hpc health professions council

Audit Committee 23 September 2010

# Internal audit report – Human Resources risk management review

## Executive summary and recommendations

### Introduction

PKF has undertaken a review of Human Resources risk management arrangements, in accordance with the internal audit plan agreed by the committee in February 2010. The report is attached as an appendix to this paper.

The report rated this area as satisfactory and made two recommendations.

### Decision

The Committee is asked to discuss the report.

### Background information

At its meeting in February 2010, the Committee approved the Internal Audit Plan for 2010-11.

### Resource implications

None.

### Financial implications

None.

### Appendices

Human Resources risk management arrangements – report.

### Date of paper

13 September 2010.

hpc health professions council

# Health Professions Council

# Human resources key risk management review 2010/11

Final August 2010

Confidential

PKF

Accountants &
business advisers

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# 1 Introduction and scope

1.1 In accordance with the 2010/11 internal audit programme for the Health Professions Council ("HPC") that was agreed with the Audit Committee in February 2010, we have undertaken a review of the HPC's Human Resources management arrangements.

## Scope of our work

1.2 The focus of this review was upon the human resources arrangements for the HPC's employees. Partners will be covered by a separate review- currently scheduled for 2011/12.

1.3 The HPC identified the following key risks in its February 2010 risk register:

- Loss of key HPC employees (risk 11.1);
- Lack of technical and managerial skills to deliver the strategy (risk 11.4);
- Employee and ex-employee litigation (risk 11.7); and
- Employer, employee inappropriate behaviour (risk 11.8).

1.4 The review assessed the arrangements in place at the HPC for managing these key risks.

1.5 This report has been prepared as part of the internal audit of the Health Professions Council under the terms of the contract for internal audit services. It has been prepared for the Health Professions Council and we neither accept nor assume any responsibility or duty of care to any third party in relation to it.

1.6 The conclusions and recommendations are based on the results of audit work carried out and are reported in good faith. However, our methodology is dependent upon explanations by managers and sample testing and management should satisfy itself of the validity of any recommendations before acting upon them.

# 2 Executive summary

2.1 This report summarises the work undertaken by PKF within the agreed scope of our review of the human resources management arrangements in operation at the HPC. The work was performed as part of our agreed internal audit plan for 2010/11.

## Background

2.2 The HPC's budgeted headcount for 2010/11 is 144 employees (2009/01 budget -132 employees). Human resources matters are managed through a small Human Resources Team comprising seven employees, including four employees responsible for the HPC's partners. Payroll costs are budgeted to be just over £5.7 million for 2010/11 – around 36% of the HPC's total expenditure.

## Our assessment

2.3 Based on the audit work carried out we concluded that the HPC's arrangements for managing its key human resources risks were satisfactory and operating effectively at the time of our review.

## Principal findings

2.4 We noted that the Human Resources Team maintains a schedule that was developed by the Chief Executive and Director of Human Resources that sets out the key posts identified by the HPC and the arrangements that will be put into place to provide short and medium term cover in the event that the current post holder decided to leave the HPC or was not available. This is the key mitigation against the loss of a senior / key employee.

2.5 We noted that it was up to date and identified a named individual to provide cover for each post until a permanent solution can be put into place following a recruitment process. This is supported by informal training within departments and additional training when the named individual is actually providing cover. The HPC also seeks to ensure that robust handover arrangements are established when a senior individual leaves the organisation.

2.6 The HPC has also thoroughly documented its key processes, which should enable an individual to understand the key stages of each process quickly should they be required to provide cover at short notice.

2.7 Nevertheless, we believe that the HPC's current risk register could be enhanced to reflect the actual mitigations more precisely. In particular, the reference to cross-departmental training as a mitigating control should be amended since the training is primarily undertaken within departments. We have therefore raised a recommendation in relation to this matter.

2.8 The HPC's *Strategic Intent* and Five Year Plan set out the organisation's strategic objectives and estimated human resources requirements going forward. The HPC also has a Human Resources Strategy in place which was developed in 2008 for the period from 2008/11. From our discussions with management, we noted that the HPC recognises that the Human Resources Strategy now needs to be updated to bring it into line with the HPC's most recent *Strategic Intent* and Five Year Plan. Further amendments will also be required in the longer term once the regulatory functions of the General Social Care Council are transferred to the HPC. We have therefore raised a recommendation in relation to this matter.

