

Management Board

Annual Report of HR Information: High Level Analysis 2014/15

*Paper from Alix Langley, Director of HR Services, and Jenny Winters, Head of HR Operations
For the meeting on: 17 July 2015*

1. Purpose

1.1 This paper provides a high level analysis of key HR statistics for the financial year 2014/15.

2. Action for the Board

2.1 The Board are invited to take note of recent HR trends. No specific actions are recommended in this paper, although possible areas the Board might like to consider further are highlighted.

3. Consultation

3.1 This paper will be reviewed following any feedback from the Board and published on the intranet. It will be published on the external website in due course as part of the House's proactive publication scheme.

4. Equality Analysis

4.1 This report does not specifically consider equality and diversity data which are reviewed and reported on separately in the Diversity Monitoring Report. Data for this report is provided to the Diversity & Inclusion team twice a year and is also available to support individual equality analyses.

5. Background

5.1 This is the fifth annual report providing a year on year comparison of the workforce and some longer term trends. It relates to staff at the House of Commons excluding the Parliamentary Digital Service, unless stated otherwise.

5.2 This report uses the office names that were in place during 2014/15, e.g. it refers to Office of the Chief Executive (OCE) and Parliamentary ICT (PICT) although these have been renamed Governance Office and Parliamentary Digital Service for 2015/16.

6. Overall summary

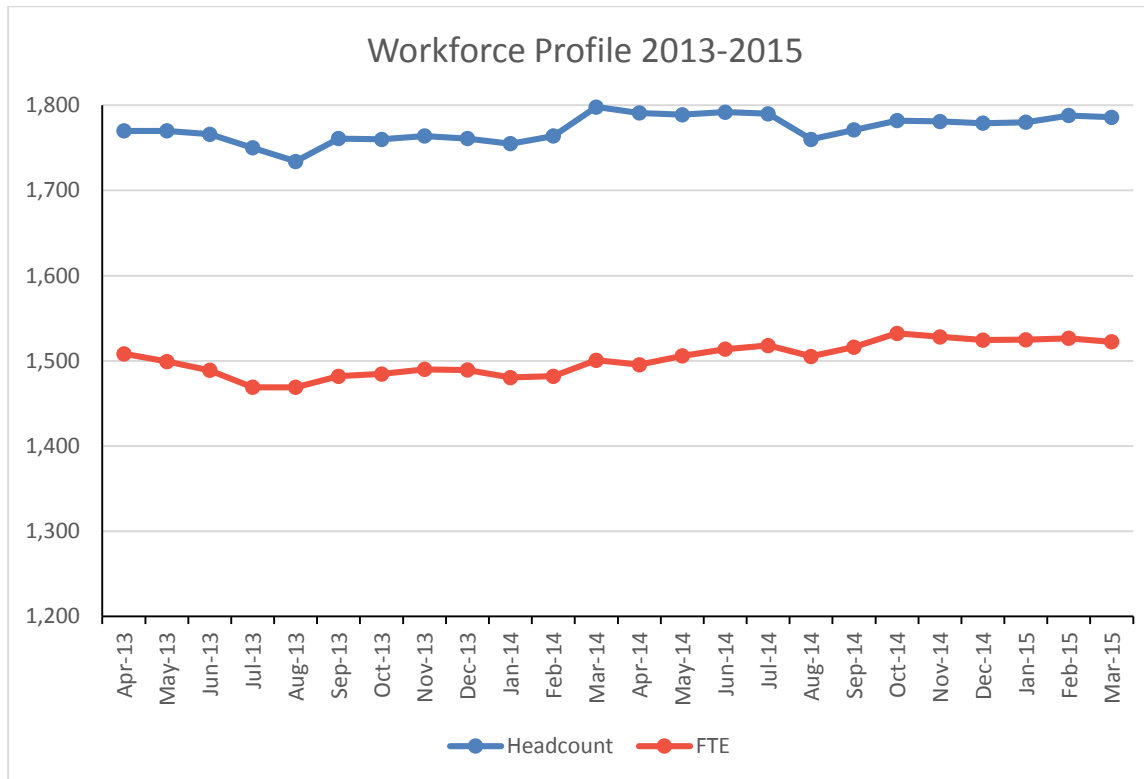
6.1 Last year, this annual report commented on the overall stability of the workforce and that changes in the workforce over the past year had been largely planned changes, and well-managed in line with the Board's strategic decisions.

