Title of Report:	**Succession Planning**
Report to be considered by:	Personnel Committee on 5 October 2015
Forward Plan Ref:	PC3041

Purpose of Report:	To discuss a systematic approach to succession planning as part of service planning following discussion of this subject at Corporate Management Team on 6th May 2015.
Recommended Action:	That Heads of Service include a systemtic approach to succession planning based the concept of risk managment (likelihood and impact). This approach will become part of the overall approach to business continuity.
	Personnel Committee support a further proposal that services be permitted to designate a "deputy Head of Service" to help with succession planning.
Reason for decision to be taken:	To mitigate the risk of having important posts vacant for long periods of time.
	Elected members have asked for a more formal stance on succession planning.
Other options considered:	Do nothing.

The proposals will help achieve the following Council Strategy principle:
☒ **CSP8 - Doing what's important well**

Portfolio Member Details	
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Date Portfolio Member agreed report:	17 September 2015

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Implications

Policy:	None
Financial:	The proposal to allow 'deputy head of service' roles to develop where required will cost money as honorarium payments are used. However this cost will come from existing service budgets..
Personnel:	In report
Legal/Procurement:	none
Property:	none
Risk Management:	The suggested process will reduce the risk of skill shortages in important posts.
Corporate Board's Recommendation:	Report to proceed to Operations Board for information.

Is this item relevant to equality? Please tick relevant boxes	Yes	No
Does the policy affect service users, employees or the wider community and:		
• Is it likely to affect people with particular protected characteristics differently?	☒	☐
• Is it a major policy, significantly affecting how functions are delivered?	☐	☐
• Will the policy have a significant impact on how other organisations operate in terms of equality?	☐	☐
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?	☐	☐
• Does the policy relate to an area with known inequalities?	☐	☐
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)		
Relevant to equality - Complete an EIA available at www.westberks.gov.uk/eia		☒
Not relevant to equality		☐

Executive Summary

1. Introduction

1.1 Succession planning is used in many large, private sector companies where employees are fast tracked into senior posts. However there is no successful example of a similar succession planning scheme in a local authority. This is because the emphasis on fairness and equal opportunities in recruitment in local government make it impossible to promise an employee that he/she will be promoted when a colleague leaves or retires.

1.2 However "grow your own" succession planning is not universally accepted as the best way to fill vacancies. Some HR commentators argue that companies in fast changing markets should always advertise externally to bring in new ideas and create challenge and creativity.

2. Proposals

2.1 This report proposes that as part of service planning each Head of Service (possibly with his/her management team) identifies the posts that add most value to the service and asks:

(1) When the current post-holders leave, will the posts be filled in their current form?

(2) When the current post-holders leave, are there suitable internal candidates to replace them?

(3) When current post-holders leave, are there suitable external candidates to replace them?

2.2 This process will identify the risk of not being able to easily replace an important post holder.

2.3 The next stage is to consider the likelihood of the current post holder leaving. This information should be obtained from the appraisal discussion under section F:

(1) "Record discussion points on career aspirations, retirement plans and/or other issues in the box below".

2.4 This report also proposes that the suggestion endorsed by CMT on 6th May 2015 is approved by HR to allow services to designate a "deputy Head of Service" to assist with the learning and development needed for succession planning.

3. Equalities Impact Assessment

3.1 The discussion of retirement at appraisal will need to be dealt with sensitively to avoid claims of age discrimination.

4. Conclusion

4.1 The above approach will help identify posts where there is a high risk to service outcomes if a post becomes vacant and a high likelihood that the post will in fact become vacant. The head of service can then seek HR advice on the options to mitigate the risk. That is outcome focussed "succession planning".

Executive Report

1.   Introduction

1.1   Succession planning is used in many large, private sector companies where employees are fast tracked into senior posts. However there is no successful example of a similar succession planning scheme in a local authority. This is because the emphasis on fairness and equal opportunities in recruitment in local government, and the requirement of advertise some senior posts externally, make it impossible to promise an employee that he/she will be promoted when a colleague leaves or retires.

1.2   However "grow your own" succession planning is not universally accepted as the best way to fill vacancies. Some HR commentators argue that companies in fast changing markets should always advertise externally to bring in new ideas and create challenge and creativity. The danger with exclusive "grow your own" succession planning is that the organisational culture is replicated and can stagnate.

