



INFRASTRUCTURE, GOVERNMENT AND EDUCATION

Leeds City Council

Building Capacity Review

May 2007

AUDIT

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1. Executive Summary

1.1 Introduction

The City Council recognises that it continues to face a considerable change agenda as the local government environment continues to change. The Council is keen to embrace change and it has a track record of responding to change in a positive way. In order to continually respond to change it must continue to build capacity within the organisation to ensure that the building blocks are in place to support success. In this review we have looked at the following four areas, each of which are important to organisational success and building capacity within the organisation:

- The embeddedness of aspects of the **performance management** framework, particularly in connection with the Corporate Priority Boards, and in addition, learning from good performance management practice internally and externally;
- Arrangements for **workforce planning** and the extent to which this is undertaken as a collaborative exercise;
- The impact upon capacity of **accidents at work**;
- Whether there is effective **leadership of change** and the role of transformational leadership within this process.

1.2 Key Findings

Performance Management

We identified the following strengths:

- Our review confirmed that the Council's existing performance management framework is embedded at departmental and corporate levels and drives improvement;
- In Autumn 2005 the Council enhanced the performance management focus upon its newly adopted corporate priorities via its Corporate Priority Boards and created a robust overall framework for monitoring progress; and
- The Council is always keen to learn from elsewhere in terms of recognised 'good practice' around performance management.

We also identified the following opportunities for improvement:

- Comparing 2005/06 performance against target and 2004/05 performance, 52% of best value performance indicators either met or exceeded their targeted performance in 2005/06; 71% improved in 2005/06 and 20% of indicators were allowed to decline over the levels achieved in 2004/05. This is a strong indicator that there remains scope to further improve and embed the Council's performance management framework;
- All Corporate Priority Board's (CPB) should:
 - Re-visit their wide ranging terms of reference and re-assess their appropriateness to ensure that CPB attention is not spread too thinly;
 - Continually maintain work programmes that set out SMART actions, associated risks, responsibilities and success measures;

1. Executive Summary *(continued)*

1.2 Key Findings

Performance Management

- All Corporate Priority Board's (CPB) should (continued):
 - Focus their limited resources on monitoring all aspects of performance on an exception basis with the emphasis being on problem solving;
 - Consider increasing the elapsed time between CPB meetings and shortening the length of time which elapses between the CPB through to Scrutiny Board cycle;
 - Formally invite more external representatives to the CPBs;
 - Commission work to capture relevant information where existing performance indicators do not provide an adequate picture of achievement, for example in relation to quality of life matters;
 - Fully link with all other relevant internal and external managerial groups;
 - Regularly cascade key messages through appropriate communication channels such as the intranet; and
 - Find a way to allow Overview and Scrutiny Committee members to influence remedial action agreed rather than being informed of such action at the end of each cycle.
- The Council should continue to learn from other organisations and adopt good practice highlighted around performance management where appropriate.

Human Resources

We identified the following strengths:

Workforce Planning

- Over the last ten years the links between the Council's Corporate Planning commitments and its human resources policies have become stronger and stronger;
- Positively the Council's People Strategy made a commitment to undertake comprehensive workforce planning based upon the profile of the workforce and predicted needs of services; and
- A Scrutiny Commission inquiry into workforce planning focussed specifically upon future needs scenario planning and gap analysis.

Accidents at Work

- Corporately, the Council has good arrangements in place to monitor trends in accidents at work as part of Sickness, Well-Being and Attendance performance reporting and cross – council project groups on key health and safety hazards, for example, violence and aggression;

1. Executive Summary *(continued)*

1.2 Key Findings

Human Resources continued

Accidents at Work - strengths continued

- The adoption of a corporate approach and sharing of good practice is facilitated through the cross-council 'safety, well-being and attendance management team; and
- Some Council Departments, such as City Services, are proactively taking action to reduce the occurrence of incidents/accidents at work. This is important when successful claims settled in 2005, from employees unfortunately involved in incidents/accidents that occurred over a number of years, cost the Council over £1.5 million.

We also identified the following opportunities for improvement:

Workforce Planning

- The Council should ensure that the benefits of workforce planning are secured and maximised as soon as practicable by ensuring that its agreed process is comprehensively adopted and systematically applied;
- Corporate information systems should be better able to support workforce planning;
- Workforce planning should be viewed as a cross Council collaborative exercise and the Corporate Workforce Development Plan should be constructed from departmental building blocks into a coherent corporate Plan;
- The corporate Human Resources team should have a more significant role in setting out the specific corporate workforce priorities, developing action plans to ensure their delivery and monitoring consequential improvements in the organisation as a whole; and
- Introduce more synergy between the People Strategy and the Corporate Workforce Development Plan once workforce planning becomes embedded.

Accidents at Work

- An exercise should be undertaken to ensure that all existing employees are aware of/understand all of the risks assessments relevant to their daily jobs and that written evidence is obtained and stored on a main data system;
- The corporate Health & Safety manager should design a scheme to record and monitor individual managers' health and safety performance and that this information be provided to senior managers for use in appraisals;
- The Human Resources information system should act as a comprehensive cross council database of training information required and undertaken by each and every employee so that the Council is well placed to demonstrate that all required training has been provided;
- Periodic audits be undertaken of the quality of record keeping and where individual managers persistently fall short of required standards appropriate action is taken;

1. Executive Summary *(continued)*

Human Resources continued

- A reorganisation of the staffing resources dedicated to Health and Safety work be considered so that resources can be maximised in those parts of the Council that have a track record of high incidence of incidents/accidents;
- Information systems are capable of producing quality management information at all time which includes the ongoing cost to the Council of individual incidents/accidents which arise; and
- All parts of the Council learn from the better practice seen in the City Services and other Departments.

Leadership

We identified the following strengths:

- Since 2000 a significant investment has been made in improving the leadership capability within the Council;
- The role of the Chief Officer Leadership Forum (COLF) in building the Change Programme proposals and acting as 'champions' of change;
- A Council priority is making sure that there is effective leadership at all levels;
- LLP2 is an excellent example of a well constructed leadership programme that compares favourably with the best practice that exists anywhere in the country in terms of design and concept; and
- The Council was successful in securing accreditation against the above model in 2006.

