

TITLE: STRATEGIC DISCUSSION PAPER ON EMPLOYEE MORALE

With austerity and budget pressures, public sector job losses and pay restraint over a number of years, what has been the impact of this on employee morale?

In order to look at the organisation wide trend regarding employee morale there are a number of very useful measures that can be referred to, these include:-

- The bi-annual Staff Survey's
- Austerity - job security with widespread public sector redundancies
- Austerity - budget pressures with pay freezes, low increments and pension changes
- Other measures of staff morale and well-being such as turnover and absence rates.

Staff Surveys

The Council carries out a staff survey every two years and this paper will refer to the 2012 and 2014 surveys. The next staff survey is underway having been sent out to staff in late February 2016.

The Staff Survey carried out in spring 2012 was 4 years on from the start of the recession in autumn 2008. Despite this, across all 15 statements about working at the Council responses were more positive than the 2010 survey staff were happiest with their colleagues, their hours and the interesting work they do. We saw a 15% drop in satisfaction with job security. This was not surprising when viewed against the public sector job losses as set out later in this paper. Along side this was a rise in dissatisfaction with opportunities for career development. There was also a rise in dissatisfaction with basic pay, again not surprising when you see what had been happening year on year with pay set out later in this discussion paper. Regardless of the key staff survey indicator, *Overall Job Satisfaction* question came out very high over 80% of people were satisfied with their job.

The 2014 survey saw a good increase in the number of staff responding up 4% on 2012 and the Council was highly rated as a place to work. Once again staff were most satisfied with their colleagues, their hours and the interesting work they do. There was a 12% increase in satisfaction with job security but there was much greater dissatisfaction with basic pay a drop of 15% from 2012 where there had already been a decline, it was clear that the pay austerity was having an impact.

Budgets

We have kept staff fully updated with the financial pressures we have faced in recent years. Regular updates go into Team Talk, SCF and often staff briefings are held to explain the council's financial position. Some of these briefings have been held in the last quarter to explain the that we are facing more years that will require significant savings/efficiencies

Pay

We can see from the staff survey that pay has an impact on how satisfied people are at work and it's been a bleak period for reward in Local Government during the period 2009 onwards. In 2009 1% was paid to all staff except Chief Officers, in 2010 no increase was paid and the same applied for a 3 year period in total 2010 – 2012 (a national pay freeze). In 2012 most public sector workers on the lowest rates of pay got a £250, increase but this was not extended to local authorities. In 2013 was 1%, after a day of industrial action in 2014 a 2.2% pay deal was agreed. This may have appeared for some as an indicator of a return to better pay settlements when in 2015 it was announced that public sector pay would be capped at 1% per year for 2016 – 2020.

Pensions

Pensions have also played a big part in the impact on pay and satisfaction with benefits. The Local Government Pension Scheme (LGPS) was changed in 2008 and again in 2014 when it a Career Average Revaluated Earnings (CARE) Scheme. Both scheme changes have seen pension contributions increasing for most staff. The new format state pension is introduced in April 2016 and employees will pay NI at the standard rate which will again reduce take home pay for employees.

Job security

It's not surprising that people have felt less secure over recent years, Public Sector Job losses have been widely reported, there were 5.37 million people employed in the public sector in March 2015. This was down 22,000 from December 2014 and down 59,000 from a year earlier and this was the lowest figure since comparable records began in 1999. Headcount at the Council has declined, in April 2009 there were 418 staff and in January 2016, 337. There has not been any period where there's been sudden big job losses instead its been a fairly constant change over this time.

Turnover

Turnover has not returned to the very worrying levels it was at some years ago and the annual turnover figures are shown in the People Strategy report. Turnover is currently just over 12%. If the economy begins a sustained recovery, there is a risk that this will rise as we potentially lose people to better paid private sector jobs.

Absence

Total days lost per Full Time Equivalent (FTE)

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|---------------------------------------------------------------------------------------------------------------------------------------|------|
| 2009/10 | 8.68 |
| 2010/11 | 6.51 |
| 2011/12 | 7.78 |
| 2012/13 | 4.51 |
| 2013/14 | 4.88 |
| 2014/15 | 5.23 |
| 2015/16 Absence figures for this year are pointing to it possibly being our best year as yet with a rate of 3.40 days by end January. | |

It can be seen from this that the general trend has been to much improved levels of absence in recent years and this is being sustained. At first there was some thought that absence may have improved because people were worried about job security

and were more fearful about losing their job. In reality one significant factor is likely to be our flexible working opportunities. There is a wide range on offer to most staff including part-time working, job share, flexi-time, and home-working.

Staff Wellbeing

We have a number of preventative initiatives relating to our employees health and wellbeing at work. . An Occupational Health Service, an Employee Assistance programme that offers confidential advice on a wide range of issues such as debt, divorce, cancer etc. ,the service also includes a confidential counselling service. We have run regular events such as a drop in “coping with stress” event and training to help managers deal with mental health problems.

This paper has looked at some broad issues to assess the morale in the organisation and it would not be right to single out individual departments. However it is worth noting that we do look out for signs of problems developing within departments and act upon these as soon as possible. Measures to help might include temporary resourcing of vacancies until they are permanently filled, reorganising if there are problems with structure and team training/team building events.

The discussion topic for the June JSCC is

Freedom of Information and Transparency Regulations.