1.3   HR recently took a report to Management Board on a proposal to allow HR to agree to simultaneous external and internal advertising of vacancies (rather than managers having to ask the unions for permission). The reaction of MB to this report suggests that some senior elected members are not in favour of our current "internal candidates first" recruitment policy.

1.4   Looking at the data for the past 8 years, the average age of a manager (Grade L or above) retiring is 60 (17 leavers). However both CB and CMT did not support any specific focus on age as a possible risk factor in the likelihood of a key employee leaving, for fear of age discrimination. Therefore the discussion at appraisal of "other factors" which might reveal a key employee's intention to leave should be discussed with employees of all ages.

1.5   The external recruitment market is becoming more competitive as the economy grows meaning that external recruitment will become harder. As the Council workforce shrinks more knowledge is concentrated in fewer people who also have less time to write down that knowledge in process maps for others to use if they leave. This means that "organisational wisdom" is more likely to 'walk out of the door' when key people retire or leave for another job or any other reason.

1.6   The above factors mean that a risk assessment approach to succession planning is the preferred option outlined in this report,

2.   Succession planning as part of service planning

2.1   The Head of Service (or Corporate Director for Heads of Service) should discuss succession planning as part of the service planning process.

2.2   The succession planning discussion will identify those posts which will have a high impact on service outcomes if they become vacant and ask the following questions:

   (1)   Will the post be filled in its current form when the post-holder leaves or retires? If the post will not be filled in its current form, what is likely to happen to the range of duties and responsibilities that the post-holder

currently undertakes? Some duties might be stopped, or out-sourced, or added to other posts' responsibilities or re-designed.

(2) If it is likely that the post will be filled in its current form, are there any suitable internal candidates? If there are suitable internal candidates then the discussion will focus on their personal development plans to ensure that they are being given enough experience and training to make the step up if successful at interview. The succession planning will assume that it is likely that a successful internal appointment will happen. This assessment may change if one or more of the possible internal candidates leave. This development of potential internal candidates can be assisted by the use of a deputy head of service role (see section 3 below).

(3) If the post is to be filled in its current form and there are no suitable internal candidates are there any suitable candidates in the external jobs market? It may be necessary to undertake some research into the external jobs market. The succession planning will assume that it is likely that the post can be filled externally if the job market is buoyant.

(4) If internal or external candidates are not available and there is a high likelihood of the current post holder leaving then the head of service should discuss options with HR.

3. Deputy Head of service role

3.1 One way to develop potential internal candidates is to use a formal deputy role for heads of service if specific services wish to do so. Steve Broughton is ready to use this approach in his service subject to CB approval.

3.2 There are two types of 'deputy' roles in local government.

(1) The first is to establish posts with the word Deputy in the job role. The classic example is Deputy Chief Executive which is normally a role taking on the operational tasks that the CX doesn't have time for while the CX concentrates on strategic issues. The same principle can be applied to a host of senior posts in an organisation. This type of structure has gone out of fashion as being top-heavy and expensive. This report does not recommend such an approach.

(2) The second is for a person to keep their day job but be recognised as the deputy head of service in the absence of the head of service (for example when the head of service is on leave). The deputy head of service would shadow the head of service at key meetings and learn about how to do the role. This improves the possibility of having an internal candidate ready and able to apply for a vacant head of service post. However it would also make the person more marketable and may encourage them to seek a head of service post in another LA.

3.3 There are obvious equality issues on how a deputy head of service should be selected. Steve Broughton proposes sharing the role in six or 12 month stints amongst his direct reports who are interested. The deputy head of service would be paid an honorarium by the service while undertaking the role.

3.4 The concept of deputy roles as described above could be used below head of service level and would have the same beneficial effect in terms of succession planning.

4. Conclusion

4.1 This report recommends that services use the service planning process to identify posts where there is a high risk to service outcomes if a post becomes vacant and a high likelihood that the post will in fact become vacant. The head of service can then seek HR advice on the options to mitigate the risk. That is outcome focussed "succession planning".

4.2 This report also recommends that services be allowed, where they perceive a benefit, to use "deputy head of service" (and if appropriate other 'deputy' roles) to improve the possibility of an internal appointment should the head of service post become vacant. This approach will bring other benefits to the service in terms of learning, motivation, service delivery and business continuity.

4.3 CB is invited to decide whether this report should go to Management Board.

Appendices

There are no appendices with this report.

Consultees

Local Stakeholders: Not consulted

Officers Consulted: CMT and Corporate Board

Trade Union: