



# Carlisle City Council

## Report to Audit Committee

### Report details

Meeting Date:	10 December 2021
Portfolio:	Finance, Governance and Resources
Key Decision:	Not applicable
Policy and Budget Framework	YES
Public / Private	Public
Title:	Internal Audit Report – Neighbourhood Services (Culture)
Report of:	Corporate Director Finance & Resources
Report Number:	RD62/21

### Purpose / Summary:

This report supplements the report considered on Internal Audit Progress 2021/22 and considers the review of culture within Neighbourhood Services.

### Recommendations:

The Committee is requested to

- (i) receive the final audit report outlined in paragraph 1.1;

### Tracking

Executive:	Not applicable
Scrutiny:	Not applicable
Council:	Not applicable

## **1. Background**

1.1. An audit of culture within Neighbourhood Services was undertaken by Internal Audit in line with the agreed Internal Audit plan for 2021/22. This was the first culture review undertaken by Internal Audit. The audit (Appendix A) provides partial assurances and includes 1 high-graded and 6 medium-graded recommendations.

## **2. Risks**

2.1 Findings from the individual audits will be used to update risk scores within the audit universe. All audit recommendations will be retained on the register of outstanding recommendations until Internal Audit is satisfied the risk exposure is being managed.

## **3. Consultation**

3.1 Not applicable

## **4. Conclusion and reasons for recommendations**

4.1 The Committee is requested to

i) receive the final audit report outlined in paragraph 1.1.

## **5. Contribution to the Carlisle Plan Priorities**

5.1 To support the Council in maintaining an effective framework regarding governance, risk management and internal control which underpins the delivery the Council's corporate priorities and helps to ensure efficient use of Council resources

### **Contact details:**

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### **Appendices attached to report:**

- **Internal Audit Report – Neighbourhood Services (Culture) – Appendix A**

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

### **Corporate Implications:**

Legal - In accordance with the terms of reference of the Audit Committee, Members must consider summaries of specific internal audit reports. This report fulfils that requirement

Property Services - None

Finance – Contained within report

Equality - None

Information Governance- None

# Audit of culture: Neighbourhood Services (Waste Services and Street Cleaning)

Draft Report Issued: 08 November 2021  
Director Draft Issued: 08 November 2021  
Final Report Issued: 25 November 2021



## Audit Report Distribution

<b>Client Lead:</b>	Neighbourhood Services Manager
<b>Chief Officer:</b>	Deputy Chief Executive Chief Executive
<b>Others:</b>	HR Manager Workforce Development Manager HR & Payroll Manager GMB Regional Organiser GMB Union Representative Carlisle City Council (x2)
<b>Audit Committee:</b>	The Audit Committee, which is due to be held on 10 December 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 culture review of Neighbourhood Services (Waste Services and Street Cleaning). This was an internal audit review included in the 2021/22 risk-based audit plan agreed by the Audit Committee on 15<sup>th</sup> March 2021.
- 1.2 During 2019/20 two grievances gave rise to concerns regarding wider relationships between management and operational staff and the investigation report recommended a review to identify positive actions to improve relationships. A subsequent further grievance (covering manifold allegations) reaffirmed these concerns. The review was delayed by the global pandemic and took place between July and October 2021.

## 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 Neighbourhood Services Manager 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:
  - Cultural issues impacting on ability to deliver business objectives
- 2.4 There were no instances whereby the audit work undertaken was impaired by the availability of information.
- 2.5 It should be recognised that the audit findings are based on anecdotal evidence presented from both management and operational staff through surveys and interviews. It would take significant resource to investigate the various items raised and this falls outside the scope of this audit, which focused on management, operational staff and union representatives relationships and perceptions of each other.

## 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 work undertaken to conduct survey and interviews with a cross section of staff across the service we conclude that the current working practice and relationships within Neighbourhood Services (Culture) provide **partial assurances**.<sup>1</sup>

*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. <b>Management</b> - achievement of the organisation’s strategic objectives achieved (see section 5.1)	1	6
2. <b>Regulatory</b> - compliance with laws, regulations, policies, procedures and contracts (N/A)	-	-
3. <b>Information</b> - reliability and integrity of financial and operational information (N/A)		
4. <b>Security</b> - safeguarding of assets (N/A)	-	-
5. <b>Value</b> – effectiveness and efficiency of operations and programmes (N/A)	-	-
<b>Total Number of Recommendations</b>	<b>1</b>	<b>6</b>

4.2 Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix B. Advisory comments to improve efficiency and/or effectiveness of existing controls and process are summarised in Appendix C for management information.

