part-timers must be pro rata to those of full time staff whenever appropriate.

- Under the 2002 amendment the limitation is removed on the period for which backdated pension rights can be claimed when a part-time worker successfully claims under the regulations.

At January 2003 the corporation employed 455 part-time staff and 66 full-time equivalent staff on fixed term contracts. These regulations do not create a problem for the Corporation which has operated in accordance with the new regulations for many years. The policy on payments for part-time staff is spelt out in the Staff Handbook at Section A21 and was last updated in April 2003.

Fixed Term Workers Directive

The Fixed-Term Employees (Prevention of Less Favourable) Treatment Regulations 2002 as provided for in the Employment Act 2002 implement the Fixed-Term Workers Directive and were effective from 1 October 2002. The key features of the regulations are:

- Fixed-term employees (not the wider category of 'workers') have the right not to be treated less favourably than a comparable permanent employee working on the same or broadly similar work.
- There is a defence of objective justification if terms, taken as a whole, are at least as favourable (i.e. employers can use either a package or a term-by-term approach to equal treatment).
- Where a fixed term contract (FTC) is renewed, and the employee has been working for four years or more under a series of FTCs which have not broken continuity of service the FTC is deemed to become an indefinite contract (unless the renewal is justified objectively)
- Fixed-term employees cannot waive their rights to statutory redundancy payments after 2 years' service.
- Fixed-term employees have the right to be informed by their employer of available vacancies in the establishment.

Early warning of this impending legislation was given in the 1999 HR Strategy and as a result a report on Fixed Term Contracts was approved by the Establishment Committee in October 2002. Where necessary those on fixed term contracts were put on permanent contracts. A review of the impact of these regulations was conducted at January 2003 and revealed that 66 full-time equivalent staff were employed on fixed term contracts at the same level of remuneration as equivalent permanent staff. Providing comparable sick pay entitlements to fixed term contract staff as for permanent staff could potentially cost an additional £60,000 per annum.

The use of waiver clauses against unfair dismissal claims which was possible after 12 months service, on the expiry of fixed term contracts was abolished under Section 18 of the Employment Relations Act which came into effect on 25 October 1999.

Information and Consultation Directive

This directive came into force in March 2002 and will apply in the U.K. from March 2005 to undertakings with at least 150 employees. The Information and Consultation Regulations are expected to be laid before Parliament in June 2004. Unlike most EU countries the UK has very little statute law covering consultation. Employers will have to put into place mechanisms for informing and consulting employees regularly on issues that affect them with specific reference to:

- Recent and foreseeable developments in an organisation's activities and its economic and financial position.
- The situation, structure and reasonably foreseeable development of employment within the organisation.
- Decisions likely to lead to a substantial change in work organisation or contractual relationships. In respect of the latter, an attempt should be made to reach prior agreement on the decision concerned.

The Employment Relations Bill published on 2 December 2003 contains a power to make regulations to implement the TUC/CBI framework agreement on Information and Consultation. The Corporation already has mature arrangements for providing information to and consulting with the recognised unions, GMB and Amicus. These are formalised by the constitution of the Joint Consultative Committee which meets with the Member Negotiating Sub Committee at least 4 times a year. Corporate communications to employees are also provided by the staff newsletter and by departmental newsletters. Following the Staff Opinion Survey in July 2002 an action plan was developed to further improve staff communications. In January 2004 consultations commenced with teacher representatives over a voluntary recognition agreement with the Association of Teachers and Lecturers (ATL).

Equal Treatment 'Framework' Directive

The E.C. Directive establishing a framework for equal treatment in employment came into force on 2 December 2003 in respect of discrimination on the grounds of sexual orientation, religion or belief. Legislation outlawing age or disability discrimination has to be in place by 2 December 2006.

In relation to religious or belief discrimination the new law:-

- Introduces a concept of discrimination very similar to race and sex discrimination, with direct and indirect discrimination on grounds of religion or belief to be outlawed in employment.
- Defines harassment based on religion or belief.
- Allows employers to be able to treat people differently on grounds of religion or belief if a particular religion or belief is a genuine occupational requirement or, in some cases, where the employer itself has an ethos based on religion or belief.
- Outlaws discrimination even where it is based on an assumption rather than an actual fact and where it impacts on associates.

The Regulations extend beyond the more well known religions and faiths to include beliefs and philosophies such as Pagonism, Humanism and Atheism. Government consultation on the draft Employment Equality (Religion or Belief) Regulations 2002 ended on 24 January 2003 and the Regulations came into force on 2 December 2003.

On sexual orientation:

- General scope and coverage of the draft regulations is very similar to other parts of the existing anti-discrimination law.
- The draft regulations outlaw direct and indirect discrimination, victimisation and harassment on the grounds of sexual orientation.
- Discrimination is also illegal if applied to a person's friends or family.
- Sexual orientation is defined as orientation towards persons of the same sex; persons of the opposite sex or persons of the same and of the opposite sex.
- Post-employment victimisation is prohibited albeit in a limited form.

The Government's consultation on draft regulations on sexual orientation ended on 24 January 2003 and the Regulations came into force on 1 December 2003.

Employers need to prepare for the Disability Discrimination Act 1995 (Amendment) Regulations 2003 which come into effect on 1 October 2004. The Disability Rights Commissioner's 2 new codes of Practice are due to be issued in July 2004.

The regulations which were published on disability cover:-

- Amendments to the Disability Discrimination Act so that the duty to make reasonable adjustments applies where a provision, criterion or practice places a disabled person at a substantial disadvantage compared to non-disabled persons.

- Discrimination purely on the grounds that someone has a disability is unlawful. Treatment of a disabled person cannot be justified if the reason for it (a) is not based on a consideration of that individual's abilities but (b) is instead merely because he or she has a disability.

- Direct discrimination can occur where an employer fails in its duty to make a reasonable adjustment. The factors that need to be considered are the likely effect of a proposed adjustment, the practicality of effecting the adjustment and the financial implications.

The Act establishes a ground of complaint based on harassment. This will arise where a disabled person is subject to conduct (as a result of his disability) which has the purpose or effect of violating that disabled person's dignity, or creating an intimidating, hostile, degrading, humiliating or offensive environment for him. Further under the new provisions the discrimination can arise after the termination of the relationship, if it arises out of, and is closely related to, that former relationship.

On 2 July 2003, the Government unveiled its proposals for outlawing age discrimination in the United Kingdom by 1 October 2006, through the publishing of its consultation document 'Equality and Diversity: Age Matters'. The consultation period ended on 20 October 2003 and legislation is expected to be ready to be laid before Parliament by the end of 2004. The Government will then develop and publish evidence for employers. It is intended that the new legislation will apply to most aspects of employment and vocational training.

The potential magnitude of the cultural change required should not be underestimated. Affected areas will include recruitment, selection and promotion; pay and non-pay benefits; retirement; redundancy payments, and unfair dismissal rights. In line with existing anti-discrimination legislation, tribunals will not be limited in the amount of compensation they will be able to award to applicants who prove that they have been discriminated against on account of their age. The basic award for unfair dismissal will no longer be calculated by reference to an employee's age but will be one week's pay, subject to the statutory cap, for each year of service of each employee, up to the normal maximum of 20 years' service.

Under the Employment Rights Act 1996, employees who have either reached the 'normal retirement age' – or if there is no normal retiring age, 65 - are prevented from bringing a claim for either unfair dismissal or for a redundancy payment when their employment is terminated.

Due to the August 2002 case of Rutherford and Bentley v Harvest Towncircle Ltd and the Secretary of State for Trade & Industry however, employers can no longer rely on the statutory default age provision of 65. The employment tribunal found this to be indirect discrimination on the grounds of sex as the impact of the provision adversely affected more men than women. The Government is to appeal this tribunal decision.

If, as in the Corporation, there is a normal retirement age for employees and this is not discriminatory the employer can dismiss those employees who have reached this age with minimal risk of a successful claim.

The Work and Pensions Secretary, Andrew Smith, said at the Labour Party Conference 2002, "we must erode the present cliff edge at the end of working life – where on Friday someone is a valued member of the workforce, but by Monday they are shunted into retirement. This will mean extending choice and removing financial penalties that stand in people's way. And it will mean legislating to end age discrimination at work". The current Inland Revenue regulations prevent employees from taking a pension and salary from the same employer unless a completely different job is taken. These regulations are to be changed to remove these financial barriers. The Government published a major Green Paper in December 2002 on the reform of pension provisions in the UK allowing people to draw their occupational pension while continuing to work for the same employer.

The new rules will demand that employers take a far more flexible approach to retirement and it is proposed that mandatory retirement ages will amount to unlawful direct discrimination. The Government is considering allowing a limited defence to the use of mandatory retirement ages in exceptional circumstances which are covered by one of the following specific aims that an employer will have to justify if it wishes to adopt an age-based approach:-

- Health, welfare and safety.
- Facilitation of employment planning – e.g. succession planning.
- Particular training requirements for the post in question.
- Encouraging or rewarding loyalty.
- The need for a reasonable period of employment before retirement.

and in circumstances where it is both appropriate and necessary for the employer's business.

There is currently no national mandatory retirement age in the United Kingdom. However, retirement is commonly linked to the state pension, currently payable to men at 65 and to women at 60. The latter will change to 65 from 2020. The consultation paper contemplates the introduction of a statutory default retirement age of 70, after which employees can be forced to retire without employers having to justify their decision.

Under the Government's proposals, years of service under the age of 18 will no longer be discounted when calculating an employee's right to statutory redundancy pay. Age will also cease to be a factor in such calculations, and the same formula used for calculating the basic award for unfair dismissal will apply.

Under the proposals, decisions on recruitment, selection and promotion based on age will be unlawful. Pay and non-pay benefits based on age will amount to direct age discrimination. The Government will allow employers to continue operating pay and non-pay benefits based on length of service or seniority, but only where their use can be justified by the employer. One of the categories of the specific aims – encouraging or rewarding loyalty – appears to have been designed with this purpose in mind. Service-related pay and benefits include:

- Lengthy incremental pay scales
- Holiday entitlement
- Long service awards
- Entitlement to sickness benefit

While such practices may be justified, the employer will still have to demonstrate that there are good business reasons for adopting the practice and show that the required objectives are achieved.

The Corporation will need to closely monitor developments which will involve amendment to The Employment Rights Act 1996, but the Establishment Committee has already approved a number of extensions of employment beyond age 65 where there have been sound reasons for doing so.

Race Discrimination Directive

Member States were required by the Directive to introduce legislation prohibiting discrimination on the grounds of race or ethnic origin by July 2003. The Race Relations Act (Amendment) Regulations 2003 came into force on 19 July 2003. The changes to the Act included:

- Revised definition of indirect discrimination
- New wide-ranging right against harassment, including by unions, employment agencies and in public sector functions.

- Reversal of burden of proof so that in most claims it will ultimately be for the employer/respondent to prove that it did not commit the discrimination or harassment alleged.

- Making it unlawful to discriminate against or harass an employee once the employment relationship has ended provided that the discrimination arises out of, or at least is closely connected to, that relationship.

The Corporation revised its Harassment and Bullying policy in January 2003 and only had three formal complaints in 2002 in comparison to 8 the previous year. Up to the end of December 2003 there had been only 1 formal complaint lodged in the calendar year. Four informal complaints were resolved at an early stage by mediation.

The attention paid to this issue including compulsory training in equal opportunities for all employees is hopefully having the desired effect of eliminating race discrimination from the workplace. Monitoring of recruitment and employment practices and access to training has been improved.

Working Time Directive:

Corporation departments with employees who are required to sign individual "opt-out" agreements to exceed the 48-hour limit on average weekly working time were reminded that this provision of the Working Time Regulations is required by the European Council to be reviewed by November 2003. The European Commissioner responsible for reviewing the UK's opt-out started compiling his report in February 2003 and the E.U decision is expected in February 2004. The options are to retain the opt-out, remove it or phase it out. Most UK employers believe that a 48 hour week should be averaged over a full year rather than the 17 week period in the Working Time Directive. The Establishment Committee resolved at the end of 2001 that departments should ensure during 2002/3 that suitable working arrangements are in place to prepare for this change in the legislation. This would mean that no employee could work for more than 48 hours a week on average over a 17-week period.

One of the most controversial Employment Appeal Tribunal decisions during 2002 was in Kigass Aero Components Ltd v Brown where the EAT ruled that a worker on long-term sick leave can claim four weeks' holiday pay under the Working Time Regulations, even if he or she has not been at work throughout the entire year. In order to claim holiday pay the Regulations merely require that the status of worker is maintained, not that any work actually be done. It follows that an employee accrues holiday entitlement when on sick leave even when he or she is no longer entitled to contractual sick pay. It would seem that the same argument would also apply to women on additional maternity leave. The original EAT judgement said that the decision could give rise to "possibly unintended social and employment consequences" and suggested that the Government may wish to consider these. Further advice from the DTI is awaited.

The Acquired Rights Directive
Transfer of Undertakings (Protection of Employment) 1981 Regulations (TUPE)

On 14 February 2003 the DTI announced its decision to take forward TUPE reform. It intends to publish draft regulations amending the 1981 Transfer of Undertakings Regulations in February 2004 and for them to come into force on 1 October 2004.

The main changes envisaged are:-

- New definition of a 'transfer' building on European Court of Justice case law
- Public sector transfer: statutory force to be given to current practice whereby TUPE – equivalent protections are given to affected staff
- Changes to resolve uncertainty over application of TUPE where an ongoing service is contracted out/outsourced or there is a change of contractor/outsourcer
- Transferor would have to notify transferee of rights and obligations in relation to transferring staff
- Transfer-related changes to terms and conditions that are made for an economic, technical or organisational (ETO) reason should not be precluded

The contentious issue of the protection of occupational pensions rights under TUPE will be considered over a longer period as part of the pensions review in the Government Green Paper on Pensions in the Workplace.

The Local Government Act 2003 has made the Cabinet Office statement of Practice on staff Transfers in the Public Sector and its annex, 'A Fair Deal for staff Pensions', legally binding. This says that even if TUPE does not apply by law, transferred employees must be treated as if TUPE does apply, so transferred employees will keep their terms and conditions when they are transferred to a contractor even if TUPE legally does not apply. They will also have the right to either the LGPS or a "broadly comparable pension" scheme approved by the Government's Actuary Department.

<u>Employment Law issues arising since the 1999 Corporation of London HR Strategy</u>

<u>Data Protection Directive</u>

The Data Protection Act 1998 is being supplemented by the Employment Practices Data Protection Code from the Information Commissioner.

There will be four parts to the code:-

Part 1 – recruitment and selection – published March 2002
Part 2 – records management – published August 2002
Part 3 – monitoring – published June 2003
Part 4 – handling of medical records – release expected at beginning of 2004

Employers have to comply fully with the Act by 24 October 2007 but the Parts of the Code are effective as soon as they are published.

The Corporation has produced guidance for managers on Parts 1 and 2 of the code and is considering the implications of Part 3.

The draft code on Monitoring introduces a new and key concept of an Impact Assessment. This is a document in which the employer sets out the type of monitoring which will take place in the workplace and the business objectives being met by it.

The Corporation will have to be clear with itself and with its workers, what sort of monitoring will take place within its workplace and why. Consideration will have to be given to e-mail monitoring, internet monitoring, video and audio monitoring and covert monitoring. This is already covered to some degree by Section B22 of the Staff Handbook which was updated in November 2002 but will require further amendment.

The Government has consulted on the subject access arrangements under the Data Protection Act 1998. The consultation is aimed at individuals who have the right of access under the 1998 Act and organisations which are the recipients of the subject access requests. Comments were required by 31 December 2003.

The Corporation will need to monitor the proposed changes and amend advice to managers appropriately.

Agency Workers Directive

The European Commission issued a controversial draft Directive designed to provide a minimum level of protection to temporary agency workers. For the Directive to be formally adopted it must be agreed by both the Council of Ministers and the European Parliament. Following a series of negotiations and suggested amendments, what was thought to be a final draft was placed before the Council of Ministers on 3 June 2003. The Council failed to reach political agreement. The UK has the largest number of agencies workers in any member state and one of the principal concerns has been the length of any qualifying period for protection. Had the draft Directive been formally adopted, a run in time of at least two years had been agreed. If it is to proceed, the European Commission will need to recommence negotiations and find a point of compromise.

Consultation on the reform of the Employment Agencies Act 1973, closed on 1 November 2002 and the revised 'Conduct of Employment Agencies and Employment businesses Regulations' come into force on 6 April 2004. The measures include:

- Employment businesses no longer being able to withhold workers' pay purely because they cannot produce an authenticated timesheet;

- Agencies having to obtain information on any health and safety risks known to the hirer and the steps taken to prevent or control those risks;
- Agencies supplying temps to work with children, the elderly and the infirm will be required to carry out additional checks – including obtaining copies of relevant qualifications, two references, and a responsibility to take all reasonable steps to confirm that an individual is not unsuitable;
- Limits on provisions that prevent temporary workers from taking up permanent jobs with hiring companies unless a fee (known as a 'temp to perm fee') is first paid to the agency.

Before a posting with a company starts, companies, agencies and workers are free to reach agreement on the terms governing fees or the length of assignment only if that best suits their own wishes and circumstances.

Only if terms are not agreed at the start of a posting, the regulation imposes a minimum (8) and a maximum (up to 14) number of weeks quarantine that must pass before workers are free to take up a permanent post at a company without that company having to pay a fee to the agency.

For example:

Posting lasts 1 day – quarantine period of 13 weeks and 6 days.

Posting lasts 1 week – quarantine period of 13 weeks.

Posting lasts 3 weeks – quarantine period of 11 weeks.

Posting lasts 5 weeks – quarantine period of 9 weeks.

Posting lasts 6 weeks+ – quarantine period of 8 weeks.

Employment Act 2002

The Employment Act 2002 received Royal Assent on 8 July 2002. It introduced a wide range of new rights and obligations in relation to working parents, dispute resolution in the workplace, employment tribunal procedures, fixed-term work and flexible working. Most of the provisions of the Employment Act 2002 became operative after April 2003. The Act provides for the following:

A) <u>Maternity leave and pay</u> (6 April 2003)

- Entitlement to six months' paid ordinary maternity leave instead of 18 weeks and a further six months' unpaid additional maternity leave
- A total increase of over 60% in the rate of Statutory Maternity Pay and Maternity Allowance from £62 to £100
- Increase in maternity pay to £100 per week and increase to the period of maternity pay to 26 weeks from 18 weeks

The Corporation produced a revised Maternity Scheme for the Employee Handbook and Policies & Procedures Manual in January 2003 which was approved by Committee in March 2003.

B) <u>New Rights for fathers and adoptive parents</u> (6 April 2003)

- Two weeks' paid paternity leave for working fathers
- Six months' paid and a further six months' unpaid leave for working adoptive parents
- Simpler rules governing maternity, paternity, and adoption leave and pay
- Paternity and adoption pay at the same rate as maternity pay

The Corporation produced a Policy on Maternity Support Leave, Paternity Leave and Pay in January 2003 for the Employee Handbook and Policies & Procedures Manual which was approved by Committee in March 2003.

C) <u>Flexible Working</u> (6 April 2003)

- An addition to the Employment Rights Act 1996 which imposes a duty on employers to give serious consideration to requests from parents of young children to work flexibly
- Mothers and fathers of young children will have a right to apply to work a flexible working arrangement
- Employers will be able to refuse requests where they have a clear business reason

The "Flexible Working (Eligibility, Complaints and Remedies) Regulations 2003" and the companion "Flexible Working (Procedural Requirements) Regulations 2003" provide certain employees with the right to request that they be allowed to undertake various forms of flexible working.

These rights may apply if the employee is:-

- The parent
- The adoptive parent
- The foster parent
- The guardian

of a child under six years of age (or under eighteen years of age if the child has a disability)

OR

- The partner of someone in the above mentioned categories

AND

- has, or expects to have, responsibility for the upbringing of the child.

The action taken by the Corporation is mentioned in the section headed Parental Leave Directive and the Parental Leave Scheme which was produced in March 2002 has been revised and approved by Committee in March 2003 for inclusion in the Staff Handbook at Section B28a. A report on Flexible Working was also submitted to Chief Officers at their meeting in February 2003.

D) <u>Dispute Resolution/Employment Tribunal Reforms</u> (October 2004)

The Employment Act 2002 included measures aimed at improving the employee relations climate by ensuring that employers had in place internal dispute resolution procedures, with the aim of reducing the number of tribunal cases being heard. These proposals will be fully implemented in October 2004. The regulations provide:

- Minimum internal disciplinary and grievance procedures; encouraging employees to raise grievances with their employer before applying to the tribunal; providing limited extension to time limits for lodging a tribunal complaint to allow procedures to complete; allowing variation of tribunal awards to support use of the procedures.

- A fixed conciliation period before disputes can be taken to a tribunal
- Changes to rules on written statements of terms and conditions to ensure wider compliance

The Corporation has clear comprehensive disciplinary and grievance procedures which are periodically reviewed and updated. Standard statements of terms and conditions of employment are also constantly updated in the light of changes to employment law and Corporation policies and are provided to managers in their Policies and Procedures manual.

E) <u>Unfair Dismissal procedure</u>

- Alteration of the way unfair dismissals are judged so that, provided the minimum standards set out in the Act are met and the dismissal is otherwise fair, procedural shortcomings can be disregarded.
- Employers will always have to follow the basic procedures but will no longer be penalised for irrelevant mistakes provided the dismissal would otherwise be fair. This means that the dismissal must have been for a fair reason and the employer must have acted reasonably in treating it as a reason for dismissing the employee.

This is good news for employers although the Corporation strives to ensure proper procedure is followed in all dismissals.

F) <u>Fixed-term work</u> (October 2002)

Implementation of the EU Directive on fixed-term work described earlier. The Regulations authorised by the Act came into effect on 1 October 2002.

G) <u>Time off for trade union learning representatives</u> (April 2003)

A new statutory right to time off for trade union learning representatives to ensure that they are adequately trained to carry out their duties. The rights are broadly equivalent to the current rights enjoyed by shop stewards and other lay union representatives. ACAS has produced a revised code of Practice on Time Off For Trade Union Duties and Activities.

The Corporation is in the process at January 2004 of drafting a policy on 'Time Off for Trade Union Duties' and the rights of learning representatives will be included.

H) Equal Pay Questionnaire (Early 2003)

Section 42 of the Employment Act 2002 amends the Equal Pay Act 1970 to introduce an equal pay questionnaire in employment tribunal equal pay cases. This will make it easier for individuals to request key information from their employer when they are deciding whether to bring a case. Although completion of the questionnaire is not compulsory, failure to reply (or evasive replies) may lead to inferences being drawn by a tribunal.

Equal Pay (Amendment) Regulations 2003

There were two amendments to the Equal Pay Act 1970 in the second half of 2003, mainly prompted by European Court of Justice decisions.

The amendments alter the existing rule that says any equal pay claim must be commenced within six months of termination of employment. Under the new rules, where:

- any fact relevant to the claim was deliberately concealed by the employers, and
- the applicant did not discover the concealment, or could not have discovered it with reasonable diligence, by the last date of employment,
- the time limit for bringing the claim is six months after the date on which the concealment was discovered.

The Equal Pay Act currently limits the amount of back pay payable to a successful applicant to two years from the date the claim was filed. In the Levez case the EAT ruled that equal pay claimants could claim losses back as far as six years from the date of the claim. The Government's decision based on the Levez ruling, is to place a six-year back pay limit on equal pay claim compensation.

Finally, under Regulation 6, which came into force in December 2003, in certain cases the employment tribunal will be able to conclude that work is of equal value even if a job evaluation study has decided that the jobs were not of equal value.

Disability Discrimination Bill

The draft Disability Bill, which will amend the existing Disability Discrimination Act, was published on 3 December 2003. The main provisions affecting employment are:-

- Extending the Act to cover the exercise of functions of public bodies, so that it would apply to most of their activities, not just those which consist of the provision of services;
- Introducing a new duty on public bodies to promote equality of opportunity for disabled people, so they would be required to consider the needs of disabled people as early as possible at every stage in their policy and decision making;
- Extending the definition of disability to cover more people with HIV, MS or cancer, so that more disabled people would benefit from the Act's protection;
- Allowing disabled people to issue a questionnaire in relation to discrimination complaints, not just in employment cases as now, but also cases concerning service providers;
- Making third party publishers (e.g. newspapers) liable for publishing discriminatory advertisements, so that they would be acting unlawfully if they published a discriminatory job advertisement;
- Making clear that insurance provided on group terms to an employer's staff is covered as a service under the Act.

The draft Bill builds on other steps already taken by the Government such as:

- setting up a Disability Rights Commission;
- protecting disabled students and pupils against discrimination;
- bringing into force, in October 2004, the duties in the Disability Discrimination Act concerning service providers making reasonable adjustments to physical features of their premises;
- bringing into force, also in October 2004, major changes to the employment and vocational training provisions of the DDA.

Employment Relations Bill

On 2 December 2003 the DTI published the Government response to the public consultation of the Review of the Employment Relations Act 1999. The Bill contains:-

- Measures to improve the operation of the statutory recognition procedure. For example, it clarifies issues surrounding the determination of the appropriate bargaining unit; clarifies the "topics" for collective bargaining; allows unions to communicate with workers at an earlier stage in the process, and clarifies and builds upon the current legislation relating to the supply of information to the Central Arbitration Committee and the Advisory Conciliation and Arbitration Service;

- Measures to simplify the law on industrial action ballot and ballot notices; and provisions to increase the protections against the dismissal of employees taking official and lawfully-organised industrial action by exempting "lock-out" days from the eight week protected period;

- Measures to implement the European Court of Human Rights judgement in the case of Wilson, which ensure that union members have clear rights to use their union's services, and cannot be bribed by employers to relinquish essential union rights; (Wilson and NUJ v United Kingdom, [2002] IRLR 568 (ECHR)

- Measures to improve the operation of some individual employment rights such as a clarification of the role of the companion in grievance and disciplinary hearings; and to bring protections against unfair dismissal for employees with 6 months' service who request flexible working into line with other working parents legislation;

- A power to make regulations to introduce information and consultation in the workplace;

- Measures to improve the enforcement regime of the national minimum wage resulting from the consultation note published by the government in August 2003;

- Measures to give the Certification Officer greater powers to strike out weak or vexatious claims;

- Measures to improve trade union regulations, and a power to allow the Secretary of State to include non-postal methods of balloting in statutory union elections and ballots;

- Measures will also be added to the Bill on exclusion and expulsion of racist activists and regarding the protection of strikers against dismissal, which will define more closely the actions which employers and unions should undertake when taking reasonable procedural steps to resolve industrial disputes.

The Bill would also implement the TUC/CBI framework agreement on Information and Consultation, giving employees the chance to be informed and consulted on management decisions affecting their future, including:

- employment prospects;
- changes in work organisation or contractual relations, including redundancies and transfers; and
- economic prospects for their industry.

Minimum Wage

This was increased from £4.20 to £4.50 from 1st October 2003 for 22 years olds and above and from £3.60 to £3.80 for 21 year olds and younger.

The Corporation does not employ any staff on rates of pay below the Minimum Wage.

<u>Implementation Dates</u>

The first annual statement of changes to domestic employment law and practice on which the Department of Trade and Industry leads was published on 14 January 2004. From 2004 domestic changes will only be implemented on two days each year – 6 April, start of the tax year and 1 October, when the national minimum wage is reviewed.

<u>Corporation Action Plan</u>

As a result of the Employment Law changes covered above the Corporation needs to produce or amendment policies and procedures for inclusion in the Manager's Guide and Employee Handbook as appropriate. The key areas that need consideration are the impact of:-

1) Data Protection Act and Codes on Records Management

                                    on Monitoring

                                    on Handling Medical Records

2) Working Time Directive Opt Out.

3) Information and Consultation Directive in force from March 2005.

4) Disability Discrimination Act Amendment.

5) Age Discrimination Legislation in force by October 2006.

6) TUPE reform in force by October 2004.

7) Conduct of Employment Agencies and Employment Businesses Regulations in force 6 April 2004.

8) Time off for Trade Union Duties (including Learning Representatives).

9) Employment Relations Act 1999 amendment.

6   <u>FUNCTIONAL HR STRATEGIES</u>

The development of individual functional HR strategies such as on resourcing, development, performance management, reward, communications, employee relations, equal opportunities and diversity, work-life balance, organisation development, health, safety and absence management, and HR service delivery transformation necessarily need to be founded on extensive research on the current state of play in the organisation. They also need to take account of external factors, such as changes in employment legislation covered in the previous chapter, on the business strategies and plans and on the set of people values that have been developed and accepted. Only then will they have real relevance to where the organisation is, where it wants to get to and the means for achieving that transition.

These functional strategies will be complementary and co-ordinated so that they aid and reinforce each other and ultimately ensure the successful delivery of the business plan.

<u>WORKFORCE PLANNING STRATEGIES</u>

The aim of workforce planning is ultimately to improve the performance and service delivery of the organisation. Workforce planning is about getting the right people with the right skills in the right place at the right time. It follows from this definition that Workforce Planning Strategies are an umbrella for other functional HR strategies on Resourcing, Diversity, Performance Management, Learning and Development and Organisation Development. Workforce Planning also has implications for the development of HR computer systems to provide the necessary information on the workforce.

The starting point for workforce planning must be the business plans for the organisation leading to predictions of the future demand for different types of staff. There also need to be informed predictions about the future supply of such staff to determine whether resourcing is going to be problematic and if so what other strategies need to be put in place to resolve those problems. An analysis of current recruitment and retention is necessary to provide early warning of difficulties in specific occupations. The existing workforce must be monitored particularly in relation to its age profile, identifying future retirements, and to the ethnic and gender mix, particularly at senior levels. This is particularly important for Public Sector bodies which have Government targets for the proportion of black and minority ethnic groups in the workforce and for women in senior management posts.

Staff turnover and redundancies are costly issues for any organisation although a certain amount of turnover is healthy, enabling the organisation to bring in new people with the right skills, competences and attitudes to meet the future needs of the organisation.

Planning needs to take place over different timescales from a minimum of 12 months. The timescales adopted at either departmental or corporate levels need to reflect the business planning horizons. Business plans are typically for three years but can be for longer timescales. Workforce plans however need to be regularly monitored and reviewed to respond to changing circumstances.

Workforce planning requires reliable up to date information on:-
- Organisation structures and reporting lines
- Job titles and job descriptions
- Employee information on age, length of service, qualifications, training records, competence data, gender, ethnicity
- Vacancy levels by department and occupation
- Turnover, reasons for leaving and destination
- Training needs analysis and plans

The external environment needs to be analysed using the PESTEL framework of Lynch (1997) and Johnson and Scholes (2002) model to determine the impact of the following factors on workforce planning:-

- Political, particularly equal opportunities, diversity, e-government
- Economic, including competitiveness of pay, skill shortages
- Social, particularly work life balance issues, flexible working
- Technological, often related to computerisation or communications
- Environmental, including sustainability and local labour and service markets
- Legal, particularly employment and environmental legislation

Once this workforce planning process has been carried out it will inform the future development of the HR Strategy for the organisation.

WORKFORCE PLANNING PROCESSES

The starting point for workforce planning must be the business plans and strategies at both corporate and departmental levels and these need to be integrated and consistent.

At the Corporate level consideration needs to be given to:-

- Issues identified through organisation-wide reviews such as the Comprehensive Performance Assessment carried out by the Audit Commission in public sector bodies
- Plans for more joined-up services
- Plans for a call centre or one-stop shop or central service unit
- Impact of e-government or technology
- Partnership working
- Changing the age profile of the organisation
- Changing the ethnic and gender make-up of the workforce
- The skills gaps in the workforce such as customer care, managerial competence, project management
- Impact of the Race Relations Amendment Act 2000 and the Equalities Standard on service delivery and employment practice in local government
- Changes in the labour market particularly in hard-to-fill occupations

- Feedback from Employee Attitude Survey
- Feedback from Stress Risk Assessment
- Staff costs
- Training costs

At the departmental level consideration needs to be given to:-
- Plans for changing service delivery
- Plans for improved efficiency and effectiveness
- Skills gaps or changes in levels of competence
- Annual training plans
- Succession plans
- Dealing with peaks and troughs in supply and demand for different skills or services
- Impact of improved performance management
- Impact of reduced sickness absence
- Use of temporary, agency and other types of workers not necessarily on standard working contracts of employment
- Impact of flexible working or work-life balance considerations
- Impact of Working-Time Directive

In the Corporation of London a model for Workforce Planning was developed starting with the collation and analysis of workforce statistics at departmental level which are compared to Corporation wide data for benchmarking purposes. From this, departments are required to comment on workforce issues and to assess the impact of business and service delivery plans on the workforce. The departmental returns are then collated by Central Personnel and a Corporate Workforce Plan produced. This then informs the development of HR functional strategies.

The Corporation model for Workforce Planning is presented in Figure 4 followed by the pro forma used by Central Personnel for submitting workforce data to each department. The third document is a template for use by departments in drawing up the Workforce Planning section of their business plan. Guidelines on issues and actions to consider when completing the template are provided in this third document.

The potential developments arising from Workforce Planning are set out in the diagram below which was contained within a 'Guide to Workforce Planning in Local Authorities' published by the Employers Organisation in July 2003.

FIG 3. Potential developments arising from workforce planning

FIGURE 4

WORKFORCE PLANNING AND HR STRATEGY

CURRENT WORKFORCE STATISTICS

DEPARTMENT & CORPORATE WORKFORCE ISSUES

SNAPSHOT DATA

EMPLOYEES ETHNIC/GENDER MIX
TOTAL SALARIES AVERAGE SALARIES
OUTSOURCED SERVICES
VACANT POSTS
SERVICE PROFILE AGE PROFILE

RESOURCES

RECRUITMENT

SUCCESSION

DEPARTMENTAL	CORPORATE

DEPARTMENTAL AND CORPORATE BUSINESS PLANS

WORKFORCE PLAN

HR FUNCTIONAL STRATEGIES

ANNUAL DATA

LEAVERS TURNOVER REASONS FOR LEAVING
ABSENCE LEVELS
TRAINING INVESTMENT
OVERTIME COSTS
AGENCY STAFF COSTS REASONS FOR

RETENTION

PRODUCTIVITY

89

FIGURE 5

**DEPARTMENTAL WORKFORCE PLANNING
EMPLOYMENT MONITORING DATA**

DEPARTMENT

SNAPSHOT DATA AT DECEMBER 2003

HEADCOUNT	Permanent + FTC & Temp >1yr	Casual & Seasonal	FTC & Temp < 1yr

F.T.E.s

TOTAL NUMBER OF VACANT POSTS   Active   Inactive

SERVICE PROFILE

	UP TO 1YR	2 - 5 YRS	6 - 10 YRS	11 - 20 YRS	21 - 30YRS	31+ YRS
Department %						
Corporation %						

AGE PROFILE

	UP TO 20	21 - 30	31 - 40	41 - 50	51 - 60	61
Department %						
Corporation %						

ETHNIC MINORITY STAFF   Department %   Corporation %

FEMALE STAFF   Department %   Corporation %

TOTAL ANNUAL SALARIES   £   Cost of salaries excluding all on-costs

AVERAGE SALARY   Corporation £   Department £

OVERTIME COSTS   £   % of salaries

MARKET FORCES SUPPLEMENT   £   % of salaries

AGENCY STAFF COSTS [1]   £   % of salaries

SICKNESS ABSENCE DAYS PER EMPLOYEE

Department	Total		Short Term		Long Term	
Corporation	Total		Short Term		Long Term	

COST OF SICKNESS (Salaries)   £   % of salaries

TRAINING INVESTMENT   £   % of salaries   Off Job training days per

NUMBER OF LEAVERS

TURNOVER %	Department		Voluntary		Involuntary	
	Corporation		Voluntary		Involuntary	

REASONS FOR LEAVING	Improved Benefits	Resigned	Normal Retirement	Voluntary Retirement	End of FTC Contract

NUMBER OF LEAVERS

[1]   Additional detail on attached table

FIGURE 6

TEMPORARY STAFF DEPARTMENTAL BREAKDOWN

DEPARTMENT

CALENDAR YEAR DATA FOR 2003

ORDER JUSTIFICATION (% of Number of Orders)

	Department	Corporate
Workload		
Cover for Sickness		
Cover for Holidays		
Cover for Training		
Cover for Leavers		
New Position/Project		
Seasonal		
Cover for Vacant Posts		
Other		
TOTAL		

TOTAL NUMBER OF TEMPS DAYS AND % 0F TOTAL DAYS BY SKILL SET

	Department		Corporate	
	Days	%	Days	%
Catering and Hospitality				
Customer Service				
Finance				
General Industrial				
Healthcare/Social Work				
Housing				
IT				
Secretarial & Administration				
Technical				
Other				

TOTAL COST OF TEMPS AND % OF TOTAL COST BY SKILL SET

	Department		Corporate	
	Cost	%	Cost	%
Catering and Hospitality	£		£	%
Customer Service	£		£	%
Finance	£		£	%
General Industrial	£		£	%
Healthcare/Social Work	£		£	%
Housing	£		£	%
IT	£		£	%
Secretarial & Administration	£		£	%
Technical	£		£	%
Other	£		£	%

FIG 7   **WORKFORCE PLANNING TEMPLATE & GUIDANCE NOTES**

These notes are intended to assist departments in completing the 'Workforce Planning Issues' template by providing lists of possible areas for consideration under each subheading. 'Workforce Planning' using this template of headings should be included in the departmental Business Plan.

