Audit Committee – 28 May 2021

Title of paper:	Equality & HR Assurance	
Director(s)/ Corporate Director(s):	Richard Henderson, Director for HR & EDI	**Wards affected:** All
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Recommendation(s):		
1	To note the work being done within the division to ensure the Council's statutory and non-statutory obligations relating to people management and equalities are being met and/or progressed.	

1 Reasons for recommendations

1.1 The HR & EDI division supports the organisation in meeting its various statutory and organisational obligations in relation to employee management, employment and equality law, and other legislation. The division also adds value through the role it plays in developing organisational culture, improving employee engagement and leading on employee wellbeing and development.

1.2 This report seeks to provide assurances that both statutory and organisational requirements are being met or progressed and monitored through the activity in the functions/areas described below.

2 Background

Absence Management.

2.1 Advancing and promoting employee health, wellbeing and safety has a range of benefits for the organisation, including performance, retention and development and organisational effectiveness. It is inevitable that employees will sometimes be unfit to attend work. However, there are limits to what can be accepted by way of sickness absence. The HR team provide guidance and coaching to managers to enable them to manage absence effectively and to help reduce the overall level and cost of absence within the organisation.

2.2 Sickness absence is a significant cost for the Council, though overall rates of absence have reduced in the previous financial year, most likely as a result of the changes to the working environment caused by COVID. In the financial year 2020/2021, costs of £4.4m were attributed to sickness absence, this does not include the costs of providing agency cover. This translates to 9.2 days lost per year, per full time equivalent employee. It should be noted however that this is a reduction on the 12 months prior, with costs of £5.4m attributed to sickness absence in 2019/2020.

2.3 Absence is regularly reviewed as part of performance data presented at Directorate Leadership Team meetings (DLTs), with quarterly statistics around absence and cases presented by HR Business Leads. This information is also provided to Trade Union representatives at 'JCNC' meetings. This ensures that both the rates and causes of absence are being regularly reviewed, with an opportunity for management and HR to implement appropriate support and measures within individual directorates.

2.4 It should also be noted that elements of the Absence Policy were 'paused' during periods of national restrictions within 2020 and early 2021. Whilst managers were still required to undertake welfare meetings, often remotely, Absence Management Meetings and Sickness 'Triggers' were paused, being reintroduced on 19 April 2021. Managers have subsequently been briefed by the HR team regarding the resumption of these processes.

Employee Wellbeing

2.5 Analysis of corporate sickness rates demonstrate that in 2019/20 Gastro-Stomach related sickness was the primary cause of absence, nearly double the rate of any other absence. However, in 2020/21, mental health became the primary cause (see Figs 1 &2, 2019 on the left, 2020 on the right).

2.6 Looking at FTE days lost, the picture is more consistent with mental health continuing to be the biggest cause of long-term absence across both years.

