GEDLING BOROUGH COUNCIL
INTERNAL AUDIT REPORT

WORKFORCE STRATEGY
AUGUST 2023

Design Opinion	●	Moderate
Design Effectiveness	●	Limited

IDEAS | PEOPLE | TRUST

BDO

CONTENTS

DISTRIBUTION	
Mike Hill	Chief Executive Officer
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BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

REPORT STATUS	
Auditors:	Gurpreet Dulay – Director
	Charlotte Thomas – Assistant Manager
	Bismah Rahman – Internal Auditor
Dates work performed:	3 January – 26 July 2023, with a break in the review due to resources at the Council
Draft report issued:	27 July 2023
Final report issued:	30 August 2023

EXECUTIVE SUMMARY

Design Opinion	🟠 Moderate	Design Effectiveness	🔴 Limited

Recommendations	🔴 1	🟠 2	🟢 0

SCOPE

BACKGROUND

Workforce planning is having the right number of people with the right skills in the right jobs at the right time. It is the business process that aligns staffing with the strategic missions and critical needs of an organisation. It also forecasts the department's future workforce needs to ensure organisations will continue to thrive due to a talented and competent workforce. Workforce planning also considers the well-being of staff and the career progression opportunities of individuals, which should be incorporated into the workforce strategy.

The 2020-23 Gedling Plan includes 'Examples of Achievements and Activities', which states how the 2019/20 Gedling Plan included an action to produce a Workforce Strategy for the period 2020/23. Due to conflicting priorities presented by the Covid-19 pandemic this was not achieved on time, however, the strategy was approved for implementation from 1 April 2021. The strategy demonstrates the "building blocks" already in place that make the organisation a strong, good, fair and business-like place to work but also identifies a clear set of actions that will further support and develop their workforce. This is a key area of focus at the moment for many local authorities in context of the Levelling Up agenda, ensuring the Council is able to both attract and retain skilled employees required to deliver services in this challenging environment, as well as provide good opportunities to the local population.

AREAS REVIEWED

We reviewed the adequacy and effectiveness of the arrangements in place at the Council for the development, roll out and monitoring of its Workforce Strategy. We sought to verify that the Strategy was based on credible assumptions and that workforce planning decisions were sustainable and realistic. We also reviewed how the Council's Workforce Strategy corresponded to the Gedling Plan. We examined arrangements to enable reporting against actions identified through the Strategy, aiming to understand how the Council remains proactive to address potential staffing level pitfalls, and reviewed training plans to verify whether continuous training and development to improve the skills mix and expand skills of staff were in place to address capacity issues. Finally, we benchmarked the Council's workforce planning approach against best practices.

AREAS OF STRENGTH

During our review, we identified the following areas of good practice:

Workforce Strategy's Alignment with Objectives

▶ Following a review of documentation, we confirmed that the Workforce Strategy is aligned with corporate objectives and priorities. The Strategy is designed according to Local Government Association strategic workforce priorities. The actions identified in the Strategy are aligned

with the Gedling Plan 2020-23. The Gedling Plan 2020-23 covers the same priorities as the draft Gedling Plan for 2023-27, therefore the Strategy remains relevant. Furthermore, a report to the Appointments and Conditions of Service Committee on 17 March 2021 confirmed that the Strategy was developed and agreed in consultation with Council Members as well as senior management. This report also detailed contribution to, and approval of, the Strategy by the Joint Consultative and Safety Committee, which is attended by Trade Unions. Therefore, key stakeholders were consulted during the creation of the Workforce Strategy, ensuring that it aligns with corporate objectives.

Staff Development, Recruitment and Retention

▶ To develop the skills base of its staff, the Council has various training initiatives. The Council offers career-graded training, which involves hiring individuals for a job of a higher grade and training them (through qualifications and on-the-job learning) so that they can fulfil the role to the required standard. This enables new and existing staff to grow and develop through person-specific training plans, whilst helping to mitigate staff capacity and retention issues, particularly for specialist roles which are difficult to fill. The Council also has a 'Carousel of Learning' programme to cover training for management, focusing on general management skills and policy knowledge. Sessions are delivered every 2-3 months according to demand.