RETENTION ISSUES	ACTION NEEDED
Reasons for leaving, areas high turnover.	Address main reasons for leaving.
Flexible working/work-life balance.	Mentoring, home working, job sharing, flexitime, shift working.
New technology, skills and career development.	Improve skills training, modern technology.
Reward and recognition.	PDRs changes to reward and recognition,
Staff/change management.	TNA, management skills, improved communications.
Health and safety at work.	Risk assessment, balanced workloads, health checks.
Impact on service.	New model's service delivery, partnerships.

RECRUITMENT ISSUES	ACTION NEEDED
Problem areas, competition, market	Grow own, school leaver/graduate recruitment.
Deficiency.	Public relations, external
Image.	communications
Competitiveness pay and benefits.	Changes to pay and benefits.
Career prospects.	Career Management scheme.
Impact on service	Contingency plans to cover service.

SUCCESSION ISSUES	ACTION NEEDED
Impending retirements, age profile.	Determine retirement plans.
Identification of successors.	Assessment and development centres.
Service profile, experience levels.	Planned experience, secondments.
Cover for key roles.	Flexible roles, team working.

STAFF RESOURCES ISSUES	ACTION PLANNED
Gender/ethnic mix.	Addressing under representations.
Workload concerns.	Examine services/tasks undertaken,
Impact of business plans.	reduce bureaucracy.
	Identify staffing numbers needed.

PRODUCTIVITY ISSUES	ACTION PLANNED
Absence levels, use of overtime, agency staff.	Absence management, control of overtime, agency staff.
	Services review.
Scope for central provision.	Annualised hours, short term contracts;
Employment contracts, employment legislation.	Impact Working Time directive.

RESOURCING STRATEGIES

Ensuring that the organisation has the right people in the right jobs with the right competences, behaviours and attitudes at the right time requires careful workforce planning.

The process needs to start with an analysis of likely future changes to the business, organisation structure, roles and service delivery. There needs to be information on the age profile of each part of the business and on the retirement or career plans of those in key positions. Succession plans need to be developed, to identify whether there is a cadre of people with the potential to succeed to either specific key posts or to managerial posts in general.

Likely changes to the number of employees needed in each part of the business need to be assessed and whether a change in the skill mix or level of skills is needed particularly if changes are underway in the use of new technology or ways of working.

The desired culture in the organisation and the people values that support the achievement of that culture are important in the formulation of person specifications to be used in recruitment and selection. People need to be found or promoted to key positions whose attitudes and behaviours and competences are likely to be appropriate for the future. The competency framework used in many functional areas of personnel management is an important document to be used in resourcing the organisation. It should feature in job profiles, person specifications, in the development of question banks for interviews and in rating systems to select the best candidate. The competency framework should also be used in the design of assessment centres.

Resourcing strategies also need to take into account the assessment of performance, job behaviour and competence and the development needed for existing employees to prepare them for the demands of their job or for succession to other roles and responsibilities and again the competency framework should feature strongly. It can be seen that there is a need for close integration of the resourcing strategies with those for development and performance management and for equal opportunities as the aim of any organisation should be to provide a level playing field for all employees to advance their careers.

Resourcing strategies are also concerned with the retention of those employees who have the desired competences and attitudes. This involves monitoring turnover and reasons for leaving and then focussing on other strategies that aid retention such as Performance Management, Development, Reward, Communications, Employee Relations and Work-Life balance.

The Chartered Institute of Personnel and Development's 7th annual recruitment and retention survey in 2003 showed the highest levels of staff and skills shortages yet recorded with over 90% of organisations reporting difficulties in filling vacancies. Recruitment and retention strategies are increasingly having to focus on those issues seen as most important by the working population. Increasingly these are around the ability to work flexibly, opportunities to achieve a proper work-life balance and to be able to develop careers through training and promotion opportunities.

Career management as an essential part of organisational resourcing was featured in the CIPD quarterly update published in August 2003. The article argues for a formal written strategy on career management, growing future senior managers and leaders, retaining key staff, supporting changes in organisational structure and the business environment.

The most common practices covered by a career management strategy are:-

- An open internal job market
- A formal appraisal including career review
- Informal career support from managers or HR
- Internal secondments
- Project assignments
- Work shadowing
- Succession planning

The CIPD advocate individual ownership of career development although a partnership approach between employer and employee is essential. Career development should be available to all, not just key staff.

Effective career management needs:-

- A formal written career management strategy
- Integrating career management with overall HR strategy
- Activities that are valued by employees
- Commitment from senior management
- Training for line managers
- Career counselling by trained staff
- Career coaching
- Formal mentoring
- Managed career moves
- Formal appraisal
- An open job market

LEARNING AND DEVELOPMENT STRATEGIES

Development strategies are concerned with those activities which give employees the knowledge, skills and aptitudes to do their job to the best of their abilities and prepare them for possible future roles or careers either within or outside the organisation. These development activities can include learning, education, on-the-job or off-the-job training, coaching, mentoring, secondments, project working and can either involve other people or be achieved through self development. There has been a cultural shift in many organisations to encourage employees to take accountability for their own development. The Corporation of London has encouraged this through the development of e-learning facilities, a virtual resource centre and through the Work-Based Learning Scheme operated in conjunction with Middlesex University. Under this Scheme employees can enrol on qualification based studies utilising real-life projects within their own organisation. Employees have also been encouraged to achieve the European Computer Driving Licence.

These development activities help to ensure that the organisation has the competent, motivated and committed workforce that it needs to deliver its strategic aims. The competency framework in association with the Performance and Development Review helps to identify the development needs of employees, set clear objectives for development activities and determine how the impact of those activities is to be evaluated.

Changing culture requires strong leadership and changes in management behaviour and attitudes so development strategies need to have a strong focus on both leadership and managerial skills. Such activities provide those at the top of the organisation with opportunities to share and gain commitment to their vision of the future and reinforce the values that they believe in.

The difference between leadership and management must be understood. In a seminal article published by Harvard Business Review in 1990, John P Kotter argued that management is about coping with complexity, while leadership is about coping with change. Management is essentially a control process that uses tools such as budgeting, leadership is about having a vision and the strategies to turn it into reality.

Learning takes place not just from books and courses but from sharing experiences and knowledge with others inside and outside the organisation. This is where secondments can be brought into play. Best practice elsewhere or excellent organisations needs to be identified and participation encouraged in professional forums where learning from each other and networking is facilitated. Organisations need to consider how knowledge is managed so that it is not lost when an individual leaves and that it is shared with colleagues for mutual and organisational benefit.

Garvin (1993) expressed the view that learning is an essential ingredient if organisations are to survive; that learning at operational, policy and strategic levels needs to be conscious, continuous and integrated; and that management is responsible for creating a climate in which all their people can learn continuously.

Investors In People is a powerful driver for proper focus on people development but also ensures good practice and co-ordination with HR strategies for learning, communications, performance management, recognition and knowledge management

PERFORMANCE MANAGEMENT STRATEGIES

Performance management is the golden thread that should run through organisations linking the work and performance of individuals to the objectives of the team, or service, the departmental business plans, the organisation's strategic aims and policy priorities, and ultimately to the organisation's vision and core values.

Performance management has a key role in the effective implementation of functional HR strategies for resourcing, development, reward, communication, employee relations, work-life balance, organisation development.

The competency framework should feature clearly in the Performance and Development Review process so that appraiser and appraisee when reviewing job behaviour, strengths and development needs consider each of the core competences in turn and their link to the people values of the organisation.

Performance management as a continuous process, not just associated with the annual appraisal, ensures the setting of clear objectives, goals and targets for each individual. It ensures monitoring of progress and changes of direction or priority, feedback to the individual on their output or outcomes as well as their input or competence in tackling their objectives and working with others. This continuous feedback, if properly handled, is a major force in maintaining the motivation and commitment of individuals as well as increasing the likelihood of a successful outcome.

Employees should be involved in the development of their own objectives and targets but to do that need to have a clear understanding of the departmental business plans and priorities and of the direction in which the whole organisation is moving. This involvement is crucial to building commitment but also means that internal communication strategies at all levels need to be fully effective. Employees should also carry out a self assessment of their job behaviour against the competency framework.

Performance management and development strategies are inextricably linked. Once development needs have been identified through the Performance and Development Review, development plans need to be agreed along with accountability for their implementation. Interim reviews as part of performance management should monitor progress with the development plan and evaluate the effectiveness of those development activities in enhancing work performance.

REWARD & RECOGNITION STRATEGIES

A reward strategy needs to set out the agreed approach on the competitiveness of pay in the organisation against specific benchmarks. It also needs to reinforce the desired culture and behaviours and people values of the organisation. If levels of competence and outputs or outcomes are valued by the organisation then contribution based pay is likely to feature in the reward strategy.

Recognition of the value of individuals is not only achieved through pay but also by feedback to them, letters of thanks or congratulations, tangible rewards such as vouchers or additional leave. There are many ways of making people feel valued and the Reward and Recognition Strategy should set out to deal with these financial and non-financial rewards.

Rewards also have an impact on resourcing strategies as competitive pay and benefits are required to attract and retain individuals with the needed skills and competence, knowledge and experience to enable the organisation to achieve its goals. Reward structures need to have in-built flexibility to deal with the variety of market rates, particularly in very diverse organisations.

Reward strategies are of necessity linked to ability to pay and to the labour markets in which the organisation operates. Reward is also linked to equal opportunity strategies as equal pay audits must not reveal evidence of discrimination in how staff have been rewarded due to their sex or racial origin. The Government placed a requirement on the public sector to conduct equal pay reviews by April 2004. Job evaluation is a key element in ensuring the elimination of such discrimination so this needs to feature in any reward strategy.

EMPLOYEE RELATIONS STRATEGIES

Armstrong and Baron (2002) believe that employee relations strategies should be concerned with how to:-

- Build stable and co-operative relationships with employees which minimise conflict
- Achieve commitment through employee involvement and communications processes
- Develop mutuality – a common interest in achieving the organisation's goals through the development of organisational cultures based on shared values between management and employees.

Such strategies are likely to deal with such issues as changes to union recognition, procedural agreements, bargaining and consultation arrangements. Flexible working arrangements and work-life balance issues will help to achieve co-operative relationships with employees and partnership working with the recognised unions will help to minimise conflict.

The Information and Consultation Directive applies to the UK from March 2005 to undertakings with at least 150 employees. Employers will have to put into place mechanisms for informing and consulting employees regularly on issues that affect them.

The process starts with a written request from at least 10 per cent of the workforce asking for an information and consultation procedure. The employer must then enter into negotiations with elected employee representatives to reach an agreement over the practical arrangements. This agreement has to be either signed by all the negotiating representatives or by the majority backed by at least 50 per cent of staff. If an agreement is not reached within six months then standard information and consultation provisions will apply, as set out in the draft regulations, unless both parties agree to continue with negotiations.

Employee relations strategies will be influenced by resourcing, reward, development, communications, performance management, equal opportunities, work-life balance, organisation development and Health and Safety and absence management strategies. These are all areas of prime concern to employees and their employee representatives whether they be recognised unions or not.

INTERNAL COMMUNICATION STRATEGIES

Effective communications is a vital ingredient for an efficient organisation. Communication means more than simply disseminating information by a variety of methods. It involves an open and honest two-way dialogue, the checking of understanding, more personal contact and a visual type of leadership. It places emphasis on the development of feedback channels and requires managers to be willing to accept feedback and to act upon it in a positive and constructive manner. It is essential that all employees are reached as they act as ambassadors for the organisation.

Improving communications will help to engender a greater sense of corporate unity, belonging and commitment to the values, aims and objectives of the organisation.

A strategy to improve internal communications needs to recognise the various levels of communications from employee to manager, between a manager and his or her team, at the departmental, directorate and corporate level. Any strategy needs to involve research to determine current practices at each of these levels and their effectiveness at providing a two-way flow of information. This research is likely to involve employee attitude surveys, interviews of key stakeholders and focus groups.

Employees need to be aware of what is happening in other parts of the organisation so that knowledge and successes can be shared and 'joined-up' working facilitated. Employees should be well informed about change plans, policies and procedures and the reasons behind decisions and actions that affect them or the business. Organisations have an important social side so staff news, views and sporting and other achievements should be communicated along with career and development opportunities.

There are a multitude of vehicles for internal communications with the most effective at ensuring understanding being those taking place face to face either individually or in groups. However corporate communications often have to rely on the dissemination of briefing documents, the staff newspaper, intranet, e-mails, personal letter and videos or CDs.

The aims of an internal communications strategy are likely to focus on:-

(i) Developing a clear consistent style of communication within the organisation so that staff are either made aware of, or know where to find the information they need.

(ii) Creating a more open culture across the organisation, where two-way communication is encouraged and where staff feel that their views are valued.

(iii) Building better relationships between different parts of the organisation so that knowledge, experience and best practice can be shared.

(iv) Establishing best practice in managerial behaviour to enhance internal communications.

Internal Communications feature strongly in all other HR strategies as all of them involve the passage of information and understanding. For this reason, work on internal communications should feature high on the list of priorities and beneficial changes should be implemented in the early stages of any major organisational change programme or project.

EQUAL OPPORTUNITY, DISCRIMINATION & DIVERSITY STRATEGIES

Under the Race Relations (Amendment) Act 2000, public authorities have a positive duty to promote race equality and good community relations, to work to eliminate unlawful racial discrimination and to promote equal opportunities. In order to promote race equality in employment local authorities are required to monitor, by racial group, the members of staff in post and applicants for employment and training and promotion. They must also monitor and publish annually the numbers of staff from each racial group who:

- Receive training
- Benefit or suffer detriment as a result of performance assessment
- Are involved in grievance procedures
- Are the subject of disciplinary procedures
- Leave the organisation's employment, for whatever reason.

Having obtained this monitoring data and analysed it, action has to be taken to eliminate barriers to equality of opportunity and treatment including ensuring all employees are aware of their responsibilities under the Act. Local Authorities are required under the Act to publish a Race Equality Scheme setting out the monitoring processes that have been put in place and the plans for developing recruitment and training strategies for addressing under-representation of ethnic minorities identified through the monitoring and analysis.

The Race Equality Scheme also sets out plans to use the information gathered to determine if there is any evidence of differential outcome for ethnic minority staff with regard to access to training or the application of personnel procedures. The reasons for any such outcomes then have to be investigated and policy revisions and strategies considered to address them. Ongoing monitoring will determine the success of these strategies and the need for any further developments.

Local Authorities are also required to work towards the attainment of the Equality Standard and its concomitant Corporate Equality Plan. This extends the work on ethnicity, covered largely by the Race Equality Scheme, to other areas such as age, disability, gender. New legislation banning discrimination in employment and vocational training on the grounds of sexual orientation and religion/belief came into force in December 2003.

Whilst there are the above legal requirements on local authorities there is also much employment legislation relating to equality and discrimination that also impacts on private sector employers and they ignore it at their peril. Such Acts include

> Equal Opportunities Act
> Sex Discrimination Act
> Racial Discrimination Act
> Disability Discrimination Act

These legal requirements on employers suggest the need for an explicit HR strategy on equal opportunities and discrimination such as that adopted by the Corporation of London in 1999:-

"Monitor the composition of the workforce and the treatment of women, ethnic or other minority groups and the disabled and develop or amend policies, procedures, management guidelines and provide training accordingly to ensure compliance with developments in the law or with codes of practice concerned with eliminating discrimination."

However employers are increasingly recognising the need for and benefits of establishing a more diverse workforce. The proportion of ethnic minorities in the population, who are the customers and clients of organisations, is increasing rapidly. The global market place in goods and services is a reality and in order to service the needs of the population and of foreign companies or to access services from abroad there are great benefits in having employees who understand the different racial cultures or speak their languages. Organisations need to understand the sound business case for valuing diversity which if demonstrated in practice raises the image and standing of the employer in the increasingly diverse community within which it operates.

The gender mix in organisations is also changing with more women able to sustain careers aided by family friendly policies, initiatives and legislation. More women are taking senior management positions and having a beneficial impact on the cultures and strategies of organisations. Ensuring equality of opportunity for women must be a key element of any HR strategy on diversity and due to the childcare responsibilities of many working women requires an integration with strategies on flexible working and being family friendly. The role of fathers must not of course be ignored and the Parental Leave Directive has facilitated their ability to combine work and parenthood.

It can be seen that any functional HR strategy on Equal Opportunity, Discrimination and Diversity must integrate closely with or be reflected in HR strategies covering recruitment, training, workforce planning and flexible working. The strategy also has important implications for HR Computer Systems to carry out the monitoring and analysis and for Personnel policies and procedures.

WORK-LIFE BALANCE & FLEXIBLE WORKING STRATEGIES

The importance of creating the right working environment for employees is now widely recognised. An article by Claire McCartney of Roffey Park entitled 'Flexible Working and the future of work' in Volume 1 No. 4 December 2003 of Croner's Human Resources and Employment Review sets out the business case for introducing flexible working. Flexible working not only enables organisations to attract and retain a diverse workforce, but can also significantly increase company productivity. Furthermore, greater flexibility in employees' work patterns can help to meet customer demand, improve workload management and increase employees' capacity to meet targets and make customer needs their top priority. Flexible working programmes can also result in reduced absence and increased employee quality of life, motivation and commitment. A survey by Reed in January 2003 revealed a massive increase in the number of employees desiring a flexible work pattern. Out of 4,000 job seekers, 68% would like the chance to work more flexibly. This is supported by Roffey Park's Management Agenda Survey 2003 where 88% of the sample maintained that there is a growing demand for different work patterns within their organisations and a further 74% said they would personally like to have a more flexible work pattern.

The UK Government has been actively promoting measures to improve the work-life balance of employees and to force employers to be more accommodating with employees who have family commitments. Much of this is now enshrined in UK legislation, particularly the Employment Act 2002. This provides improved maternity leave and pay and new rights for fathers and adoptive parents. There has also been an addition to the Employment Rights Act 1996, which imposes a duty on employers to give serious consideration to requests from parents of young children to work flexibly.

Employee attitude surveys reveal a strong desire from many employees to be allowed to work in a flexible manner and the employer's response to this can have a significant impact on recruitment and retention. Flexitime schemes are commonplace in many organisations and can help to reduce absence from work which is self certificated as sickness absence but may be to deal with home issues such as deliveries or service calls. Flexitime schemes can also provide time during the working week to attend the doctor or dentist or deal with parental responsibilities such as a school visit. Flexitime schemes need to be designed to respect the needs of the business and to ensure control can be exercised by management.

Women returning from maternity leave with new childcare responsibilities but who wish to continue their career or need a source of income frequently request a change in their working pattern. This may involve job share, part-time working, home working, compressed working week, staggered hours. These requests need to be taken seriously as turning them down without proper justification can lead to expensive litigation.

The extent to which work-life balance strategies or flexible working can be entertained depends very much on the nature of the jobs in the organisation and whether an employee can share their responsibilities with others, whether they need to be present for a fixed working day, whether job-share is workable or whether flexible working leads to unacceptable increased costs. A move to annual hours working may bring cost benefits to employers where the work is of a seasonal nature for example with longer hours required in the summer and less in the winter. This style of working may also suit employees.

Work-life balance and flexible working strategies will inevitably result largely in the production of policies, procedures and often in pilot schemes, such as for the introduction of flexitime, to determine whether changes have a beneficial or damaging effect on the organisation. A new area that needs to be considered in any such strategy is the impact of forthcoming legislation on age discrimination, which has to be in place by December 2006. The likely outcome is that it will be unlawful for an employer to stipulate a compulsory retirement age that cannot be justified by the needs of the job although a default retirement age of 70 may be introduced. Some employees and employers may favour a phased retirement which will be facilitated by changes to Inland Revenue regulations allowing employees to draw a pension and salary from the same employer.

Work-life balance and flexible working strategies have an influence on recruitment and retention, resourcing, workforce planning, equal opportunity, health and absence management strategies and even on reward strategies if a menu type approach is adopted. Some organisations permit employees to trade additional annual leave for salary which can aid the work-life balance and family care pressures of those employees.

HEALTH, SAFETY AND ABSENCE MANAGEMENT STRATEGIES

An aspect of the HR strategy that is often neglected in published works is health and safety, occupational health and absence management, yet a healthy workforce with high levels of attendance is very important for the achievement of the organisation's strategic aims and objectives.

A responsible employer puts in place appropriate measures to ensure a safe and healthy working environment through effective safety management systems. These systems allocate individual responsibilities for health and safety, ensure risk assessments are carried out for substances hazardous to health, for visual display unit users, on fire safety, on factors leading to stress in employees, on general safety risks, on verbal and physical abuse, on those working alone, and many other factors which may affect the health of employees. Safety audits and reviews of remedial action taken, as well as monitoring and investigation of accidents to employees, need to be incorporated into safety strategies.

Much of this health and safety work is a requirement of legislation but the benefits for employers are a reduction in employee time lost through sickness absence or injury, a feeling of being valued by employers, a reduction in the risk of litigation resulting from occupational disease or injury and in the risk of prohibition notices being placed on the workplace by the Health and Safety Executive, enforcing authority or Fire Brigade.

The occupational health service in an organisation is primarily concerned with ensuring that people are fit for work and that work does not damage the health of employees. There are sound moral, legal and economic reasons for an organisation to ensure that people are not unnecessarily excluded from work due to ill health or disability; individuals who have been ill or injured are rehabilitated; the workplace is used to promote healthy lifestyles.

The occupational health and safety strategy needs to approach employee health and well-being holistically through:-
- The prevention of ill health/injury through hazard identification and risk control

- Early access to diagnosis, treatment and rehabilitation
- The adaptation of work to accommodate rehabilitation and disability
- The promotion of health and well being, including self help.

Ill health and sickness absence affects an organisation's ability to achieve its business plan or to deliver high quality services meeting the needs of customers or clients. It impacts on productivity, staff morale and has significant financial implications.

The Government has set a target for local authorities to reduce sickness absence to an average of 8.9 days by 2005, but even this is substantially above the average levels of sickness absence in the private sector. The CIPD's 4th annual survey carried out in 2003 reported an average absence level of 3.9% or 9 working days per annum. In the public sector the level was 4.6% or 10.6 working days while the private sector reported a lower level of 3.1% or 7 working days per annum. The average reported cost of absence is £567 per employee per year although this figure does not include the effect of reduced productivity. Minor illnesses such as colds and flu are the most common cause of absence for both manual and non-manual workers. The second most common cause, often resulting in long term absence, is back pain for manual workers and stress for non-manual staff. Just under 3/5ths of absence is accounted for by spells of fewer than 5 days.

Return to work interviews are cited as the most effective tool for managing absence across the different sectors. Trigger mechanisms and line management involvement in absence are most commonly reported in the public sector whereas disciplinary procedures for unacceptable absence feature more frequently in the private sector.

Strategies need to be in place and their implementation given a high priority to minimise absence from work. Employee and manager policies and guidelines need to be in place, so that absence is closely monitored, return to work interviews carried out and potential long term sickness absence cases managed proactively at the earliest opportunity.

The Corporation of London has set up a multidisciplinary Sickness Absence Review Group to examine all cases where an employee has been absent for one month. Return to work is often delayed through NHS delays in diagnosis and treatment and the SARG group approves private diagnosis and treatment where it would make commercial sense for the Corporation to pay the costs involved. This is most commonly the case in musculo-skeletal and mental health disorders. Line managers are required to report on action taken in the management of long term sickness cases and also to explain why the general level of short-term absence is higher in their department than certain corporate trigger levels and what will be done to rectify the situation.

Such proactive approaches to health and safety and absence management should have a positive impact on the performance of the organisation. Strategies in this area impact on workforce planning, resourcing, performance management, employee relations, work-life balance and internal communication strategies.

CORPORATE SOCIAL RESPONSIBILITY

Involving employees in community activities increases their skills, their levels of commitment through alignment with the organisation's values and thereby their performance. It develops leadership or management abilities and helps employees grow in confidence. Successful organisations generally have a broad sense of mission and an internal culture to support it. However, those great intentions and big ideas are worthless unless they are widely shared and embedded in an organisation's day-to-day routines.

Effective corporate social responsibility brings public relations benefits to the organisation and enhances the effectiveness of an organisation's HR strategy through recruiting retaining and developing staff and motivating the high levels of commitment and contribution that are key to long term success.

The Corporation of London has a Community Affairs Programme which is just over a year old. There are now more than 150 volunteer contacts, around 80 active volunteers, and the numbers are growing steadily. The aim is to recruit at least 10% of Corporation staff into some kind of voluntary activity. Research by Reed Executive has found that almost three quarters of employers surveyed prefer to recruit candidates with volunteering experience on their CV.

To support volunteering the Corporation was one of the first public bodies to offer time off for approved voluntary activity. All staff are entitled to take up to 2 days every year to do voluntary work subject to the agreement of their Chief Officers.

Corporate Social Responsibility is defined by the European Commission as a process "whereby companies decide voluntarily to contribute to a better and cleaner environment."

ORGANISATION DESIGN & DEVELOPMENT STRATEGIES

The organisation development approach, as defined by Michael Armstrong (1992), concentrates on overall organisational effectiveness, especially with regard to 'process' – how people behave in situations where they are constantly meeting with one another. Team development and the management of change are often important features of an OD programme. Armstrong goes on to propound that organisation design is ultimately a matter of ensuring that the structure and methods of operation fit the strategic requirements of the business and its technology within its environment. Organisation design needs to ensure effective cross-departmental working practices and flexibility. Likewise jobs should be designed to satisfy the requirements of the organisation for productivity, operational efficiency and quality of product or service. But they must also meet the needs of individuals for interest, challenge and accomplishment.

Organisation development must also embrace what Armstrong refers to as culture management, the process of developing or reinforcing an appropriate culture that helps the organisation to fulfil its purpose. Culture management is concerned with:-

- Culture change, the development of attitudes, beliefs and values which will be congruent with the organisation's mission, strategies, environment and technologies.
- Culture reinforcement, which aims to preserve and reinforce what is good or functional about the present culture.
- Change management, which is concerned with enabling the culture to adapt successfully to change.
- Commitment gain, which is concerned with the commitment of members of the organisation to its mission, strategies and values.

In 'Strategic HRM: The key to improved business performance' by Armstrong and Baron 2002 Organisational development strategies are defined as concerned with the planning and implementation of programmes design to enhance the effectiveness with which an organisation functions. They may involve strategies for developing organisational structures, for improving organisational processes or for organisational transformation. In other words organisational development strategies address how things are done as well as what is done. Process refers to the way in which people act and interact, such as total quality management, business process re-engineering and performance management.

Research conducted by Guest el al (2001) revealed that Chief Executives believed that performance management was the practice that, if implemented effectively, would do most to improve performance. Performance management involves articulating the vision, values, strategic aims and objectives of the organisation and linking these to the departmental, team and individual objectives; providing employees with feedback on their performance and whether their job behaviour matches the values and desired culture espoused for the organisation; identifying and taking action on the development needs of teams and individuals; and reinforcing the desired competences and outcomes through the reward and recognition processes. A core competency framework, ideally defined at the three levels of 'delivers', 'manages' and 'directs' provides a common thread and language through the performance management approach. Communications and involvement are key aspects of performance management.

These 'soft' aspects of organisation development however have to be accompanied by a strategic review of the most appropriate organisational structure and management processes to ensure efficient and effective delivery of the business plans or service. This organisation review can be carried out at different levels. The Chief Executive will want to examine the structure of the various parts of the business and the resources employed across the organisation. Directors will examine their own sphere of responsibility and departmental managers need to examine the roles, responsibilities and workloads of their staff. The HR function should be well placed to assist with all these reviews and the HR Director should be proactive in proposing options for organisation change.

To do this effectively the HR Director needs to be well informed about all aspects of the business and its future development.

The Corporation of London HR strategy of 1999 had an organisation development element to:-

> "Undertake and support organisational reviews to improve efficiency, economy and effectiveness through the amalgamation of departments and the sharing of administrative functions, establishing appropriate levels and spans of management and supervision and ensuring optimum staffing levels."

Having identified the need for change, the management of the change process from involvement of employees, selling the benefits, gaining commitment and planning and implementing the change are all areas where HR staff have a valuable contribution to make.

An organisation development strategy must be totally integrated with the functional HR strategies on performance management, communications, workforce planning, resourcing, learning and development and employee relations.

HR SERVICE TRANSFORMATION STRATEGIES

A global study of 200 HR and board-level executives carried out by Accenture in 2002-2003 found that of companies' top strategic priorities, four out of five related directly to the workforce: attracting and retaining skilled staff; improving workforce performance; changing leadership and management behaviours; and changing organisational culture and employee attitudes. For the HR function to deliver on these priorities requires visionary, comprehensive, integrated HR strategies and commitment from the top of the organisation.

However, excellent strategies are worthless unless the HR service in conjunction with senior line management can put those strategies effectively into practice and achieve the aims and outcomes desired.

Any HR strategy is deficient if it does not address how the HR service can itself be transformed and continuously improved so that it adds real value to the organisation. Efficiency in administrative, processing, and monitoring of employee data is very important for HR staff who need best of breed HR Computer Systems to achieve this. However a much more pro-active approach is needed to really make a difference.

HR staff need to carry out research to determine competitiveness of pay, employee attitudes to their workplace, employment pay and conditions, training, performance management and the way they are led and managed. Research also needs to be carried out to determine the work related factors that create unacceptable levels of stress in employees which in turn impacts on performance. It is these factors which impact on the recruitment and retention of the necessary skills, employee performance, commitment and motivation. Getting this right is a major factor in wealth generation and/or provision of excellent services meeting the needs of customers.

HR staff, particularly those in Corporate centres, are often viewed as a costly overhead rather than as an asset so any HR service strategy needs to address how this perception can be changed. Centralised versus decentralised service provision is always the subject of much heated debate. Some line managers want to have their own directly accountable HR staff but there are increasingly powerful arguments for central service provision, either from outsourced administrative centres or in-house central service units.

Each department in an organisation employing its own HR staff is likely to result in unnecessarily high costs of service provision and the calibre of HR staff may not be as high as those employed in centres of excellence where they have greater accountability and a broader range and depths of experience.

The increasing complexity of employment law and transactional processes such as recruitment and issuing of contracts of employment and development of reward structures leads to the need for greater specialisation.

A team of internal HR consultants that studies changes in employment law and good practice in order to develop policies and procedures appropriate to the organisation is also well placed to advise line management on employee relations issues, to draw up employment contracts and provide training to line managers on the employment aspects of managing staff. A close built central team also helps to ensure a consistent approach across the organisation hence reducing the risk of grievances or discrimination or breach of contract claims.

Performance management processes including achievement of Investors In People status often require central drive and monitoring to ensure they are carried out as intended and to a standard that aids employee satisfaction.

Reward structures are becoming more complex in their design and implementation with competence based pay, contribution based pay and job profiling much more commonplace. Such arrangements soon become discredited, as did performance based pay in the public sector, unless there is consistency of approach across the organisation, unless backed by rigorous performance management and central monitoring in their implementation.

The vital process of recruitment and engagement can be very expensive and time consuming unless there are economies of scale, efficient workflow systems, maximum use of e-recruitment, compositing of advertisements and considering candidates for one post as potential candidates for other vacancies in the organisation. Such benefits can best be realised through all recruitment, engagement and on-boarding being handled by a central service unit and this is clearly the approach now being adopted by many organisations.

A Central Service Unit can work on promoting an employer brand, ensure a positive impression is given of the organisation to potential recruits and ensure that all engagement documents are correct and appropriate checks done of references, medicals, criminal records.

Recruitment and workforce monitoring can also be carried out more efficiently by a central unit provided that it has the benefit of a modern HR computer system with a common database for each of its modules.

Although many HR service functions are best carried out centrally there are other functions that are best dealt with at a local level, particularly where face to face contact with employees is important. Releasing departmental HR staff from the more routine transactional processes and from the more complex employee relations issues provides them with the opportunity to be more proactive on issues such as performance management, ensuring Performance and Development Reviews are carried out on time, training and development needs are properly assessed, training plans drawn up and workforce planning including succession planning at the local level is carried out. Local HR staff will liaise with the Central Service Unit over recruitment and selection and assist line managers with the interviewing. Employee records and payroll input needs to be handled locally utilising the corporate HR computer system. Employee and manager self service should however reduce the time spent by local HR staff on such issues as changing home address or bank details, booking leave, booking training, submitting expense claims, etc. Local HR staff have an important role to play in absence management ensuring return-to-work interviews are carried out and that action is taken at the earliest opportunity to deal with problem cases of sickness absence.

Exactly how the HR service is best delivered will depend on a multitude of factors including the availability of HR computer systems, the capability of line management, the structure of the organisation and to some degree the culture. Transforming the way the HR service is delivered can be one tool for changing the culture of an organisation. Local Authorities have tended to have a silo culture with each Directorate having almost total control of the way it operates with little joined-up working with other Directorates. A more corporate approach can be encouraged through central provision of a number of HR services such as recruitment, training, job evaluation, reward, health and safety.

Typical roles of central HR Consultants are as follows:-

- To provide input into the business decision making and planning process.
- To provide advice and support on organisation change.
- To monitor key HR performance indicators for specified departments to identify areas of concern and agree and implement an action plan to address those areas.
- To monitor sickness absence levels and individual cases and support management in taking action at the earliest opportunity so the departments meet targets set for a reduction in absence.
- To assist departments in preparing Workforce Plans including development plans for teams and individuals and succession plans for key posts.
- To assist departments to achieve or maintain IiP status.
- To work with departments to improve staff communications.
- To monitor the quality of Performance and Development Reviews, the assessment of individual levels of competence and performance and associated reward arrangements.
- To provide advice and guidance on the handling of employee relations matters including consultation with representatives of recognised unions.
- To assist with the recruitment and selection of key members of staff, liaising with the Central Service Unit.

The performance of the HR function and the success of HR strategies needs to be evaluated through the monitoring of a set of performance indicators and through internal customer satisfaction surveys. Public sector bodies have to produce performance indicators for the Audit Commission and to determine progress towards Corporate Health targets such as the percentage of the top 5% of earners that are women, and that are from black and minority ethnic communities, the number of early retirements (excluding ill-health retirements) as a percentage of the total workforce and the percentage of local authority employees from minority ethnic communities compared with the percentage of the economically active minority ethnic community population in the authority area. Other performance indicators that can be monitored relate to the time to fill vacancies, turnover rates, reasons for leaving, sickness absence, training expenditure as a percentage of paybill. Benchmarking against other organisations provides a useful measure of performance.

The HR service transformation strategy needs to cover how performance of the service will be evaluated but also needs to be geared towards ensuring and evaluating the successful delivery of the HR functional strategies.

7   <u>EMPLOYEE RESEARCH FOR THE FORMULATION OF HR STRATEGY</u>

The performance of organisations is totally dependent on the performance and attitudes of their staff. The attitudes are affected by the work environment and culture of the organisation. The work environment covers the physical surroundings and equipment, how people are managed, the psychological contract, work/life balance, support mechanisms and services, job design, bureaucracy.

Before developing HR strategies it is vital to determine the organisational factors which lead to excessive undesirable stress in employees. It is also vital to determine their attitudes to communications, development opportunities, reward, management competence and behaviour and their affinity to the aims and purpose of the organisation.

It is recognised that bringing about cultural change, i.e. change to the way we do things, is a long slow process which requires patience and determination from those driving change. Actions that have already been implemented or are currently underway are as equally important as those planned in the future so in the development or updating of HR strategy it is important to keep a clear view of the journey that has already been travelled and the achievements that have been made. In this chapter of the report recent developments have been recorded as well as planned activities that should help to change the organisation and address those issues identified from the employee research that should raise the performance of staff and enhance service delivery. Many of these planned activities will feature in the strategic objectives formulated in the HR strategy which is set out in the next chapter of this report.

STRESS RISK ASSESSMENT EXERCISE 2000

AREAS OF CONCERN TO BE ADDRESSED IN HR STRATEGY AND ACTION PLANS

The feedback from the Stress Risk Assessment Exercise carried out in the year 2000 and described in detail in Appendix I provided useful information for preparing the Staff Opinion Survey carried out in 2002. The Opinion Survey is described in Appendix 2. Both surveys also aided the development of the HR Core Values, the strategic aims and policy priorities and associated strategic objectives and action plans.