6.2 The HR statistics for 2014/15 continue to bear this out. The workforce has again remained broadly stable with the main changes in the size and profile of the workforce reflecting the conclusion of the Savings Programme, as predicted in last year's report. The shape of the workforce has also changed notably in response to the decision to eliminate zero hours contracts. The coming year may see more significant changes in the workforce following the 2015 General Election, the implementation of the recommendations of the Governance Report and the continued implementation of the Reward Strategy.

6.3 Turnover has continued to increase over the past year, which is likely to reflect improvements in the external job market and internal pay deflation. The increase in recruitment activity seen last year has also continued, although at a slower rate. There are signs that managers are dealing with people management issues more robustly and supported by DHRC, including at the informal stages. Further capability-building work is still required and being undertaken as part of the People Strategy, the most immediate of which being the introduction of the new Individual Performance Review (IPR) from April 2015.

7. Size of the workforce

A slight increase in FTE over the year is predominantly made up of an increase in DIS, and in part reflects the move of zero hours contract staff onto guaranteed minimum hours contracts.



Changes in FTE by department (all staff)

7.1 There has been an increase of 21.4 full time equivalent staff (FTE) between 31 March 2015 and 31 March 2014, when there were 1,500.8 FTE staff. This reverses a similar decrease (19.5) in FTE the previous year. The increase includes a rise of 5.6 FTE in Facilities and 15.6 in Information Services. Both of these areas have had casual staff on zero hours contracts converted to guaranteed minimum hours contracts (30 individuals in catering and 40 in public engagement over the course of the year). For Facilities this accounts for most of their FTE increase, for Information Services around 50%. The largest reduction in FTE was a reduction of 8.5 FTE in Human Resources and Change (DHRC), where 11 staff left as part of a tailored voluntary exit scheme on 30 April 2014. This was conducted as part of the Savings Programme, a reduction in staffing also noted in last year's report.

	31 March 2013	31 March 2014	31 March 2015	Change in FTE 2014–2015
Chamber and Committee Services	486.0	486.5	485.5	-1.0
Facilities	537.1	489.0	494.6	5.6
Finance	55.3	46.3	48.9	2.6
Human Resources & Change	88.0	87.5	79.0	-8.5
Information Services	320.3	360.7	376.3	15.6
Office of the Chief Executive	20.6	20.5	24.6	4.1
Parliamentary Security Director	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Speaker's Office	7.1	6.3	7.3	1.0

7.2 In contrast to the FTE numbers, headcount has reduced by 12 over the year. This difference between FTE and headcount reflects a change in the use of casual workers (some casual workers left, reducing headcount, while others transferred to guaranteed minimum hours contracts, increasing FTE).

7.3 The proportion of staff recorded on HAIS as having flexible working patterns – i.e. part-time and compressed hours - remained largely unchanged from last year at 17.4%. When staff on guaranteed hours contracts are included the proportion rises to 21.8%. Flexible working remains one manifestation of the Board's commitment in the People Strategy to "achieving a more diverse workforce". DHRC had the highest proportion of people working flexibly, with almost a quarter of its staff working part-time or compressed hours. OCE, Parliamentary Security Director and Speaker's Office had low proportions of staff working flexibly (7.7%, 0% and 11.1% respectively) but each is a small office which may make flexible working more difficult to accommodate. Although not included in the

table above, of the larger departments, PICT had the lowest proportion with only 10% of staff working a flexible work pattern, which will in part reflect the nature of some IT work, for example the requirement for a 24 hour support team, as well as the fact that PICT is male dominated (67%) and in general flexible working remains more prevalent amongst women.

