

London Borough of Hammersmith & Fulham
**Public Services Reform Policy
and Accountability Committee
Minutes**



Tuesday 10 September 2019

PRESENT

Committee members: Councillors Rowan Ree (Chair), Christabel Cooper, Guy Vincent and Dominic Stanton

Cabinet Member

Councillor Adam Connell (Cabinet Member for Public Services Reform)

Officers

Kim Smith (Chief Executive), Lisa Redfern (Strategic Director of Social Care and Public Services Reform), Peter Smith (Head of Policy and Strategy), Matt Sales (Assistant Director – Programmes and Assurance), Emily Hill (Assistant Director – Corporate Finance), Jon Skaife (Assistant Director – Research and Innovation), Martin Calleja (Assistant Director – Efficiency and ZBB), Dawn Aunger (Assistant Director – People and Talent), Mary Lamont (Head of Human Resources), and David Abbott (Scrutiny Manager)

1. MINUTES OF THE PREVIOUS MEETING

RESOLVED

The minutes of the meeting held on 18 June 2019 were agreed as a correct record.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Zarar Qayyum.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. 'OUR PEOPLE' WORKFORCE UPDATE

Dawn Aunger, Assistant Director of People and Talent, introduced the item and took the Committee through the slides in the agenda.

Workforce Context

Dawn Aunger reported that the Council's headcount currently stood at just over 2000 people. She also noted that at previous meetings there had been some concerns about turnover (with very high turnover figures quoted) but the data in the slides showed that turnover was actually decreasing and was projected to be around 12 to 15 percent by the end of the financial year. The national average for organisations was 15 percent. Since being in post, Dawn had worked closely with the Business Intelligence team to ensure her team was receiving high quality, accurate workforce data to enable better decision making.

The reported rate of sickness absence was quite low (3.9 days per worker compared to the national average of 4.1) but it was noted that these figures depended on a self-service system with manager oversight so there may be under-reporting.

The Council's agency spend was currently high at 23 percent of the total workforce budget. In the last few months there had been a robust piece of work on agency data and robust controls and actions were put in place to start reducing this where appropriate. The team were paying particular attention to agency staff who had been in post for over twelve months and those who were on day rates of £300 and above.

Staff survey findings

Dawn Aunger noted that the latest staff survey, using the 'Best Companies' tools highlighted the following five areas for the organisation to focus on:

- Well being
- Career development
- A fairer organisation
- Physical working conditions
- Leadership

Responding to the staff survey findings

A number of these areas had already been addressed with the move to a more modern office environment, the new 'Get Ahead' career development programme, more staff engagement from senior leaders, and better technology and tools for staff. 'Get Ahead' was a flagship programme to develop talent within H&F and had been a 'massive success story' - 50 internal candidates had been successful recruited through the programme. There was also a substantial learning and development aspect to the programme too - including training opportunities, lunch and learns, and online sessions.

Apprenticeships

Dawn Aunger noted that the Council was on target to achieve an increase in the number of apprenticeships in the organisation to 62 by March 2020 - well above its Government target of 47 - and had plans to increase this further. The Council also had an Apprenticeship Ambassador, Jack Biggs in People and Talent, and was starting to make the most of the apprenticeship levy - including how it can help the Council tackle workforce planning issues by growing its own talent.

Workforce management

Dawn Aunger reported that the People and Talent team had a lot of plans to revamp performance management and employee appraisals. The new approach would move

away from paper forms and move towards focussing on quality performance conversations and continuous performance assessment. As part of this change People & Talent had introduced a manager induction to make it clear what the organisation expects from managers and they were also improving the 'manager essentials' training. The new appraisal process would be in place by April 2020.

Committee questions and discussion

The Chair, Councillor Rowan Ree, (in reference to page 16 of the agenda) asked why the headcount figures for the PSR department had halved from 163 to 80 between April 2018 and June 2019. Councillor Adam Connell, Cabinet Member for Public Service Reform, explained that this was primarily due to an internal reorganisation that saw the commissioning team move out of the department.

