

Springing Forward – Strategic Workforce Management – Merthyr Tydfil County Borough Council

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Contents

The Council's priority has been to build its workforce capacity to maintain service delivery and it now needs to focus on strategic workforce planning to strengthen its ability to deliver services over the medium to longer term.

Summary report

Summary 4

Detailed report

The Council's priority has been to build its workforce capacity to maintain service delivery and it now needs to focus on strategic workforce planning to strengthen its ability to deliver services over the medium to longer term 7

The Council has been strengthening its workforce capacity to ensure it can maintain service delivery 7

The pandemic accelerated new ways of working and promoted some positive operational changes 8

The Council is now better placed to address its workforce challenges but needs to focus on strategic workforce planning, putting the sustainable development at the heart of this, to help it strengthen its ability to adapt and deliver services over the medium to longer term 9

The Council has a range of mechanisms to monitor and evaluate its approach to its workforce, although some of the underpinning arrangements are in their infancy and the Council would benefit from developing strategic workforce impact measures to strengthen its arrangements 12

Summary report

Summary

What we reviewed and why

- 1 As the world moves forward, learning from the global pandemic, this review has looked at how the Council is strengthening its ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- 2 We reviewed the Council's arrangements for managing its workforce. For workforce, our focus has been on the challenges highlighted during the pandemic that have exacerbated some long-standing workforce issues
- 3 We looked at how the Council strategically plans to use its workforce, how it monitors their use and how it reviews and evaluates the effectiveness of its arrangements.
- 4 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015 we recognised that it would take time for public bodies to embed the sustainable development principle, but we also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is now approaching seven years since the Well-being of Future Generations Act was passed and we are now into the second reporting period for the Act. Therefore, we would now expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.
- 5 This project had three main aims:
 - to gain assurance that the Council is putting in place arrangements to transform, adapt and maintain the delivery of services;
 - to explain the actions that the Council is taking both individually and in partnership to strengthen its arrangements as well as further embed the sustainable development principle; and
 - to inspire the Council and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and learning and making appropriate recommendations.
- 6 Merthyr Tydfil County Borough Council has the following workforce profile, which highlights that over 22% of its workforce are over 55 years of age:

Exhibit 1: workforce profile

Number of Staff - No of staff in post = 2486

Permanent	Fixed Term	Full Time	Part Time
1966	520	1489	997

Age

16-34	35-54	55-64	65+	TOTAL
656	1292	475	63	2486

Disability

Deaf/Hard of Hearing	Mental Health Difficulties	Mobility Impairment	Learning Impairment	Long-Standing Illness	Visual Impairment
11	7	5	2	31	4

Other	No Disability	Prefer not to Answer/Not Known	TOTAL
24	2012	390	2486

Gender

Male	Female	TOTAL
631	1855	2486

- 7 The COVID-19 pandemic has impacted on the way that staff work. This report examines some of these impacts and how the Council is considering these in its workforce planning.
- 8 We undertook the review during the period January 2022 to March 2022.

What we found

- 9 Our review sought to answer the question: Is the Council's strategic approach strengthening its ability to transform, adapt and maintain the delivery of its services in the short and longer term? In doing this work, we have recognised that over the last few years and with the support of the Welsh Government, the Council has been focused on delivering its Recovery, Transformation and Improvement (RTI) plan priorities.
- 10 We found that the Council has been building its workforce capacity to maintain service delivery and it now needs to focus on strategic workforce planning to strengthen its ability to deliver and adapt services over the medium to longer term. We reached this conclusion because:
 - the Council has been strengthening its workforce capacity to ensure it can maintain service delivery;
 - the pandemic accelerated new ways of working and promoted some positive operational changes.;
 - the Council is now better placed to address its workforce challenges but needs to focus on strategic workforce planning, putting sustainable

development at the heart of this, to help it strengthen its ability to adapt and deliver services over the medium to longer term; and

- the Council has a range of mechanisms to monitor and evaluate its approach to its workforce, although some of the underpinning arrangements are in their infancy and the Council would benefit from developing strategic workforce impact measures to strengthen its arrangements.

Recommendations

Exhibit 2: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
R1	Managing key workforce risks <ul style="list-style-type: none">• The Council should develop mitigations for key risks around retaining its workforce, such as a targeted retention strategy and refining its approach to succession planning.• The Council should ensure that any future capacity exercises or efficiency decisions minimise or improve the risks around SPOD and provides a clearer picture of its future workforce requirements in the context of its priorities.
R2	Strategic workforce planning <ul style="list-style-type: none">• The Council needs to develop its strategic workforce planning arrangements and ensure the sustainable development principle shapes these, for example by:<ul style="list-style-type: none">– integrating its workforce planning with other key strategies and business planning;– reflecting longer-term service demand; and– considering how it can maximise collaboration with other organisations.
R3	Monitoring and review arrangements <ul style="list-style-type: none">• The Council should develop a broader suite of strategic quantitative and qualitative measures to enhance its ability to understand the impacts of its workforce plans and actions.

Detailed report

The Council has been building its workforce capacity to maintain service delivery and it now needs to focus on strategic workforce planning to strengthen its ability to deliver and adapt services over the medium to longer term

The Council has been strengthening its workforce capacity to ensure it can maintain service delivery

11 In reaching this conclusion, we found that:

- following our letter to the Council in May 2019 raising significant concerns about its financial position, governance and capacity, the Council sought support from the Welsh Government. In June 2020, the Council developed its Recovery, Transformation and Improvement (RTI) plan, which identified its key improvement priorities and a number of cross-cutting work programmes. This included a Healthy Organisation theme focused on improving the Council's workforce.
- the Council has done two capacity exercises over the past two to three years to help better understand and address significant capacity issues in the organisation. Capacity was a major area of concern raised by us and the external members of the Assurance and Improvement Board in 2019 and 2020. These capacity exercises were focused primarily on identifying single points of dependency (SPODs) and filling the gaps to maintain service delivery. For example, the Council has strengthened capacity in its education, social and engineering services.
- the Council now has a permanent chief executive and deputy chief executive. It has also reviewed and restructured its senior management, creating a new corporate director post. Together, these have helped to provide greater stability and, with the new director post, will strengthen senior leadership capacity.
- the Council has invested over £1.6 million in building workforce capacity between 2019-20 and 2022-23. In addition, the Council has allocated £448,000 in its 2022-23 budget for workforce growth. This equates to almost 65 full-time equivalents and five apprenticeships.
- between 2020-21 and 2025-26, the Council plans to invest £773,000 to help address the priorities in the Healthy Organisation workstream. This investment is for developing other areas of workforce resilience, such as training and performance management.

- during the capacity exercises, the Council identified its SPODs within the workforce. The Council has not yet addressed all these SPODs, which represents an ongoing risk to the Council's ability to deliver its medium to long-term ambitions. It will be important that the Council develop a robust approach to mitigating these and ensuring that any future capacity exercises or any efficiency decisions minimise or improve the risks around SPODs. The Council is about to undertake further capacity exercises to help manage its approach to its workforce.

The pandemic accelerated new ways of working and promoted some positive operational changes

12 In reaching this conclusion we found that:

- the pandemic accelerated the Council's longer-term vision of moving to a more agile working environment and it is aligning its asset footprint to support this change. To help support its staff, the Council has published a wellbeing strategy and is also developing a hybrid working model.
- the move to agile working has brought about a positive culture change, with managers trusting staff to deliver without the traditional level of physical supervision. However, it has also highlighted that there is a training need for some managers to manage in this new agile way. The Council's ongoing digitisation of Human Resources tools, such as performance management and recruitment, will enable managers to be more effective in the way they manage in this new environment.
- in parallel with agile working, the Council has recently taken the opportunity to introduce flexible working hours. Based on feedback from the new Staff Forum this has been well received. However, this initiative is due to be formally evaluated in the next few weeks.
- to respond to the pandemic, the Council set up a Strategic Recovery Group. The work this group undertook to ensure compliance with COVID safe rules also resulted in changes to develop more efficient working practices such as:
 - Reallocation of street cleaning staff to areas within their home locality
 - The introduction of digital systems for Planning and Building regulations teams
- whilst the Council's workforce has been adapting and responding to deal with the pandemic, the full impact of this on the workforce is not yet fully understood. The Council should continue to assess the full impact of COVID across the whole workforce and consider what this may mean for future workforce planning.

The Council is now better placed to address its workforce challenges but needs to focus on strategic workforce planning, putting sustainable development at the heart of this, to strengthen its ability to adapt and deliver services over the medium to longer term

13 In reaching this conclusion we found that:

- the Council's Healthy Organisation work programme identified the following three areas as challenges/risks:
 - moving from a traditional culture to one that fully embraces a modern, agile operating model.
 - aligning the limited resources to deliver change at the pace required.
 - ensuring the workforce possesses the skills needed to move to new ways of working.
- there are also several other significant workforce related risks, some of which have been captured in the Council's risk register:
 - an aging workforce with over 22% of the workforce over 55, this was also seen as an opportunity to bring in new talent.
 - the need to develop robust mitigation/succession plans, particularly to address SPODs.
 - attracting new talent without always being able to offer competitive salaries, especially for professional roles.
 - retaining staff that have been trained by the Council.
 - the limited engagement between the HR team and services.
 - the limited development of service workforce planning.
- many of these risks are not unique to the Council and there are several opportunities which should help the Council manage these risks:
 - the Council is about to do a further capacity exercise (2a), which will continue to focus on identifying gaps in service capacity that could impact meeting statutory requirements.
 - the Council intends to undertake a third capacity exercise. This is intended to be more focused on developing a workforce that is aligned to delivering the Council's future priorities.
 - the recent senior management restructure and the planned recruitment of a new Corporate Director should strengthen the Council's ability to have clear strategic ownership of its workforce planning. Whilst the HR team play a key enabling role particularly with service workforce planning, they cannot address the Council's workforce risks and strategic ambitions on their own.

