

Tomorrow's people

Building a local government workforce
for the future



Local government

National report

June 2008

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commission

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Contents

Summary	2
Preparing for future challenges	4
1 The local government workforce is changing	6
2 Why workforce matters	19
3 Staff shortages place key services at risk	27
4 Councils' progress in planning for the future workforce is uneven	38
5 Strategic recruitment and retention can turn local challenges into opportunities	51
6 Conclusion	59
Recommendations	61
Appendix 1 – Research methodology	63
References	64

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Summary

Local authorities need effective recruitment and retention strategies

- Staffing is the single largest area of spend for councils; at £55 billion a year it accounts for 50 per cent of all service spending.
- There is a positive correlation between effective workforce planning and comprehensive performance assessment results.
- Recruitment and retention have a significant role in delivering equality objectives.
- A competent and committed local government workforce is a critical element in service improvement, efficiency and transformation.

But most councils have progress to make

- Local authorities rarely plan or manage their workforce recruitment, development and retention strategically.
- Workforce issues are often viewed as an operational responsibility of limited relevance to strategic objectives.
- In the best performing councils, members, chief executives and heads of service engage strategically in workforce issues.
- Only a minority of councils have adequate or effective workforce strategies and systems.

Failure to take a strategic approach puts key services at risk

- There are serious difficulties recruiting and retaining staff in key areas: for example planning, environmental health and adult social care.
- Councils without a systematic approach to recruitment and retention could:
 - fail to deliver statutory duties and key services;
 - waste money on unnecessary temporary and agency staff;
 - struggle to achieve local and national objectives; and

-
- fail to improve the quality of life in their areas.
 - Unplanned and poorly researched approaches to labour markets lead to wasteful and unnecessary competition for scarce resources, pressure on key workers' pay, escalating costs and patched-up solutions.

There is clear evidence that effective approaches to workforce planning lead to efficiency gains and service improvement

- Managing the workforce effectively can reap dividends:
 - Councils have done well to reduce sickness absence by 6.7 per cent over the last four years, the equivalent of having 6,000 more full-time employees.
 - Maintaining this success should be a high priority for all councils: with further progress, additional productive time worth £150 million per year could be released.
- Efficiency gains can also be created through:
 - managing turnover;
 - using temporary and agency staff more effectively;
 - innovative approaches to flexible employment; and
 - using information and communication technology.

Councils can respond more effectively to future challenges by working with partners and across areas to address workforce issues

- Councils that work collaboratively with other agencies can get better labour market data, respond to staff shortages and deliver joined-up services to individuals.
- Local strategic partnerships can benefit by sharing resources and managing them jointly, including frontline staff and back office services.

Preparing for future challenges

- 1 All organisations face questions about their current and future workforce. Many of these were addressed in the Audit Commission's 2002 report on recruitment and retention in public services (Ref. 1). Since then significant additional drivers have emerged. There is an increased focus on efficiency, new demographic trends have developed and councils' roles are changing. These make a new study on recruitment and retention timely.
- 2 A minority of councils are thinking strategically about building a workforce that can meet future challenges. Most still have a long way to go. Successful councils are characterised by chief executives' and leaders' positive engagement in discussions about the future workforce. Their leadership is underpinned by skilled and committed support from human resource (HR) directors and service heads. Without the high-level support of chief executives and council leaders, recruitment and retention initiatives are unlikely to contribute to the achievement of a council's wider corporate and strategic aims.
- 3 This report focuses on how local government, working with its partners, can use recruitment and retention practices to ensure a workforce that is fit for the future. It aims to inform national debate and raise the profile of workforce issues with chief executives and elected members by:
 - examining the links between councils' ability to develop the future workforce and their ability to achieve their strategic objectives;
 - identifying the strategic recruitment and retention challenges faced by councils and their partners in delivering local public services; and
 - evaluating councils' actions in dealing with their recruitment and retention challenges.

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- 4 It is based on findings from research undertaken by the Audit Commission during 2007 into councils' approaches to recruiting and retaining their workforces. Details of the methodology can be found at Appendix 1.
 - 5 The research focused on how councils respond strategically to recruitment and retention challenges. It also considered pay and productivity issues raised by councils, such as planning for pensions and implementing equal pay legislation. But as these issues have been covered elsewhere, they are not examined in detail here. The study was primarily concerned with the recruitment and retention of frontline staff and managers. It did not look at the recruitment of senior managers.
 - 6 The report is structured as follows:
 - Chapter 1 describes key aspects of the local government workforce.
 - Chapter 2 highlights the importance of workforce issues and the role of recruitment and retention in achieving councils' strategic priorities.
 - Chapter 3 examines the relationship between recruitment and retention and service delivery.
 - Chapter 4 assesses the progress of councils in addressing workforce and recruitment and retention challenges.
 - Chapter 5 describes the menu of options available to councils and provides examples of good practice.
 - 7 To support councils in responding to this report, the Commission has developed materials that they can use to run their own workshops on workforce planning. The materials include a presentation to open the workshops, practical tools and a series of good practice case studies. These resources are available to download from the Commission's website: www.audit-commission.gov.uk/workforce.

1 The local government workforce is changing

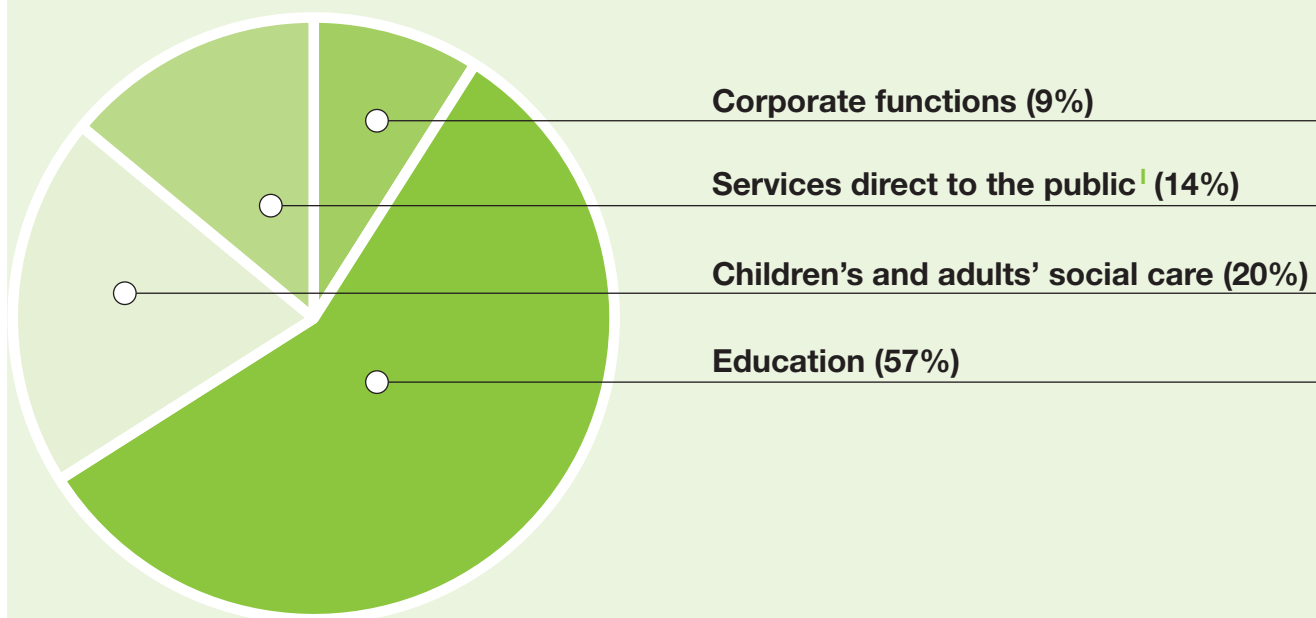
8 Councils need to understand how knowledge about their workforce can help identify their current and future recruitment and retention challenges. This chapter describes key aspects of the local government workforce and looks at how much councils spend on recruitment and associated activities. It outlines factors influencing the supply side of the labour market and highlights competition in the demand for staff.

The local government workforce

9 Local government is one of the largest employers in England. Councils employ 2.2 million people (1.7 million full-time equivalent staff); approximately 10 per cent of the English workforce. Most local government staff work in education and social care (Figure 1).

Figure 1

Most local government staff work in education and social care



Source: LGAR, Local Government Employment Survey 2005

¹ Services direct to the public includes jobs in construction, libraries, museums and art galleries, leisure and recreation, environmental health, refuse, recycling and cleansing, housing, planning and economic development and engineering and technical services.

10 Seventy per cent of council employees are women and 7.7 per cent are of black and minority ethnic (BME) origin, slightly below the economically active population for BME people in England as a whole (Ref. 2).¹ Councils also have the oldest workforce of all sectors in England, with 34 per cent of employees 50 years old or over (Ref. 3). Only 61 per cent of all local government employees are full-time, 39 per cent are part-time and relatively large numbers of staff are on temporary contracts (Ref. 2).

11 High staff turnover can harm services and create problems for councils in terms of continuity. But low turnover brings its own problems, including an inability to recruit new staff and refresh skills. There is no right level of turnover. Each council must assess what is appropriate in relation to its own circumstances. As a benchmark, the median annual employee turnover in English councils was 13.6 per cent in 2005/06, a reduction from 14.6 per cent in 2004/05 (Ref. 3). This is low when compared with the private sector average of 22.6 per cent and an overall figure for all UK sectors of 18.1 per cent (Ref. 4) but the local authority figures mask a wide variation in areas of skills shortages.

12 Also relevant is the data on sickness absence. Managing sickness absence effectively is important in improving retention rates and the attractiveness of working in local government. Councils have been successful in reducing time lost to sickness over the last five years (Figure 2). On average, district council employees take 8.4 days of sickness absence a year; the equivalent figure for metropolitan district councils is 11 days. Sickness absence is highest in the social care sector, with an average of 14.7 working days lost to sickness absence.

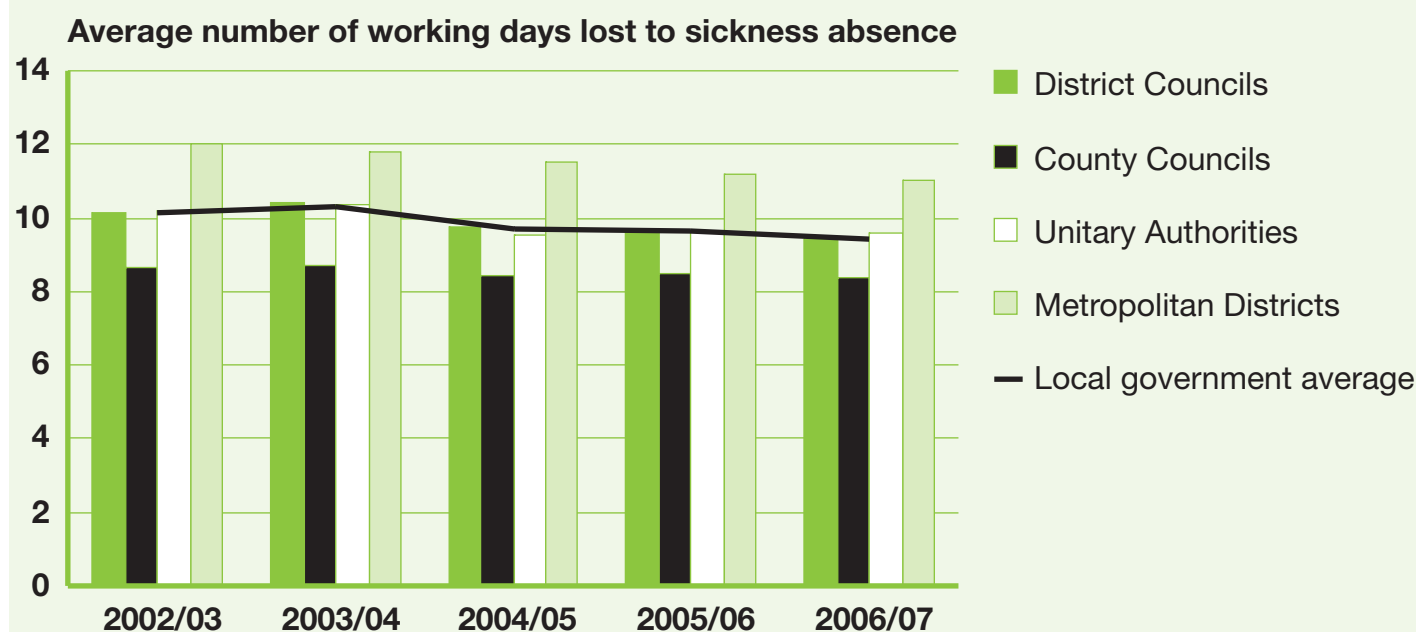
¹ The economically active BME population for England is 8 per cent.

1 | The local government workforce is changing

Figure 2

Councils have been successful in reducing time lost to sickness

Working days lost to sickness absence in local government (2002/03-2006/07)



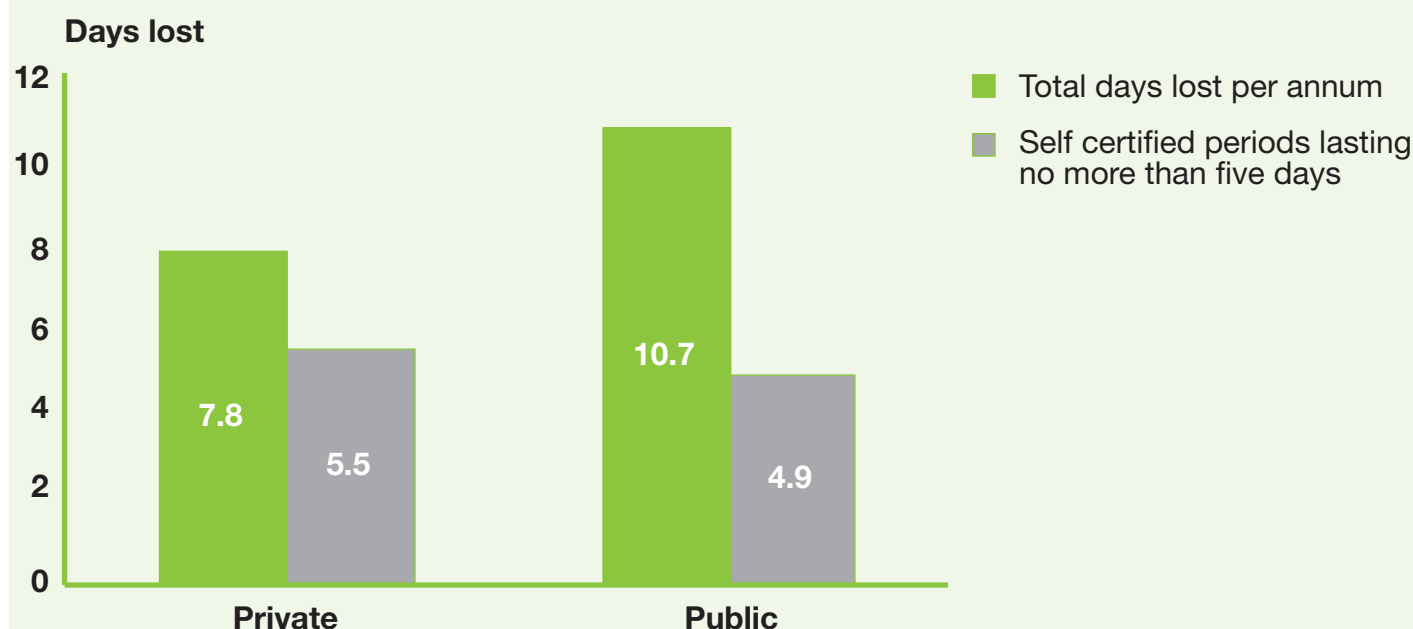
Source: Audit Commission best value performance indicators

- 13** Public sector performance is different from that in the private sector. The public sector has higher recorded long-term absence, particularly stress-related, than the private sector. However, recorded short-term absence is lower in the public sector, although this may be due to significant under-recording by the civil service (Figure 3).

