

AN EVALUATION OF THE ENVIRONMENTAL FACTORS IMPACTING HYWEL DDA AND ITS HR STRATEGY

Executive Summary

This report has been devised via the examination of secondary research to ascertain the external factors, namely, the political, economical, sociological, technological, legislative and environmental factors that have the potential to significantly impact the organisational and HR strategy of Hywel Dda University Health Board.

Due to its rurality, HDUHB demonstrates a number of unique, recruitment and retention challenges, of which is enhanced by national shortages, and the uncertainty surrounding 'Brexit'

As a consequence of such, recruitment, employee engagement and succession planning are areas identified within HR that require radical transformation.

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1.0 Introduction

HDUHB is responsible for the health and well-being of its 384,000, resident population. It provides Acute, Primary, Community, Mental Health and Learning Disabilities Services Via general and Community Hospitals, Health Centres, GP'S, Dentists, Pharmacists and Optometrists " (H DUHB, 2016).

H DUHB has 9,871 (31/12/2015) directly employed staff, it's subsequent salary spend equates to 43% of its budget. (H DUHB, 2016)

As a devolved public body in Wales, in accordance with the Trade Union (Wales) Act 2017 (Welsh Government, 2017) H DUHB continues to maintain a collaborative working relationship with its recognised staff side representatives.

Alike many other NHS organisations throughout Wales and the rest of the UK H DUHB is feeling the pinch of the 'UK's delicate fiscal position' (Financial Times, 2017). According to the Guardian (2017) "The last 12 months have been the worst in history of the NHS".

The purpose of this report, therefore is to perform an analysis of H DUHB's external environment that will allow for the identification of current and short-term future trends with the potential to significantly influence organisational and HR strategy. The findings will allow for the scrutineering of our current strategy and its fitness for purpose. Recommendations with regards to our future HR strategy based on these findings will also be included within this report.

2.0 Methodology

Farnham (2014) suggests that HR professionals must demonstrate a comprehensive understanding of the external environment in which their organisation operates if they are to be effective. External contexts of HRM are significant because HR practices are socially entrenched in their wider, external contexts.

Thus, according to Berger and Luckman (1967) managers are required to adapt their internal organisational structures and behaviours in accordance with external forces.

2.1 PESTLE Analysis

A PESTLE analysis is one of the most effective frameworks available for understanding the external environment in which an organisation operates (CIPD, 2017). It is an acronym for the Political, Economical, Sociological, Technological, Legislative and Environmental aspects of the wider environment. (ALLEN, M, 2001). The advantages and disadvantages of such framework are outlined below (CIPD, 2017).

Despite recognised disadvantages such as “the pace of change making it increasingly difficult to anticipate developments that may affect an organisation in the future and data based on assumptions”, alongside the limitations of an ‘individual assessment’ (CIPD, 2017), the tool provides a snapshot of the context in which the organisation is embedded, thus organisational activity and outcomes are accounted for (Pfeffer and Salancik 1968).

2.2 SWOT Analysis

In order to link the environment in which HDUHB operates to the goals, programmes and capacities of the organisation (CIPD, 2015) a SWOT analysis is considered a necessary tool to draw upon techniques which examines the internal strengths and weaknesses and external opportunities and threats facing an organisation (Farnham, 2014).

The advantages and disadvantages as per the CIPD, 2015 are outlined in the table below.

Such approaches have been described as normative, however, and addressed implicitly by organisational leaders as formulators of strategy (Leavy and Wilson 1994).

3.0 Findings

In the Volatile, Uncertain, Complex and Ambiguous times that we operate our businesses in, organisations must be agile to cater to the changing demands of markets and customers (Srivastava, P. 2016). In order to address the HR issues arising from these circumstances, HR professionals must understand these contexts thus attempt to manage them by developing and implementing appropriate HR strategies. (Farnham 2014)

Having carried out a detailed assessment of HDUB's external and internal environment (appendix 1 and 2). A number of factors were identified as having significant implications for the sustainability of HDUHB. Due to the limitations of this report the findings have purposefully been reserved to those which are most substantial to the short-term sustainability of the organisation.

