

Date: 9 November 2022

Item: Resourcing at TfL

This paper will be considered in public

1 Summary

- 1.1 It is vital that TfL is resourced appropriately to deliver our Business Plan and to ensure the continued safe operation of our network.
- 1.2 This paper provides an update on how TfL is resourced, recent upward trends in the use of non-permanent labour (NPL) and mitigations in place to ensure we can attract, retain and develop our own talent to meet our requirements.
- 1.3 The paper also provides an update on strategic workforce planning activity in place to ensure we can attract, retain and develop our own talent pipelines to meet our future resource requirements.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

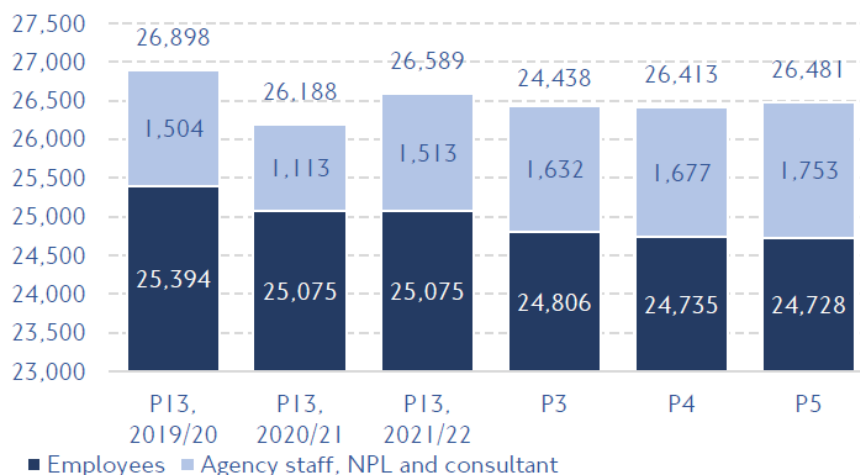
3 Background

- 3.1 TfL is currently resourced using a mix of permanent employees, NPL and consultants. Over 93 per cent of our employees are currently employed on permanent contracts.
- 3.2 NPL are brought into the organisation for several key reasons, including but not limited to peaks in demand, prior to organisational change where recruiting permanently is not prudent, to fill scarce skill roles, or as maternity and long-term sickness absence cover.
- 3.3 Consultants are also brought in on a short-term basis, generally to provide expertise which is not available internally.
- 3.4 The Mayor has made a commitment to minimise expenditure on consultants and agency workers in TfL and we remain committed to driving down NPL usage throughout the organisation.
- 3.5 It is important that TfL continues to be able to use the flexibility and benefits that NPL and consultants provide where necessary, however we also need to ensure that we avoid their overuse by developing talent internally and retaining this talent.

4 Recent Trends

- 4.1 Whilst still only accounting for a small proportion of our resourcing mix, our use of NPL and consultants has increased by nearly 20 per cent since the start of the 2022/23 performance year.
- 4.2 In parallel, the number of colleagues employed on a permanent basis has decreased by 347 since the start of the year, and by 666 since the start of the pandemic.

Staff trends



- 4.3 The reduction in NPL and consultant use in 2020/21 is not part of the wider trend and can be explained by the reduction in project work and less demand during the pandemic.
- 4.4 Whilst the use of NPL has increased this year, this is set against a wider backdrop of a reduction in NPL use since December 2015, where over 3,000 were engaged with TfL. Therefore, current numbers compared to NPL use on December 2015 equates to a saving of approximately £1.5m per week.

5 Organisational Context

- 5.1 We are competing for talent in a buoyant employment market. As the economy now enters recovery, employers are beginning to grow and are looking for people to sustain that growth. This has coincided with what has been termed 'the great resignation': a post-pandemic increase in employees making different career choices or seeking to rebalance their professional and home lives. Consequently, employees, whether in or out of work, have more options and this has created an unprecedented number of job vacancies, resulting in rising salary expectations and greater competition in attracting key talent.
- 5.2 Since 2015, TfL has operated with annual pay budgets that have been significantly below market. This has adversely impacted how competitive TfL is in the employment market. Pay for roles at Bands 3 to 5 is now significantly lower than the external market medians. At a time when we need to be at our most competitive, we have fallen behind the market and can no longer rely on our benefits to cover any shortfall in cash compensation.

5.3 The impact of the coronavirus pandemic on TfL’s finances is well known as is the knock-on effect this has had on initiating new projects or initiatives. Where previously TfL could attract talent via the breadth of projects available to employees, subsequent short-term funding agreements with government and the pausing of projects has also reduced our attractiveness externally.