Councillor Dominic Stanton, asked what was behind the increase from 200 to 400 staff in Finance and Governance over the same period. Councillor Adam Connell said this was also due to an internal reorganisation that led a number of services being moved under the department - the most significant being the Facilities Management team which was previously delivered by Amey but had recently been brought back in-house. The Chair noted that finance officers from different departments had also been centralised into the Finance and Governance department.

Councillor Christabel Cooper, in reference to the corrected turnover figures, asked why the earlier figures provided to the Committee were so wrong and if officers were confident in their data now. Councillor Adam Connell said there were a number of problems around data quality with the previous BT Agresso HR system but he was confident in the data from the new SAP system.

Councillor Dominic Stanton noted that the turnover numbers presented didn't include turnover of employees in their first year and asked if officers could provide that figure. Dawn Auger said officers did have that data and could provide it to the Committee. She also noted that exit interviews had been introduced to understand why people left. It was recognised that there had been issues around the quality of recruitment, how staff were onboarded, and whether staff were given the tools and guidance to hit the ground running. Officers wanted to improve the entire employee experience.

ACTION: Dawn Auger

Councillor Guy Vincent commented that snapshot figures in reports made it difficult for the Committee to track progress and he would prefer officers provided trend data. He also asked that goals and priorities be given clear actions, deadlines, and progress information so the Committee could better hold services to account.

Councillor Vincent highlighted the high level of agency spend - £23m per year - and asked if this also represented 23 percent of the staffing budget or if it was higher (given that agency staff were typically more expensive). He also asked if the fact that churn was reducing meant that agency spend was also reducing. He then asked what officers thought a reasonable level of agency spend was for the organisation.

Dawn Auger responded that agency spend was projected to be around £20m by the end of the financial year. SLT recognised spend was high and were actively looking at where it could be reduced. She noted that if an organisation was being 'ruthlessly efficient' they would set their agency spend at between 12 and 14 percent. The Council was looking to reduce its current agency spend by 25 percent per year. To do this, managers were proactively looking at rates, duration of contracts and review dates - and the Chief Executive and Strategic Director of Finance and Governance were reviewing all requests for interim recruitment on a monthly basis.

The Chair asked if there were particular departments with especially high agency spend. Public Service Reform seemed to be above average with 27 percent. Dawn Auger said a large proportion of that was People and Talent - a quarter of the team were agency workers. Dawn explained that she was looking at the size, capacity and capability of the service to ensure it was fit for the future. The plan was to reduce agency support.

Lisa Redfern, Strategic Director of Social Care and Public Services Reform, added that the Business Intelligence team found it very hard to recruit additional analysts for statutory compliance work so they had to use agency workers. There were also some 'short-term teams' like Zero Based Budgeting.

Councillor Guy Vincent asked what the timescale was for reducing agency spend by 25 percent. Dawn Auger said there was no specific deadline but a number of actions were being implemented to bring the spend down in this financial year. Directors were working with their HR business partners to look at all agency spend to see where it could be reduced. Due to the complexity of the workforce across different departments it was difficult to impose timescales. The Chief Executive was holding Strategic Directors to account and had been very clear about wanting to see an improvement.

Kim Smith, Chief Executive, addressed the Committee and spoke about the historical reasons for the Council's relatively high agency spend. Certain departments are affected by external events - for example, following the Grenfell Tower fire The Economy department had to use specialist agencies to get people with the necessary skills. Social work was another key area that has been very difficult to recruit to. The scale of transformation at H&F was 'vast' and to deliver complex outcomes at pace it was expedient to use agency workers - who could start within weeks rather than permanent staff who could take months to bring on board. There was a plan to address these issues and move away from agency workers where appropriate but it would be a gradual process.

The Chair asked how H&F's agency spend compared with other Councils. Dawn Auger said she could circulate some benchmarking data. The Chair requested a quarterly update on agency spend.

Councillor Guy Vincent asked why the agency budget was shown as £12m when the spend was £20m. He asked that the Committee be sent the plan when it was finalised - with measurable targets.