8. Changes in workforce distribution

The greatest increases have been in pay band A, suggesting a greater requirement for professional and managerial skills, as well as an ongoing use of alternative resourcing models. The largest reductions have been at the most senior and most junior pay bands.

Changes in pay band distribution (FTE)

- 8.1 There were reductions in FTE at a number of pay bands but notable increases at C and A. The increase in band C can largely be explained by the re-grading of 8 Pass Office Clerks (DI) to Security Administrators (C). As in previous years, the decreases at SCS are off-set by increases at A. More broadly, the increases in pay band A are in line with the People Strategy which aims to increase the House's managerial capability. Increases in the "feeder grades" to SCS may also support the House's commitment to greater diversity in senior posts. However, this is an area that the Board may wish to continue to monitor, to ensure that increases in managerial posts contribute to improvements in management and leadership rather than reflecting wider public sector pay restraint (i.e. grade drift arising from internal processes to increase pay through individual promotions).

Pay Band	31 March 2013	31 March 2014	31 March 2015	Change in FTE 2014-2015
SCS	76.9	72.5	67.9	-4.6
A	263.2	267.0	279.7	12.7
B	373.0	386.5	385.3	-1.2
C	266.2	252.4	260.8	8.4
D	240.4	239.6	240.8	1.2
E	36.7	27.2	24.2	-3.0
Catering	203.8	170.3	173.5	3.2
Other	59.0	84.0	89.2	5.2

- 8.2 The changes in the pay band distribution highlight that last year's increase in the pay bands grouped as "Other" has continued, reflecting an ongoing use of more flexible resource solutions, including paid internships, apprentices and sandwich students. (The 'others' pay band classification also includes craft grades and Fire Service grades). The increase in this group was slower than in 2013/14, partly reflecting the fact that apprentices have now become an established part of the workforce.
- 8.3 As this is the fifth annual report there is an opportunity to see how the pay band distribution has developed over the past five years, which is demonstrated in the charts below.

