

BOARD PAPER

TITLE: Remuneration & HR Committee Annual Report to the Board

ISSUE:

This paper provides the Board with a review of the human resource work overseen by the Remuneration & HR Committee during the period November 2009 to November 2010, together with a brief overview of work planned for the coming year.

HOW DOES THIS CONTRIBUTE TO THE AIMS OF THE REGIONAL ECONOMIC STRATEGY AND CORPORATE PLAN?

The Remuneration & HR Committee has a key role in ensuring the human resources of the Agency are working effectively to deliver the Regional Economic Strategy and Corporate Plan.

BACKGROUND:

The work that the Remuneration & HR Committee has overseen over the last year is grouped into four areas:

1. Corporate Governance;
2. Key Human Resource Benchmark Data;
3. Annual Activities;
4. Learning & Development.

It is noted however that the issues associated with the Coalition Government's announcement of their intention to close the Regional Development Agencies has cut across all areas of the Committee.

1. Corporate Governance

A key element of the Committee's responsibility is to oversee the performance of the Chief Executive and his Executive Team. The Committee has reviewed their performance during this period to ensure that they continue to carry out their role effectively. It is therefore positive to note the excellent assessment of the Agency in the NAO's Independent Supplementary Review (ISR) process, released in June. The Committee has also ensured that the performance of all employees continues to be supported by robust employee performance management processes.

The Committee has monitored the effectiveness of the organisation structure to ensure that it is aligned to meet the constantly changing demands put on the Agency, both at a strategic and operational level. In addition, the Committee oversaw the implementation of development of a Voluntary Redundancy process during the late summer and early autumn.

The Committee has ensured employment policies and procedures continue to meet legal compliance and the highest possible levels of best practice. This included overseeing the review and amendment of the Redundancy Policy and Procedure to ensure that it meets the changing needs of the Agency. The Committee has also ensured that the Travel & Subsistence and Gifts & Hospitality Policies and Procedures continue to conform to best practice.

The procedures associated with family friendly working and diversity have remained best practice and the Corporate Governance Manual continues to be highly commended by the National Audit Office.

2. Key Human Resource Benchmark Data

The Committee has regularly reviewed and compared the Agency's key human resource benchmark data. Of particular note within the information is the following:

- The Agency currently employs 221 people. The reduction from last year reflects the changing environment, together with the voluntary redundancies made in October 2010. In previous years there were a number of secondments into the Agency and consultants engaged to facilitate various aspects of the ever changing work commitments. This is no longer the case. Our changing circumstance is further reflected by the number of our employees who have been seconded to other organisations;
- In light of the current climate it is not surprising that turnover and absence rates have increased from last year;
- The ethnicity and age profile of employees continues to broadly reflect the Region's population, comparing favourably with data from other similar organisations;
- Although the number of disabled staff employed is still below the regional average, it compares favourably with the relevant benchmark organisations. This is largely due to the proactive approach taken in ensuring the working environment remains accessible to all. The Agency continues to be accredited as a Disability Symbol User.

It is not surprising that most employees live near our headquarters in Nottingham, especially for those undertaking administrative/technical level roles. A significant minority at the management grade and above do however commute from around the Region.

3. Annual Activities

The Committee set itself a number of key annual activities reflecting the prevailing circumstances that the Agency operated in last year:

- Reviewing and amending employee performance processes to ensure they remain relevant and performance driven;
- Ensuring the Agency continues to manage its employee remuneration processes in a fair and equitable manner;
- Continuing to oversee the operation of the Agency's vision and supporting set of values to encourage the appropriate ethos and culture within the Agency. The Agency remains accredited as an *Investor in People*.

The following key activities were however substantially revised for the remaining six months of the year following the Government's announcement of the Agency's closure:

- Overseeing the development and implementation of the Voluntary Redundancy process highlighted above;
- Overseeing an extensive workforce planning processes to ensure the Agency is ready to deal with the ongoing changes that it is going through leading to closure. This includes ensuring succession planning and retention processes are in place to manage the increasing level of departures from the Agency;
- Ensuring all employee processes in relation to the transfer of functions to other bodies are dealt with legally and in line with best practice;
- Ensuring employee consultative processes remain positive within the Agency during a very uncertain period. This is in contrast to the difficult national climate that exists within the public sector and their respective Trade Unions on issues such as pay, pensions and job losses. It is worth noting that morale has held up amongst the majority of employees in the current uncertain environment.

4. Learning & Development

The Committee continues to ensure that the Agency has a comprehensive employee learning & development strategy, plan and associated supporting processes, in place to support employees meeting the competences/skills required to carry out their role so the Agency can meet all its responsibilities and performance targets.

Specific focus has been placed on ensuring that managers and employees are able to deal with the extremely challenging and changing environment the Agency is operating in. A successful completion of the Leadership Development Programme has developed the competences and skills of a number of our management team.

The Committee has also overseen the development of a comprehensive staff support and career management programme to assist all employees to develop their careers at the cessation of the Agency. This has included supporting activities that encourage the development of broader skills that support both personal, as well as professional, growth.

Future Work

The Committee will ensure that there is a continuing focus on our corporate governance responsibility. This includes overseeing the performance of the Executive Team and the effectiveness of the organisation structure.

The Committee has an extensive work plan in place to oversee the smooth closure of the Agency with regard to employee and associated human resource issues. This includes overseeing extensive workforce planning processes to ensure employees exit at the cessation of their work, or transfer to other organisations when the associated transfer of activities takes place.

A key element of the Committee's work will be to ensure employee consultative processes continue to operate effectively within the Agency during this uncertain time.

The Committee will be overseeing learning and development within the Agency and the associated staff support and career management programme to ensure our highly skilled, committed and loyal workforce are in the strongest position possible to secure future employment and develop their careers.

Finally, the Committee will link in with the legacy work being undertaken to ensure that the knowledge and best practice established over the past years is not lost.

RECOMMENDATION:

The Board is asked to note the human resource issues the Committee has overseen during the past year and the emphasis of its work for the coming period up to the closure of the Agency.