▶ To recruit and retain staff, the Council has adopted various pay policies. The Council pays market supplements, which involves a temporary pay increase for all employees within a specific group. This includes roles where there is high turnover, where there is difficulty recruiting (specialist roles, for example), or to provide a competitive offering with like jobs in the sector. In response to the Cost of Living Crisis, the Council also awarded a retention payment of £250 in December 2022 to all employees on Band 7 and below (more than half of the workforce).

▶ As outlined in its Strategy, the Council carried out a Staff Survey in 2021, and has taken on board feedback from this to help retain staff. A report to the Senior Leadership Team (SLT) outlined the survey results, and actions arising from these. These actions were reported as recommendations, and all recommendations were accepted. Progress against these is monitored using the Council's management reporting tool, Pentana. The Council is therefore clearly working to retain staff by pinpointing and addressing any staff issues early on, recognising that those closest to the work have important perspectives on current and future workforce needs.

Management Reporting

▶ The Workforce Strategy is reported on using the Council's management reporting tool, Pentana. Progress against the seven actions from the Strategy is monitored and reported on quarterly to SLT, and a responsible individual and due date is specified for each action. Four actions are complete, and the Council is monitoring progress of the three remaining actions.

AREAS OF CONCERN

During our review, the following areas for improvement were identified:

▶ A low Performance Development Review (PDR) completion rate impacts the ability of the Council to fully review the skills base of all staff to ensure staff have the necessary skills and tools - including training - to undertake their roles, deliver to expected standards and ensure future development opportunities (Finding 1, High)

▶ The Council has not mapped and documented key or critical roles within its structure, to ensure that if those roles were to become vacant there is sufficient contingency planning and notification time for finding and introducing a new individual (Finding 2, Medium)

▶ Mandatory training is not completed by stipulated deadlines. (Finding 3, Medium).

CONCLUSION

▶ Gedling Borough Council's Workforce Strategy is strongly aligned with corporate objectives and priorities. The Council has many innovative staff development, recruitment and retention initiatives. These include the provision of person-specific training plans as part of career-graded training, internal training workshops to develop staff, market supplements and pay increases.

▶ The Council needs to make improvements to workforce planning by identifying critical roles, carrying out capacity reviews, and succession planning to ensure that it can deliver its services.

▶ Furthermore, while the Council's PDR process and training initiatives are robust in their design, these are not complied with, limiting their operational effectiveness. The Council must ensure the completion of PDRs and mandatory training so that the skills base of staff is reviewed and developed.

▶ This led us to conclude Moderate assurance over the adequacy of the design of controls and Limited assurance over the operational effectiveness of the controls pertaining to the Workforce Strategy. We have raised three recommendations: one high, and two medium priority.

▶ Importantly, we also believe the finding around PDR compliance and training compliance, speaks to elements of the culture at the Council. These are important functions to ensure an effective culture where staff complete their PDR process to ensure the workforce is empowered, accountable and continuously developing.

▶ Details of minor issues and the proposed solutions can be found in the 'Observations' section below.

DETAILED FINDINGS

1	Performance Development Reviews (PDRs)
TOR Risk:	The skills base of staff is not reviewed to ensure they have the necessary skills and tools, including training, to undertake their roles, deliver to expected standards and ensure future development opportunities.
Significance	● High

FINDING

The Council delivers training sessions to cover training for general management issues, as highlighted in the good practice section of this report. However, there is not an observed process in place for identifying and addressing training needs within the Council.

One of the actions in the Workforce Strategy stipulates: 'Where commonality of need is identified, to deliver training arising from PDRs in order to enable employees to better meet the requirements of the "Gedling Employee Standard"'. Interviews with HR found that training needs should be identified through annual Performance Development Reviews, following direct requests for training made by employees, or requests made by managers on behalf of their employees. Managers must ensure that PDRs are completed; and through PDRs, it is the responsibility of managers to flag employee training requirements with HR.