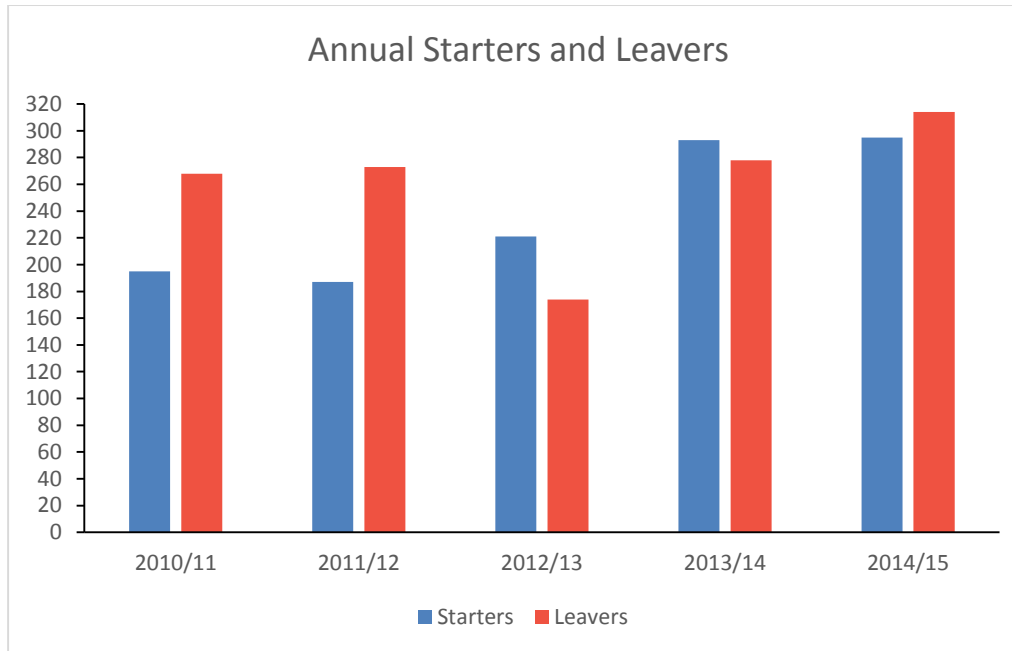


- 8.4 As already suggested, there has been a noticeable increase in the proportion of staff falling into the “Other” pay bands. The other noticeable change is the reduction in the proportion of catering staff within the House, in line with the efficiencies secured as a result of the Savings Programme and the transfer of retail to Information Services.
- 8.5 A further change is the increased proportion of more senior staff within the House, which accords with the increase in pay band A already mentioned. Pay bands SCS, A and B now represent 48.2% of the workforce, compared to 43.7% in March 2011. As was remarked upon last year, changes in the pay band distribution suggest that the greatest impact of workforce reductions has been felt at the lower pay bands.
- 8.6 Similarly to last year, the proportion of permanent employees has risen slightly to 85.4% of headcount as at end March 2015 (up from 83.3% in 2014). This continues to reflect the People Strategy’s aspiration to plan and manage “a largely permanent workforce” and reflects the normalisation of the reduced workforce following the increased use of fixed-term contracts as part of the Savings Programme.

9. Starters, leavers and internal transfers

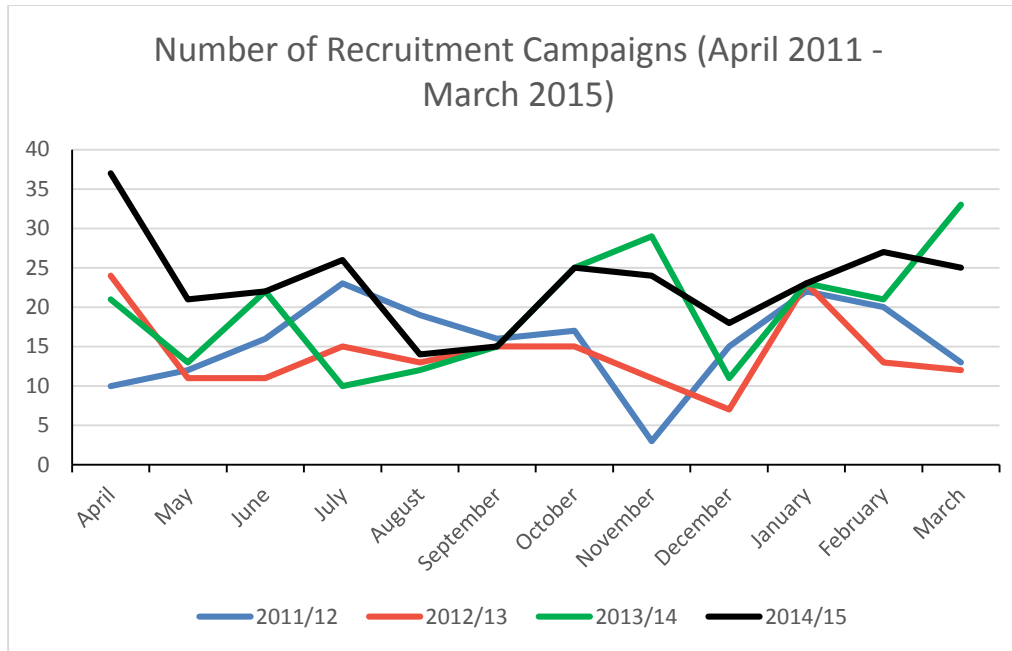
Continuing from last year, turnover and recruitment have both increased, furthering the “mixed economy” approach described in the People Strategy, where newcomers are valued and internal talent is encouraged.