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

While there is an assurance rating of partial, it should be emphasised that Neighbourhood Services is a high performing department, exceeding collection targets consistently. The whole team has worked hard throughout the lockdown and should be given credit for their achievements under difficult circumstances.

<sup>1</sup> It should be noted the audit opinion provided as part of this review is more subjective than a standard audit as findings are based on interview, rather than documentary evidence.

This review focused purely on relationships and wider cultural issues within the waste services and street cleaning operational teams and opinions obtained during the review identified dissatisfaction and a divide between management and at least some operational staff, which has potentially contributed towards increased absence (although the pandemic has also created issues both within and outside the workplace for all staff including family bereavements and significant health issues).

There is acceptance there is an urgent need to address these issues and a high graded recommendation has been made that a relationship management strategy is required to improve culture within the workplace. It is essential all parties are consulted as part of devising the strategy to ensure all needs are considered. It is also suggested a third-party mediator is involved to aid the process. The Council's Organisational Development department have expressed willingness to support the process as mediator. It is also recommended the strategy is monitored and updated on a regular basis, to maintain ongoing relationships and resolve new issues as they emerge.

One of the key issues is an entrenched division between management and at least some operational staff and it is suggested that a charter of agreed behaviour is put in place to help improve current relationships.

In addition to this there is a need to review how information is communicated in a way where staff feel more valued and informed; a communication strategy should be prepared in consultation with operational staff to ensure their needs can be understood and met.

Further developments are also needed to ensure workloads continue to be fair across the workforce to support the return to fixed hours from April 2022. It is recommended that current routes are reviewed to ensure they are balanced and achievable, as they have been affected by both an increase in housing within Carlisle and a change in habits as a result of the pandemic.

Lastly, there is a need for Union representatives to work with Human Resources to ensure a consistent approach is taken when handling staff enquiries, with a review to reducing the workload for both parties by encouraging closer involvement with line managers.

**Comment from the Deputy Chief Executive**

This report represents a staging point in an important series of actions designed to improve workplace culture, communications and relationships in Neighbourhood Services. This area of Council business provides an important service to residents and consistently performs at a high level; however, it is recognised that more work is required to ensure clear, balanced communication and fair and consistent management of teams and individuals. It is also recognised that effective relationships require open, honest and transparent interactions between all parties and commitment to the proposed recommendations will be required from management, staff and unions.



## 5.0 Audit Findings & Recommendations

### 5.1 Management – Achievement of the organisation’s strategic objectives

- 5.1.1** An initial scoping exercise was undertaken between Internal Audit, Neighbourhood Services Management, the Deputy Chief Executive and representatives from GMB Union to agree the approach to delivering this review.
- 5.1.2** It was agreed that all employees within Neighbourhood Services (Waste Services and Street Cleaning) would be given the opportunity to express their views on workplace culture via completion of a brief confidential survey. The survey included various statements staff were asked to state whether they agreed with or not (1 – Strongly Disagreed – 5 Strongly Agree).
- 5.1.3** The survey was returned confidentially via a ballot box. 40% operational staff completed the survey (this represents a slightly higher rate of return within Neighbourhood Services than for other (Council-wide) surveys).
- 5.1.4** Survey results were mixed; while some positive responses were received, generally more negative returns were received, particularly in relation to employee’s perception of management. The most negative responses came from Waste Services and Loaders were generally more negative than Drivers. Full survey results are summarised at Appendix A.
- 5.1.5** Survey results were discussed in formal interviews with all managers, Human Resources and Union representatives. In addition, operational staff were given the opportunity to volunteer for interviews to discuss the survey in more detail; interviews were held with two drivers and four loaders. No volunteers were received within Street Cleaning.
- 5.1.6** Further data was analysed alongside survey results, including corporate complaints, staff turnover, staff absence and previous corporate survey results.
- 5.1.7** Corporate complaints relating to Waste Services have increased significantly (from 6 in 20/21 to 11 for the first 5 months of 21/22). However, this is mainly due to teething issues as a result of a staff rotation exercise, increased use of agency staff and significant ongoing pressures due to the pandemic, resulting in a temporary increase in missed collections.
- 5.1.8** Absence has increased significantly, nearly doubling from 488 lost days in 2016/17 to 756 in 2017/18 and steadily increasing to over 1300 lost days in 2020/21, with the majority of absence in the last three years relating to stress and depression.