A discussion with the Head of HR, Performance and Service Planning found that owing to the Council's low completion rate of PDRs, training may not be identified and offered where needed. Having asked HR for training requests raised through the PDR process, we were informed that no training requests have been received for 2023. For 2022, the completion rate of PDRs was 20.3% across the Council. The Head of HR, Performance and Service Planning raised this issue with the CEO in a report to SLT in June 2022, asking for recommendations regarding next steps. The CEO sent an email to Heads of Service asking them to encourage managers to complete PDRs by the end of June 2022, however we cannot confirm whether completion rates for 2022 improved because the Council did not report on the completion rates again following the CEO's email. For 2023, the PDR window ran from January-April 2023; as of July 2023, the PDR completion rate is 44%.

If the Council does not ensure that PDRs are completed, there is a risk that individual and widespread staff development opportunities may not be identified (which, if actioned, could in turn plug workforce capability and capacity gaps), or other staff issues raised to help tackle attrition.

✎ RECOMMENDATION

a. HR should remind managers of the necessity of PDR completion. This could be done through three emails: one reminder email in December, a month in advance of appraisal season; one email in January, at the beginning of PDR season; and the final email in March, to remind managers that the PDR window is about to close

b. SLT should also raise the completion of PDRs as a priority with Heads of Service and follow up with those Heads of Service where completion rates were particularly low

c. At the end of the annual appraisal season, HR should send an email to managers asking whether there are any training requests. This would help to ensure that training needs raised during PDRs are met. Recurring themes should be pulled together from contact with senior managers (Heads of Service) at the close of the PDR window.

MANAGEMENT RESPONSE

a. Agreed. Emails will be sent out by the HR team at the intervals identified
b. Agreed. The Head of HR will remind SLT by email of the importance of PDRs around the end of January so that they can cascade this to relevant Heads of Service through team briefings early enough in the process to ensure that the message is strong and timely.
c. Agreed. The email to determine if there are training needs will be sent at the end of the PDR season (around end April) and any recurring training themes identified and a practical and affordable method of training delivery will be proposed by HR.

Responsible Officer:	a. Head of HR, Performance and Service Planning
	b. Chief Executive
	c. HR & Training Manager
Implementation Date:	a. Ahead of and during the next PDR season (emails to be sent from December 2023 to March 2024)
	b. August 2023
	c. August 2023

2	Identifying critical roles and carrying out capacity reviews
TOR Risks:	The workforce strategy does not identify key or critical roles in the Council to ensure there is sufficient notification time for finding and introducing a new individual. The Council does not complete regular risk assessments of its capacity of resources to ensure it is capable of delivering its services and ensure current or likely future skills shortages are identified and corrective action taken to reduce the need for agency staff. This information has not informed the workforce strategy.
Significance	🟠 Medium

🔍 FINDING

The Council has a Workforce Strategy (2020-23), which is aligned to the 2020-23 Gedling Plan. The Strategy sets out the foundation in relation to workforce planning by identifying a set of actions to support and develop the Council's workforce, such as in long-term planning for recruitment and retention. For example, the Strategy emphasises the importance of performance development reviews, highlights training for new and existing staff, particularly managers (helping to grow internal staff to facilitate succession planning) and outlines an initiative to streamline and restructure management to optimise performance. Furthermore, by conducting risk assessments, tools and actions were identified by the Head of HR, Performance and Service Planning to tackle staffing issues. These include awarding pay increases and career-grading to enable new and existing staff to grow and develop through person-specific training plans, thereby helping to mitigate staff capacity and retention issues. This is particularly relevant for specialist roles which are difficult to fill due to specific qualifications or experience requirements as well as industry-wide competition.

Through our review of the Strategy, and our discussions with the Head of HR, Performance and Service Planning, we identified several key elements of workforce planning best practice which were not evident in the workforce planning process within the Council:

- Due to recent attrition and recruitment difficulties, there is increased awareness of critical roles, however, there is not a systematic approach for identifying these roles and measures to take should they become vacant. As a result, critical roles are not documented within the Council's structure to ensure that there is sufficient contingency planning and time for filling the vacancy.