- 9.1 The numbers of starters, leavers, transfers and turnover are reported monthly to business areas. Overall, turnover has been increasing over the past few years and stood at 15.4% in March 2015, up from 13.8% in March 2014 (these figures include PICT). Turnover reduces to 14% if leavers under voluntary exit are excluded, compared to approximately 11% excluding voluntary exits in March 2014. If the expiry of fixed term-contracts/secondments are also excluded, on the basis that these are planned exits, the rate reduces further to 9%. This is probably the best measure of underlying turnover.
- 9.2 Increases in turnover are likely to be partly a result of the wider improvements in the economic climate and therefore the job market. The CIPD report that the median level of turnover increased in 2014 and that public sector organisations are less likely to have taken steps to improve retention (p. 28 & 30, Resourcing and Talent Management Survey 2015: cipd.co.uk/resourcingandtalentplanningsurvey). The Board will want to monitor the impact on turnover, including secondments out, of the recruitment and retention pay flexibilities being developed as part of the Reward Strategy and talent management work being undertaken as part of the People Strategy.
- 9.3 Last year’s increase in the number of new starters at the House has remained, as demonstrated in the chart below.

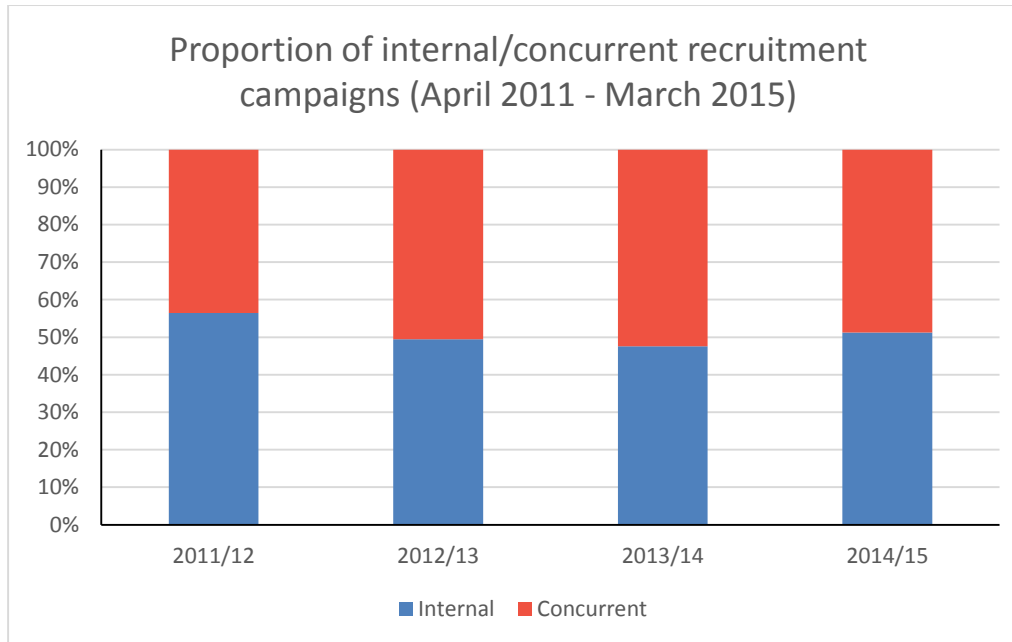


Recruitment Campaigns

9.4 A further increase in the total number of recruitment campaigns has also occurred, although to a lesser extent than last year. There was an increase of just over 40 recruitment campaigns over the financial year 2014/15, which is around 18% higher than 2013/14. This includes both internal-only campaigns and those which appoint an external candidate. There are few discernible trends to be observed around when recruitment campaigns are most likely to occur, with the possible exception of an upturn being seen in April, likely coinciding with the new financial year and new departmental resource plans, and a reduction in campaigns during recess periods. Even so, it is noticeable that over the past year (black line) the number of recruitment campaigns running during any month never fell below 14. This suggests that recruitment is increasingly being sustained as a year-round activity.