3.1 Brexit

According to the London School of Economics (2016) Nurses from the European Economic Area currently make up 4.5% of the total nursing workforce in England. Due to current nurse shortages some NHS trusts are more reliant on this recruitment pipeline from Europe than others. Brexit threatens this labour supply because of the continuing uncertainty surrounding the status of EU workers, which makes it harder for Trusts to recruit from Europe as well as to retain current EEA nurses already working here who might well be questioning their future prospects in the UK.

A recent report in the Financial Times (2017) advises that in the year since the referendum net immigration into Britain was 230,000 down from the previous year.

Despite no record of the number of EEA staff within HDUHB we can assume that there will be major implications for our health board. In recent years HDUHB has experienced significant work force challenges in areas of staffing, with high levels of vacancies, long standing recruitment difficulties increased service demand, and the need to adhere to the European Working Time Directive (WAO 2017).

During 2015/16 HDUHB's total expenditure on agency staff as a percentage of total pay was the highest of all NHS bodies in Wales at £23.45m. (WAO, 2017)

In common with many parts of the UK, the main drivers for temporary staffing usage are high levels of staff vacancies, difficulty recruiting sufficient staff to fill these vacant posts, sickness absence and unplanned demand (WAO, 2017)

In fact, the London School of Economics (2016) argue that Brexit couldn't have come at a worse time, because of the longer term nature of nursing shortages, i.e. one in three nurses in England are due to retire in the next ten years and demand for nurses are only due to increase over this period.

The question henceforth is how does HDHUB tackle such a potential national crisis?

1. Recruitment

With approximately 500 vacancies recruitment must develop new and innovative ways to attract its pool of local and international labour. HDUHB need to consider that in “today’s transparent digital world a company’s employment brand must be both highly visible and highly attractive because candidates now often find the employer, not the reverse” (Deloitte, 2017)

2. National Recruitment

HDUHB must continue to “build on a range of initiatives to attract, develop and retain our local population to achieve professional registration (HDUB, 2017).

3. International Recruitment

International Nurses from countries such as India and the Philippines are integral to the NHS workforce, making up 8% of the total nursing workforce in England. In March 2016 MAC put nursing on the Shortage Occupation List for three years, making it easier for NHS Trusts to recruit from outside of Europe. (LSOE, 2016)

HDUHB must therefore capitalise on their overseas recruitment campaigns for nurses which commenced in October 2015 specifically in Europe and the Philippines (HDUHB 2017).

4. ‘Grow your Own ‘Campaigns

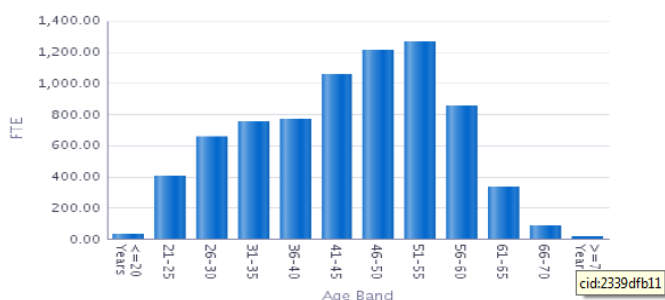
HDUHB realise the significance of developing the local population due to the rural geographic area in which it operates. Innovative development opportunities that start in school and outlines a pathway through to registered healthcare professional training must act as a long-term solution for its workforce challenges. (HDUHB, 2016)

3.2 Ageing Workforce

The CIPD (2016) state that “by 2030, the number of people in the UK aged 65 and over will have increased by 50 per cent, and the number of people over the age of 85 will have doubled.

As of the 31st December 2017 HDUHB directly employed 9871 staff. 34% of our total workforce are between the age of 46 and 55. There are very few employees below the age of 20 as would be expected in a predominantly regulated workforce. (HDUHB, 2016)

Health Board Age Profile (all staff groups)



Source (H DUHB, 2016)

Turnover of staff has been high, with the Health Board's total turnover between the periods of June 2014 to March 2015 of 9.5%, the second highest in Wales. (WAO, 2017)

According to the CIPD (2015) "Employee turnover can have negative impact on an organisation's performance. By understanding the reasons behind staff turnover, employers can devise recruitment and retention initiatives that reduce turnover and increase employee retention".

The Health Board has analysed reasons for high turnover and the top three reasons are age retirement, voluntary resignation (known and unknown reasons) and relocation. (WAO, 2017)

The age profile of the workforce poses a substantial risk, imminent actions are therefore required.