- 5.1.9** The majority of absence relates to a small number of long-term absences and is not necessarily work-related and also partly relates to additional pressure on staff as a result of the pandemic (both within the workplace and within private lives) the steady increase may also be potentially symptomatic of staff dissatisfaction.
- 5.1.10** A detailed analysis of issues arising was presented to client leads (Neighbourhood Services Manager, Deputy Chief Executive and all Union representatives) in detail in October 2021. These are summarised below:
- 5.1.11** There are developing relationship issues emerging, with a division between management and (at least some) operational staff. Both demonstrated entrenched and defensive viewpoints. Evidence from Human Resources and Investigating Officers also indicated a breakdown in communication and relationships within Waste Services and Street Cleaning.
- 5.1.12** Management have expressed a view that the dissatisfaction is due to a handful of individuals. While there is evidence to support the existence of self-confessed trouble-makers within the service (with evidence of aggressive or inappropriate behaviour within the workplace and during this review) the extent of dissatisfaction demonstrated in the survey results indicates a dissatisfaction and frustration within the service. It should be noted interviews were held with a number of staff that submitted negative returns who revealed they had not previously complained about the service.
- 5.1.13** Some responses from management were defensive, looking to deflect issues raised, though overall the team acknowledge and accept there are issues to resolve. It is essential that management recognise and attempt to improve current relationships with staff to prevent a further widening of dissatisfaction. Where, as management believe, certain claims made are disingenuous there is a need to ensure clear communication is in place to help mitigate against work-place gossiping and rumours.
- 5.1.14** Similarly, operational staff did not recognise significant pressures faced by the management team, both personally and within the workplace. Some individuals were outright dismissive of all management actions without suitable justification for doing so.
- 5.1.15** Everyone working within the service needs to address the current relationship issues and develop mutual respect. Management should be able to provide clear, rationalised instructions and operational staff should feel they are listened to and appreciated.

**5.1.16** It is important that all parties are consulted as part of improvement plans to ensure all needs are met. It is suggested that an external mediator is involved in this process to help ensure all categories of employees' needs are considered. The Council's Organisational Development Team has previously provided successful coaching services to staff and expressed willingness to be involved in further exercises.

**5.1.17** A common theme among all categories is that everyone wants an easier life and to be able to deliver their workload in an efficient and clear manner. Improving relationships is key to making this happen.

**5.1.18** Managers have received mental health training from Organisational Development, which will potentially help with understanding staff needs and pressures.

**Recommendation 1 - A relationship management plan should be devised, focusing on improving relationships and understanding between management, operational staff and union representatives. Implementation of the strategy would benefit from an external mediator with the appropriate skills and knowledge to support the exercise.**

**5.1.19** Comments received during the interview process expressed cynicism as to whether this audit review would make any difference. To maximise the potential for success, it is essential relationships are monitored on an ongoing basis, enabling management to assess the success of the strategy and identify new and emerging issues as they arise.

**Recommendation 2 - A process should be put in place to monitor the ongoing success of the relationship management plan. The plan should be revised in accordance with the outcome of ongoing monitoring.**

**5.1.20** One key area of concern is that some operational staff do not feel listened to or respected; many expressing a view that management are disinterested in their welfare and do not handle queries or concerns effectively, for example staff feel they are not consulted about changes to operations. Operational staff also felt there was an us vs them divide and feel there has been inconsistency in how staff have been treated.

**5.1.21** Management are of the view they do their best in terms of looking after staff welfare and interview evidence suggests that management's intentions are genuine. However, there is a perception that management can demonstrate negative behaviours or attitude that leaves an impression they do not care as much as they have expressed they do so.