9.5 Concerns have been raised by the Trade Union Side (TUS) about the number of recruitment campaigns advertised externally and internally (concurrent) rather than internally-only. This year the split was roughly even, with very slightly more internal campaigns taking place. This has been the case since at least 2012/13 (the increased proportion of internal-campaigns in 2011/12 can be attributed to the recruitment restrictions adopted as part of the Savings Programme). Given that the numbers of starters and leavers was broadly balanced, once voluntary exits are taken into account, this would suggest that the level of external recruitment is appropriate in order to maintain a stable size of workforce.



Transfers

9.6 The number of transfers between departments has also increased this year with 67 transfers occurring in 2014/15, compared to 50 in 2013/14 (these figures include transfers into and out of PICT), reflecting greater inter-departmental moves in line with the People Strategy’s commitment to “provide a much greater variety of career paths” and to “identify and nurture talent across the organisation”. Information Services (DIS) had the most staff transfer out during the year (20), of which the majority (14) went to Chamber and Committee Services (DCCS). Transfers between DCCS and DIS are, perhaps not surprisingly, the most common transfers, with 10 staff also transferring from DCCS to DIS.

10. Sickness Absence and Health Referrals

The number of working days lost to absence has remained relatively stable and there has been an improvement in the proportion of long term sickness absence, although this continues to need to be carefully managed.

Short and long-term sickness levels (all staff)

<i>Includes PICT</i>	March 2012	March 2013	March 2014	March 2015
Average working days lost per person	6.6	6.7	5.4	5.7
% of working days lost attributed to long term sickness (28+ calendar days)	49.7%	55.3%	52.9%	49.5%

- 10.1 Last year it was observed that there had been a reduction in the average working days lost to sickness. Although the level in March 2015 – 5.7 days - is slightly higher than for 2014, it remains low by historic standards and is favourable when compared externally. The CBI/ Pfizer Fit for Purpose Absence and Workplace Health Survey 2013 describes sickness absence in 2012 at a record all-time low of 6.9 days per employee in the public sector (p.7, http://www.cbi.org.uk/media/2150120/cbi-pfizer_absence_workplace_health_2013.pdf). The House figure suggests that last year's improvement has been maintained and that sickness absence management in the House generally continues to work well. This provides some reassurance given that regular monthly reporting of sickness absence is not currently possible.
- 10.2 The number of people at the House who had at least one period of long term sickness rose to 103 in 2014/15, up from 93 during 2013/14 and 84 in 2012/13. This suggests that although more people had a period of long-term sickness absence, the duration was shorter than in 2013/14, which likely reflects the additional work undertaken by the HR Advisory Service and the Parliamentary Health and Wellbeing (PHWS) service in enabling individuals to return to work more promptly or to manage exits effectively when a return to work is not likely within a reasonable time frame. Nevertheless, long term absence is an area DHRC will continue to focus on next year and which the Board will want to continue to monitor, including the impact of the new long term absence policy recommended in the recent absence management audit.

Sickness Absence Reasons

- 10.3 Minor illnesses, i.e. cold/flu and stomach disorders, are by far the most commonly cited reasons for sickness absence, accounting for just over 50% of all absences recorded in 2014/15. However, these absences are generally short-lived and accounted for only 27% of working days lost due to sickness absence. In contrast, only 5% absences were cited as being due to “injuries” but accounted for 11% of working days lost. Similarly, only 4% of absences were recorded as being due to “depression” but account for nearly 16% of working days lost, the largest proportion for any single absence type. Clearly, therefore, there is a disproportionate impact for these types of sickness absence, especially depression/mental illness.
- 10.4 Last year it was commented upon that PHWS had seen an increase in anxiety and uncertainty being reported, particularly in areas directly affected by the Savings Programme. This year has seen a further rise in both self and management referrals for anxiety and depression. Poor work/life balance has been a contributing factor as well as workplace environmental factors such as restructuring, relocation or excessive workload. While the increase in mental health referrals needs to be monitored, there are also positives - greater awareness around recognising signs and symptoms of mental health has meant staff and managers are more willing to seek help at an earlier stage than has occurred in the past. Early intervention in such cases is clearly to be encouraged, as is the willingness to seek help.
- 10.5 It is possibly worth noting that stress is cited as a much more common reason for absence in the public sector than elsewhere. According to the CIPD Absence Management report 2014, 77% of public sector organisations cited stress as one of the top 5 causes of absence, compared to only 42% of private sector organisations, 44% of non-profit sector organisations and 29% of manufacturing/production. On the other hand, public sector organisations were far less likely to have “home/family responsibilities” as one of the top five reasons for sickness absence – 23% compared to 46% of private sector respondents - likely reflecting more flexible working practices offered within the public sector.