Figure 3

Sickness absence varies across the public and private sectors

Working days lost to sickness absence: private sector compared with public sector
(2004 – latest data available)



Source: Health and Safety Executive, *Managing Sickness Absence in the Public Sector*, HSE, 2004

- 14** The problems with national data highlight why the sorts of benchmark outlined above should be indicative. Councils need to monitor their own trends. Some have achieved dramatic success in reducing sickness absence. Often, though, such reductions only become an organisational priority when sickness absences are high. An analysis of best value performance indicators shows that the poorest performing councils achieved a higher percentage reduction in days lost to sickness absence than the top councils.¹ Once sickness levels fall there is a tendency for management attention to drift elsewhere: the trend reverses and sickness absences increase (Ref. 5).

¹ Between 2002/03 and 2006/07, on average, sickness absence in the top councils (ie at the 25 percentile) fell by 5 per cent and for the worse performing councils (at the 75 percentile) absences fell by 10 per cent.

1 | The local government workforce is changing

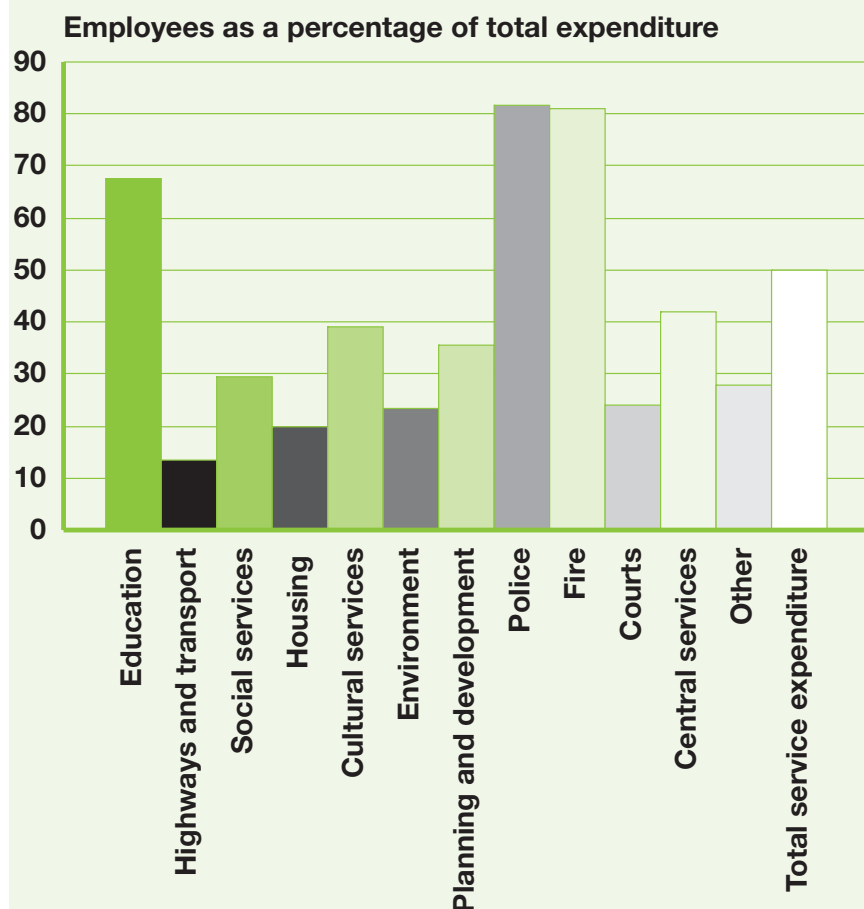
Councils spend at least half their money on staff

15 In 2005/06 employee expenditure on the directly employed workforce (£55 billion) accounted for 50 per cent of local government service expenditure. It was the single largest area of spending for councils (Figure 4) (Ref. 6). Of course in those authorities without police and fire spending, this percentage figure is lower. Other significant costs are agency staff (Ref. 7) and the employee costs of local government's contractors.

Figure 4

Councils spend 50 per cent of their budget on employees but there are significant variations between services

Employee costs as a percentage of local government service expenditure: 2005/06



Source: Local Government Finance Statistics England No. 17, CLG, 2007

16 Recruitment and retention activities have their own costs. Councils make approximately 75,000 appointments each year. Spending varies widely: indicative data suggest that an average non-metropolitan district spends around £90,000, while a county spends around £900,000 on recruitment annually (Ref. 8). The Chartered Institute for Personnel and Development has calculated the average cost of filling a vacancy to be £4,333, rising to £7,750 when associated turnover costs are included.¹ And once staff are in place, councils spend an average of £249 a year per employee on formal training and give staff an average of 1.6 days off-the-job training every year (Ref. 3).

17 It is clear that councils spend significant sums on salary and related costs, recruitment and training. They incur costs as a result of staff sickness and turnover. But often this spending is not presented at the level of the council: it is split between services and directorates. As a result, the central importance of effective workforce planning and its impact on services and council budgets is sometimes lost on members or senior staff.

The labour market is changing

18 The best trend data for public sector employment is available at the UK level. They show that between 1997 and 2007, employment levels in local government rose by 7.9 per cent, against growth in private sector employment headcount of 9.6 per cent. Total employment rose by 10.1 per cent, up from 26 million to nearly 30 million (Figure 5).

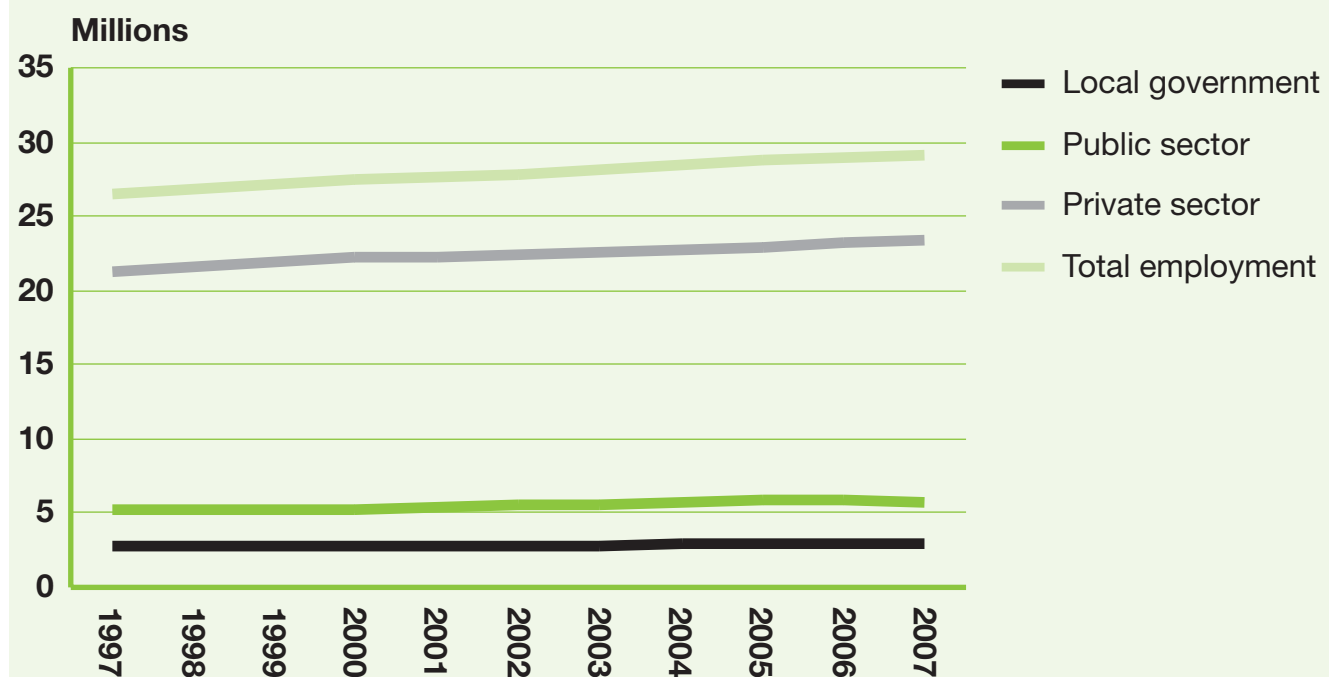
19 Local government employees as a proportion of total employee headcount has remained stable over the last ten years, but this is in the context of an increasingly mixed economy of service provision across public, private and third sectors, blurring traditional workforce boundaries. The private and voluntary sectors' roles in providing services have grown, and this is expected to continue. Councils' expenditure on voluntary and community organisations in England rose from £1.3 to £3.2 billion between 2000/01 and 2003/04 and, again, this upward trend is expected to continue (Ref. 9). A greater emphasis on commissioning, partnership working and joint delivery means that, in social care for example, councils themselves now only directly employ a third of the workforce (Ref. 10). Councils will need to recruit or develop staff who can manage the suppliers that employ this dispersed workforce.

¹ This includes vacancy cover, redundancy costs, recruitment/selection, training and induction costs (Ref. 4).

1 | The local government workforce is changing

Figure 5

Local government employment rose by 7.9 per cent between 1997 and 2007



Source: Labour Force Survey; returns from public sector organisations, 1997 to 2007, ONS.

20 The shift between public and private or third sector employment presents challenges to traditional recruitment and retention practices. It has taken place alongside changes in international, national and local labour markets. Demographic and social changes mean that local authorities will have to prepare for:

- an ageing population and increased life expectancy;
- a large increase in the number of people due to retire over the next few years;
- a reduction in younger age groups due to a declining birth rate and families having children later in life;
- continued migration to the UK;
- a more diverse population with an increase in the proportion of the minority ethnic population; and
- population growth across all regions, although this will remain unevenly distributed between regions.

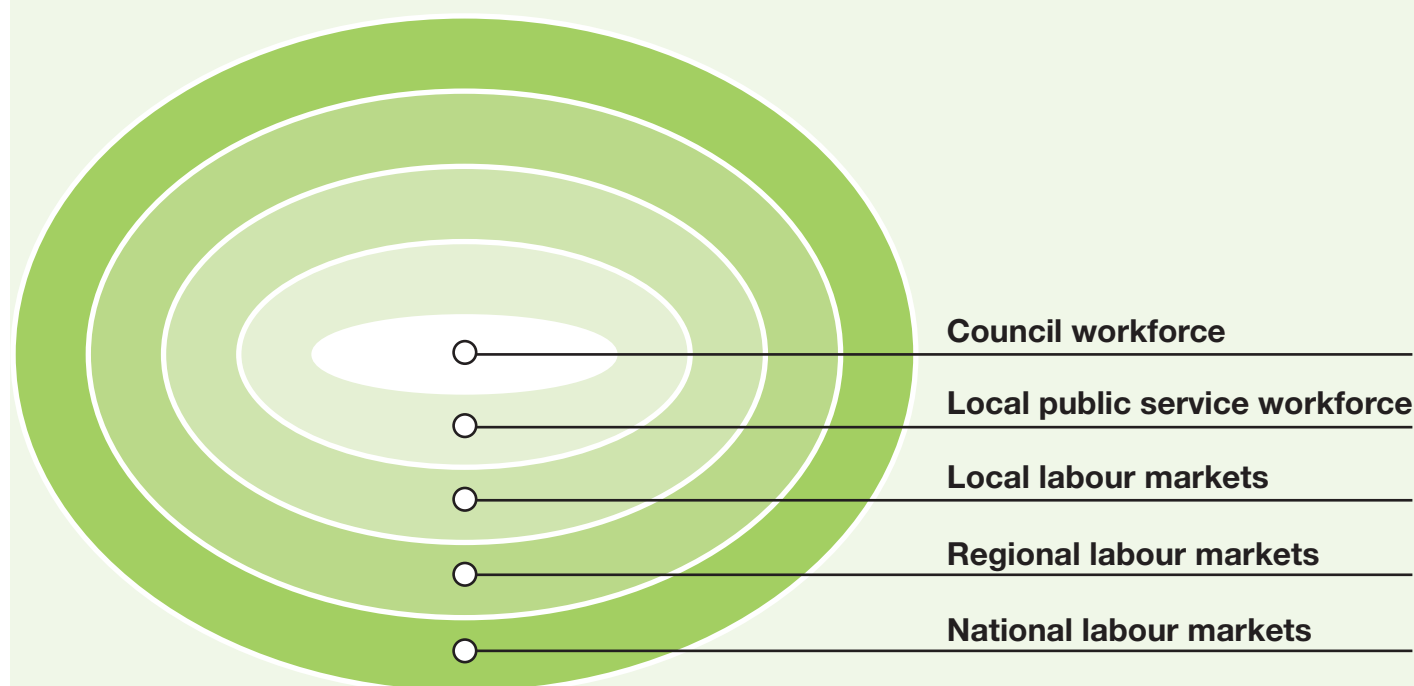
21 One of the ways that councils will need to respond is by understanding their labour markets better and, where appropriate, looking further afield for staff. Local councils recruit from local, regional and national labour markets (Figure 6). For very senior appointments or very scarce skills, councils may also look internationally. These labour markets are dynamic, interact and change over time. Local councils have a range of roles: as significant employers (in some labour markets they are the main employer); as both employer and commissioner; as regulators of some labour markets (through licensing and inspection); and as shapers of local and regional labour markets

through their economic development and planning functions. Local councils also have a role in shaping national labour markets, through their work with central government and the sector skills councils.

22 The shifts between the public and private/third sector and the demographic, societal and labour market changes described above have important implications for all employers. But they present particular challenges for councils and their workforces as councils are charged with delivering effective, joined-up, user-focused services in the face of increasing competition for skilled labour and changes in demand for services.

Figure 6

Each local council has to understand its labour markets



Source: Audit Commission

1 | The local government workforce is changing

And councils are competing for skills

23 Local authorities compete with each other and with employers in other sectors for skilled labour. This is no longer an issue only for generic business or administration skills. The mixed economy of provision extends this competition to areas such as planning, social care and leisure that were traditionally associated mainly with public sector employers. The local public service workforce is far more heterogeneous than that of other employers. And it is a local workforce. Many local council services are face-to-face or face-to-place (on site).

24 Competition for skilled workers increases the challenge of recruitment. It also has an impact on retention. Increased labour mobility and a sellers' market for skills in short supply mean staff moving to other sectors or other councils. Staff movement to the private sector includes trainee planners and graduate managers who prefer to work for consultancies where they are promised more varied workloads and better prospects for pay progression. Without better information on potential and current employees' preferences, choices and motivations, councils are faced with an incomplete and potentially ineffective range of solutions.

