

**AGENDA ITEM**

**REPORT TO CABINET**

**16 JANUARY 2014**

**REPORT OF THE CHIEF  
EXECUTIVE**

**CABINET DECISION**

**Corporate Management and Finance - Lead Cabinet Member – Councillor David Harrington**

**BUILDING CAPACITY & RESILIENCE IN THE ORGANISATION  
“SHAPING A BRIGHTER FUTURE”**

**SUMMARY**

The organisation is currently facing one of the most challenging periods in its history as it strives to deliver services in the face of:

- unprecedented reductions in funding,
- huge growth in demand for services
- fundamental changes due to welfare reforms and
- changes in the delivery structures for public health and social care services
- Potential changes to the delivery of strategic economic development linked to the LEP and City Deal.

Members of Cabinet are aware of the plans we have in place to deliver the changes that are needed to meet these challenges and can be confident that the Service Reviews, Big Ticket Reviews and the work of the Welfare Reform Project board will deliver what is needed to ensure that we deliver our Council Plan and MTFP objectives.

The purpose of this report is to brief Cabinet about a further programme of work that we will be undertaking to underpin all of our projects and programmes of work. The “Shaping a Brighter Future” programme will support and develop our employees to help them to meet the challenges we are facing.

We have a long and strong track record of investing in our people and developing and growing our own talent and capacity in the organisation. Now, more than ever, it is important that we build on this work and support and develop our employees so that they are able to continue to deliver a great service to the Borough.

**RECOMMENDATIONS**

1. Cabinet note the planned work to build capacity in the organisation and support the development of a detailed action plan to be presented to Cabinet in March 2014.
2. Cabinet approve the creation of the Liz Nixon Charitable Trust and delegate authority to the Director of Law and Democratic Services, in consultation with the Cabinet Member for Corporate Management and Finance, to establish the legal and governance arrangements for the trust.

## BACKGROUND

1. The background and context for the capacity-building work we are planning is one of huge challenges and huge potential:
2. The financial context does not need repeating in detail here. However the background of achieving £22m of annual savings over the last 4 years and the need to take a further £20 million out by 2017/18. The reduction in 600 posts over the last 4 years and another 300 posts by 2017/18 and the increase in demand for our services is obviously the most significant challenge facing the workforce. There are however a number of other factors which combine to bring additional challenges.
3. We have an ageing workforce which means that we are regularly facing the loss of extremely experienced and knowledgeable staff through retirement. 40% of the current workforce are over the age of 50:

Age band in years	% of workforce at 30 Sep 2013
16-19	0.6%
20-29	9.7%
30-39	18.7%
40-49	30.6%
50-59	32.1%
60-65	7.7%
66+	0.6%

This loss of experienced employees leaves a large gap. The loss of experienced staff has occurred throughout the organisation and in significant proportions at Head of Service level where we have seen a reduction in 7 experienced Heads of Service over the last 3 years.

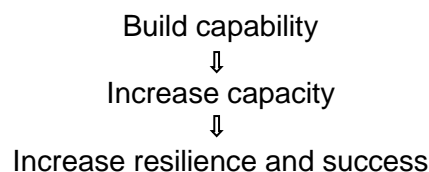
4. There are signs of increased stress and fatigue in the organisation. The latest sickness absence statistics for the 6 months to 30 September 2013 show an increase in absence levels which is a serious concern and is in itself the focus of intensive work. Sickness absence at 30<sup>th</sup> September 2013 was 6.95 days lost per FTE. This has increased from the same period last year which was 4.92 days per FTE. The days lost have increased by 25%. Absence due to 'stress/depression/ mental health/fatigue' continues to be the highest reason for absence and also shows the highest increase in days lost when comparing the 2011/12 information. Whilst the stress related absences are not in many cases due to work related stress this is an important context to the environment within which employees are working. Sickness absence levels (for whatever cause) increase the pressure on remaining employees to meet ongoing service needs.
5. The increased levels of pressure we are seeing in the absence numbers is consistent with the feedback the I am hearing at my regular service briefings and meetings throughout the organisation and with the information we have gathered through the staff survey.
6. However, despite these challenges it is important to remember that we have huge potential and talent in the organisation and we continue to deliver great services. 2013 marked the fourth year in a row that we were nominated for the APSE Council of the Year award, we have positive feedback from residents and businesses and have a host of nationally recognised accreditations and awards across our services.
7. We also have a strong track record and culture of employee development. We have invested in our employees and remain committed to this. We have a long history of commitment to the

Investor In People programme with long standing Service accreditations, a Silver accreditation for the whole organisation in 2009, followed by full reaccreditation in 2012. Our national award-winning manager training programme, the active staff forums, the recent Innovation Challenge sessions run as part of our Setting the Standard programme, our competency framework, the newly re-designed appraisal process, employee support programme and coaching network all combine to provide development and support to our dedicated workforce. This provides a great base from which to build. The “Shaping a Brighter Future” programme will not need to completely replace these effective mechanisms it can enhance and build on them.

8. We also have a dedicated, high performing and committed workforce who care about their work and enjoy being part of the Council. The results of the 2012 Employee Survey showed that 92% of employees who responded said that they enjoy working at the Council and think that it is a good place to work.
9. The programme of work we plan to begin reflects these realities and accepts that we have a responsibility and duty to support and develop our own employees through these challenging times.