We also identified the following opportunities for improvement:

- The Council should continue to invest in developing the effectiveness of its leaders and place additional emphasis upon tailoring programmes to the needs of those middle managers who are not embracing transformation;
- The Council should continue to maximise the critical role of COLF in taking the organisation forwards; and
- The political leadership should look to further enhance their 'place shaping' role particularly through their leadership of the LAA.

1.4 Way forward

We shall work with officers to constructively challenge the delivery of the action plans.

2. Introduction

Background

The Council continues to change and modernise as Local Government generally continues to change. A number of changes and improvements resulted from the Council's 'Closer working, better services' initiative which started in 2003. The positive impact of the Council's improvement initiatives were highlighted in the Audit Commission's last Corporate Assessment Inspection of the Council in November 2004. However, the Council was keen to significantly increase the scale of change and its current Corporate Plan which promotes a vision of transformational change was adopted in 2005. In order to deliver this transformational change agenda the Council recognises that the culture of the organisation needs to change. The main thrust of this audit review has therefore been to help the Council develop a truly transformational approach that should assist in changing the culture of the organisation and help deliver the desired outcomes.

Objectives and scope of the review

The scope of our audit was to:

- Performance Management
 - Review whether performance management has become embedded and highlight good practice from elsewhere.
- Human Resources
 - Review of arrangements for workforce planning and whether this is undertaken as a collaborative exercise; and
 - A focused review of the impact upon capacity of accidents at work.
- Leadership
 - Whether there is effective leadership and the role of transformational leadership within this process.

2. Introduction *(continued)*

Audit approach

Our approach has been to:

- Review key documents such as the Risk Management Policy, Strategy and Toolkit;
- Review selected departmental risk registers;
- Meet with key officers, including:
 - James Rodgers
 - Steve Clough
- Consult with Corporate Management Team; and
- Reflect examples of good practice.

Acknowledgements

We would like to take this opportunity to thank all those staff at the Council who have supported this review.

3. Performance Management

Introduction

A highly effective level of performance management is a vital component of an efficiently organised local authority's drive for success. Its importance lies in the Council's ability to utilise the wealth of feedback and information emanating from the wide range of services it supplies to the community and to subject that information to a method of scrutiny and ongoing appraisal, thereby enabling a high standard of delivery to the people of Leeds.

Managers can use performance management to make certain that services are continually improving and are necessarily more efficient. Members can use performance management to ensure that policy decisions are being carried out in accordance with established priorities and that the people of Leeds are being well served by the Council. Increasingly, citizens and partners can use aspects of performance management, such as public reporting, to bring about a high measure of accountability within the Council and its employees.

In this section of our report we have considered the extent to which the Council's performance management framework is becoming more embedded in day to day operations. Also, in support of the overarching theme of our work around 'building capacity' we have highlighted some 'good practice' in relation to performance management from elsewhere that may be of benefit to the Council.

Background

When the Audit Commission reported its findings from the Council's last corporate assessment inspection in spring 2005 it said:

'The Council's existing performance management framework is embedded at departmental and corporate levels and drives improvement'.

However, in 2005/06 overall Best Value Performance Indicators (unaudited) show mixed levels of improvement. Comparing 2005/06 performance against target and 2004/05 performance, 52% of indicators either met or exceeded their target performance in 2005/06; 71% improved in 2005/06 whilst 20% of indicators were allowed to decline over the levels achieved in 2004/05. As such, the Council is committed to continuous improvement in its performance management framework. In Autumn 2005, the Council agreed to enhance the performance management focus on its newly adopted corporate priorities. The Corporate Plan 2005 - 2008 set down the key priorities of the council as follows:

The Council's externally focussed priorities are:

- All neighbourhoods are safe, clean, green and well maintained;
- All communities are thriving and harmonious places where people are happy to live;
- Our children and young people are healthy, safe and successful;
- At each stage of life, people are able to live healthy, fulfilling lives; and
- Leeds is a highly competitive international city.

3. Performance Management (*continued*)

Background continued

The Council also has two internally focussed priorities:

- Our staff perform well and are constantly learning, and there is effective leadership at all levels; and
- Our customers receive excellent services, which are efficient and effective and meet their needs.

We agreed to focus our work particularly upon the extent to which the new priorities have become embedded in the Council's performance management framework.

Approach

Our approach for this part of the review was to:

- Review key documentation including:
 - April 2005 Corporate Assessment Inspection report;
 - Corporate Plan 2005 – 2008;
 - The Autumn/Winter 2005/2006 cycle of papers for both the Health and Wellbeing and Environment and Community Safety Corporate Priority Boards through CMT, the Accountability meeting and on to Overview and Scrutiny Committee;
 - Terms of reference for Overview and Scrutiny Committee; and
 - Corporate Assessment Inspection reports for Calderdale MBC, Trafford MBC, Salford City Council, Rotherham MBC and Swindon Council.
- Meet with key officers including James Rodgers and Steve Clough;
- Run a small Focus Group of Corporate Priority Board members; and
- Consult with Corporate Management Team and Overview and Scrutiny Committee.

3. Performance Management *(continued)*

Delivering the Corporate Priorities

In Autumn 2005 the Council agreed to re-focus aspects of its performance management framework on the successful delivery of the corporate priorities. It re-aligned its six CPBs to mirror the corporate priorities and re-enforced the Corporate Management Team's collective responsibility for the delivery of all of the corporate priorities. The CPBs were initially tasked with agreeing their terms of reference and their work programmes for 2005/06. The terms of reference for the two CPBs (Health and Wellbeing and Environment and Community Safety) we considered are very wide ranging.

A new five step process for monitoring progress against corporate priorities and ensuring transparent accountability was agreed in October 2005. As part of our work, we reviewed the evidence from the first cycle of meetings for two Health and Wellbeing and Environment and Community Safety. Our findings are detailed below:

Step One – CPB Monitoring

CPBs receive quarterly performance monitoring reports covering performance indicator information and progress against agreed work programme items. CPBs are expected to comprehensively monitor all performance, good and not so good. We were informed that there is insufficient focus upon problem solving at some meetings. The sample monitoring reports that we reviewed were not fully populated and not all actions were SMART. A particular area of weakness is the absence of transparent risk assessment relating to agreed actions. The performance indicator reports are generally considered to be too voluminous. Officers also consider that meetings are held too frequently and that there should be more external members. Although there are some opportunities for improvement, these did not hinder the preparation of a performance highlights report to CMT to meet the requirements of the next step in the agreed process.