25 But economic conditions are not static. Increasing fuel, food and raw material prices and more expensive credit may slow the pace of economic growth. This will inevitably have an impact on labour markets but not automatically to the benefit of councils. Local authorities will still need effective approaches to workforce planning and recruitment and retention if they are to build some immunity to the vagaries of the economic cycle.

26 In the past, councils have used the appeal of a public service ethos, employee loyalty, generous pension provision, local career progression and job security to attract staff. Some incentives, such as a job for life, have disappeared. On the other hand, councils are often well placed to capitalise on important factors, such as a focus on work-life balance and personal fulfilment as they can often offer flexible working arrangements.

Demand for services is also changing

27 Population changes, different expectations of the role of local government and technological innovations mean that councils will have to alter the quantity, type and quality of their services. There will also be changes in the ways people want to access services. All these factors have implications for the type and number of people councils will need to recruit. Box 1 summarises the key changes in demand for council services (and therefore staff).

Box 1

Drivers of change

- An increase in demand for services for older people due to an ageing population.
- A changing balance of competition between and within sectors due to economic changes.
- Innovation in technology and partnership working reducing demand for some skills and increasing demand for others.
- Pressure for a more diverse workforce to respond to the needs of an increasingly diverse society.
- An increasingly tight fiscal environment.

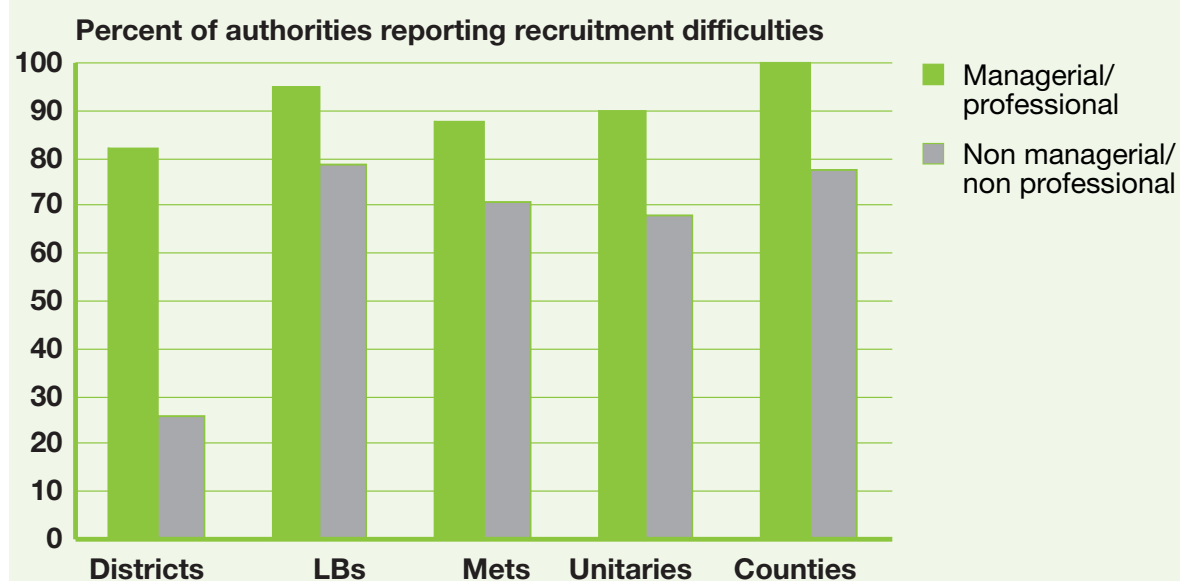
Competition and changes in demand pose problems

- 28** Increased competition and the changes listed above have led to major recruitment and retention problems for councils:
- Eighty-seven per cent of councils report difficulties recruiting and retaining in one or more professional areas and 49 per cent in non-professional areas (Figure 7).

Figure 7

Councils are experiencing major recruitment and retention problems

Percentage of councils reporting recruitment and retention difficulties



Source: LGAR, Local Government Pay and Workforce Survey 2006

1 | The local government workforce is changing

- The greatest shortages in the managerial and professional grades are for experienced professionals. A quarter of the recruitment and retention difficulties reported by councils are at basic professional level, 35 per cent for experienced professionals, 25 per cent at principal professional level and 16 per cent at divisional head level.
- The non-professional, non-managerial occupations with the highest recruitment and retention difficulties are school crossing patrol (37 per cent and 23 per cent respectively), home care staff (33 per cent and 32 per cent) and care assistants (31 per cent and 27 per cent).^I

29 Currently the most widespread occupational shortages are among social workers and social carers, followed by occupational therapists, environmental health officers, planning officers and educational psychologists (Figure 8) (Ref. 3). Similarly, those occupations most likely to receive market supplements^{II} are for children and families social workers (49 per cent), building control (39 per cent) and environmental health (36 per cent).

30 Over the past decade, councils have increasingly struggled to recruit and retain staff against the backdrop of a tight labour market. They also face demographic changes, changes in demand for services and continuing recruitment difficulties. Local government is not alone in having to address the challenges described in this chapter, but if it does not act now to prepare for current and future challenges then it risks being left behind.

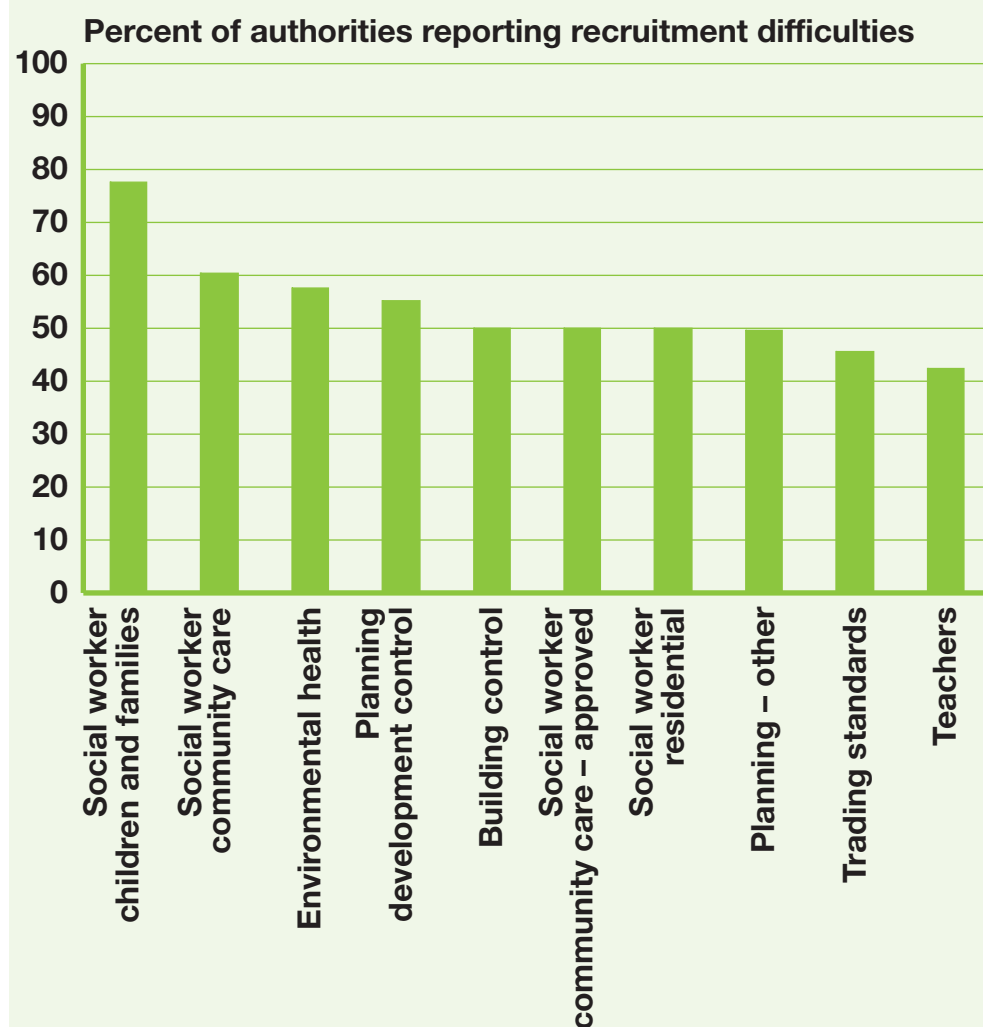
^I This excludes shire districts.

^{II} Market supplements are a way of tackling recruitment and retention issues by temporarily increasing the pay awarded to a post.

Figure 8

The most widespread occupational shortages are among social workers and social carers

Top ten council occupational shortages 2006



Source: LGAR, Local Government Pay and Workforce Survey 2006

1 | The local government workforce is changing

Key questions for councils

What do you know about your workforce?

- What is the shape of your workforce:
 - age;
 - gender;
 - ethnicity; and
 - skills?
- How is it changing?
- Where are the current workforce pinchpoints?
 - How are you dealing with them?
- Where are the potential pinchpoints?
 - How are you preparing for them?

How well are you managing your workforce?

- What are your turnover and absence figures?
 - Where are the key variations in your workforce?
- How much are you spending on:
 - recruitment;
 - agency staff;
 - market supplements; and
 - training and development?

- How do your figures compare with regional and national averages?
 - What are the service and financial costs to your authority of not taking action to address these issues?
 - Where are the priorities for action?

What do you know about relevant labour markets?

- In which labour/skills markets is your council facing most competition?
 - What internal actions (such as recruitment and retention or redesigning roles or processes) have you taken to improve your position?
 - What mutual actions (working with partners) have you taken?
 - What external actions (using external suppliers) have you taken?
- How effectively do you use recruitment and retention data alongside economic development and planning data to build a picture of future local and regional labour markets and your council's position in them?

2 Why workforce matters

‘Without good workforce planning, even the most robust financial and business plans can’t deliver the substantial improvements that are currently being asked of local government.’

The Improvement Network^I

31 People are a key driver of organisational success. But a council’s workforce and its management are often viewed as a largely operational area of limited relevance to achieving strategic objectives. As a result, there is often little strategic oversight and management of planning, recruiting, developing, retaining and budgeting for councils’ workforces. However, as this chapter discusses, improving councils’ approaches to workforce planning can help them achieve key corporate priorities such as service transformation, efficiency gains and mainstreaming equalities.

32 The government’s public services reform policy and its emphasis on efficiency and transformation^{II} highlight the importance of local public services that are focused around the needs of citizens and users and provide value for money. Councils must not only respond to their evolving role as community

leaders and place shapers, they must do so within the context of wider changes in the local government landscape. Balancing these demands will require councils to make tough choices about the way they deliver services within available resources.

33 Local government has been making progress and has begun to deliver better services. Comprehensive performance assessment (CPA) scores show that the majority of councils deliver a high level of services to local people (Ref. 11). And councils have been successful in achieving efficiencies and will deliver £30 billion of savings one year early (Ref. 12). But more needs to be done and further efficiency gains are required. Councils are expected to achieve an additional £4.9 billion in cash-releasing efficiencies by 2010/11 (Ref. 13). To achieve this, councils will have to make radical changes.

^I The Improvement Network is a joint venture between the Audit Commission, the Chartered Institute of Public Finance and Accountancy (CIPFA), the Improvement and Development Agency (IDeA) and the Leadership Centre for Local Government. The website www.improvementnetwork.gov.uk draws on the expertise of the four national organisations to encourage improvement in local government.

^{II} Comprising a focus on efficiency, devolution, choice and personalisation as summarised in the Prime Minister’s Strategy Unit, *Building on progress: public services* and given effect by the Local Government and Public Involvement in Health Act 2007.

2 | Why workforce matters

34 Traditionally councils have relied on transactional approaches within service departments or across corporate services to make efficiency gains. In the transactional approach, workforce issues are viewed in terms of transfer (to other employers) or replacement (replacing professional staff with administrative staff or technology). And they are seen as a matter for individual service departments, with corporate approaches only brought in to deal with displaced workers and avoid redundancy. But pressure to create additional gains and deliver new, and sometimes more, services have led an increasing number of authorities to adopt transformational approaches (Ref. 14). The transformational approach may still require transfer or replacement, but it does so in the context of a much wider-ranging consideration of business processes and designs.

35 Transformational approaches to workforce and service management mean that, while well-established approaches may continue to succeed, councils will need to change the way they deliver and improve services. This could include creating one-stop shops to deal with a range of queries, merging back office functions with those of another council and working with other agencies to deliver more user-focused social care in local teams. This service transformation has important implications for the local services workforce.

Workforce plays a key role in transforming services

36 Effective management of recruitment and retention practices and workforce issues more generally can directly contribute to efficiency and performance gains (Ref. 15). Reductions in turnover and sickness absence, better management of temporary and agency staff, more imaginative and responsive employment arrangements and the use of new and improved technologies can all deliver savings. For example, councils have done well to reduce sickness absence by on average 6.7 per cent over the last four years, the equivalent of 6,000 full-time employees. Maintaining this rate of progress should be a high priority for all councils with the potential to release an additional £150 million per year in productive time.¹

37 Innovation also has a key role in creating efficiencies. For example, in Walsall, the Council found that reforming its social worker recruitment practices not only resulted in efficiency gains but also made the Council more attractive to potential recruits (Case study 1). And South Tyneside Council has made changes to the way absence figures are recorded, allowing staff to be honest about reasons for absence so that the Council can differentiate between absence due to ill-health and absence as a consequence of domestic circumstances. Its 'phone in stuck' regime helps the council understand why staff are absent and respond accordingly. This is becoming a key piece of management information for the Council (Case study 2).

¹ These estimates are based on current employment levels of 2.2 million and employee costs of £55 billion.

Case study 1

Overcoming staff shortages and achieving efficiency gains: a social worker talent pool

Before 2005, Walsall Council faced high staff turnover and a severe shortage of social workers. It was experiencing spiralling agency costs and, as a result, service users were receiving inconsistent standards of care. In 2005 the Council set up a social worker e-recruitment and talent pool micro-site: www.walsall.gov.uk/socialcarejobs.

The micro-site promotes Walsall as an interesting area to work. It encourages potential candidates to apply online for particular posts as well as register their interest in future opportunities. The Council sends information packs to everyone who has expressed an interest and contacts potential applicants when vacancies arise.

The streamlined recruitment process has given Walsall a competitive edge over neighbouring councils. The Council has made 47 job offers since 2005 and there are now few social worker vacancies in children's services. Costs have also been reduced. Before the site was introduced, the Council spent up to £10,000 on each recruitment advert. The cumulative cost of the micro-site including development and maintenance is £17,000, meaning that advertising costs now equate to approximately £360 per appointment. Agency costs have also been reduced.

Case study 2

South Tyneside Council uses improved information to reduce sickness absence

In response to annual sickness levels of around 14 days per person in 2002, South Tyneside introduced new processes, monitoring and challenging targets for managers. The programme included a 'phone in stuck' system to differentiate between absence due to ill-health and absence because of domestic circumstances or emergencies.

The scheme, introduced in early 2007, has a number of advantages:

- staff take less time off. For example people might previously have phoned in for a whole day's sick leave when they only needed a few hours to get a washing machine mended;
- employees agree with their managers a way of paying back their stuck time; and
- staff are more truthful about the reasons for their absence, which provides more accurate management information and helps the Council to give better support to its staff.

Annual sickness levels have reduced to around ten days per person due to this and other improvements. The Council recognises that it still needs to make further improvements.