Councillor Adam Connell clarified that there wasn't a specific budget for agency staff - there was just an overall staffing budget that was devolved to departments that funded both permanent and temporary staff and agency workers. Emily Hill noted that the £12m figure was the former value of the annual Pertemps contract.

The Chair noted that this topic should come back to the Committee in future. He added that the Committee was not opposed to using agency workers where they added value and it made sense for the organisation. He asked for regular updates and for the plan to reduce agency spend to be circulated to the Committee.

ACTION: Dawn Aunger

The Chair asked if there was a follow-up mechanism for staff who report stress, anxiety or depression as their reason for sickness absence. Dawn Aunger said it was standard practice to refer staff to the Occupational Health team to see what reasonable adjustments could be put in place to support them back to work if their absence was stress related or longer than 4 weeks. Their managers should also be having regular conversations with them and return to work conversations to see what support could be provided. There was also an employee assistance programme available to all staff.

The Chair commented that the 'compliment corner' idea in the slides was very positive and helped remind staff doing difficult jobs of all the good work going on at the Council. He encouraged these to be shared widely across the Council.

5. BREXIT IMPACT REPORT

Peter Smith, Head of Policy and Strategy, presented a briefing on the potential impact of Brexit on the borough and the mitigating actions being planned or developed. The briefing was one of a series that had been presented to the Council's Senior Leadership Team over the past year. Since publication of the agenda there had been further developments - most notably Parliament passing legislation preventing Britain leaving the EU without a deal. Peter Smith gave an overview of the report.

Settled status scheme

The Government had agreed a scheme to safeguard the rights of EU nationals living in the UK. Settled status was open to EU citizens who had been living in the UK for five years. Those who had been in the Country for less than five years could apply for pre-settled status and could apply again for settled status after they had been here for five years. H&F had promoted the settled status scheme through the website and a leaflet drop and would soon be putting up lamppost banners. The Council had also offered a free document verification and scanning service. The Council had received some money from the Government and was using it to pay for two advisors in the Law Centre and H&F Citizen's Advice. It had been estimated that there were 30,000 EU citizens living in the borough and Government had reported that 8300 borough residents had applied for settled status as at the end of June. Government were providing these figures on a quarterly basis.

Workforce impact

The major risk for the Council was the impact on its workforce - particularly in the areas of construction & development and social care. Between 11 and 21 percent of the social care workforce was from EU countries. The Council would also be promoting the settled status scheme through the agencies it works with. Across the Council there were around 70 service continuity plans in place and all were regularly updated.

Supply chain impact

The Council also faced potential supply chain risks and goods and services risks. The Deputy Leader had recently asked for a briefing note on the potential impact on the Council's food poverty strategy. Another concern was the supply of medicines - the NHS had been stockpiling a three month supply in case of blockages at ports.

Funding impact

The amount of direct EU funding received by the Council was low - in the thousands. There was a significant EU grant that came through the ESFA (£2.7m per year) but the Mayor of London had made a commitment to cover that budget up to 2021. The Council had successfully bid for EU funding in the past for specific projects like sustainable drainage systems but the exact figures for those had not been identified yet.

Wider economic impact

There was an expectation that there would be inflationary pressures. One percent inflation would add £0.8m per annum to the Council's wage bill which would add significant challenges to an already difficult financial environment.

The Chair asked what the most important decision was from a local perspective. Peter Smith said the Council needed to engage its partners to put together a joint response. It was made difficult though because it was challenging to plan a response when there were so many unknowns. Officers noted that a lot of work with partners had already taken place.

Councillor Christabel Cooper expressed concern that the Council was only just getting in touch with partners and asked officers how ready they felt the Council was. Peter Smith said he was confident the Council was as ready as it could be. The key issues for the Council were to ensure EU citizens in the borough had their rights protected and to maintain the Council's workforce and skill-base.

Lisa Redfern added that the Council had been preparing for this for some time now. In Social Care officers had been working closely with the three major care providers and the NHS on business continuity plans. Peter Smith added that the Council's service resilience group had set up eight 'Tiger Teams' with leads for making urgent decisions across five priority areas – food, health, transport, sewage, and utilities.