Fig 1 Absence causes by number of absence occasions

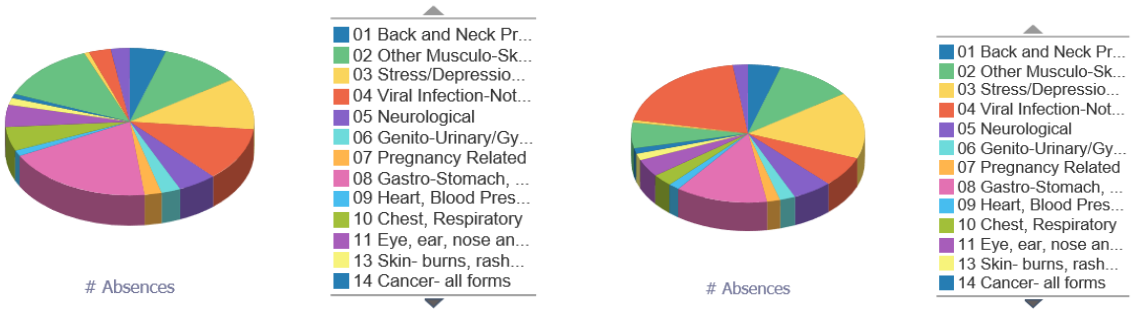
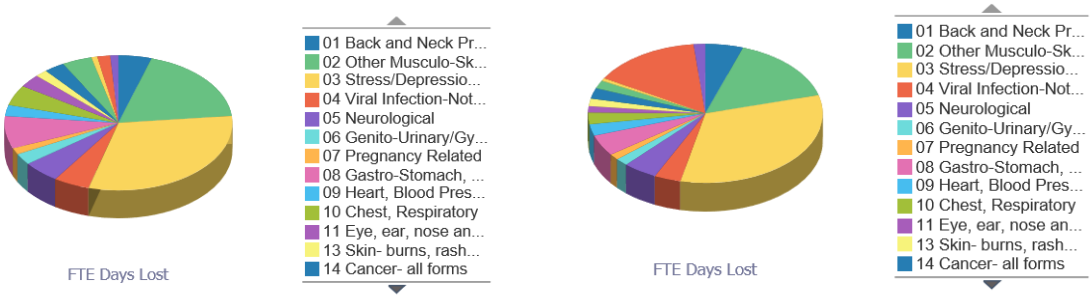


Fig 2 Absence causes by FTE Days lost



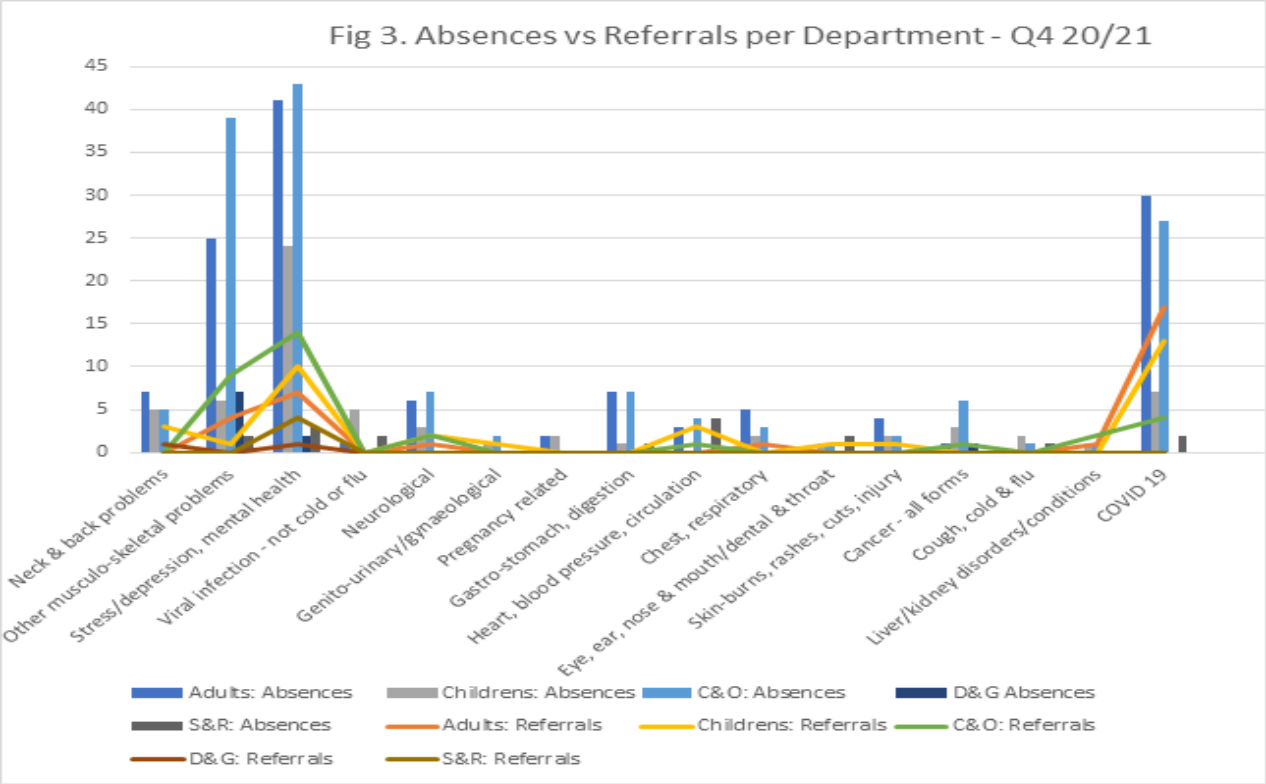
2.7 The Council has provision in place to support colleagues' health and wellbeing including our Employee Assistance programme (EAP) wellbeing information, events and e-learning; colleague "well check" appointments and a council wide network of Time to Change Champions and Mental Health First Aiders. Although feedback on many of these services is positive, the EAP particularly is under-utilised so further work to promote the offer is required.