2 | Why workforce matters

And has a role in achieving equality and diversity objectives

38 A strategic approach to workforce planning can also help to achieve wider objectives such as the promotion of equality and diversity. In addition to their own policies and objectives, local councils, as employers and public authorities, have general and specific legal

duties to promote equal opportunities and remove discrimination in their workforce and service provision.¹ There is a clear business case for councils building a workforce broadly reflective of the communities it serves (Box 2). Councils need to attract the best applicants from all sections of the local community. An organisation that reflects the diversity of its customers will be in a better position to understand their specific needs.

Box 2

The business case for improving the diversity of councils' workforces

Achievement of strategic objectives

- Targeted recruitment campaigns can improve the diversity of the workforce, reduce unemployment in particular groups, provide role models for the local population and promote community cohesion.

Credibility and image

- A council that is seen to be open and fair in recruitment and which makes an effort to build a workforce that reflects local people is more likely to be accessible to all sections of the community.

Competitive advantage

- In an increasingly competitive labour market, organisations that welcome and nurture diversity are more likely to attract and retain employees from wider pools of talent.

Culture

- Promoting a diverse workforce can encourage a more open and inclusive organisational culture and change and challenge negative and discriminatory behaviours.

Knowledge

- Diversity often brings with it new ideas and insights, especially valued in today's knowledge economy. New perspectives will enhance productivity, efficiency and the quality of service delivery.

Risk of challenge

- Better practices within the workforce will lessen the risk of legal action taken against local authorities. Such action can damage the council's reputation and be costly.

¹ Employment practices, management and recruitment strategies should be consistent with legislation on human rights and the requirements of equalities legislation relating to disability, gender, race, age, religion or belief and sexual orientation.

39 Recruitment and retention of employees from a wide pool is becoming increasingly necessary as England's population becomes more diverse. These changes will require councils to monitor local demographics and engage with existing and new communities. Councils will

also need to widen job opportunities and establish new patterns of working, including more part-time work and flexible hours and work locations. This can present a challenge but some organisations have been successful in diversifying their workforce (Case study 3).

Case study 3

Improving the recruitment of women and BME groups to the London Fire Brigade

In 1999, the Home Office set ambitious targets for the London Fire Brigade (LFB) to increase the representation of BME firefighters from 4.5 per cent to 25 per cent and women from 1 per cent to 15 per cent by 2009. In response, LFB adopted a long-term approach to tackling diversity issues.

An equality and diversity team was formed to lead various recruitment and retention initiatives and address relevant issues in service delivery. At the same time, a strategic recruitment and outreach strategy was introduced looking at:

- attracting greater numbers of diverse candidates;
- fairer selection processes;
- improving retention; and
- improving progression and development.

LFB introduced a range of initiatives, including targeted advertising and open days, a revised selection process based on data gained through focus groups, community research and data analysis, diversity training for staff and internal fast-track and graduate schemes for operational firefighter roles leading into management.

LFB has made significant increases in the proportion of BME staff and women in operational roles. The number of women increased from 61 to 210 between 1999 and 2007, with 18 per cent of applications in recent campaigns coming from women. Current BME representation in operational roles is 10 per cent, above the national public sector average. The brigade's approach has been replicated by organisations such as British Gas and other fire and rescue services in the UK and Europe.

However, LFB realises that much work is still needed to achieve its targets given its low starting base and to improve applications from particular groups, such as those from Asian communities.

2 | Why workforce matters

40 Councils that fail to attract traditionally under-represented groups face a number of risks:

- ineffective community engagement: missing out vulnerable, minority groups, disengaging people and not placing customers at the heart of service delivery;
- reputational damage: low levels of satisfaction with services and limited, confused or poor access;
- disadvantaged or minority groups having poorer access or lower satisfaction with services than other communities;
- a limited pool from which to recruit; and
- failing to comply with legal requirements.

The benefits of strategic workforce planning

41 Councils that are achieving corporate objectives through their approach to people issues have a distinctive approach to workforce planning and recruitment and retention. They are very clear that a strategic, corporate approach rather than the adoption of ad hoc, service-specific initiatives produces benefits (Box 3). Such an approach helps councils to react responsively and flexibly in the light of changing priorities and new challenges (Case study 4). These lessons are not new (Ref. 16), but they need to be embedded more firmly across local government practice.

Box 3

The benefits of strategic workforce planning

Strategic workforce planning:

- ensures the right number of people, with the right skills, to deliver the council's and the local strategic partnership's vision;
- achieves wider objectives such as economic prosperity, equalities and diversity and environmental sustainability;
- improves service delivery through committed and skilled staff;
- demonstrates better value for money by avoiding expensive interim solutions and costs associated with managing problem areas such as high turnover, sickness absence and vacancies;
- allows for more effective and efficient use of workers;
- helps ensure that replacements are available to fill vacancies;
- provides realistic staffing projections for budgeting purposes;
- provides a clear rationale for linking expenditure for training, development and recruiting;
- helps maintain or improve a diverse workforce and allows organisations to respond to equality and diversity issues; and
- helps a council prepare for restructuring, reducing or expanding its workforce.

Case study 4

Cambridgeshire County Council: A strategic approach to workforce planning and recruitment and retention

Cambridgeshire County Council has successfully aligned its strategic objectives to workforce planning to build a local workforce that delivers its vision for the whole community through improved services, greater efficiencies and better customer focus in frontline services. In its 2007 corporate assessment, the Audit Commission praised the Council's HR arrangements for enabling it to make the best use of its people.

The Council has developed a county-wide people strategy in collaboration with local partners. This informs its service-specific strategies and internal workforce planning. Stephen Moir, Director of People and Policy says, 'there's a very strong fit between overall council priorities and [the] people strategy.' The strategy is jointly signed off and endorsed by the leader and chief executive, ensuring that workforce matters have a high visibility. Workforce planning is embedded in service and financial planning, with heads of service responsible for looking at their future workforce needs in relation to skills, staff recruitment and retention or delivering services in a different way altogether.

In April 2007, the Council merged the HR and corporate strategy functions to create a single directorate, led by a director of people and policy, one of only two such posts in England. This new directorate brings together a range of HR functions, including organisational development, payroll and pensions with corporate activities such as strategy, policy, diversity and partnerships. The Council believes that having corporate strategy and HR strategy in one directorate has been key to keeping workforce issues high on the agenda and supporting continuous improvement in its services.

The Council's strong corporate approach to recruitment and retention has borne results. Overall staff satisfaction is high, at 73 per cent, and the annual sickness absence figure, at only five days per person, is one of the lowest nationally. There are also high levels of satisfaction with opportunities for flexible working which have also led to efficiency savings. The Council consistently receives a high calibre of applicants for its graduate recruitment programme and many staff who leave often return after a period of employment elsewhere.

The Council's strategic approach has also led to success with other agendas.

It has introduced touch down centres in premises such as GP surgeries, primary care trusts and district council offices. These offer short-stay, drop-in facilities with fixed PCs or connections for laptops and access to the full range of the Council's software and systems and so allow council staff to work nearer to home. This has helped the Council overcome challenges connected with its rurality and has contributed to its sustainable development and green travel objectives. Business and home to office mileage has been reduced by five per cent over three years, which helps in terms of its carbon footprint as well as providing efficiency savings. The Council estimates that it achieved £424,000 in productive staff time gains in 2005/06 through reduced mileage and cashable gains through reduced mileage expenses.

2 | Why workforce matters

42 This chapter has highlighted the connections between workforce issues and the efficiency agenda. It has also set out the business case for increasing the diversity of councils' workforces. The next chapter looks at the other driver for getting recruitment and retention right: the protection of key public services.

Key questions for councils

Does your workforce matter?

- How corporate is your council's approach to workforce planning?
 - How does the executive/corporate management team ensure integration of workforce and service planning?
 - What is the role of workforce planning in your medium-term financial plans?
- How effective is workforce involvement in developing transformational service change:
 - corporately; and
 - in services?
- What is your authority doing to address the challenges to the sustainability of the local public service workforce:
 - gathering information and intelligence;
 - analysing risks: opportunities and threats; and
 - planning internal, mutual or external solutions?

How well does workforce planning support your council's objectives?

- How do you use workforce planning to support other objectives:
 - linking workforce and other objectives;
 - promoting the business case(s) for the workforce role in achieving other objectives; and
 - using common performance indicators?
- How can you improve your council's performance on the Equality Standard for Local Government?

3 Staff shortages place key services at risk

43 Problems in recruitment and retention limit a council's ability to deliver services. They can also have wider implications, putting the well-being of local communities and the sustainability of the local area at risk (Figure 9). To investigate these links, the Audit Commission looked at three sectors where local authorities have reported recruitment and retention difficulties and assessed the wider impact and implications of failing to take appropriate action.

Figure 9

Services at risk

Chief Executive

- 'I need to consider...
- Demographic and social change
 - Skills shortages
 - Equalities legislation
 - Efficiency and transformation'

Director of adult services

'A shortfall in social workers is affecting our ability to lift vulnerable adults out of risk'

Director of planning

'A national shortage of planners is causing delay to processing planning applications, placing our local house building targets at risk'

Director of regulatory services

'Our difficulties in recruiting environmental health practitioners is impacting on our ability to protect public health'



Source: Audit Commission

3 | Staff shortages place key services at risk

Planning

Without appropriate action, there could be a 46 per cent national shortfall of qualified planners in five years' time. This could result in a delay to one-third of planning applications, placing the government's house building targets at risk.

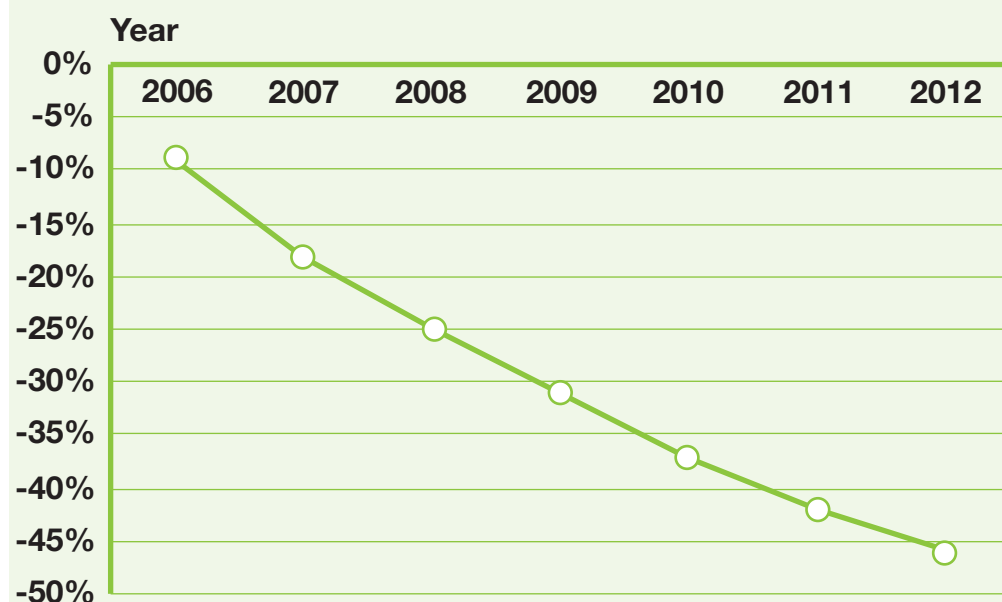
44 Planning is an area where councils face major recruitment and retention issues, affecting their ability to draw up local development frameworks and process planning applications. In 2006, more than half of all councils in England reported problems with recruitment in the planning and building control sectors and around a third reported retention difficulties (Ref. 3). The Audit Commission's report, *The planning system: matching expectations and capacity*, found that this situation was putting a considerable strain on councils charged with responding to growing user and government expectations and dealing with a high number of increasingly complex planning applications each year (Ref. 17).

45 Since then there has been a modest growth in the number of qualified planners entering the workforce and many councils have redesigned their processes and planners' roles to ensure that qualified planners' time is used as efficiently as possible (Ref. 18). This involves, for example, greater use of planning technicians in the planning process. However, in many authorities the problem is still acute, with posts remaining vacant for months and councils adopting unsustainable strategies such as relying on temporary staff, providing higher salaries and golden hellos and using planning delivery grant to provide short-term funding for posts.

46 A scenario modelling of supply and demand illustrates the consequences of councils failing to address the current shortage of planners. Without appropriate action there could be a 46 per cent national shortfall of qualified planners in five years' time (Figure 10).

Figure 10

Without action, in 2012 we will have half the planners we need
Forecast gap in supply of planners 2005–2012



Note: This scenario is based on a forecasting exercise undertaken by Arup for the Academy for Sustainable Communities *Mind the Skills Gap* report (Ref. 19). The model took actual data from 2002 to 2005 and then forecast trends in supply of, and demand for, planners from 2006 to 2012 based on assumptions drawn from Labour Force Survey trends, online surveys of employers and details of public expenditure plans. It is estimated there will be a shortage of 10,000 planners by 2012.

Source: Academy for Sustainable Communities *Mind the Gap* analysis

47 While there are a number of uncertainties inherent in any modelling exercise (see para 49), these figures are a useful reminder to councils about the future scale of the shortage of planners. Factors driving these predictions include:

- a large number of senior planners due to retire in the next five years;
- too few planners trained in the past 20 years to take their place;

3 Staff shortages place key services at risk

- a downturn in the number of people opting for degree courses in the subject; and
- the historic recruitment gap leading to a severe shortage of middle management level planners.

48 As well as highlighting the scale of the problem, the modelling also provides a reminder of the wider consequences of failing to address this skills gap. The immediate effect is on councils' ability to process planning applications and draw up planning policies. Staff shortages therefore have direct implications for the delivery of national and local priorities. But the role of planning in releasing land can have much wider effects on social justice and environmental sustainability. A degradation in planning services could, if unchecked, lead to a shortfall in the number of homes built and an associated rise in homelessness and overcrowding (Box 4). It could also have a wider impact on employment growth and regeneration which will be more of a concern for those councils where housing pressures are a lower priority.

Box 4

A shortage of planners will reduce government's and councils' ability to achieve their objectives and could exacerbate inequalities

A failure to address the current shortage of planners could result in:

- thirty-five per cent of planning applications not being processed on time by 2012;
- an inability to meet the government's house building targets for 2 million extra homes by 2016;
- a shortfall in the number of affordable homes delivered;
- a potential increase in: a) the number of households living in temporary accommodation; and b) homelessness and overcrowding; and
- a widening of the social and economic divide between those able to access market housing and those excluded from it.

Source: RSe Consulting

49 This model illustrates a worst case scenario and is based on assumptions that:

- the number of planning applications remains at a high level;
- the government's ambitious house building targets remain the same (to build 2 million extra homes by 2016 and to be able to build 240,000 more a year thereafter); and
- the government and councils will take no action to address the shortage of planners.

50 Current data show a downturn in the number of major planning applications received by councils,¹ which may have an impact on the number of planners needed. But this will be offset by councils having to deal with additional responsibilities such as helping to meet carbon neutral development targets and increasingly complex applications, for example those accompanied by flood risk assessments.

51 Councils and the government and its partners have already taken action to ensure the effects described above are mitigated:

- The government, in partnership with professional bodies and the education sector, has introduced a culture change programme, making the profession more attractive to school leavers and graduates and has extended the Permitted Development Rights Order which will potentially reduce the workload of development control departments.