Below are presented the key issues that staff feel need to be addressed in order to reduce stress in the workplace and to raise performance. These issues are later linked to the relevant HR Core Value or Values which once effectively embedded in the organisation would help to remove the causes of stress. Also presented under each key issue are activities already completed or underway and those planned to bring about beneficial change.

The key issues identified by staff from the Stress Risk Assessment Exercise have been grouped under general headings as follows:-

1) Management Behaviours and Skills
    - A blame culture
    - Only ever receive negative feedback
    - Failure to show appreciation
    - Managers need to take an interest and be more open
    - Lack of efforts to motivate staff
    - Lack of perception of managers of the views of their staff
    - Manager failure to deal with those who are not pulling their weight
    - Mangers need to be more approachable and understanding
    - Poor managerial skills, need for management training
    - Need to tackle problems
    - Need to be more decisive
    - Inadequate delegation

2) <u>Workloads</u>

- Inadequate work planning
- Excessive workloads due to inadequate staffing
- Lack of clarity of roles and responsibilities
- Inequitable workloads affecting relationships between colleagues
- Need greater co-operation between staff.
- Unrealistic deadlines to meet
- Need to be allowed to work flexible hours

3) <u>Promotion and Career Progression</u>

- Lack of career progression

4) <u>Bureaucracy</u>

- Too much Corporation bureaucracy

5) <u>Communications and Consultation</u>

- Lack of communication from management
- Lack of consultation
- Uncertainty and stress caused by job insecurity
- Need more regular staff meetings with senior management
- Poor relationships and communications between staff

6) <u>Training and Development</u>

- Need to improve on-the-job training
- Lack of training and support dealing with rude and aggressive public
- Need to give more responsibility; utilise skills
- Need for better training when IT changes are made

STAFF OPINION SURVEY 2002

AREAS OF CONCERN TO BE ADDRESSED IN HR STRATEGY AND ACTION PLANS

The feedback from the staff opinion survey of 2002 was taken into account in the development of the HR Core Values, the strategic aims and policy priorities and in the development of the strategic objectives and associated action plans. These plans covered such issues as training and development, equal opportunities and reward development.

Below are presented the key issues identified by the Staff Opinion survey. As with the output from the Stress Risk Assessment Exercise these issues are later linked to the relevant HR Core Value or Values along with completed or current activities and those planned to address the areas of concern.

The key issues identified by staff from the Opinion Survey are as follows:-

1) ISSUE: <u>Management Behaviour and Skills</u>
   - Support provided to employees affected by change at work
   - 30% of staff have not had a performance and development review
   - Dissatisfaction with the way their section/division is managed
   - Managers struggle to manage people effectively
   - Managers do not do a good job of building teamwork
   - People in the Corporation do not want to know how I am coping with my work
   - I have to wait for formal appraisals to know how well I am doing in my work
   - The Corporation does not show that it values the work that I do
   - A third of staff are told what to do and when to do it
   - A third of staff do not have a lot of variety in their work

2) Fairness and Equal Opportunities

- Uncertainty about the Corporation's commitment to equal opportunities
- Uncertainty over the Corporation's performance in relation to gender, disability race or age
- Only around half of respondents considered they were treated with fairness and respect
- Just over a third have not received training on awareness of equal opportunities

3) Workload

- 60% of respondents expressed overall negative views
- Workloads are too heavy
- Too much work pressure
- Regularly have to work excessive hours
- 47% of respondents believe that the ability to work at home on occasions would improve their overall performance
- 66% of respondents believe they could maintain the same standard of performance if their working hours were made more flexible

4) Recruitment

- Almost a quarter of respondents do not consider employees are appointed on merit

5) Promotion and Career Progressions

- Dissatisfaction with opportunities to achieve promotion
- Only 28% of respondents consider employees are promoted on merit

6) <u>Job Grading and Reward</u>

- Almost a third of respondents do not consider they are fairly paid
- Almost a quarter of respondents do not consider their pay is competitive
- Almost half of respondents believe that a bonus scheme should be introduced
- Only 23% believe the grading structure is fair

7) <u>Bureaucracy</u>

- The bureaucracy in the Corporation makes it difficult for me to do my job

8) <u>Communications and Consultation</u>

- Not having the opportunity to contribute views before changes are made to their job
- Staff do not feel well enough informed about personnel policies and practices
- 54% of respondents expressed overall negative views
- Face to face communications are not found to be effective for finding out what is going on in the Corporation as a whole
- Around 20-22% of staff do not appear to have access to the intranet
- Around 24-27% of staff do not appear to have access to a departmental newsletter
- Half of respondents feel they do not have influence over the policies and procedures in their work unit.

9) <u>Training and Development</u>

- Only 13% of respondents have not found the training relevant to their job

KEY ISSUES IDENTIFIED FROM EMPLOYEE RESEARCH – LINK TO CORE VALUES AND ACTION PLANS

Issue: Management Behaviour and Skills

1. HR Core Value: enabling people to achieve their potential

Recent Activities

5 year training plan for activities underway (many of these impact on improving management behaviour).

- 360° appraisals for Chief Officers (career development plans to be initiated once new Town Clerk carries out full appraisal in 2004).
- Leadership Development Courses for Grades 10-13 and Management Development Courses for Grade 8-9.
- Pilot Management Development Course to be run for Grades 5-7 in Open Spaces.
- Business Planning and Effective Project Management Courses
- Secondments working party.
- Action Learning sets resulting from management development training.

Planned Activities

- Director development Grade 14 and above.
- Appraisal and career development plans for Chief Officers (need Town Clerk's input).
- Breaking down of silo culture through establishment of core value of learning from each other.
- Review and consolidate management development corporate programmes from grade 5 to grade 14.
- Consolidate data on who has attended training with a view to Chief Officers re-considering whether it should be mandatory for all managers within the Corporation (this was recommended in original report but Chief Officers turned down proposal at that stage).

- Review management competencies to ensure they reinforce and give examples of behaviours that employees wanted to see in attitude survey e.g. managers walking the talk, managers saying thank you for good work, managers being visible, managers regularly meeting their staff (this links to competencies development work via reward project).

- Include a section on performance management in short guide for new employees (this cross links to Best Value Core Group initiatives on wider performance management issues).

- Further work needs to take place to build on what already achieved in areas of
  - Action learning
  - Mentoring
  - Coaching
  - Secondments

- Management role profile must prioritise importance of people management skills (links to reward project).

Issue: Fairness/Equal Opportunities

2. HR Core Value: compliance with the law, treating people with respect, being fair and equitable, providing equality of opportunity, valuing diversity and working in partnership

Recent Activities

- Equal opportunities action plan produced in June 2002 and updated October 2003

- Undertook research into perception of Corporation amongst target recruitment group.

- Achieved best value performance targets for percentage of women in senior management and percentage of ethnic minorities.

- Published and consulted on Race Equality Scheme.

- Developed three year Race Equality Action Plans for each department.

- Achieved level 1 Equality Standard for Local Government.

Planned Activities

- Production of policies, procedures and training programmes in response to anti discrimination legislation.
- Achievement of Equality Standard Level 2 by March 2004.
- Review of and implementation of departmental Race Equality Action Plans.
- Achievement of target for percentage disabled staff.
- Continued progress on diversity in recruitment.

Issue: Workload

3. HR Core Value: work-life balance

This is a very wide category and needs further investigation to determine which department/sections have staff in them who are complaining about work overload/stress in this dimension and what is the nature of their complaints. Complaints about workloads can be symptomatic of poor management, lack of response to requests for greater work-life balance, poor job design/allocation of work, not providing variety and challenge, etc.

Workload issues, therefore need to be picked up through a number of mechanisms but arguably could be best dealt with through management training, performance management and via the JE project when job roles are being reviewed and job families are being rationalised.

Issue: Recruitment

4. HR Core Value: right people in the right job

Recent Activities

- Roll out of the centralised recruitment service to Phase 1 departments.
- Standardisation of recruitment procedure.
- Production of corporate pack.
- Standardisation of correspondence and pack content.
- Promoting the use of composite advertisements to reduce corporate advertising spend.

- Promoting the use of psychometric testing/other relevant tests
- Revised recruitment and selection guidelines.
- Development work on competency framework for recruitment and promotion.

Planned Activities

- Use of e-recruitment module developed in-house to link to Midland Trent Recruitment module
- Continued development of the electronic application form to link to Trent.
- Continued development and promotion of an attractive and consistent brand image for the Corporation as an employer of choice.
- Redesign the corporate ad layout.
- Production of improved management information e.g. Recruitment Monitoring/Equal Ops.
- Continue to strive for reduction in time taken in the recruitment process.
- Candidate match and gap.
- Phase II roll-out plan.
- Graduate Recruitment Programme Plan.
- Training in and use of competency framework for recruitment.

Issue: Promotion and Career Progression

5. HR Core Value: right people in the right job

Recent Activities

- Report on Succession Planning to Chief Officers in January 2003.

Planned Activities

- Report on Workforce Planning to Chief Officers and incorporation into their departmental business plans.

Issue: Job Grading and Reward

6. HR Core Value: rewarding contribution, performance excellence

Planned Activities

- Implementation of new computerised job evaluation system.
- Introduction of contribution based reward scheme incorporating Total Reward.
- Bi-annual review of competitiveness of Corporation salaries.
- Address job design/workload issues.
- Use job description/person spec/role profile and competencies to focus on people management skills for managers.
- Effective Performance and Development Review.

Issue: Bureaucracy

7. HR Core Value: continuous improvement, value for money, creativity and initiative

Recent Activities

- Scheme of delegation policy to speed up decision making on organisation change whereby Establishment Committee processes changes affecting jobs within a four week period.

Planned Activities

- Simplification of Standing Orders and bureaucracy in the Corporation. Work done on people related Standing Orders.
- Increased use of customer satisfaction surveys.
- Increased delegation from Committees.
- Embedding of behaviours around risk taking, openness and honesty (links to management behaviours, role profiles).

Issue: Communications

8. HR Core Value: communication and consultation

Recent Activities

- Employee handbook and policies and procedures manual accessible on intranet.
- Ongoing review of employee handbook to ensure it is accessible to staff in terms of clarity and plain English.
- Review of staff communications within departments.

Planned Activities

- Corporate internal communications Steering Group and Working Group established.
- Production of a short guide for new joiners which includes key handbook policies and other information about the Corporation.
- Establish a corporate brief for managers.
- All departments to hold team briefings/meetings.
- Improved departmental use of intranet.
- Senior managers to consider how email can be better used as an information medium.
- More features in the Leader about the work of different departments, more stories written by departments.
- Possibly merge Leader and Members Briefing.
- Implement communications strategy.

Issue: Training and Development

9. HR Core Value: enabling people to achieve their potential

Recent Activities

- Best Value Review of training and development
- Analysis of departmental spend and time-off on training activities
- 5 year training plan developed
- Courses run on training needs analysis and evaluation
- Tailored customer care courses mandatory for all staff
- Physical and verbal abuse handling courses run
- Almost half of departments achieved Investors In People Status

Planned Activities

- Centralise generic training
- Improve training administration and record keeping with new HR Computer System Learning Events module
- Review all mandatory training to ensure staff have attended
- Achievement of Corporate Investors In People by April 2005

8   <u>THE INTEGRATED MODEL FOR HR STRATEGY DEVELOPMENT</u>

There are a number of features of this model of HR Strategy. One feature is integration whereby each element of the strategy supports, reinforces or complements other elements. The second feature is derivation of the strategy not just from the business strategy and plans but just as importantly from:-

- employment research;

- determining from employees what changes in the culture, working conditions and environment of the organisation increases their performance, motivation and commitment;

- research into the impact of approved and proposed employment legislation on the organisation;

- research into Government programmes and priorities for the Public sector including key issues that need tackling to achieve an excellence rating in the Comprehensive Performance Assessment by the Audit Commission;

- analysis of the workforce and monitoring changes from year to year and benchmarking it against other organisations for key performance indicators such as turnover, absence, ethnic and gender mix of the workforce.

The third feature of the strategy is using the business strategy and research to derive a limited number of core values of the organisation equally relevant to customers and employees and from these a more comprehensive set of HR or People Values. The fourth feature of the model is then to derive HR strategic aims and policy priorities and HR strategic objectives from these HR Values. The fifth feature is then to identify a set of performance indicators to measure progress towards achievement of each of the strategic objectives.

The integrated model for HR Strategy Development is represented schematically in Fig 8 at the end of this Chapter.

This is followed by Fig 9 at the end of this Chapter which shows how plans for training and development activity need to flow from an organisation's vision and strategies, performance plans, service objectives and departmental business plans. The Performance and Development Review process then ensures that individual's objectives, targets and standards are linked to these business plans. The training needs of individuals are identified from their objectives and feedback on past performance. Departmental training plans are produced taking account of the constraints of training budgets. The central Training function can then plan the programme of open training courses for the following year to meet the demands of departments. Other more technical training including Continuous Professional Development is best organised at the department level.

A study of published works on HR strategy reveals an absence of any models for the development of an HR strategy that integrates the key components. Grundy T and Brown L (2003) conclude, 'A further factor limiting the development of effective HR strategies is the lack of a well-defined process and integrated techniques for delivering it. Whilst HR management appears awash with intricate competency frameworks and psychometrics, there appears little to integrate the HR strategy 'big picture with the plethora of HR programmes, which may often appear fragmented and only indirectly aligned to delivering concrete business value.'

Grundy T and Brown L (2003) present a process model of HR strategy with the starting point for HR strategy development being the diagnosis of HR issues.

External
Visioning

Gap

Diagnose
HR issues

Futures

HR Breakthroughs

Implementation
Planning

Action

Current
Capability

Internal
Visioning
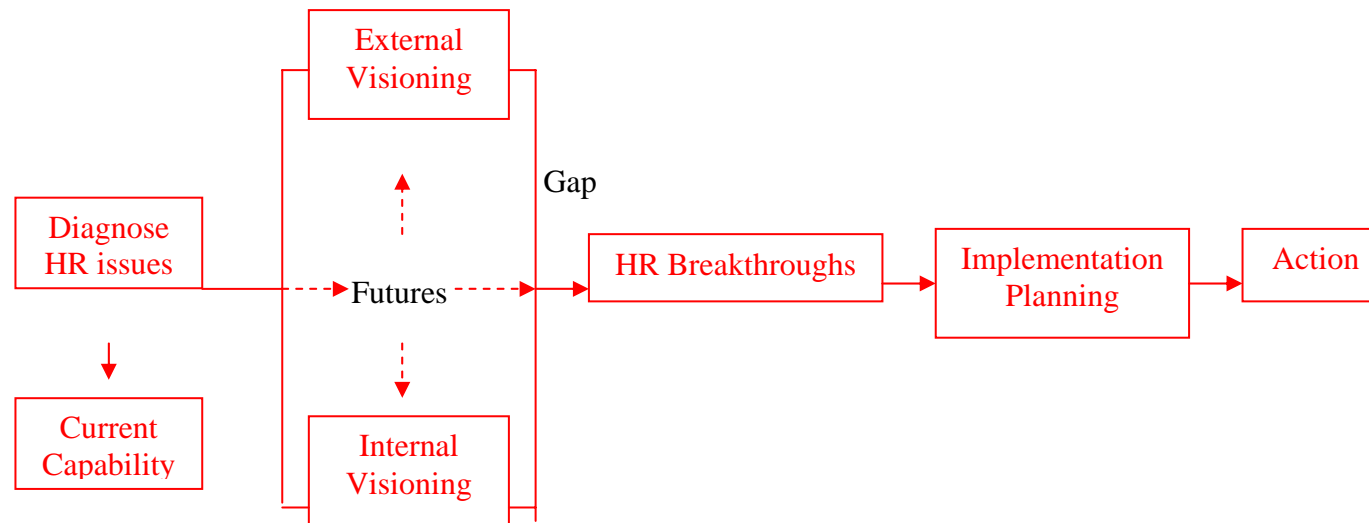
The second phase analyses the future external environment and the future internal environment with a time-frame of between 2 and 4 years. The authors believe that this examination of the future identifies the structures, skills, behaviours and attitudes needed and the difference between this and the current position defines the key HR gaps.

Breakthroughs are defined as major shifts in organisational capability and each breakthrough 'needs to be made concrete in the form of HR programmes and the specific HR projects within each programme that will support the HR strategy.'

There are some slight similarities with the model of HR strategy development that I have designed. Both start with research, look at external influences, are based on a vision of the future and then progress to specific programmes or functional strategies in my model. These in turn are translated into action plans. However my model is much more explicit and hence of greater value to HR practitioners.

The Harvard School of Beer et al (1984) were among the founders of Human Research Management and believed that this had two characteristic features:

- 'Line managers accept more responsibility for ensuring the alignment of competitive strategy and personnel policies
- personnel has the mission of setting policies that govern how personnel activities are developed and implemented in ways that make them more mutually reinforcing.

The Harvard Framework For Human Resource Management is set out below:

Stakeholders interests: • Shareholders • Management • Employees • Government • Unions	HRM policy Choices: • Employee influence • Human resources flow • Reward systems • Work systems	HR Outcomes: • Commitment • Congruence • Cost effectiveness	Long-Term Consequences: • Individual well-being • Organisational effectiveness • Societal well-being
Situational Factors: • Workforce characteristics • Business strategy and conditions • Management philosophy • Labour market • Unions • Task technology • Laws and social values			

This is not so much an integrated model for the development of HR strategy but rather a means of demonstrating commitment to all the key stakeholders of an organisation. However it, is like my model, based on research and analysis of the interests of the key stakeholders, the business strategy and external factors such as employment law and the labour market.

Armstrong M, Baron A (2002) believe that the process of formulating strategy consists of the following steps:

1. 'Define the mission
2. Set Objectives
3. Conduct internal and external environmental scans to assess internal strengths and weaknesses and external opportunities and threats (a SWOT analysis) and to analyse political, economic, social, technological, legal and environmental factors (a PESTLE analysis)
4. Analyse existing strategies to determine their relevance in the light of the internal and external appraisal. This may include gap analysis, which will establish the extent to which environmental factors might lead to gaps between what could be achieved if no changes were made and what needs to be achieved. The analysis would also cover resource capability, answering the question 'Have we sufficient human or financial resources available now, or which can readily be made available in the future, to enable us to achieve our objectives?'
5. Define in the light of this analysis the distinctive capabilities of the organisation
6. Define the key strategic issues emerging from the previous analysis. These will focus on such matters as product-market scope, enhancing shareholder value, and resource capability
7. Determine corporate and functional strategies for achieving goals and competitive advantage, taking into account the key strategic issues. These may include business strategies for growth or diversification, or broad generic strategies for innovation, quality or cost leadership; or they could take the form of specific corporate/functional strategies concerned with product-market scope, technological development or human resource development.
8. Prepare integrated strategic plans for implementing strategies

9. Implement the strategies

10. Monitor implementation and revise existing strategies or develop new strategies as necessary.'

This approach to HR strategy development focuses predominantly on the external factors, business needs and strategies with little focus on what is needed to get the best out of the most important resource available to any organisation, its people. The innovative model I have developed more fully integrates the business strategy with the needs of the staff, rooted as it is on employee research and values.

FIG 8.

INTEGRATED MODEL FOR HR STRATEGY DEVELOPMENT

EMPLOYMENT RESEARCH VALUES   FUNCTIONAL STRATEGIES   HR STRATEGY

Business Strategies and Performance Plans			Workforce Planning	
	Organisation Core Values		Organisation Development	
Government Priorities For Public Sector			Resourcing	
Employee Attitudes			Work-Life Balance	
		Strategic Aims and Policy Priorities	Equal Opportunities And Diversity	INTEGRATED STRATEGIC OBJECTIVES
Managerial Attitudes			Reward and Recognition	TARGETS AND PERFORMANCE INDICATORS
			Learning and Development	
Employment Legislation			Performance Management	
	HR Core Values		Communications	
Workforce Monitoring			Employee Relations	
			Compliance Policies And Procedures	
Benchmark Performance Indicators			Health and Safety Absence Management	
			HR Service Transformation	

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Fig 9. **Business Planning Model and Links to Learning and Development Activity**

Source/Target Date	The Model	Learning Activity/Explanation
Strategy for 2004-14	**City of London Community Strategy**	
		Corporate Learning Needs
	Community Strategy Vision and Strategic Themes	Corporate learning needs (e.g. the Corporation seeking to achieve CRE Level 2, BV, Environmental Awareness, Equal Opportunities, cost cutting review issues.
Published annually	**The Policy Plan** The Corporation's priorities, objectives and key deliverables	The Policy Plan will inform other corporate plans, which themselves may generate learning needs (e.g. on environmental issues).
Produced annually and agreed by Service Committees by 31 March each year	**Departmental Business Plans Service Objectives (measurable by Key Performance Indicators)**	Departmental Learning Needs
Set annually in March to Sept for the following year.	Group Goals/Targets	Departmental learning needs (e.g. a department seeking to achieve a relevant professional accreditation).
Set annually in March to Sept for the following year.	Personal Goals/Targets	
Held by September. Learning and Development Plan Summary to Central Learning and Development by 30 September.	Annual Performance and Development Review by September (to be followed by half yearly review in December/January)	Individual learning needs received on consolidated basis by 30 September in Central Learning and Development,
	Job Descriptions	Reviewed annually in line with appraisals.
September	Learning and Development Resource Allocation Process	Departments and Central Learning bid for learning budgets based on Corporation's objectives, Departmental business plans and needs from individual appraisals.
November/December for following financial year.	Learning and Development Activity Planning	Central Learning and Development plans and consults on programme for next year.

9   HR STRATEGY FOR THE CORPORATION OF LONDON

Understanding the culture of an organisation and how it operates, how people are managed and the effects of this on their behaviour and skills is difficult to fathom because it is so multi-faceted. Correspondingly it is difficult for other organisations to replicate and certainly this cannot be achieved over a short time scale. So an organisation that has achieved the right culture and organisation is likely to sustain its competitive advantage or its excellent business performance or its high level of customer satisfaction over a prolonged period.

To achieve this competitive position requires an in depth understanding of the organisation, management and workforce behaviours, the factors that motivate or demotivate the people, what builds commitment to the organisation, what hinders or enhances individual, team or organisation effectiveness and feedback from customers or key stakeholders. In other words the prerequisite to changing an organisation in thorough, comprehensive research into the current situation and into what would be perceived as beneficial change.

Having set clear organisation or business strategic aims and objectives and having done the research into the workforce and customer expectations and examined good practice elsewhere that has led to sustained success there needs to be consultation at all levels of the organisation on what change is needed. Out of this should be developed a vision of how the organisation should be functioning, the sort of culture and set of values needed to achieve the vision and the human resource strategic aims to ensure delivery of the required culture, values, job behaviour and ultimately the organisation's business strategic aims.

The organisation must have a clearly articulated vision or statement of what it wants to deliver or be, and a comprehensive set of business strategic aims to achieve that vision. The ability of an organisation to achieve its vision is of course totally dependent on the capabilities of its workforce at all levels. The Human Resources strategy essentially sets out the route to ensuring the organisation's capabilities enable it to achieve the vision.

Strategic aims need to be translated into strategic objectives, each of which should have a set of plans clearly setting out for the relevant section of the workforce what it is they are expected to deliver and to what timeframe. The performance management process then ensures that each individual has their own set of routine tasks to be performed, project type objectives to be achieved and the targets and performance indicators against which their own and team progress can be monitored and rewarded.

The system of working that is evolving in the Corporation and which was articulated in the HR strategy of November 1999 bears an uncanny resemblance to what the US Department of Labour (1993) described as a 'high-performance work system'. The characteristics of this system were defined as:
- "Careful and extensive systems for recruitment, selection and training
- Formal systems for sharing information with the individuals who work in the organisations
- Clear job design
- High level participation processes
- Monitoring of attitudes
- Performance appraisals
- Properly functioning grievance procedures
- Promotion and compensation schemes that provide for the recognition and financial rewarding of the high-performing members of the work force."

The CIPD (2001) has noted 'an emerging consensus favours what has become known as the "high-performance management approach" in the development of HR strategy.

Many organisations propound a set of values, or brief statements of what the organisation believes are important in relation to its business ethos and sustained success. Examples of those used in the Corporation of London are:-
- To consult with and be responsive to the needs of its stakeholders
- To seek value for money
- To strive for continuing improvement
- To promote equality of opportunity

- To follow the principles of environmental sustainability
- To work in partnership to achieve its aims
- To act as a model employer, ensuring that staff are developed to their full potential
- To learn from others and its own experiences

Some of those value statements can be directly related to the workforce and how it is developed, motivated and managed. However the human resources function in its consultation with senior management and representatives of the workforce should expand on this list of organisation values to produce a values statement covering the range of people issues. Some examples of such additional statements are:-

- rewarding contribution
- protecting the health of our people
- maximising attendance
- developing the skills and competence of our workforce.

In this report a model has been produced for the development of the Human Resources Strategy with the values statements, based on extensive research, as the starting point.

The Corporation HR function has deliberately set out to adopt the concept of 'bundling' in developing its HR strategies and practices. MacDuffie (1995) explained the concept of bungling as, "Implicit in the notion of a 'bundle' is the idea that practices within bundles are interrelated and internally consistent, and that more is better with respect to the impact on performance, because of the overlapping and mutually reinforcing effect of multiple practices."

The Corporation has recognised the need to improve performance management in all its aspects, the management of people through changed management behaviour and to improve customer service. A competence framework was developed in conjunction with senior management but pitched at three levels of 'direct', 'manage' and 'deliver'. This competence framework is then used as a common thread through role profiles and person specifications. The framework is used consistently through the bundle of practices for recruitment and selection, training and development, performance and development review, job evaluation, and competence-based reward. Succession planning and development centres are being designed also using the competence framework which provides a common language and understanding throughout all levels of the organisation. All these corporate processes extend from the top to the bottom of the organisation which ensures the common understanding and makes people feel equally valued.

HR STRATEGY IN THE CONTEXT OF THE CORPORATION'S STRATEGIC AIMS AND POLICY PLANS

The Corporation's Policy Plan 2004/2005 sets out its Vision and Core Values, Strategic Aims and Policy Priorities and these set the foundation for the HR Strategy.

The Vision, which articulates the Corporation's overall ambition is:-

"The City of London will build on its success as the world's leading international financial and business centre, and will maintain high quality accessible and responsive services benefiting its communities, its neighbours, London and the nation."

In order to support the Vision, the Corporation has set six strategic aims:-
- To ensure that the Corporation remains attuned to the needs and requirements of its stakeholders.
- To promote and enhance the City as the world's leading international financial and business centre.
- To provide first class services in the City of London.
- To help combat social deprivation London-wide.

- To provide high quality services for the benefit of London, its environs and the nation.
- To incorporate environmentally sustainable policies and programmes in its work and to encourage others to do likewise.

The Corporation's approach to continuous improvement involves:-
- Refining and improving consultation.
- Focusing on strategic aims.
- Achieving budget policy aims.
- Completing Best Value reviews of services.
- Achieving key deliverables.
- Meeting National and Local targets.

In 2004 and beyond the Corporation will be seeking to improve efficiency and effectiveness of all its services through continuing the programme of Best Value Reviews and implementing the recommendations arising from the Comprehensive Performance Assessment. The key challenges are:-
- To make the Corporation more representative through franchise reforms contained in the City of London (Ward Elections) Act.
- To make improvements to the planning, measuring and monitoring of our services.
- To take positive steps towards establishing a learning culture throughout the Corporation.
- To improve our Housing repairs and maintenance function.
- To respond to the results of a London-wide Review of Wholesale Markets announced in November 2002.
- To promote the significant contributions that the City and its services make to the UK and E.U. economies.
- To make the Corporation more responsive by continuing to develop and improve our consultation mechanisms.
- To address the Corporation's Stakeholders' main priorities of security and transport.
- To continue to respond to the needs of firms relocating to or expanding within the City and its fringes.

- To make the Corporation more effective by building links with groups and organisations that can help the delivery of the strategic aims.

- To enhance the Riverside Walkway to complete access improvements by mid 2004 and the full scheme during 2006.

- To develop a strategic plan for the Portsoken Ward in the East of the City ensuring improved facilities to meet the needs of the residents.

- To modernise Social Service provision by integration of health and social care and piloting e-government access arrangements.

- To relocate Camomile Street Library by April 2004.

- To enhance the facilities provided by the Barbican Art Centre by transforming the public spaces by 2006.

- To expand and improve the Guildhall School of Music and Drama's performance facilities following approval early in 2004.

- To identify appropriate additional or enhanced facilities for tourists whilst balancing the potentially conflicting needs of tourists and the business community.

- To develop a Regeneration Vision Statement to review and reinforce the relationships with the City's neighbouring communities and to enhance the capacity of community organisations to contribute to regeneration in neighbouring areas.

- To contribute our expertise to London-wide issues an example of which was the initiation of the London Parks and Green Spaces Forum.

- To promote the disposal of electrical waste and to promote markets for recycled products.

- To pilot Environmental Management Systems such as those being established at Hampstead Heath and Ashtead Common.

- To reduce CO_2 emissions, water use and the impacts associated with staff transport use as part of its commitment as a signatory to the Government's "Making a Corporate Commitment" Scheme.

- To develop partnerships for the delivery of sustainable development.

- To work closely with other service providers to develop the priorities and objectives of the Community Strategy which will be produced in Spring 2004 to promote the economic, social and environmental well being of the City of London and to contribute to sustainability.

- To facilitate the development of a Local Strategic Partnership (LSP) -non-executive partnership of key service providers and community representatives to oversee the development of the Community Strategy.

The Corporation acknowledges that its staff are its most important asset. The Human Resources Strategy is being developed to ensure that the Corporation can continue to attract and retain a well trained and highly motivated workforce, able to deliver high quality, customer focused services in a changing environment.

As an equal opportunities employer, the Corporation recognises the need to offer working arrangements that do not disadvantage certain applicants or employees. The Corporation is seeking to develop a workforce that reflects the community it serves and to ensure equal access to our services by all members of the community. We are seeking to do this for example by:

- Taking positive steps to encourage applications from ethnic minorities in areas where they are under-represented;
- Establishing procedures that are demonstrably fair and encourage a multi-racial working environment, and
- Ensuring that services are equally accessible to members of ethnic minorities and their concerns are incorporated in the planning process.

An action plan is being developed to ensure that the Corporation meets the new Equality Standard and the requirements of the Race Relations (Amendment) Act 2000.

THE CITY CORPORATION OF LONDON COMMUNITY STRATEGY 2004 – 2014

In December 2003 the Corporation published a consultation draft of the City of London Community Strategy. The strategy was developed by 'The City Together' a new partnership, which brings together key public, voluntary and private sector providers alongside representatives of the City's business and residential communities. The new Community Strategy sets out the vision for the City of London for the ten years 2004 – 2014. Its purpose is to facilitate greater coordination of public service delivery and to ensure that these services reflect the needs and aspirations of the City's communities – namely businesses, residents, workers and visitors.

The strategy comprises 8 themes and considers how each of these themes contributes to the City's economic, social and environmental sustainability. It looks to address equal opportunities issues, most notably accessibility, across all themes, and encompasses the views and needs of the City's diverse communities, including children and young people, older residents, disabled people and the ethnic minority populations.

At the centre of the strategy is the vision for the City of London:-

FIG 10. The Vision for the City of London

A World Class City

Good Transport for a Thriving City

A Safer City

VISION

"The City of London will build on its success as the world's leading international financial and business centre, and will maintain high quality accessible and responsive services benefiting its communities, its neighbours, London and the nation."

A Clean Pleasant and Attractive City

A Vibrant and Culturally Rich City

A Healthy City

A Skilled and Learning City

An Inclusive and Outward Looking City

Each theme identifies key objectives and actions. An overview of each theme as set out in the draft Community Strategy 2004/2014 is found below.

A World Class City – Enhancing the status of the business City, by:
- Promoting its competitive position
- Ensuring the supply of business accommodation and associated services to meet demand
- Maximising employment opportunities and skills development
- Deterring business crime
- Facilitating the provision of more affordable housing in areas surrounding the City

Good Transport for a Thriving City – Improving public transport services and facilitating greater transport choice, by:
- Facilitating the provision of an enhanced public transport system, including greater ease of interchange and better customer information and greater choice at all times of day
- Encouraging improvements to transport safety and maintaining robust contingency plans
- Encouraging cycling and improving the pedestrian experience
- Deterring breaches of traffic regulations

A Clean, Pleasant and Attractive City – Providing a sustainable environment for present and future generations, by:
- Protecting, maintaining and enhancing the built environment, the street scene, open spaces and biodiversity
- Supporting waste minimisation and recycling and developing a sustainable waste management strategy
- Tackling air and noise pollution
- Promoting energy and resource efficient practices

A Healthy City – Making health care and preventative services accessible for all, by:
- Improving the health and fitness of City workers and residents

- Protecting and improving the health of children and young people
- Improving the speed of emergency response by the London Ambulance Service and by trained first aiders/defibrillator operators
- Discouraging smoking

A **Safer City** – Maximising the safety of the City, by:
- Reducing the risk of a terrorist incident
- Reducing crime and disorder and associated fear and cost
- Continuing to promote and advise on business continuity planning
- Ensuring all sections of the City's communities are kept up to date on the threats to the City's safety and security
- Improving road safety
- Tackling anti-social behaviour
- Minimising the incidence of fires, fire deaths and injuries

A Vibrant and Culturally Rich City – Promoting a dynamic and culturally rich environment, by:
- Creating greater awareness of the City of London as a cultural asset
- Developing, coordinating and promoting existing and new cultural and leisure opportunities to the City's communities and to potential visitors, whilst remaining sensitive to varying expectations of the City's communities
- Encouraging greater diversity of cultural and leisure opportunities

An Inclusive and Outward Looking City – Promoting equality of opportunity, accessibility and involvement for everyone, in particular those who are currently excluded, and contributing to local, regional and national prosperity, by:
- Enhancing accessibility and raising awareness of existing opportunities
- Encouraging the involvement of all sections of the City's communities in service planning and usage, and improved service responsiveness
- Strengthening the local voluntary and community sector
- Promoting a cohesive community
- Enhancing services for children and young people, support for vulnerable children and their families and facilitating expansion of childcare
- Enhancing services for older people and for carers

- Enhancing advice services

- Providing flexible housing support to rough sleepers

- Providing services and support to communities outside the Square Mile

<u>A Skilled and Learning City</u>

- Encouraging the development of the skills of the City's existing and potential future workforce

- Encouraging the development of more accessible adult learning opportunities

- Enhancing the "job-readiness" of school and university leavers entering the City's job market

- Improving educational standards for City and City fringe children

- Promoting the City's libraries and archives as learning resources

CORE VALUES

The Corporation's Core Values underpin the way in which it delivers its services. The Corporation's Vision, Core Values, Strategic Aims, Key Objectives and Policy Priorities need to be supported by a set of Human Resource Core Values -what the Corporation believes in for its greatest resource, its staff.

These HR Core Values form the basis for the HR Strategic Aims, Key Objectives and Performance Indicators.

The HR Core Values that are regarded as essential for the delivery of the Corporation's vision and Strategic Aims are:-

- Treating people with respect.
- Being fair and equitable.
- Providing equality of opportunity.
- Valuing diversity.
- Working in partnership.
- Work-life balance.
- Attendance at work.
- Right people in the right jobs.

- Enabling people to achieve their potential.
- Learning from each other.
- Rewarding contribution.
- Continuous improvement.
- Value for money.
- Creativity and initiative.
- Performance excellence.
- Corporate responsibility.
- Sustainable use of resources.
- Compliance with the law.
- Communication and consultation.

In order to achieve its strategic aims the Corporation needs highly competent staff in all its functions able to convert the vision into reality, to take the initiative, demonstrate original thought and creativity and deliver excellent performance meeting the needs of the key stakeholders.

The HR Strategy ensures the Corporation has the right people in the right jobs, at the right time and with the right competences and attitude and commitment to the organisation and its strategic aims.

The HR Strategy will:-
- Improve the effectiveness of the recruitment process in terms of the speed of filling posts and the calibre of new recruits selected against the Corporation's competences framework.
- Ensure that staff feel fairly graded and rewarded for their contribution to the organisation and in relation to the market rates for comparable jobs.
- Create a culture of continuous learning whereby departments and individuals learn from each other and develop their skills, knowledge and aptitudes to maximise their potential and performance.
- Establish effective performance management throughout the Corporation with individual objectives and targets linked to departmental strategic aims, with feedback on job behaviour and the proper identification and fulfilling of training and development needs.

- Improve leadership and people management to reduce negative impacts on work performance and increase motivation, commitment and job satisfaction.

