



Audit of Recruitment and Retention.

Draft Report Issued: 13 January 2023
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Audit Report Distribution

Client Lead:	Strategic Advisor – HR
Chief Officer:	Chief Officer – Customer Operations Chief Executive
Others:	Senior Specialist – HR
Audit Committee:	The Audit Committee, which is due to be held on 20 th March 2023 will receive a copy of this report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Designated Head of Internal Audit.

1.0 Background

- 1.1. This report summarises the findings from the audit of Recruitment and Retention. This was an internal audit review included in the 2022/23 risk-based audit plan agreed by the Audit Committee on 25th July 2022.
- 1.2. The recruitment market is currently challenging for employers across the UK, for both professional roles such as accountancy, environmental health and IT and more casual roles both of which impact the Council. Delivery of high-quality services is key to the Council's strategy so ensuring staff are in position ensures this objective can be met.
- 1.3. Changes to working habits and culture as a result of the Covid pandemic, public spending cuts and increased competition from the private sector has all contributed further to increasing risk exposure in this area.
- 1.4. With Local Government Reorganisation due to take place from 1st April 2023, ensuring effective recruitment strategies are in place along with the retention of existing staff are key to ensuring a smooth transition of services to guarantee the customer experience.

2.0 Audit Approach

Audit Objectives and Methodology

- 2.1 Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.
- 2.2 A risk-based audit approach has been applied which aligns to the five key audit control objectives (see section 4). Detailed findings and recommendations are reported within section 5 of this report.

Audit Scope and Limitations.

- 2.3 The Client Lead for this review was the Strategic Advisor - HR and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following risks:
 - Failure to achieve business objectives due to inadequate recruitment procedures to capture the right people for vacant posts.
 - Vacation of posts due to reduction in employee loyalty through cultural erosion brought on by home working or due to better employment opportunities away from the Council.
- 2.4 There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.0 Assurance Opinion

- 3.1 Each audit review is given an assurance opinion intended to assist Members and Officers in their assessment of the overall governance, risk management and internal control frameworks in place. There are 4 levels of assurance opinion which may be applied (See **Appendix D** for definitions).
- 3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within Recruitment and Retention provide **reasonable assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0 Summary of Recommendations, Audit Findings and Report Distribution

- 4.1 There are two levels of audit recommendation; the definition for each level is explained in **Appendix E**. Audit recommendations arising from this audit review are summarised below:

Control Objective	High	Medium
1. Management - achievement of the organisation's strategic objectives achieved (see section 5.1)	1	4
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (N/A)	-	-
3. Information - reliability and integrity of financial and operational information (N/A)		
4. Security - safeguarding of assets (N/A)	-	-
5. Value – effectiveness and efficiency of operations and programmes (N/A)	-	-
Total Number of Recommendations	1	4

- 4.2 Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix A. Advisory comments to improve efficiency and/or effectiveness of existing controls and process are summarised in Appendix B for management information. The report also includes a number of recommendations for consideration by Cumberland Council (though no response is required), which are summarised in Appendix C.

4.3 Findings Summary (good practice / areas for improvement):

Following internal restructure in 2021 and removal of an admin role, the team were reduced to 2.4FTE resulting in a significant impact on existing workloads. Strategic Advisor – HR advised the team were looking to introduce a more comprehensive HR system, reducing the number of manual processes required to complete recruitment exercises; however, due to LGR this did not proceed. The audit recognises how hard staff are working to complete all pre-employment checks and associated paperwork, undertaking LGR work and the usual advisory work with reduced staffing levels.

As part of the recent council-wide review of risk registers commissioned by Assurance, Risk & Audit, a recurring, Council-wide risk issue has been identified around staffing and staff retention with several vacancies currently in place. As part of Local Government Reorganisation, these issues about recruitment and retention of staff will be inherited by Cumberland, with work needed in respect of:

- Succession planning
- Staff development and training
- Apprenticeships
- Hybrid working
- Staff wellbeing

Succession planning was identified as an issue as part of a previous audit in 2017/2018 along with the Peer Review in 2019 and although the People Plan was introduced to mitigate these concerns, many staff are unaware of the policy, which is no longer relevant due to the changes brought about by the pandemic and LGR.