1.Employee engagement

Mandall, P (2016) explains that employee engagement is vital to a company's success and is intrinsic to improved retention.

Deloitte (2017) state that "90% of companies that have redesigned performance management see direct improvements in engagement, 96% say processes are simpler, and 83% say they see the quality of conversations between employees and managers going up". Deloitte outlines the 'new rules with regards to performance management below.

Figure 2. Performance management: Old rules vs. new rules

Old rules	New rules
Performance appraisals and goal-setting conducted once per year	Check-ins conducted quarterly or more frequently; regular goal-setting occurs in an open, collaborative process
Feedback collected by manager at end of year	Feedback collected continuously and easily reviewed at end of year (often through apps and mobile tools)
Goals kept confidential with focus on individual achievement	Goals made public and transparent with increased focus on team achievement
Employees evaluated by their manager	Managers also evaluated by their employees
Employees force-ranked on a quantitative scale	Employees rated on a qualitative scale; rankings considered, not forced
Compensation kept confidential and focused on equity; bands based on performance ratings	Compensation levels more transparent, more frequently discussed, and focused more on pay for performance than on equity
Managers focused on evaluating performance	Managers focused on coaching and developing people

Apparently, the traditional annual appraisal, designed in the 1970's is clearly not effective anymore. Employees want more regular feedback and expect continuous learning (Deloitte, 2017)

Employees and organisations expect continuous learning HDUHB therefore must adopt practices that will transform the personal development appraisal, deliver cross profession opportunities and implement coaching and development schemes.

2. Succession Planning

CIPD 2017 states that Succession planning can help with keeping talented individuals as they are made aware of internal opportunities available to them to progress their careers.

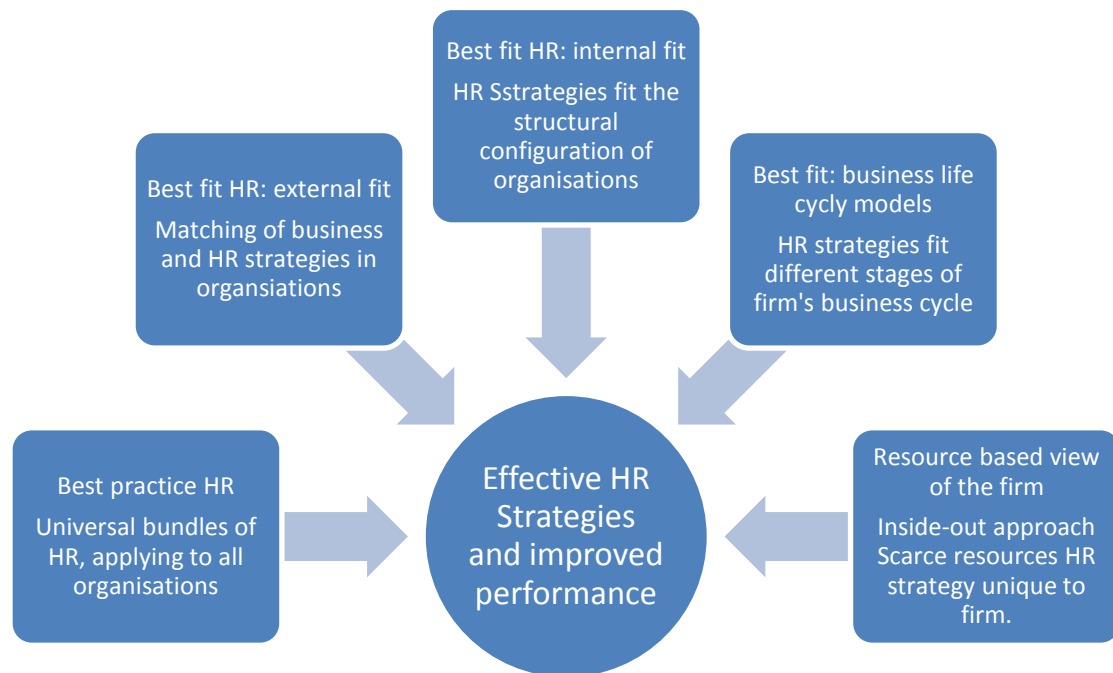
The HB presently has 30% of staff who retire who return to work. 34% of our total workforce are between the ages of 46 and 55. (HDUHB, 2016)

HDUHB must therefore focus on retaining experienced staff. An emphasis on "increased support for staff to retire and return to work to retain our experienced staff and help develop junior colleagues through succession planning" has been recognised in the 2017/118 Annual Plan. (HDUHB, 2017)

3.3 Strategy

CIPD (2017) advocate that strategic human resource management, supports long term business goals and outcomes with a strategic framework.