- Enhance corporate, departmental and employee/manager communications so staff understand the aims of the organisation and how what they do adds value and contributes to service excellence.

- Maximise attendance at work, minimise the impact of work on health and help employees achieve an appropriate work-life balance.

- Ensure the Corporation acts in accordance with good practice and within its legal and moral obligations in regard to the employment of people.

- Ensure the regular monitoring of all the key performance indicators and consultation with staff and managers to determine the success of the Human Resource Strategy and the effectiveness of the delivery of personnel services.

- Ensure the maximum use of 'Best of Breed' computer technology for human resource management processes.

- Maintain excellent employee relations both with individual members of staff and with the recognised unions.

ENSURING FIT OF HR STRATEGY WITH THE BUSINESS AND COMMUNITY STRATEGY

Having developed the HR strategy from HR Core Values, derived from employee research, it is necessary to check that the HR strategic aims work in support of the business strategy of the organisation. In the case of the Corporation the Strategic Aims and Policy Plans referred to earlier are now supplemented by the Community Strategy for the City published in December 2003. The HR Core Values and strategic aims were adapted and phrased in such a way as to demonstrate a clear link and integration with the Corporation's Strategic Aims and the draft Community Strategy.

The link between HR Core Values, HR Strategic Aims, the six Corporation Strategic Aims and the eight themes of the Community Strategy is shown in Table 1 which follows.

Having set the HR Strategic Aims and Policy Priorities linked to the HR Core Values the next step is to identify specific Strategic Objectives against each Aim and then Performance Indicators or targets against which progress can be monitored. The charts headed Corporation of London Human Resource Strategy Update February 2004, Table 2, provide the performance management framework for the work of the HR staff and inform line management of the intended programme of work for the continuous improvement of the way in which the Corporation manages and develops its greatest resource, its employees.

This HR Strategy and how it fits with the Business and Community Strategy will be presented between May and July to Chief Officers and elected Members for approval as part of the annual planning cycle.

TABLE 1   LINK BETWEEN HR CORE VALUES, HR STRATEGIC AIMS, THE CORPORATION'S STRATEGIC AIMS AND THE COMMUNITY STRATEGY THEMES

HR CORE VALUES	HR STRATEGIC AIMS & POLICY PRIORITIES	THE CORPORATION'S STRATEGIC AIMS	COMMUNITY STRATEGY THEMES
Treating people with respect Being fair and equitable Providing equality of opportunity	To mainstream Equal Opportunities into the culture of the Organisation	To help combat social deprivation London-wide	An inclusive and outward looking City A safer city
Valuing Diversity Working in Partnership	To attract and retain a high quality and diverse workforce	To ensure that the Corporation remains attuned to the needs and requirements of its stakeholders	An inclusive and outward looking City A Vibrant and Culturally Rich City
Worklife balance	To provide management with the tools to improve the work-life balance of employees	To ensure that the Corporation remains attuned to the needs and requirements of its stakeholders	A Healthy City
Attendance at Work	To maximise presence at work and eliminate unnecessary absence	To ensure that the Corporation remains attuned to the needs and requirements of its stakeholders	A Healthy City

Right people in the right job	To have the right people in the right job, at the right time and with the right competencies	To provide high quality services for the benefit of London, its environs and the nation	A Vibrant and Culturally Rich City A World Class City
Enabling people to achieve their potential	To develop a learning organisation enabling people to perform to their full potential through training, career development and knowledge management	To ensure that the Corporation remains attuned to the needs and requirements of its stakeholders	A Vibrant and Culturally Rich City A Skilled and Learning City
Rewarding Contribution	To ensure that rewards are competitive to attract, retain and motivate staff and help to develop a performance culture	To provide first class services in the City of London	A World Class City

Continuous Improvement Value for Money Creativity and Initiative	To undertake and support organisational reviews to improve efficiency, economy and effectiveness and eliminate unnecessary bureaucracy	To promote and enhance the City as the World's leading international financial centre	Good Transport for a Thriving City A World Class City A clean, pleasant, attractive City
Performance Excellence	To embed the performance management framework into the culture of the organisation	To provide first class services in the City of London	A World Class City
Corporate Responsibility	To act as a socially responsible organisation particularly in relation to deprived Inner London Boroughs	To help to combat social deprivation London-wide	An inclusive and outward looking City A safer City A clean, pleasant, attractive City
Sustainable Use of Resources	To be environmentally aware and integrate social, economic and environmental issues in ways which help to protect and enhance the Earth's life support systems	To incorporate environmentally sustainable policies and programmes in its work and to encourage others to do likewise	A clean, pleasant, and attractive City

Compliance with the Law	In consultation with departments to develop or amend personnel policies, procedures and management guidelines to reflect changes in employment legislation and good practice and to provide advice to line managers	To ensure that the Corporation remains attuned to the needs and requirements of its stakeholders	A Safer City
Communication and Consultation	To build involvement and commitment to the organisation through fostering an open and honest two-way dialogue with staff at all levels and acting on feedback in a positive and constructive manner	To ensure that the Corporation remains attuned to the needs and requirements of its stakeholders	An inclusive and outward looking City

TABLE 2

CORPORATION OF LONDON HUMAN RESOURCE STRATEGY
UPDATE FEBRUARY 2004

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Treating People with Respect. Being Fair and Equitable.	To mainstream Equal Opportunities into the culture of the organisation.	Successful implementation of the Race Equality Scheme as required by Race Relations (Amendment) Act 2000.	Draft Scheme published 31 May 02 Final Scheme approved by P & R Committee Feb 03 1st phase of Employment Action Plan initiated by June 03
Providing Equality of Opportunity.		Development of appropriate policies and infrastructure to promote equalities.	Code of Practice on Disabled People produced by March 03. Disability awareness training from March 02. E.O. mainstreamed into Best Value Reviews. E.O. in Service Delivery Policy produced incorporating Equality standard by March 03. E.O. Policy reviewed in May 03.
		Building on the achievements meriting Level 2 of the CRE standard.	Monitoring of formal H & B claims for grounds of claim and E.O. data on complainant/perpetrator. Monitoring of grievance, disciplinary & redundancies by gender and ethnicity. 1st Report Feb 04
		Attaining the target level of the Equality Standard.	Level 1 achieved by 31 March 03 Level 2 achieved by 31 March 04 Level 3 achieved by 31 March 06
		Equal Opportunities Action plan updated and actioned.	Targets in Action plan achieved.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
		Taking firm action over bullying & discrimination.	Reporting Racist Incidents Code piloted in Community Services from Dec 02 and Code revised by June 03. Revision of Harassment and Bullying policy by Feb-03. Revision of Physical and Verbal Abuse Policy by September 03.
		Training all staff in equal opportunities.	All staff trained by May 04.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Valuing Diversity	To attract and retain a high quality and diverse workforce.	Targeting recruitment from ethnic communities, disabled people.	Two ticks symbol used in advertisements. Recruitment monitoring for year ending 31 March 02 reported to Committee March 03. Ethnic community staff BVPI 17 10.5% in 02/03 Target 11% in 03/04 Disabled staff BVPI 16 2.6% in 02/03 Target 2.8% in 03/04
Working in Partnership		Increasing the proportion of women in management positions.	Report to Committee March 03 on initiatives to promote women in senior management. Top 5% of earners that are women 12.58% in 02/03.Target of 14% in 03/04
		Increasing the proportion of young people in the workforce.	4.4% under 25 in 02 Report on Work Experience to COG in September 03 and Est. Com October 03
		Increasing the diversity of the workforce.	Workforce Survey 2003 shows greater diversity than survey in 2002.
		Increasing the proportion of black and minority ethnic community staff in management positions	Top 5% of earners from black & minority ethnic community, 2.67% in 02/03. Target 3% in 03/04.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Work-Life Balance	To provide management with the tools to improve the work-life balance of employees.	Provide flexibility of working within the confines of service delivery.	Successful piloting of flexitime scheme over 6 months in Town Clerks, C&CS, Community Services and DoTs by July 2004. Working from Home Policy to be reviewed Aug 03. Work /Life Balance Policy to be produced Aug 04.
		Provide support to working parents.	Salary sacrifice childcare voucher scheme introduced by July 2004. Family Life Solutions Scheme reviewed Dec. 03 uptake 5.6% in 2002 (excluding Uniformed Police) Maternity Scheme revised to Committee Mar 03 Maternity Support Leave policy issued Mar 03. Adoption Leave policy issued April 03 Parental Leave Scheme review to Committee Mar 03. Policy on Special Leave and Time off Arrangement review to Committee Mar 03.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Attendance at Work	To maximise presence at work and eliminate unnecessary absence.	Providing managers with the skills to manage and lead their people in a way that builds commitment and motivation.	36 Managers attend leadership courses in 2003
		Monitoring absence continuously and taking appropriate action at the earliest opportunity.	BVPI 12 number of working days lost due to sickness absence. 9.6 days 01/02, 9.4 days 02/03, 9.0 days target 03/04 Revised Good attendance and Absence Management Guide produced by April 04.
		Reducing risks to health and impact of work on health.	Occupational Health Strategy approved by April 04. Risk Assessment programme completed on target.
		Resolving employment problems rapidly.	Report to COG April 03 on Rehabilitation and Redeployment.
		Reduction of absence from work for dental treatment through reorganisation of dental service.	All staff wishing to be treated on site can become patients within 3 months – by Dec 04. Review of Dental Service report by Oct 2003.
		Reduce proportion of absence due to long-term illness.	Successful implementation of targeted private treatment reducing time for diagnosis and treatment. Monthly action plan from SARG meeting. BV PI 15 ill-health retirements as percentage of total workforce 0.69% 01/02, 0.28% 02/03. Target 0.35%03/04.
		Production of a long term plan to alleviate the impact of climate change on staff	Guidance produced on skin protection for outdoor workers by December 2003. Plan produced on reducing commuting problems through homeworking, annualised hours, flexitime by December 04. Review completed of dress code by December 04

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Right People in the Right Job.	To have the right people in the right job, at the right time and with the right competencies.	Centralise recruitment making maximum use of Midland Software 'Trent' recruitment module, the intranet and internet and e-recruitment.	COG and Est. Committee approval for trial of centralised recruitment by end Feb-03. Project Plan for setting up centralised recruitment achieved by end May 03. Service started June 03 Review of service against performance standards in June 04 proves to be a success.
		Develop and promote an attractive and consistent brand image for the Corporation as employer.	Brand approved by June 04 and used for advertisements.
		Rigorous selection against desired competencies, using Corporation framework.	Increased use of selection centres. Universal use of Framework for Interview questions, by end Dec 03. Use of psychometric tests for Grades 10 and above and other key posts.
		Continuous review of organisation structure, staffing and roles.	Action plan for reviews completed on target.
		Succession planning linked to assessment of development needs.	An outcome from departmental Development Review Process and the Corporate Development Review.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Enabling People to Achieve their Potential	To develop a learning organisation enabling people to perform to their full potential through training, career development, and knowledge management.	Provide training and development solutions and opportunities to meet identified needs.	Achievement of the Corporate Action Plan for Training and Development (Revised December 02).
		Identify good practice in departments and ensure it is shared across the Corporation.	Report back on survey of staff communications in departments. Expansion of IiP forum. Continuation of Senior Management Briefings.
		Organise regular senior management briefing sessions to raise awareness of the Corporation's strategic aims and developments.	Planned programme of briefing sessions completed with high satisfaction ratings.
		Provide & develop e-learning facilities.	Uptake of use of e-learning continuously increases. Available programmes increased. Virtual Resource Centre use steadily increases.
		Every department supported in working towards IiP to improve performance management, staff management and staff communications.	All departments commit to IiP by December 2003 Corporate IiP status achieved by April 2005

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
		Extension of the Work Based Learning programme involving cross departmental projects	At least one member of staff per department on the programme each year
		Extension of internal and external secondments for employees to learn from other departments/organisations Extension of mentoring and coaching To enhance development	Number of secondments monitored with a minimum of 6 per annum. Mentoring scheme with Inner London Boroughs agreed by Nov 03 Review of achievements in Dec 04

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Rewarding Contribution	To ensure that rewards are competitive to attract, retain and motivate staff and help to develop a performance culture.	Ensuring that pay levels remain competitive.	Pay at upper decile of London Boroughs and of County Councils and Metropolitan Boroughs. Pay at upper quartile of London Public Sector and median of Inner London Private Sector.
		Achieving and maintaining equity in the determination of grades and salaries.	New computerised JE system developed and implemented and all jobs evaluated by end October 04.
		Developing reward processes that are fair, consistent and transparent.	Approval obtained from COG and Est. Committee and Court for new reward structure by end October 04.
		Rewarding people according to their contribution.	1st Phase of reward for contribution implemented with effect July 2005.
		Integrating reward and general HR strategies e.g. through application of competency frameworks.	JE factors based on competency framework. Performance and Development Review of all staff completed by using competency framework.
		Ensuring that any reward management developments are affordable.	Additional cost of implementing new reward structure limited to 2% of paybill.
		Creating the right mix of non-financial as well as financial motivators.	Improved career development for staff reflected in future Staff Opinion Survey. Greater emphasis on praise for work well done. Featuring achievements in The Leader. Recognition scheme developed by July 04.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Continuous Improvement Value for Money Creativity & Initiative	To undertake and support organisational reviews to improve efficiency, economy and effectiveness and eliminate unnecessary bureaucracy.	Development and Implementation of a best of breed HR/payroll system.	Midland Software Trent System installed so staff paid by system in January 04 and radical improvements made to Personnel transactions.
		Maximum use of Information Systems to improve service delivery & support e-government	E-government targets met for electronic enablement of services by December 2005. All modules of Midland Trent HR/Payroll System fully operational by Dec 2005. E-recruitment implemented by Dec 04. Teleworking Policy approved by July 04.
		Improve service delivery by P&MS to meet the needs of the organisation.	Management client satisfaction survey reported to COG with action plan for improvement by Dec 04.
		Increased delegation to Chief Officers to eliminate unnecessary bureaucracy and speed up decision making.	Scheme of Delegation revised and approved by Est. Committee by Jan 04. Standing Orders relating to officers revised and approved by Court by October 03.
		Best Value reviews of departments and functions undertaken in a rigorous challenging way.	Visionary, creative, beneficial changes proposed and successfully implemented. Management services action plan of reviews completed on target.
		Workforce Planning to ensure the right people with the right skills in the right place at the right time.	Scheme submitted to COG March 2004. Analysis of current work force produced by end May 2004. Departmental workforce plans produced by end June 2004. Corporate Workforce Plan submitted to COG by end Oct 2004.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Performance Excellence	To embed the performance management framework into the culture of the organisation.	All staff participate in an effective and motivating Performance and Development Review on an annual basis.	Chief Officers report by 31 March 03 that all staff appraised under Corporation Scheme within previous year. In future all P&DRs held by September. 360 feedback and appraisal of all Chief Officers and T.C.
		Development Plans based on Training Needs Analysis.	Training Plan produced for each department and sent to Central Training by 31st October. All business plans agreed by Service Committees in May to July from 2004.
		Comprehensive stretching performance indicators produced by all departments and functions.	All PIs submitted to TCs Performance Management Unit and periodically monitored and reported.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Corporate Responsibility	To act as a socially responsible organisation particularly in relation to deprived Inner London Boroughs.	Encouragement of involvement in local communities with a long term aim of 10% of staff volunteering.	Community Action Programme expanded from 35 active participants Dec 02 to 100 by end December 04. Improvement in Health and Safety indicators such as accidents to staff and members of the public. Work experience and jobs provided to unemployed people from deprived boroughs. COG approve scheme in September 03. Increased purchasing from SME's operating in deprived boroughs. Secondment of Officer to develop scheme from Oct 03.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Sustainable Use of Resources	To be environmentally aware and integrate social, economic and environmental issues in ways which help to protect and enhance the Earth's life support systems.	To encourage staff to consider their impact on the environment to reduce the level of waste under which staff have some control, the use of natural resources, the pollution of the environment, enhancing the quality of life and promoting healthier lifestyles.	Greater use of public transport by staff. In 2000, 96% did. (Congestion charging impact) Achievement of e-government targets by 2005. Staff paper recycling achieves its targets increasing from 13.75% to 65% by end 2003. P&MS records management, retention and disposal plan in place by July 2004 linked to the corporate electronic document records management plan by 2005. Procurement takes into account sustainability and incorporated in contracts. Policies developed and monitored to promote quality of life and reduction in commuting.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Compliance with the Law	In consultation with departments to develop or amend personnel policies, procedures and management guidelines to reflect changes in employment legislation and good practice and to provide advice to line managers.	Managers operating in accordance with a template of good practice.	Template approved by C.O.G. by end July 04.
		Employee Handbook and Policies and Procedures Manual contain up-to-date comprehensive information and guidance for staff and managers.	Action plan kept up-to-date with changing legislation. Action plan targets achieved. Handbook reorganised to reduce need for issuing paper updates - by end July 03. User friendly guides for staff on key policies and procedures and induction information produced by end March 04.
		Training of line managers in employment legislation and best practice	Regular employment law updates provided. All managers attend mandatory training
		Discrimination practices and policies related to age eliminated by Oct 2006.	Report to Est. Comm. by April 2005 Action Plan on Age Discrimination produced by June 2005. Action Plan implemented by October 2006.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
Communication and Consultation	To build involvement and commitment to the organisation through fostering an	Gain approval for an internal communications strategy and complete	Survey of internal communications via managers completed by end May 03.

		open and honest two-way dialogue with staff at all levels and acting on feedback in a positive and constructive manner.	the action plan.	Town Clerks Steering Group and Task Force set up by end December 03. Employee Research into communications by end May 04. Strategy approved by COG and Establishment Committee by end of July 04
			Act on the feedback from the Staff Opinion Survey 2002	Action plan agreed by COG in Jan 03 fully implemented. Working Group provide departmental view and feedback on continuous basis.
			Improving departmental staff communications and identify and disseminate best practice.	All departments issue regular newsletter. All departments operate regular team briefing. Departments/sections with IiP increases from 5 at end of 2002. to 12 by end of 2004 and all departments by April 2005.
			Improving Corporate Communications	All staff have access to a PC and Intranet (IS input). More frequent and timely news in a corporate team brief. Leader concentration on people stories and best practice. Increased access to key presentations possibly through video or PC. Increased distribution of information posters for display on noticeboards.
			Improving consultation with recognised unions at the corporate level	Time allowed for consultation on new policies and procedures increased to two months unless urgent deadline. Involvement in Steering Committee for new JE and Reward projects.

H.R. CORE VALUES	STRATEGIC AIMS & POLICY PRIORITIES	STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
		Improving consultation with recognised unions and other staff consultative groups at departmental level.	Survey of current union representation, time-off arrangements and consultation mechanisms completed by end April 04. Recommendations including policy and procedure on time-off for trade union duties and activities presented to COG by end June 04 and approved by Establishment Committee by end July 04.
		Enhancing the sociability of the Corporation to improve interdepartmental communications and build commitment to the organisation to aid retention.	Regular updates of leaflets on sports and social clubs, staff benefits and discounts. Profile raised of Arts and Social events put on by Corporation departments.

10   <u>TRANSFORMATION OF HR SERVICE DELIVERY</u>

At the end of 2002 the Corporation's current arrangements for handling personnel matters still reflected the past culture of a highly decentralised organisation with a high degree of autonomy given to departments. Whilst this is still the culture as far as service development and delivery is concerned there are sound reasons for changing to a more corporate approach in the handling of personnel matters.

The number of separate departments has been reduced from 32 to 21 in order to achieve more joined up services and economies of scale. Every department currently carries out the whole range of personnel transactions including:

- Recruitment administration
- Selection and appointment
- Training administration
- Payroll input
- Provision of monitoring information
- Maintenance of personal files
- Administration of performance and development reviews
- Preparation of job descriptions and person specifications
- Preparation of job evaluation questionnaires
- Provision of employment information and advice to employees

Needing the resources to cope with this work as it arises results in a low Full Time Equivalent (FTE) ratio of employees to those carrying out personnel work. This is particularly so in the smaller departments. Having to cope with this range of personnel administration also takes up, often costly, management time which would be better spent on service delivery and workforce management.

The departmental staff involved in this work do not generally have the time or inclination to set up computerised systems to ensure efficient processing. Some departments have set up local HR computer systems but these do not feed into a common database. Also as department staff only deal with such matters on an ad hoc basis they do not generally have the level of experience or knowledge of the processes to carry them out rapidly and efficiently. Too often we find that essential steps in the process have been omitted or key data not recorded or kept up to date. Quality of data input is crucial for the new HR/payroll computer system which is being installed.

Centralising the work associated with personnel transactions and having a dedicated team working with the appropriate computer system and workflows would overcome these problems and radically improve the quality of personnel administration.

Currently some training administration is carried out centrally, most related to the programme of Open Courses, but all departments also organise other training. This means that it has proved impossible to produce reliable Corporation information on the cost and nature of training carried out for Corporation employees and to maintain good accurate training records for them. Having so many people involved in training administration is not cost efficient and opportunities for economies of scale and maximising attendance on Open Courses are lost. These problems were identified in the Best Value Review of Training which was discussed with Members on 6 November 2002. The new HR Computer System will incorporate training administration workflows and automatic document and letter generation to improve training administration and link this to the single employee database. The identification of training needs, production of training plans, monitoring of impact would still be done by departments but the proposal is to centralise the training administration.

The benefits of establishing a central shared service centre include:-

- Presenting a single employer brand to the outside world
- Ensuring best practice in recruitment and appointment
- Economics of scale in recruitment and the use of the internet for e-recruitment
- Improved data capture for the HR/payroll common database
- Improved data capture for monitoring
- More efficient transaction processing
- Rapid response to employment queries from employees and managers
- Substantial reduction in the overall cost of personnel service delivery

The new 'Gauge' computerised job evaluation system will remove the need for job evaluation questionnaires and will generate job descriptions and competence based person specifications.

Work is well advanced on the introduction of the new Midland Software 'Trent' Personnel and Payroll system which has the functionality needed for the delivery of personnel services from a central unit but providing line management with all the on-line data they require for staffing management and with report generation facility. The Corporation's intranet and e-mail will facilitate smooth communication between the centre and line management as well as enable employee self-service for accessing and updating their personal information and seeking line management authority for training, payment of expenses, annual leave etc. Maximum benefit from this investment in new technology will only be achieved through the centralisation of personnel transactions.

The Central HR Consultants who provide operational support to departments and deal with the more complex employee relations matters such as discipline, capability, grievance, harassment, redundancy and ill-health are overstretched. There has in recent years, been a deluge of employment law and much more is in the pipeline. The more regulated world of work, a more litigious society and more active trade unions requires a high degree of experience and professionalism to resolve employment problems and this is best done by a team of central specialists which needs to be strengthened, working closely with the internal employment lawyers. In the larger departments there will still be a need for some personnel staff to deal with the more routine matters and assist Chief Officers with implementing change, identifying development needs, managing the performance and development review process and assisting with interviewing and selection.

The proposals for the future delivery of Personnel services were developed following extensive literature research on what is happening extensively in other private and public sector organisations. Two visits were also made to the IBM offices in Portsmouth where a shared service centre has been set up to cover 320,000 IBM staff worldwide. This has resulted in a 57% reduction in HR costs and a reduction in HR headcount by 65%. HR Customer satisfaction levels have doubled to 85%. IBM stress that what they have set up is not a call centre but a shared service centre with emphasis on person to person contact using the latest technology. They aim to achieve an HR to employee ratio of l:200. During 2001 they achieved a ratio of l:154.

A number of London Boroughs are working with TMP to develop their shared services model for personnel. Hillingdon has already centralised the HR functions and Lewisham has shared services arrangements. At a seminar for local government Lewisham described their centralised recruitment service which has been featured as a best practice model by the Audit Commission, and this was attended by about 100 people showing the current interest in this method of service delivery. Southwark has re-centralised recruitment and Transport for London is setting up a Shared Services Unit. At the 2001 national CIPD conference, David Henshaw, Chief Executive of Liverpool City Council explained what he had done to break down the silo culture in Liverpool. The eight departmental personnel units have been closed down and the service centralised with a halving of the 200 HR staff previously employed. The HR service centre handles telephone enquiries and where necessary refers callers to specialists. The intranet and service centre have removed the burden of process-related tasks from departments and personnel professionals who can focus on service delivery and dealing with more complex HR issues.

Human Resources/personnel is not exempt from the e-government agenda by which 25% of services should be capable of electronic delivery by 2002 and 100% by 2005. The proposals in this report will go a long way to ensuring that personnel services meets BVPI 157.

How the Corporation currently delivers Personnel Services

The Corporation has approximately 3480 directly paid employees, working in 21 departments from 132 separate locations. The number of employees at each workplace varies from one, e.g. the Community Services Resident Estate Attendant at Windsor Estate to more than 250 at the Barbican Centre. The annual salary cost for the 2001/2002 financial year exceeded £105,000,000.

The management of Human Resources in the Corporation is being achieved through a close partnership between Members, Chief Officers, staff of the Personnel & Management Services Section and departmental staff with personnel responsibilities.

Chief Officers are responsible for managing their staff and the trend is to devolve more responsibility and discretion for personnel management to them. Employment matters, previously the remit of the Establishment Committee have been progressively delegated to CO's, in particular there is an emphasis on the personnel responsibilities of managers in areas such as employment law and health & safety.

At departmental level, HR Services are provided by a combination of internal, central and outsourced resources. The mix and balance of which is shaped by various factors including, the Human Resources strategy, departmental size, geographical location, organisation structure, management style, etc.

A predominant element in shaping the current personnel delivery system is the culture of individualistic departments. Larger departments have established personnel sections with professionally qualified personnel staff and are to a large degree self-reliant. Smaller departments, rely more on staff with dual roles of which personnel forms only part and a greater degree of support from the central professional staff. Central Personnel are responsible for developing policies and practice guidelines, developing monitoring and audit processes and putting in place communication mechanisms. They also utilise their professional skills to clear problems both for individual departments and corporately. As the work on putting in place the building blocks of good practice has reduced, they have moved to support the organisation by acting more as catalysts for culture change. Legal advice on employment matters is provided from both the City Solicitors Department and Central Personnel.

CENTRAL HR CONSULTING

Within Central Personnel there is a group of five senior HR Consultants reporting to the Head of HR Consulting. One of the Senior HR Consultants specialises on equality and diversity issues for the Corporation. Another Senior HR Consultant divides her time between training and performance management matters and policy development and updating. The remaining three Senior HR Consultants predominantly provide operational support to departments.

The operational support to departments has substantially increased in volume and complexity over recent years for the following reasons:-

- Deluge of employment legislation

- More litigious society

- Greater support for employees from recognised unions

- Organisation structure changes

- Best Value reviews

- Greater emphasis on absence management

- Great emphasis on performance and tackling capability

- More disciplinary, harassment and bully investigations

The principal accountabilities of the Senior HR Consultants are:

- Provide sound and consistent HR consultancy and advice as a principal point of contact to a range of departments in the Corporation.

- Advise departmental management and HR staff on the interpretation and implementation of employment law, HR policy and the application of general principles of good practice. Provide similar advice to Members, Trade Unions and other interested parties.

- In conjunction with Management Services and Job Evaluation Section and any other relevant central functions, prepare reports, comments and recommendations, for the Member Establishment Committee so that they are well briefed and guided in their decision making.

- Provide guidance and support to departmental line managers on handling employee relations matters both proactively and reactively with high level knowledge and expertise.

- Provide professional advice to departments on terms and conditions of service and the application of Corporation policies and procedures.

- Directly handle, in conjunction with departmental line managers, the more serious disciplinary, grievance, capability or ill health issues and redundancies, particularly if employment tribunal applications are likely to result.

- Conduct disciplinary, grievance and harassment investigations and produce a report for the Chief Officer and/or Director of Personnel & Management Services.

- In conjunction with others, work to ensure the maintenance and promotion of good employee relations with the recognised unions.

- Assist departments in change management initiatives and organisational reviews through participation in and providing advice on Best Value reviews.

- Develop, promulgate and monitor standards of employment practice to protect the Corporation as employer.

- Attend and participate in HR policy and practice development Working Parties as required.

- Carry-out research and propose viable solutions for any ad-hoc HR related project or development work, as directed by the Head of HR Consulting.

In order to meet the current excessive demands on the Centre plus the greater centralisation of more complex employee relations matters the decision was taken to appoint an experienced HR professional as Employee Relations Manager and an additional HR Consultant (Equalities).

Job Evaluation and Remuneration

This specialist section of Personnel & Management Services comprises the Head, a Senior HR Consultant, an HR Consultant and Secretary. They are heavily involved in the development of the new computerised job evaluation system and a new reward structure. In addition, they provide specialist advice to managers and the Establishment Committee on pay and conditions, including pay negotiations. There are no proposals to change the way their service is delivered except through the implementation of computerised job evaluation which will ensure greater consistency, reduce appeals and speed up the process. This JE system will be linked to the new HR/payroll computer system.

Resources Directly Employed in the Provision of Personnel Services

In order to undertake an analysis of resources employed in Local Authority Personnel Services, a comprehensive definition of all the functions that are encompassed in the term Personnel Services is required. The definition chosen was compiled by the Department of Employment for Compulsory Competitive Tendering, a copy is included at Appendix A. This definition is used by the Association of London Government (ALG) in its annual benchmarking survey of Local Authority Personnel Services, information from which is included at the benchmarking section of this report.

By using this definition to draw up a structured questionnaire, an estimate was established of the central and departmental staff resources used in providing personnel services across the Corporation.

Benchmarking Personnel Service delivery

Outside Organisations

The following paragraphs provide comparisons between the cost and quality of Personnel Services delivered in the Corporation with that of other organisations in both the public and private sector.

The Association of London Government publishes an annual survey titled, "Staffing of the Personnel Services". As with most surveys of this complexity the published report acknowledges that the findings are by no means perfect, owing to the different interpretations of the survey by boroughs and the quantity and completeness of the information provided. The benchmarking information is therefore best used as an indicative guide.

The survey includes all employees who perform any of the "Personnel Services", (see appendix A) as a recognised part of their job. Typically, this means staff spending at least 20% of their working time on one or more of the "defined activities" and where appropriate administrative and management staff whose work supports one or more of the defined personnel activities should have been included.

The survey contained information in six distinct categories: Personnel Services, Training Services, Payroll Services, Equal Opportunities, Safety Services and Occupational Health Services.

The Corporation figures were not included in the published analysis for 2000 but are presented below. The numbers in brackets show the out-turn figures for London Boroughs with the Corporation's returned figures included.

Average C. O. L. Personnel Services Pay Bill Costs per FTE = £517 (£292)

Average C. O. L. FTE Personnel Service Staff per FTE Employee =1:59 (1:99)

The following observations give an indication as to why the ratio of personnel staff to FTE employees in the Corporation is low and the salary cost high, when compared against the average of all responding London boroughs. The Corporation has:

- a smaller percentage of teaching staff (7% against an average of 20%). London boroughs with a high percentage of teaching staff have a significantly lower personnel input.
- a low percentage of part time staff, (19% against an average of 42%)
- a large number of relatively small departments. With 21 departments, some of which have comparatively few staff, it is not always possible to utilise economies of scale. In comparison, as at May 2001, the average management team for all London boroughs was eight officers against the Corporation's 21 (Chief Officers). These figures indicate that on average a London Borough department may have in the region of 900 employees, compared to an average of 190 in the Corporation.
- a very unique and diverse set of responsibilities and services provided.
- services provided over a wide geographical area, from a large number of sites.
- a small resident base, but a very large daily customer base of businesses and city workers.

The Association of Police Authorities (APAC) National H/R database gives the Local Government Ratio as 81 and Central Government as 98.

Comparison of HR ratios between large global companies vary considerably and although they have little direct relevance to local government, figures can vary from a ratio of 1 HR administrator for 2000 employees to 1 HR professional for 67 employees. Much depends on the size, the nature of the organisation and the extent to which they have successfully utilised new technology. Of the companies who have moved, or are considering moving to centralised HR Shared Service Centre, with the supporting technology, the level of savings being looked for are in the region of 30%. It is not unrealistic that this level of saving could be achieved across the Corporation in the medium term, by reducing administration, simplifying and standardising processes & procedures, and utilising new technology, e-HR and supporting initiatives.

Internal Benchmarking

Analysis of internal benchmarking figures provides useful information in guiding the course of action to be undertaken to improve and to continue to improve the ratio of employees to HR staff. The table below, which only relates to input from departmental personnel staff shows that on average smaller departments have a higher ratio of personnel staff to employees than the larger departments. Adding central input would increase the differential, as it is the smaller departments who, without in-house personnel staff, are more likely to request professional support from the centre.

Number of Employees in Department	HR to employee ratio	HR cost per employee
Up to and including 50 employees	1:35	£1067
51 to 100	1:53	£ 625
101 to 150	1:68	£ 478
151 and over	1:78	£ 403

HR System

The DELPHI HR system is being replaced by Midland Software "Trent", one of the new generations of HR systems that are integrated with the payroll, windows based and support self-service functions.

Implementing the new HR system provides an ideal opportunity to examine and redevelop the personnel processes, with the aim being to agree a standard approach for all to use, based on best practice. The in-built workflow features in a new HR system make it possible to define the processes and tasks within an organisation and then to route information to the right person at the right time, thereby reducing duplication and delays. Maximum efficiency is achieved when all processes have been critically examined, developed and automated in this manner. Undertaking such a review requires close co-operation between the various interested parties, including personnel professionals, administrative staff, the systems administrator and if necessary the HR software supplier. The aim however is to move from variable and sometimes complex processes to simple and standard ones. Detailed flow diagrams of the entire process will make it clear as to who does what in what sequence, how the information flows and how decision rules are applied.

The maximum benefit of the functionality offered by Trent will only be obtained if all departments are using it as the corporate system. Mandatory fields should ensure that corporate information is available for the production of standard reports. A powerful reporting tool "Business Objects" will facilitate the production of additional reports where these are not available as standard reports on Trent. In the case of the Police, it is anticipated that an interface will be made with Orbis, the Home Office preferred police system.

e-Recruitment

In order to continue to attract and recruit the best candidates and to meet the aims of e-government, progress is being made towards a comprehensive system of on-line recruiting. At present all vacancies are posted on both the Corporation's Web and Intranet site.

The move to full e-recruitment has been progressed by the Web Steering Group who commissioned a report from tmp. worldwide on "Online Application Functionality" in order to design and implement an on-line application. This initiative is now being explored along with the Trent HR recruitment module to ensure the optimum solution is designed taking in the full recruitment process.

HR Self Service

This aspect of e-HR enables employees to manage and update their own personal information such as change of name, marital status, address and bank details. Integration with Trent Workflow also allows employees to submit leave requests, expenses claims, etc., which are then routed on-line for authorisation by management.

The HR Shared Service Centre

The Shared Service Centre has fairly recently come to prominence with a lot of organisations seeking to become more customer focused, more administratively efficient and integrated, and also more strategically positioned. Central provision of a number of administrative tasks (recruitment, payroll, benefits etc.), along with information, advice and professional support, can help them do this, leaving a distinct group to focus on high level strategy, policy and management. HR is viewed as not just supporting individual business units or departments but as part of the overall infrastructure which supports the whole of the organisation. A shared service model presupposes central provision.

A move to Shared Service is facilitated by the uptake of new technology, for example:

- An organisational Intranet to provide a knowledge base of information on HR policies and procedures. This is already in place and subject to continued development.
- A code based access to personnel information. At present in the region of 90% of staff have access to PC's and providing direct access to the Intranet for all staff is currently being implemented. Access to the Trent HR system will be via the Intranet and directly from a PC, the level of access will be controlled by user passwords.

- Sophisticated call handling technology such as IVR (Interactive Voice Response) to offer callers a choice of options to key into from a voice menu, or distributed call systems allowing callers to be routed to remote locations. Investment in this type of call handling would be required to have a Service Centre, however this may also be under consideration if the Corporation is to go down the e-government route of a one-stop shop for its services.

- Other means of communication, such as e-mail, fax and self-service. These are in place, except for self-service, which is however an integral part of the Trent HR System.

- Document management systems, e.g. allowing paper to be scanned so as to feed electronic files, to transfer material electronically, and to permit multiple accesses by HR staff. Several initiatives are being undertaken departmentally on document management systems and the new HR System relies on scanning in documents such as CV's to share this information across the system.

- Workflow systems that guide and prompt the user as to the next steps to be taken. A workflow module is an integral part of the Trent HR system.

- Standard forms on the Intranet that can be electronically completed and despatched. This function is under development by the Web Steering and Web User Group.

Although take up of the shared services is customer driven, the recipients of its services must be absolutely clear on what services are provided and at what cost, quality, etc. Service Level Agreements could be set up to ensure that services remained customer-focused and worked effectively within budgetary constraints.