2.9 In the meantime, we noted that the Human Resources Team annual work plan 2010/11 is being used to document the organisation's strategic thinking and priorities for human resources.

2.10 Our review indicated that the Human Resources Team maintains a detailed excel spreadsheet record of the training needs as they are identified for each HPC employee through the appraisal process. Where generic training needs that apply to more than one department are identified, such as time management, the Human Resources Team specify the training requirement in more detail and organise the course using internal or external providers. Specific training needs (e.g. professional training such as accountancy or fitness to practise case management) are addressed by the relevant department.

2.11 However, we believe that there is scope for improving these arrangements by clarifying the link between the wider skills required to deliver the HPC's *Strategic Intent* and the programme of training scheduled by the organisation.

2.12 From our review of the Human Resources Team work plan for 2010/11, we also noted that the HPC is aiming to improve the central co-ordination and provision of training and development still further. Specifically this is to include the development of a more detailed organisational training plan to include shared learning needs, evaluation and training indicators (e.g. training spend per employee, number of days training per employee). We believe that these developments should bring the HPC's approach to training in line with best practice.

2.13 From our discussions with the Director of Human Resources we understand that there are currently no employee conduct issues that have reached a formal disciplinary stage and there is just one performance issue that has reached the formal capability process stage. The HPC is not currently responding to any litigation by an employee.

2.14 The HPC's Employee Handbook contains all the organisation's key policies and procedures in relation to human resources matters, including the HPC's Code of Conduct and Behaviour and the Whistle-blowing Policy.

2.15 The Code of Conduct and Behaviour sets out the main workplace practices that all HPC employees are required to follow. Our review indicated that the Code of Conduct and Behaviour contained all the aspects of workplace behaviour that we would expect to see included and was consistent with the approach adopted by other regulators.

2.16 It is important to ensure that all employees are regularly appraised and the results clearly documented. In our experience, where organisations fail to meet this requirement, any decisions taken in relation to the performance of employees may be exposed to challenge at a subsequent tribunal should this arise. Failure to undertake an appraisal for a particular employee may be viewed as disadvantaging that individual.

2.17 We noted that the HPC has an established employee performance management process that requires a formal appraisal to be undertaken at least annually.

2.18 Our review of the spreadsheet maintained by the Human Resources Team indicated that all but ten appraisals required to be undertaken for 2010 had been completed and documented at the time of our audit. We noted that these were actively being followed up by the Human Resources Team and we have not therefore raised a recommendation in relation to this matter.

2.19 We also noted that the HPC's appraisal process provides an opportunity for employer/ employee inappropriate behaviour to be identified and addressed before it reaches the point where the organisation's more formal disciplinary procedures need to be followed. Should more formal steps need to be taken, the HPC has clearly documented its procedures within its Employee Handbook.

2.20 All employees who leave employment at the HPC are encouraged to take part in a confidential exit interview. Around 62% of the HPC's leavers attended an exit interview during this period. We noted that this is well above the typical participation rate for organisations, which is around 35%.

2.21 Although the exit interview collects information after the employee has decided to leave (when it is too late to address any issues) it can highlight opinions that may provide an indication whether an employee is likely to take legal action against the HPC or identify general issues that the HPC needs to resolve.

2.22 We noted that the HPC takes these matters seriously and where three leavers had cited dissatisfaction with line management as their principal reason for leaving, each of these cases was investigated by the HPC.

2.23 Other more general mitigations against the risk of employee litigation in place at the HPC include the employee survey and the Employee Assistance Programme ("EAP").

2.24 The employee survey is an important monitoring control that can highlight areas of general dissatisfaction (should there be any) and any potential areas of weakness that can be acted upon before they expose the HPC to employee litigation in the future.

2.25 The most recent survey was undertaken in 2008. A further survey is planned for October 2010 and included in the work plan for the Human Resources Team.

2.26 The EAP is available to all HPC employees and provides them with confidential access to support in relation to a wide range of areas, including their working relationships within the HPC.

2.27 We wish to thank all HPC's employees for their availability, co-operation and assistance during the course of our review.

**PKF (UK) LLP**

**August 2010**

# 3 Detailed findings

## Background

3.1 The HPC is a relatively small organisation, which has almost doubled its number of employees over the last five years rising from 76 full time equivalent employees ("FTEs") in 2005/06 to a budgeted headcount for 2010/11 of 144 FTEs. Nine new permanent posts are included in the budgeted headcount for 2010/11. Payroll costs are budgeted to be just over £5.7 million for 2010/11 – around 36% of the HPC's total expenditure.

