CAIRNGORMS NATIONAL PARK AUTHORITY
AUDIT & RISK COMMITTEE

FOR DISCUSSION

Title: **STRATEGIC RISK REVIEW: WORKFORCE MANAGEMENT**

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Purpose

This paper presents an in depth review of the strategic risk included in the Authority's Strategic Risk Register associated with the Authority's workforce management strategy and associated activities.

Recommendations

The Audit and Risk Committee is asked to:
   a)   **consider the in depth review of the strategic risk associated with the Authority's workforce management strategy activities;**
   b)   **endorse the inclusion of an additional strategic risk in the risk register as set out at paragraph 18;**

Overview: Strategic Risk – Workforce Management

1.   The Authority's strategic risk register, as most recently considered by the Board at its meeting on 7 December 2018, includes a specific strategic risk around the Authority's workforce management:
     Staffing: additional externally funded projects strains staff workload capacity with increased risks of stress and reduced morale.
     This risk highlights the underlying management priorities within the Authority around prioritising staff deployment, workload management and more generally implementing a staffing structure appropriate to and deployed to deliver the Authority's agreed strategic outcomes.

2.   This risk has been noted as generally maintaining in level (static overall likelihood and impact) over the previous cycles of risk monitoring and reporting.

3.   There are also a number of wider resource-management related strategic risks under management that are impacted by, and mitigated through the Authority's approach to workforce management. These include risk "A1" which focuses on the capacity to allocate sufficient resource to deliver the Corporate Plan objectives, together with

other risks that focus on the capacity to allocate resources of the right type – finance, staff or technology – to achieve required outcomes.

4.   The content of the Authority's strategic risk register led to an internal audit review of the Authority's resource planning approaches undertaken in Autumn 2018 and reported to the Authority's Audit and Risk Committee on 23 November 2018. https://cairngorms.co.uk/resource/docs/boardpapers/23112018/181123AuCtteePaper4 Annex1ResourcePlanningReportFinal.pdf The Audit and Risk Committee members identified that the area of staff resource management and deployment would be an appropriate area for a more in-depth review of the risks associated with this aspect of the Authority's internal control structures. While the results of the internal audit highlighted only three low level recommendations for remedial action, Committee members felt that the complexities of staff workforce management within the current environment merited a more detailed review.

5.   This paper was presented to the Staffing and Recruitment Committee for consideration and comment at its meeting in February 2019, prior to further consideration by the Audit and Risk Committee. The Staffing and Recruitment Committee endorsed the direction of the paper. There was some discussion around the wording of the proposed additional strategic risk set out at paragraph 18 which has now been adapted to seek to ensure there is a sense of requirement for actions to begin to be taken in the short term on workforce management in order to address long term risks around workforce management.

Update on Workforce Management Actions

6.   One of the three low level recommendations to the Audit and Risk Committee in November 2018 identified the requirement to update the Authority's Workforce Management Strategy, in order to outline the activities and approaches to establish and maintain a productive and cost-effective workforce. An updated Workforce Management Strategy was presented to the previous meeting of the Staffing and Recruitment Committee 7 December 2018 and approved by the Committee at that meeting. The approval of this strategy helps mitigate risks around ensuring the strategic workforce direction is being guided by an appropriate and up to date strategy that links to and takes account of the Authority's current strategic plans.

7.   The revised Workforce Management Strategy recognises in particular:

   a)   The need for flexibility in staff deployment, allowing staff to be redirected within constraints of skills and knowledge base, across different delivery priorities;
   b)   A focus on staff contract management over the long-term, delivering an awareness of fixed-term contract periods and forward planning to deal with consequences of contract end points;
   c)   Detailed, ongoing vacancy management actions, affording the key opportunities within a context of "No Compulsory Redundancy" strategy to adapt the Authority's staff establishment, including its structure and associated financial cost base;
   d)   Regular scenario planning on financial positions and associated impacts on staffing levels to develop plans to adapt to varying underpinning funding levels;

e)   Management focus through Operational Plan development and Project Planning tools on staff deployment across activities, seeking to ensure from an organisational control perspective that overall workloads are managed within the parameters set by available staff resources;

f)   Maintain awareness of Voluntary Redundancy schemes as a potential tool to deliver significant structural change and financial savings in staff levels in the medium to long term;

g)   Objective of continuing the thrust of Human Resources policies to be seen as an excellent employer by its staff and also an employer seeking to recruit and retain staff within a difficult, rural and economically challenging marketplace - delivering a flexible, rewarding and valued working environment to support recruitment and retention and deliver high staff satisfaction as measured by periodic staff surveys.

8.   As such, the coverage of the workforce management strategy appears relatively comprehensive as a guide to the Authority's approach to our staff group and also to manage the wider implications of the organisation's resource management across staff, financial, technology and facilities investments.

Wider Workforce Management Actions and Implications

9.   The internal audit review highlights further action is required on:

a)   Succession planning: highlighting key roles within the organisation and determining appropriate arrangements for covering these roles in the event of a vacancy suddenly arising;

b)   Skills and development: review approaches to identifying the skills available within the current staff group and the training requirements of current staff to both address the needs of current roles and wider organisational skills gaps.

