

**North York Moors National Park Authority
Finance, Risk, Audit and Standards Committee**

6 June 2016

Staffing Update

1. Purpose of the Report

- 1.1 To update Members, seek their views and ask for approval on several key staff related issues.

2. Background

- 2.1 Members have previously been periodically updated on a range of staff issues. Over the last 2 years, these papers have been related to the changes made as a result of declining budgets, the outcome of the Leadership Development Programme and the delivery of the People Management Strategy actions.
- 2.2 The purpose of this paper is to provide Members with information in relation to staff health and well-being, linking with the Health and Safety paper that is also on the agenda. The appraisal scheme has recently undergone significant change and Officers are keen to keep Members informed regarding developments in this area as an effective appraisal scheme is a key part of the Authority continuing to improve its overall performance.

3. Staff Numbers and Turnover

- 3.1 Following the redundancy programmes of recent years, the Authority's full time equivalent staff numbers have fallen from 142 in 2010/11 to 107 in 2015/16. It is expected that this will increase slightly in 2016/17 as a result of recruitment to the TEL project. It is worth noting that the figure of 107 includes 2 full time apprentice supervisors, 15 apprentices and 2 other trainees. Volunteers continue to contribute working days equivalent to an additional 45 full time equivalent staff.
- 3.2 The long standing protocol that the Authority has had in place regarding recruitment will remain. This means that any vacancy is considered by Directors and the Chief Executive to determine whether or not it should be filled. While there is not an immediate financial imperative that means staff costs need to be driven down, opportunities will be taken, wherever sensible to do so, to continue to reduce staff costs.
- 3.3 Staff turnover remains relatively low at 6.7%. This turnover rate, which excludes staff on fixed term contracts, means that staff with permanent contracts of employment are likely to stay with the Authority, on average, for nearly 15 years. While this certainly isn't a problem in itself, Officers are mindful that the workforce benefits from a blend of experience and new ideas with staff of different ages bring different perspectives. Turnover in UK plc varies enormously depending upon the sector, but predictions are that it will remain low, probably falling, in the public sector due to factors such as increasing retirement ages and the lack of availability of final salary pension benefits elsewhere.

4. **Staff Health and Well Being**

- 4.1 The number of working days lost to sickness is usually considered to be an indicator of the working environment within an organisation. The Authority's sickness absence has historically been low compared to the rest of the public sector and most of the private sector. The most recent data available from the Chartered Institute for Personnel and Development (October 2015) reported that average sickness absence in the public sector across the UK is 8.7 days per person (3.3%), while the corresponding figure in the private sector is currently 5.9 days per person (2.3%).
- 4.2 Even with low sickness absence rates, there is still a significant financial cost to the Authority. 451 working days were lost in 2015/16 and an average working day costs approximately £105 (including on-costs). This means that sickness absence has 'cost' the Authority over £47K in salary costs alone. The final cost is significantly higher as some of the absences will need to be covered by bringing in additional staff, while other absences delay the completion of key work tasks. This means that time spent on managing sickness absence, supporting staff to get back to work as quickly as possible remains an important part of HR and line manager job roles.
- 4.3 The Authority has a long term target of 4 days absence (1.5%) per full time equivalent (fte) member of staff. The actual figure achieved in 2015/16 was 4.2 days (1.6 %) which represented a small decrease from the previous year.
- 4.4 Taking long term absences out of the 2015/16 figures reveal an underlying absence rate of 2.3 days (0.8%) per fte. Again, this is a small reduction from the previous year. An analysis of the causes of short term sickness absence shows no discernible patterns of illness and this, coupled with the low frequency of absence, suggests that there are no significant issues.
- 4.5 During 2015/16, there were 6 long term absences (defined as over 4 weeks) which made up 45% of the total days lost. One of these absences was as a result of a workplace injury which has previously been discussed with Members. The breakdown of causes of long term absence in 2015/16 is as follows;
- Mental health issues – 3 absences totalling 90 days
 - Musco-skeletal – 1 absence totalling 52 days
 - Viral – 1 absence totalling 32 days
 - Post-operative recovery – 1 absence totalling 29 days
- 4.6 It is worth noting that 20% of sickness absence was due to mental health issues, including stress, and was the single biggest cause of sickness absence. The CIPD report referenced above confirms that many organisations, in both the public and private sectors, are reporting increases in mental health related absences. This view is corroborated by data produced by the Health and Safety Executive.
- 4.7 The Authority does have a sickness absence policy that is designed to support staff who become ill to enable them to recover and return to work as quickly as possible. The availability of external counsellors and encouragement to use techniques such as Cognitive Behaviour Therapy are part of the assistance that is open to staff with mental health issues. Amended working hours and temporarily reduced responsibilities are used, in conjunction with medical advice, to enable all staff to return from longer absences as quickly as possible.