3.2 Human resources matters are currently managed through a Human Resources Team comprising seven employees, including four employees responsible for the HPC's partners.

## Key risks

3.3 The HPC has identified the following key risks in relation to human resources management in its most recent (February 2010) risk register.

- Loss of key HPC employees (risk 11.1);
- Lack of technical and managerial skills to deliver the strategy (risk 11.4);
- Employee and ex-employee litigation (risk 11.7); and
- Employer/employee inappropriate behaviour. (risk 11.8)

3.4 The principal controls that the HPC is relying upon to manage these risks are as follows:

### Succession planning

- Chief Executive succession plan (held by the Human Resources Director) and succession planning generally;
- Departmental cross-training; and
- Process documentation.

### Skills to delivery the strategy

- HR strategy and goals and objectives; and
- Training needs analysis and training delivery.

### Performance management

- Regular one-to-one meetings with manager and employee performance reviews;

- HR legislation and disciplinary policies; and
- Employee surveys/ exit interviews

### Policies and procedures

- Code of conduct and behaviour;
- Whistle blowing policy;
- Other HR policies and procedures; and
- Employee assistance programme.

3.5 The findings of our review of these controls are set out below.

## Findings

### Succession planning

*Succession planning*

3.6 We noted that the Human Resources Team maintains a schedule that was developed by the Chief Executive and Director of Human Resources that sets out the key posts identified by the HPC and the arrangements that will be put into place to provide short and medium term cover in the event that the current post holder decided to leave the HPC or was not available. The key posts identified include the following:

- Chief Executive and Registrar;
- The EMT members; and
- Other identified key managers.

3.7 A named individual has been identified to provide cover for each post for up to three months and between four and six months. In all cases the permanent solution would be likely to involve a recruitment process. However, this process may involve internal candidates including the individual assigned to provide cover.

3.8 We noted that the approach set out in the schedule was up to date and is currently in operation, since the Director of Education is on maternity leave at present, with cover being provided by the named manager within the Education Team.

3.9 Where employees leave the HPC, we understand that every effort is made to ensure an effective handover. For example, we noted that when the new Director of Finance was appointed, his predecessor remained in post for some time to ensure that he was fully briefed on the activities of the Finance Team.

*Departmental cross-training*

3.10 From our discussions with the Human Resources Director we understand that training and one- to- one coaching takes place within each department to enable individuals to develop and to increasingly take on additional responsibilities including providing cover for their manager/ director. These arrangements are largely informal and will inevitably vary from department to department depending upon the individuals involved.

3.11 Priority is however given to those individuals named on the succession planning schedule and where they are actively providing cover, we noted that additional training is provided to support them. For example, the manager providing cover for the Director of Education is being provided with training in strategic thinking and planning during 2010/11.

*Process documentation*

3.12 The HPC maintains a detailed library of all its operational procedures on the organisation's Intranet. We understand that process maps are in place for all the HPC's key procedures and these are subject to periodic audits in accordance with ISO 9001:2008 to confirm compliance with the documented process and to identify any necessary improvements. Regular reports on progress with these reviews and the independent certification under ISO 9001:2008 are reported through the Audit Committee.

3.13 Through our attendance at the Audit Committee, we have noted that the findings of the audit process have been presented on a regular basis and the level of compliance with documented procedures at the HPC has been reported as high. The procedures are therefore likely to represent an accurate record of the organisation's key operational processes that could be picked up and used by an individual appointed to replace a key employee in the event of their absence or departure.

3.14 The risk of the loss of a key employee is therefore managed through the succession planning schedule, which is updated to reflect and changes in personnel. This is supported by informal training within departments and additional training when the named individual is actually providing cover. The HPC seeks to ensure that robust handover arrangements are established when a senior individual leaves the organisation.

3.15 The HPC has also thoroughly documented its key processes, which should enable an individual to understand the key stages of each process quickly should they be required to provide cover at short notice.

3.16 Nevertheless, we believe that the HPC's current risk register could be enhanced to reflect the actual mitigations more precisely. In particular, the reference to cross- departmental training as a mitigating control should be amended. We have therefore raised the following recommendation.

**Recommendation**

**R1. The risk register (for risk 11.1) should be amended to refer to departmental training rather than cross-departmental training.**

### Skills to deliver the strategy

*Human Resources strategy*

3.17 The HPC's document *Strategic Intent* sets out the organisation's strategic objectives for the period from 2009 to 2015. This was approved by Council in March 2009 and includes the following principal objectives.