2.8 Specialist support and guidance is provided to managers by the EW team on specific cases. The team will also work with managers to devise and support bespoke interventions to tackle sickness in teams.

2.9 Managers are able to refer colleagues who are on long term sick (30 days plus) to our in-house Occupational Health service, where they will be assessed by an OH nurse or triaged to an OH physician, psychologist or physiotherapist as appropriate. Referrals are also required to support HR processes such as ill health retirement, capability and reasonable adjustments.

2.10 Early intervention is key in managing and reducing the duration of many causations of sickness. Analysis by department of referral rates vs new sickness cases (of 30 days plus) shows that referral rates are currently low, with fewer than 35% of colleagues in Q4 2020/21, for example, referred for stress and mental health. This may, in part, be attributable to managers delaying referral due to the temporary cessation of elements of the sickness absence policy as detailed above but may also demonstrate a requirement for further training/reminders to managers of sickness absence processes.

2.11 This situation will continue to be monitored and discussed at DLTs as part of wider sickness absence reporting going forward. (Fig 3 below)



Medical information

2.12 It is worth noting that the EW team, as an OH function, are responsible for the security and proper use of medical information which constitutes special category data under Article 9, GDPR and so requires a higher level of data protection. The team work closely with the Information Compliance team to ensure that the necessary systems and processes are in place to ensure the appropriate security and handling of this information; they have recently updated their privacy statement, for example. Previous audits have found that appropriate measures and good practice are in place to ensure

that obligations are being met. Where minor data breaches have occurred, these have been reported swiftly and managed in line with the corporate IC procedures. All team members have had enhanced training from the Information Compliance team.

HR 'Casework'

2.13 The HR team provide technical support and guidance to managers across the organisation in relation to conduct, performance, grievance or other similar matters. In a similar approach to the Absence Management processes, HR Casework was also paused for the majority of 2020 due to the national restrictions imposed by COVID. However, HR Casework resumed in late 2020 with a supporting framework to ensure cases could be progressed whilst adhering to national guidance and best practice. The HR team are currently supporting 67 'live' cases, with our 'Residents' department having the greatest volume of cases at present (27).

2.14 HR Casework is also regularly reviewed as part of performance data presented at DLTs, with quarterly statistics presented by HR Business Leads. This information is also provided to Trade Union representatives at 'JCNC' meetings. Policy decisions surrounding Casework are discussed and agreed at 'Central Panel' meetings, chaired by the Director of HR & EDI, with trade union representatives in attendance alongside senior HR colleagues. Previously, the Chief Executive had also been provided with an overview of HR Casework, particularly those cases of significant risk or those that may impact the reputation or operations of the organisation. This process has not been undertaken since the national restrictions first began in early 2020, though measures are now being implemented to reinstate this process.

Equalities

2.15 The Equality Act 2010 is the legal framework which protects people against discrimination, harassment and victimisation in employment, and as users of private and public services based on nine protected characteristics. NCC has specific obligations under the Equality Act 2010, as both an employer and as a public authority.