Audit testing completed as part of this review confirms aspiration for staff to develop their careers within a Local Authority allowing Cumberland to develop and grow teams internally, rather than placing reliance on an already saturated job market for professional roles. However, further development is required to enable the Council to take these opportunities, as recognised by Human Resources as a key development area.

Should these issues not be considered, this could result in further staff leaving the authority, additional shortfalls in departments where skill shortages already exist, impacting service delivery for customers and cost implications should short term options such as agency staff be considered. Additionally, by not retaining existing staff, the Council would potentially lose extensive knowledge of processes and systems.

From speaking with managers and staff, there is a strong belief that Allerdale is a good place to work with great benefits however this may not be advertised in the strongest way. The introduction of Cumberland Council allows for the creation of a new brand giving staff an identity of who they work for.

Ahead of the change to Cumberland Council, additional work is needed with managers around team meetings, monthly check ins and appraisals to ensure the current staff feel supported, allowing them the opportunity to raise any questions they may have around the impact of LGR on their job role.

Within Allerdale, there is a significant amount of wellbeing support in place, and not only should this continue with the migration into Cumberland, but there should also be regular reminders issued to staff so they are aware of the options available.

Comment from Chief Officer – Customer Operations.

I am pleased that the report has recognised the very good work the small Allerdale HR team deliver and support the recommendations to improve recruitment and retention policies and plans.

5.0 Audit Findings & Recommendations

Management – Achievement of the organisation’s strategic objectives

5.1.1 Local Government Reorganisation is due to take place 1st April 2023 with Allerdale ceasing to exist and merging into Cumberland Council alongside Copeland and Carlisle. Westmorland and Furness Council will also be created with South Lakeland, Barrow and Eden with Cumbria County Council split between the two unitary authorities.

5.1.2 Recruitment and staff retention is a long-term strategic risk for Cumberland to consider, with a number of findings identified as part of this report relevant to the new authority, where relevant these have been referenced in Appendix C of this report. As Allerdale ceases to exist in less than 3 months, implementation of these changes now would add little value to the Authority and should instead be considered as part of Cumberland to ensure staff know what is expected of them and feel supported.

Recommendation 1 – Issues as documented in Appendix C are reported and considered at the appropriate Cumberland HR forum.

5.1.3 Allerdale’s corporate risk register recognises the risk of LGR and the impact on existing staff along with recruitment of new staff. Mitigating actions are in place such as regular staff reviews with staff engagement documented. Assurance is in place that the register is reviewed on a regular basis during SMT meetings.

5.1.4 The Strategic Advisor – Assurance, Risk & Audit has recently reviewed the corporate register and highlighted to senior management the need to focus on staff retention between now and 1st April 2023. Testing has evidenced growing staff disenchantment in areas of the council, partly as a result of LGR and the uncertainty this brings.

5.1.5 An HR Department risk register appears to be up to date with a Council-wide review commissioned by Assurance, Risk & Audit ongoing at the time of this audit to update all operational risk registers. It should be noted a common theme identified across most departments is the difficulty of recruiting or retaining existing staff.

5.1.6 HR do have performance indicators in place which includes monitoring turnover of staff leaving the authority which are updated and reported to senior management regularly increasing transparency and accountability.

5.1.7 An establishment list is in place documenting all staff employed by the Council, including agency staff. Whilst HR encourage managers to foresee gaps in their structure, it is ultimately up to the manager to review staffing levels within their departments, with HR guidance available if required. Specialists feel managers often contact HR too late and

the process can be ineffective. Testing confirms that although some long-standing staff vacancies exist, HR are struggling to get some managers to engage with the recruitment process with some conversations ongoing without meaningful progress for a number of years.

Recommendation 2 - Where vacancies exist, consideration to arranging regular catch ups with department managers should be scheduled to discuss available options and potential recruitment exercises.