- the Council has a greater focus on supporting staff wellbeing to enable them to be a workforce that is physically and emotionally fit for the future.
- the positive impact that reduced staff travelling will have on the Council's decarbonisation targets.
- the Council is investing in its apprenticeship scheme in conjunction with a number of training providers and colleges. However, the Council does not have a strategic workforce plan. There is a pilot workforce plan for children's services and several project/action plans either associated with the RTI plan or the review of HR undertaken by an external HR consultant, but these are short to medium term in duration as they were developed in response to specific external milestones. The Council has reported that they are largely on target to deliver against all the actions in these various plans.
- the Council intends do further work with its services to evolve its draft Healthy Organisation Strategy to become its strategic workforce plan. The Council's leadership recognises that the vision for its workforce is still developing and that it will be further shaped by the information from the recent Population Needs Assessment, the ambitions of the new administration and its Healthy Organisation strategy. The Council proposes to include this vision within its new Corporate Plan.
- workforce planning is one of the seven core organisational activities listed in the statutory guidance to the Act. Given the length of time that the Act has now been in force, we now expect to see the Act driving and shaping what public bodies do.
- whilst there is a good level of understanding of the Well-being of Future Generations Act in the corporate centre, the current evidence suggests that this legislation is not as embedded in the current approach to workforce planning as it should be. The draft HOS includes reference to the national goals, ways of working, Public Service Board priorities and the corporate priorities. However, these are currently included in the document as context and the Council needs to put consideration of the sustainable development principle at the core of its thinking to strengthen its workforce planning.
- to date, the capacity exercises 1 and 2 have not made great use of demand, supply and needs-based data to inform workforce development. The Council has stated that the proposed Capacity 3 exercise will make much better use of demand and supply data and consider future scenarios. This should help it inform its longer-term thinking.
- at the time of our review, the Draft Healthy Organisation Strategy had not been discussed in detail with services. The draft Healthy Organisation Strategy and its associated action plan have been informed by the various staff surveys, including the last culture survey undertaken back in 2019. The Healthy Organisation Strategy will need to reflect the outcomes from the current staff culture survey undertaken in early 2022.

- the Council also needs to consider how its workforce planning integrates with national workforce strategies, such as Wales – The Workforce Strategy for Health and Social Care published in October 2020.
- during the pandemic, the Council was able to respond quickly to support its citizens through better partnership working with other public bodies and the third sector. For example, the Council delivered the pilot for the first mass community testing in Wales working closely with Cwm Taf Morgannwg University Health Board.
- the Council has also been working with other organisations on workforce-related activities:
 - working with the WLGA to improve the Council's e-learning system.
 - working with the South East Wales Organisation Development learning and development group on the induction process.
 - working with Merthyr Tydfil college to develop the Council's apprenticeship scheme.
 - education department partnering with Merthyr Tydfil College to help deliver on its literacy priority.
 - joint work with Caerphilly and Blaenau Gwent county borough councils, funded by the Welsh Government, to develop a shared trainer and training platform. This is currently being trialled in social services.
- in November 2021, the Council was part of a strategic collaborative summit with Cwm Taf Morgannwg University Health Board and Rhondda Cynon Taf and Bridgend County Borough Councils. The summit identified several shared priorities including considering the integration of Health and Social Care and how the cross organisational workforce will be used in the future. The summit also made a commitment to recruit, develop and share staff across organisations where there are shortages of specialised skills, such as decarbonisation. However, this is still at an early stage of development and the Council needs to explore how it can work with others to address its and others' workforce challenges.
- more broadly, whilst the short-term financial position of the Council is stronger than it was in 2019, the Council needs to consider its workforce planning in the context of a challenging medium-term financial outlook. The Council received a favourable additional 9% revenue support grant for 2022-23. The Welsh Government has also given indicative revenue settlements of +3.5% for 2023-24 and +2.4% for 2024-25. Despite this, the Council is forecasting a cumulative budget gap from 2022-23 to 2025-26 of £16.4 million. The Council is currently considering how it can address this budget shortfall.