2.16 NCC's Equality, Diversity and Inclusion Strategy 2020-23 sets out the Council's commitment, vision and approach to tackling inequality and promoting diversity and inclusion, for both employees of the Council and citizens, with the Equality Act as the prime legislative basis under which the strategy operates. The four priority areas for NCC are;

1. A workforce that reflects the city
2. Sustained economic growth for all
3. Inclusive and accessible services
4. Leading the City in tackling discrimination and promoting equality

2.17 The four Action Plans are each led by a Corporate Director and each has a lead Councillor aligned to provide corporate and political oversight. There is a working group for each action plan.

2.18 Updates against the action plans are provided at quarterly Equalities Board Meetings to monitor performance against them. The annual action plans that sit underneath the four priorities are currently being reviewed and updated to reflect the work that needs to take place over the coming year.

NCC's approach to compliance with the Public Sector Equality Duty (PSED)

2.19 The Equality Act 2010 requires public authorities to have due regard to the aims of the general equality duty, in the exercise of their functions, when making decisions and setting policies.

2.20 The general equality duty does not set out a particular process for assessing impact on equality that public authorities are expected to follow and it is up to each public authority to choose the most effective approach for doing this. NCC uses Equality Impact Assessment as a useful tool to help gather, analyse and understand the evidence and meaningfully inform decision making.

2.21 Currently the Equality and Employability Team provide quality assurance on EIAs. A number of improvements have been identified which would help to improve the quality and timeliness of assessments and to ensure that meaningful consultation and engagement feeds into these in order to ensure that the approach is consistent with case law principles in Equalities and supports a lawful approach to decision making. An improvement project is currently underway and is being delivered by the Equality and Employability Team, in collaboration with stakeholders and is overseen by the 'Leading the City in Tackling Discrimination and Advancing Equality' working group.

Duty to publish information to demonstrate compliance with the PSED

2.22 There is a specific duty under the PSED to calculate and publish our gender pay gap information. In 2020, this was paused as a requirement, however NCC still published the information, as a matter of good practice. This year, the deadline for publishing has been pushed to October 2021, as opposed to March. However, NCC published the report (with a snapshot of pay as at March 2020), in April 2021.

2.23 There is also a specific duty for public authorities to annually publish information that demonstrates compliance with the general equality duty. There are no explicit stipulations about what information must be included. Currently, NCC publishes pay gap data, demographic data/ equality monitoring, equality impact assessments (which contain a range of evidence) on the NCC website and the workforce profile on the open data platform. This year, NCC will publish ethnicity pay gap data and disability pay gap data for the first time.

Council Plan Commitments

2.24 NCC's current Council Plan (2019-2023) sets out a number of EDI priorities. Regular updates against each commitment are entered into Pentana.

Workforce Profile and Representation

2.25 A workforce data pack is presented quarterly at Equalities Board meetings. This pack includes data on representation of black and minority ethnic staff, lesbian, gay and bisexual staff (LGB) and staff with a disability across the NCC workforce and broken down by each department. The pack also includes recruitment data and shows trends over time to allow close monitoring of where there are issues in terms of representation.

Inclusive Initiatives

NCC has signed up to a number of inclusive initiatives.

- Disability confident employer – aiming to achieve 'Leader' Status this year
- Race at Work Charter
- BSL Charter

- Stonewall Equality Index

For each initiative, there is an action plan which details how we are delivering against the commitments we have made and allows us to monitor progress.

Training

2.26 The Development and Change team is responsible for the development and delivery of training to all colleagues and managers c6309 staff.

2.27 This is a central function that provides core management development, essential and developmental training for all colleagues and management of the LMS.

2.28 Training provision is aligned to corporate and departmental priorities and expected behaviours and managers are expected to discuss development needs with individuals at one to ones and performance appraisals.