- Future developments in technology, for example greater use of online planning applications and of mobile working practices to enable planners to record more information while on site visits will help to reduce workloads and therefore ease demand for planners.
- The Audit Commission's 2006 report on the planning system highlighted the role of collaborative working (Ref. 17). Sharing staff between councils, particularly those with specialist skills, can be a viable solution to recruitment problems.

52 These responses all play a key role and they demonstrate the necessity of strategic approaches to workforce and labour market issues. They also illustrate how local authorities have to take account of early warnings from government, regulators and the market. However, even with this action there is still likely to be a substantial shortfall of planners, given the current rate of recruitment.

¹ Recent research undertaken by Barbour ABI suggests a significant downturn in the number planning applications for five or more units of housing in March 2008. Barbour ABI, *Housing Data* March 2008, 2008.

3 Staff shortages place key services at risk

Environmental health

The environmental health practitioner (EHP) workforce fell by 8 per cent between 1995 and 2005. This situation was exacerbated by a decrease in the number of training placements offered by councils and increasing competition for staff from the private sector. A continued shortfall in EHPs will reduce councils' ability to protect public health.

53 Environmental health plays a key role in improving people's health and shaping the quality of local life. Councils, as one of the key employers of EHPs, use them in a wide variety of roles, including food inspection, pollution control, health and safety and housing, and their work contributes to the wider agenda of antisocial behaviour, enviro-crime and combating obesity. These officers work alongside other public health professionals to promote public health, prevent disease and reduce health inequalities. Their remit also supports strategic work such as urban regeneration, brownfield redevelopment and sustainable development agendas by promoting energy efficiency and waste minimisation.

54 However, recruitment and retention in environmental health is a significant problem, with nearly 60 per cent of authorities reporting difficulties (Ref. 3). In the context of an expanding national workforce, the environmental health workforce fell by nearly 8 per cent between 1995 and 2005.^I

55 The factors driving this trend are:

- fewer people entering the profession set against growing cross-sector and international demands;
- fewer student training placements offered by councils (currently 250 placements are available each year compared with demand for more than 650).^{II} These placements are required for those practitioners who wish to gain a formal qualification in environmental health;^{III}
- more competition for staff from the private sector, which is often able to offer better training, work experience and employment terms and conditions; and
- closure of some degree courses due to lack of support and applicants.

56 A continuing shortfall in EHPs poses a risk to councils' ability to protect the public health of their communities (Box 4). Getting basic services such as environmental health right is fundamental to the smooth running of modern life and the protection and enhancement of public health. High standards in food premises and rented housing protect people from disease and other dangers. They also contribute to the sustainability of communities and their attractiveness to investors and potential residents. These services are therefore at the heart of councils' well-being and community leadership roles.

^I RSe Consulting, 2008.

^{II} RSe Consulting interview with Chartered Institute of Environmental Health, 2007.

^{III} The Certificate of the Registration of Environmental Health Registration Board.

Box 4

A shortage of EHPs will impede councils' ability to protect public health

Service area	Impact
CO2 emissions	A shortage of EHPs will have an impact on the ability to monitor and control CO2 emissions and air quality generally
Animal health	Environmental health has a role in maintaining standards for animal health. This is important both for animals' well-being and to protect the public from the spread of disease.
Housing quality	Staff shortages will reduce councils' ability to identify and inspect unfit homes and administer the licensing of homes in multiple occupation
A healthy environment	EHPs are also responsible for ensuring that many public areas are sanitary, thereby preventing the spread of disease
Food safety	Insufficient EHPs to undertake food safety inspections could lead to a greater incidence of food-borne infections

57 Councils are developing innovative ways to attract environmental health staff. These include 'grow your own' schemes, traineeships and outreach work with schools to raise the profile of public protection work. Some councils, especially smaller districts such as South Hams and West Devon, are increasingly working together to solve this problem. They have found that the shared services agenda applies to frontline services such as environmental health as well as to back office functions.

Adult social care

Based on current trends, the number of staff working with older people needs to rise by over 25 per cent by 2020 to meet predicted demographic pressures and increased demand for social care services. Failure to act could result in councils failing to meet their statutory duties and government failing to meet its adult social care objectives, placing vulnerable adults at risk.

58 Adult social care has a fundamental impact on the health, well-being and quality of life of vulnerable adults. The number of people needing care is rising and there is demand for a more diverse set of services as the proportion of people with high dependency and complex needs increases.

3 Staff shortages place key services at risk

59 The workforce that delivers these services is itself large and complex. The Commission for Social Care Inspection estimates that in 2006/07 there were approximately 1.4 million people providing or commissioning adult social care in England, including bank, pool or agency staff (Ref. 10). In 2005/06, approximately 1.75 million adults received one or more social care services (Ref. 20). However, councils only employ around a third of the workforce directly; the remainder are employed in the private and third sector. The workforce is also assisted in meeting current demand by over 5 million volunteers and unpaid carers (Ref. 20).¹

60 Recruitment and retention in adult social care remains a stubborn problem. One in four councils reported difficulties in recruiting and retaining social workers and occupational therapists for older people and adults with physical disabilities. Thirty-two per cent of authorities reported recruitment and retention difficulties for home carers for older people (Ref. 10). Vacancy rates in the sector are almost double that for all types of industrial, commercial and public employment. There are regional variations: London reports the highest number of vacancies, while the east of England has the greatest turnover. (Ref. 10)

61 Providers of adult social care in the public, private and third sectors will continue to experience significant pressures. By 2020, the number of staff working with older people will need to rise by over 25 per cent to meet needs (Ref. 20).

62 This future shortfall poses risks, both for councils in meeting their statutory duties and for government in meeting its adult social care objectives. The staff shortages will have an impact on vulnerable adults as a result of:

- delayed assessment and subsequent allocation of services;
- reduced quality of, and less personalised, service delivery;
- failed delivery of non-core services such as information and advice and support to carers;
- reduced ability of people to maintain their preferred levels of independence and control; and
- increased demand for acute services as failure to support independent living and sustain informal care leads to more high-dependency interventions and delayed hospital discharge.

¹ Estimates suggest that over 5 million people are unpaid carers worth an estimated £57 billion per year. They are often untrained and look after dependents with modest amounts of external help. Sixty-nine per cent spend 20-49 hours per week caring for another person(s), while 20 per cent spend more than 50 hours per week on caring duties.

63 The government, councils and agencies such as the sector skills council for social care, have made substantial progress in modernising the social care workforce. As well as significant contracting out to the private and third sectors, action has been taken on the themes raised above: collaborative or partnership working; increasing use of technology; changes to roles; and better use of data (Box 5 and Case study 5). Workforce issues are a higher priority since the government introduced a statutory duty on directors of adult social services to provide professional leadership including workforce planning (Ref. 21). More recently, the move to individual budgets and the introduction of personal assistants, employed directly by the service user, is likely to have an impact, as many users may choose to employ family, friends or other people living in the local community. This and more commissioning, rather than provision, of services on the part of councils¹ will have significant implications for the role of adult social care workers and for established ways of working. And there may be even more radical moves afoot as councils recognise that there may be a case for American-style older people's villages, which make it easier to organise both formal and informal social care support (Ref. 20).

¹ The Local Government and Public Involvement in Health Act (2007) places a duty on upper tier local authorities and primary care trusts to undertake a joint strategic needs assessment (JSNA). JSNA is a process that will identify the current and future health and wellbeing needs of a local population, informing the priorities and targets set by local area agreements and leading to agreed commissioning priorities that will improve outcomes and reduce health inequalities.

Box 5

Modernising the social care workforce

- **Integration:** the social care workforce is increasingly integrating with other services and sectors, particularly education, health and housing. Social workers can now be found employed in multi-agency, inter-professional teams such as family support teams, youth offending teams, community mental health teams and integrated teams for older people (Ref. 20).
- **New technology:** the use of new and improved technologies such as telecare, laptops, hand-held computers and digipens presents opportunities to increase the productivity of the social care workforce by reducing the need for travel, improving the quality of information for decision-making and relieving the administrative burden on professionals. But it also has implications for investment planning and the development of the skills to apply and embed the technology.
- **Changes to roles:** Skills for Care, the sector skills council for social care, has been exploring new and innovative ways of looking at roles and services through its New Types of Worker programme (see Case study 5).
- **Use of data:** the National Minimum Data Set was set up in 2005 to improve information and data collection about the social care workforce. Its aim is to provide a national comprehensive picture of the workforce across all providers and from 2007 all social care providers have been required to input their data.

3 | Staff shortages place key services at risk

Case study 5

New types of worker programme

The New Types of Worker programme seeks to explore new ways of working such as:

- working across agency boundaries, for example between social care and health, education, housing or justice;
- working across service boundaries, for example residential/home based-service;
- working across client groups, for example children/adults;
- promoting participation by service users and/or carers; and
- working that promotes better services integration/coordination.

The programme identifies four types of new role (these do not exclude the existence of other possible role types):

- Specialist: breaking away from a general occupation to focus on a particular task, for example assistive technology support worker.
- User based: a role performed by a service user, for example research assistant, co-facilitator.
- Coordinator: organising activities involving different parties, for example. service user development officer, person-centred planning coordinator.
- Boundary spanner: operating across boundaries, which could be organisational, user or service, for example community support assistant, team around the child coordinator.

64 But despite an enthusiasm for modernisation, the pace of change within the adult social care workforce has not always been as quick or as straightforward as expected. As the workforce accounts for around 80 per cent of expenditure in social care (Ref. 22), employers will increasingly need to do their own detailed scenario planning to counteract shortages in the sector.

Understanding and planning – councils need to identify their own workforce risks

65 This chapter has highlighted the links between a lack of planning in recruitment and retention and the risks of service failure. It identifies a range of possible adverse consequences in connection with planning, environmental health services and adult social care. Some of these will be a result of councils' deliberate, strategic choices. While they would prefer to support these three services and other critical areas of activity fully, by necessity councils will have to prioritise investment in some services over others.

66 But this needs to be done with better information about the impact of such choices. This is where effective scenario planning can help. Scenario planning is invaluable in assessing the staffing implications of new proposals and identifying the need for new, more flexible policies. It can therefore help local authorities to make strategic choices about the future public services workforce, whoever employs it.

67 The issue facing most councils is how to join up scenario planning exercises, which are generally conducted at service level. Much more effective use can be made of the results when they are fed into council-wide decisions, both about the prioritisation of spending and

about corporate responses to recruitment and retention difficulties. And as well as a need for a corporate approach, there is also a role for councils in scenario planning and assessing the risks of staff shortages across partner organisations and areas. This is discussed in Chapters 4 and 5.

Key questions for councils

Are your services at risk?

- Which of your services are at risk of staff shortages:
 - in the short term; and
 - in the medium term?
- How confident are you about the data you use to assess risk:
 - current workforce data and projections; and
 - current labour market data and projections?

How can your authority manage workforce supply risks?

- Which services are your priority for service and workforce scenario planning?
- What are your authority's practical options for:
 - internal demand (for example process redesign or job redesign);
 - internal supply (for example training, retraining, development schemes, graduate schemes);
 - mutual demand (for example shared posts, shared services);
 - mutual supply (for example joint schemes with other public service bodies, work with Jobcentre Plus and learning and skills councils (LSCs));
 - external demand (for example outsourcing, improved use of agency staff); and
 - external supply (for example national programmes through sector skills agencies, government supported schemes)
- How has your authority linked workforce planning to its efficiency gain activities?
- Have you brought together the results of scenario planning for individual services?

4 Councils' progress in planning for the future workforce is uneven

68 Strategic workforce issues are moving up the corporate agenda. Some councils are starting to recognise that the HR function can play a key role in contributing to wider corporate objectives. However, progress has not been uniform. This chapter explores the variation in councils' approaches to recruitment and retention and workforce planning.

Councils have made progress...

69 Since the publication of the first Local Government Workforce Strategy in 2003,^I councils have made progress in approaches to planning for and shaping their workforces. A survey of progress against the strategy's targets (Ref. 3) paints an encouraging picture. Overall, the number of councils taking action on workforce issues is increasing. Nearly 84 per cent of authorities report having a people, workforce or HR strategy for all, or part of, the council. A further 14 per cent are in the process of developing one (Figure 11). Of those councils with a strategy already in place, 88 per cent have designed their strategy to support the council in achieving its key objectives and

nearly 87 per cent have senior management commitment and approval. Seventy-three per cent of councils' strategies reflect the national pay and workforce strategy (Ref. 3), addressing the 2005 Strategy's five key priority areas:

- developing leadership capacity;
- developing the skills and capacity of the workforce at all levels;
- developing the organisation;
- including equality and diversity issues; and
- resourcing local government through better recruitment and retention, pay and rewards.^{II}

...but there are still wide variations in practice

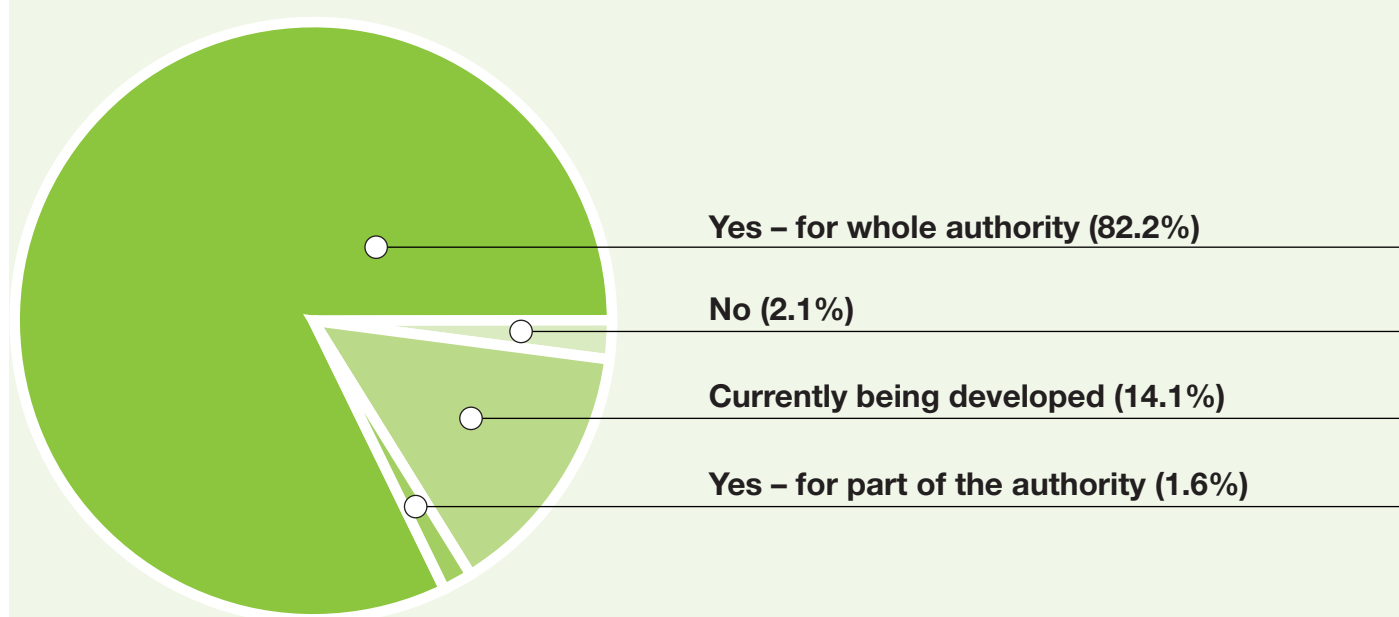
70 While many councils claim to have strategies in place, their quality is variable, as is the extent to which individual authorities are fully engaging in addressing workforce and recruitment and retention issues. And, as discussed in Chapter 2, recruitment and retention problems persist.