It is important to remember that technology is only part of the solution and that over-reliance on technology may lead to a depersonalised service. HR risks losing the "Human touch" and direct understanding of how the workforce ticks. The aim will be to maintain person to person contact wherever appropriate.

The advantages of a Shared Service Centre:
- Reduction in overall cost of personnel service delivery
- Improved HR employee ratios through economies of scale
- Consistency of application
- Pool of employees skilled in personnel

- Scope for career development in personnel work

- Obvious point of contact for help on virtually any employment-related issue

- Staff of the centre can retain "ownership" of a problem until resolution

- Departmental staff relieved of administrative workload can devote that time to local priorities

- More efficient corporate monitoring

- If a success, could provide services to other organisations

Disadvantages:

- Loss of local knowledge and departmental solutions to HR problems

- Staff may not be attracted to the more routine administration posts

- More limited options for career development

- Moving to Shared Services requires the strategic restructuring of the entire approach to delivery of HR services. The following section suggests a model for shared service delivery of Personnel Services across the Corporation.

PROPOSED SOLUTION TO TRANSFORM THE DELIVERY OF PERSONNEL SERVICES

The decision was taken in December 2002 to radically change the way that the Personnel Service is delivered including the establishment of a Corporate Shared Service Unit and the strengthening of the HR Consulting Team of specialists. A Working Party agreed a phased approach to initially establish a single Corporate Shared Service Centre for the provision of recruitment administration associated personnel administration and transactions and subsequently training administration. Phase one established a shared service centre for those departments listed in Appendix B.

Recruitment is an area, which can pose significant pressures on departmental resources even where there is a dedicated personnel section. The need to recruit is determined by a multitude of events, many of which cannot be planned for in advance. In addition, recruitment for certain occupations are subject to seasonal peaks, for example the summer casual staff for Open Spaces. The process of recruitment has also become more labour intensive with the reintroduction of recruitment monitoring across all departments which some departments fail to carry out as required.

Between departments and even between sections of departments, there is very little standardisation in how the recruitment processes are carried out, for example some departments will provide comprehensive starter packs to new employees while others only provide basic job information. Methods of staff procurement also differ, with some departments using specialist head hunting agencies and staff agencies other than the Corporation's Master Vendor Comensura.

The high costs of recruiting are a cause of concern, some direct costs such as that of advertising are monitored regularly, while other indirect costs are not. However it is appreciated that an efficient and effective recruitment process is paramount to ensure that the right quality of candidate is employed within the minimum time. The following list illustrates that the costs to departments and Corporation of not getting the recruitment process right are high.

- Repeated administrative costs
- Repeated advertising costs
- Loss of production
- Cost of temporary replacement staff
- Loss of continuity of services
- Reduced customer satisfaction
- Failure to achieve equalities targets

Elements of recruitment are already centralised as Central Personnel assist with the recruitment of Chief Officers and other senior staff. They are also responsible for the tender process to select a Corporation recruitment agency and to deal with the queries and concerns that arise relating to its performance and monitoring corporate rebates from the agency and the media. Central Personnel post all vacancies on the Corporation's Intranet. The Purchasing Section of Personnel and Management Services tenders for and oversees the supply of temporary staff through the use of a master vendor agency.

The centralisation of the administration of recruitment, basically the 'front-end' and 'back-end' of the recruitment process, i.e. distributing vacancy information, placing adverts, fielding general enquiries, issuing application forms, calling persons for interview, booking tests, requesting references, issuing pre-employment health questionnaires, issuing equal opportunity monitoring forms etc., allows scope for the following benefits to be achieved:-

- Frees up departmental resources although a transfer of some resources will be required to undertake the central role.
- Facilitates the use of composite advertisements to reduce costs.
- Allows a Corporate Identity to be projected during the recruitment process.
- Facilitates consistency in the recruitment process/es
- Facilitates the close monitoring of recruitment, e.g. recruitment cycle times, media effectiveness, workforce information on equalities, areas of recruitment difficulty etc.
- Improves efficiency and achieves economies of scale
- Establishes a base of staff skilled in recruitment administration
- Improves access and use of recruitment data contained within a central system, e.g. retaining details of suitable unsuccessful candidates to offer appropriate vacancies if they arise, saving on advertising, recruitment administration and quickly filling the vacancy.
- Facilitates the close monitoring of costs
- Facilitates the movement of staff within the organisation, e.g. placing staff under ring fencing arrangements, availability of job-share options, etc.
- Streamlines recruitment processes, reduces administration
- Increases purchasing power and leverage with outside agencies

- Improves ability to enforce procurement and HR strategies
- Enables e-recruitment to be integrated effectively on a corporate basis

Although it was not possible to quantify accurately the resources required at the centre it was estimated that the initial introduction of a Unit Manager supported by an Administrator supplemented by existing staff of Management Services would enable the Unit to progress through the development and implementation stages. During this period it will be necessary to establish performance standards and put in place a robust monitoring regime, hence the need at an early stage for a Unit Manager to be directly involved in this process.

It was estimated that the initial set-up costs for Phase I would be in the region of £70,000 for staff costs plus £10,000 for contingency to cover items such as printing and stationery, furniture, equipment, postage, etc. The additional staff costs would need to be recovered from departmental local risk budgets on a head count pro rata basis. Adjustments may need to be made to the staffing of the unit during Phase I in the light of experience, with the funding coming from departmental budgets.

Phase I will operate as indicated above for a period of approximately one year during which time the systems will be allowed to bed-in and close monitoring of the process will be undertaken. A full report will then be prepared for Chief Officers and Member consideration on the benefits achieved prior to embarking on Phase II. It is intended that teacher recruitment should remain the responsibility of each of the three City Schools.

Phase II will not only extend the service to the remaining departments but should also encompass development and introduction of other aspects of a Corporate Shared Service Centre. During Phase I workload implications and resource requirements will be closely monitored and addressed as appropriate along with establishing the requirements for the successful transition into Phase II.

Cost Savings/benefits

Some of the benefits of implementing Trent HR and other e-solutions will become apparent as the products and initiatives are successfully rolled out. Appendix C provides a guide to the improvement in the employee to personnel staff ratio that can be achieved by exploiting the opportunities offered by new technology and restructuring service delivery.

Cost benefits will also follow from improved service delivery, which will be significant but very difficult to quantify. For example, an improved recruitment process with a reduced cycle time may well secure a good candidate, previously discouraged by the time taken to recruit.

It is therefore clear that successful changes in service delivery will achieve direct savings in the cost of undertaking the personnel function and provide additional cost benefits. As a guide, improving the employee to personnel staff ratio from 1:52 to 1:82 could result in an annual saving of £843,000 in personnel related salaries. Although this ratio of 1:82 remains well below the average of other London Boroughs it is recognised that the Corporation is atypical and these figures represent an ambitious improvement of 58% on current levels. The costing figures are based on the departmental mix of grades involved in personnel activities, at 2002/3 rates including on-costs of National Insurance at 7.8% and Superannuation at 17.86%.

Reductions in departmental budgets would need to reflect the additional costs allocated to each department as their share of the increased costs in Personnel & Management Services. It was agreed that Management Services would undertake with Chief Officers a review of the local personnel staff requirements at the end of Phase I of the project and at the end of Phase II to achieve overall cost savings of about £500,000 as a result of the centralisation of recruitment and associated personnel administration.

Progress Report at the End of Phase I

In February 2003 members of the Establishment Committee gave their approval for the creation of a Central Service Unit located within the Personnel and Management Services Office.   The purpose of the Unit being to provide a recruitment administration service to Corporation departments. Initially the Unit would operate for a trial period of one year and would provide a service for smaller departments and larger ones who wished to participate in the initial trial, those departments participating in Phase 1 are:

- Markets Department
- Chamberlain's Department
- Comptroller and City Solicitor's Department
- Education
- Mansion House
- Open Spaces Department
- Planning and Transportation
- Remembrancer's
- Secondary's Department
- City Surveyor's Department
- Town Clerk's Department

A Central Service Unit Manager and an Administrator were recruited with the costs being apportioned between participating Phase 1 departments on a per capita basis. In addition to these two posts an additional Administrator was seconded to the Unit from within existing resources.

The original target for the Unit to start operating was July 2003 which was to coincide with the introduction of the new Trent HR/Payroll system. Due to changes to the timetable, the introduction of Trent was delayed which would have meant a later start for the Unit. As resources were in place it was decided that the Unit would commence operation on 1st June with Phase 1 departments being introduced on an incremental basis with them all on board by the end of 2003. However, such was the commitment of the Unit's staff that all Phase 1 departments were able to use the service by September 2003.

Facilities available to Departments

The Unit provides certain specified services but supplementary services are available to meet the needs of departments. The range of services is listed below:-

STANDARD

- Placement of Advertisements
- Recruitment packs
- Receipt of applications and initial sifting
- Arrangements for interviews
- References taken up
- Contract details
- Terms and Conditions information
- Handling of all standard appointment letters and documents (all original, no copies)
- Checks as appropriate
- Notification to successful/unsuccessful candidates
- Link to payroll
- Medical clearance
- Recruitment monitoring
- Link to training for induction and mandatory courses
- Reception of new starters on 1st day for City based employees and others, if appropriate and practical
- On-line applications (currently under development)
- Issue of Security Passes (review currently in progress)
- CRB checks (longer term)

OPTIONAL

- Short or long listing
- Testing of candidates
- Preparation of questions for interviews
- Assistance at interviews if required (longer term)
- Match and Gap/skills matching

By February 2004, 74 posts had been or were being processed through the unit. Examples of time taken to complete recruitment campaigns can be found in Appendix D.

Initially the delay in the introduction of Trent was seen as a negative, in practice it proved very beneficial for the Unit's staff to 'manually handle' the work as this gave them the most positive insight into the recruitment process. It is envisaged that Trent will be operational in the very near future which will further improve what is already a much valued service. Even without Trent much work has gone into the development of electronic forms for the exchange of information and towards offering a full on-line recruitment facility.

Once all departments are using the services of the Unit it will be possible to introduce Service Level Agreements, although monitoring is already on-going an indication of the commitment of the team is that an early target of 48 hours for the initial response to candidates has been bettered and is being achieved within 24 hours. A further plus is an example where a particular post attracted very little response and the team did a trawl of candidates who had applied for a similar role and succeeded in finding a number of suitable candidates and thus avoided the need to re-advertise. Once Trent is established this will be a normal facility within the system.

Current Development

As previously mentioned there are a number of areas currently under development and at varying stages, these include:

- Redesigning the Corporate Recruitment Advertisement (completed)
- Producing a Corporate Pack (completed)
- Electronic Application Form (near completion)
- Ability to download job descriptions/person specs from the web (in progress)
- Electronic Requisition Form (near completion)
- Issue of security passes using Trent personnel database (subject of separate report)
- On-Boarding – an addition to the service will be that new starters will arrive at the CSU on their first day of service (if practical) where all relevant forms and paperwork are completed, including pay details, pension, photograph, etc. Depending on the location, a member of the Unit would then escort the new starter to their place of work.

Future Developments

The following gives an indication of future areas of development if approval is given by the Establishment Committee to the long-term future of the Unit.

- Extending the service to all remaining Corporation departments –Phase II
- Definitive Recruitment and Personnel Administration split within the Unit
- Graduate Recruitment/Work Placement Programmes
- Possible establishment of Call Centre for Application Pack requests
- Promotion of testing for all grades (general and psychometric)
- Implementation of on-line testing system e.g. QWIZ software (facility to test competencies on a wide range of software packages, provide suite of test/questions
- Defining and managing service standards
- Utilising technology to further improve efficiency
- Building competencies into recruitment and selection
- Development of Succession Planning

<u>Recruitment Advertising</u>

The relationship between Barkers, the Corporation's recruitment advertising agency is continuing to develop well. They are now able to turn around draft advertisements very quickly and can also offer advice on the most suitable publications/medium to use for the many diverse departments within the Corporation. In situations where the department is unable to produce a draft they can offer a copywriting service and will, where necessary produce unusual advertisements if required. The Unit Manager and her staff have also attended copywriting courses arranged by Barkers.

Recently Barkers were approached by the Unit Manager with a view to suggesting a new style for all Corporation advertisements which would include single advertisements as well as possible composites ads. Each advertisement will include an image that is immediately identified with any particular department or section, e.g. Tower Bridge, a City skyline, an Open Space etc. It is possible for Barkers to have a bank of images to be used according to any particular campaign. In this way the Corporation identity is retained but each department will choose its own image as well. The Unit Manager will liaise with Chief Officers with regard to their choice of images/logo in due course.

In addition, the improved use of space available has resulted in a slightly smaller advert and consequently a financial saving. Any savings achieved would, of course, help to offset departments' contribution to the cost of running the Unit.

Lessons learnt to date

Initially there was opposition in some quarters to the setting up of the CSU. However the efforts of the Unit's staff and the contribution of departmental contacts has enabled a relatively smooth transition and allowed a much more consistent approach to the task. It has been a fairly steep learning curve for the Unit but hopefully it has provided a focus for some departments to review their own approach to the recruitment process. As indicated previously there has been a considerable range of posts being advertised and a similar variety of tasks being carried out on behalf of departments. The Unit is able to offer a consistent approach with staff who deal with recruitment day in and day out. The introduction of the Trent system will further improve and enhance the service on offer as well as offering options for the future, in support of e-government initiatives.

During some of the early recruitment campaigns it was obvious that communications between the Unit and the department had to be clear and unambiguous. Most of the Phase 1 departments quickly established a good relationship with the Unit although there were one or two cases where misunderstandings arose. These were quickly resolved and only occurred where the staff in the departments were reluctant to let the work go.

A number of anomalies in departmental practice have come to light during Phase 1 and these include:

- Non-standardisation of documentation
- The removal of some important paragraphs from contracts
- The amalgamation of permanent and temporary contracts without the approval/checking with HR consultants for any legal implications.
- Some departments have not followed the specified process and opted to send out their own letters to candidates so apart from the inconsistency with correspondence, there has also been unacceptable delay in the process of informing those candidates who have not been successful and indeed those who have been short-listed.
- Some recruitment adverts have been found to contain discriminatory wording. The CSU are able to identify and replace these with more appropriate text to comply with the Equal Opportunities Policy.

When Service Level Agreements are introduced it will help both sides ensure that the process is efficient, effective and properly monitored. Reports can be produced highlighting areas for improvement for both sides, particularly in the early days as the responsibilities and workload for the Unit increase and expectations are high. Once Trent has been fully implemented it will enable a wide range of reports to be available to both the department and the Unit. An example of a draft Service Level Agreement is attached as Appendix E.

The Way Forward

The CSU has successfully completed a number of campaigns and the general feedback has been very positive particularly where there has been a high volume response to vacancies. It has enabled a consistent, modern approach to the task with staff solely dedicated to this area of work. The Unit continues to develop new ideas and initiatives and will benefit significantly when Trent is fully functional. It provides a corporate focus when dealing with agencies and outside parties. The only factor inhibiting its rapid progress is that they are only dealing with roughly half of the Corporation's departments and therefore there are currently two or more processes being carried out

Although it was intended that Phase 1 should operate for a trial period of one year before consideration was given to extending the service to all departments, it is difficult to envisage those early participants taking the work back themselves. Even more could be achieved if all departments were involved. With this in mind members will be asked to approve the service being extended to all departments a little earlier than was originally intended. For this to happen it would, of course, be necessary to increase the resources of the Central Service Unit, ideally by recruitment from departments.

Coinciding with this proposed expansion it should also be noted that work to maintain the Trent system should be anticipated. This is a sophisticated system which must be properly maintained to ensure its credibility and effectiveness. It seems sensible therefore that the task of maintaining the system should be included in the remit of a central resource, namely the Central Service Unit.

To be able to provide a service to all Corporation departments and be the custodians for Trent three additional Administrators would need to be recruited to the Unit with the total costs of the unit being apportioned to departments as in Phase I.

Once all departments are receiving a service from the CSU a review would be carried out by Management Services, in conjunction with Chief Officers, to determine the continuing resources needed in each department to carry out the remaining Personnel functions and indeed to re-focus on areas currently under-resourced. As this needs to be done carefully and sensitively a programme and timetable will be devised and presented to Chief Officers for their consideration as soon as the CSU is fully operational for all departments.

Training Administration

Training provision within the Corporation is currently organised and administered both locally and centrally. In terms of the administration of generic training courses, this has proven to be both a duplication of effort and not cost-effective. With the introduction of the Trent HR system and the creation of the Central Service Unit, it has also been agreed to establish a shared service centre for the administration of all generic training. The obvious advantages of this approach are improved consistency in the training offered in this area, monitoring information being readily available on both Corporate and departmental training spend, and economics of scale in arranging course venues, training staff, etc.

In terms of an implementation plan for the shared service centre for training administration, it has been agreed that the central training team will commence visiting departments from late February 2004. The purpose of the visits is to gain a thorough understanding of what departments currently do by way of training administration and to ascertain what the expectations are for the new central facility. Central Training Administration will take responsibility for training records, budget recording and booking of all generic courses for departments. Departments will have access to the Trent training module for technical training organised locally so that there is one database for all training undertaken.

Outline Timetable for implementation of 'Trent' HR Computer System

In order to clarify the situation regarding the implementation of the Trent HR system the following gives an indication of the timetable proposed for rolling out the system to all users. Trent is potentially a very sophisticated tool which will produce considerable benefits to departments and central users alike. There has been some concern shown by departmental staff which suggests that Trent is the means to centralise all personnel related work. This is far from the stated intention although quite clearly some functions are best performed in one central location, e.g. recruitment administration and training administration for generic courses.

Working closely with our Project Manager and consultants from Midland Software, suppliers of Trent, we have produced a project plan for the implementation of the HR facilities within the system. These are likely to include volunteers from pilot departments to ensure that their needs are properly considered. The timetable has to be flexible but every effort is being made to fulfil expectations but it should be remembered that almost all of the areas shown are inter-connected or reliant on other parts of the system.

As previously mentioned in this report, the introduction of Trent together with the proposed development of the CSU, will free staff in departments from many of the routine, time consuming tasks that detract from the more vital tasks such as interviewing and selection, absence management, people development and other more strategic issues.

TABLE 3   Timetable for Implementation of 'Trent' HR Computer System

Module/Task	Pilot Work	Full or Phased* Roll Out
Issue of Security Passes		April 2004
Self Service	June 2004	June 2005
Performance/Development	June 2004	December 2004
Learning Events (Training)	March 2004	Nov 2004*
Recruitment	July 2004	Sept 2005*
Job Evaluation (Interface)		April 2005
Structures		On-Going
Absence Module	August 2004	May/Oct 2005
Occupational Health (Interface)		October 2005
Manpower Planning	June 2004	Phased*
Financial Planning/Analysis	June 2004	Phased*
Employee Monitoring		On-Going
Communication		On-Going

Regular updates on progress made or changes to the project plan will be given via e-mail, intranet and at Personnel Group meetings.

SUMMARY

The introduction of the Central Service Unit has made a considerable difference to those departments making use of their services. Bearing in mind the Unit has not yet been able to take full advantage of the new technology it makes their successes all the more impressive. With the development of electronic forms and on-line recruitment it would be far more efficient and effective if the Unit were servicing the whole of the Corporation and not just half of the departments.

DEFINITION OF LOCAL AUTHORITY PERSONNEL SERVICES

The provision of all Personnel services to all parts of a defined authority excluding personnel tasks undertaken by managers and administrative staff whose primary responsibility is to a service other than a personnel one but including all other personnel work in connection with:

Corporate and Advisory work

- Provision of advice and information to an authority, its elected members, its committees, sub-committees, working groups and advisory panels.

- Provision of advice and information on matters relating to corporate policies and management to any department or officer and any other person in relation to the discharge of the authority's functions.

Organisational Development

- Structural and departmental reviews, management service reviews, Organisation and Methods and work studies, business planning.

- Advice on aspects of organisational development and the projection of cultural values to corporate management.

Planning Resource Management

- Planning and human resources resources in the defined authority, including advice on aspects of the authority's personnel policy. Advice to departments on personnel aspects of strategic planning.

- Development and implementation of employment policies, practices and procedures.

- Advising on all aspects of selection, recruitment and induction of employees.

- Development and implementation of policies and procedures for managing human resources within the authority, including promotion, deployment, termination, redundancy, retirement and contract conditions.

- Development and implementation of policies in relation to operation and development of employee appraisal systems and performance and motivation programmes.

- Personnel research and maintenance of statistics.
- Development and implementation of the personnel management information systems.

Training and Development

- Advice on the current and projected skill requirements of the authority and on appropriate training for the authority's employees.
- Undertaking arrangements for training courses and development methods, including the delivery of training programmes (with the possible exception of operational training of police or fire authorities). Liaison with other providers or relevant bodies.
- Monitoring and evaluating outcome of training and development programmes.

Pay and Non-pay Benefits

- Development and implementation of appropriate pay structures, remuneration packages and non-pay benefits.

Equal Opportunities

- Develop and implementation of policies for equal opportunities in recruitment and employment practices.

Health, Safety and Welfare

- Development and implementation of policies for health and safety at work within the authority, including the provision of a 'competent person' under the Management of Health and Safety at Work Regulations 1992. Liaison with relevant national and regional bodies.
- Development and implementation of an employee welfare policy, including welfare counselling, occupational health services and sickness and absence monitoring systems.

Industrial and Employee Relations

- Development and implementation of a consultation and negotiation structure for industrial and employee relations.
- Development and implementation of employee relations practices including disciplinary, grievance, appeals and harassment procedures.

Client-side Role

- Advice on all aspects of the procurement, monitoring and supervising of personnel or other work provided to an authority by any other person, including liaising with other departments to advise on personnel aspects of procurement.

SHARED RECRUITMENT UNIT

DEPARTMENTAL APPORTIONMENT OF COST : BASED ON HEADCOUNT NUMBERS

Phase 1 Departments	Pro Rata Cost based on Headcount Numbers as @ December 2002		
	No. Employees	% of Total	Cost £
Billingsgate Market	32	2.35%	£ 1,642
Chamberlain's Department	207	15.18%	£ 10,623
Comptroller and City Solicitor's Department	55	4.03%	£ 2,823
Education (Town Clerk's)	32	2.35%	£ 1,642
London Central Markets	50	3.67%	£ 2,566
Mansion House	42	3.08%	£ 2,155
Open Spaces Department	278	20.38%	£ 14,267
Planning and Transportation	70	5.13%	£ 3,592
Remembrancer's Department	21	1.54%	£ 1,078
Secondary's Department	140	10.26%	£ 7,185
Spitalfields Market	29	2.13%	£ 1,488
Surveyor's Department	134	9.82%	£ 6,877
Town Clerk's Department	274	20.09%	£ 14,062
Total Departmental Employees Phase 1	1364		
Estimated Set Up Costs for a Shared Recruitment Centre	£70,000	Cost Per Employee	£ 51.32

Information from DELPHI. Headcount figures are for permanent employees with contracts over one year and do not include staff not allocated to posts (currently Approximately 70 on system)

Casual staff are not included in the above figures.

Numbers for the Education Section exclude employees at John Cass, with the exception of the kitchen cleaning staff & four teaching staff.

TABLE SHOWING THE VARIOUS STAGES OF H/R DEVELOPMENT AND THE PROJECTED EFFECT ON THE RATIO OF EMPLOYEES TO PERSONNEL STAFF
Personnel Services, including departmental payroll input, but excluding Training Services, Central Payroll, Safety Services and Occupational Health.

	Number of Employees (ONS Figures as at 04/2002) adjusted to show FTE's	3349	Ratio of Personnel Staff to Employees							
			Administration		Professional		Managerial		Overall	
	Stage/Milestone	Benefits	FTE's	Ratio 1:	FTE's	Ratio 1:	FTE's	Ratio 1:	FTE's	Ratio 1:
	Ratio as at October 2001		22.33	150	38.49	87	3.80	881	64.62	52
1	New HR/Payroll data base implemented across all departments	Corporate information gathered without additional requests; reduced duplication in data input	19.14	175	35.25	95	3.53	950	57.91	58
2	H/R System/Personnel Function - Processes reviewed, simplified and standardised on a corporate basis; imbedded into HR system using the user definable workflow feature; automate paper-based systems.	Reduce administration burden; remove inconsistencies; Provide consistent corporate information	16.74	200	31.89	105	3.35	1000	51.99	64
3	H/R Intranet (Web) site - Develop to provide an interactive knowledge base on H/R	Reduce the burden on HR and managerial staff to allow them to concentrate on other activities	15.95	210	30.44	110	3.35	1000	49.74	67
4	e-recruitment	As an additional means of recruiting, able to reach the best recruits in a particular field; reduced administration	15.22	220	30.44	110	3.35	1000	49.02	68
5	Recruitment Administration Centralised	Reduce administration burden; achieve economies of scale; smooth fluctuations in workload; provide a corporate image; better monitoring of skills shortages, equalities etc.	14.56	230	29.12	115	3.35	1000	47.03	71
6	Training Administration Centralised	Reduce administration burden; achieve economies of scale; clearer utilisation of resources; corporate monitoring of the activity;	13.95	240	27.91	120	3.35	1000	45.21	74
7	Service Centre	Reduce administration burden; achieve economies of scale; reduce burden on managerial staff to allow them to concentrate on other duties; provide timely & consistent HR information	11.16	300	29.12	115	4.19	800	44.47	75
8	Manager Self Service	Facilitating the line manager, direct access to knowledge base, allowing them to do more of their own transactional work	10.80	310	27.91	120	3.35	1000	42.06	80
9	Self-service all locations, including integration with rules based workflow	Reduce administration burden; improved accuracy;	9.57	350	27.91	120	3.35	1000	40.82	82
	Projected increase in the Personnel Staff to Employee Ratio and the associated decrease in staff resources required		-57%	133%	-28%	38%	-12%	14%	-37%	58%

The chart assumes the following division of tasks

Administration   Grade 1 to 4, plus 50% of grades 5 to 7

Professional   Grade 8 to 9 plus 50% of grades 5 to 7

Managerial   Grade 10 and above

EXAMPLES OF TURNAROUND TIMES FOR RECENTLY COMPLETED RECRUITMENT CAMPAIGNS

Phase I Departments

Department	Post	Requisition Received	No of requests for packs	No of applicants	No shortlisted	Offer Letter Sent	Start Date	Total Days
Markets	Superintendent	03.06.03	35	17	4	12.09.03	25.09.03	80
	General Maintenance Handyperson	30.06.03	134	40	4	19.08.03	02.09.03	44
	Chief Administrative Officer	30.06.03	324	103	6	19.08.03	29.09.03	63
Mansion House	Administrative Assistant	25.07.03	1062	236	6	5.09.03	15.09.03	34
Planning & Transportation	Urban Design Planning Officer	06.06.03	45	8	5	09.09.03	29.09.03	79

- Consideration should be made for the notice periods (between 1 & 3 months)

- With the Urban Design post one month was lost whilst the ad was re-drafted to include two further positions – lessons have been learnt on both sides to ensure that timescales are adhered to and all information is available at the beginning of the recruitment process

- The timescales are within the 79 days (from notification of vacancy to start date) currently used by the Lewisham model which has been running for nearly 2 years

- Initial findings show that considerable time is saved when the CSU complete the shortlisting for the department as can be seen with the Mansion House position above

- It should be noted the Superintendent's role progressed to second interview stage so, again, with the shortlisting being carried out by the CSU Manager and the Director of Markets the timescale was considerably reduced

CENTRAL SERVICE UNIT

Draft Service Level Agreement

Service Area	Standard	Measurement	What Departments /Managers need to do
Requisition re: vacancy to CSU	By Friday 12 noon for start of processing that week	Timing to be monitored	Ensure all information is complete. Requisition includes Job Description, Person Spec, T & C's and additional pack info. Must be e-mailed to csu@corpoflondon.co.uk
Present job to HR Consultants to check ringfence	Same day of receipt of requisition or by Friday 2pm	Timing to be monitored	Ensure position is presented/offered to employee to be deployed
Match & gap – look at other applicants/internal candidates if no matches place ad with Barkers	We will place an ad in the selected publication once approval has been received from department and subject to media deadlines outside	Timing to be monitored	The ad should be approved by the department prior to the deadline date.

	our control		
Despatch of Recruitment packs	Within 48 hours of receipt of request to Unit	Timing to be monitored	All recruitment pack information must be provided to the Unit electronically together with any booklets with the requisition form or at least 4 days prior to the advert appearing in press/internet etc
Send application pack to department	Within 2 days of closing date the shortlisted/longlisted pack will be forwarded to managers	Timing to be monitored	The packs will be ready for collection or delivery depending on the location of department. If posting documents more time will be required – to be discussed with manager

Notify candidates of interview dates / tests	Within 3 working days of receiving short list and dates from manager	Timing to be monitored	Manager must discuss suitable dates before setting interview/test dates if the Unit is to administer tests. Job tests related to the job to be administered by the department at the present time. Information to be received by the Unit 10 days before the interview/test date to allow one weeks' notice for candidates
Correspondence to be sent to unsuccessful candidates (only grade 10 and above)	Within 3 days of receiving shortlist from the manager	Timing to be monitored	Manager must provide list to Unit with shortlisted candidates
Written confirmation to successful candidates (conditional offer) and reference requests	Within 3 days of receiving information from the manager	Timing to be monitored	Manager to make verbal offer to successful candidate and confirm information to Unit
Inform manager when	Within 2 days of all checks	Timing to be monitored	Managers must inform Unit of the candidates

clearances are received	being received		start date promptly
Personal information to be entered on Trent	On employees first day	Timing to be monitored	All salary information/allocation codes to be provided to the Unit in advance by the manager/department

NB. *The timings above may be subject to change once **ALL** departments are using the service and once they have been monitored by the Unit for accuracy and feasibility.*

11   <u>OUTCOMES AND RECOMMENDATIONS FROM THE HR STRATEGY PROJECT</u>

This chapter reviews some of the main impacts of this project to develop an HR Strategy for the Corporation of London and the future plans for continuous development particularly in the areas of staff communications, transformation of HR Service delivery, learning, training and development, performance management and reward.

At the end of the chapter are some recommendations for future evaluation of the impact of the HR strategy and for dissemination of this work to a wider audience.

<u>REWARD</u>

One of the strategic aims is to ensure that rewards are competitive to attract, retain and motivate staff and help to develop a performance culture. The employee opinion survey revealed that a significant proportion of staff did not feel that the system of grading jobs was fair. There was also a strong desire for the Corporation to provide reward and recognition for high performance and contribution to the organisation.

A Job Evaluation and Reward Steering Group was set up at the beginning of 2003 with representation from Chief Officers, the recognised unions. HR professionals and an external consultant. In addition separate J.E. and Reward task forces were set up and have made substantial progress.

On job evaluation the following is in progress:-
- design of a new factor based job evaluation scheme linked to the framework of competencies
- pilot testing of the new J.E. scheme
- auditing the scheme for equalities
- computerisation of the scheme
- testing of the computerised scheme
- training of J.E. facilitators
- evaluation of benchmark jobs

- matching or evaluation of all jobs in the Corporation

The development of a new salary grade structure is also in progress:-
- production of grade profiles by job function
- slotting of jobs into the grade profiles
- examination of options for salary range within each grade
- linking job evaluation scores to salary grades.

On competitiveness of pay:-
- salary surveys obtained from HAY group and local government bodies
- benchmarking Corporation pay against these surveys
- confirming the appropriate salary ranges for each new grade

On reward and recognition:-
- development of a new contribution based reward structure
- development of a recognition scheme covering both pay and non-pay rewards
- production of a new policy on pay protection to comply with equal pay guidelines.

The aim is to have all jobs evaluated and assimilated onto a new grade by October 2005 and contribution pay to replace annual increments by July 2006.

STAFF COMMUNICATIONS

A review of internal communications was carried out in each of the Corporation departments. The objective was to identify existing communication processes to inform the work of an Internal Communications Steering Group and Task Force which was set up. A Staff Communications Working Group was also set up comprised of a cross section of staff from departments as a consultation forum on the results of the research and on proposed new initiatives.

The remit of the Task Force which was set up in January 2004 is to:-
- Draft an action plan for approval by the Steering Group

- Carry out an audit of internal communications
- Ascertain the relevant strategies and initiatives currently in place
- Ascertain the issues and barriers standing in the way of good communications
- Source examples of best practice, for benchmarking
- Present an initial report on the audit and benchmarking exercises to the Steering Group, and propose a brief for a consultant
- Present, with the consultant, an internal communications strategy and implementation plan which:
  a) Addresses the issues identified
  b) Synchronises with current strategies, initiatives and communications mechanisms
  c) Synchronises with external communication strategy

The proposed aims of the internal communications strategy are:

(i)   to develop a clear, consistent style of communication within the Corporation, so that staff are either made aware of, or know where to find the information they need.

(ii)   to create a more open culture across the Corporation, where two-way communication is encouraged, and where staff feel that their views are valued.

(iii) To build better relationships between the different departments so that information, experience and examples of best practice can be shared.

(iv)   To establish best practice in management behaviour re. internal communication and how it can be developed.

TRANSFORMATION OF HR SERVICE DELIVERY

A report was submitted to Chief Officers and then approved by the Establishment Committee in February 2003 which reviewed the organisation, delivery and resources available for provision of personnel services both in departments and corporately.

The report recommended:-

- Setting up a Central Service Unit to handle all recruitment processes, issuing of employment contracts, input of post and employee data to the HR and payroll computer system, and the initial on-boarding of all new employees.

- Strengthening the central HR Consultancy team with an Employee Relations Manager so all the more complex employment issues are handled by the central team of professionals.

- Centralising the organisation and administration of all generic training and development but retaining technical training of a specialist nature to be organised by departments.

- Specifying roles for personnel staff in departments and determining resources needed.

- Achieving productivity savings as a result of the above changes.

In addition to the above a new HR and payroll computer system has been installed and is being developed so the various modules feed off a common database and are well integrated with each other. Such modules are:

- Employee self service
- Manager self service
- Absence management
- Competence framework management
- Performance management
- Training administration
- Employment monitoring
- Workforce planning
- Occupational health management

LEARNING, TRAINING AND DEVELOPMENT

A Best Value Review of Corporate Training and Development was approved by Committee in January 2003. The report evaluated the effectiveness of the section in supporting the Corporation's core values, strategic aims and policy priorities by providing staff with the generic skills base required. It highlighted the strengths of the service and identified areas for improvement and proposed an action plan to address them.

The key areas for improvement that have been actioned are:-

- Development of a competency framework targeted at those who direct, those who manage and those who deliver
- Development of a senior management development programme
- Setting up an e-learning facility, and a learning resource centre
- Providing facilities for counselling, mentoring and coaching for career development
- Extension of the use of psychometric assessment for senior recruitment and management development
- Member training programme
- Improved induction
- Customer care skills development
- Provision of a database on external course providers
- Expansion of NVQ provision and Work Based Learning qualifications programmes up to doctorate level in conjunction with Middlesex University
- Achievement of Corporate Investors In People status by April 2005
- Setting up a Development Steering Group with departmental representation
- Ensuring the generation of training and development plans and activities are linked into the timetable and process for Business Planning across the Corporation
- Examining more effective use of the training budget
- Improving the effectiveness of training needs analysis
- Improving the evaluation of effectiveness of development
- Improving recording and monitoring of training using the new HR Computer System

- Working in partnership with other London local authorities including with secondments

The training and development action plan was produced in June 2002 and updated in December 2002. This set out the detailed plans for tackling all the key areas for improvement in the Best Value review of training.

In May 2003 a report was discussed with Chief Officers on what could be done to ensure learning is properly embedded in the Corporation's culture so that the new core value, "learning from others and from our own experience" was reinforced. Learning actions agreed and implemented in addition to those in the training plan were:-

- A training plan to be included in departmental business plans
- Chief Officers to deliver presentations on innovative initiatives in their department which could be adopted elsewhere
- Chief Officers to participate in annual strategic briefings of senior managers from across the Corporation
- Review of appropriate projects for staff to engage in as part of the Work Based Learning Programme
- Chief Officers to participate in visits to 'excellent' councils
- Speakers to be identified for lunchtime insight events
- Secondments to be organised both internally and externally
- Identification of managers with potential for inclusion in succession plans
- Continuous Professional Development events for staff from across the Corporation
- Cross borough mentoring scheme to be set up

PERFORMANCE MANAGEMENT

A Corporate decision was taken that all departments would use a common Performance and Development Review and the documentation was completed in January 2002 built around a new competency framework. A requirement was placed on all departments that all staff must have been appraised by March 2003.

A 360 degree Feedback process and a scheme for Chief Officer appraisals was approved in April 2002. All Chief Officers received their feedback and discussed their personal development plans with an external consultant. In January 2004, the new Town Clerk approved a revised scheme for Chief Officer appraisal, still including 360 degree feedback once every 2 years but requiring them to submit self appraisal on achievement of objectives and job behaviour on an annual basis.