These include (but are not limited to):

a. Core Management Development programme
b. Essential training relating to topics such as data protection, customer service and finance.
c. Developmental training such as leadership skills and personal skills as well as 360 feedback
d. Training to support corporate change programmes such as CN28, FFTF, EDI.
e. Coaching and mentoring
f. Bespoke departmental/team interventions
g. Talent development programmes
h. Procurement and management of the Learning Management System
i. In addition a proportion of the team are working on the Culture workstream of the RIP.

2.29 There are other training teams situated in departments, who are responsible for the job specific service area training including:

- Children's Integrated Workforce Development
- Adults Integrated Workforce Development
- Neighbourhood Services Workforce Development
- Corporate Safety Advice Team (training)

2.30 Development and Change has close working relationships with these teams to ensure links are made to corporate development and change activity.

Apprenticeship Levy

2.31 This work is led by Equality and Employability team in collaboration with Corporate Development and Change.

2.32 As of 12th March, there are 127 apprentices in post across the Council (of which 104 are existing colleagues).

2.33 Learning Pool provide the Learning Management System (NCC Learning Zone) which is used comprehensively to arrange and deliver workshops and eLearning, individual and manager access to learning records and for monitoring and reporting purposes.

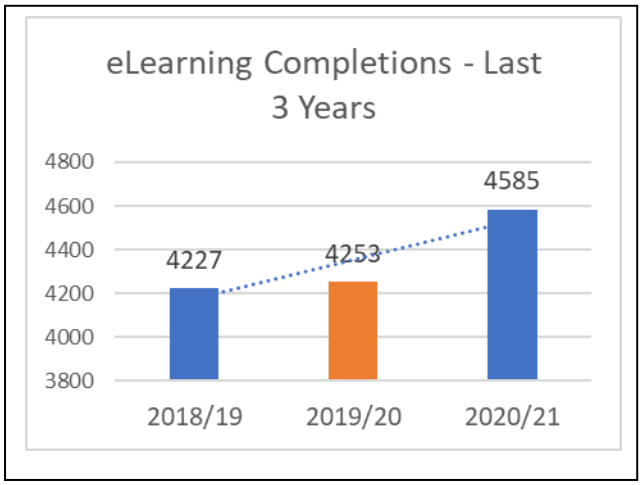
D&C Performance

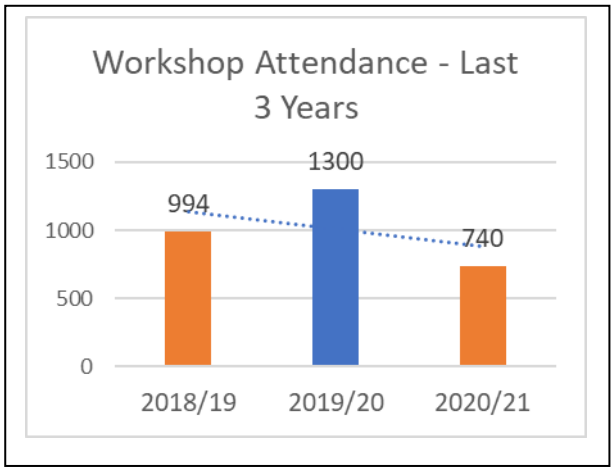
2.34 Engagement with learning and development had increased year on year prior to the Covid-19 pandemic due to an improved offer.

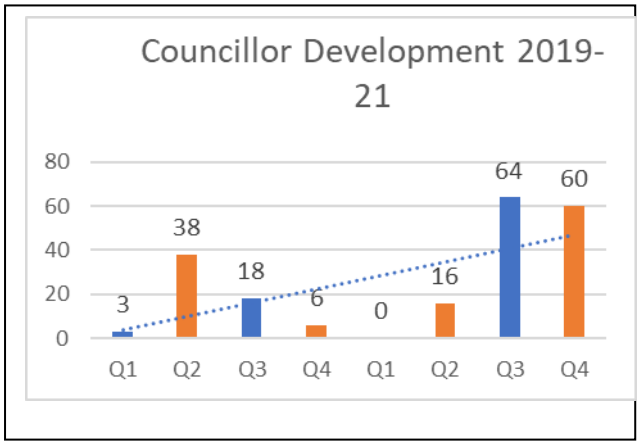
2.35 Q1 of 2020/21 saw a large reduction in development activity both in what could be offered and in what employees could complete. As a result of the pandemic. The team have been able to recover well in Q3/Q4.