^I The Local Government Workforce Strategy was launched in 2003 by the Office of Deputy Prime Minister, the Local Government Association (LGA) and the Employers' Organisation for local government. It was updated in 2005. A revised strategy was launched in November 2007 by the LGA, Improvement and Development Agency and Local Government Employers. The strategy sets out a comprehensive approach to help ensure that 'local government has the right numbers of people in the right places with the right skills to deliver improved services, greater efficiency and better customer focus in frontline services'.

^{II} Councils were surveyed in 2006 on progress against the 2005 strategy priority areas. The revised 2007 Local Government Workforce Strategy has updated the wording of these priorities but councils have not yet been surveyed about progress against this latest strategy.

Figure 11

Most councils have a people, workforce or HR strategy



Source: LGAR, Local Government Pay and Workforce Strategy Survey 2006

71 Comparison of the 2006 Local Government Pay and Workforce Strategy Survey findings with the 2006 CPA scores reveals a positive correlation between a high CPA score and the adoption of a range of workforce measures (a people strategy, a pay and rewards strategy and accreditation for Investors in People). Furthermore, most of the top 20 councils in IDeA's 2007 list of best councils to work for have either excellent or four star CPA ratings or have moved up the CPA rating dramatically (Ref. 23). There is a strong link between effective workforce planning and performance.






72 Analysis of corporate assessment reports¹ shows that only 22 per cent of councils have adequate or effective workforce strategies and systems. These councils demonstrate an approach to people management clearly linked to the council's priorities.

¹ Analysis of a representative sample of 71 Audit Commission corporate assessment reports.

4 Council's progress in planning for the future workforce is uneven

Figure 12

Councils are at different stages of addressing workforce issues

	 Resisting	 Intending	 Starting	 Developing	 Achieving
Approach to workforce planning	<ul style="list-style-type: none"> Believe recruitment and retention is not an issue in their council. Failure to understand how workforce planning can inform strategic recruitment and retention. 	<ul style="list-style-type: none"> Poor understanding of scale and nature of issues and extent of the change required. Tendency to focus on unrelated and isolated strategies and plans. 	<ul style="list-style-type: none"> Council expresses workforce issues through a high level vision, but this is not based on rigorous analysis of data and issues. Action likely to be reactive and led by immediate, short term needs and funding. 	<ul style="list-style-type: none"> Council knows shape and composition of its workforce, understands the issues affecting it and where it's want to be in five to ten years time. Council prioritises action based on robust information. 	<ul style="list-style-type: none"> Council has a clear vision of where it is trying to get to and has set out and prioritised improvements linked to specific local outcomes. Starting to develop partnerships with other public sector agencies.
Commitment to workforce planning	<ul style="list-style-type: none"> Little, if any, commitment from senior management, leaders and members. Service managers do not believe workforce issues part of their role. 	<ul style="list-style-type: none"> Some senior level commitment but unlikely to be widely shared across the organisation. HR still seen as a transactional, support function. 	<ul style="list-style-type: none"> Workforce planning tends to focus on specific job roles rather than the whole authority. Service managers tend to engage in workforce planning only when critical issues arise. 	<ul style="list-style-type: none"> Visible commitment from senior management and members. Workforce strategies and recruitment and retention integrated into wider strategic, business and financial planning. 	<ul style="list-style-type: none"> Senior management and members drive workforce planning throughout the council and hold officers to account. Regular review and evaluation of strategies, processes and plans.

Source: Audit Commission

73 The remaining councils fall into three groups. One group (29 per cent) has limited, patchy or not fully effective systems, strategies and policies. A second group (17 per cent) has ineffective approaches to workforce issues. The third group (31 per cent) consists of those

councils in the process of implementing new strategies and policies or in a period of transition. Councils may wish to use the framework at Figure 12 to assess their level of preparedness in dealing with workforce issues.

Some councils are working with partners

74 There is a mixed picture in terms of partnership working. Much attention has focused on the costs and benefits of service partnerships (Ref. 24), but there are other forms of partnership that have achieved workforce benefits:

- creating joint recruitment portals, either with neighbouring councils, at the subregional level or across a whole region (Case study 6);
- sharing key professionals across authorities (Case study 7);
- seconding staff from other councils;
- joint training programmes; and
- regular meetings at the subregional level between HR directors.

Case study 6

Creating a cross public sector advertising portal allowed Surrey County Council to save on advertising costs

In conjunction with Jobs go Public, the public sector agencies in Surrey set up a Surrey Jobs internet portal (www.surreyjobs.info/) to market jointly the benefits of careers in the public sector. As well as the local authorities, the partnership includes a diverse range of agencies from the probation service to housing associations and further education colleges. Surrey County Council has made savings by reducing advertising elsewhere and implementing e-recruitment processes. In the first year of implementation the Council saved £400,000 in advertising costs.

Case study 7

Epsom and Ewell Borough Council and Elmbridge Borough Council

Having decided to employ a sustainable energy officer, Elmbridge Borough Council knew it would encounter recruitment difficulties as limited funds meant it could only offer the post on a part-time basis. The Council learnt that neighbouring Epsom and Ewell Borough Council was also looking to initiate work in this area and the councils were able to recruit a jointly funded, full-time sustainable energy officer.

The officer has since implemented programmes to improve energy efficiency and sustainable procurement, reduce CO2 emissions and raise the profile of sustainability work across both councils. Since they face similar issues, the councils have been able to minimise duplication and have benefited from shared learning. Although the councils have different priorities, they have common goals for the sustainability agenda and a strong relationship, which means each council is trusted to manage the work and staff member responsibly.

The success of this shared post initiative has prompted the councils to consider this arrangement for other roles and they are currently recruiting a shared head of procurement.

4 Council's progress in planning for the future workforce is uneven

75 These flexible and responsive approaches to partnership working allow better use of scarce expertise, increase efficiencies and provide additional experience. However, moves to integrated workforce planning with partners remain embryonic. Any joint workforce planning is most likely to be with the council's local primary care trust (PCT).

Approaches to equality and diversity are beginning to yield results

76 Councils continue to make progress in their approaches to improving equality and diversity. Ninety per cent have adopted the equality standard for local government (see Box 6).¹ This measures a council's performance in mainstreaming equality issues into its policies and practices. It takes into account progress on leadership and corporate commitment, community engagement and accountability, service delivery and employment and training. The level reported for the authority as a whole can be no higher than that for any department within the authority or for any of the four key areas within each level.

Box 6

Six levels of the equalities standard

- Level 0: The authority has not adopted the equality standard for local government.
- Level 1: The authority has adopted a comprehensive equality policy including commitments to develop equality objectives and targets, to consultation and impact assessment, monitoring, audit and scrutiny.
- Level 2: The authority has engaged in an impact and needs assessment, a consultation process and an equality action planning process for employment and service delivery.
- Level 3: The authority has completed the equality action planning process, set objectives and targets and established information and monitoring systems to assess progress.
- Level 4: The authority has developed information and monitoring systems that enable it to assess progress towards achieving specific targets.
- Level 5: The authority has achieved targets, reviewed them and set new targets. The authority is seen as exemplary for its equality programme.

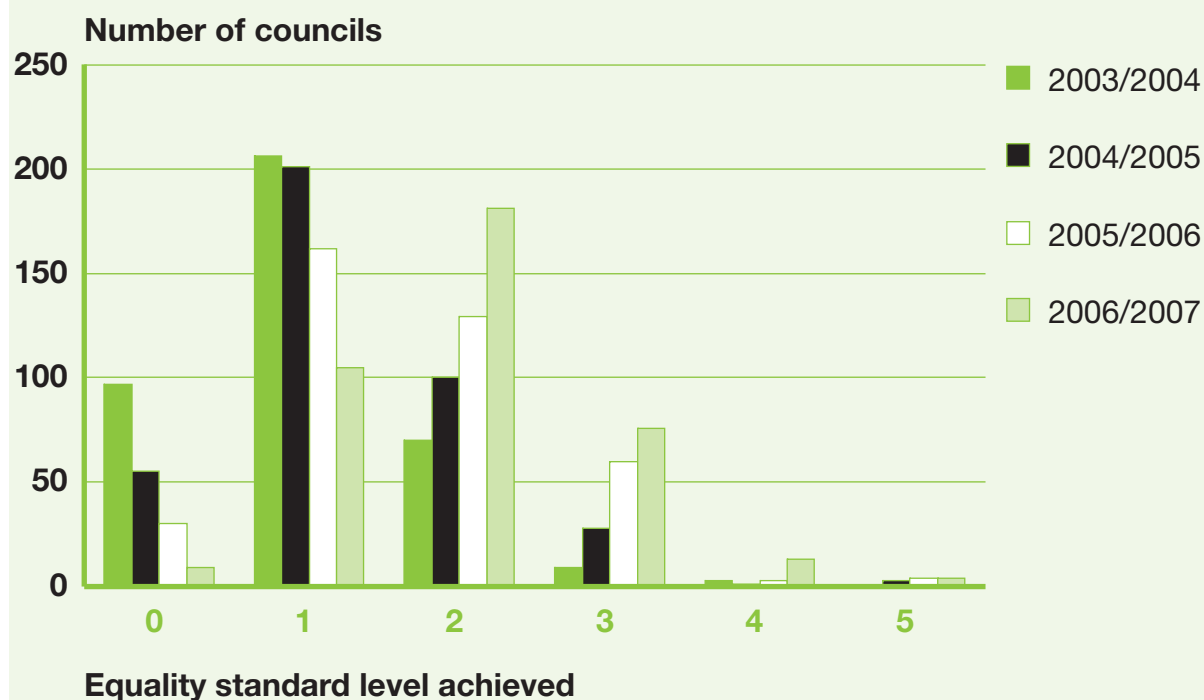
Source: Audit Commission Best Value Performance Indicators Guidance 2007/08

¹ The equality standard for local government was launched in 2001. It was established through a partnership between the Commission for Racial Equality, the Disability Rights Commission, the Equal Opportunities Commission and the DIALOG unit of the Employers' Organisation for local government with advice from the Audit Commission. It is a tool that enables councils to mainstream age, disability, gender, race, religion or belief and sexual orientation into council policy and practice at all levels. Following a review in 2005/06, the equality standard was revised in 2007.

77 Between 2005/06 and 2006/07, over a third of councils increased the level of the equality standard achieved. However, while four councils now achieve top performance (level 5) and 13 councils achieve level 4, the majority of councils only achieve level 1 (105 councils) or level 2 (181 councils) (Ref. 25) (Figure 13).

Figure 13

Most councils are just starting the journey



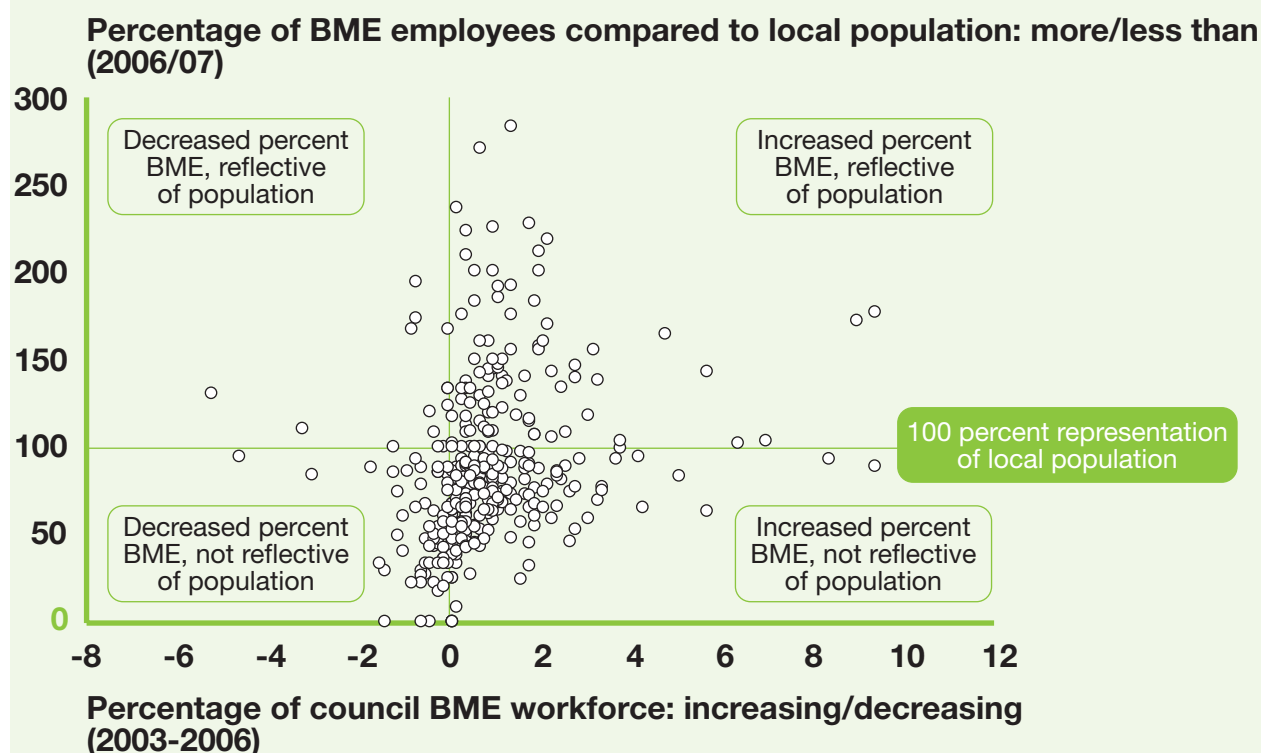
Source: Audit Commission

4 Council's progress in planning for the future workforce is uneven

78 The majority of council workforces still do not reflect the diversity of the populations they serve. But there is progress: 59 per cent of councils improved their proportions of BME staff between 2005/06 and 2006/07 and 26 per cent have a workforce that reflects or over-reflects the proportion of BME people as a whole in the economically active local population (Figure 14).