- 4.8 Mental health issues don't always manifest themselves in sickness absence. During the course of 2015/16, one issue has been dealt with involving an individual who attended work regularly, but was clearly struggling in other ways. Officers sought to support the person concerned, but the situation was problematic to manage effectively.
- 4.9 Mental health problems have a wide variety of causes some of which may be work related and others which are not. Given the level of mental health related absence in the Authority, Officers have considered whether there are any significant work related issues that may be contributing to this.
- 4.10 The staff surveys in 2012 and 2014 did not highlight that work related stress was an issue. It is undoubtedly the case though that the Authority has undergone very significant change and most staff are working both differently and with higher workloads than would have been the case 5 years ago. Officers are also mindful that technology means that staff can easily access the full IT network from home and the prevalence of portable devices means that access to work emails is never more than a couple of 'clicks' away.
- 4.11 Putting aside exceptional pieces of work, such as the York Potash planning application, the Authority doesn't have a long working hours culture and staff hours are monitored monthly; staff are also very positively encouraged to take their full annual leave entitlement. For many years, the Authority has been very positive about allowing staff to have flexible patterns of work to enable them to manage their commitments outside work alongside their commitments to the Authority. Maintaining an appropriate balance between work life and home life is also one of the desired behaviours contained within our appraisal scheme.
- 4.12 While Officers are content that there appear to be no general organisational drivers towards excessive working hours or pressure and there are measures in place to assist staff, it would not be wise to come to the conclusion that there is no issue here. Officers will continue to monitor sickness absence and working hours closely and will include appropriate questions relating to mental health in the health and safety survey that all staff will have the opportunity to take part in later in the year. Workload is currently a standing item on Joint Consultative Forum agenda when Officers discuss staff matters with UNISON.
- 4.13 There are many factors involved here and the data currently available may well only paint a partial picture. Alongside the development of the Business Plan, there will be a revised People Management Strategy and it is expected that this will contain a number of actions in this area.

5. **Staff Performance Appraisal Scheme**

- 5.1 The Authority's appraisal scheme, which has been in place since 2001, has been substantially rewritten over the last 12 months. The outline principles for the new scheme were developed in conjunction with staff (and were also approved by Members) and lean heavily on a number of the outcomes of the Leadership Programme, including placing greater trust in line managers, giving staff greater freedom to manage their own development, the value of open and honest feedback, integrating our work very obviously with our Values and so on. The agreed principles were as follows;
- all staff are responsible for ensuring that one appraisal per year is completed – their own;
 - the competency guide will be re-written to recognise significant difference between groups of staff, but **all** staff will have their performance judged against a set of core competencies which reflect our Values;

- the competency guide will become central to the appraisal discussion rather than an optional add-on;
- there will continue to be a link between performance and pay with individual performance being rated by their line manager as part of the appraisal discussion;
- the Directors' moderation meeting at the end of the process will not continue and line managers will be responsible for discussing performance and justifying their judgement. It is felt, however, that a meeting of Directors at the start of the appraisal process to share observations about overall performance would be helpful in ensuring that the scheme is applied consistently.
- paperwork and form filling will continue to be kept to a minimum;
- appraisal discussions should be the culmination of on-going discussions throughout the year;
- feedback between staff and their managers should be two way, open and honest;
- opportunities for 360 degree feedback will form part of the new scheme;
- while the scheme will be about individual performance, a greater emphasis will be put on the performance of teams;

5.2 The revised scheme has been put in place and includes all these principles. The method of arriving at an overall performance rating for each member of staff has been amended (see **Appendix 1** for scoring matrix) and is combination of a manager's assessment of an individual's work performance and behaviour. There are definitions which lie behind the ratings of 'needs development', 'successful', 'high quality' and so on. The revised system has now run its cycle for 2016 over a year which officers believe should be seen as an exceptionally good one.