The Corporation Performance Plan was supplemented by a Community Strategy in January 2004 and the Director of Personnel & Management Services guided the Performance Unit on the production of a revised set of Core Values of a behavioural nature which would be equally meaningful to the community – residential and business – as well as to staff.

EQUAL OPPORTUNITIES AND DIVERSITY

An Equal Opportunities Action Plan was produced in June 2002 and updated in October 2003. The aim of this plan was to ensure that all forms of discrimination are eliminated, that there is compliance with equal opportunities legislation and codes of practice and that the Corporation fulfils its obligation to promote equality and non-discrimination not only in the workplace but also in service delivery. The plan also aims to raise the image of the organisation in the eyes of staff, as only 62% of respondents to the employee attitude survey expressed positive views on equal opportunities. Staff appeared to be uncertain about the Corporation's commitment to and performance over equal opportunities.

Key achievements have been:-
- Achieved level 2 of the Commission for Racial Equality Standard for local government in December 2001.
- Publication of the Race Equality Scheme in March 2003 in accordance with the Race Relations (Amendment) Act 2000.
- Reporting in February 2004 on actions taken by departments in relation to the 3 year plan of action under the Race Equality Scheme. The most common ones being:-
  a) Identification of stakeholders
  b) Consultation with stakeholders

  c) Review of recruitment process including monitoring

  d) Review of departmental literature

  e) Identification of needs of service users

- Publication of employment monitoring required under the Act by reference to racial groups:-

  a) Staff in post

  b) Applicants for jobs, training and promotion

  c) Staff who receive training

  d) Grievances, disciplinary procedures, benefit/detriments from performance appraisal, dismissals and other reasons for leaving

- Achievement of the Equality Standard Level 1 by 31 March 2003 and Level 2 by 31 March 2004.

- Development of the Corporate Equality Plan which extends the work on ethnicity to other areas such as age, disability, gender as required by the Equality Standard covering:

  a) Examination of existing practice in recruitment

  b) Widening the Corporation's appeal to under represented groups

  c) A new strategy for work placements for students from the City Fringe

- Achievement of the 2 ticks disability symbol whereby the Corporation undertakes to guarantee an interview to every disabled applicant who meets the minimum criteria.

- Issued a Code of Practice on Reporting Racist Incidents.

- Published policy on Equal Opportunities in Service Delivery.

- Workforce survey carried out at end March each year.

- Job Share policy issued.

- Homeworking policy issued.

- Flexitime scheme developed and piloted.

- Mandatory training courses for managers or 'Managing Fairly'.

- Mandatory training courses for all employees on equal opportunities.

- Report on a future policy for teleworking.

- Report on age discrimination and relaxing retirement policy.

- Recruitment monitoring carried out annually and detailed examination of those departments where proportion of ethnic minority applicants reduces significantly through the process.
- Equal Opportunities policy updated to reflect changing legislation.

RECOMMENDATIONS

The evolution of this integrated model of HR Strategy with its associated objectives and action plans started with research into the current climate and culture of the Corporation as perceived by employees and those working in the HR function. To determine whether the implementation of the strategy has had the desired effect it will be important in the future to undertake further research to:

- Evaluate the impact of the HR Strategy
- Evaluate the culture of the organisation and the extent to which it has changed since the year 2000
- Evaluate the extent to which the new HR Core Values have become embedded in the organisation

This would be done through a comprehensive employee attitude survey, through monitoring of changes to employment performance indicators such as sickness absence and turnover, through focus groups and through tangible examples of culture change such as increased delegation, reduced bureaucracy, and more corporate approaches.

Although the model of HR Strategy which has evolved is based on a public sector organisation I believe it should have equal applicability in the private sector. Publication of this report and dissemination of the model at HR seminars and conferences hopefully will lead to its adoption in other public and private sector organisations enabling its validity to be tested elsewhere. This report has been written so that it can be used as a practical guide for HR directors.

12   <u>THE MANAGEMENT OF CHANGE</u>

This chapter reviews approaches to the management of change and discusses their applicability to the management of change in the Corporation of London.

The HR strategy that has been developed seeks to make the HR Core Values a reality for the Corporation and its staff. Once successfully implemented it will achieve the objectives set out in Chapter 6. The strategy will ensure the Corporation has the right people in the right jobs, at the right time and with the right competences and attitude and commitment to the organisation and its strategic aims.

The most ambitious aim of the HR strategy is however to develop the capacity of the Corporation, ensure it maintains its excellent status, changes to a more corporate, performance driven learning culture and continuously improves on the delivery of its services.

All the above is a massive programme of change which needs to be well managed if it is to be achieved within a limited timescale of say five years, within severe budgetary constraints and with the minimum of employee relations problems. The most difficult challenge will undoubted be changing management behaviour and the approach to this needs to be handled sensitively.

The review of models for the management of change which follows will assist in the selection of the most appropriate approach for the Corporation of London.

The ClPD is running a research project called Organising for Success and publishes papers in the Change Agenda series. One such paper written by Richard Donkin published in 2004 was entitled 'HR and reorganisation, Managing the Challenge of Change.' Donkin reported a CIPD Survey in 2003 of 800 managers comprising Chief Executives, HR Managers and other managers. This study showed that almost a half of reorganisations fail to achieve the desired improvements, and in two-thirds there is no improvement in employee performance or well-being. Some 60% of programmes are not completed on time and 40% are not completed to budget.

Donkin goes on to report that 'some of the most important constituents of successful change are consistently neglected. Chief among these are people-related issues, in particular, employee communications and involvement.' Donkin goes on to conclude that there is 'an overwhelming case for the strategic use of HR knowledge and involvement of HR professionals at the embryonic stage of change programmes and through development and delivery.

Four significant features of effective change programmes have emerged from the Institute's comprehensive survey of the experiences of reorganising, which differentiate the successful minority from the rest. Donkin reports these as being:

'Feature 1. – A holistic approach to change, involving complementary and supporting programmes, is more successful than ad hoc change made in isolation.

Feature 2. – Successful change programmes typically adopt project management techniques, involving targets, milestones and detailed budgets, because these techniques have been found to be most effective in achieving success. Realistic resources and timeframes are allocated to the process.

Feature 3. – It is important to integrate key people management issues and considerations, along with more general HR policies and practices, in change programmes.

Feature 4. – A change programme needs sound leadership, grounded in the experience and abilities of senior management to be effective.'

Bullock and Batten's Four-Phase Model of Planned Change

Planned change is a term first coined by Kurt Lewin to distinguish change that was consciously embarked upon and planned by an organisation as opposed to types of change that might come about by accident, by impulse, or that might be forced on an organisation. The term Action Research was used by Lewin (1946) in an article entitled 'Action Research and Minority Problems.' According to Burnes B (2004) in his booked 'Managing Change', Lewin conceived of Action Research as a two-pronged process. 'Firstly, it emphasises that change requires action, and is directed at achieving this. Secondly, it recognises that successful action is based on analysing the situation correctly, identifying all the possible alternative solutions and choosing the one most appropriate to the situation at hand.' According to Lewin (1946) Action Research 'proceeds in a spiral of steps each of which is composed of a circle of planning, action, and fact finding about the results of the action.'

Bullock and Batten (1985) developed the concepts of Kurt Lewin and reviewed over 30 models of Planned Change to come up with their Four-Phase Model of Planned Change. This model is described by Burnes B (2004) as:

1 'Exploration Phase – In this state an organisation has to explore and decide whether it wants to make specific changes in its operations and, if so, commit resources to planning the changes.

2 Planning Phase – The change processes involved in this are collecting information in order to establish a correct diagnosis of the problem; establishing change goals and designing the appropriate actions to achieve these goals; and persuading key decision-makers to approve and support the proposed changes.

3	Action Phase –	In this state, an organisation implements the changes derived from the planning. The change processes involved are designed to move an organisation from its current state to a desired future state, and include establishing appropriate arrangements to manage the change process and gaining support for the actions to be taken; and evaluating the implementation activities and feeding back the results so that any necessary adjustments or refinements can be made.
4	Integration Phase –	This state commences once the changes have been successfully implemented. It is concerned with consolidating and stabilising the changes so that they become part of an organisation's normal, everyday operation and do not require special arrangements or encouragement to maintain them. The change processes involved are reinforcing new behaviours through feedback and reward systems; diffusing the successful aspects of the change process throughout the organisation; and training managers and employees to monitor the changes constantly and to seek to improve upon them.'

The planned approach to organisational change can be criticised in terms of its ability to cope with continuous change, its emphasis on incremental change, its neglect of organisational conflict and politics and its advocacy of a one best way approach to change.

The Emergent Approach to Change

According to Burnes B (2004) 'The proponents of Emergent change are a somewhat disparate group who tend to be united more by their scepticism regarding Planned Change than by a commonly agreed alternative. Nevertheless, there does seem to be some agreement regarding the main tenets of Emergent change, which are as follows:

- Organisational change is a continuous process of experiment and adaptation aimed at matching an organisation's capabilities to the needs and dictates of a dynamic and uncertain environment.

- Though this is best achieved through a multitude of (mainly) small-to-medium-scale incremental changes, over time these can lead to a major re-configuration and transformation of an organisation.

- Change is a multi-level, cross-organisation process that unfolds in an iterative and messy fashion over a period of years and comprises a series of interlocking projects.

- Change is a political-social process and not an analytical-rational one.

- The role of managers is not to plan or implement change per se, but to create or foster an organisational structure and climate which encourages and sustains experimentation, learning and risk-taking, and to develop a workforce that will take responsibility for identifying the need for change and implementing it.

- Though managers are expected to become facilitators rather than doers, they also have the prime responsibility for developing a collective vision or common purpose that gives direction to their organisation, and within which the appropriateness of any proposed change can be judged.

- The key organisational activities that allow these elements to operate successfully are information gathering – about the external environment and internal objectives and capabilities; communication – the transmission, analysis and discussion of information; and learning – the ability to develop new skills, identify appropriate responses and draw knowledge from their own and others' past and present actions.

Kotter's Eight Phases of Change

John Kotter (1990) studied over 100 companies going through change and decided that the most common errors made were:-

1. 'Allowing too much complacency

2. Failing to build a substantial coalition

3. Underestimating the need for a clear vision

4. Failing to clearly communicate the vision

5. Permitting roadblocks against the vision

6. Not planning and getting short-term wins

7. Declaring victory too soon

8. Not anchoring changes in corporate culture

To address these problems Kotter has set out eight phases for change which need to be addressed in turn. The phases with some notes on each are set out below:-

<div align="center">ISSUES</div>

1	Establish a sense of urgency	− undertake research within the organisation or with key stakeholders
		− identify and discuss potential crises and opportunities
		− be clear about externally imposed deadlines, targets or performance indicators
2	Create a coalition	− establish a powerful and influential group to lead the change
		− get this group to work as a team
3	Develop a clear vision	− create a vision to direct the change effort
		− develop strategies to realise the vision
4	Share the vision	− use every possible way to communicate the new vision and strategies
		− get the influential group to act as role models for the rest of the organisation

5	Empower people to clear obstacles	– change structures and systems that obstruct the change effort
		– remove unnecessary bureaucracy
		– encourage risk taking and non-traditional ideas and actions
6	Secure short-term wins	– plan for visible performance improvements
		– communicate the wins
		– recognise and reward those who made the wins possible
7	Consolidate and keep moving	– gradually change all systems, structures and policies that don't fit the vision
		– recruit, promote and develop successful change agents
		– reinforce the change with new projects
8	Anchor	– improve performance through customer and productivity orientation, and more effective leadership, and management

Bernschot Seven Forces Model

Berenschot outlined the seven forces that he believed made things happen. The first three forces are also present in Kotter's model which along with this seven Forces Model is reviewed by ten Have ten Have, Stevens, Elst, Pol-Coyne (2003) in their book of key Management Models. The seven forces are described in this book as:-

- 'Necessity   – a shock to break the inertia and to create a sense of urgency;
- Vision   – specific images in order to make people 'see' what is requested of them;
- Success   – early successes that create a sense of confirmation the new way is better;

- Spirit   – the power and strength to initiate and maintain a high level of commitment;

- Structure   – structural support at organisational level to challenge people, as well as to endorse the changes;

- Capabilities   – knowledge, skills and empowerment to balance the new tasks and responsibilities;

- Systems   – information, reviews and rewards to close the loop and confirm desired performance.'

The Purposive Change Model

ten Have, ten Have and Stevens (2001) studied a number of companies which won the European Quality Award and developed their purposive change model. Integrated congruency is the key concept of this model or having everything fit together organisationally. They identified four general management processes with organisational change being seen as the product of these management processes. The F.T. book, Key Management Models referred to earlier describes these processes as;-

- 'Direction   – refers to the organisation's choices and common aims, including its mission and corporate values

- Consistency   – predominantly the vertical translation of the common aim and organisational values into objectives, tasks and behavioural standards (vertical fit)

- Coherence   – relates to the horizontal co-ordination between processes, chains, operating companies, departments and individuals, and also includes structures, system and competences (horizontal fit)

- Feedback   – refers to the arrangement of an organisation in such a way that learning can take place at all levels within varying time-frames.'

The Corporation of London's approach to the implementation of the HR Strategy and the management of change needs to take account of the nature of the organisation, the internal and external pressures for change and internal politics. Inevitably this will result in a combination of approaches drawn from many of those set out in this section of the report. However Kotter's Eight Phases probably most closely resembles the approach that has been taken already to the management of change and the application of the integrated model of HR strategy that I have developed.

The key aspects of the change process for the Corporation can be described as follows:

- Undertake the research
  - employee attitudes
  - legislative changes
  - performance indicators and targets
  - management behaviours
  - business imperatives

- Create the vision, strategies and values for the organisation
  - Mission Statement
  - Community Strategy
  - Core Values
  - HR Values

- Determine the Capacity Development needs
  - Derived from the Comprehensive Performance Assessment

- Determine the Culture change needed
  - from current to future
  - from silo to corporate approach
  - move to high performance working

- Gain Commitment from the top
  - Support of Summit Group (Town Clerk, Chamberlain, Comptroller and City Solicitor)
  - Support from Chairman of Policy and Chairman of Finance
  - Support from Establishment Committee members

- Develop and gain approval for HR Strategy
  - Approval from key Members
  - Approval from Chief Officers
  - holistic approach to change

- Improve Communication
  - Corporate
  - Team

- Reduce bureaucracy and empower
  - increase delegation
  - remove blocks to action

- Develop action plans and empower
  - for each element/major project of the HR strategy
  - ensure early successes

- Translate organisational to individual goals
  - The 'golden thread'

- Put in place the building blocks of good practice
  - Clear policies and procedures
  - Guidance to managers
  - Template of desired management behaviours

- Monitor actions and changes
  - consultation exercises
  - performance indicators
  - project plans

- Continuously revise and update action plans
  - in the light of experience and progress

- Live the desired culture
  - reward performance
  - give recognition
  - corporate project teams
  - promote role models

- Develop competence
  - learning culture
  - management and leadership training
  - project management skills
- Change behaviours
  - tackle inappropriate behaviours
  - reward/recognise desired behaviours
- e-enable
  - utilise 'best of breed' computer system
- Feedback progress/communicate
  - to all key stakeholders
  - all the above
  - continuous

Sustainability of The Change

Adopting this approach to the management of change should help to ensure that the new culture, ways of working, performance management and behaviour become embedded in the organisation over time. This will not happen overnight but will require constant monitoring and feedback, exhortation to continuous improvement, a focus on learning and development and in the extreme replacing those who do not adjust to the needs of the organisation. This approach is already being adopted to ensure that Performance and Development Reviews are carried out to the required standard and that each department is able to meet the Investors In People standard.

Continuous, firm commitment from the top of the organisation needs to be communicated to all employees about the vision, strategies, desired culture and values. The new pay structure needs to reward those who demonstrate competence, commitment and contribution, particularly to the corporate aims.

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14

STRESS IN THE CORPORATION

APPENDIX I

Purpose of Report

1. This report covers the issue of work-related stress, presents the background to and implementation of the Stress Risk Assessment Exercise, the feedback from the completed questionnaires and the proposed action plan to address the causes of stress identified by Corporation employees.

BACKGROUND

2. In September 1996 I presented a report to the Chief Officers Group which sought support for a proposal to bring together a number of projects under the umbrella of a programme entitled 'The Health of The Corporation'. The objective of the programme was to reduce sickness absence to levels that are among the best in London Boroughs and to communicate to Managers and staff that there is a coherent approach to initiatives aimed at ensuring the efficiency and effectiveness of the organisation and the health and well-being of staff.

3. The various projects listed in Appendix A aimed to address the causes of sickness through assisting Managers to adopt best practice in areas such as job design, communication and consultation, ensuring fair employment practices, a safe and healthy working environment, career development and clear work objectives and honest feedback on performance for their staff. The programme also assisted Managers in reviewing organisational structures and working practices to remove frustrations caused through inefficient processes and excessive bureaucracy. There were also planned measures to promote healthy lifestyles.

4. The overall aim of many of these projects was to reduce levels of sickness absence, industrial injury, overtime working and to raise employee motivation, efficiency and effectiveness; in short to ensure Health of The Corporation and its employees. The Establishment Committee in 1996 was expressing concern over the high levels of sickness absence in the Corporation and at their meeting on 6 June 1996 agreed that we should aim "to be among the best of the London Boroughs" in terms of average working days lost per employee per annum.

5. Reducing absence requires identifying and addressing the root causes as well as measures to support employees and bring about an early return to work. One of the projects in Appendix A under the banner of 'The Health of the Corporation' programme is 'Workplace Stress' which recommended a pilot review of the organisation to establish the extent and causes of work related stress and then to put forward recommendations to help Chief Officers and their Managers to find remedies to reduce levels of mental ill-health.

WORKPLACE STRESS

6. The report to Chief Officers in 1996 which recommended the setting up of a pilot study into the extent and causes of stress in employees highlighted the fact that the Corporation was undergoing radical change and had identified the need to take action on a number of key strategic issues. These included:
   • Streamlining bureaucracy
   • Encouraging good management practices whereby employees are set clear objectives, are provided with feedback on their performance and receive training and development to enable them to achieve their objectives.
   • Establishing appropriate departmental and corporate structures which will streamline the decision making process.
   • Reviewing policies related to the promotion of healthy lifestyles such as Smoking at Work and Alcohol and Substance misuse.
   • Ensuring effective communication mechanisms.
   • Reviewing the management of sickness absence to ensure that abuse is kept to a minimum.

7. The way that change is dealt with in an organisation as well as the working practices can have a significant impact on the health of its employees. Problems at work can be triggered or made worse where people feel a high degree of <u>uncertainty</u> about their work, or their job and career prospects. Fear about job security and the increasing complexity and volume of work are making people work longer hours and the pressures can result in nervous disorders and other illnesses.

8. The report in 1996 stated that a number of organisations were carrying out proactive initiatives which aimed to eliminate or reduce organisational stressors. The programmes review the health of the organisation by exploring through focus groups what organisational factors create dissatisfaction and stress and what is "good about working here". Strategies for change are then developed with the involvement of senior management.

9. The report recommended that a view of the health of the Corporation takes place on a pilot basis to establish the extent and causes of the problem and to put forward recommendations to help Chief Officers and their managers to find remedies to reduce levels of sickness.

What is Workplace Stress, what can cause it and how does it impact on organisations?

10. Stress has been defined by the Health and Safety Executive as "The reaction people have to excessive pressures or other types of demand placed on them. It arises when they worry that they can't cope." Individuals are likely to have thresholds in relation to what they perceive as negative stress which vary from time to time depending upon age, stage in career, technical obsolescence etc. In positive terms, stress can be defined as a release of adrenaline in stimulating or challenging situations which drives a person to succeed.

11. The cost of lost time due to mental health problems is significant and the impact of mental health on employment is rising. An article by Stephen Overell in 'Personnel Today' 8 January 2002 summarised some of the key facts:

- In the UK, three in 10 employees will have mental health problems in a year, which lead to some 91 million working days being lost per year at a cost estimated at £32bn.

- Britain has the highest rates of depression in Europe. Urban Britain has a prevalence of depressive illness of 17.1 per cent, compared to 10.5 per cent across the whole of Europe. Spain has the lowest rates at 2.6 per cent.

- Between 1990 and 1995 the number of UK prescriptions for antidepressant drugs rose by 116 per cent.

- An Institute of Management Survey found 16 per cent of managers had taken time off work in the last year due to stress and mental health problems.

12. In July 2001 the Health and Safety Executive published research (1) indicating that Stress causes the loss of 6.5 million working days a year. About one person in five considers their job to be either 'very' or 'extremely' stressful.

13. The results of the HSE's 1995 survey of self-reported work-related illness (2) and its 1999 update (3) show nearly half a million people believe they are suffering from an illness that was caused or made worse be work-related stress. This makes stress second only to musculo-skeletal disorders as a cause of occupational ill health. Employers need to take serious action to tackle work-related stress if the UK is to reach the target for reducing work-related ill health set in the publication 'Health and Safety Commission (2000), securing Health Together; A long-term occupational health strategy for England, Scotland and Wales'.

14. As well as the financial costs of stress related sickness, stress also has other negative impacts on organisations including higher staff turnover, reduced work performance, employee relations difficulties, increased accidents rates and litigation.

15. Individual symptoms of stress which can result in reduced performance include anxiety, irritability, fatigue, poor concentration, indecision.

16. While there are many factors which contribute to stress levels in organisations, major stresses can also be found outside the work environment through pressures which people are experiencing in their home and personal lives. It is the sum of the two which constitute excessive pressure. What follows are examples of common stressors at work.

Content of Work

- Job Content: lack of variety or short work cycles; fragmented or meaningless work; under-use of skills; high uncertainty.

- Workload: work overload or underload; lack of control over pacing; high levels of time pressure;

- Work schedule: shift working; inflexible work schedules; unpredictable hours; long or unsocial hours;

- Interpersonal relationships at work: social or physical isolation; poor relationships with superiors; interpersonal conflict; lack of social support;

- Control: low participation in decision making; lack of control over work;

Context of Work

- Organisational culture and function: poor communication; low levels of support for problem-solving and personal development; lack of definition of organisational objectives.

- Role in organisation: role ambiguity and role conflict; responsibility for people.

- Career Development: career stagnation and uncertainty; under or over promotion; poor pay; job insecurity; low social value to work.

- Home/work interface: conflicting demands of work and home, low support at home, dual career problems.

17. Clearly workplace pressure and the stress to which it can lead can be harmful, it can damage the organisation's performance and undermine the health of the workforce. Although it is accepted that there is no such thing as a "pressure free" job, organisations have the responsibility to control harmful and unnecessary levels of stress.

18. Stress represents a significant risk to many organisations. Although stress is not an illness, it can lead to physical or mental illness, which in turn may give rise to legal claims against the employer. This increasing threat of litigation highlights the need for organisations to take a risk management approach to identifying, eliminating and controlling stress within the workplace.

19. In December 2001 the Health and Safety Executive had to re-issue its leaflet 'Tackling Work-related Stress: Guide for Employees'. Some trade unions, including Unison, had objected to its suggestion that employees should consider changing jobs if their job was stressful. The new leaflet makes clear that employees should discuss with their managers whether it is possible to alter the job to make it less so. This point now appears to have been taken up by the Court of Appeal in February 2002 which found against three claimants, two teachers and a factory worker, who had previously been awarded a total of £200,000 for work-related stress. The issue in these cases was that stress must be manifest to management before they can be held to be liable. Lady Justice Hale said, "Any employer who offers a confidential counselling advice service with access to treatment is unlikely to be found in breach of duty."

STRATEGIES FOR TACKLING WORK-RELATED STRESS

20. In 1999, the HSC announced a new strategy for tackling work-related stress: -
- Develop "standards of good management practice" for preventing a range of stressors.
- Better equip enforcement officers to handle the issue routinely.
- Encourage a more comprehensive approach to preventing work-related stress.
- Conduct a publicity drive to inform employers about what they could already be doing to prevent work-related stress.

21. In June 2001, the HSE delivered the first output from the strategy - Tackling work-related stress: a managers' guide to improving and maintaining employee health and well-being. (HSE Books). The main differences between this latest document and the HSE's previous guidance published in 1995 are that it:

- has a stronger accent on employers' legal duties
- emphasises risk assessment
- addressed the issue of how to deal with employees suffering from stress, including their rehabilitation.

22. The "standards of good management practice" which are being developed by the Health and Safety Executive ready for publication in late 2003 will be in seven broad areas, covering the main causes of work-related stress. Theses stressor categories are clearly important areas to be covered in any risk-assessment process:

- culture is about the things that define how people and the organisation relate, including, for example, how supportive the organisation is;
- demands are about the load placed on individuals and their capacity to handle it;
- control is about the amount of say an individual has in how their work is carried out;
- support, training and individual factors are about the need to provide a supportive environment and to consider individual circumstances in designing work, including training;
- relationships cover how people relate to one another in the workplace and includes bullying and harassment;
- role is about the need for employees to be clear about their place in the organisation; and
- change is about the effects of change management on workers.

23. The HSE guide 'Five Steps to Successful Health and Safety Management,' published in 2001 sets out the HSE's "five steps to risk assessment" approach so work-related stress can be assessed using exactly the same principles as for other workplace hazards.

24. The five steps are: -
    ❖ identify the hazards;
    ❖ decide who might be harmed and how;
    ❖ evaluate the risk-that is, identify what you are doing already; decide whether it is enough; and if not, decide what more you need to do;
    ❖ record the significant findings; and
    ❖ review the assessment.

25. The risk assessment should cover the seven stressor categories listed in paragraph 22 above and should be carried out qualitatively, by talking to staff and quantitatively, by conducting workplace surveys or using other numerical data.

26. Recent HSE research (4) has shown that off-the-shelf questionnaires used by some organisations may not necessarily be the best way forward. The recommendation is to get competent advice to help design a questionnaire specific to the organisation.

27. The report to Chief Officers in 1996 referred to a range of initiatives that the Corporation was taking to improve the health of the organisation. These included:
    ➢ The establishment of fair employment policies and practices, including equal opportunities policies which address the issues of bullying and harassment at work, procedures to address capability at work, misuse of alcohol and drugs at work, smoking at work, a code of conduct for employees and guidance to deal with physical and verbal abuse of employees by members of the public.
    ➢ Performance Management

Introducing performance management to assist in clarifying work roles and setting realistic objectives and to provide an avenue for employees to voice their concerns.

➢ Managing Career Development

Developing many new training initiatives to ensure that staff have the skills required to carry out their jobs and develop within the organisation.

➢ Flexible Working

A number of departments had requested help in developing procedures e.g. for job sharing, annual hours etc.

➢ Communication Policy

Efforts were being made to improve the briefing of staff particularly through the use of the staff newspaper.

28. The report in 1996 stated that a number of organisations were carrying out proactive initiatives which aimed to eliminate or reduce organisational stressors. The programmes review the health of the organisation by exploring through focus groups what organisational factors create dissatisfaction and stress and what is "good about working here". Strategies for change are then developed with the involvement of senior management.

29. The report recommended that a review of the health of the Corporation takes place on a pilot basis to establish the extent and causes of the problem and to put forward recommendations to help Chief Officers and their managers to finds remedies to reduce levels of sickness. The proposal was to undertake a pilot study of a number of departments that appeared to have the greatest level of nervous disorder absence. The objectives of the pilot study, the issues that would be addressed and the methodology are set out in Appendix B.

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THE PILOT STRESS AUDIT STUDIES

30. In July 1998 a report was submitted to the Establishment Committee entitled
    "Briefing Note on the 'Managing Pressure in the Workplace' Pilot Studies". This
    report which was also given to the Chief Officers Group in June 1998 presented
    the findings and recommendations from the stress audits that took place in 3
    departments where employee absence due to mental illness appeared to be
    higher than the Corporation average.

31. The Chief Officers of Hampstead Heath, Parks and Gardens and Housing and
    Sports Development agreed that an independent Consultant, Carol Pennington,
    could undertake stress audits in their departments with the objective of
    determining:-

    - Is stress an issue and to what extent.
    - What causes stress in the workplace.
    - How does stress impact on staff and the organisation.
    - Strategies for positive intervention.

32. Carol Pennington carried out the reviews in late 1997 and reported back to the three departments in February 1998. A Stress Steering Group under the chairmanship of the Director of Personnel and Management Services had previously been set up with representatives from the three participating departments plus Barbican Estate and Libraries and Art Galleries, Trade Union representatives and of Personnel, Health and Safety and Occupational Health. This group looked at the feedback from these pilot studies and developed an action plan for tackling stress in the workplace.

33. Key issues identified by the employees participating in the pilot studies as being causes of stress were classified into four main groups as follows:-

Communication

- Exclusion from communications
- Inability to shape decisions
- Mistrust of messages
- Lack of feedback/need for collective forum
- Few opportunities for direct contact
- Constraints of line reporting mechanisms

Management Style

- Autocratic/remote - relationships polarised/strained

Workplace Systems

- Deployment of employees to particular tasks
- Apportionment of tasks/workload/rotas
- Misinterpretation of policies and procedures
- Application of resources
- Discrepancies and complexity of practice in regard to operating procedures

Security

- Vulnerability to abuse and attack
- Insecurity of tenure
- Failure of support mechanisms
- Inability to address fundamental security issues
- Intimidation and bullying in the workplace

34. A wide range of actions resulted from these pilot studies including:-

- production of a policy on stress management for inclusion in the staff handbook which was approved by the Establishment Committee in January 1999.
- production of a policy and procedure on verbal and physical abuse at work.
- development of risk assessment questionnaires for employees and for their managers to identify potential stressors in the workplace – Appendix C.
- delivery of more training in communications and interpersonal skills.
- reviewing local practices in relation to terms and conditions of employment to ensure greater consistency and fairness.
- issuing a leaflet in May 1998 to all employees entitled 'Counselling and Support Services for Employees' and incorporating this information into the Staff Handbook

35. One of the outcomes was a series of 5 workshops run internally during April and May 1998 for about 100 Chief Officers and Managers on the theme of 'Managing Pressure in the Workplace.' The feedback from these courses was very positive but also provided evidence that departments were experiencing greater levels of stress due to a number of issues including budget and staff cuts, reorganisation, increased complexity and demands of work, Corporation bureaucracy and concerns employees had about their future job security in the light of Best Value reviews.

36. Departments were consulted on whether they were interested in Carol Pennington carrying out stress audits and as a result she produced further reports for Epping Forest in 1999 and the three City Schools in 2001. Unfortunately the response rate from employees at the City of London School was too low to give statistically significant feedback. The recommendations from the four pilot reviews completed by 1999 were presented to the Chief Officers Group in April 1999 who gave a firm commitment to support the intervention strategy being developed by the Stress Steering Group.

37. In September 1999 the following brief summary of mental health absence statistics was presented to the Chief Officers to maintain their awareness of the importance of tackling stress at work:-

    Nervous disorder - largest single cause of long term absence (30+days)

    1.1.97 - 30.6.97   - 21% of all long term absence

    1.1.98 - 30.6.98   - 24% of all long term absence

    1.1.99 - 30.6.99 - 33% of all long term absence

	Total days lost for nervous disorder	No. of occurrences
1.7.97 - 31.12.97	1148	22
1.1.98 - 30.06.98	1594	23
1.7.98 - 31.12.98	<u>1770</u>	<u>25</u>
	4512	70

38. The 70 occurrences of absence represented 41 individual cases and this data confirmed that nervous disorder absence was on the increase.

39. Of 22 staff referred to occupational Health for mental health reasons between 1 July 1997 and 31 December 1998, over 50% were due to work related stress.

40. Chief Officers were reminded of earlier agreed actions to tackle stress:
    1. Train managers to recognise early signs of mental ill-health
    2. Early referral to Occupational Health

3. Pilot Stress Audits carried out in departments by Carol Pennington to identify causes

4. Tackle causes of stress

5. Multi disciplinary Stress Working Group to develop strategy to tackle stress.

6. Counselling and Support Services information made available.

STRESS POLICY STATEMENT

41. The stress policy statement approved by Committee in January 1999 advised employees that, 'under the Management of Health and Safety at Work Regulations (1992), employers must undertake risk assessments so that unacceptable risks can be identified, reduced and safety measures implemented. These assessments must include all mental and physical risks to health. The policy states that the Corporation will carry out risk assessments using three types of forms:-

- Stress Management checklist
- Employee Stress Questionnaire
- Health and Performance Indicator Checklist.

42. The policy goes on to advise employees that harmful levels of stress are most likely to occur where:-

- pressures pile up on top of each other or are prolonged
- people feel trapped or are unable to exert any control over the demands placed on them
- people are confused by conflicting demands made of them
- people feel a high degree of uncertainty about their work, the objectives, their job and career prospects
- work schedules are inflexible and over demanding
- there is prolonged conflict between individuals which could include harassment or bullying
- people are isolated
- consultation or feedback is irregular and impersonal
- people feel at risk of verbal and physical abuse/assault

- the physical environment is noisy, lacks privacy and is subject to constant distractions

43. Managers have a responsibility to monitor and manage these factors which can lead to stress in their employees in order to eliminate them or minimise any harmful effects.

44. To alleviate harmful levels of stress, the Corporation aims to ensure that:
    - policies and procedures embody the principles of fair and equal treatment
    - the workplace is free from harassment and bullying
    - employees are protected from physical and verbal abuse from people who are not employees of the Corporation (e.g. clients, members of the public, contractors etc)
    - the workplace is safe and "risks" are identified and managed
    - performance management processes are in place and working effectively
    - managers are trained in the skills of people management
    - communications with employees are open and timely
    - stress indicators will be regularly monitored
    - information on who to approach to receive guidance and support will be readily available to all staff.

DEVELOPMENT OF THE STRESS RISK ASSESSMENT CODE OF PRACTICE

45. During 1999, based on the findings of the pilot studies on the causes of stress carried out by Carol Pennington in 4 departments and based on guidance from the Health and Safety Executive, the Stress Steering Group developed a Code of Practice on Stress Risk Assessment.

46. This code was written specifically for 'Stress Risk Assessment Co-ordinators' who it was intended should be appointed for each department by the Chief Officer. This Co-ordinator would normally be the personnel or administration officer and would receive training delivered by the Health and Safety section.

47. The code, sets out the background to stress risk assessment and the use of the two stress checklists or questionnaires. The first questionnaire is for completion by all employees to report any pressures in their work that could cause them harmful levels of stress. The Co-ordinator was asked to write the section name on the front of each checklist prior to issue so that when the information was analysed conclusions could be drawn about the management of each section of the department.

48. The second 'Risk Assessment Checklist for Managers' was designed to enable them to assess their approach to managing their staff. When completing the questionnaire managers are bound to consider what they believe to be their employees' perception of how well they are managed, the environment they have to work in etc. The introduction to the checklist for managers pointed out it was their role to make the best use of the resources they have available to achieve the Section's objectives and that their most important resource was their staff. It was made a requirement for managers to complete the questionnaire to help identify areas that may require improvement and so that their perception of potential stressors could be compared with the perception of their staff.

49. The third important aspect of the risk assessment process covered by the Code was the collection of Health and Performance Indicators for the department.

50. Co-ordinators were asked to examine <u>sickness absence</u> information to consider:-

- Long-term absence relating to mental disorders.
- Over seven-day sickness absence for symptoms of mental disorder such as depression, anxiety, phobia, exhaustion and stress as reported on medical certificates.
- Short-term sickness absence rates for individuals, groups, sections and departments.
- Trends such as sickness absence on a Monday or Friday which may indicate stress related problems.

51. Co-ordinators were also asked to examine:-

- Accident figures.
- Records of physical and verbal abuse incidents.
- Staff turnover and reasons for leaving.
- Time-keeping by individuals.
- Disciplinary, grievance, capability, harassment and bullying issues.
- Alcohol and drug misuse.
- Early retirements and the reasons for them.
- Performance Management; is it operating effectively.

52. Co-ordinators were asked to encourage employees to complete and return their questionnaires in the envelopes provided.

53. The draft code on Stress Risk Assessment with its two questionnaires was piloted in the Barbican Estate and the departmental Co-ordinator analysed the information from the completed questionnaires and produced a report for the Managing Director: Barbican Estate. Based on this experience the code and checklists were revised and circulated on 14 October 1999 to all Chief Officers, Personnel Officers and Safety Assistants, and the recognised unions for comment. Concern was raised about confidentiality as the Co-ordinator was a departmental person who had access to each individual's completed questionnaire, although of course no names were written on the form. It was believed that this could inhibit employees from returning their checklists so the decision was made by the Stress Steering Group, following consultation with departments, that a Support Services Officer in Management Services should receive all completed questionnaires in sealed envelopes and only she would handle individual responses.