The Council has a range of mechanisms to monitor and evaluate its approach to its workforce, although some of the underpinning arrangements are in their infancy and the Council would benefit from developing strategic workforce impact measures to strengthen its arrangements

14 In reaching this conclusion we found that:

- there are several mechanisms through which the Council monitors its approach to its workforce. These include:
 - **Improvement and Assurance Board (the Board)** – progress updates on the RTI plan including the Healthy Organisation work programme were routinely reported to the Board. However, the status of the themes is based on the numbers of actions completed and, therefore, not a measure of workforce performance or maturity. For example, the status of the Healthy Organisation theme was identified as green in February 2022. Given some of the ongoing HR risks, the green status of the Healthy Organisation theme may give some false assurance that the Council's approach to workforce is further progressed than it is. However, the Board received a detailed update on workforce at its final meeting in March 2022, which provided a more comprehensive overview of the progress against the Healthy Organisation programme and the wider workforce issues. The Board has now concluded following the Minister's decision in March 2022 to end the support package. However, the Council intends to continue with its own Board type arrangement.
 - **Cabinet and the Governance and Audit Committee** review the corporate risk register twice a year to challenge and monitor progress. The risk register includes two red-rated workforce-related risks. The first highlighting concerns over the current workforce capacity to deliver key outcomes and targets, and the other around retention and recruitment of staff with high skills.
 - **Corporate Management Team (CMT) and Senior Leadership Team (SLT)** use the new corporate dashboard to monitor workforce-related activity. This includes the same summary report that is presented to the Board on the healthy organisation theme. The dashboard also includes specific performance reports for HR, with most of these being transactional type HR metrics, such as sickness absence, recruitment, and leavers. It is evident that SLT has discussed and received progress updates on a range of workforce-related issues, such as agile working, over the last year.
 - **HR Service monitoring** – the Council has detailed project plans to support the delivery of the three priorities in the Healthy Organisation theme within the RTI plan. The HR service monitors these project plans which form the basis for the summary RTI Healthy Organisation

progress report that was shared with the Board, CMT and SLT. The HR service also monitors other specific workforce-related project plans, including the project plan for the digitisation of HR.

- **external review of HR** – as part of the RTI work, an external consultant undertook a detailed review of the HR service. The Board received an update on progress against the action plan in May 2021, with a further general HR update in March 2022.
- **scrutiny** – in October 2021, the Transformation, Commercialisation and Corporate Centre Scrutiny Committee received an update on workforce issues, specifically in relation to the new capability policy, SPODs, work-based stress and agency workers. The Committee also received an update on the Healthy Organisation strategy, agile working and the two capacity exercises.
- **quarterly performance and improvement review (QPIR) sessions** – key mechanism for both officers and Cabinet members to provide an update on progress around the Council’s corporate priorities and the RTI plan. To date, the focus of these sessions has been on specific service priorities, but the sessions have facilitated a greater corporate ownership and discussion of challenges such as education and social services and this approach could be adopted for workforce issues.
- **workforce measures** – the Draft Healthy Organisation Strategy (HOS) includes 21 indicators that will be used to measure success across its six themes. Most of these are transactional/quantitative metrics, which, in part, will show the input side of workforce activity. However, currently the indicators will not enable the Council to measure and understand the impact/outcomes from these inputs. This is also the case with the workforce measures currently considered by CMT and at the QPIRs, which are predominately transactional, such as sickness absence, total staff numbers, staff turnover rate, percentage of staff who have had their performance review etc. Having a more developed suite of strategic measures, quantitative and qualitative, building on its recent culture survey and other evaluations, would help the Council better understand its progress on its workforce ambitions. The Council is in the process of developing the action plans to support the delivery of the Draft HOS.
- **the Council’s staff appraisal process, ‘Focus on your performance’** has been in place since 2019. The Council has also recently developed succession and career planning tools to support this process. However, the Council acknowledges that its focus has been on encouraging staff to complete the appraisal process rather than on its quality and use to evaluate its workforce activities and future workforce needs. It is important the Council maximises the value of this process to review its workforce activities and future workforce needs.

- there were several examples of where the Council had undertaken workforce-related evaluation and learning exercises. These included:
 - the evaluation of mandatory information governance training to inform the Council's future information and security strategy and any additional training needs;
 - the routine evaluation of the Council's induction programme: this information is then used to develop the programme;
 - the evaluation of the recent Staff Stress Survey which resulted in the development of the Council's well-being programme; and
 - the culture survey, being undertaken at the time of our work, to help inform the new Healthy organisation strategy.
- the Council is also planning to evaluate several other workforce-related changes and initiatives, these include:
 - The Well-being programme
 - The Staff Forum
 - Flexible working policy
 - The approach to agile working
- 'Learning' is one of the Council's core values and behaviours and evaluating and learning the lessons are a key part of any continuous learning and improvement agenda. As the Council evaluates some of its recent workforce changes, it will be important to be able to demonstrate the impact the evaluation has made.



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