**HPC STRATEGIC OBJECTIVES 2009/10 TO 2014/15**

1. To maintain and develop good governance during and after the restructuring of the Council
2. To maintain and develop efficient business processes throughout the organisation as it grows
3. To increase understanding and awareness of regulation amongst all stakeholders
4. To build the evidence base of regulation
5. To proactively influence the policy agenda on regulation reforms
6. To ensure that the HPC's values and processes dovetail with the respective healthcare delivery agendas in each of the four home countries

3.18 These strategic objectives provide the overall framework within which decisions are made regarding the human resources, skills and expertise required by the HPC over the coming years.

3.19 In addition to the *Strategic Intent*, the HPC prepares a Five Year Plan, which is reviewed and updated annually. In this document, assumptions are made regarding the level of employees required to deliver the HPC's strategic objectives and forecasts are made of the number of employees required by each department over the next five years.

3.20 The most recent version of the Five Year Plan was produced in November 2009 and contains the following key assumptions that are relevant to Human Resources management:

- Over the next five years registrant numbers are expected to increase by 45% to 291,759;

- The numbers of Fitness to Practise cases are expected to increase by 86% to 841 per year;
- The number of hearing days is expected to rise from 634 days in 2009/10 to 1,482 days by 2014/15; and
- Employee numbers are expected to rise by 41% over the next five years to 187.5. The majority of the increase will be in Fitness to Practise due to the rise in number of cases and increased complexity.

3.21 The main changes to personnel forecast over the next five years are as follows.

| Department | Current 2010/11 FTEs | Forecast 2014/15 FTEs |
|---|---|---|
| Education | 15 | 20 |
| Fitness to Practise | 43 | 67 |
| Human Resources | 5 | 8 |
| Finance | 8 | 11 |

3.22 In addition to the Strategic Intent and the Five Year Plan, the HPC has a Human Resources Strategy in place which was developed in 2008 for the period from 2008/11. The two key elements of the strategy are to:

- Ensure that the HPC has the appropriate employees to deliver its objectives; and
- Ensure that the HPC complies enthusiastically with all human resources legislation.

3.23 The strategy is broken down into various aims and objectives as follows:

| HPC Human Resources Aims | Objectives |
|---|---|
| Open transparent and effective recruitment processes | • Grow own talent<br>• Recruit specialist skills where needed |
| Promote training of employees | • Use internal and external training course to improve quality and competence of employees |
| Customer service focus | • Recognition of the importance of customer service internally and externally |

| HPC Human Resources Aims | Objectives |
|---|---|
| Foster a modern working culture | • Non-hierarchical<br>• Flat structure<br>• Inclusive decision making<br>• Hard working with social activities<br>• Work/home life balance |
| Supportive work environment | • Flexible hours offered to employees with family responsibilities<br>• Home working<br>• Supportive of further study<br>• Graduated return to work/ part time offered to parents |
| Innovation and creativity | • Open door policy by senior management leading to opportunities for employees to propose ideas and solutions<br>• Forums (middle management group) for people to express opinions/ opportunities for improvements on processes |

3.24 From our discussions with management, we noted that the HPC recognises that the Human Resources Strategy needs to be updated to bring it into line with the HPC's most recent *Strategic Intent* and Five Year Plan. Further amendments will also be required in the longer term once the regulatory functions of the General Social Care Council are transferred to the HPC. In the meantime, we noted that the Human Resources Team annual work plan is being used to document the organisation's strategic thinking and priorities for human resources, although this document is focused primarily upon the 2010/11 financial year with some consideration of future issues for 2011/12.

3.25 There is therefore scope for refining the HPC's strategic approach to human resources planning and management.

3.26 In our view, the most effective way forward would be for the organisation's current thinking on the longer term skills and training needs of the HPC to be set out in an updated version of the Human Resources Strategy.

3.27 This is particularly important if this document is to be relied upon as the key mitigation against the risk of lack of technical and managerial skills to deliver the HPC's *Strategic Intent*. We have therefore raised the following recommendation.

**Recommendation**

**R2. The HPC's Human Resources Strategy should be updated to reflect the organisation's current thinking on its human resources requirements, including skills and training needs.**

*Training needs analysis and delivery*

3.28 The HPC has a documented Training Policy, setting out its commitment to develop its employees through a systematic analysis of the requirements of the organisation and its employees. This is to be undertaken through the appraisal process (described in the following section of this report), the identification of learning needs and through development and training programmes.