Occupational Health Referrals

- 10.6 During the reporting year, House of Commons employees attended 578 appointments with PHWS. PHWS' advice is most frequently sought for staff with an existing health condition, seeking some form of intervention or review of their work. This ensures that they can continue to be effective in the workplace. The table below shows the main reason for health referrals (please note, there may be more than one reason for a referral and an individual may have more than one appointment).

Referral Type	Number of Appointments
Existing Health Condition	268
Musculoskeletal	109
Mental Health	127
Rehab and phased returns	76

10.7 As part of the case management process, PHWS organise case conferences where advice and guidance is given to HR and/or managers on specific issues (client confidentiality is always maintained). This year, 42 case conferences were arranged in total with HoL, HoC and PICT. The vast majority of appointments/referrals do not result in a case conference, but the figures above demonstrate that continued effort is required in managing long-term sickness cases.

11. Management and leadership

Following the trend from last year, the number of employee relations cases being managed using the formal stages of HR policies has increased, suggesting that managers are becoming increasingly comfortable managing cases.

- 11.1 The total number of employee relations cases (formal and informal) managed by DHRC during 2014/15 increased by 32%, from 108 in 2013/14 to 143. This overturns the decrease seen last year and is also above the 133 cases managed in 2012/13. In practice DHRC may not always be informed of informal cases and therefore the number of people issues being dealt with across the House will no doubt be higher.
- 11.2 Continuing the trend seen in 2013/14, a much higher number of employee relations cases were managed formally this year, although the proportion is slightly lower compared to informal cases (56% in 2014/15 compared to 64% in 2013/14). The increase in the number of formal cases may reflect increased confidence by managers in the process and their ability to manage it. Similarly, the increase in informal cases discussed with DHRC demonstrates an increased willingness by managers to seek advice at an earlier stage and the additional support for building people management capability which is a cornerstone of the People Strategy.
- 11.3 There was a significant fall in the number of both formal and informal grievances during 2014/15, reversing the increase seen the previous year. In 2013/14 there was an increase in grievances during June and July related to the completion of PDMs. This was not observed during 2014/15, suggesting that considerable improvement has been made in this area. Nevertheless, performance appraisal will remain a priority given the move to the IPR system in 2015/16 and the introduction of contribution pay. A further increase in

disputes might be anticipated if individuals are not satisfied with the link made by their manager between their IPR and pay and an appeal process has been developed as part of the IPR project to ensure any disputes can be resolved effectively.

- 11.4 There was a marked increase in the number of both informal and formal Valuing Others cases this year, although the total numbers remain low. This increase was most likely triggered by the Respect training held at the beginning of the year. As a result, the ongoing training around the Respect Policy will combine learning about this and the Valuing Others policy, supporting the People Strategy's commitment to "ensuring that all staff are treated with fairness and respect by both colleagues and Members".

12. Next steps

- 12.1 If any members of the Management Board would like to investigate any of these areas for their department in more detail, please discuss this with your HR & Change Business Partner in the first instance.
- 12.2 We would like to acknowledge the contribution of a number of members of DHRC who contributed to the information and analysis contained in this report. These include the Workforce Information Officer, the Head of the HR Advisory Service and the Head of Health and Wellbeing.

DHRC, Alix Langley and Jenny Winters
2 July 2015