- 5.1.8** The Peer Review in 2019 identified Allerdale had a lack of succession policies in place. As a result, the People Plan was developed with several aims including the creation of an environment that provides staff with learning and development opportunities, staff feeling valued and creation of a culture that builds on staff strengths.
- 5.1.9** Audit testing indicates managers and staff are generally unaware of the plan for several reasons including the initial lack of staff involvement. Furthermore, as it was introduced prior to the pandemic and with the recent changes to the working environment, the plan is no longer effective with further work needed to make the plan relevant.
- 5.1.10** Going into the new authority, a stronger focus needs to be in place around succession planning as documented in appendix C. The current Allerdale workforce is aging and without succession planning in place, roles in hard to recruit departments such as Environmental Health and Building Control or statutory roles may become vacant resulting in a significant loss of knowledge and experience with few staff available to recruit to key senior posts.
- 5.1.11** Individual managers may identify staff progression via the appraisal process, however Allerdale does not currently have specific staff development policies in place. The current structure allows for little progression and could be a contributing factor to staff leaving the authority. LGR could bring development opportunities and evidence from staff briefing sessions shows staff are keen to develop their careers within local authorities.
- 5.1.12** Additionally, as documented in appendix C, consideration should be given to the new department structures with Cumberland to ensure there is room for career growth in an attempt to retain staff, especially those in hard to recruit departments.
- 5.1.13** Management have faced difficulties in arranging staff training, including lack of resource capacity and time taken to arrange funding. Lack of career development and use of agency staff attracting a higher rate of pay has had a demoralising effect on some staff.

- 5.1.14** HR confirmed that there is currently no policy in place for apprenticeships with employment subject to the standard recruitment policy and training supported by the Training and Development policy. Other councils, which are part of Cumberland have dedicated apprenticeship teams so utilising existing policies to maximise the use of apprentices could help overcome staffing shortfalls and should be considered as part of recommendation one. The Senior Specialist confirmed apprentices employed by Allerdale are paid the Living Wage, rather than the lower apprenticeship rate of pay. Should this continue from 1st April 2023, this could be an attractive option for individuals looking for this type of role.
- 5.1.15** Customer Services has recently recruited two apprentices following previous success in the department and difficulties in recruiting full time staff. Additionally, two graduate apprentice roles exist in the Building Control department utilising most of the apprenticeship levy Allerdale receives.
- 5.1.16** The Senior Specialist - HR has confirmed there has been a reluctance to push for further apprentices due to the lack of levy remaining and confirmed no funding has been returned to Central Government. It is anticipated this funding will continue when Cumberland Council takes effect from 1st April 2023.
- 5.1.17** A new appraisal process was introduced in January 2022 called “My Contribution” where quarterly appraisals were replaced with an annual review taking place each March and weekly 1:1’s were replaced with monthly check ins. During this review, managers discuss with staff members any training they wish to complete for the ongoing year then complete the appraisal return form confirming the review grade before returning to HR for consideration within the pre agreed period.
- 5.1.18** The Strategic Advisor - HR confirmed this change was introduced as managers provided feedback around the previous system being too labour intensive however they also confirmed managers are still not always completing appraisals (confirmed in other audit reviews) as there is no accountability built into the process to ensure managers complete appraisals with staff. Testing confirms reminders have been issued to all Chief and Deputy Chief Officers to ensure these are complete before 31st March 2023 with the Strategic Advisor – HR confirming this will be monitored.
- 5.1.19** Given the uncertainty some staff feel due to LGR, individuals may feel regular catch ups are important to discuss the potential changes and without these check ins or reviews, may contribute to staff leaving the authority due to lack of management support.