3.29 Following on from the appraisal process, we noted that the Human Resources Team maintains a detailed excel spreadsheet record of the training needs as they are identified for each HPC employee. Our review of the spreadsheet indicated that the training needs for two employees had still to be determined and recorded on the spreadsheet, since their appraisals remained outstanding. However, we noted that these individuals had been highlighted on the spreadsheet and the information was being chased up by the Human Resources Team.

3.30 Where generic training needs that apply to more than one department are identified over and above the individual training requirements highlighted through the appraisal process, such as time management, the Human Resources Team specify the training requirement in more detail and organise the course using internal or external providers. Specific training needs (e.g. professional training such as accountancy or fitness to practise case management) are addressed by the relevant department. Our review of the training spreadsheet indicated that steps had already been taken by the Human Resources Team to confirm the priority areas where training is required for 2010/11 and to begin to estimate the costs involved.

3.31 However, we believe that there is scope for improving these arrangements by clarifying the link between the wider skills required to deliver the HPC's *Strategic Intent* and the programme of training scheduled by the organisation. This should be addressed by Recommendation 2 above and we have not therefore raised a further recommendation.

3.32 From our review of the Human Resources Team work plan for 2010/11, we also noted that the HPC is aiming to improve the central co-ordination and provision of training and development still further.

3.33 Specifically this is to include the development of a more detailed organisational training plan to include shared learning needs, evaluation and training indicators (e.g. training spend per employee, no of days training per employee). We believe that these developments should bring the HPC's approach to training in line with best practice.

### Performance management

*Performance management process*

3.34 It is important to ensure that all employees are regularly appraised and the results clearly documented. In our experience, where organisations fail to meet this requirement, any decisions taken in relation to the performance of employees may be exposed to challenge at a subsequent tribunal should this arise. Failure to undertake an appraisal for a particular employee may be viewed as disadvantaging that individual.

3.35 The appraisal process should also provide an opportunity for employer/ employee inappropriate behaviour to be identified and addressed before it reaches the point where an organisation's more formal disciplinary procedures need to be followed.

3.36 We noted that the HPC has an established employee performance management process that requires a formal appraisal to be undertaken at least annually. The appraisals are scheduled to be undertaken in February.

3.37 The Human Resources Team issue the relevant line managers with electronic copies of the performance development forms, together with the previous year's electronic assessment and details of the employee's job description.

3.38 All employees below manager grade are measured against eleven key generic competencies that are applicable to each post and a rating provided within a range from A-E. These are as follows:

- Initiative;
- Integrity;
- Tenacity;
- Standards of achievement;
- Team work and co-operation;
- Adaptability;
- Listening and responding;
- Communication skills;
- Attendance;
- Core skills; and
- Timeliness and delivery.

3.39 Managers are assessed against five competencies, which are also generic and a rating is provided for each competency.

3.40 The appraising manager is required to include a comment to explain the rating for each competency. The form requires the appraisal process to consider the career aspirations of the employee at the HPC or more generally in the future.

3.41 From this an employee development plan should be drawn up setting out the agreed steps/ training that the employee will undertake over the coming year and the support (e.g. through training) that the HPC will provide.

3.42 A hard copy that has been signed by both the employee and the line manager should be sent to the Human Resources Team. An electronic copy should be retained on the relevant department's HR folder and only accessible by the Manager of the Department and the Human Resources Team. The form includes space for the employee to add their own comments in relation to the appraisal.

3.43 The employee's signature only confirms that the review has taken place – not that they are entirely in agreement with the conclusions. If the comments of the employee indicate significant disagreement/ dissatisfaction the review is to be escalated to next manager in the hierarchy by the Human Resources Team.

3.44 We therefore concluded that the appraisal process provides the opportunity for performance related issues to be aired and agreed development actions to be clearly documented. From the spreadsheet maintained by the Human Resources Team that is used to log appraisals and training needs we noted that all but ten appraisals required to be undertaken for 2010 had been completed and documented at the time of our audit. We noted that these were actively being followed up by the Human Resources Team and we have not therefore raised a recommendation in relation to this matter.