2.36 The pandemic has shifted learning trends/preferences towards eLearning and away from workshops which was expected. It is anticipated this trend will continue, but that workshop numbers will increase as a 'blended' approach to delivery continues into 2021/22.

2.37 D&C took the lead for Councillor Development from May 2019 and have increased engagement during that period despite the pandemic.







D&C Evaluation

2.38 Delegates are asked to rate their knowledge, skills and confidence relating to the topic before they attended workshops and immediately afterwards.

2.39 During the last quarter of 2020/21 we have added evaluation on our eLearning modules and asked the same questions.

2.40 As expected, learning from a workshop (in person) scores higher than learning from eLearning, though 65% is still a high result.

2.41 Workshops: 80% of respondents said their skills, knowledge and confidence had increased

2.42 eLearning: 65% of respondents said their skills, knowledge and confidence had increased.

Benchmark: a recent People Lab study states only 37% of training led to new skills.
We also asked them to rate our performance at workshops:

	The event fully met all the stated objectives	The facilitator was knowledgeable in the subject and explained the topic in a way I could relate to	The materials were easy to understand and of good quality
Strongly Agree	58%	71%	64%
Agree	41%	28%	35%

D&C Impact

2.42 Managers are asked to provide feedback on their reportee 3 months following their attendance at a workshop. Response rates average around 28%, however the team are working on ways to increase the response rate and alternative ways to measure impact into 2021/22.

2.43 Impact on individual: 61% of managers who responded reported an improved and noticeable individual impact

2.44 Impact on wider team: 43% of managers who responded reported an improved and noticeable team impact.

Internal Communications and Engagement

2.45 The Development and Change team is also responsible for provision of Internal Comms and Engagement.

2.46 The timely, clear and supportive internal communications in response to Covid-19 has been well praised and appreciated.

Key Campaigns during 2020/21 have been:

- Covid Response
- Workplace safety
- Workplace transformation
- Welfare and Wellbeing
- Budget Process
- VR scheme
- MHCLG Rapid Review
- Recovery and Improvement Plan
- Lockdown support and Covid anniversary
- Manager and Loxley House based staff read rates remain high at c.70%
- All Colleague read rates between 40%-52%.
- 2300 regular readers of key messages.

- c.1200 colleagues signed up for Text Message service – expanded for wider usage as at Q4
- Covid staff intranet pages received 1,806 hits from the homepage
- Learning Zone button on the front page was the 4th most used button on the front page, with 13,700 hits in Q4

Transactional HR and Payroll Services provided East Midlands Shared Services (EMSS)

2.47 East Midlands Shared Services (EMSS) was created on 1 September 2012, employing HR and Finance staff across two locations. The Employee Service Centre (ESC) is based at County Hall in Leicestershire and the Finance Service Centre (FSC) at Loxley House in Nottingham. Supported by an Oracle Enterprise Resource Planning System, the Shared Service offers a sustainable solution to deliver efficient, cost effective services and a technical platform from which new ways of working can be developed and delivered.

Governance & Oversight

2.48 EMSS is constituted under Joint Committee arrangements, to process payroll/HR and accounts payable and accounts receivable transactions for Leicestershire County Council and Nottingham City Council. Nottingham City Council Internal Audit (NCCIA) is the designated Internal Audit provider for EMSS. The Council and Head of Internal Audit (HoIA) has ensured that the service has adopted and complies with the principles contained in the Public Sector Internal Audit Standards (PSIAS) and has met the requirements of the Account and Audit Regulations 2015 and associated regulations. This includes compliance with the governance requirements set down in the CIPFA Statement on the role of the Head of Internal Audit. On the basis of audit work undertaken during the 2019-20 financial year, covering financial systems, risk and governance, the Head of Internal Audit (HoIA) at Nottingham City Council concluded that a "**significant**" level of assurance could be given that internal control systems are operating effectively within EMSS and that no significant issues had been discovered.