IMPLEMENTATION OF THE STRESS RISK ASSESSMENT PROCESS

54. The Stress Risk Assessment Questionnaires were issued to departments via their co-ordinators at the beginning of the year 2000 for return by the end of February and by the next Stress Steering Group meeting on 10 May 2000 many departments had submitted their completed forms to Management Services. The original plan was for all processing to be completed by the end of April but delays in receiving completed questionnaires and the time it was taking to produce the analysis reports meant that this had to be changed to November 2000. Following receipt of their data analysis report departments then had three months to add the Health and Performance Indicator information and to produce their strategy for tackling the issues raised by the survey.

55. At the Chief Officers Group meeting on 19th January 2001, I reported that by the end of November 2000 all the Stress Risk Assessment Summary reports for participating departments had been issued. By circular to all Chief Officers on 23rd January I asked for an executive summary of the co-ordinator's report to be submitted to me so that I could identify common themes across the Corporation and consider what action needed to be taken on a corporate basis. I had received a few reports but asked for the remainder by the end of February 2001.

56. In the Chief Officer circular of 23 January 2001 I reported that a Corporate Summary of all employee responses to the questionnaire and another summary of all manager responses had been produced. A copy of each was sent to each Chief Officer so that they and their co-ordinator could benchmark their department against the whole Corporation (excluding those departments that were involved in the pilot exercise surveys conducted by Carol Pennington).

57. As the response from departments was poor, with almost a half not submitting their Executive Summary, the Director of Personnel and Management Services decided to carry out a comparison of the response from employees in each department with the Corporation-wide benchmarks and to identify the key issues of concern. The results of this analysis are presented and discussed in the remainder of this report.

The Stress Risk Assessment Questionnaire

58. The questionnaire for employees, Appendix C, was designed to elicit employee views on nine different factors which are believed by the H.S.E. to be the main areas which can contribute to work related stress in employees. These nine factors are:

> Working Environment
> Opportunities for Development
> Job Satisfaction
> Balance of Work and Home
> Relationships between Colleagues
> Relationships between Managers and Employees
> Management Style
> Management Expertise
> Organisation

59. For each of these factors a number of questions were posed requiring a response of excellent, good, fair, poor or very poor. Employees were also invited to provide a comment against any of the questions and suggestions for action.

60. Each completed employee questionnaire was anonymous as employees were not required to put their name on it. However responses were grouped by management team and department so sections requiring specific action to remedy problems could be clearly identified.

61. The questionnaire ended with a section for overall comments in relation to:-

- the stress levels in the job.
- whether the stress levels are increasing or decreasing and why.
- 3 things that cause stress.
- appropriate remedies
- what the manager of the section needs to do to reduce causes of stress.

62.	The questionnaire for Managers, addresses the same questions as those posed for employees but seeks the Manager's views on how the 9 factors covered contribute or not to the stress levels of employees in the section. Each Manager responsible for a section was identified by Central Personnel and the Manager's name, section, department, job title and location was recorded on the completed questionnaire. This was done to enable the views of each section manager to be matched with the collective views of the employees reporting to that manager. A requirement was placed on managers to complete the questionnaire.

63.	Employees were extremely concerned about the confidentiality of their completed questionnaires and needed reassurance that no comments would be directly attributed to themselves and that their managers and Chief Officers would not have sight of their completed questionnaire. Addressed envelopes were provided for return of the questionnaires to a Support Services Officer in Management Services who had sole responsibility for the input of the data from each questionnaire into her computer system and for the safekeeping of all forms which she kept in a locked cupboard.

64.	The number of employees and managers in each department and the percentage returning completed questionnaires is shown in Appendix D. From this it can be seen that the response rate from employees was 52.7% and from managers 91.6%.

65.	A number of departments did not participate in the completion of the final questionnaires because a different approach was used to determine the causes of work related stress. This involved an external consultant, Carol Pennington interviewing staff, holding focus groups and using her own questionnaire to elicit the views of staff. Carol produced a composite report for the Chief Officer of each of the following departments.

> Epping Forest
> Hampstead Heath
> Housing & Sports Development
> City of London School
> City of London School for Girls
> City of London Freemen's School

66.	Other departments not included in the general survey report are Barbican Estate which was used as a pilot to develop the Corporation questionnaire and Billingsgate Market where the response rate from employees and managers was too small to be statistically significant.

PROCESSING OF DATA

67.	Microsoft Excel software was used for input and analysis of the data and a raw data report was produced of employee responses for each Chief Officer and for the Director of Personnel and Management Services.	Under a main heading of the name of the section manager all the comments made by employees reporting to that manager were set down for the nine factors and for the overall comments. For each management section a bar chart was produced showing the percentage distribution of excellent, good, fair, poor and very poor ratings for each of the nine factors.

68.	The composite response from all employees in all sections of a department was presented at the back of the raw data report, again in bar chart format.

69.	For each of the factors, the percentage shown of each of the ratings 'good' to 'very poor' was multiplied by a weighting as shown below:

> Excellent	5
> Good	4
> Fair	3
> Poor	2
> Very poor	1

and the scores for each rating were then added to give a total score. This enabled a score to be produced for each factor to reflect the distribution of ratings.

70.   For example for the Working Environment Factor in one department:

1. Rating	(i) Employee Responses	(ii) Weighting	(iii) Score
Excellent	7%	X5	= 35
Good	27%	X4	=108
Fair	46%	X3	=138
Poor	16%	X2	=32
Very Poor	4%	X1	=4
	100%		317% so overall score 3.17

71.   This score can readily be compared with the scores for this factor achieved by other departments and against a Corporation wide benchmark score for this factor. These scores are shown in Appendix E which also shows the overall departmental score for all factors based on <u>employee</u> responses.

72.   A separate raw data report of <u>manager</u> responses was also produced for each department and sent to the Chief Officer of that department and to the Director of Personnel and Management Services.

73.   From the responses of all employees and separately from all managers two corporate raw data reports were produced. The corporate employee report contained a separate page for each factor from 'Working Environment' to 'Organisation' showing the distribution of ratings for this factor for each of the Departments. This information on each factor was aggregated to provide a corporate benchmark, Appendix F. The total employee response to all factors for all departments is presented at Appendix G. A corporate manager report was produced in the same format as for employee responses

74. The information on corporate employee responses and corporate manager responses for each factor was summarised on a table. Departmental percentages for each of the ratings 'excellent' to 'very poor' for each of the factors contributing to stress at work were included on this table for each Chief Officer so they could readily compare the response from their employees and managers against the Corporation-wide benchmark. The Director of Personnel and Management Services produced a commentary on this table for each Chief Officer as well as a listing of the key comments made by employees reporting to specified managers. The aim of these three documents was to clearly demonstrate to Chief Officers the main areas of concern that needed further investigation and perhaps action by the departmental management team. This is important if the Corporation is to fulfil its legal responsibilities and to provide a defence in the event that the Corporation is sued for stress related damages.

CONCLUSIONS

75. A study of the comments made by all employees participating in this survey across the Corporation revealed a number of common themes which are listed in Appendix H. The frequency with which these comments appeared in the completed questionnaire from employees in each different department is presented in tabular form in Appendix I (i) & (ii). The most frequently appearing comment is at the top of the list and then other comments are presented in rank order.

76. The two comments at the top of the list stand out above the rest. These are:-

"Excessive workload due to inadequate staffing".
"Uncertainty and stress caused by job insecurity/Best Value".

77. The other key areas of concern listed are:-

'Lack of communication from management.'

'Having unrealistic deadlines to meet.'

'Inadequate work planning.'

'Poor management skills, need for management training.'

78. A lot of the other comments listed relate to management skills such as:-

Showing appreciation

Consultation

Taking an interest in employees

Giving clarity of roles and responsibilities

Problem solving

Delegation

Decision making

Providing support

Motivation of staff

Providing constructive feedback

79.   This feedback from employees reinforces the already identified need to improve change management across the Corporation. Proposals affecting employees' job security and roles need to be developed and implemented more rapidly perhaps through the use of more dedicated staff and the piecemeal approach to change avoided where possible. Employees need to be consulted more in the development of proposals and be kept informed of progress with reviews on a frequent and regular basis. However, probably the most pressing need is to speed up the process of decision making firstly at officer level and secondly by Members in Committee. The Director of Personnel and Management Services produced in April 2002 a report for Chief Officers on proposals to speed up decision making on Organisation change. This report was approved by the Policy and Resources Committee in May.

80. There is increasing evidence that the squeeze on staffing resources is having a detrimental effect on employee attitudes, morale and health. Stress related ill-health is on the increase and work is being done to determine the cost of sickness absence to the organisation. The overall stress factor score for each department participating in the survey was tabulated and alongside these scores are shown the short term and total average sickness absence figures (in days) over the two years 1999 and 2000.

81. Whilst there is no clear correlation (correlation coefficient –0.24) between Stress Factor Score and average total sickness absence over the two year period there is some correlation between Stress Factor Score and short term sickness absence as the correlation coefficient is –0.44 for the sample of 19 departments. Generally, the lower the Stress Factor Score, i.e. poorer perception from staff of their work conditions, the higher the average short term sickness absence.

82. Total sickness absence includes long term sickness absence of 30 days plus which can substantially affect the total level of absence. Whilst about 30% of long term sickness absence is due to stress, depression, mental health and fatigue, the vast majority is due to other causes which probably cannot be due to work conditions.

83. The comments from employees also reinforce the need to have performance management and Performance and Development Reviews operating effectively in all departments. The performance management process should provide to employees clarity of departmental strategies, objectives and work plans and of their own role and responsibilities in delivering these strategies. Appraisal should ensure proper attention to development needs and plans, feedback on performance and agreeing objectives and work standards for the future. Appraisals and periodic reviews of performance aid communications, the establishment of proper working relationships between managers and their staff and their motivation. It is proposed that Chief Officers should be charged with ensuring that Performance and Development Reviews are being carried out for all staff to the required standard with particular focus on management style and competencies and taking action on the identification of staff development needs.

84. A further pressing need is to establish a proper management development scheme for the Corporation. Competencies required in our managers need to be clearly articulated, appraisal carried out against those competencies and development needs identified for individual managers. Recruitment and selection of managers should also be done against these managerial competencies and these tested in potential recruits through the use of selection centres rather than just relying on interviews. A set of competencies was developed in consultation with Chief Officers and submitted to the Chief Officers' Group in May 2002.

85. It is proposed that a process should be developed to pool information about the development needs of individual managers which perhaps are best met by secondments to other departments, planned experience, mentoring, coaching, or involvement in project teams. There may be a need to stipulate certain mandatory training for people in managerial positions. This process could be achieved by a Management Development Review Group in each department considering and summarising the development needs and potential of each manager or potential manager and proposing relevant approaches to development such as those referred to above.

86.   The reports from each Management Development Review Group could then be considered collectively by all Chief Officers and more detailed corporate management development plans produced. This process would also inform the Management Development Scheme and the content of management training courses. Proposals on management development will be the subject of a separate report to Chief Officers and then to the Establishment Committee.

COMMUNICATION OF RESULTS OF STRESS RISK ASSESSMENT

87.   At the Chief Officers Meeting in January 2001, Chief Officers were asked to ensure that the general results of the survey for their department and the proposed actions to be taken to address areas of concern were communicated to employees. With the information recently issued to Chief Officers comparing the response from their employees with the Corporation-wide response and with the information contained in this report it would be appropriate for a further briefing of employees to take place in each department including any action that has been taken. Ideally this should take place before an article in The Leader which is planned to appear once Chief Officers have considered this report and any proposals for action have been approved by the Establishment Committee.

RECOMMENDATIONS FOLLOWING THE STRESS RISK ASSESSMENT EXERCISE

1   All Chief Officers confirm in writing by 11 June 2002 to the Town Clerk that they have briefed their staff about the departmental outcome of the stress risk assessment and the action that has been taken to address areas of concern.

2   All Chief Officers to confirm in writing by 31 December 2002 to the Town Clerk that all their staff have been appraised during the calendar year 2002.

3   Recruitment and selection of managers to be done using the competency framework and through the use of rigorous selection centres rather than just relying on interviews.

4   A Management Development Review Group to be set up in each department to consider the development needs and potential of each manager or potential manager. Information on needs to be passed to the Corporate Training Strategy Group.

5   Future proposals on a Corporation Management Development Scheme to be considered by the Chief Officers' Group to cover junior, middle and senior management.

6   A survey to be carried out of departmental staff communication mechanisms to be linked with feedback from the Employee Attitude Survey to determine what improvements need to be made.

7   Review of introduction of a Flexi-time Scheme once pilot scheme has been run for 6 months in Town Clerk's Department and in Technical Services.

8   Policy and guidelines on homeworking to be considered by Chief Officers' Group.

9   All Chief Officers to ensure review undertaken of individual workloads to determine pressure points and where overtime working needs to be reduced.

10   Review to be undertaken of Committee agendas to identify issues that should be delegated to Officers hence reducing Corporation bureaucracy.

11   Chief Officers to ensure managers are familiar with policy and procedure on physical and verbal abuse and staff are given appropriate training to deal with aggressive members of the public.

12   New policy and procedure on Decision Making for Organisation change to be implemented with immediate effect.

13   Open Courses to continue to be provided on (a) Managing Your Stress (for employees) and (b) Managing Pressure in the Workplace (for managers).

All these recommendations had been actioned by December 2003.

THE HEALTH OF THE CORPORATION

PROGRAMME FOR CHANGE

<u>ORGANISATIONAL INITIATIVES</u>	<u>HEALTH RELATED INITIATIVES</u>
• ORGANISATION REVIEWS MANAGEMENT SERVICES	• ABSENCE MANAGEMENT
	• OVERTIME CONTROL
• ADMINISTRATIVE PROCEDURES REVIEW GROUP	• PHYSICAL AND VERBAL ABUSE
• PERFORMANCE MANAGEMENT	• WORKING HOURS DIRECTIVE
• STAFF COMMUNICATIONS	• WORKPLACE STRESS

• PERSONNEL POLICIES AND
    PROCEDURES
  - Code of Conduct
  - Disciplinary
  - Capability
  - Grievance
  - Termination
	• HEALTHY LIFESTYLES
	    PROMOTION
	  - Diet
	  - Exercise
	  - Smoking
	  - Alcohol
	  - Dental
	  - Sports Development

• EQUAL OPPORTUNITIES
  - Harassment
  - Maternity
  - Flexible Working
  - Disability Discrimination
  - Service Delivery
	• PERSONNEL PROCEDURES
	  - Smoking in the Workplace
	  - Alcohol & Drug Misuse
	  - HIV/AIDS

• STAFF SUGGESTION SCHEME • INDUCTION • TRAINING & DEVELOPMENT	• HEALTH & SAFETY - Risk Assessments - Codes of Practice - First Aid

THE HEALTH OF THE CORPORATION – WORKPLACE STRESS

OBJECTIVES OF THE PILOT

To reduce sickness absence levels attributed to "nervous disorder" as one of a number of measures aimed at reducing absence so that the Corporation achieves its objective of being amongst the best in the London Boroughs.

WHICH DEPARTMENTS WOULD TAKE PART IN THE PILOT

A review of levels of sickness absence due to nervous disorder was carried out for the period 1.1.95 to 30.6.96 (See Table 1). Table 2 focuses on a range of departments where the number of occurrences along with working days lost appears to be higher than other departments in the Corporation, this highlights a number of possible departments for the pilot study. These are:-

Libraries	Hampstead Heath	WW, CC, AC, BB
Planning		
Social Services	Central Criminal Court	Parks and Gardens
Housing		

It is suggested that the initial pilot is carried out with a sample of these departments. Other departments could volunteer to be included if they perceive a problem in this area.

WHAT THE PILOT WOULD INVOLVE

It would address aspects of job and organisational design, identify stressors and suggest changes to reduce them.

The range of issues that could impact on levels of sickness attributable to nervous disorder include:

- internal communications/feedback

- work environment e.g. levels of risk, resources

- management styles

- extent of teamwork vs. working in isolation

- fairness of employment practices

- impact of home/travel issues for staff

- extent of delegation/autonomy in roles/tasks

- flexibility in working schedules, working hours

- career development opportunities

- clear/realistic work goals

- awareness of managers of mental health problems

METHODOLOGY

Because of the specialist nature of issues, a consultant would initially explore them with Chief Officers and the Departmental Management Team. They would also be likely to involve Focus Groups of departmental staff to review what organisational factors create dissatisfaction and stress and "what is good about working here". The consultant is likely to employ a mix of face to face interviews and questionnaires. Strategies for change would then be developed with the involvement of Senior Management.

**CORPORATION
OF LONDON**

STRESS
Risk Assessment Checklist For Employees
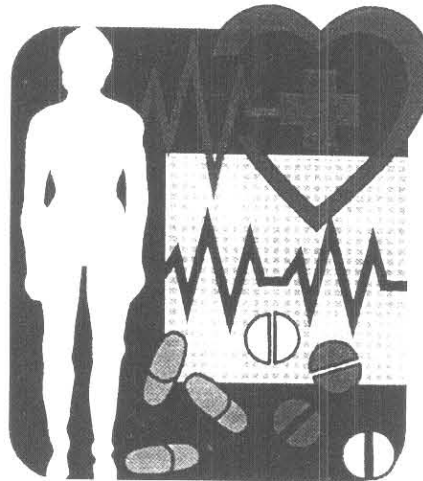
Your line-manager	
Section	
Department	

The Corporations' mission is to deliver excellence across a unique range of services for the City, London and The Nation. Our main resource to fulfil this is our staff. Therefore, it is vital that our staff are healthy, productive and not suffering from harmful levels of stress.

In order to identify general causes of stress within the workplace we need you to complete this checklist. Try to be as honest and realistic as possible. All employee checklists are anonymous so you must not put your name on the checklist.

When completing the checklist, tick the box that best corresponds to each: e= excellent, g= good, f = fair, p = poor, vp = very poor. Please provide comments and suggest action where possible, particularly when you have ticked 'p' or 'vp'.

Once completed, please send the checklist to Management Services, 13-14 Basinghall Street, London EC2V 5BQ in the envelope provided by the following date: /   /

SRACLE99

1. WORKING ENVIRONMENT

	e	g	f	p	vp	Comments/action
a	My physical working conditions are (e.g. accommodation, space, noise, ventilation, privacy, health & safety)	☐	☐	☐	☐	☐	
b	The siting of the machinery/equipment is	☐	☐	☐	☐	☐	
c	The suitability of equipment for the job is	☐	☐	☐	☐	☐	
d	With the user in mind the design of the equipment is	☐	☐	☐	☐	☐	
e	The condition/ maintenance of the equipment is	☐	☐	☐	☐	☐	
f	My knowledge of the Corporation's health and safety policies/procedures is	☐	☐	☐	☐	☐	
g	If applicable, training/support I've received for dealing with aggressive/violent people is	☐	☐	☐	☐	☐	
h	If applicable, safeguards that are in place regarding violence/aggression are	☐	☐	☐	☐	☐	
i	If applicable, the level of support I receive for working alone is	☐	☐	☐	☐	☐	

2. OPPORTUNITIES FOR DEVELOPMENT

	e	g	f	p	vp	Comments/action
a	The departments' mechanism for reviewing staff development and training needs is	☐	☐	☐	☐	☐	
b	I feel that the level of training and instruction given for me to do my job is	☐	☐	☐	☐	☐	
c	Encouragement and allocated time for me to pursue courses is	☐	☐	☐	☐	☐	
d	Opportunities and encouragement to put learning into practice are	☐	☐	☐	☐	☐	
e	The level of fairness when work and special projects are offered is	☐	☐	☐	☐	☐	
f	The level of fairness at which staff vacancies are handled is	☐	☐	☐	☐	☐	
g	My awareness of the equal opportunities policy is	☐	☐	☐	☐	☐	
h	Treatment of the contravention of the policy is	☐	☐	☐	☐	☐	

3. JOB SATISFACTION

	e	g	f	p	vp	Comments/action
a	Enjoyment of my job is	☐	☐	☐	☐	☐	
b	Opportunities to discuss my role are	☐	☐	☐	☐	☐	
c	My knowledge of my duties is	☐	☐	☐	☐	☐	
d	I consider that my level of responsibility relative to my ability is	☐	☐	☐	☐	☐	
e	My manager's endeavour to ensure that I am not overloaded is	☐	☐	☐	☐	☐	
f	The amount of staff available for the tasks in hand is	☐	☐	☐	☐	☐	
g	If responsible for managing others, the time/resources allowed for me to fulfil this role is	☐	☐	☐	☐	☐	
h	The amount of breaks or changes in activities is	☐	☐	☐	☐	☐	
i	The level at which my manager ensures that I am not under-utilised are	☐	☐	☐	☐	☐	

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4. BALANCE OF WORK AND HOME

	e	g	f	p	vp	Comments/action
a My manager's efforts to take account of my travel arrangements are	☐	☐	☐	☐	☐	
b My manager's consideration concerning family circumstances are	☐	☐	☐	☐	☐	
c I find my hours of work to be	☐	☐	☐	☐	☐	

5. RELATIONSHIPS BETWEEN COLLEAGUES

	e	g	f	p	vp	Comments/action
a Where there is role conflict, my manager's attempt to deal with this are	☐	☐	☐	☐	☐	
b The level of co-operation between myself and colleagues is	☐	☐	☐	☐	☐	
c My managers dealings with disputes between staff are	☐	☐	☐	☐	☐	
d The effectiveness of the way harassment or bullying behaviour is dealt with is	☐	☐	☐	☐	☐	

6. RELATIONSHIPS BETWEEN MANAGERS AND EMPLOYEES

	e	g	f	p	vp	Comments/action
a My manager's level of trust and respect for me is	☐	☐	☐	☐	☐	
b The trust and respect I have for my manager is	☐	☐	☐	☐	☐	
c The level at which I feel my manager values me is	☐	☐	☐	☐	☐	
d The level of confidential support offered by my manager is	☐	☐	☐	☐	☐	
e My manager's awareness of any stress I may have is	☐	☐	☐	☐	☐	
f Action taken by my manager on stress issues raised is	☐	☐	☐	☐	☐	
g (If applicable) Following my return to work after being absent through stress, the level of support given by my manager was	☐	☐	☐	☐	☐	

7. MANAGEMENT STYLE

	e	g	f	p	vp	Comments/action
a The level at which my manager is consistent/clear is	☐	☐	☐	☐	☐	
b The amount of involvement in team decisions allowed by my manager is	☐	☐	☐	☐	☐	
c If I have suggested improvements, the way in which they were received was	☐	☐	☐	☐	☐	
d My manager's efforts to take unresolved issues to a higher level are	☐	☐	☐	☐	☐	
e The level of authority given to me by my manager to make my own decisions is	☐	☐	☐	☐	☐	
f The level of fairness shown by my manager is	☐	☐	☐	☐	☐	
g The level of constructive feedback provided by my manager is	☐	☐	☐	☐	☐	

8. MANAGEMENT EXPERTISE

	e	g	f	p	vp	Comments/action
a My manager's expertise in managerial skills is	☐	☐	☐	☐	☐	
b My manager's effectiveness at delegating is	☐	☐	☐	☐	☐	
c The level at which my manager has dealt with his/ her stress is	☐	☐	☐	☐	☐	

9. ORGANISATION

	e	g	f	p	vp	Comments/action
a The objectives of the department and Corporation are	☐	☐	☐	☐	☐	
b My understanding of the lines of management in my department are	☐	☐	☐	☐	☐	
c The rules of the Corporation are	☐	☐	☐	☐	☐	
d I feel that the security of my job is	☐	☐	☐	☐	☐	
e Consultation during major change has been	☐	☐	☐	☐	☐	
f The amount of time allowed to consider proposals for major change is						
g (If applicable) the amount of support given when affected by change is						

10 OVERALL COMMENTS

a I would describe the stress levels in my current job as

b I think that the stress levels are increasing/decreasing because

c The following three things may cause me stress   1)

2)

3)

d I feel that the following remedies would be appropriate

e I would like my manager to reduce causes of stress by

Department	Head Count (11/12/99)		Employee Checklists		Manager Checklists	
	Employees	Managers	No. Received	% Received	No. Received	% Received
Barbican Centre	198	40	84	42.42%	16	40%
Billingsgate Market	35	6	6	17.14%	1	■
Central Criminal Court	121	18	53	43.80%	18	100%
Chamberlain's	196	33	100	51.02%	33	100%
City Surveyors	136	29	80	52.82%	28	96.55%
Comptroller & CS	56	14	23	41.07%	14	100%
DES	227	List not received	120	52.86%	41	Not known
DOTs	346	76	174	50.29%	76	100%
Education	66	6	19	28.79%	6	100%
GSMD	76	29	76	100%	28	96.55%
Libraries & Art Galleries	158	29	101	63.92%	28	96.55%
London Central Market	59	11	18	30.51%	11	100%
Mansion House	45	10	18	40%	9	90%
Parks & Gardens	50	16	28	56%	14	87.5%
Planning	49	15	38	77.55%	15	100%
Remebrancers	22	7	16	72.73	7	100%
Social Services	86	15	50	58.14%	15	100%
Spitalfields	28	4	15	53.57%	4	100%
Town Clerks (227-LMBA & PMS)	147	30	68	46.26%	27	90%
Town Clerks (PMSO)	52	10	42	80.77%	10	100%
WWCC etc	32	5	20	62.5%	5	100%
TOTALS	2,239		1,180	52.7%	415	

AVERAGE STRESS RISK ASSESSMENT SCORES

	FACTORS											
	1 Work Environment	2 Opps Develop't	3 Job Satisfaction	4 Balance Work Home	5 Relation Colleagues	6 Relation Managers	7 Management Style	8 Management Expert.	9 Org'n	ALL FACTORS	Average Short Term Sickness Absence Over 2 yrs	Average Total Sickness Absence Over 2 yrs
Personnel & Management Services	3.59	3.56	3.74	4.11	3.70	3.94	3.93	3.75	3.33	3.74		
Education	3.74	3.71	3.65	3.93	3.55	3.84	3.81	3.67	3.52	3.71	11.64	29.19
Barbican Centre	3.46	3.51	3.57	3.70	3.87	3.76	3.86	3.80	3.55	3.68	8.99	16.78
LMA	3.55	3.55	3.54	4.00	3.64	3.72	3.46	3.41	3.99	3.65		
Social Services	3.29	3.33	3.63	3.93	3.51	3.86	3.72	3.66	3.39	3.59	13.66	27.32
WW/CC/AC/BB	3.39	3.83	3.75	3.71	3.42	3.48	3.46	3.30	3.24	3.51	6.99	25.79
Parks & Gardens	3.56	3.17	3.46	3.77	3.58	3.63	3.52	3.50	3.37	3.51	10.36	20.06
City Surveyors	3.31	3.25	3.42	3.68	3.52	3.54	4.17	3.47	3.01	3.49	9.72	13.20
Environmental Services	3.32	3.18	3.48	3.69	3.57	3.54	3.56	3.51	3.14	3.44	11.68	24.94
Town Clerks	3.21	3.14	3.43	3.71	3.56	3.60	3.53	3.43	3.21	3.42 All Sections 3.42	All Sections 10.44	All Sections 14.63
Planning	3.27	3.09	3.40	4.07	3.51	3.78	3.14	3.26	3.29	3.42	15.64	20.52
Secondarys	3.37	3.09	3.71	3.72	3.46	3.59	3.33	3.26	3.23	3.42	18.03	37.59
Comptroller & City Solicitor	3.01	3.41	3.54	3.59	3.54	3.54	3.44	3.38	3.20	3.41	11.46	13.71
Chamberlains	3.31	3.13	3.42	3.84	3.39	3.41	3.30	3.36	3.22	3.38	11.44	16.93
Technical Services	3.19	3.11	3.39	3.67	3.39	3.44	3.46	3.42	3.01	3.34	11.89	20.15
Mansion House	2.71	3.35	3.36	3.59	3.29	3.20	3.36	3.44	3.70	3.33	11.75	16.43
Remembrancers	3.46	3.21	3.27	3.86	3.16	3.37	3.33	3.06	2.68	3.27	10.52	12.43
Libraries & Guildhall Art Gallery	3.10	3.11	3.27	3.64	3.17	3.14	3.11	2.97	3.16	3.19	15.07	22.03
GSM&D	2.94	2.78	2.99	3.44	3.08	3.13	3.26	2.93	3.03	3.06	9.03	10.10
London Central Markets	3.28	2.82	2.90	3.48	2.88	2.80	2.86	2.51	2.83	2.93	20.93	38.01
Spitalfields Market	2.81	2.27	3.05	3.10	3.00	2.53	2.80	2.84	2.34	2.75	14.43	
ALL Departments In Survey	3.39	3.27	3.45	3.74	3.44	3.54	3.45	3.29	3.25	3.42		
Benchmark Excluding GSM&D												

Overall Responses from Employees vs Managers
(Note: Top lines – employees: bottom lines managers)
Figures in brackets denote Corporation benchmark

	Excellent	Good	Fair	Poor	Very Poor
	%	%	%	%	%
Working Environment	(8)	(44)	(32)	(11)	(5)
	(8)	(57)	(28)	(6)	(1)
Opportunities for Development	(8)	(38)	(34)	(13)	(7)
	(11)	(63)	(23)	(3)	(0)
Job Satisfaction	(12)	(42)	(30)	(11)	(5)
	(12)	(54)	(28)	(5)	(1)
Balance of Work and Home	(21)	(45)	(25)	(5)	(4)
	(22)	(59)	(17)	(2)	(0)
Relationship between Colleagues	(15)	(39)	(27)	(13)	(6)
	(19)	(60)	(19)	(12)	(0)
Relationship between Managers and Employees	(19)	(42)	(20)	(12)	(7)
	(19)	(59)	(21)	(1)	(0)
Management Style	(15)	(40)	(27)	(11)	(7)
	(17)	(63)	(19)	(1)	(0)
Management Expertise	(12)	(38)	(28)	(13)	(7)
	(11)	(43)	(35)	(9)	(2)
Organisation	(8)	(35)	(37)	(13)	(8)
	(11)	(55)	(29)	(4)	(1)

CORPORATION OF LONDON

STRESS RISK ASSESSMENT SURVEY RESULTS

EMPLOYEE PERCEPTIONS
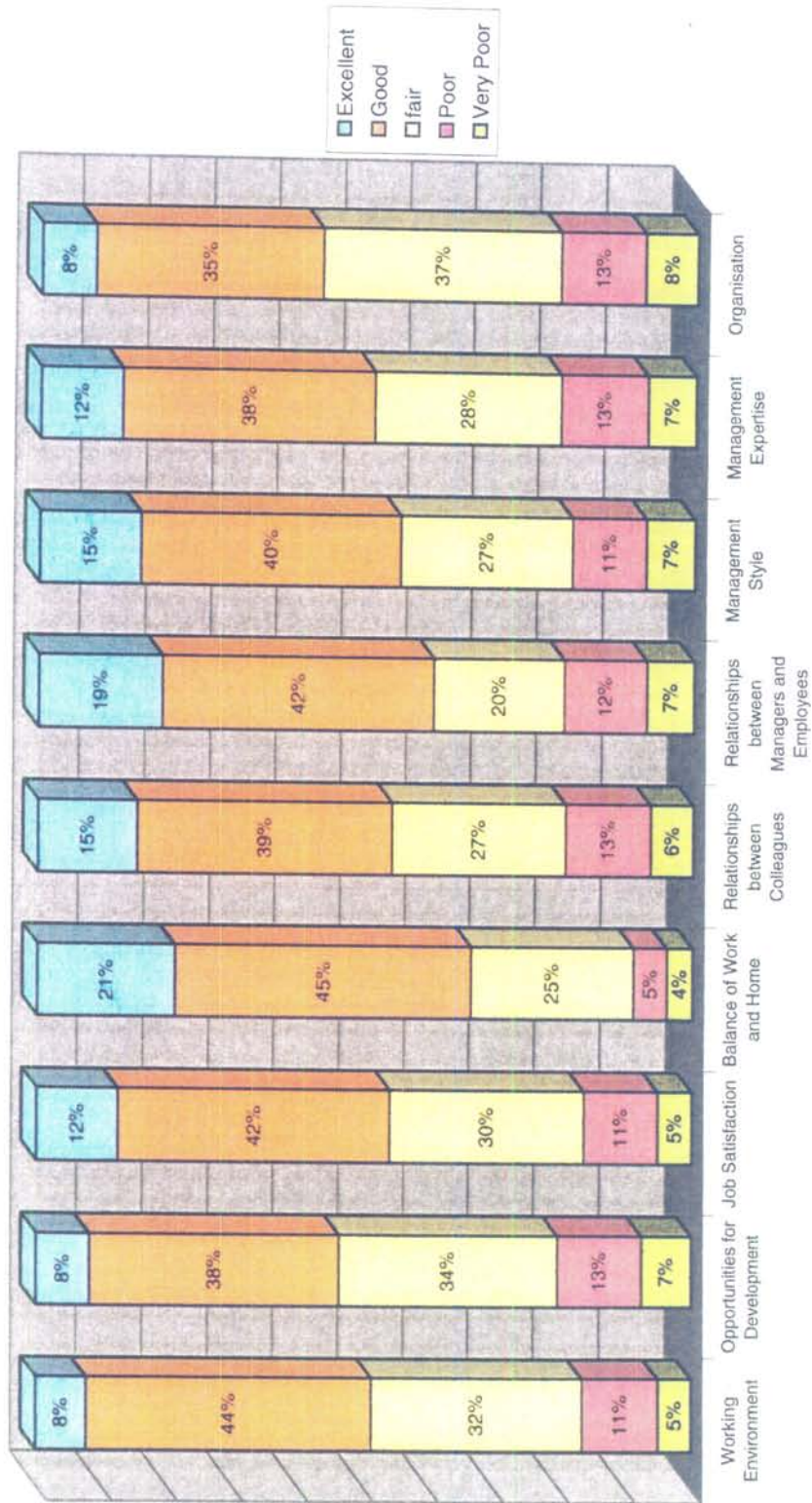
Stress Risk Assessment – Common Themes

Inequitable workloads affecting relationships between colleagues

Managers failure to deal with those who are not pulling their weight

Lack of communication from management

Lack of efforts to motivate staff

Failure to show appreciation

Inadequate delegation

Lack of clarity of roles and responsibilities

Need to improve on the job training

Lack of career progression

Lack of training and support dealing with rude and aggressive public

Lack of consultation

Uncertainty and stress caused by job insecurity/Best Value

Poor managerial skills, need for management training

Inadequate work planning

Need to give more responsibility; utilise skills

Managers need to be more approachable and understanding

Managers need to be more decisive

Need more regular staff meetings with senior management

Need for better training when IT changes made

Need to tackle problems

Poor relationships and communications between staff

Only ever receive negative feedback

A blame culture

Managers need to take an interest and be more open

Too much Corporation bureaucracy

Need greater co-operation between staff

Lack of perception by managers of the perceptions of their staff

ANALYSIS OF THE FOLLOWING COMMENTS MADE BY EACH DEPARTMENT.

COMMON THEMES	Barbican Centre	Comptrollers Solicitors	Chamberlains	DoT's	Education	Environmental Services	L.C.M.	Libraries Art Gallery	L.M.A.	Mansion House	West Ham Park
Excessive workload due to inadequate staffing	11	3	12	31	3	15	3	21			
Uncertainty and stress caused by job insecurity/Best Value.	3	3	23	31	1	19		6			4
Lack of communication from management	3		9	11	2	9	2	8	1	3	2
Having unrealistic deadlines to meet	4	1	10	18	3	1	1	7			1
Inadequate work planning	2		2	5	1	4		7	2	2	
Poor management skills, need for management training	1	1	4	8		2	2	9		2	
Need to improve on - the - job training	2			10	1	4	3	9	1	1	1
Lack of consultation	3	1	3	4		1	1	4	1	1	
Manager is supportive and tries to resolve any problems	4		3	9	3	2	2	1			3
Managers need to be more approachable and understanding	1	1		13	3	2		5			
Lack of perception by managers of the perceptions of their staff.			2	10		3	1	3			
Lack of career progression	1	1	5	9		6	2	6			1
Failure to show appreciation	1	2	6	4		1	1	5		2	
Being allowed to work flexible hours by management			7	5		3		6			
Managers need to take an interest and be more open	3	1	5	2		4		4			1
Lack of clarity of roles and responsibilities	4		2	2		2	1	7	2		1
Need greater co-operation between staff			4	5	1	5			1		
Poor relationships and communication between staff	2	1	1	2		1	1	5	2		
Need to tackle problems			2	5		1	2	5	1		
Too much Corporation bureaucracy	5	1	1	2			1	1			
Inadequate delegation			2	2		2		8			
Managers need to be more decisive			1	1	1	1		1	1	1	
Need for more regular staff meetings with senior management			3	3		3	1	1	1	2	1
Managers failure to deal with those who do not pull their weight		1	1	1	1	2		5			1
Inequitable workloads affecting relationships between colleagues				2		3		5			
Need to give more responsibility,utilise skills	2		1	2		3		2	1		
Lack of training and support dealing with rude & aggressive public	1		1	3		1	1	4			2
Lack of effort to motivate staff	1		2			1			1		1
A blame culture	1			2		1	1				
Need for better training when IT skills change			1	4				1			
Only ever receive negative feedback							1	1			
No. of employee stress risk checklists returned	74	24	101	167	19	120	18	108	31	18	28

ANALYSIS OF THE FOLLOWING COMMENTS MADE BY EACH DEPARTMENT.