**5.1.22** As referred to above, while some operational staff have stated genuine dissatisfaction, the behaviour and attitude of some individuals does not support a reflective and mutually respected work environment either.

**5.1.23** There is a need to ensure all parties involved (management, operational staff and Union representatives) have some agreed principles of acceptable behaviour, to support improvements in working relationships.

**Recommendation 3 - The relationship management plan should include a charter of acceptable behaviour between management, operational staff and union representatives. The charter should be subject to suitable consultation from all three stakeholders and agreed by all parties**

**5.1.24** It may also be advisable for Waste Services management to benchmark their approach with other neighbouring authorities to help understand what approaches are effective in similar work environments.

**5.1.25** One of the most frequently raised inconsistencies relates to inequality in finishing time, with some routes taking longer than others. Some staff currently refuse to support their colleagues and finish for the day once their own workload is completed, adding further pressure on those staff that remain behind.

**5.1.26** This has been exacerbated by the volume of new houses being built in the district, particularly as most new housing estates pose additional pressures (such as having to reverse out of cul-de-sacs). Workloads have also increased because of the pandemic, with household refuse and recycling both rising. It is thought that this will be permanent, as more individuals are now choosing to work and socialise at home.

**5.1.27** Management have also introduced a rotation of rounds requiring all teams to work on all routes, this is a key health and safety intervention to manage the potential for repetitive strain injury. This has caused some consternation within the service, with many finding it hard to familiarise themselves with new routes. Maps and on-line guidance are provided for all vehicles, but it is recognised these do not address certain idiosyncrasies on each route, such as concealed entrances to properties, which is a factor in the increase in complaints from residents.

**5.1.28** However, it is hoped this will improve resilience in the long-term and management feel a turning point has now been reached, as staff are becoming familiar with the routes. It is recognised that resilience is essential to service provision and the introduction of staff rotation will strengthen this and is an appropriate and justified management decision.

- 5.1.29** Frustration was also expressed that new staff, particularly agency staff could further slow down teams and minor issues with vehicles also contributed towards the delays (although there is a management view that maintenance of vehicles by staff and reporting of issues could also be improved).
- 5.1.30** The Council has lost a number of HGV drivers recently, with links to national shortages of drivers, placing further pressure on the service.
- 5.1.31** Staff from the Waste Services team voted overwhelmingly in a confidential ballot by the GMB Union to bring an end to the current Team Task and Finish model confirming staff support for this change.
- 5.1.32** The change will see staff return to a model of fixed hours that should address the current inequality in the service, where some staff leave work earlier when others complete a full day's work. The requirement to work as a team to achieve full zonal clearance each day remains. Due to pressures of the pandemic and changes in the HR team, this change will be implemented from April 2022.

**Recommendation 4 - Current routes should be reviewed to improve equality between work-loads.**

- 5.1.33** There is significant frustration over recycling, which is considered harder work than refuse and may be a factor behind increased absence. . There is ill-feeling that some individuals are exempt from undertaking this work (for medical reasons) and some staff feel they are kept on recycling shifts longer than agreed (10 days off / 10 days on). Management have worked closely with Health and Safety, external experts and the unions to adapt a safe procedure, but it is recognised that it is not popular with staff.
- 5.1.34** Communication between staff and management also scored poorly in the survey and further investigation indicated staff did not feel they were given appropriate information. The main approach for communication (Toolbox Talks) was also considered unsuitable (both in terms of their timing and the information provided).
- 5.1.35** In addition, both management and operational staff have expressed frustrations over the extent of rumours and gossip within the workplace, again indicative of a need to review and improve communication.

**5.1.36** Organisational Development have undertaken work to ensure staff located at Bousteads Grassing receive relevant corporate updates and information to ensure staff are kept aware of relevant information to ensure they understand overall Council culture, including maintaining a presence within the site. Despite this, there remains concerns about the quality of communication. Human Resources are also planning to increase their presence within the site.

**Recommendation 5 - Management should create a communication plan to focus on improving the consistency and completeness of information provided to operational staff (the process should include consultation with staff)**

**5.1.37** There was a feeling that any grievance or disciplinary investigations currently take too long to resolve, resulting in additional stress for the staff affected. Evidence indicates this has contributed towards increased sickness absence.