- 5.1.20** When advertising roles, a variety of methods are used including the use of social media, online jobs boards with specialist websites and agencies considered for technical roles to ensure roles are targeted at qualified individuals. Whilst this may cause an initial financial outlay, the use of agency staff could surpass this cost and service delivery may suffer through longer recruitment processes.
- 5.1.21** Relocation costs and market factor supplements are considered when felt appropriate with the Strategic Advisor - HR confirming market factor supplements are offered when recruiting roles that include a management function, and the role has previously been difficult to fill using the standard advertising methods. Both relocation costs and market factor supplements have suitable policies in place documenting what can be considered, how supplements are applied and how they are reviewed. Testing confirms the appropriate authorisation from the senior management team had been received with further assurance in place as a result of the Chief Officer Employment Panel to confirm the appointment.
- 5.1.22** When considering salary, testing confirms in many cases, Allerdale are not competitive when comparing to other local authorities and the private sector and in some professional roles, a difference can be evidenced. As yet, the salary structure for Cumberland is unknown with staff initially transferring to Cumberland using TUPE regulations.
- 5.1.23** Since the Council may not be able to compete on a salary basis, particularly with the private sector, consideration should be given to developing the attractiveness of working for the Council. The Senior Specialist – HR has confirmed work is currently taking place to consider the full recruitment process including the introduction of a cohesive application form and pack to ensure any external vacancies from 1st April are advertised correctly.
- 5.1.24** Since the pandemic, Allerdale has implemented a hybrid working model, which is set to continue after 1st April 2023. Allerdale issued a working guide to all existing staff in July 2021 with new starters receiving a copy as part of their induction. The policy was due to be reviewed in May 2022 however the Strategic Advisor - HR confirmed this has not happened and the policy does appear to hold out of date information.
- 5.1.25** SMT encouraged managers to hold team meetings face to face at least once a month. Testing shows this message was not enforced by some managers with some staff reluctant to return to the office. Testing of other council policies around hybrid working have clearly defined expectations of staff and a cohesive policy should be in place as per appendix C to ensure staff are aware of management expectations.

5.1.26 Substantial support is in place for staff wellbeing including mental health advocates, mindfulness meetings and access to private counselling sessions. Regular reminders should continue to be issued to existing staff to promote the support available especially with the uncertainty some staff may be experiencing because of LGR. Furthermore, work should continue as part of the LGR HR workstream to ensure this support remains available for all staff.

5.1.27 The Council have introduced a range of IT systems including an increased use of Teams and a new internal system called Yammer. Each department have their own Team's area utilising the chat function to stay connected which has continued post COVID. Yammer works in a similar way to other social media sites with different groups set up including HR announcements where jobs are advertised and Pride of Allerdale, when compliments about service received are published so that individual or department achievements can be recognised. This facility ensures Allerdale employees retains a sense of cultural identity when working away from corporate offices for extended periods of time.

5.1.28 In the majority of cases suitable job adverts and descriptions are in place, however some recent advertisements have included grammatical errors, poor sentence structure and role specifications not making sense resulting in a poor first impression. Additionally, one role advertised documented different criteria between the job advert and job description which could impact the number of applications received. Strategic Advisor – HR confirmed jobs descriptions and adverts are prepared by the department manager and should be proofed by the HR team however this task was completed by the previous admin staff member and may have been missed given the significant workloads staff are dealing with.

Recommendation 3 - Ensure all job descriptions and advertisements are proof-read prior to publication.

5.1.29 Several roles within Allerdale require those in post to hold specific qualifications and training to allow the Council to perform its statutory duties. Consideration should be given to include a key accountability on all job roles around the need for ongoing training and development. Should legislative changes be introduced, staff would then be obliged to complete the relevant training or qualifications to ensure they can perform their roles safely, lawfully and in a manner which protects the Council from recourse.

Recommendation 4 – Consideration is given to include the requirement of ongoing training and development within key accountabilities on all job descriptions.

5.1.30 Certain positions within Allerdale have remained vacant for an extended period due to the unavailability of experienced staff or the inability to recruit due to lack of resource to

complete training. Testing confirms successful recruitments employing staff with transferable skills from previous roles and providing on the job training and mentoring to support to develop officers in post. This is a long-term strategy, enabling managers to develop their own team, which might help difficult to recruit roles.

5.1.31 When personnel leave the authority, with the exception of retirees, exit questionnaires are issued for completion which prior to the internal restructure in 2021 were face to face interviews.

5.1.32 Since September 2021, 35 individuals have left the authority of which 11 were through retirement with less than 50% of questionnaires or interviews returned or completed. When reviewing the reasons staff leave the authority some similarities can be evidenced with the key issues around salary, IT equipment/systems, lack of support and workload. Although one of these reasons may not result in staff leaving, a combination, could result in job dissatisfaction and could be a contributing factor if a staff member decides to leave.

5.1.33 HR staff feel leaving questionnaires do not add value to the authority due to the lack of change they bring. The initial survey completed with managers at the start of the audit indicated managers do not always receive feedback from HR when questionnaires are completed meaning they are unable to consider changes. Strategic Advisor – HR advised feedback had been provided to SMT annually with regards employee turnover, however they were unable to provide any evidence that actions had been taken to try and overcome reasons.