## **DETAIL**

10. The challenge of building greater capacity and resilience in the organisation will be delivered through a programme to be called “Shaping a Brighter Future”. The detail of the programme will be developed over the first quarter of 2014 and will be reported back to Cabinet in March.
11. The principle of the programme is that it will be designed to build more capacity in the organisation by investing in our own people and growing our own talent to increase capability through personal and team development. In recognising that the organisation faces an reduction in resources over the coming years the programme aims to



12. I will be leading on the work in collaboration with an experienced specialist in organisational change work – Mel Nixon. Mel who has worked for many years with NEREO and many Local Authorities and has agreed, due to his long term working relationship with me, to provide his services free of charge to this project for the next 5 years. His commitment to the SBC as an organisation reflects his belief in the potential of it's people and his identification with the big plans we have for the Borough.
13. In recognition of this commitment it is recommended that a charitable trust is established in the name of Liz Nixon (Mel's late wife). The trust will be used to fund apprenticeships at the Council for young people of the Borough. The trust will be particularly targeted at vulnerable young people and our own Looked After Children.
14. The programme will be supported and delivered by the Corporate Management Team and by a working group of individuals from within the organisation who will be brought together to work on aspects of the programme. The working arrangements for this group will be worked up as the plan is defined over the next few months.

15. The programme will be delivered over the next 5 years. Whilst some benefits will be realised in the short term it is important to recognise that this is not a short term fix. It is essential to create the right culture to tackle any challenges that are thrown at the organisation and this will take time.
16. The programme plan will be developed over the coming months and will be developed around the following elements:
- Defining and communicating the culture of the organisation
  - Reviewing the structures in the organisation to ensure that we have the right people in right place
  - Establishing an improved approach to succession planning
  - Building a programme to ensure that individuals operate to their maximum potential by identifying and delivering on development needs
  - Reviewing the operation of our teams to ensure they are working to maximum effect
  - Developing a more robust selection and recruitment process
  - Developing a talent identification and development process
17. The culture of the organisation is, to some extent, already set out in the agreed Competency Framework (<http://kyit.stockton.gov.uk/hr/workforcedevelopinfo/compframework>) which was developed with input from employees across the organisation. It in turn was used as the basis of the corporate branding work which summarised the nature of the organisation in the following phrase:
- “AMBITIOUS, EFFECTIVE AND PROUD TO SERVE.”*
- This is a Council that prides itself on being open, honest and fair. On leading by example. On having big plans and the determination to see them through. On delivering genuine value for money. On setting the highest standards of public service. On communicating clearly and regularly with the community it serves. On being challenging, innovative and well organised. On all of these fronts and more, we’re on with it.”*
- The work to develop the definition of the culture of the organisation will not start again from scratch and will not abandon the many very valuable competencies which have already been identified. Work will be undertaken to update, refine and clarify what we already have and ensure that it is fit for purpose for the challenges we face over the next 5 years.
18. We always have the structures and responsibilities in the organisation under review to ensure that we have the “right people in the right places”. We will be looking at the current structures to ensure that these account for the many changes that are arising as a result of the Service Reviews, the changes in delivery of public services and the rising demand for services in many areas such as in Children’s and Adults Social Care.
19. The formalisation and development of the current succession planning processes is essential particularly in light of the age profile of the workforce and as an essential element of developing resilience in the organisation and meaningful and valuable development opportunities for employees.
20. A programme will be developed to ensure that we continue to encourage employees to identify their own development needs and to provide effective support to individuals to fulfil their potential. This programme will again build on the processes already in place through the current appraisal system but will provide new methods and more sophisticated resources to help identify needs and tailor development plans.

21. The optimisation of personal performance will be complemented by increased investment in the work of the teams in the organisation.
22. The selection and recruitment process will be reviewed and revised to incorporate additional measurement and testing techniques. It is anticipated that a number of personality, profiling and cognitive style assessments may usefully be incorporated into the current competency based approach to enhance and improve the processes currently used. These additional tools will help us to enhance further our commitment to open, fair and positive recruitment and will help us identify development needs and potential right from the start of an employee's time with the organisation.
23. Work will be undertaken to review how talented employees are identified within the organisation and how career development plans are developed.
24. All elements of the programme will be worked up in detail and combined in a 5 year plan which will be brought to Cabinet for approval in March 2014.

### **FINANCIAL AND LEGAL IMPLICATIONS**

25. All costs associated with the "Shaping a Brighter Future" programme can be met from within existing budget allocations.

### **LEGAL IMPLICATIONS**

26. There are no legal implications arising from this report. Initial legal guidance has been sought on the creation of the Liz Nixon Charitable Trust and further legal input will be required as recognised in the recommendation.

### **RISK ASSESSMENT**

27. The risk associated with the "Shaping a Brighter Future" is assessed as low.

### **COMMUNITY STRATEGY IMPLICATIONS**

28. The development of greater capacity and resilience in the organisation will lead to benefits across all strands of the Community Strategy.

### **CORPORATE PARENTING**

29. The creation of the Liz Nixon Charitable Trust will provide support for our Looked After Children and therefore supports our Corporate Parenting obligations.

### **CONSULTATION**

30. The proposal has been subject to consultation with CMT, EMT and the Trade Unions. Further consultation will take place with employees as the detailed project plan is developed.

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