Figure 14

A majority of councils have increased the percentage of BME employees but they still do not reflect the local population



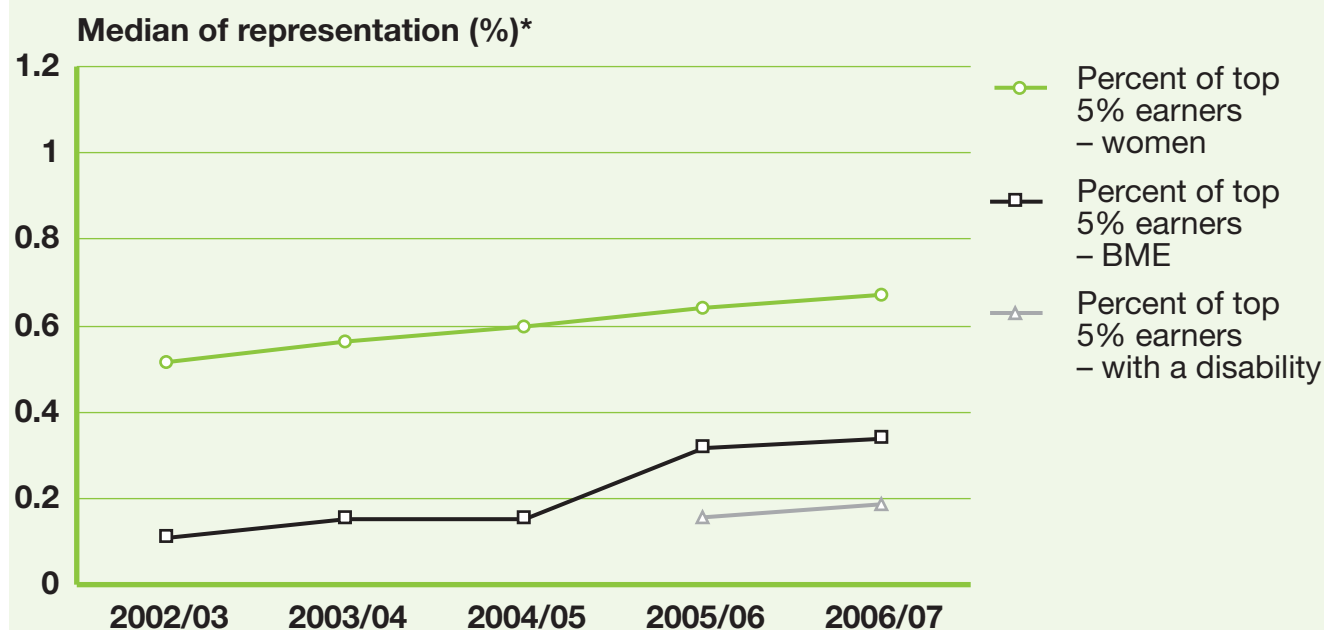
Source: Audit Commission

79 More work is needed to increase the proportion of council staff with disabilities. Although there have been improvements in this area, proportions lag behind the progress made in terms of BME staff representation. Only nine local authorities in England are at least 80 per cent representative of their local population (Ref. 26).

80 The proportion of women, BME groups and disabled employees at senior grades is much poorer than at lower grades. Councils are more successful at promoting and developing women into the top 5 per cent of earners than they are at promoting BME staff or those with a disability (Figure 15).

Figure 15

The top 5 per cent of earners in English councils do not reflect the local populations



* Median ratio of % of top 5% earners to the local population

Note: Best Value Performance Indicator (BVPI) 11c – Top 5% of earners with a disability was only introduced in 2005/06.

Source: Audit Commission analysis of councils' performance against diversity and equality BVPIs

4 Council's progress in planning for the future workforce is uneven

81 These data suggest that local authorities are trying to change their workforces, but they are at the beginning of this journey. All the councils involved in this study recognised that they needed to do more and they had plans both to attract a more diverse set of employees and to support the progress of minority groups within their existing workforce. Actions focused on the **external labour market** included recruitment drives aimed at particular population groups using, for example, interactive and accessible websites, age-proofed application forms and adverts placed in specialist media. These measures can break down barriers and increase access for disadvantaged groups. Some councils used their community development activities to promote their reputation as an employer of choice and to understand more about a particular community's perceptions, needs and skills.

82 In terms of their **existing staff**, many councils are actively trying to increase the levels of BME staff and women in senior management posts by offering training programmes targeted at those groups in junior and middle management posts. They are changing attitudes and perceptions by offering management training on equality and diversity issues. And there is a growing recognition of the important role that flexible working and retirement arrangements, as well as adjustments for disabled staff, can play in retaining and recruiting a more diverse workforce.

Barriers and constraints to progress

83 This chapter discusses the progress councils have made in planning for and shaping their workforce. In doing so, councils face a number of common barriers.

Securing senior involvement

84 While chief executives and members are increasingly interested and involved in workforce issues, there is still some way to go to overcome traditional perceptions of HR departments as purely personnel functions and HR staff as simply payroll administrators or vacancy managers. One of the reasons that senior involvement is so critical is to ensure that workforce strategies are integrated with wider council strategies. Progress on this is most advanced in those areas supported by national workforce initiatives such as in children's or adult social services¹ and in the best councils where chief executives understand that HR departments have an important contribution to make to transformational change.

Capacity and resources

85 Long-term strategic workforce planning can be impeded by an undue emphasis on firefighting and short-termism. Councils report being overwhelmed with immediate day-to-day pressures and challenges that hamper their ability to plan for the medium and longer term. Current workforce concerns include the HR implications of a new round of local

¹ Such as the Children's Workforce Development Council (CWDC) and the Department for Health's work on building a future social care workforce.

government reorganisation and the implementation of equal pay legislation through ‘single status’.¹ For smaller councils with limited HR functions, the administrative aspects of workforce management divert attention from long-term strategic issues.

- 86** Budgetary constraints are also a significant factor, particularly where short-term budgeting can disrupt long-term planning. At a time when pressures on resources are tighter than ever, councils often have to make difficult decisions about where to invest resources. Often workforce issues lose out to investment in key services and a pattern of underinvestment begins to develop.

‘We’re currently implementing a new pay and benefits framework and the different models that we’re putting forward have significant cost implications which reach their peak at year 5 of implementation. When the models are reviewed over a ten-year period however, the costs reduce considerably. Inevitably, due to budget pressures and changing priorities, it is extremely difficult to agree to a financial model spanning this length of time and therefore what actually could be a very attractive model in the longer term may be impeded by short-termism.’

Hampshire County Council

Skills and roles

- 87** HR professionals and service managers are increasingly collaborating on workforce issues, but this can blur responsibilities. Service managers play a central role in staff recruitment and retention and in linking workforce and service plans. But they are often resistant to getting involved in strategic workforce planning, particularly where it is perceived as an additional burden to their existing workloads. However, once models of integrated workforce planning are implemented, service managers’ resistance often changes into support and even enthusiasm, when they realise the possible benefits.

- 88** Most councils need more capacity and better skills in strategic workforce planning. Councils recognise this and are implementing different responses depending on their circumstances. Some councils have decided to develop their existing staff’s skills, some have outsourced the strategic advice and planning function and others have adopted a shared services approach to pool expertise (see Case study 11, Chapter 5). The Audit Commission’s review of back office efficiency gains in local government (Ref. 14) shows how councils make choices between these internal, mutual and external approaches.

¹ The Single Status Agreement was negotiated in 1997, aiming to modernise pay and rewards in local government and remove any unfairness in the pay and conditions of council employees. The agreement covers harmonised pay and grading structures which recognise equal pay for work of equal value through a national pay spine, a standard working week of 37 hours for all employees and the introduction of locally agreed terms and conditions of employment.

4 Council's progress in planning for the future workforce is uneven

'I think service managers know HR issues affect them, it's just that they are all very pressured. I know they all have very busy jobs, it's not that people are unhelpful for the sake of it.'

Crawley DC

Data, information and knowledge

- 89** The Commission's research on the use of information (Ref. 27) makes a distinction between:
- data: numbers, words or images that have yet to be organised or analysed;
 - information: data that has been processed, manipulated or organised to answer a specific question; and
 - knowledge: the interpretation of information and the addition of relevance and context.
- 90** When it comes to workforce issues, few councils draw on a range of resources to build up a complete picture of current and future needs, labour market developments and staffing costs. This lack of data and information undermines councils' understanding or knowledge of their workforce and labour markets. Even those that do interrogate labour market data often use outdated sources such as the 2001 census. Only a few councils collect their own data or consider subregional, regional or national developments. Some councils do no more than collect very basic data on staff turnover, sickness absence and disciplinary and grievance cases. Significantly, only a few councils had considered collecting data on the time and money spent on recruitment and retention itself. Given the proportion of councils' budgets spent on employee costs this is of particular concern.

Sandwell MBC's research unit originally collected labour market data for economic development purposes. It has now expanded the range of data collected, including internal data and information about the HR business systems, and feeds it into workforce planning as well. The new data have allowed the Council to expand its workforce planning framework; it can now track information on 12 workforce streams (for example, age profile, numbers of applicants for vacancies, sickness levels). This gives the Council comparative and trend information about the Council as a whole, across themes and across departments. This information is available on the Council's intranet.

- 91** Overall, there is evidence of a tick-box approach to data gathering, with councils getting weighed down by detail rather than seeing workforce information as a useful tool that can help in strategic planning. The tendency to focus on extracting workforce and labour market data rather than analysing and using information in a targeted way has led to chief executives, members and service managers viewing such data, at best, as second in line to information produced by finance colleagues or, at worst, as irrelevant to their business needs.

Key questions for councils

How developed is your authority's approach to workforce planning?

- What is your strategic self-assessment against the five priority areas of the Local Government Workforce Strategy? (Ref. 28)
 - Organisational development: effectively building workforce support for new structures and new ways of working to deliver citizen-focused and efficient services, in partnership.
 - Leadership development: building visionary and ambitious leadership, which makes the best use of both the political and managerial role, operating in a partnership context.
 - Skills development: with partners, developing employees' skills and knowledge, in an innovative, high performance, multi-agency context.
 - Recruitment and retention: with partners, taking action to address key future occupational skill shortages; promote jobs and careers; identify, develop and motivate talent and address diversity issues.
 - Pay and rewards: modernising pay systems to reflect new structures, new priorities and new ways of working and to reinforce high performance, including encouraging a total rewards approach.
- What evidence would you use to make the case that your authority is:
 - resisting;
 - intending;
 - starting;
 - developing; or
 - achieving?
- What is your priority area for improving your authority's approach to workforce issues?

What are the blockages to creating a workforce that reflects the local population?

- What actions are you taking to remove the blockages?
- How is action to create a more reflective workforce linked into your other workforce planning actions?

4 | Council's progress in planning for the future workforce is uneven

Key questions for councils continued

What are the barriers and constraints in your council to progress on workforce planning and the integration of workforce and other strategies?

- How can you strengthen senior management involvement?
- What action at senior management level would ensure integrated workforce and other planning processes?
- How can you improve the capacity of HR and labour market specialists?
 - strengthening internal capacity;
 - working with other authorities to develop shared capacity; and
 - externalising strategic HR support?
- How can you get greater involvement from service managers?
- Do you understand what data, information and knowledge are required to make better workforce planning decisions?

5 Strategic recruitment and retention can turn local challenges into opportunities

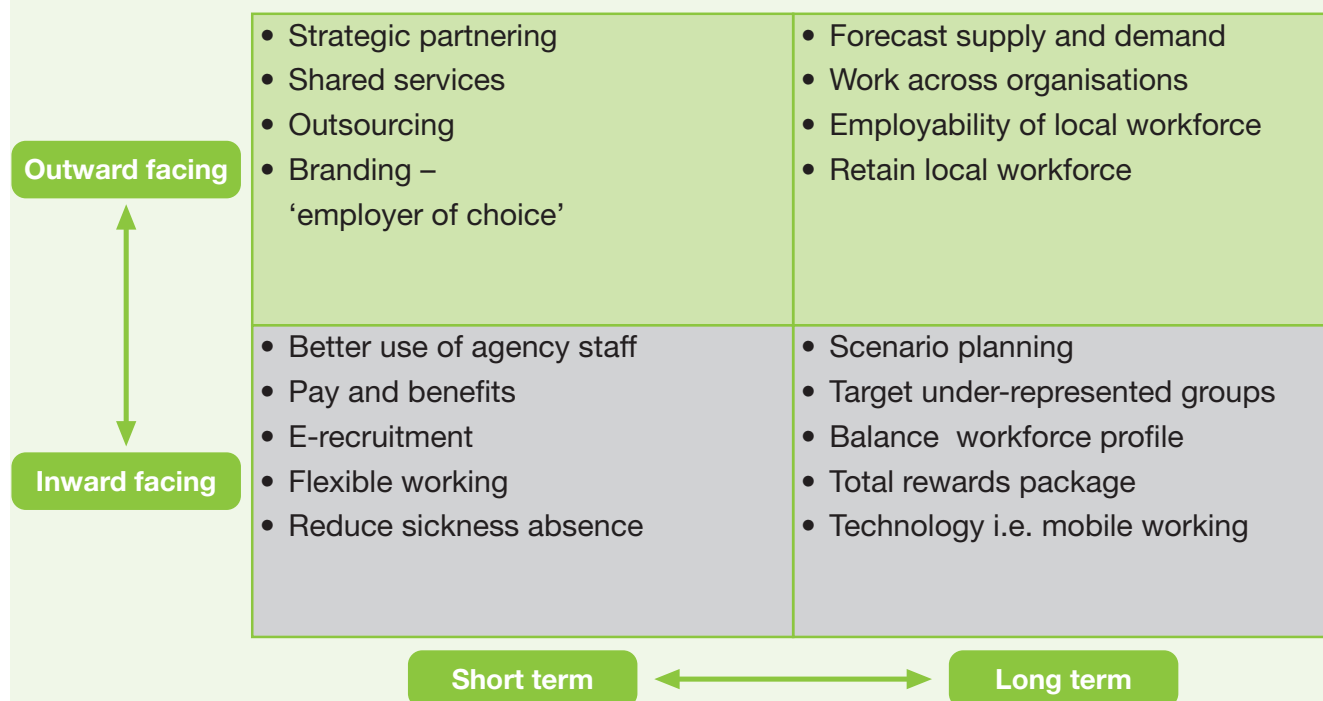
92 Successful councils use strategic approaches to recruitment and retention to turn their local challenges into opportunities. They work collaboratively with partners to achieve greater impact, use strategic approaches to deliver value for money and strive to become a local employer of choice. They consciously and consistently use recruitment and retention activity to further their wider objectives, as this chapter demonstrates.

Councils have choices

93 A strategic approach to recruitment and retention within the context of workforce planning is more effective than a series of uncoordinated initiatives, and councils should choose from a range of solutions that meet their needs and particular situations (Figure 16). These range from outward facing partnerships to deal with the issues of today; to forecasting of future requirements and scenario planning. The best councils adopt approaches consistent with the maturity and local context of their organisations, informed by an understanding of different labour markets and collaborative working with their partners.

Figure 16

There is a menu of recruitment and retention options available to councils



Source: Audit Commission

5 Strategic recruitment and retention can turn local challenges into opportunities

94 This chapter provides quick reference case studies to demonstrate how a strategic approach delivers results. Full case studies can be found at www.audit-commission.gov.uk/workforce.

Strategic approaches can deliver efficiencies

95 Councils often fail to manage their workforces effectively because they rely on ad hoc, service specific solutions to staff shortages. They rarely take a strategic oversight of recruitment and retention difficulties. But those councils that have looked at the issues across all their services have found they can reduce bureaucracy, make savings and receive improved management information. For example, Luton Borough Council achieved cost savings of over £5 million when it reviewed its procurement to adopt a more strategic approach throughout the Council for employing temporary staff (Case study 8).

Case study 8

Luton Borough Council – reduction in agency staff spend

When Luton Borough Council became a unitary authority in 1997, it experienced an increase in the demand for agency staff and different ways of working. A review highlighted a proliferation of agencies, lack of adequate vetting of temporary staff for compliance standards, differing employment terms and conditions for temporary staff and significant costs: annual spending on temporary staff was £10 million.