5.3 Previous versions of the appraisal scheme have had similar 1 to 5 scoring systems with the middle score (3) being seen as the norm (in line with members' original requirement that scores over this were above average). The current version of the scheme uses words rather than numbers, but the final outcome is still on a five point scale. The Authority invests considerable time each year into the appraisal scheme and its underlying corporate purpose is to work with individuals to improve their performance and therefore drive up performance standards across the whole Authority.

5.4 In previous years, at least 50% of staff were rated in the middle ('successful') category, with some years up to 65% receiving this rating. In 2016, this level has fallen to 42%. This partly reflects the highly successful year but it also diverges from the original tenet that a majority of staff shouldn't be above the norm. While it is good to see staff efforts being rewarded, a continuation of this trend would become a significant issue, particularly in terms of fairness. Furthermore, if a 'successful' category score is seen as 'below average', as it could be perceived to be this year, then there will be great pressure on managers not to give this score and a drift towards the higher scores would probably be inevitable leading to a dilution of the performance raising aspect of the scheme and, potentially, place a financial pressure on the Authority. Since there is constant staff turnover *and a continual need to adapt to new ways of working, new priorities and new technology*, it is not considered unreasonable or unfeasible to aim for continuing improvement over long periods of time.

- 5.5 In a standard distribution curve, it would be expected that the majority of any sample size would be clustered around the middle. While the upward drift of scores is a concern, there are multiple factors behind this – as mentioned elsewhere in this paper the Authority employs fewer staff than it did 6 years ago, but those who remain have changed significantly the way in which they work and undoubtedly deliver a wider range of work than was previously the case. The appraisal scheme has been used as a tool to rigorously highlight performance that is below the standard expected – those individuals have then been supported to enable them to improve (this is always the preferred course of action) and there have been several excellent examples of staff who have worked hard to overcome performance issues. Despite the redundancy programmes of recent years, the Authority has also been generally successful in retaining its highest performing staff which is highly desirable, but also contributes to an overall higher set of performance ratings. It is important, however, to ensure that even the best performers reflect on what they do and are ready to change their style of working and develop new skills in line with changing public demands.
- 5.6 If Members agree, Officers intend ensuring that the ‘successful’ performance rating is effectively ‘re-calibrated’ with the number of staff falling within this category returning to the levels of previous years to help avoid a general drift of expectations upwards and therefore dilution of the overall value of the scheme.
- 5.7 As Members will be aware, there is a performance related pay element to the Authority’s pay scales. Each grade is split into a lower and an upper band. Incremental progression is assessed via the appraisal scheme. Due to low staff turnover and the Authority’s success in retaining its best performing staff, a growing number of staff are at the top of their upper bands – this means that there is currently no prospect of them achieving additional pay no matter how strong their performance is. While there is a mechanism to temporarily withdraw performance increments if performance weakens over time, this has rarely been used. While pay is not the prime motivator for most staff, Officers are mindful that continued outstanding performance should be specially rewarded while average performance should not get special rewards. While this is not an urgent issue, officers propose that they look at the possibility of one-off payments and/or non-financial rewards for staff at the top of their upper bands, together with strengthening the mechanism to ensure that staff do not receive special rewards long after their performance is exceptional. Members’ views on this would be welcomed.

6. **Financial and Staffing Implications**

- 6.1 There are no additional financial or staffing implications to the contents of this report.

7. **Sustainability Appraisal**

- 7.1 A Sustainability Assessment is not required because the report is an information report.

8. **Legal Implications**

- 8.1 There are no significant legal implications to the issues outlined in this report.

9. **Recommendation**

- 9.1 That Members note the contents of this report, comment on the actions proposed in Paragraphs 4.12, 4.13, 5.6 and 5.7 and approve the actions in 5.6 and 5.7 with respect to recalibration and those on the top of their upper band.

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Background Documents to this Report

CIPD – Absence Management Report 2015