Farnham (2014) states that there is no comprehensive agreement as to what constitutes an ideal HR strategy. Instead there are a variety of theories and approaches to it:



Vertical and horizontal integration are key concepts in the development and implementation of HR strategy, Marchington et al argues is at the centre. Yet, a complexity associated with developing coherent, integrative strategies is acknowledged. (Farnham, 2014)

In their study of strategy and HRM Boxall and Purcell distinguish between 'strategic problems' and 'strategy'. Strategic problems are what firms face in their external contexts; strategy is the characteristic way firms typically try to cope with them (Farnham, 2014)

HUHB must therefore ensure alignment between HR and organisational strategy in a 'best fit' approach.

4.0 Conclusion

The report outlines significant workforce challenges in the provision of sustainable health care. As a predominantly rural area HDUHB demonstrates “a number of unique challenges in recruiting” (HDUB, 2016), made worse by “national shortages in some key specialities” (HDUHB, 2016) . Furthermore, over a quarter of our workforce are between the age of 45 and 55 with very few employees below the age of 20 (HDUHB, 2016), all of which have been made more uncertain by the UK’s decision to leave the EU.

A HR strategy, that provides oversight, direction and alignment of the varied dimensions of HDUHB, must therefore be developed and implemented with the aim of improving current recruitment and retention practices.

5.0 Recommendations

5.1 Recruitment

HDUHB must tailor national and overseas recruitment strategies to incorporate innovative methods to increase the number of substantive employees, reduce our reliance on agency staff and ultimately decrease our variable pay spend. We will do this by “leveraging technologies from social to cognitive” and intensively managing our employment brand, making HDUHB highly visible and highly attractive to candidates (Deloitte, 2017)

5.2 Employee Engagement

HDUHB must radically transform the way we manage performance, replacing our traditional, annual PDAR’s with “continuous performance management practices” (Deloitte, 2017). We will do this by upskilling managers’ in coaching and mentoring, focussing heavily on leadership and development by utilising the apprenticeship levy scheme. This will allow for regular, facilitated discussions regarding capabilities and skills and the identification of cross profession opportunities. (Deloitte, 2017).

5.3 Succession Planning

By adopting the above performance management practices, managers will have the opportunity to identify those employees with the current skills set or development potential to fulfil key roles in the organisation. Developing and implementing succession plans will allow for skills gaps to be identified and plugged. In addition, it will provide insight and judgement in the backfilling of a role, in the instance of key personnel retiring or resigning from the organisation.

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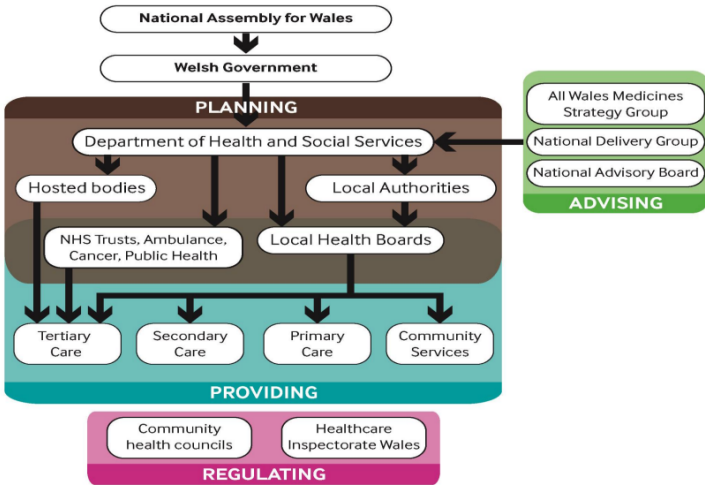
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7.0 Appendices