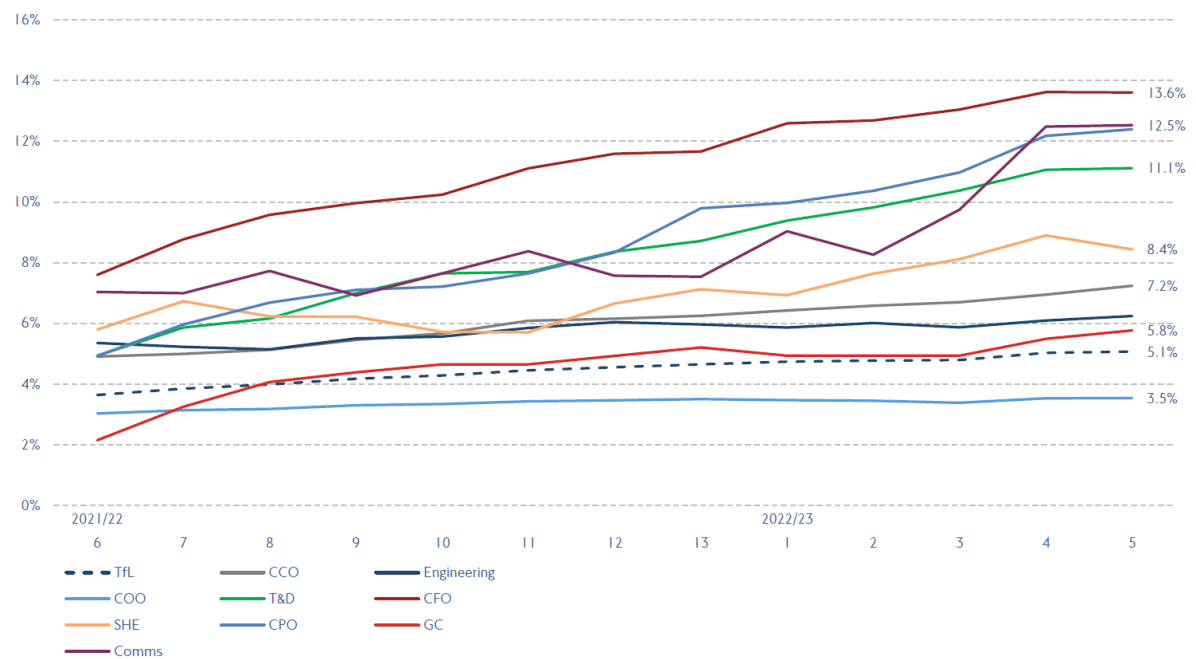
5.4 We are now putting together our first Business Plan since the start of the pandemic, which will lay out our deliverables over the medium-term. This will also enable us to identify the skills we need as an organisation over the next three to five years, allowing us to identify gaps and where we need to increase our attraction or development of specific skills.

6 Attraction and Retention Trends

6.1 We have identified a recent trend in retention, with an increasing number of employees either resigning from the organisation or retiring. This trend varies by business area, with a peak of 13.6 per cent in our Chief Finance Office, which was under eight per cent a year ago.

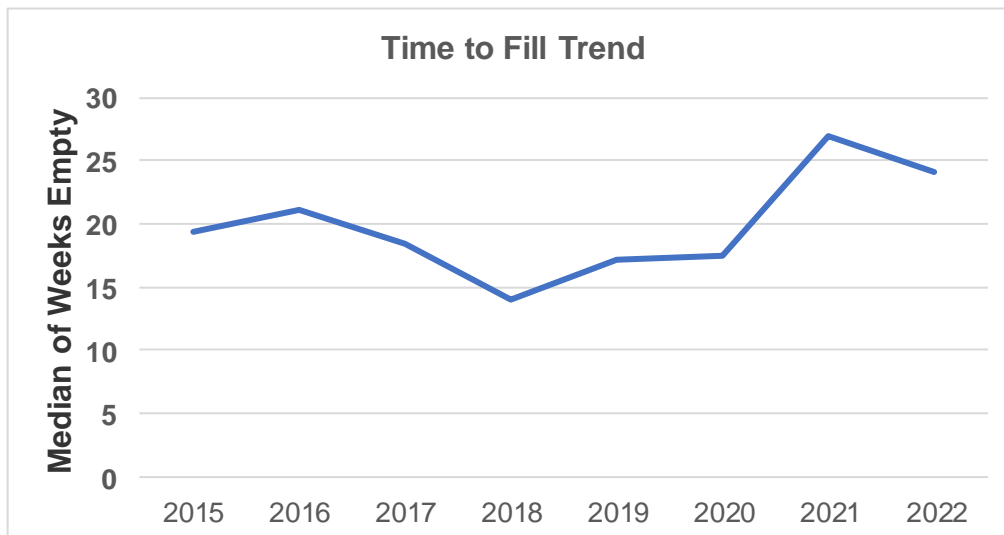
6.2 The proportion of those resigning or retiring is also over 10 per cent per annum in our Chief People Office, Technology and Data (T&D) and in Communications.