Step Two – Consideration by CMT

The CPBs that we reviewed, prepared performance highlights reports to CMT that both highlighted good performance and considered areas where performance was a concern. Where concerns exist the reports explain why the issue is important and what is being done about it. Based upon the performance highlights reports from each CPB, CMT either decide which issues need to be escalated to the six monthly formal Accountability meeting attended by the Leaders and the appropriate executive members or where no such meeting is scheduled agree the actions that need to be taken. CPB members do not routinely receive feedback from CMT on their highlights reports

Step Three – Six Monthly Accountability Meetings

For issues reaching the Accountability Meeting the relevant Executive Member, Chair of the CPB and Chief Officer or Service Head are called to account. Actions and responsible officers are agreed through the meeting. Some officers feel these meetings sometimes have a negative focus and occasionally focus upon political rather than organisational priorities. Although this may feel negative, we endorse the need for these meetings to focus upon problem solving and 'adding value' to performance improvement.

Step Four – Scrutiny Boards

Summary reports of overall performance are submitted to Overview and Scrutiny Committee (OSC) on a six monthly basis. The report for 2004/05 was presented to OSC on 5 September 2005 and the report for the first half of 2005/06 was presented to OSC on 6 February 2006. Although Members have commended the excellent format and the amount of useful detail contained in these reports, we consider that timeliness and the lack of opportunity to influence remedial action are issues which need to be addressed.

3. Performance Management *(continued)*

Step Five - Director's Appraisals

Director's appraisals now take a more rounded view of performance which picks up director's contribution to corporate priorities and their departmental responsibilities.

Recommendations

Our review highlighted the following opportunities, to make improvements aimed at further embedding performance management in relation to corporate priorities:

- The CPB terms of reference are very wide ranging and should be re-visited in the light of experience over the last year to re-assess whether all current responsibilities are being adequately resourced;
- All CPBs should continually maintain detailed work programmes that set out SMART actions, associated risks, responsibilities and success measures;
- The CPBs should focus their limited resources on monitoring all aspects of performance on an exception basis and the emphasis should be on problem solving ;
- The Council should consider increasing the elapsed time between CPB meetings and formally inviting more external members to the CPBs;
- Work should be carried out to capture relevant information where existing performance indicators do not provide an adequate picture of achievement, for example in relation to the quality of life;
- The work of CPBs should be fully linked with all other relevant internal and external managerial groups;
- CPBs should regularly cascade key messages through appropriate communication channels such as the intranet;
- The length of time which elapses between the start and finish of a corporate priority performance monitoring cycle should be shortened; and
- The Council should find a way to allow Overview and Scrutiny Committee members to influence remedial action agreed.

3. Performance Management *(continued)*

Learning from Good Practice Elsewhere

We recognise that the Council is committed to making further improvements in its performance management framework, for example, via the introduction of a 'Balanced Scorecard' approach. However, to assist further with improving the performance management framework within the Council, we have carried out research to ascertain features of performance management displayed elsewhere that have contributed to the associated organisations securing scores of 3 or 4 for performance management since the introduction of the Audit Commission's 'Harder CPA Test'.

Good Practice Identified Elsewhere
Bespoke computer based performance monitoring and reporting systems are increasingly being used allowing real time performance management via a 'dashboard' or 'cockpit'
Some organisations have a written performance management strategy in place
Reports bring together financial and performance data (PI and non PI), including benchmarking
Arrangements for performance management include partnerships
The Council has set up a Performance Improvement Board with an external chair
The Council has set up an Information Management Unit
Members are proactively involved in performance management
Service users are involved on Scrutiny Panels
Service standards and customer charters are well used

Recommendation

Where relevant the Council should consider making a formal commitment to adopt good practice from elsewhere in order to further improve performance management.

4. Human Resources

Introduction

The Council prides itself upon being a good employer and believes that its workforce is its prime asset. Over the last ten years the links between the Council's Corporate Planning commitments and its human resources policies have become stronger and stronger. The Council recognises the strong link between organisational and workforce development and the achievement of its corporate priorities. The strength of the Council's commitment to training and development was externally recognised in July 2001 when it was awarded Investor in People status.

In 2005, the Council developed its current People Strategy (2005 – 2008) – 'Valuing Colleagues'. At the time of our review this document had been agreed by senior management but had not been widely circulated within the Council. In this section of our report, we have considered important aspects of two of the five aims of the People Strategy i.e. workforce planning and safety, well being and attendance.

Capacity is intrinsically linked to ensuring the Council has the right people, with the right skills in the right place at the right time. Our review has specifically focussed upon:

- Arrangements for workforce planning and whether this is undertaken as a collaborative exercise; and
- The impact upon capacity of accidents at work.

Background

Workforce planning is an important issue for the corporate management of both public and private sector organisations. To deliver customer focussed services in a changing environment requires a workforce that is efficient, flexible and friendly. Workforce planning provides the opportunity for longer-term thinking and development of appropriate strategies. These encompass:

- Recruitment and retention;
- Skills mix and staff development issues;
- Training and development plans to meet skills needs; and
- Financial control; and change management.

Workforce planning should not just react to strategy and help turn it into reality – it also informs strategy to prevent the organisation choosing a path that simply isn't achievable in workforce terms.

Turning to the impact upon capacity of accidents involving staff whilst at work, it is inevitable that in an organisation employing about 32,000 staff there will unfortunately be incidences of accidents at work. Clearly such occurrences need to be minimised at all times primarily for the wellbeing of staff but also to ensure that staff are at work and therefore contributing to organisational capacity, rather than absent due to the affects of the accident.