<u>Succession Planning</u>

10.   Succession planning is traditionally difficult within the public sector and the wider requirements of that sector to deliver equality of opportunity to job vacancies. This is of course a valuable objective in itself, to ensure the Authority is at the forefront of being an employer open to all. However, it is often not complementary to the notion of planning for succession within the existing staff grouping. Nevertheless, there is a great deal of merit in pursuing the recommendation for action: it is very useful as an organisation to identify posts which are deemed to be "critical" for varying reasons and identifying succession arrangements even for a short-term period. Effective succession planning supports internal training and development priorities and staff retention objectives, giving existing staff the best possible chance of promotion or desired change in role, albeit through open competition for posts.

11.   A good current example of successful succession planning can be seen in the Authority's finance and HR functions. The retirement of the previous Payroll Officer led to the redesign of the post to create a position for a trainee accountant, recognising the need for succession planning around the Authority's financial and management accounting functions, in addition to recognising the significant increase in workloads of this area in supporting large scale externally funded projects, while continuing to deliver payroll services. We have now successfully recruited and

supported the training of the new Corporate Services Assistant, who has successfully completed their final examination and now becomes a qualified accountant, providing succession within the finance function currently covered by the Finance Manager and Director of Corporate Services while still providing core functions. Similarly, the HR Officer is undertaking training toward a professional HR qualification while providing support to HR shared services provision for the Scottish Land Commission, using income generated from shared services to support training and succession planning within this area of the business.

Skills and Development

12. The approach to monitoring skills and determining priority development requirements will be reviewed within our planned review of the Authority's approach to staff appraisal and review processes.

13. The planned direction of travel of this review is to move away from one or two staff meetings each year which are labelled as "appraisal review" meetings, to ensuring that dialogue between staff and their line managers on objectives, delivery, training, work-life balance and general well-being is a regular activity throughout the year. We want to ensure that staff are supported throughout the year, and also that work priorities and objectives are regularly reviewed and revised if necessary, in order to support wider objectives of workforce flexibility and responsiveness. We also want to ensure that the organisational management ethos is focused on early identification and resolution of issues, rather than them only being raised at meetings that are planned to happen twice each year.

14. The HR team will ensure that the new appraisal process is designed to capture any key changes in skills and experience of the staff group, and continue to capture the developmental requirements expressed by both staff members and / or their line managers. This will continue to allow organisational training and development programmes to be established, while providing regular updates on our information about the key skillsets and experience of our staff members should we need to deploy staff into new project activities.

Workforce Management Risk Evaluation

15. We believe that the management approaches outlined in the earlier sections of this evaluation establishes that there are appropriate mitigation actions in place to manage the strategic risk identified at paragraph 1. The existing strategic risk itself, as expressed at paragraph 1, also remains valid. The "static" or "amber" risk rating for this risk also appears to remain appropriate as some of the underpinning mitigation activity and responses to internal audit recommendations remains at the early stages of development.

16. On further reflection of the Authority's current position, there also now appears to be a further strategic risk to manage resulting from our role as a lead body for a range of large scale externally funded projects. This risk area is around the Authority's management of the total staff group over the medium to long term in a manner that both respects our organisational values and aspiration to retain a motivated staff group, while maintaining an appropriate resource balance between staff numbers and

financial resource for investment in projects. The suggested risk is that *failure to effectively manage staffing numbers in the long term will reduce the capacity for the Authority to deploy adequate financial investment toward priority projects in the National Park.* This additional strategic risk appears to encompass the remaining risk to be managed over the current Corporate Plan period, while we can expect the risk of the stretch on staff resources from the externally funded projects to begin to diminish over time as these projects come toward their end point and also the other control measures identified provide positive mitigation impacts.

17. A wider risk assessment around the morale and motivation of the staff group will be undertaken on the basis of the next staff survey due in Autumn 2019. We do not currently assess the general morale and motivation of staff as a strategic risk, following the positive outcome of the 2017 staff survey. While we have seen a steady turnover of staff over the last two years, exit interviews support a view that there are no underlying concerns around general morale or motivation prompting this turnover and nor, therefore, is there reason to signal a strategic risk around these matters at this stage. Staff absence and other performance indicators also support this position at this point in time.

Conclusions and Risk Assessment

18. In conclusion, therefore, an additional strategic risk is suggested as being added to the Authority's risk register: *failure to effectively manage staffing numbers with a view to the long term business need will reduce the capacity for the Authority to deploy adequate financial investment toward priority projects in the National Park.*

Risk Mitigation Recommendation

19. The deployment of measures already identified in the Workforce Management Strategy will mitigate this risk, and in particular the development of a long term overview identifying key pressure points posed by current staffing and contracts associated with projects supported by fixed term external funding and establishing appropriate management strategies to deal with these.

20. The Committee is therefore asked to endorse the inclusion of an additional strategic risk in the risk register as set out at paragraph 18.

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