**5.1.38** It was identified that it would be beneficial to review the investigation process, to ensure it is efficient as possible; for example, if an individual has admitted to what they have been accused of the process could potentially be shorter, as less evidence is required (though the processes need to ensure sufficient evidence is obtained from a legal perspective).

**Recommendation 6 – The approach to grievances and disciplinaries should be reviewed to ensure it is timely and efficient.**

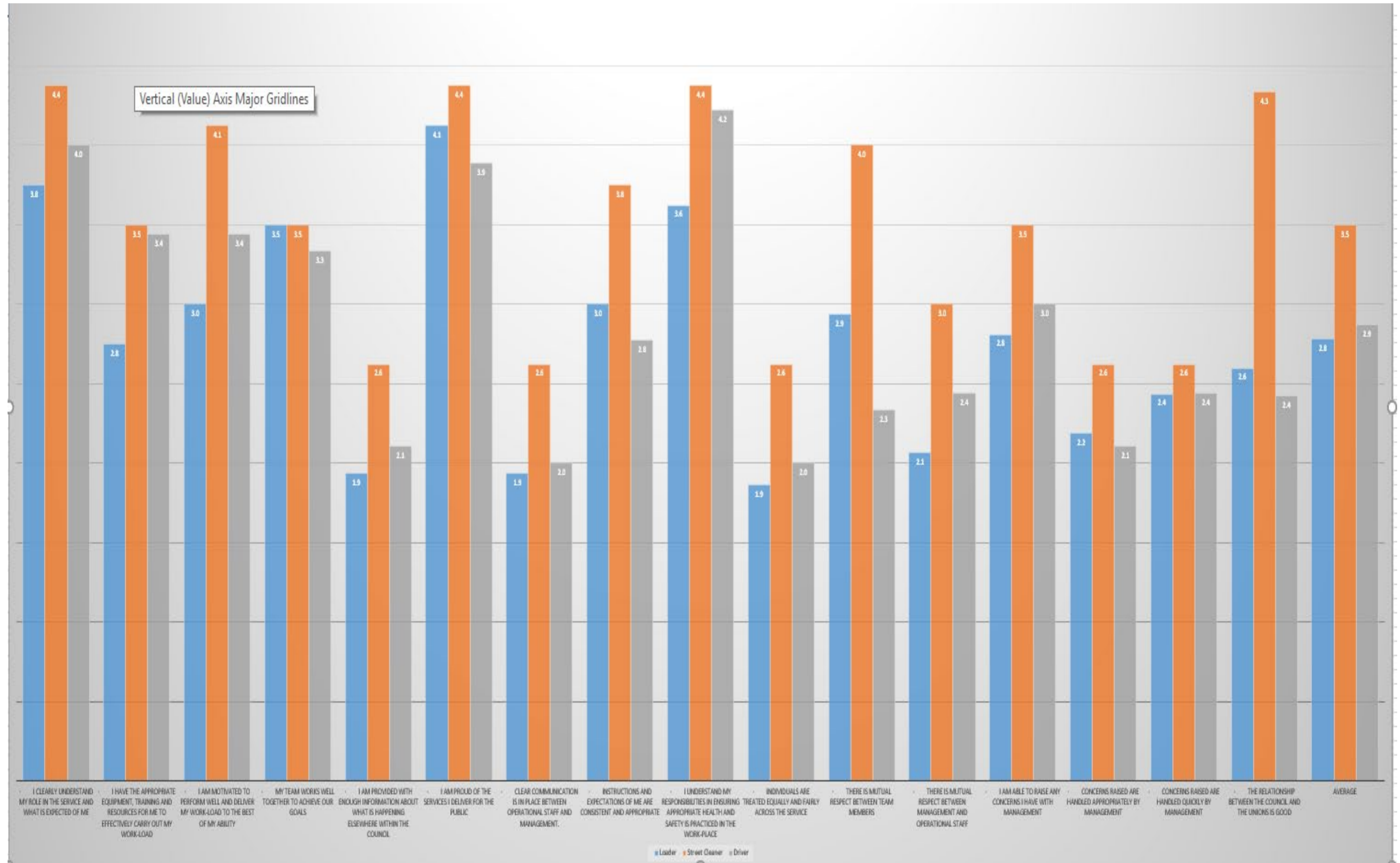
**5.1.39** In recent years staff have been directly approaching Human Resources and the Unions with grievances, issues and queries, rather than approaching line managers as a starting point. Prior to a change of staff Human Resources historically encouraged this behaviour, by showing willingness to take on all enquiries received.