4. Human Resources (*continued*)

Approach

Our approach for the workforce planning part of the review was to:

- Review key documentation including:
 - The Council’s Corporate Workforce Development Policy (1999);
 - The Council’s Corporate Organisation and Workforce Development Plan 2002-05;
 - The Council’s Corporate Learning and Development Plan 2005/06;
 - The Council’s draft People Strategy 2005 – 2008;
 - Workforce Planning: Developing a Workforce Development Plan;
 - Introduction to Workforce Planning;
 - Draft Corporate Workforce Development Plan – 2005 – 2008;
 - Report of Scrutiny Commission Inquiry into Workforce Planning.
- Meet with key officers including Helen Grantham and Christine Atkinson; and
- Consult with Corporate Management Team and Overview and Scrutiny Committee

Our approach to the accidents at work part of our review was to:

- Review key documentation including:
 - Safety, Well being and attendance performance reports;
 - Paper analysing Street Scene Compensation Claims;
 - Financial statistics on claim settlements in 2005/06;and
 - Claim records for a sample of incidents that did and did not result in a legal claim.
- Meet with key officers including Chris Ingham, Frank Morrison and Tony Burger;
- Consult with a Focus Group of departmental Health & Safety Officers.

4. Human Resources (*continued*)

Workforce Planning

Introduction

Workforce planning is a priority for the Council's Corporate Management Team and it is one of the aims of the Council's 2005 – 2008 People Strategy. The strategy recognised that 'planning, recruiting and maintaining a workforce that meets the current and future needs of the Council is fundamental to ongoing service delivery'. Over recent years the Council has been making good progress in key areas such as workforce training and development but the challenge has been to link this more closely to workforce planning. However, the People Strategy made a commitment to undertake comprehensive workforce planning based upon the profile of the workforce and predicted needs of services.

There is no set, single model of workforce planning and at Leeds the corporate human resources team prepared good workforce planning tools to assist in the development of a new 'Corporate Workforce Development Plan'. The intention was that this Plan would by March 2006 detail the strategies for meeting workforce needs, and building the skills and capacity required for organisational success from 2006 to 2008. At the time of this review the Plan was still under development and, as such, whilst we recognise that the Council is committed to further developing the Plan our conclusions and recommendations are made to assist with that work.

The Draft Corporate Workforce Development Plan

The first phase of the Council's process for developing its Plan was to evaluate current workforce data and to consider current issues affecting a department or service. Workforce data produced corporately to support this evaluation was limited and the links between this data and departmental analyses of the major issues faced are weak.

In addition to considering current issues faced, the Council's process also requires departments to think about future needs. The Draft Plan highlighted the need to deliver on the Council priorities set out in the Corporate Plan and set out a number of 'major workforce issues' for most departments. However, the draft Plan did not then use this analysis to construct a corporate picture of the workforce issues which will need to be tackled over the medium term. In addition, a Scrutiny Commission inquiry into workforce planning was carried out from June 2005 to April 2006. The inquiry focussed specifically upon future needs scenario planning and gap analysis and the findings from this inquiry need to be built into the Council's Corporate Workforce Development Plan in accordance with the Commission's recommendation.

Once the current workforce situation has been established and future needs have been evaluated the Council's process requires a gap analysis to be undertaken. The draft Plan does make reference to the need to address particular workforce gaps but the Plan does not incorporate gap analysis in a systematic way. Again, the draft Plan tends to focus upon analysis from a departmental rather than corporate perspective.

Finally in terms of action planning the draft Plan incorporates some workforce planning actions but these actions were not particularly well developed.

Since we reviewed the draft Corporate Workforce Development Plan we have not had an opportunity to assess arrangements in connection with monitoring and review.

4. Human Resources (*continued*)

Workforce Planning

Links between the People Strategy and the Corporate Workforce Development Plan

Currently the People Strategy focuses upon the activities required to introduce workforce planning as opposed to specific activities designed to make the workforce more 'fit for purpose'. Once the Council's workforce planning processes become more developed and sophisticated the opportunity should be taken to make the People Strategy more 'real' by summarising the corporate workforce planning issues within the People Strategy.

Recommendations

- The Council should ensure that the benefits of workforce planning are secured and maximised as soon as practicable by ensuring that its agreed process is comprehensively adopted and systematically applied;
- All information required to support workforce planning should be available from corporate information systems;
- Workforce planning should be viewed as a cross council collaborative exercise and the Corporate Workforce Development Plan should be constructed from departmental building blocks into a coherent corporate Plan;
- The corporate Human Resources team should have a more significant role in setting out the specific corporate workforce priorities, developing action plans to ensure their delivery and monitoring consequential improvements in the organisation as a whole; and
- Introduce more synergy between the People Strategy and the Corporate Workforce Development Plan once workforce planning becomes embedded.

4. Human Resources (*continued*)

Accidents at Work

Introduction

It is essential that accidents and ill-health at work are reported so that risks can be identified, serious accidents investigated and advice given to reduce injury, ill health and accidental loss. The obligation to report falls under the RIDDOR 1995 (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations), which came into force on 1st April 1996. Each year nearly 30,000 workers and 7,000 members of the public are injured in Great Britain as a result of work activities. Enforcement of health and safety at work is the responsibility of the Health and Safety Executive (HSE) and the Council, depending upon the work activity.

The Current Position at Leeds City Council

The total number of incidents reported in 2005/06 was 3,865. Of these incidents:

- 94.2 per cent (3,639) were not reportable under RIDDOR 1995;
- 5.3 per cent (205) resulted in 'over 3 day' injuries; and
- 0.5 per cent (21) were classified within the 'major injury' category under RIDDOR.

In terms of the type of incidents, the main categories were:

- Physical assault – 1001 incidents;
- Slipped tripped or fell on the same level – 396 incidents;
- Verbal abuse – 365 incidents;
- Hit by a moving, flying or falling object – 190 incidents; and
- Injured whilst handling lifting or carrying – 212 incidents.

The majority of these incidents will have been unpleasant for the members of staff concerned and will have resulted in a period of sickness absence from work. Clearly these incidents have both capacity and financial implications for the Council but due to a lack of comprehensive management information in this area the complete quantification of those implications is only possible through extensive manual analysis.

Incidents Resulting in Claims Against the Council

Where employees believe that the Council's responsibility to safeguard their health and safety whilst at work has not been properly discharged, claims for compensation are sometimes made against the Council and from 2003 to 2005 over 300 such claims were successful. Management information relating to claims is weak within the Council but we did manage to gain a better understanding of why claims are successful and where they are arising by reviewing sample cases and claim system reports.

4. Human Resources (*continued*)

Why Claims are Successful

Our review of a sample of successful claims highlighted that the following are some of the types of weakness that lead to incidents where the Council is liable to its employees:

- Failure to carry out any or any suitable assessment of risks;
- Breaches of Health and Safety at Work Regulations 1992;
- Breaches of Manual Handling Operation Regulations 1992;
- Failure to provide a safe system of work or safe equipment;
- Breach of Provision and Use of Work Equipment Regulation 1998;
- Breach of Personal Protective Equipment at Work Regulation 1992;
- Failure to adequately maintain or repair a vehicle;
- Failure to inspect systems; and
- Poor Health and Safety training.

It is imperative that the Council learns from all incidents and ensures that action is taken to ensure that the risk of similar incidents being repeated is minimised. The quality of record keeping is also a key factor in defending against successful claims. The existence of some or all of the following in each and every case, as appropriate, would assist the Council and its partners to successfully defend against claims:

- A risk assessment and/or a safe system of work and evidence of the employee's awareness of these;
- Evidence of employee training;
- Evidence that personal protective equipment was issued; and
- A CF50 Accident Report Form and an Accident Investigation Form.

4. Human Resources (continued)

Why Claims are Successful continued

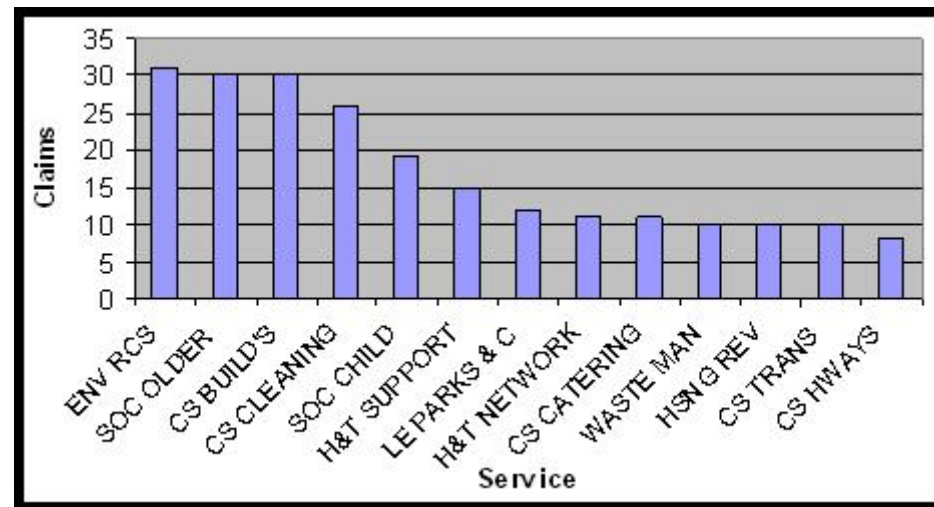
In addition, we reviewed a sample of incident files where no claim has yet been lodged against the Council. Our review of these files focussed upon the quality of record keeping. From our sample of 20 files we found that:

- Not all the Council's required forms were present in a third of the files examined;
- On 2 occasions the Council's accident report form which should be completed by management was prepared by the employee involved in the incident; and
- The forms on the files were incomplete in half of the cases examined.

On the basis of the small sample reviewed we concluded that there is a generally low standard of documentation and record keeping and as such, there are clearly opportunities for improvement. By taking the correct course of action following an incident, managers can minimise the effect of that accident both in terms of its effect on operations and in the likelihood of the incident leading to a claim against the Council.

Where Claims Are Arising

In order to target limited Council resources on preventative work, it is important to understand where the highest incidences of accidents, especially those which result in claims, actually happen. In order to assist in this respect we used our analysis of successful claims to prepare the chart below. NB This chart is based upon previous council organisational structures.



4. Human Resources (*continued*)

Where Claims Are Arising continued

The analysis above shows that the majority of successful claims are in the former contract services and social services areas. As such, it would appear that there is a strong case for the Council's health and safety resources to be skewed towards these areas.

Costs Associated with claims arising from incidents/accidents at work

The Council is incurring significant costs each year settling successful claims that arise from incidents at work as shown below:

- 2003 - £956,000
- 2004 - £1,333,000
- 2005 - £1,533,000

We found a low level of awareness of the scale of costs incurred amongst relevant officers within the Council. It is important to note that none of these costs are recovered through employers liability insurance as the Council self insures against liabilities less than £500,000. Also, as highlighted above, the costs associated with a successful claim are only part of the overall 'true' cost of individual incidents. Other associated costs such as sickness payments, allowances for the use of temporary cover for injured employees or claims from third parties are not currently identified on a case by case basis by the Council. A project carried out within the Social Services Department suggests that when those factors are taken into consideration, the 'true' cost of an accident is at least three times greater than the compensation payout to the employee. Two examples of total cost of an accident to the Council are shown in Appendix 2.

With financial implications of this scale, information systems need to be capable of supporting management action to minimise this burden on an ongoing basis.

4. Human Resources (*continued*)

Learning from 'good practice' within the Council

At the focus group of departmental health and safety managers it was agreed that we should attempt to share better practice around the Council through this review and there was general consensus that we should select the City Services Department for review. City Services are showing dramatic reductions in the number of days lost through accidents, the number of accidents reported to the Health & Safety Executive under RIDDOR and the severity of the accidents that do occur has greatly reduced.

New departmental procedures require that all accidents are investigated and that Services adhere to this requirement. Examples of best practice procedures are outlined below:-

- Implementation of a departmental safety management system which provides procedures which have resulted in declining accident levels – procedures previously were not being fully implemented, particularly in areas where full implementation might be perceived as having a detrimental effect on operations.
- A higher level and quality of accident investigation. All managers have been provided with a handbook and briefed on its contents which include extensive guidance on both accident investigation and the appropriate remedial actions to be followed after each accident – previously accident investigation was seen as an additional burden that interfered with the daily responsibilities of managers.
- Training managers to understand that the management of health and safety is just as much a part of their job as ensuring that effective services are delivered to customers – Managers feeling that the small costs that are accrued through health and safety claims are a small price to pay for an excellent service which is being provided.
- Health and safety monitoring procedure being adhered to ensures a record of health and safety performance of individual operatives is built up, so if a claim was submitted, the legal team would have a history of relevant information.

Some of this good practice also exists in other Departments.

Other good practice from a corporate perspective includes, a cross –council 'safety, well-being and attendance management team' which has met every month for nearly 2 years with the aim of ensuring a corporate approach and sharing good practice and cross-council project groups on key health and safety hazards, for example, violence and aggression.

Recommendations

In order to minimise the occurrence of incidents/accidents at work and in doing so reduce the number of days lost to sickness and the associated financial implications we recommend that:

- An exercise be undertaken to ensure that all existing employees are aware of/understand all of the risks assessments relevant to their daily jobs and that written evidence is obtained and stored on a main data system;

4. Human Resources *(continued)*

Recommendations (continued)

- The corporate Health & Safety manager designs a scheme to record and monitor individual managers' health and safety performance and that this information be provided to senior managers for use in appraisals;
- The Human Resources information system acts as a comprehensive cross Council database of training required and undertaken by each and every employee so that the Council is well placed to demonstrate that all required training has been provided;
- Periodic audits be undertaken of the quality of record keeping and where individual managers persistently fall short of required standards appropriate action is taken;
- A reorganisation of the staffing resources dedicated to Health and Safety work be considered so that resources can be maximised in those parts of the Council that have a track record of high incidence of incidents/accidents;
- Information systems are capable of producing quality management information at all time which includes the ongoing cost to the Council of individual incidents/accidents which arise; and
- All parts of the Council learn from the better practice seen in City Services and other Departments.

5. Leadership

Introduction

In this part of our review we have considered whether there is effective leadership within the Council and the role of transformational leadership within this. There is immense pressure on local authorities to deliver key policies in an effective and coherent manner at all times. The Council recognises that continuous change is necessary if the changing needs of citizens and society are to be met. Managing change successfully is a huge task faced by the leaders within the Council.

In 2003 the Council implemented new organisational arrangements under the auspices of the Closer Working: Better Services Initiative. The Council has continued to improve the delivery of services as a result of these changes. A key contributory factor to this continued improvement has been the investment made by the Council in improving leadership at all levels. As the Council now starts to work towards its latest major organisational change programme – Smarter Working: Better Results the effectiveness of leadership within the Council will continue to be of utmost importance.

Background

Since 2000 a significant investment has been made in improving the leadership capability within the Council. Between 2000 and 2002 the Leeds Leadership Programme (LLP) Phase 1 was used to develop and communicate the strategic direction of the organisation to the top 150 managers and to develop some key leadership principles. Learning from the experience of LLP1 the Council launched LLP2 in 2004 for 1200 middle managers and planned to complete this programme by 2007. When the Audit Commission reported its findings from the Council's last corporate assessment inspection in spring 2005 it commented as follows in relation to leadership:

- 'The Leeds Leadership Programme has continued to be rolled out and is starting to have an impact on management capacity';
- The arrangements for leadership of the Council are 'unusual but effective' and
- 'The Council continues to display effective community leadership'.

Approach

Our approach to the leadership part of the review was to:

- Review key documentation including:
 - LLP2 brochure and briefing;
 - IDeA Validation of LLP2 and Cohort 1,2 and 3 evaluation;
 - 2005 Staff Survey;
 - IIP Leadership and Management Model Assessment Report;
 - Statistics on Senior Level Recruitment;
 - Guidance for Senior Leadership and Director Appraisal;

5. Leadership *(continued)*

Approach continued

- 360 Degree Feedback Questionnaire for Senior Managers and LLP2; and
- Chief Officers' Leadership Forum Pack November 2005.
- Meet with key officers including Helen Grantham and Jane Stageman; and
- Consult with Corporate Management Team and Overview and Scrutiny Committee.

Effective Leadership

A Council priority is making sure that there is effective leadership at all levels. As part of this review we have been made aware of the following ways in which the Council has continued to develop and ensure effective leadership:

Leeds Leadership Programme 2

LLP2 has aimed to provide managers with the skills and experiences to help the Council meet its future challenges and priorities, lead and inspire others to deliver excellent services and confidently lead change and service improvement. The programme has had four core elements:

- 360 Degree Feedback;
- LLP2 workshops;
- An LLP2 Conference; and
- Action Learning Sets.

After the first phase of LLP2 the IDeA found that;

'LLP2 is an excellent example of a well constructed leadership programme that compares favourably with the best practice that exists anywhere in the country in terms of design and concept'

The Council's evaluation report in relation to one of the above workshop's on Leadership and Empowerment, showed that the workshop objective 'To understand what is and how to become a transformational leader' scored well but second lowest of the seven objectives of the workshop. There is clearly scope for further improvement in understanding around transformational leadership.

Chief Officers' Leadership Forum (COLF)

This quarterly forum for the Council's 50 most senior managers started in 2005. The forum provides a regular opportunity to 'Challenge it: Change it' and makes a key contribution to effective leadership. COLF has been instrumental in building the Change Programme proposals and are key champions of the process and role models for the new ways of working.

5. Leadership *(continued)*

Effective Leadership

Corporate Management Team

Over the last year the Corporate Management Team (CMT) has become committed to operating more strategically. CMT have received external consultancy support throughout 2006 building both team and individual leadership skills. This has been associated with the change programme and in some respects has helped create the right environment for this to happen.

Political Leadership

On the basis of our knowledge of the Council since our appointment as external auditors and discussions as part of this review we consider that political leadership continues to become more effective. The proposals in the recent Local Government White Paper to enhance Council's 'place shaping' role, places an even greater significance on the effectiveness of local political leadership. There is an opportunity in Leeds for this role to be strengthened, particularly through the LAA, ensuring a political focus on the long-term priorities of the Council.

Employee Opinion Consultation

The last consultation report published in January 2006 highlighted that:

- Employee satisfaction (67 per cent) remained static across the Council as a whole for the past 3 years;
- Motivation levels remained static year on year – 39 per cent of employees are either highly motivated or favourable;
- The Council performs strongest overall in terms of 'connection with vision and values' and weakest on 'communications' and 'learning and development'.