*Employee surveys*

3.45 The HPC undertook an employee attitude survey for the first time in late June 2008 and received an 80% response rate. The survey was co-ordinated by the Human Resources Team. We understand that the aim of the survey was to gain a greater insight into the reasons why people were staying at the HPC, to find out which aspects of working at the HPC were most valued and to help identify opportunities for improvement. The survey is also an important monitoring control that can highlight areas of general dissatisfaction (should there be any) and any potential areas of weakness that can be acted upon before they expose the HPC to employee litigation in the future.

3.46 We noted that various conclusions were drawn from the responses provided by HPC employees and that action to address these matters was specified in the report provided to the Finance & Resources Committee in November 2008.

3.47 The action included reviewing employee benefits, improving the office environment, improving internal communication and developing the scope for career progression. We noted that since the survey was undertaken, action has been taken through the various departmental work plans in each of these areas.

3.48 We understand that the employee survey is intended to be undertaken every two years and a further survey is therefore scheduled for October 2010 and included in the work plan for the Human Resources Team.

*Exit interviews*

3.49 All employees who leave employment at the HPC are encouraged to take part in a confidential exit interview. An annual exit interview report is considered by the EMT and a summary of trends is provided to the Finance and Resources Committee. We noted that the most recent exit interview report was presented to the Finance and Resources Committee covering the financial year to 31 March 2010 on 29th July 2010.

3.50 Around 62% of the HPC's leavers attended an exit interview during this period. We noted that this is well above the typical participation rate for organisations, which is around 35%.

3.51 The exit interview process requests those individuals who have agreed to attend the interview to comment upon various aspects of their job and their views on the HPC generally, including working relationships with colleagues and with managers.

3.52 Although the exit interview collects information after the employee has decided to leave (when it is too late to address any issues) it can highlight opinions that may provide an indication whether an employee is likely to take legal action against the HPC or identify general issues that the HPC needs to resolve.

3.53 The HPC takes these matters seriously and where two leavers had cited dissatisfaction with line management as their principal reason for leaving, each of these cases was investigated by the HPC.

### Policies and procedures

*Code of Conduct and Behaviour*

3.54 The HPC's Employee Handbook contains all the organisation's key policies and procedures in relation to human resources matters, including the HPC's Code of Conduct and Behaviour and the Whistle-blowing Policy. The Employee Handbook sets out the principal policies and procedures in place at the HPC to mitigate the risk of inappropriate employer/ employee behaviour.

3.55 The Code of Conduct and Behaviour sets out the main workplace practices that all HPC employees are required to follow.

3.56 Our review indicated that the Code of Conduct and Behaviour contained all the aspects of workplace behaviour that we would expect to see included and was consistent with the approach adopted by other regulators.

3.57 The work places practices include the general conduct expected of all employees such as honesty, trustworthiness and confidentiality and specific prohibitions of offensive behaviour that would be contrary to the HPC's legal duty to provide its employees with a safe and secure work environment and one that is free from discrimination, intimidation, physical or verbal threats or harassment, or violent acts. Failure to comply with the HPC's Code of Conduct and Behaviour is a disciplinary matter. In addition to the Code of Conduct and behaviour the HPC's Anti-bullying and Harassment Policy and Grievance Policy and Procedure also provide further protection to employees against inappropriate behaviour.

*Anti-bullying and harassment policy*

3.58 In the event of bullying or harassment, employees are advised to report the matter to their line manager or the Human Resources Team. The employee will then be provided with support to seek to resolve the matter informally in the first instance. If the situation remains unresolved, the employee may raise a formal complaint.

3.59 The complaint is to be made in writing to the Human Resources Team, who will then undertake an investigation, which will be led by a nominated investigating officer. A formal report will be produced summarising the findings and conclusions of the investigation and submitted either to a senior HPC manager or the Human Resources Team. If the complaint is upheld, the HPC's disciplinary procedures may be invoked.

3.60 Even if a complaint is not upheld (for example, where evidence is inconclusive), consideration will be given as to how the ongoing working relationship between the employee and the alleged offender should be managed. This may involve, for example, arranging some form of mediation or counselling or a change in the duties or reporting lines of either party.

3.61 If the employee is dissatisfied with the outcome of the investigation, they have the right to appeal the decision within five working days of being notified of the outcome. Where possible the appeal will be considered by a manger more senior than the manager that reviewed the original complaint or the Human Resources Team, provided that they were not involved in the original decision.

*Grievance policy*

3.62 The HPC grievance policy enables employees to raise a grievance regarding any dissatisfaction or complaint that they may have in relation to their conditions of service, work situation or working relationships.