Recommendation 5 - Consider working with managers when leavers questionnaires are returned to ensure any material reasons can be considered with appropriate changes made.

5.1.34 Staff are currently updated on progress of the unitary authorities using a combination of methods including all staff briefing/ Q and A Sessions, weekly newsletters and emails, SharePoint site including staff FAQ's which are regularly updated and a dedicated website for each unitary council.

5.1.35 It is understandable staff are working incredibly hard to ensure Cumberland Council is safe and legal for vesting day; however, it should be acknowledged that staff are worried, and this must be taken into consideration.

Appendix A – Management Action Plan

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 1 – Issues as documented in appendix one are reported and considered at the appropriate Cumberland HR forum.	H	Failure to address long-term solutions to address an emerging risk area	ABC HR Manager will make recommendation to Cumberland as part of transformation plan.	Strategic Advisor - HR	01.04.2023 (Review)
Recommendation 2 - Where vacancies exist, consideration to arranging regular catch ups with department managers should be scheduled to discuss available options and potential recruitment exercises.	M	Increased workloads on existing staff which could increase vacancy levels should further individuals leave.	ABC HR Manager will make recommendation to Cumberland as part of transformation plan. Recruitment will be managed centrally by Cumberland recruitment team.	Strategic Advisor - HR	01.04.2023 (Review)
Recommendation 3 - Ensure all job descriptions and advertisements are proof-read prior to publication.	M	Unsuccessful recruitment campaigns leaving vacancies within teams	Before these are sent to central recruitment team, will ensure all are proof-read prior to publication.	Strategic Advisor - HR	February 2023
Recommendation 4 - Consideration is given to include the requirement of ongoing training and development within key accountabilities on all job descriptions.	M	Ensure appropriate skills and qualifications in place to ensure ongoing service delivery	ABC HR Manager will make recommendation to Cumberland as part of transformation plan.	Strategic Advisor - HR	01.04.2023 (Review)

Recommendation 5 - Consider working with managers when leavers questionnaires are returned to ensure any material reasons can be considered with appropriate changes made.	M	Issues within departments remain unresolved.	All leaver questionnaires to be returned and analysed.	Strategic Advisor - HR	February 2023
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Appendix B – Advisory Comments

Ref	Advisory Comment
5.1.4	Senior management should continue to monitor and review staff retention between now and 1 st April 2023.
5.1.18	HR to ensure all appraisals and training requests are received for each staff member ahead of LGR.
5.1.26	Regular reminders issued to existing staff to promote the mental health and well-being support currently available.
5.1.28	HR should consider accepting candidates with transferable skills in difficult to fill jobs roles which could attract a wider range of candidates.

Appendix C – Recommendations for consideration as part of Local Government Reorganisation

Ref	Advisory Comment
5.10	Focus on succession and workforce planning to ensure if staff do leave, there are sufficient staff in place to complete the day-to-day job.
5.11	The introduction of career development workshops and department structures which allow for employee growth to encourage staff to remain and develop their careers within the Council.
5.14	The introduction of an apprenticeship policy post vesting day to maximise the use of apprentices.
5.23	The development of a cohesive recruitment pack including new application form for Cumberland Council which can be included with all job advertisements advertising the benefits of working for the council.
5.25	The introduction of cohesive policies around hybrid working for Cumberland Council documenting the expectations of staff.
5.26	The introduction and implementation of a staff well-being policy.

Appendix D - Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The control framework tested are suitable and complete are being consistently applied.</p> <p>Recommendations made relate to minor improvements or tightening of embedded control frameworks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure system objectives are generally achieved. Some issues have been raised that may result in a degree of unacceptable risk exposure.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently embedded.</p> <p>Any high graded recommendations would only relate to a limited aspect of the control framework.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses that have been identified. The level of non-compliance and / or weaknesses in the system of internal control puts achievement of system objectives at risk.	<p>There is an unsatisfactory level of internal control in place. Controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>High graded recommendations have been made that cover wide ranging aspects of the control environment.</p>
Limited/None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-existence or non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist.</p>

Appendix E

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).