This is clearly a mixed picture and suggests that there remains scope for leadership to be more effective.

Appraisal

Senior Leadership and Director appraisals focus upon the following leadership and personal effectiveness management measures as part of 360 degree feedback as well as other important indicators of performance:

- Transformational leadership;
- Relationships and partnerships;
- Delivering and sustaining improvement;
- Managing performance;
- Putting customers first;
- Developing a learning organisation; and

5. Leadership (*continued*)

Appraisal continued

- Personal effectiveness.

Middle manager 360 degree feedback questionnaires focus upon relevant key attributes of leadership for managers at that level.

Investors in People – Leadership and Management Model

The Council was successful in securing accreditation against the above model in 2006 and the assessment highlighted strengths in the understanding of effective leadership and the incorporation of the concept of the transformational leader in leadership development programmes.

Conclusions

On the basis of the evidence described above we believe that there is effective leadership at all levels. However, the evidence also suggests that there is scope for leadership to be even more effective. In terms of transformational leadership, we believe that there is sufficient evidence that this exists in parts of the Council but again there are opportunities for improvement in understanding about what it is and making it happen in practice.

Recommendations

- The Council should continue to invest in developing the effectiveness of its leaders and place additional emphasis upon tailoring programmes to the needs of those middle managers who are not embracing transformation; and
- The political leadership should look to further enhance their 'place shaping' role particularly through their leadership of the LAA.

Appendix 1 - Recommendations and Action Plan

***	<i>Significant residual risk</i>	**	<i>Some residual risk</i>	*	<i>Little residual risk</i>
Ref	Recommendation	Priority	Management response	Responsibility and timescale	
1	<ul style="list-style-type: none"> • All Corporate Priority Board's (CPB) should: <ul style="list-style-type: none"> – Re-visit their wide ranging terms of reference and re-assess their appropriateness to ensure that CPB attention is not spread too thinly; – Continually maintain work programmes that set out SMART actions, associated risks, responsibilities and success measures; – Focus their limited resources on monitoring all aspects of performance on an exception basis with the emphasis being on problem solving; – Consider increasing the elapsed time between CPB meetings but shortening the length of time which elapses between the start and finish of a corporate priority performance monitoring cycle; – Formally invite more external representatives to the CPBs; – Commission work to capture relevant information where existing performance indicators do not provide an adequate picture of achievement, for example in relation to quality of life matters; – Fully link with all other relevant internal and external managerial groups; – Regularly cascade key messages through appropriate communication channels such as the intranet; – Find a way to allow Overview and Scrutiny Committee members to influence remedial action agreed rather than being informed of such action at the end of each cycle. 	**	<p>Agreed.</p> <p>A review of the Terms of Reference will be undertaken if deemed necessary as the council moves forward under the Council Change Programme.</p> <p>Outcomes are currently being developed for each of the new directorates. As a result action plans will be developed accordingly.</p> <p>From Quarter 4 2006/07 areas of under-performance will be highlighted on an exception basis for the Accountability Process.</p> <p>Within the context of the Council's Change Programme it is unlikely that the CPBs will continue in their present format. The Strategic Leadership Teams will be responsible for delivery of outcomes and membership of these teams will vary across the Directorates.</p> <p>As the new outcomes are developed these will be aligned to the new LAA "beyond 2008" and therefore will link with the relevant internal and external management groups.</p> <p>Communication Plans are set out in the Performance Board Work Programme.</p> <p>We currently report Quarterly to Overview and Scrutiny Committee, however, as we develop the PMF it may be appropriate to move to monthly reporting on an exception basis.</p>	<p>Head of PPIT – as required</p> <p>Strategic Directors - ongoing</p> <p>Head of PPIT - ongoing</p> <p>Strategic Directors - ongoing</p> <p>Head of PPIT - ongoing</p> <p>Head of PPIT - ongoing</p>	

Appendix 1 - Recommendations and Action Plan *(continued)*

***	<i>Significant residual risk</i>	**	<i>Some residual risk</i>	*	<i>Little residual risk</i>
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Ref	Recommendation	Priority	Management response	Responsibility and timescale
2	The Council should continue to learn from other organisations and adopt good practice highlighted around performance management where appropriate.	**	Agreed. The Council will continue to attend Core Cities Performance Group; Visits to other authorities; Policy & Performance Networking Group. Ongoing involvement and engagement with national and regional networks for HR.	Head of PPIT - ongoing Corp HR Service - ongoing
3	The Council should ensure that the benefits of workforce planning are secured and maximised as soon as practicable by ensuring that its agreed process is comprehensively adopted and systematically applied.	**	Agreed. Part of the ongoing work and a priority for HR and identified as key to transformation.	Corp HR Service Sept 07
4	Corporate information systems should be better able to support workforce planning.	***	Agreed. SAP development will arise from Support Services Review. Business intelligence systems are also under review.	Chief Officer – Shared Service and Chief Officer - HR
5	Workforce planning should be viewed as a cross Council collaborative exercise and the Corporate Workforce Development Plan should be constructed from departmental building blocks into a coherent corporate Plan.	**	Agreed. Corporate Workforce Plan currently in consultation with Directorates to ensure each service need is included.	Corp HR Service July 07
6	The corporate Human Resources team should have a more significant role in setting out the specific corporate workforce priorities, developing action plans to ensure their delivery and monitoring consequential improvements in the organisation as a whole.	**	Agreed. The Support Services Review will deliver one HR service across the council with a joined up approach. The Learning and Development Review will provide capacity for targeted workforce development.	Corp HR Service Oct 07