2.49 During the FFtF Programme there have been a number of governance and review groups/boards put into place. In addition, in relation to the ESC is also the ESC Contract Meetings. These are held between EMSS Senior Managers and the Client Representative for Nottingham City Council. Here KPIs for Performance and Volume are discussed, in addition to potential organisational requirements, statutory changes (in pay, pensions and employment law) and service improvement and development.

2.50 EMSS are also obliged to produce an Annual Report to Joint Committee covers all of the above arrangements in addition to a review of their performance, achievements, financial acuity and growth.

Pay Governance

2.51 The Pay Governance Board monitors the operation of the City Council's Pay Policy and ensure that the principles of the new model are adhered to.

2.52 Board members include:

- Director of Human Resources and Transformation
- Head of Human Resources and Transformation
- Organisational HR Manager

- Corporate Director of Commercial and Operations *(now resident services)*
- Corporate Director of Children's and Adults *(now People)*
- Team Leader, Equality, Diversity and Inclusion
- Head of Corporate Finance and Deputy Section 151 Officer

2.53 Pay Governance Board meetings are convened quarterly, however, during the pandemic meetings have been suspended and data is instead being shared with DLTs via HR Business Leads.

2.54 Pay Governance Board data sets include an overview of basic pay, market supplements, additional payments, discretionary payments, allowances, overtime and agency spend.

2.56 A recent audit of Payroll and Terms and Conditions 2019/20 gave a medium priority rating related to overtime payments and made a recommendation with regards to scrutiny of overtime payment in line with the Pay Policy. This is currently being looked at by HR Business Leads and Pay Governance Board data is being updated to reflect Audit's recommendations.

2.57 It is also worth noting that, in accordance with regulations, the Council's Annual Pay Policy Statement 2021-22 was published by the 31 March deadline.

Pensions

2.58 The HR Pensions team undertake pensions administration for the Local Government (LGPS), Teachers Pensions (TP) and NHS schemes for Nottingham City Council, Nottingham City Homes, Nottingham Revenues & Benefits, Associate Employers, maintained schools and one academy. They perform a range of statutory duties including year-end reporting, monthly and tri-annual auto-enrolment, starters and leavers reporting and recording of contractual changes, activities which are subject to potential fines from the Regulator (of up to £10,000 per case for starters or leaves, for example), in cases of non-compliance.

2.59 The team also undertake some of the functions normally performed by the Administering Authority including producing estimates and processing leavers through retirements and redundancy. The team has been integral to the corporate VR and CR programmes over the past year. In the last year, (2020/21) the team has processed 310 retirements, 325 estimates, 783 redundancies and 957 leavers, all within required timescales. Year-end calculations for NCC (2019-20) were delivered to 0.017% accuracy.

2.60 The work of the Pensions team is subject to internal and external audit, with the last full audit concluded in June 2017. The team will regularly respond to questions from Finance to support internal and external audits, with this most recently happening in February and March of this year.

2.61 Pensions team performance data is reported on a monthly basis to the HR management team to provide assurances around compliance. Any issues or bottlenecks are flagged and resources managed appropriately to ensure that these are dealt with.

2.62 The team manager plays an integral role in ensuring that any changes to pensions legislation and/or pensions regulations are acted on and adhered to. This year, this has included preparing for the now defunct exit pay cap legislation.

2.63 The team is also undertaking duties associated with the cessation in trading of Robin Hood Energy including preparatory work for the pension cessation valuation and production of the associated actuarial report.

3 Background papers other than published works or those disclosing exempt or confidential information

3.1 None

4 Published documents referred to in compiling this report

4.1 Nottingham City Council's Equality, Diversity and Inclusion Strategy 2020-23