Appendix 1: PESTLE Analysis

Political	Political Party - “The organisation of the NHS in each of the four countries is driven by political and systematic considerations... The departments charged with organising health care delivery in the devolved administrations each receive their resource allocation from their respective governments... The treasury sets the departmental expenditure limit for each devolved administration. It is up to each devolved administration to allocate resources to fund services under their control” (National Assembly for Wales, 2015) Structure of the NHS in Wales  As Rowena Crawford at the Institute for Fiscal Studies says “financial stability just requires that healthcare demand and expectations are constrained to match the available funding” (Guardian, 2016) Political “The NHS is enduring the sharpest and most prolonged squeeze in its history – even while the government pretends no such thing is happening and the public expect the same service.” Guardian 2016 Budget - Welsh Government have allocated “an additional £230m in 2018-19 and £220m in 2019-20 for NHS Wales (Welsh Government, 2017) “An extra £90m for NHS Wales Capital Programme (Welsh Government, 2017) £6.3 billion of new funding for the NHS £3.5 billion will be invested in upgrading NHS buildings and improving care. £2.8 billion will go towards improving A&E performance, reducing waiting times for patients, and treating more people this winter. (Gov.uk, 2017)
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Economical	The health secretary, Jeremy Hunt has announced that the cap on NHS staff pay will come to an end next year after a 7 year run of 1% rises and pay freezes. (Guardian, 2017) Claim that NHS staff have seen their incomes eroded by as much as 15% since 2010 Brexit – “Any Brexit which means leaving the single market could be catastrophic for the NHS and particularly devastating in Wales, a health academic has warned... if EU staff left the UK, London could suck in Welsh NHS Staff. (BBCWales, 2017) “In the year to June, net immigration into Britain was 230,000, down from a record high of 336,000 in the previous year which ended just days after the June 23, 2016 referendum. The drop – which suggests the UK is losing its allure for higher-skilled Western European migrants as well as manual labourers from poorer parts of the bloc – has prompted concern from business groups worried about access to the labour market. Financial Times, 2017)
Social	“Protection for Social Care and Education” (Welsh Government, 2017) “No cuts to the Supporting People Grant” (Welsh Government, 2017) “Investing £70m over 2 years for the flagship childcare offer” (Welsh Government, 2017) “An extra 10m to tackle homelessness” (Welsh Government, 2017) Demographics within HDUHB - Current Population within Hywel Dda service area estimated at 384,000 – Projected to rise to 425,400 by 2033, with a proportional rise in over 65's Areas of identified deprivation across the University Health Board (Hywel Dda IMTP, 2016) Fewer People aged 25 – 44 and more people aged 55-79 than the usual age distribution across Wales. (Hywel Dda, IMTP, 2016) Over 3,500 babies are born in Hywel Dda every year Just over 10% of the population are aged 75 years or over. (Hywel Dda Integrated Medium Term Plan 2016) Workforce Challenges within Hywel Dda – Age profile and potential retirements National shortages from some professional groups Recruitment and retention of staff Control Of variable pay expenditure (Hywel Dda Integrated Medium Term Plan 2016/17) Rurality: impact upon recruitment/flexibility of workforce across services/localities (HDUHB IMTP 2016/17)

Technological	“Implementation of GSign in NHS England. Online service/app to: book or cancel appointments with GP or Nurse, order repeat prescriptions, view parts of your GP record, view clinical correspondence” (NHS England, 2016) “The world’s first national advisory body for artificial intelligence: The Centre for Data Ethics and Innovation will set standards for the use and ethics of AI and data. This will allow the UK to lead the world in developing practical uses for the technology”. UK Government, 2017) “A training and support plan will also be developed in 2016/17 through workforce and organisation and development in support of technology adoption – this will need to range from key skills in using technology in the workplace that may be a barrier to adoption, to specialist skills required to development and implementation” (HDUHB Delivering the benefits of digital Healthcare, 2016) NHS Wales Informatics taking ownership and responsibility for the procurement or development of all National Information Systems, enabling standardisation on All Wales Basis. (HDUHB, Delivering the benefits of Digital Healthcare)
Legal	Acts of Parliament: Social Services Well Being Act (Wales) 2014 Trade Union (Wales) Act 2017 Nurse Staffing Levels (Wales) Act 2016 Well-being of Future Generations (Wales) Act 2015 Social Services and Well-being (Wales) Act 2014 EU Legislation: Working time directive “The National Living Wage and the National Minimum Wage will increase from April 2018The National Living Wage for those aged 25 and over will increase from £7.50 per hour to £7.83 per hour from April 2018” (UK Government, 2017)