- As the Council's approach is to recruit as vacancies arise, there is limited succession planning. The Council has not planned the roles and skills likely to be needed to ensure that it continues to deliver services. Through career-grading (as described above), there is succession planning for specialist roles within the HR Team (such as a HR Consultant/HR Business Partner), and for some officer-level roles in other departments of the Council (such as Planning and Environmental Health). However, the latter does not cover senior or other specialist roles.

If the Workforce Strategy does not mitigate risks to the recruitment and retention of staff in critical, specialist or senior roles, there is a risk that the Council is unable to fulfil its statutory duties and deliver critical services to the public, leading to potential harm to individuals, loss of income or poor service provision, resulting in reputational, operational, financial and legal consequences.

RECOMMENDATION

a. The Council should identify and document all key and critical roles across all service areas. The document should outline next steps if these become vacant. Actions could include timelines for when critical vacancies should be filled by, and next steps if they are not filled.

   Employment and Recruitment Agency Blue Arrow provides useful guidance for identifying key or critical roles, as roles that would meet at least one of the following criteria:
   - They are critical to achieving the organisation's strategy, either in the design or the execution of that strategy. These are roles where the loss of a high-performing incumbent could result in organisational and, by extension, financial disruption.
   - They are a source of the organisation's current comparative advantage; their capabilities provide differentiation which enables them to provide a service for customers that is unique, faster or done so at a lower cost.
   - They are a source of the organisation's future comparative advantage; their capabilities will enable the organisation to excel in the future – according to future risks and opportunities, for example (this means that some critical roles may not yet exist).

b. Discussions with the Head of HR, Performance and Service Planning highlighted that the Council would like to foster a systematic approach to succession planning in the next Workforce Strategy, as they are aware of the risk in this area. The Council should carry out and document succession planning, with a particular focus on identifying key roles (sole specialists for example) to protect organisational knowledge and mitigate against organisational fragility. Successors may be selected either by informal methods, such as conversations with managers, or by formal methods, such as the performance review process and assessing competencies (and plugging any gaps through training). Therefore, completion of Performance Development Reviews is important for succession planning (please see Finding 1).

c. By considering key changes that may occur over the next two years, the Council should identify and document the skills gaps which need to be addressed by carrying out Performance Development Reviews (please see Finding 1). Following this, the Council may wish to create an action plan to address skills gaps (through training, for example), which is periodically reviewed.[1]

MANAGEMENT RESPONSE

a. Agreed. Annually at the end of PDR season (around the end of April) the HR Team will send out a pro forma to each Head of Service to ask them to identify the jobs that they consider to be "key" and the measures that are being taken to train others internally to fill these posts and the measures that would be taken if the posts

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[1] For further details, please see: Workforce Planning | Factsheets | CIPD

became vacant. This process will be embedded in the new Workforce Strategy (2023-27) that is currently being drafted.

b. Agreed. As '2a' above

c. Agreed. As '1c'

Responsible Officer:	a. Head of HR, Performance and Service Planning will liaise with Heads of Service to ensure that this is carried out within their respective departments b. As above c. As above.
Implementation Date:	a. April 2024 b. As above c. As above.

3	Staff training opportunities
TOR Risk:	The skills base of staff is not reviewed to ensure they have the necessary skills and tools, including training, to undertake their roles, deliver to expected standards and ensure future development opportunities.
Significance	🟠 Medium

🔍 FINDING

We found that completion rates for the following training could be improved, which are mandatory per Council policy:

- Equality & Diversity
- Fraud Awareness.

Following a 31 January 2023 deadline, these have a completion rate of 94% and 76%, respectively as of July 2023.

If mandatory training is not completed, there is a risk that the skills base of staff is not being developed to ensure that staff have the necessary skills and tools to undertake their roles and deliver to expected standards.