**5.1.40** This has resulted in an increased workload burden for Human Resources and Union representatives and is a source of frustration for all parties. Upon appointment, the new Human Resources Manager had identified this as an issue and encouraged officers to start taking issues to managers as a starting point.

**5.1.41** Human Resources are also working with the Unions and Health and Safety in order to ensure a consistent approach is taken over complaints and grievances raised.

**Recommendation 7 – Union representatives should work with Human Resources and Health and Safety to ensure a consistent approach is taken to handling grievances, complaints and queries.**

Appendix A – Survey results (Average Scores – 1 = Strongly Disagree / 5 = Strongly Agree)



**Appendix B – Management Action Plan**

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
<p>Recommendation 1 - A relationship management plan should be devised, focusing on improving relationships and understanding between management, operational staff and union representatives. Implementation of the strategy would benefit from an external mediator with the appropriate skills and knowledge to support the exercise.</p>	H	Loss of staff due to absence or vacating posts / low moral resulting in poor service delivery.			
<p>Recommendation 2 - A process should be put in place to monitor the ongoing success of the relationship management plan. The plan should be revised in accordance with the outcome of ongoing monitoring.</p>	M	Loss of staff due to absence or vacating posts / low moral resulting in poor service delivery.			



Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 3 - The relationship management plan should include a charter of acceptable behaviour between management, operational staff and union representatives. The charter should be subject to suitable consultation from all three stakeholders and agreed by all parties	M	Loss of staff due to absence or vacating posts / low moral resulting in poor service delivery.	<p>Sourcing of independent, or external, support to develop the strategy.</p> <p>Strategy to be developed through discussion with mixed group of officers, staff and union reps.</p> <p>This will involve seeking feedback, consulting with the wider team.</p>	Neighbourhood Services Manager	01 April 2022
Recommendation 4 - Current routes should be reviewed to improve equality between workloads.	M	Inequitable workloads	This will be developed through the ongoing discussions above.	Neighbourhood Services Manager	31 March 2023

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 5 - Management should create a communication plan to focus on improving the consistency and completeness of information provided to operational staff (the process should include consultation with staff)	M	Loss of staff due to absence or vacating posts / low moral resulting in poor service delivery.	Strategy to be developed through discussion with mixed group of officers, staff and union reps.  This will involve seeking feedback, consulting with the wider team.	Neighbourhood Services Manager	30 April 2022
Recommendation 6 – The approach to grievances and disciplinaries should be reviewed to ensure it is timely and efficient.	M	Additional stress due to inefficient investigations	The HR team is now fully resourced and the new team is recognises the importance of and is committed to ensuring a proactive and timely approach to case management.	HR & Payroll Manager	Complete

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 7 – Union representatives should work with Human Resources and Health and Safety to ensure a consistent approach is taken to handling grievances, complaints and queries.	M	Inconsistent approach / additional workload for Union representatives.	The HR & Payroll Manager is working with colleagues and union representatives to draft a short protocol which sets out how various issues should be approached and what the expected process is for managing those issues. This will be reviewed on a regular basis at CJC to support continuation of issue resolution being managed in partnership	HR & Payroll Manager	15/12/2021

### Appendix C – Advisory Comments

Ref	Advisory Comment
5.1.23	It may also be advisable for Waste Services management to benchmark their approach with other neighbouring authorities to help understand what approaches are effective in similar work environments.

## Appendix D - Audit Assurance Opinions

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

	Definition:	Rating Reason
<b>Substantial</b>	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>
<b>Reasonable</b>	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>
<b>Partial</b>	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>
<b>Limited/None</b>	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:
<b>High</b>	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
<b>Medium</b>	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).