3.63 Every attempt is to be made to resolve the matter informally but where the employee remains dissatisfied they must submit their grievance in writing to their line manager or a more senior manager if the grievance concerns their line manager. The manager must then arrange a formal grievance hearing within ten working days where this is practicable as advised by the Human Resources Team.

3.64 Employees have the right of appeal to the Chief Executive or his nominated representative in relation to grievance decisions.

*Whistle blowing policy*

3.65 Any employee with concerns that malpractice has arisen that cannot be addressed by other procedures (e.g. disciplinary, grievance) is entitled to raise the matter in accordance with the HPC's Whistle-blowing policy with the Chief Executive and Registrar or a member of the Human Resources Team. The Chief Executive and Registrar is required to record the receipt of an allegation and what subsequent action will be taken as well as the outcome of the investigation.

3.66 Where no malpractice is proven or where it is felt that the procedure has not been properly applied, individuals should refer their concerns to the HPC's Chair who will hear and consider the matter. Council is to be informed of all cases of reports of malpractice.

3.67 They will be told of the outcome of investigations and any subsequent action that may be taken as a result.

*Capability policy*

3.68 In the event of poor performance by an employee, the HPC has documented the approach to be followed in its Capability Policy. Managers should address poor performance as soon as it is identified. This should be by way of normal day-to-day supervision and the provision of appropriate support. In the first instance, performance issues should normally be dealt with informally. If an employee is unable to meet the reasonable objectives set out within the applicable job specification or their performance is below reasonable standards in some other way, the manager should identify ways in which performance can be improved.

3.69 At the conclusion of the informal discussion, the manager must consult with the employee to establish the objectives to be achieved within reasonable timeframes. The target and timeframe must be confirmed in writing to the employee by way of email. Managers should closely monitor the situation and, at the end of the agreed timeframe, make a written record of whether those targets or objectives have been achieved.

3.70 In some cases an informal verbal warning may be given if the manager considers it to be appropriate. However, this will not form part of the employee's personnel record. There is no right of appeal against an informal verbal warning.

3.71 If the informal process does not result in improvement or if the matter is of a serious nature, more formal procedures must be followed and a capability hearing arranged. The hearing is to be held by the relevant line manager (or a more senior manager) and is normally attended by a member of the Human Resources Team. Employees are required to be given reasonable notice of the date of the hearing and the concerns to be discussed.

3.72 Employees may also be accompanied should they wish this to be the case. The companion may be a trade union representative or a fellow HPC employee or can be a family member (at the discretion of the HPC).

3.73 The aim of the process is to address the performance issues by setting an action plan that the employee needs to complete. At the end of the first capability hearing a formal written warning may also be issued. If there is no improvement in performance a second capability hearing may be held. This will consider the reasons why the employee has still been unable to meet the standards of performance required and will also set a further action plan for the employee. A second and final written warning may also be issued at this stage.

3.74 At any point through the capability hearing process the employee has a right to appeal. Where practicable, the appeal hearing will be held by a manager who is senior to the person who conducted the initial capability hearings. Depending on the grounds for the appeal, and at the discretion of the HPC the appeal hearing may be a complete rehearing of the matter or a review of the original decision.

*Disciplinary procedures*

3.75 In the event of misconduct, or where the capability issues are considered to be a disciplinary matter, the HPC's disciplinary procedures are to be followed. We understand that where possible informal procedures will be followed before any disciplinary action is taken. However, should the disciplinary procedures be required the following steps are to be followed.

3.76 In most cases of alleged misconduct, an investigation will be conducted prior to any disciplinary hearing being held. The investigation will normally be conducted by the line manager of the employee alleged to have breached the disciplinary rules although advice should be sought from the Human Resources Team. The role of the investigatory manager is to draw together all relevant information by reviewing documentation and interviewing witnesses including the employee, ensuring that confidentiality is maintained where possible.

3.77 A written report is to be produced setting out the findings and whether the investigatory manager believes that there is a case to answer. The report and evidence is then presented to the Chair of the disciplinary hearing and the Human Resources Team. The Chair is usually a senior HPC manager.

3.78 Employees are to be provided with details of the investigation (including any relevant evidence), due notice of the disciplinary hearing and are entitled to be accompanied. The employee is to be informed of the results of the disciplinary hearing in writing including the specific details of any misconduct that it is considered that has been committed, together with the disciplinary action that has been determined.