Leavers – resignations and retirees
Resignations and retirement rates (13-period rolling average)



6.3 Employee turnover at TfL has consistently remained relatively low compared to other public sector organisations. There were a couple of peaks in 2017 and 2018 due to large transformation programmes and we’ve started to see turnover rise in this last year.

- 6.4 We are also facing challenges in attracting talent, internally and externally. The chart below shows that the average time to fill a vacancy across the organisation now stands just under 25 weeks, slightly down on last year but still significantly higher than pre-2021. Within this measure there is considerable variation between roles and grades, with executive recruitment taking longer than non senior roles for example.



- 6.5 In recent campaigns run in the Programme Management Office (PMO) for Capital projects and Engineering it has been a challenge to attract the skills needed to fill vacancies. A project management campaign was run twice and did not attract enough quality candidates to fill all roles, resulting in the use of NPL to fill the resource gap. There have been multiple examples of unsuccessful Engineering recruitment campaigns, across disciplines such as vehicles, fire and telecomms meaning that NPL have been utilised as an alternative.
- 6.6 The candidates are coming with multiple offers and are feeding back in some instances that the salaries at TfL aren't comparable to what is offered elsewhere. In particular permanent campaigns for scarce skills are seen as less attractive with candidates favouring consultancy routes.
- 6.7 The higher rates of turnover, coupled with difficulty in attracting the required skills is leading to a higher use of NPL in the short-term.

7 Mitigations

- 7.1 The impact on our ability to attract and retain staff is being mitigated by a combination of initiatives that support a proactive approach to resourcing which aim to address the immediate and future needs of the organisation.

Strategic Workforce Planning

- 7.2 For TfL's vision to be the 'strong green heartbeat for London' to be realised, we need to focus on green skills with new roles emerging to support this. We are tapping into both internal and external expertise and exploring apprenticeships to

meet this future demand working in partnership with Safety, Health and Environment (SHE) and other teams such as Engineering.

- 7.3 This work combined with our approach to talent management, Skills and Employability programmes and differentiated reward will ensure we have the flexibility to retain our talent.
- 7.4 The focus on resourcing growing out of our need to flex during the pandemic now has a more strategic focus which allows us to interrogate data and have a deeper understanding of the risks and mitigations being put in place across the business with regards to resourcing. This is helping to manage NPL spend and identify areas most at risk due to retirement and other leave data.
- 7.5 With the introduction of myJourney, our new HR application for performance and talent, and our employee led approach to readiness and performance, we will be better able to track flight risk and manage succession as this embeds. This application allows us to have a better understanding of our people, their skills and development needs and ensures we have the right people that are ready for the right role, at the right time. Embedding a culture of trust and transparency so that employees can become more invested in their career and want to stay.
- 7.6 We are also finalising a new dashboard looking at turnover, employee ratings, retirements, NPL and other metrics which will help inform our leaders where they face risks in terms of attraction and retention. A demonstration of this dashboard will be provided at the meeting.

Succession Planning and Critical Roles

- 7.7 We have developed a methodology which is being rolled out to local leadership teams to understand our Critical and Hard to fill roles. We are targeting the skills required now, and in the future, to support our business strategy. This work is allowing us to build succession pipelines and career pathways. We aim to have identified these roles with each leadership team by the end of the financial year.
- 7.8 Early stages of roll-out have identified roles (skills) in T&D, Engineering, SHE, PMO and Communications. This work feeds into our Graduate and Apprentice demand and a recent success has been the re-introduction of the Cyber Security apprenticeship as a result of this work and is anticipated to continue to help support the reduction of NPL using this talent pipeline to fill vacancies.

Reward

- 7.9 A Reward strategy, which will be developed over the next 18 months, will support the attraction and retention of key skills, and consider how we can adopt a more segmented approach to reward, focusing on rewarding talent with skills critical to our future success and structuring our pay and reward offering accordingly. We will share progress with the Committee as this work emerges.

8 Next Steps

- 8.1 Our next steps are to finalise our Strategic Workforce Planning dashboard and operationalise this with the different business areas. This will allow them to take ownership of risks identified and to put actions in place to mitigate any risk identified.
- 8.2 We will return to the Committee in March 2023 with localised initiatives and actions in place to help improve either attraction and retention, and the development of key skills internally.

Appendices to this paper:

None.

List of Background Papers:

None.

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