Councillor Guy Vincent requested a list of risks, different scenarios and planned mitigations. Peter Smith said he could circulate the risk register to members. Councillor Vincent also asked to see the business continuity plans for some of the major risk areas.

The Chair asked what would happen if the worst case scenario became a reality and twenty per cent of the Council's social care staff were not available for work. Lisa Redfern said they were used to resilience planning in social care and had robust plans in place (both locally and pan-London). The Chair asked that these plans were shared with the Committee.

ACTION: Lisa Redfern

6. THE PROCESS AND IMPLICATIONS OF INTRODUCING A DIRECTLY ELECTED MAYOR IN H&F

Peter Smith, Head of Policy and Strategy, presented the paper on a proposal to introduce a directly elected mayor in the borough. The report set out what the process would be for introducing a mayor and cabinet model of governance in H&F, in place of the current leader and cabinet model, and what the cost and implications of introducing that model of governance might be.

The Chair noted that Greg Hands MP had been invited to the meeting in order to present the case for the change, as the leading proponent of the campaign for a directly elected mayor in the borough but had declined the invitation.

Peter Smith explained that the request for this report had been triggered by a local campaign, 'Say Yes to HF Mayor', to have a directly elected mayor in Hammersmith and Fulham. A petition to compel the Council to hold a referendum to decide the issue was launched on 26 June 2019. If the number of valid signatures reaches 6,313 (5 percent of the local electorate) then a referendum will take place.

Officers estimated the cost of holding a referendum and a stand-alone election at £740,000. A breakdown of this cost had not been available as the relevant officer was away, but it was agreed that it would be sent to the Chair.

ACTION: Peter Smith

The Chair noted the numerous pieces of legislation on transferring from a leader and cabinet model, to a directly elected mayoral model. He then asked for clarification that this change could have been made at any time since 2007 without a referendum by a decision of the Council. Peter Smith agreed that this was correct.

On the role of councillors, Peter Smith explained that although the committees that exist to scrutinise council decisions would continue to operate in the same way, councillors would have less power to hold the directly elected mayor to account. A council leader can be changed at any point in the four year term through a majority vote of councillors, but a directly elected mayor could only be removed through an election every four years. Similarly, important decisions like budgets can be rejected by a simple majority under the leader and cabinet system, but would require a two thirds majority to block these proposals under a directly elected mayor.

Councillor Christabel Cooper asked what would happen if a directly elected Mayor was elected without a majority of Councillors from the same party - couldn't a majority of Councillors block the Mayor's decisions? Officers explained that at a Full

Council meeting, the Mayor could be outvoted with a two thirds majority of Councillors. However, this only applied to certain very high level decisions - a Mayor would have significant day-to-day decision making powers similar to the current Leader of the Council.

Councillor Cooper asked what happens if the Mayor of a minority party couldn't set a budget. Officers said there was a legal requirement on the Council to set a budget. If the Mayor was defeated in a budget vote Councillors could attempt to agree an alternative budget that could command a two thirds majority. If the Council was not able to set a legal budget, Central Government would appoint commissioners to set a budget on the Council's behalf.

The Chair noted that Stoke on Trent adopted the directly elected Mayor model in 2002 and removed it in 2008, Torbay voted this year to abolish it, and the Mayor of Newham was campaigning to return to the Leader and Cabinet model. He asked if this suggested the model was inherently unstable. Officers noted that the Mayor of Newham's publicly stated reasons for returning to a Leader and Cabinet model was that she felt the role of Mayor concentrated too much executive power in one place and was less democratic than a Cabinet that made decisions collectively.

The Chair formally closed the meeting and thanked all those who attended.

Meeting started: 7.00 pm
Meeting ended: 8.50 pm

Chair

Contact officer: David Abbott
Scrutiny Manager
Governance and Scrutiny
☎: 07776 672877
E-mail: david.abbott@lbhf.gov.uk