COMMON THEMES	Planning	Remembrancers	C.C.C.	Spitalfields Market	Social Services	Surveyors	Personnel & M/S	Town Clerk's	W W C C A C B B	GSMD	TOTAL
Excessive workload due to inadequate staffing	8	4	4		7	4	9	5	1	29	170
Uncertainty and stress caused by job insecurity/Best Value.	1	1	11	3	7	26	13	2	6	1	161
Lack of communication from management	6	1	5	2	2	5	8	1	3	11	94
Having unrealistic deadlines to meet	4	1	1			13	5	6	1	6	83
Inadequate work planning	2	4			6	11	1	7	2	6	66
Poor management skills, need for management training	5	1	1	3	3	3	1	3		8	57
Need to improve on - the - job training	1			5	4	2		2	1	9	56
Lack of consultation	1	2	1	2	2	7	4	2		12	52
Manager is supportive and tries to resolve any problems		3	3	1	6	7	3	1		3	51
Managers need to be more approachable and understanding	1		1	3	4	4	1	1	2	8	50
Lack of perception by managers of the perceptions of their staff.			1	2	1	8		4	4	6	45
Lack of career progression	1				1	3	4	2		2	44
Failure to show appreciation	2	1	1		2	8	4			4	44
Being allowed to work flexible hours by management	1			1	5	1	3	5	1	2	40
Managers need to take an interest and be more open	2	1	3	2	2	4		1	2	2	39
Lack of clarity of roles and responsibilities	2	3		1	2	1	4	1		3	39
Need greater co-operation between staff	1		1		1	6	4	1	2	4	36
Poor relationships and communication between staff	2	2	1	2	1	5		2	1	5	36
Need to tackle problems	1		2		2	1	4	5		3	34
Too much Corporation bureaucracy	1				1	11	1	1	1	2	29
Inadequate delegation	3	2	1	1		2	4	1			28
Managers need to be more decisive	4	1	1		2	1	3	2			23
Need for more regular staff meetings with senior management		2		2	1					2	22
Managers failure to deal with those who do not pull their weight	1	1	1		1	2	1	1		1	19
Inequitable workloads affecting relationships between colleagues	1			1		3	1	1			19
Need to give more responsibility;utilise skills							2	2	2	2	19
Lack of training and support dealing with rude & aggressive public					1					1	17
Lack of effort to motivate staff	1		1			3	1	2		2	17
A blame culture	1					6		1			13
Need for better training when IT skills change	1			1				1		4	12
Only ever receive negative feedback						1			1	1	4
No. of employee stress risk checklists returned	**38**	**18**	**52**	**15**	**50**	**79**	**43**	**51**	**28**	**76**	

STAFF OPINION SURVEY 2002

Background

1.   The Corporation of London staff opinion survey 2002 was carried out with the help of City University who received and processed all completed questionnaires with the aim of gauging employees' perceptions of the Corporation, its policies, and procedures. It also had the aim of investigating further some of the issues arising from previous research. A working group was established, made up of employees from different departments, for consultation on the content and implementation of the survey. The questionnaire that resulted, Annexe A was distributed to Corporation staff in early July. 1075 questionnaires were returned by the August deadline (a 31.6% response rate). A full breakdown of response rates by demographic groups and department was carried out.

Factor analysis and Corporation-wide responses

2.   A statistical procedure called factor analysis was used to analyse the response data and understand how the staff perceived the survey questions. This revealed that those who responded saw the questions falling into fourteen factors, or groups, which represent overall issues that were important to survey respondents. These factors were:

- Factor 1: Management, culture and relationship between staff and the Corporation
- Factor 2: Written communications
- Factor 3: Equal opportunities
- Factor 4: Face-to-face communications
- Factor 5: Departmental communications
- Factor 6: Rules, regulations and fairness
- Factor 7: Workload
- Factor 8: Pay

- Factor 9: Fairness in appointment, grading and promotion
- Factor 10: Career development and training
- Factor 11: Harassment
- Factor 12: Support
- Factor 13: Influence
- Factor 14: Control

3.   A few of the questions in the survey proved to be unrelated to any of the factors, or each other. However, five of these questions were of particular interest to the Corporation and were formed into two further factors:

- Factor 15: Attitudes to sick leave
- Factor 16: Flexible working and work-life balance.

4.   Considering the overall average of responses given to each of these factors, the results were as follows:

Factor	Percentage of overall positive and overall negative views
Factor 1: Management, culture and relationship between staff and the Corporation	70% of respondents expressed overall positive views and 29% expressed overall negative views, with 1% showing a completely neutral response when averaged across all the questions. This suggests that considerably more Corporation staff are happy with these issues relating to management, culture and relationships between staff and the Corporation than are unhappy. However, a significant minority are expressing negative views in this area.

Factor 2: Written communications	46% of respondents expressed overall positive views and 54% expressed overall negative views. This means that slightly more respondents have doubts about written communications or feel that they are poor than feel they are good or excellent.
Factor 3: Equal opportunities	62% of respondents expressed overall positive views and 21% overall negative views (17% were neutral). This means that on the whole the majority of respondents feel that the Corporation is an equal opportunities employer, though a significant minority do not.
Factor 4: Face-to-face communications	42% of respondents expressed overall positive views and 42% overall negative views (16% were neutral). This suggests that there are as many respondents who think that face-to-face communications are excellent/good as think that they are poor/have doubts.
Factor 5: Departmental communications	30% of respondents expressed overall positive views and 53% overall negative views (17% were neutral). This means that rather more respondents have doubts about departmental communications or feel that they are poor than feel they are good or excellent.
Factor 6: Rules, regulations and fairness	52% of respondents expressed overall positive views and 33% overall negative views (15% were neutral). This means that over half of respondents feel that overall the Corporation operates fairly with rules that are easy to understand and appropriate, but a third do not.
Factor 7: Workload	28% have overall negative views about their workload/pressures and 60% have overall positive views (12% were neutral). Thus, the majority of respondents do not overall feel overloaded, but a significant minority do.

Factor 8: Pay	65% of respondents expressed overall positive views and 20% overall negative views (15% were neutral). This suggests that nearly two-thirds of respondents are happy overall with their pay, but a minority are not.
Factor 9: Fairness in appointment, grading and promotion	40% of respondents expressed overall positive views and 42% overall negative views (18% were neutral). This suggests that there are as many respondents who think that the Corporation's appointment, grading and promotion systems are fair as think that they are not.
Factor	**Percentage of overall positive and overall negative views**
Factor 10: Career development and training	86% of respondents expressed overall positive views and 6% overall negative views (8% were neutral). This suggests that the majority of respondents are interested in developing their career, take advantage of training and feel that it is relevant to their job, with only a small minority disagreeing.
Factor 11: Harassment	1% feel they have experienced racial and sexual harassment and bullying, 2.6% feel they have experienced two of the three, 12.8% feel they have experienced one of the three, 77% do not feel they have experienced harassment (6.6% did not respond). Reviewing the responses to the individual questions shows that 42 people reported experiencing racial harassment, 43 people reported experiencing sexual harassment and 187 people reported experiencing bullying.
Factor 12: Support at work	51% of respondents expressed overall positive views and 44% expressed overall negative views (5% were neutral). This suggests that very slightly over half of respondents are happy with the level of support they receive at work, but nearly half are not.
Factor 13: Influence at work	42% of respondents expressed overall positive views and 51% expressed overall negative views (7% were neutral). This suggests that very slightly under half of respondents are not happy with the level of influence they have at work, over half are not.

Factor 14: Control over one's work	74% of respondents expressed overall positive views and 21% expressed overall negative views (5% were neutral).
	This suggests that nearly three-quarters of respondents are happy with the level of control they have at work, but a minority are not.
Factor 15: Attitudes to sick leave	45% of respondents expressed overall positive views and 21% expressed overall negative views (34% were neutral).
	This suggests that nearly half of respondents do not regard sick leave as their right and/or feel they are letting their team down when off sick, but a significant minority do regard sick leave as their right and/or do not feel they are letting their team down when off sick.
Factor 16: Flexible working and work-life balance	72% of respondents expressed overall positive views and 18% expressed overall negative views (10% were neutral).
	This suggests that nearly three-quarters of respondents are in favour of flexible/home working and/or are able to strike a balance between work and home, while a minority are not in favour and/or not able to strike a balance between work and home.

5.   The factors were used as the basis for making comparisons between the Corporation-wide results and a) different demographic groups within the workforce and b) different departments. The demographic comparisons are contained within the current report. Departmental comparisons are detailed in separate reports for each department.

Comparison of responses between demographic groups

6.   Demographic group comparisons showed that:

- Those with a disability found departmental communication methods more effective than the Corporation-wide average for that factor ('average') and were less interested in career development and training than average;

- Those from mixed or "other" cultural origins felt more satisfied with written, face-to-face and departmental communications than average; those from Asian and Asian British cultural origins felt more satisfied than average with face-to-face and departmental communications; and those of Irish origin felt more negative than average about management, culture and relationships between staff and the Corporation, departmental communications and rules, regulations and fairness;

- Those aged 60 and over were less satisfied than average with career development and training and less positive about flexible working and work-life balance, but more satisfied than average with face-to-face and departmental communications; while those aged 29 and under felt less 'under workload pressure' than average and were more satisfied with written and departmental communications than average;

- Those who had been at the Corporation for a year of less were more satisfied with written communications and the level of support they receive in the workplace;

- Those in the higher grades were more satisfied than average on a range of management issues, while those in the lower grades were less satisfied than average; and

- Those working part-time found written, face-to-face and departmental communications more effective than average.

Job satisfaction and turnover intention

7.   Job satisfaction and respondents' intention to leave the Corporation were analysed and the factors most strongly associated with each were identified. The results showed that 46% of respondents were satisfied with their job, and 29% were not (24% were neutral and 1% did not respond). Job satisfaction was significantly associated with Factor 1: Management, culture and relationship between staff and the Corporation, Factor 10: Career development and training and Factor 14: Control over one's work. 66% of respondents expected to be working for the Corporation in 12 months' time and 14% did not (18% neutral, 2% no response). This issue of 'turnover intention' was significantly associated with Factor 14: Control over one's work.

Themes emerging from qualitative data

8.   A representative sample of responses to the qualitative (i.e., open-ended) questions was reviewed. It showed that, for those who said they were unlikely to be working for the Corporation in 12 months' time, the main reason for leaving the Corporation was retirement, though limited promotion opportunities and being bored were also cited by a number of respondents. The review also showed that respondents viewed pay and benefits, the status of the Corporation, standards, quality, job content and working conditions as the main selling points of working for the Corporation. Management skills, promotion, grading and fairness, flexible working, pay and conditions, bureaucracy, the Corporation's approach, communications and inter-departmental relations were the aspects of the Corporation most often cited as being in need of improvement.

Conclusions

9.   In conclusion, management issues, the culture of the Corporation and the relationship between staff and the Corporation, were identified as the most important issues to those who responded to the staff opinion survey. Although the majority of respondents expressed overall positive views about management issues, and the related issue of perceived levels of control in the workplace, a significant minority expressed dissatisfaction. The importance of these factors, combined with their association with job satisfaction (and turnover intention for control), suggest that 'improvements in management skills' and 'providing employees with more control over how they do their work' are two key ways of positively influencing staff attitudes and satisfaction with the Corporation.

10.   The responses to the communication questions and the qualitative questions suggests that there is room for improvement in all three types of communication covered, particularly written and departmental communications. Equal opportunities and fairness were revealed to be important to staff, with significant numbers expressing dissatisfaction in this area and the fairness of appointment, promotion and grading appearing to be a particular area of concern.

11.   The significant minority of staff who perceive themselves to be under pressure from their workload could be regarded as a risk factor for the Corporation, as they could result in reduced staff well-being leading to increased absence and staff turnover, decreased performance and, potentially, exposure to litigation. The number of staff who feel they have been harassed or bullied could also be regarded as a risk factor, for similar reasons, particularly the risk of litigation. There was strong support for flexible and/or home working.

BENCHMARKING OF STAFF OPINION SURVEY RESULTS

Many of the questions we asked Corporation employees in the 2002 opinion survey were deliberately worded to enable benchmarking within two separate groups. Attached is an overview of each benchmarking exercise showing how we compared in each of the two benchmarking groups.

Each group has its own set of standard questions but the corporation's survey could only include some questions from both sets. Only the overall, corporate results were fed into these benchmarking groups. Group 1 is 'Perspectives local government benchmarking group' co-ordinated by a research company called ORC. Group 2 comprises London Boroughs who are members of the Association of London Government. (ALG)

GROUP 1 : Perspectives

Comparing the results of staff surveys by 21 local government organisations across England, ranging from West Sussex County Council to Gloucester City Council and Newcastle City Council. Surveys were conducted between March 2001 and December 2002.
To summarise:

The Corporation was at least 5% above the local government average on the following:

>   Q29. Management in this company is committed to quality improvement (our exact wording: "delivering a high quality service is important to the Corporation")

>   Q35. In comparison with people in similar jobs in other companies I feel my pay is reasonable (our exact wording: "I am fairly paid for my job")

>   Q39. I am given a real opportunity to improve my skills in this company

The Corporation was at least 5% below the average on the following:

Q4. I have the opportunity to contribute my views before changes are made which affect my job

Q15. Considering everything, I am satisfied with the job I do

Q21. My work gives me a feeling of personal accomplishment

Q27. My manager recognises and acknowledges when I have done my job well

Q37. How satisfied are you with the opportunity to get a better job in this company (for this we reversed the results of our question: "I am not satisfied with the opportunities to achieve promotion")

Q40. My last performance evaluation accurately reflected my performance

Q43, 44, 45 I believe that this company provides equal opportunities (gender/disabilities/race)

Q46. I believe that this organisation is an equal opportunity employer

Q47. How satisfied are you that you are treated with fairness and respect in this company?

Q60. I can meet the requirements of my job without regularly working excessive hours

GROUP 2: ALG benchmarking group

Comparing the results of staff surveys by 7 London Boroughs: Barking & Dagenham, Brent, Corporation of London, Hillingdon, Islington, Kingston and Sutton. Surveys were conducted between 2000 - 2002.

To summarise:

The Corporation was at least 5% above the ALG average on the following:

Working conditions (I am satisfied with my physical work conditions)

Change Management (The Corporation supports employees who are affected by change)

Skills development (I am given the opportunity to improve my skills)

Health and safety (My manager takes my health and safety concerns seriously)

Pay (The Corporation pays well for my type of work)

Delivering quality services (Delivering a high quality of service is important to the Corporation)

The Corporation was at least 5% below the average on the following:

Job satisfaction (Considering everything, I am very satisfied with my job at the present time)

Line management 1 (I am satisfied with the way my section / division is managed)

Line management 2 (My line manager struggles to manage people effectively)

Respect (My colleagues are treated with insufficient respect)

Management – fostering teamwork (My manager does a good job of building teamwork)

Promotion (I am satisfied with the opportunities to achieve promotion)

Fair appointment (Employees at the Corporation are appointed on the basis of merit)

Acting on customer feedback (We use the feedback we receive from customers to improve our services)

Work pressure (I feel I am under too much work pressure)

Equal opportunities (The Corporation is fully committed to Equal Opportunities)

KEY ISSUES IN STAFF OPINION SURVEY FEEDBACK

1.   At the Chief Officers' Group meeting on 6 December 2002 the consultant's report on the findings of the Staff Opinion Survey was presented to Chief Officers for information.

2.   The meeting resolved that:

   a)   the report be received;

   b)   at a future meeting of the Chief Officers' Group a discussion would be held on communication and management issues in the light of the findings contained in the report;

   c)   the Director of Personnel and Management Services be requested to report further with statistics in relation to harassment placing them in context with statistics from other organisations so that comparisons can be drawn;

   d)   the Director of Personnel and Management Services be requested to produce a further report indicating where the Corporation was performing well and where the Corporation needed to improve.

3.   On 7 January 2003 a meeting of the Staff Opinion Survey Working Group was held to consider the Corporation wide response to each of the questions in the questionnaire and to identify proposed actions to address the areas of concern. This meeting which was attended by representatives from a number of Corporation departments resulted is a comprehensive list of proposals for action, but in the next sections I will summarise some of the key conclusions.

WHERE THE CORPORATION IS PERFORMING WELL/LESS WELL

Factor 1:   Management culture and relationships between staff and the Corporation

        70% of respondents to the Survey expressed overall positive views, however there is a significant minority (29%) expressing overall negative views.

Areas of strength appear to be:-

- having the necessary information to do the job well (Q27)
- line managers taking an interest in ideas from staff (Q30)
- staff trust information passed on to them by line managers (Q32)
- line managers are interested in the development of their staff (Q38)
- staff are given the opportunity to improve their skills (Q42)
- staff views about their work are not ignored (Q47)
- staff satisfaction with the amount of responsibility they are given (Q49)
- work provides feelings of personal accomplishment (Q50)
- staff are encouraged to use their initiative in their job (Q51)
- managers take health and safety seriously (Q61)

Areas of concern to staff appear to be:-

- dissatisfaction with opportunities to achieve promotion (Q22)
- support provided to employees affected by change at work (Q26)
- not having the opportunity to contribute views before changes made to their job (Q28)
- 30% of staff have not had a performance and development review (Q33, 35, 36, 37)
- dissatisfaction with the way their section/division is managed (Q45)
- managers struggle to manage people effectively (Q46)
- managers do not do a good job of building teamwork (Q72)
- staff do not feel well enough informed about personnel policies and practices (Q82)

Factor 2:   Written Communication

54% of respondents expressed overall negative views.

emails were considered the most effective way of finding out what is going on in the section or division.

The Leader was considered the most effective way of finding out what is going on in the Corporation as a whole.

Factor 3:   Equal Opportunities

62% of respondents expressed overall positive views, however 21% expressed overall negative views.

There was a very high proportion of neutral responses to questions 55 and 57 indicating that staff are uncertain about the Corporation's commitment to and performance over equal opportunities in general, in relation to gender, or disability or race or age.

Factor 4:   Face-to-face communications   (Q29a)

- There are as many respondents who think that face-to-face communications are excellent/good (42%) as think that they are poor/have doubts (42%)

- Staff feel that chats or meetings are most effective for finding out what is going on in their section or division. However team briefings are also seen as effective for this purpose.

- These face-to-face communications are not found to be effective for finding out what is going on in the Corporation as a whole.

Factor 5: Departmental Communications (Q29a)

53% of respondents expressed overall negative views and only 30% overall positive views.

Around 20-22% of staff do not appear to have access to the intranet.

Around 24-27% of staff do not appear to have access to a departmental newsletter.

Factor 6: Rules, regulations and fairness

52% of respondents expressed overall positive views, however 33% expressed overall negative views.

Around half of the respondents considered they were treated with fairness and respect in the Corporation (Q53) indicating considerable scope for improvement.

There was a high proportion of neutral responses to the questions:-

'The Corporation's rules are applied fairly to staff'
'The rules and regulations about working at the Corporation are easy to understand'
The rules and regulations about working at the Corporation are appropriate'

This seems to indicate the need for a much briefer, simplified type of staff handbook for induction and general information with the full set of policies and procedures available in departments and on the intranet should they be needed for a specific purpose.

Factor 7:   <u>Workload</u>

60% of respondents expressed overall negative views and only 28% overall positive views.

Almost 30% of respondents felt their workload was too heavy. (Q70)

About 27% felt under too much work pressure (Q71) and about 28% reported they regularly have to work excessive hours to meet the requirements of the job (Q76).

However only 8.5% find it increasingly difficult to cope with their job due to responsibilities outside the workplace (Q77).

Factor 8:   <u>Pay</u>

65% of respondents expressed overall positive views.

Almost a third of respondents do not consider they are fairly paid for their job which may be a reflection of concern about the current job evaluation scheme. (Q63)

However just over half of respondents do not feel that the Corporation pays poorly for their type of work.

Almost a quarter of respondents do not consider that their pay is competitive. (Q64)

Almost half of respondents believe that a bonus scheme should be introduced and about 30% that it should not.   (Q65)

There is no desire in the Corporation for less pay in return for more free time for personal pursuits.

(Q78)

Factor 9:   Fairness in appointment, grading and promotion

There was a fairly even balance of positive and negative views on this factor.

Just over 40% of respondents consider that employees are appointed on merit with almost a quarter not sharing this view.   (Q59)

Of greater concern is the fact that only 28% of respondents consider that employees are promoted on the basis of merit.   (Q60)

The grading structure comes in for criticism as only 23% believe it is fair, reinforcing the need for a new job evaluation scheme.

Factor 10:   Career development and training

86% of respondents expressed overall positive views with only 6% expressing negative views.

There is a strong interest in developing a career at the Corporation (Q40) and about 80% of respondents take advantage of the training opportunities offered to them. (Q43)

Only 13% of respondents have not found the training relevant to their job. (Q44)

Factor 11:   Harassment

Out of the 1075 respondents to the questionnaire (which represents a response rate of 31.6%) there were:

42 (3.9%) people reporting experiencing racial harassment

43 (4.0%) people reporting experiencing sexual harassment

187 (17.4%) people reporting experiencing bullying

These levels of perceived harassment are not reflected in the number of claims brought to the attention of Central Personnel. This will be the subject of a separate report.

Factor 12:   <u>Support</u>

There was a balance of positive (51%) and negative (44%) views on this factor.

<u>Areas of strength appear to be</u>:-

- Leaders in my unit seriously consider and where possible implement the suggestions that I have   (Q2)
- It is made clear to me what I need to do in order to succeed in my work. (Q6)
- People in the Corporation tend to 'get on' with each other. (Q9)
- If I need support to carry out a job, I can get it.   (Q15)

<u>Areas of concern</u> to staff appear to be:-

- I do not have control over the resources and sources of information that I need to do my job. (Q1)
- The Corporation does not show that it values the work that I do. (Q5)
- The bureaucracy in the Corporation makes it difficult for me to do my job effectively. (Q7)
- People in the Corporation do not want to know how I am coping with my work. (Q12)
- I do not have the potential for advancement in the Corporation. (Q14)

- I have to wait for formal appraisals to know how well I am doing in my work. (Q18)

Factor 13:   Influence at work

51% of respondents expressed overall negative views although a significant proportion (42%) expressed overall positive views.

Areas of strength appear to be:-

- 81% consider that their work significantly contributes to the effectiveness of the Corporation. (Q8)
- Three quarters of respondents can help determine the work goals that they are set.   (Q17)

Areas of concern are:-

- a half of respondents feel they do not have influence over the policies and procedures in their work unit.   (Q13)
- Three quarters of respondents do not believe they have influence over the Corporation's policies and procedures that affect them.   (Q19)
- 56% of respondents consider they have no influence over the Corporation's or their unit's strategy.   (Q20)

Factor 14:   Control over one's work

About three quarters of respondents expressed overall positive views with only 21% expressing overall negative views.

Three quarters of staff responded that:-

- They have control over their work and work related matters (Q3)

- They have independence and freedom in how they get their work done (Q4)
- They can use initiative and judgement in carrying out their work (Q16)

A third of staff responded that:-

- they are told what to do and when to do it   (Q10)
- they do not have a lot of variety in their work   (Q11)

Factor 15   <u>Attitudes to Sick Leave</u>

On the positive side 62.5% of respondents feel that they are letting down the team when they are off sick.   (Q75)

On the negative side 42.2% of respondents regard a certain amount of sick leave as their right. Staff may have interpreted this question as having sick leave entitlement when they are genuinely ill in which case this cannot be interpreted as a matter of concern.   (Q74)

Factor 16   <u>Flexible working and work-life balance</u>

72% of respondents expressed overall positive views on this factor.

66% of respondents believe that they could maintain the same standard of performance at work if their working hours were made more flexible. (Q79)

47% of respondents believe that the ability to work at home on occasions would improve their overall performance. (Q80)

60% of respondents believe that they are able to strike the right balance between their work and home life with only 18% having a negative view. (Q81)

Other issues:

- Almost a quarter of respondents do not know what the strategies and aims of the Corporation are. (Q31)

- About two thirds of respondents are clear about their work objectives. (Q39)
- A quarter of respondents are dissatisfied with their physical working conditions. (Q62)

- 80% of respondents believe that delivering a high quality service is important to the Corporation with only 5.5% believing it is not. (Q67)

- Only 58% of respondents believe that feedback from customers is used to improve our performance (Q68)

- Almost 30% of respondents state that they have not had a Performance and Development Review within the last year. (Q33)

- Almost half of respondents state that they have not had training on how to get the best out of Performance and Development Reviews. (Q41)

- Just over a third of respondents have not received or are about to receive training on awareness of equal opportunities in the workplace. (Q56)

Make your views count!

Corporation of London

Staff Opinion Survey 2002

Conducted by City University

You are invited to take part in a survey on the attitudes and well-being of employees at the Corporation of London, so please spare a little time to make your views count. The survey is being carried out by City University, and is **<u>TOTALLY CONFIDENTIAL</u>**.

- ***INDEPENDENT***

  Once you've filled in the survey, please seal it in the envelope provided and put it in the post. You don't need a stamp as the envelopes are Freepost. Your answers go **<u>directly</u>** to researchers at City University, London and no-one at the Corporation will see them.

- ***ANONYMOUS***

  City University will provide reports to the Corporation summarising the overall results, and the results of each department, ensuring that the information is anonymous.

- ***POSITIVE ACTION***

  The results will be used to develop training programmes and new ways of working to help create a more healthy and satisfying work environment. They should be particularly helpful in reducing voluntary staff turnover and sickness absence, and increasing minority ethnic staff.

The deadline for completed surveys is **TUESDAY 6th AUGUST**

Please note that the questions are printed on both sides of each page.

Thank you for your time.

For a large print version of this survey, contact Lara Clarke on 020 7332 3467

Your details

We don't need your name, but some general information is needed so that the results can be properly analysed. Tick the boxes that apply to you:

Your gender: Male ☐ Female ☐

Do you consider yourself to have a disability? Yes ☐   No ☐

I would describe my racial or cultural origin as:-
Asian or Asian British :
☐Indian ☐ Pakistani ☐ Bangladeshi
☐ Any other Asian background, please specify:.........................

Black or Black British:
☐ Caribbean ☐ African
☐ Any other black background, please specify:.........................
☐ *Chinese*
☐ *Irish*
Mixed:
☐ Asian & White ☐ Black African & White
☐ Black Caribbean & White
☐ Any other mixed background, please specify:.........................

White:
☐White – British ☐ White – Other, please specify: ....

☐ Other ethnic group, please specify...............................

Your age ....

How long have you worked for the Corporation of London?
....

Your grade ....

What is your work arrangement? ☐full time ☐part-time ☐casual or temporary worker ☐consultant

Which department do you work in?

☐Barbican Centre ☐Barbican Estate ☐Billingsgate Market ☐Chamberlain's

☐City Surveyors ☐Community Services ☐Comptrollers ☐Environmental Services

☐Libraries & Art Gallery ☐London Central Markets ☐Mansion House ☐Planning &

Transportation ☐Remembrancers

☐Secondary's Dept (inc. Central Criminal Court) ☐Spitalfields Market ☐Dept of Technical

Services

☐Town Clerk's (except LMA) ☐London Metropolitan Archives

CoL School: ☐Non-teaching staff ☐Teachers

CoL School for Girls: ☐Non-teaching staff ☐Teachers

CoL Freemen's School: ☐Non-teaching staff ☐Teachers

GSM&D: ☐Non-teaching staff ☐Salaried Teachers ☐Hourly-paid Teachers

Open Spaces: ☐Epping Forest ☐Hampstead Heath ☐Other Open Spaces sections

Section A

Please circle the answer that best matches your opinion out of the following choices:

1. strongly agree 2. agree 3. agree slightly 4. disagree slightly 5. disagree 6. strongly disagree

1. I do not have control over the resources and sources of information that I need to do my job	1 2 3 4 5 6
2. Leaders in my unit seriously consider and, where possible, implement the suggestions that I have	1 2 3 4 5 6
3. Generally, I have control over my work and work-related matters	1 2 3 4 5 6
4. I have independence and freedom in how I get my work done	1 2 3 4 5 6
5. The Corporation shows that it values the work that I do	1 2 3 4 5 6
6. It is made clear to me what I need to do, in order to succeed in my work	1 2 3 4 5 6
7. The bureaucracy in the Corporation makes it difficult for me to do my job effectively	1 2 3 4 5 6
8. My work significantly contributes to the effectiveness of the Corporation	1 2 3 4 5 6
9. People in the Corporation tend to 'get on' with each other	1 2 3 4 5 6
10. Basically, I am told what to do and when to do it	1 2 3 4 5 6
11. I do not have a lot of variety in my work	1 2 3 4 5 6
12. People in the Corporation want to know how I am coping with my work	1 2 3 4 5 6
13. I do not have influence over the policies and procedures in my work unit	1 2 3 4 5 6
14. I have the potential for advancement in the Corporation	1 2 3 4 5 6
15. If I need support to carry out a job, I can get it	1 2 3 4 5 6
16. I cannot use my initiative and judgement in carrying out my work	1 2 3 4 5 6
17. I can help determine the work goals that I am set	1 2 3 4 5 6
18. I have to wait for formal appraisals to know how well I am doing in my work	1 2 3 4 5 6
19. I have influence over the Corporation's policies and procedures that affect me	1 2 3 4 5 6
20. I have no influence over the Corporation's, or my unit's strategy	1 2 3 4 5 6

Section B

Please circle the answer that best matches your opinion out of the following choices:

1. strongly agree 2. agree 3. neither agree nor disagree 4. disagree 5. strongly disagree

21. Considering everything, I am very satisfied with my job at the present time	*1 2 3 4 5*
22. I am not satisfied with the opportunities to achieve promotion	*1 2 3 4 5*
23. I feel that I am part of the Corporation	*1 2 3 4 5*
24. It is very likely that I will still be working for the Corporation in twelve months time	*1 2 3 4 5*
25. If you circled disagree or strongly disagree (4 or 5) above, please state why you are unlikely to be still working for the Corporation in 12 months:...	
26. The Corporation supports employees who are affected by change at work	*1 2 3 4 5*
27. I have the necessary information to do my job well	*1 2 3 4 5*
28. I have the opportunity to contribute my views before changes are made which affect my job	*1 2 3 4 5*

29. a) How effective do you find each of the following for finding out what is going on **in your section or division?** (only give an answer for the ones you use) *E:excellent G:good D:doubts P:poor NA:no access* team briefings E G D P NA e-mails E G D P NA memos E G D P NA Colnet E G D P NA The Leader E G D P NA departmental intranet E G D P NA departmental newsletter E G D P NA chats or meetings E G D P NA	b) How effective do you find each of the following for finding out what is going on **in the Corporation as a whole?** (only give an answer for the ones you use) *E:excellent G:good D:doubts P:poor NA:no access* team briefings E G D P NA e-mails E G D P NA memos E G D P NA Colnet E G D P NA The Leader E G D P NA departmental intranet E G D P NA departmental newsletter E G D P NA chats or meetings E G D P NA
30. If I come up with a new idea or suggestion, my line manager is not interested	*1 2 3 4 5*
31. I know what the strategies and aims of the Corporation are	*1 2 3 4 5*
32. I trust information about the Corporation that is passed on to me by my line manager	*1 2 3 4 5*

Please circle the answer that best matches your opinion out of the following choices:

1. strongly agree 2. agree 3. neither agree nor disagree 4. disagree 5. strongly disagree

33. I have had a Performance & Development Review (appraisal) within the last year (if your answer is 'no' go to Q.38)	*Yes/ No*
34. My last Review accurately reflected my performance	*1 2 3 4 5*
35. I am given the opportunity to achieve the objectives which are identified in my Reviews	*1 2 3 4 5*
36. We don't talk about my training needs in my Reviews	*1 2 3 4 5*
37. My line manager takes action on what I have to say in my Reviews	*1 2 3 4 5*
38. My line manager is interested in my development	*1 2 3 4 5*
39. It is not clear what my work objectives are	*1 2 3 4 5*
40. I am not really interested in developing my career at the Corporation	*1 2 3 4 5*
41. I have attended training in how to get the best out of Performance & Development Reviews	*Yes/ No*
42. I am given the opportunity to improve my skills	*1 2 3 4 5*
43. I take advantage of the training opportunities offered to me	*1 2 3 4 5*
44. The training I have had has not been relevant to my job	*1 2 3 4 5*
45. I am satisfied with the way my section/division is managed	*1 2 3 4 5*
46. My line manager struggles to manage people effectively	*1 2 3 4 5*
47. My views about my work are ignored	*1 2 3 4 5*
48. My line manager lets me know when I do my work well	*1 2 3 4 5*
49. I am satisfied with the amount of responsibility I am given	*1 2 3 4 5*
50. My work rarely gives me feelings of personal accomplishment	*1 2 3 4 5*
51. I am encouraged to use my initiative in my job	*1 2 3 4 5*
52. My colleagues are treated with insufficient respect	*1 2 3 4 5*
53. I am treated with fairness and respect in the Corporation	*1 2 3 4 5*
54. The Corporation's rules are applied fairly to staff	*1 2 3 4 5*
55.The Corporation is fully committed to equal opportunities	*1 2 3 4 5*
56. I have been trained/am about to be trained on awareness of equal opportunities in the workplace	*Yes/ No*

Please circle the answer that best matches your opinion out of the following choices:

1. strongly agree 2. agree 3. neither agree nor disagree 4. disagree 5. strongly disagree

57. The Corporation provides equal opportunities with regard to:	
- gender	*1 2 3 4 5*
- disabilities	*1 2 3 4 5*
- race	*1 2 3 4 5*
- age	*1 2 3 4 5*
58. In the last year, whilst working for the Corporation, I have experienced:	
- racial harassment.	*Yes/ No*
- sexual harassment	*Yes/ No*
- bullying.	*Yes/ No*
59. Employees at the Corporation are appointed on the basis of merit	*1 2 3 4 5*
60. Employees at the Corporation are promoted on the basis of merit	*1 2 3 4 5*
61. My manager takes my health and safety concerns seriously	*1 2 3 4 5*
62. I am satisfied with my physical work conditions	*1 2 3 4 5*
63. I am fairly paid for my job	*1 2 3 4 5*
64. The Corporation pays poorly for my type of work	*1 2 3 4 5*
65. I think that a bonus/reward scheme would be fair, even though it might result in different pay for two people doing the same job	*1 2 3 4 5*
66. The grading structure at the Corporation is fair	*1 2 3 4 5*
67. Delivering a high quality service is important to the Corporation	*1 2 3 4 5*
68. We use the feedback we receive from customers to improve our performance	*1 2 3 4 5*
69. The quality of service in my section/division is declining	*1 2 3 4 5*
70. My work load is too heavy	*1 2 3 4 5*
71. I feel I am under too much work pressure	*1 2 3 4 5*
72. My manager does a good job of building teamwork	*1 2 3 4 5*
73. I don't feel that I am valued as a member of a team	*1 2 3 4 5*
74. Some employees regard a certain amount of sick leave as their right	*1 2 3 4 5*
75. I feel that I am letting down the team when I am off sick	*1 2 3 4 5*
76. I regularly have to work excessive hours to meet the requirements of my job	*1 2 3 4 5*

77. I find it increasingly difficult to cope with my job due to my responsibilities outside the workplace	*1 2 3 4 5*
78. I would rather have less pay and more time for my personal pursuits	*1 2 3 4 5*

Please circle the answer that best matches your opinion out of the following choices:

1. strongly agree 2. agree 3. neither agree nor disagree 4. disagree 5. strongly disagree

79. I could maintain the same standard of performance at work if my working hours were more flexible	*1 2 3 4 5*
80. I believe the ability to work at home on occasions would improve my overall performance	*1 2 3 4 5*
81. I am able to strike the right balance between my work and home life	*1 2 3 4 5*
82. I'm not kept well-enough informed about the personnel policies and practices here	*1 2 3 4 5*
83. The rules and regulations about working at the Corporation are easy to understand	*1 2 3 4 5*
84. The rules and regulations about working at the Corporation are appropriate	*1 2 3 4 5*
85. What do you think are the main selling points of working for the Corporation?	
86. What aspects of the Corporation would you like to see improved?	

Please put your completed form in the Freepost envelope provided and post it by **Tuesday 6th August 2002**.

Thank you.