Environmental	Transportation - HDUHB covers a quarter of the landmass of Wales and is the second most sparsely populated health board area. (Hywel Dda IMTP, 2016/17) Hywel Dda Sustainability report within the annual report (2017/18) identifies the following environmental factors: “The introduction of fuel efficient pool cars for staff journeys has supported drive to reduce CO2 emissions Hywel Dda Sustainability Report, 2016) Expanding food waste collections and the commencement of projects seeking to increase and improve recycling facilities b- recycling rate increase from 5% - 38% Use of our own combined heat and power resulted in 5% reduction in CO2 emissions. Use of park and ride scheme has improved this year, lower emission travel option and relieves pressure on hospital parking 56 staff signed up to cycle to work scheme this year”
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Appendix 2: SWOT Analysis

Strengths	Weaknesses
In 2016/17, we saw our organisation continue the process of ‘turnaround’. We have seen consistent and sustained improvement in many areas including diagnostics, cancer care and stroke services which are now some of the best in Wales. (Hywel Dda, 2017) Our staff always do their very best to provide the highest standard of care and to support them this year we launched our new organisational values, introduced more staff benefits and invested further in medical education and training. (Hywel Dda, 2017) Our NHS staff survey results show that more staff than ever before are happy with the standard of care we provide and would recommend Hywel Dda as a place to work. (Hywel Dda, 2017) Achieved both gold and platinum accreditation in the Corporate Health Standard, the national quality mark for health and wellbeing in the workplace.(Hywel Dda, 2017)	Covers a quarter of the landmass in Wales and is the second most sparsely populated health board area (Hywel Dda, 2016) Areas of deprivation (Hywel Dda, 2016) Old facilities and estate “The NHS has many under-utilised properties, and a significant amount of its estate is in poor condition or not fit for its current purpose. The NHS Information Centre latest data shows that the cost of clearing the total backlog of maintenance required is more than £4 billion” (Edwards, 2013) . Deliver £32m savings in next financial year (Hywel Dda, 2016) £39m spent on agency, bank and locum overtime (H DUHB, IMTIP)
Opportunities	Threats
Increase in allocated government funding Budget - Welsh Government have allocated “an additional £230m in 2018-19 and £220m in 2019-20 for NHS Wales (Welsh Government, 2017) “An extra £90m for NHS Wales Capital Programme (Wesh Government, 2017) £6.3 billion of new funding for the NHS £3.5 billion will be invested in upgrading NHS buildings and improving care. £2.8 billion will go towards improving A&E performance, reducing waiting times for patients, and treating more people this winter. (Gov.uk, 2017)	Vuca Environment (Srivastave, P. 2016) Current population estimated at 384,000 estimated to rise to 425,400 by 2033, with a proportionate rise in the over 65 years (Hywel Dda, 2016) Over 10% of population are aged 75 years or over (Hywel Dda, 2016) Negative portrayal by media – According to Professor Jane Cummings, Chief Nursing Officer for England “the way nursing and midwifery is seen, portrayed in the media and popular culture affects how we feel as individuals and as a collective. It affects how the public and other professions also see us. (Royal College of Midwives, 2017)

Modernising workforce models and practice, new roles and use of technology (Hywel Dda Integrated Medium Term Plan, 2016) In March 2016 MAC put nursing on the Shortage Occupation List for three years, making it easier for NHS Trusts to recruit from outside of Europe.	Privatisation of healthcare - Researchers warned that the Government's sudden shift to the widespread use of private healthcare firms in England was a "radical" experiment that could go "catastrophically wrong". (Johnson I, 2016) Demographic changes – Aging population, ethnicity, workforce age "significant number of staff nearing potential retirement – around 34% of staff are aged 46 – 55 years old (Hywel Dda, 2016) Brexit – "Any Brexit which means leaving the single market could be catastrophic for the NHS and particularly devastating in Wales, a health academic has warned... if EU staff left the UK, London could suck in Welsh NHS Staff. (BBCWales, 2017) Loss of key staff – "High staff turnover, over last 3 years, on average 15% in medical and dental, 9% in health professionals and 7% in nursing (Hywel Dda, 2016) Significant challenge to provide so many different services across wide geographical, rural and urban areas in a sustainable way. (Hywel Dda Integrated Medium Term Plan, 2016)
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