📝 RECOMMENDATION

The Council should ensure that mandatory training is fully complied with by stipulated deadlines. Managers should follow up with staff who have not completed the training and raise non-completion during Performance Development Reviews. HR should send reminder emails to managers to ensure that they are monitoring completion. Regarding the Fraud Awareness course, this is managed by the Head of Finance, who should ensure completion by reminding managers of the importance of this, asking managers to follow up with employees who have not completed the course.

👥 MANAGEMENT RESPONSE

Agreed. Reminder emails will be sent to employees with PC access who have not completed either of the two programmes (HR to cover Fraud Awareness training follow-up in the absence of a Head of Finance) and to escalate non-compliance with eventual move to potential misconduct investigation. HR will engage with Heads of Service for front-line teams to identify the most practical ways to deliver training to the greatest proportion of employees in these jobs.

Responsible Officer:	HR & Training Manager to liaise with SLT and Head of Finance to ensure completion of both training courses
Implementation Date:	September 2023 (for work to commence to identify employees who have not completed training where it is mandatory). December 2023 for employees for whom the mandatory training is required and who have access to a PC. March 2024 for employees for who the training in these two courses is required and who do not have ready access to a PC at work.

OBSERVATIONS

MENTAL HEALTH AWARENESS TRAINING
The Council also offers Mental Health training; this is not mandatory and therefore has a lower completion rate of 35% (as of July 2023). Given today's prevalence of remote working, it is increasingly important to raise awareness around mental wellbeing as it is more difficult to see signs of declining mental health in staff. If the Council wishes to take preventative action in this area to mitigate staff retention issues, it could consider making this training mandatory. SLT may wish to consider making Mental Health Awareness training mandatory for managers.

APPENDIX I – DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW

The purpose of the audit is to establish how the workforce strategy is developed and whether it reflects the current needs of the Council. The audit will consider whether progress against the strategy is reported effectively, and whether actions are clear and achievable. We will examine the strategic aims of the strategy, identifying the root cause where sufficient progress has not been made.

KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding, the key risks associated with the area under review are:

- The workforce strategy is not aligned with corporate objectives and priorities
- The workforce strategy does not identify key or critical roles in the Council to ensure there is sufficient notification time for finding and introducing a new individual
- The skills base of staff is not reviewed to ensure they have the necessary skills and tools, including training, to undertake their roles, deliver to expected standards and ensure future development opportunities
- The Council does not complete regular risk assessments of its capacity of resources to ensure it is capable of delivering its services and ensure current or likely future skills shortages are identified and corrective action taken to reduce the need for agency staff. This information has not informed the workforce strategy
- The workforce strategy is not reported on and the Council has not assessed progress of related actions within the workforce strategy, The Council has failed to identify outstanding actions and/or does not have a clear plan for delivery of outstanding actions, assigning targets and responsibility for those actions.

SCOPE OF REVIEW

The review will consider the adequacy and effectiveness of the arrangements in place at the Council for the development, roll out and monitoring of its workforce strategy.

- Policies and Procedures including governance
  - Verify that controls and processes are in place to ensure the effective development and agreement of the workforce strategy
  - Review of the overall workforce strategy and any reporting against the implementation of the strategy
- Workforce Planning Process
  - Review underlying data informing the workforce strategy and verify the strategy is based on credible assumptions
  - Verify whether workforce-planning decisions taken are sustainable and realistic
  - Verify the workforce planning approach and benchmark against best practices
  - Understand how the Council remains proactive, having an awareness of its staffing levels to address potential shortfalls
- Staff Development / Skills Mix
  - Review any staff retention data to identify any issues or patterns
  - Review of the workforce strategy and any training plans and verify whether continuous training and development to improve skills mix are in place to expand skills of staff in various areas in order to address capacity issues and high usage of agency.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We can compare your workforce strategy to other councils and identify any further actions could enhance the Strategic Aims in place.

Any opportunities identified to improve arrangements will be offered for consideration alongside recommendations to resolve any weakness in controls. We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

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