Appendix 1 - Recommendations and Action Plan *(continued)*

***	<i>Significant residual risk</i>	**	<i>Some residual risk</i>	*	<i>Little residual risk</i>
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Ref	Recommendation	Priority	Management response	Responsibility and timescale
7	Introduce more synergy between the People Strategy and the Corporate Workforce Development Plan once workforce planning becomes embedded.	*	Agreed. The People Strategy will be reviewed in line with ongoing change agenda and Council planning processes.	Corporate HR Service Q3 2007
8	An exercise should be undertaken to ensure that all existing employees are aware of/understand all of the risks assessments relevant to their daily jobs and that written evidence is obtained and stored on a main data system.	***	<p>Agreed. Cross-council project group reviewing and implementing the Health and Safety Management System, with standardised approach including risk assessment.</p> <p>Auditing of the management system underway, on-going programme established culminating in external validation by ROSPA.</p> <p>Results of audits collated centrally and base-line gap analysis in place.</p> <p>SAP development priorities to be agreed through Support Services Review and development of shared service.</p> <p>Procedure for on-going performance monitoring of individual managers to be considered by Safety, Well-being and Attendance Management Team.</p>	<p>Corp HR Service; Safety, Well-being and Attendance Management Team.</p> <p>Core Performance Standards to be completed by the end of April 2007;</p> <p>All Performance Standards to be completed by the end of September 2007;</p> <p>External validation of 'Health and Safety Management System' documentation – October 2007;</p> <p>Consultation and Implementation by end March 2008;</p> <p>'Service' audits will be on-going depending on need;</p> <p>Complete second round audits - April to June 2008;</p> <p>External validation of complete Health and Safety Management System – September/October 2008.</p>

Appendix 1 - Recommendations and Action Plan *(continued)*

***	<i>Significant residual risk</i>	**	<i>Some residual risk</i>	*	<i>Little residual risk</i>
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Ref	Recommendation	Priority	Management response	Responsibility and timescale
9	The corporate Health & Safety manager should design a scheme to record and monitor individual managers' health and safety performance and that this information be provided to senior managers for use in appraisals.	**	<p>Agreed. SAP development priorities to be agreed through Support Services Review and development of shared service.</p> <p>Health and safety performance considered as part of the Director's appraisal.</p> <p>Any scheme to be designed by Safety, Well-being and Attendance Management Team to ensure that it is suitable for all services and to be integrated with other performance management information systems.</p>	<p>Corporate HR Service; Safety, Well-being and Attendance Management Team.</p> <p>Timescales in line with Support Services Review.</p>
10	The Human Resources information system should act as a comprehensive cross Council database of training information required and undertaken by each and every employee so that the council is well placed to demonstrate that all required training has been provided.	**	<p>Agreed. SAP development priorities to be agreed through Support Services Review and development of shared service.</p>	<p>Chief Officer – Shared Service with Chief Officer – HR.</p> <p>Timescales in line with Support Services Review.</p>
11	Periodic audits be undertaken of the quality of record keeping and where individual managers persistently fall short of required standards appropriate action is taken.	**	<p>To be considered when consistent systems are in place and managers are aware of the expectations.</p>	<p>Corporate HR Service</p>

Appendix 1 - Recommendations and Action Plan *(continued)*

***	<i>Significant residual risk</i>	**	<i>Some residual risk</i>	*	<i>Little residual risk</i>
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Ref	Recommendation	Priority	Management response	Responsibility and timescale
12	A reorganisation of the staffing resources dedicated to Health and Safety work be considered so that resources can be maximised in those parts of the Council that have a track record of high incidence of incidents/accidents.	**	Agreed. The Support Services Review and development of one HR Service will consider this.	Corporate HR Service Oct 07
13	Information systems are capable of producing quality management information at all time which includes the ongoing cost to the Council of individual incidents/accidents which arise.	***	Agreed. Investment in SAP to be considered as part of the Support Services Review and development of Shared Service.	Shared Service Centre
14	All parts of the Council learn from the better practice seen in the City Services and other Departments.	**	Agreed. A leadership strategy to include development of all leaders is being written.	Corporate HR Service July 07
15	The Council should continue to invest in developing the effectiveness of its leaders and place additional emphasis upon tailoring programmes to the needs of those middle managers who are not embracing transformation.	**	Agreed. A leadership strategy to include development of all leaders is being written.	Corporate HR Service July 07
16	The political leadership should look to further enhance their 'place shaping' role particularly through their leadership of the LAA.	***	Agreed. There is a clear recognition that the political leadership has a place shaping role in the city. Political leadership will be involved in shaping and challenging the priorities of the new LAA. The current reorganisation of the LSP (Leeds Initiative) includes the intention to strengthen the political leadership which will oversee the LAA.	Chief Executive Report to Exec Board by July 07 Autumn 07

Appendix 2 - Estimating the 'true' cost of accidents at work

Examples of Claims

Claim 1

Employee A was a Care Assistant with 6+ years service with the council on a salary of £11,649 (total cost to department £13,461). On the day of the incident, Employee A was transferring a service user from bed to the commode, alone, when she felt pains in her lower back. After the incident two staff were assigned to the service user and arrangements were made for a hoist to be fitted. Having taken sickness absence from the date of the incident, Employee A retired from the department due to ill-health 10 months later.

Reason for settlement: There was a breach of statutory duty and there was a failure to operate a safe system of work.

Financial Transactions:

Compensation	£6,800
Other Costs e.g. Solicitors Fees, expert fees and council fees	£14,158

Other Departmental Cost:

6 months full pay	£6,731
4 months half pay	£2,244
Additional staff salary for 10 months to cover absence	£11,218
6 physiotherapy sessions provided through occupational health	£217
Medical reports required for ill health retirement	£250
TOTAL COST TO DEPARTMENT	£41,618

Appendix 2 - Estimating the 'true' cost of accidents at work *(continued)*

Examples of Claims

Claim 2

Employee B was a Community Support Assistant with 6+ years service with the Council on a salary of £13,458 (total cost to department £15,624). Employee **B** injured her lower back whilst moving approximately 30 boxes containing a service user's dialysis fluid, weighing in the order of 36 kilograms. Having taken 24 months sickness absence from the date of the incident, Employee **B** was redeployed to a post as a support assistant.

Reason for Settlement: There was a breach of Statutory Duty and there was a failure to operate a safe system of work.

Financial Transactions:

Compensation £27,000

Other costs: e.g. Solicitors Fees, expert fees and Council fees £15,895

Other Department Cost:

6 months full pay £7,812

6 months half pay £3,906

Additional staff salary for 12 months to cover absence £15,624

6 physiotherapy sessions provided through occupational health £217

Pension payments for 12 months following end of sick pay period £1,386

TOTAL COST £71,840