3.79 The employee has a right to appeal in writing within five working days of receipt of the decision. The appeal will normally be heard by the Chief Executive and Registrar or their nominee, who may be the Chair of the HPC or a Council representative. In the event that the employee is a member of the EMT, the appeal will be heard by the Chair of the HPC or their nominee.

3.80 The appeal hearing may be a complete rehearing of the matter or it may be a review of the original decision taking account of any new information. This is at the HPC's discretion depending on the grounds of appeal and the circumstances of the employee's case.

3.81 Where appropriate, and as agreed between the employee and the HPC, an appeal hearing may be restricted to a review of the evidence that was available at the original hearing.

3.82 From our discussions with the Director of Human Resources we understand that there are currently no employee conduct issues that have reached a formal disciplinary stage and there is just one performance issue that has reached the formal capability process stage. The HPC is not currently responding to any litigation by an employee. The last potential tribunal case arose in December 2008 and in this case the ex-employee abandoned their claim before the tribunal hearing was scheduled to take place in September 2009. On the basis of this evidence, the HPC's policies and procedures appear to be operating effectively.

*Employee assistance programme*

3.83 Details of the Employee Assistance Programme ("EAP") are set out in the Employment Handbook. The EAP is a twenty four hours a day, seven days a week, three hundred and sixty five days a year counselling service. It is available to all HPC employees. This service is paid for by the HPC but provided by Personal Performance Consultants UK Ltd ("PPC").

3.84 It provides a point of contact and professional counselling advice across a range of problem areas including bereavement, marital, financial, legal, emotional, and alcohol/drug misuse.

3.85 The EAP does not remove the organisation's responsibilities towards its employees. The HPC's duty to provide effective management continues as do the requirements for employees to meet expected standards of performance and behaviour.

3.86 However, the EAP does provide positive confidential help when needed. All employees are encouraged to learn more about the EAP and make use of the programme whenever they would like professional help in dealing with a problem.

3.87 In addition, the EAP provides a consultation service for managers and those that supervise team members. PPC has specialists from both counselling and organisational backgrounds who are available to support managers when they are faced with difficult situations. PPC is a voluntary programme and services are obtained through self referral. Only in exceptional circumstances will HPC refer someone to the EAP.

# 4 Action plan

| Ref. | Findings | Recommendations | Priority | Management Response<br>*Responsible Officer* | Due Date |
|---|---|---|---|---|---|
| | **Succession planning** | | | | |
| **R1** | We believe that the HPC's current risk register could be enhanced to reflect the actual mitigations more precisely. In particular, the reference to cross- departmental training as a mitigating control should be amended. | The risk register (for risk 11.1) should be amended to refer to departmental training rather than cross-departmental training. | **Low** | Agreed.<br>*Director of Human Resources* | **November 2010** |

| Ref. | Findings | Recommendations | Priority | Management Response<br>*Responsible Officer* | Due Date |
|---|---|---|---|---|---|
| | **Skills to deliver the strategy** | | | | |
| **R2** | From our discussions with management, we noted that the HPC recognises that the Human Resources Strategy needs to be updated to bring it into line with the HPC's most recent Strategic Intent and Five Year Plan. This is particularly important if this document is to be relied upon as the key mitigation against the risk of lack of technical and managerial skills to deliver the HPC's *Strategic Intent*.<br><br>We also believe that there is scope for improving these arrangements by clarifying the link between the wider skills required to deliver the HPC's *Strategic Intent* and the programme of training scheduled by the organisation. | The HPC's Human Resources Strategy should be updated to reflect the organisation's current thinking on its human resources requirements, including skills and training needs. | **Medium** | Agreed.<br><br>*Director of Human Resources* | **November 2010** |

# 5 Assurance definitions

| Assurance Level | Definition |
|---|---|
| **Sound** | Satisfactory design of internal control that addresses risk and meets best practice and is operating as intended. |
| **Satisfactory** | Satisfactory design of internal control that addresses the main risks but falls short of best practice and is operating as intended. |
| **Satisfactory in Most Respects** | Generally satisfactory design of internal control that addresses the main risks and is operating as intended but either has control weaknesses or is not operating fully in some significant respect. |
| **Satisfactory Except For…..** | Satisfactory design of internal control that addresses the main risks and is operating as intended in most respects but with a major failure in design or operation in the specified area. |
| **Inadequate** | Major flaws in design of internal control or significant non operation of controls that leaves significant exposure to risk. |