Following research into the market, the Council invited bids for a bespoke temporary staff recruitment arrangement, where the supplier would take a share of any cash savings made. The Council was looking for a contractor that could demonstrate independence from the agencies it dealt with. This was in response to concerns that previously some providers had been selected on the basis of personal relationships rather than quality, effectiveness or cost.

Carlisle Managed Solutions won the contract and took over responsibility for all temporary staff except supply teachers. Implementation was phased, starting with lower risk areas. The Council required service departments to recruit all agency staff through this contract and encouraged compliance by refusing to pay invoices from agencies that had not been brokered through this route.

Initially, many Council staff were sceptical of the arrangement and felt uncomfortable at what they perceived as a loss of control. HR carried out a number of roadshows and workshops to brief managers about the proposals, as well as organising user satisfaction groups in order to deal with any ongoing concerns.

There were a number of tangible outcomes. Spending on temporary staff reduced from £10 million in 1997 to £4.8 million in 2006 and the predicted cost for 2007 is £4.1 million. The unit cost for every category of staff has been reduced and there have been annual direct savings of between £500,000 and £600,000. These are a result of changes in demand management, the introduction of e-systems and reduced invoicing (down from hundreds a month to one). The number of recruitment agencies used has reduced from over 150 to 30-40, of which ten or so account for 80-90 per cent of all agency spending.

The Council can also identify recruitment trends from the analysis of management information produced from the managed service provider. This allows HR to prompt service managers when temporary staff have been in post for a long time: in 2006/07, 42 temporary staff were converted to permanent staff, after open recruitment. Despite initial scepticism, the arrangement has changed the way service departments recruit temporary staff.

Effective recruitment and retention practices help authorities become an employer of choice

96 Many councils face intense competition from the private sector and other public services for skilled people. They need to respond by becoming an employer of choice and by improving the local government brand. There are opportunities for councils to address issues of the poor image of local government directly, as the experience in Hounslow shows (Case study 9).

Case study 9 Hounslow's Learn and Earn young apprenticeships

The London Borough of Hounslow has an ageing workforce with more than 40 per cent of staff aged over 50. The demographic profile of the Council's workforce shows that by 2021 just over 36 per cent of staff will have reached the age of 65 and the Council has predicted that most of these colleagues would then retire.

In response, the Council sought to improve its image as a potential employer with younger members of the local community. Working with its Education Business Partnership, the Council introduced the Learn and Earn young apprenticeship scheme, with the NVQ qualification funded by its LSC. The scheme allows local young people to gain work experience at the Council while both earning and studying for a NVQ2 in their chosen subject. The scheme is designed to give young people direct experience of working in a local authority in order to address negative perceptions of working in local government.

5 Strategic recruitment and retention can turn local challenges into opportunities

The Council received over 300 enquiries and 106 applications for a place on the scheme, and in 2006 offered 11 young people apprenticeships. Despite warnings about 60 per cent drop-out rates in similar schemes, nine of the apprentices will complete the scheme. So far three have been permanently appointed as administrators in the housing and planning departments, thereby cutting down on external advertising costs. Five apprentices went on to become advanced apprentices in the Council, working towards an NVQ3 qualification. One returned to higher education. Feedback from apprentices has been very positive. Hounslow believes this will help to change the perception of the Council as an employer as these young people share their experiences with their friends.

The departments involved have also reported clear benefits from the scheme, including new perspectives brought in by the apprentices. This has led to other service departments and managers requesting apprentices from the next cohort and a renewed commitment to funding, allowing the Council to expand the scheme.

97 Councils also need to look at their offer to potential recruits. Research has shown that pay and other financial rewards such as pension provision are not overriding factors in people's decisions to join or leave public sector organisations (Refs 1 and 10). However, they can often be contributory factors. Councils need to consider total reward packages to attract and retain staff and to market these effectively. Introducing a varied and extensive benefits package for staff at Nottingham City Council has improved the attractiveness of working there. The Council introduced its Works Perks package in October 2005 to address problems in retaining staff. The package includes a range of benefits from cheap travel insurance and city breaks to reduced dental care and health club membership, competing with what that offered by the private sector locally (Ref. 29). The firms involved offer various free discounts to the Council, while the cost of running both the tax-free options and other offers are covered by the reduction in the Council's national insurance contributions.

98 But it is not all about reward packages. An important component of a council's offer is its ability to establish flexible working arrangements. There is a growing body of evidence that flexibility is a key factor in people's decisions to join and stay in local government (Ref. 30). This is particularly true for woman returners. But as well as having a positive impact on recruitment and retention, flexible working practices can also result in significant value for money gains, as experience at Salford City Council has shown (Case study 10).

Case study 10

Flexible working in Salford City Council

In 2002, the Benefit Fraud Inspectorate criticised Salford City Council's benefits service's poor performance in processing benefits claims. The Council was advised to centralise the service and merge ten area offices, which resulted in accommodation pressures. At this time the Council was facing intense competition for staff from the local revenues and benefits contracts market. For example, eight staff left the council at one time to join a local private sector company.

In response to these pressures, between 2002 and 2005 Salford implemented a flexible working scheme in its benefits department. Although the scheme involved significant up-front investment in technology to allow staff to work from home, (it can cost up to £2,000 to set up a home worker), it has been beneficial for the Council.

As well as improving the work-life balance for staff, productivity has increased by 15 per cent and sickness absence levels among home workers is on average 35 per cent lower than office based workers. The service has gained an Ambassador for Investors in People award, one of only two councils to receive this award. Service users have also benefited. New flexibility has led to extended office opening hours, thereby improving customer access and experience. The service has improved from a zero star to four star rated service. Over the past three years no staff have left the department to work in the private sector. The department has also made substantial efficiency savings: between 2002 and 2005, the net cost of running the benefits service reduced by £250,000. With the planned introduction of flexible working across the Council – called the Agile Working programme – the Council hopes to make further significant savings over the next five years.

5 Strategic recruitment and retention can turn local challenges into opportunities

By working collaboratively and across areas councils can achieve greater impact

99 The changing nature of councils' work means that partnership working is becoming the norm throughout local authorities' activities. This has been driven by the efficiency agenda and, more recently, the emphasis on area-based working. Joint management of resources, including of workforces, will become even more important as local strategic partnerships, via their Local Area Agreements, identify opportunities for sharing resources more widely, including frontline staff and back office services.

100 The implications for HR departments are two-fold. First they will need to help workforces adapt to increased collaboration across areas. New types of roles are emerging focused around cross-cutting, frontline services such as adult or children's services. And in their role as place shapers, councils will require different skills from other staff. Councils will need improved leadership and negotiation skills in order to lead a multitude of partners in a complex setting. Engagement with citizens, communities and tax payers will require different skill-sets again. HR departments need to address the cultural challenges that come with these changes.

101 But as well as presenting a challenge, area working is also a significant opportunity for councils seeking to improve their approach to workforce planning:

- by collaborating with local partners, rather than competing, councils can have access to better information on their labour markets (Case study 11);
- by marketing their area, they can have greater success in recruiting and retaining staff (Case study 11); and
- setting up joint HR processes can lead to efficiency gains (Case study 12).

102 Local providers are starting to recognise that there are disadvantages to being in direct competition for scarce labour, including local wage inflation, high turnover and duplicated recruitment effort and spending.

Case study 11

Enhancing local prospects through partnership working – Birmingham and Solihull Public Sector Compact

In 2003, leaders of public sector organisations in Birmingham recognised that they were competing with each other for staff, as one in four people in the city region worked in the public sector. They were also competing with the private sector for individuals with technical skills such as IT technicians and engineers and those with transferable generic skills in finance and project management.

The employers were also facing other challenges. It is anticipated that the city region population will become increasingly polarised, with older working age people at one end and a younger, minority ethnic population at the other. Key partners such as Birmingham City Council and Solihull Metropolitan Borough Council wanted to increase their capacity to understand and respond to the labour market and to develop shared approaches to common issues.

In response, the LSC, in partnership with Birmingham's strategic partnership, set up a public sector compact. Thirty-three local public organisations are signed up. The organisations work together to find solutions to their similar recruitment and retention issues. The compact has found the arrangement brings a number of benefits. By bringing together employers from across the public sector, resources are pooled and coordinated more effectively. Agencies can agree actions which cut across institutional and funding boundaries. There is much better comparable data available. For example, the compact carried out a survey of staff profiles, retention and turnover rates as well as available career options in order to assess workforce needs across 19 local organisations representing approximately 90,000 employees. Analysis of this data highlighted several issues, such as a need to improve the representation and development of BME staff. In response, the compact set up a broker scheme to support recruitment of people from the local community. The LSC initiated a number of employer-led pre-employment programmes to assist target groups such as BME groups or long-term unemployed people to prepare for interviews within the public sector. To date, 300 people have taken part in pre-employment training and 200 have secured employment as a result.

Activities within the compact are communicated to members through an e-newsletter, allowing distribution to a combined workforce of over 100,000. Working together through the compact, public organisations have reduced duplication in addressing recruitment and retention activities and have driven activity in areas that previously didn't exist. As a result, there are plans to extend the compact throughout the West Midlands region and similar schemes have been established elsewhere in England.

5 | Strategic recruitment and retention can turn local challenges into opportunities

Case study 12

Suffolk County Council has entered into a joint venture with Mid Suffolk District Council and BT, which provides almost all HR services for both councils

In 2002 Suffolk County Council identified a need to improve efficiency and quality of service in several frontline and back office areas, including HR. To achieve this and to implement a new ICT system, the County Council set up a joint venture in partnership with Mid Suffolk District Council and British Telecom. The shared service arrangement, called Customer Service Direct (CSD), was established in 2004 to provide a range of services including finance, ICT, revenues and benefits and HR via a network of contact centres, call centres and websites.

The County Council has seen real benefits with regards to the CSD HR Temps Team, which now sources temporary staff for both Suffolk Country Council and Mid Suffolk District Council. Instead of having a number of disparate teams dealing with a wide variety of agencies and temporary staff on local lists, the CSD HR Temps Service is now run as one team in a single location, with the following benefits:

- savings of 11 per cent against the commercial rates normally charged for temporary staff (equivalent to annual cash savings of approximately £250,000 from temporary staff salary budgets);
- improvements in recruitment processes, such as the issuing speed of contracts, accuracy and timeliness of advertising, and the introduction of standardised rates of pay for temporary staff; resulting in the savings on agency fees.
- a single point of contact for temporary staff, managers and agencies wishing to place staff within the two councils, creating less confusion; and
- improved management information on costs and volume of temporary staff.

There is also the potential for the councils to expand the service to include other agencies and to offer temporary recruitment services to other councils to generate additional income.

6 Conclusion

103 Councils spend 50 per cent of their budgets on employment and many consider their staff to be their greatest asset. Despite this, councils can view the management of workforce related issues as largely operational and of limited relevance in achieving business objectives. As a result, there is often little strategic oversight and management of the planning, recruiting, developing, retaining and budgeting of councils' workforces.

104 This poses a number of key risks for councils, including rising costs and an over-reliance on agency staff, poor quality performance and morale issues and a non-diverse workforce. Crucially, there are also significant risks for services. If councils fail to think and act strategically about recruitment and retention of their staff, they may fail to deliver statutory duties and key services, having an adverse impact on quality of life in their areas.

105 But the best councils have much in common. They share ownership of workforce issues, they manage their workforces strategically, they take a long-term approach to planning rather than firefighting, and they use data, information and knowledge effectively to plan for their workforce needs (Box 7). Councils that have these critical success factors in place are far more likely to meet their strategic objectives, as well as wider objectives like economic prosperity and community cohesion. They are also better equipped to adapt to change, restructuring or expansion.

106 The Audit Commission recognises these success factors and is incorporating them into the new performance assessment framework through the managing resources theme of the use of resources assessment. Although the Commission has previously assessed workforce planning,¹ the inclusion of a specific key line of enquiry (KLOE) which will explore 'does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?' is likely to have more impact than ever before (Ref. 31). The Audit Commission is clear that a competent and committed local government workforce is a critical element in service improvement, efficiency and transformation.

¹ In the current corporate assessment (CA), workforce planning forms part of one KLOE within the capacity theme, which has 3 KLOEs. Overall there are five themes in the CA.

6 | Conclusion

Box 7

Key criteria for effective workforce planning

- A shared sense of ownership of the strategic importance of workforce issues across the council.
- Workforce strategies linked to wider corporate and strategic objectives.
- A focus on the major issues and the capacity to convert workforce challenges into action.
- A long-term planning approach rather than firefighting and short-termism.
- Effective use of data to plan for workforce needs.
- A coordinated approach across partners, other councils and different tiers of government.

Recommendations

Council leaders and chief executives should:

- champion workforce issues;
 - regularly report on workforce capacity and capability to their cabinets/executives;
 - work with partners to develop integrated workforce strategies;
 - develop the local government brand as a powerful recruitment and retention tool; and
 - use the questions in this report as the basis for a review of their council's approach to strategic workforce planning.
- develop opportunities for flexible (time/place) working arrangements to support workers through key life events (parenthood, carer responsibilities, pre- or semi-retirement) and to respect personal choice; and
 - put in place effective programmes to attract and retain the workforce needed to deliver future services.

Service managers, working with HR directors should:

- integrate workforce planning with strategic, financial and service planning;
 - use robust population, labour market and workforce data to develop a comprehensive picture of current and future recruitment and retention needs;
 - manage staff potential by improving career structures and development opportunities to retain those most needed;
- continue to promote local government as an employer of choice;
 - identify, and take action to overcome, national skills shortages;
 - provide consistent messages across government on the need for effective workforce planning and recruitment and retention in councils;
 - collect and disseminate local, regional and national data on workforce trends to enable councils to identify labour market risks;

Local government and its partners should:

Recommendations

- provide data on workforce issues to facilitate benchmarking; and
- provide general and sector specific guidance on workforce planning, recruitment and retention.

The Audit Commission will:

- continue to assess the quality of councils' workforce planning and the extent to which it supports sustainable delivery of council priorities and achieves value for money;
- use the findings from this study to inform the development of guidance supporting the workforce KLOE in the new use of resources assessment; and
- continue to share notable and innovative practice around workforce issues with the local government community.

Appendix 1 | Research methodology

The study was conducted under Section 33 of the Audit Commission Act 1998. Section 33 places a duty on the Audit Commission to undertake studies to support recommendations aimed at improving economy, efficiency and effectiveness in the provision of local authority services.

The methodology for this study comprised:

- a) a telephone survey with 24 directors of HR;
- b) fieldwork at 20 sites including fire, primary care trust and the voluntary sector;
- c) focus groups with councils' chief executives;
- d) interviews with members;
- e) statistical analyses of workforce data;
- f) modelling the impact of staff shortages on three service areas (planning, adult social care and environmental health);
- g) analysis of 71 corporate assessment reports; and
- h) analysis of council workforce diversity best value performance indicators.

The study team also had access to the November 2007 results from the Local Government Analysis and Research surveys undertaken to support the implementation of the pay and workforce strategy across local government. That survey was sent to all local authorities in the UK and achieved a 47 per cent response rate.

The research was undertaken by Gina Cutner, Sarah Quartermain, Paulette Roberts and Katie Smith. Michael Hughes was the Project Director. Megan Meredith and Stuart Reid contributed to the workshop materials. RSe Consulting was commissioned to assist the Commission with modelling the impacts of staff shortages on key local government services.

An external advisory group assisted with developing the research framework and the findings. The Audit Commission thanks all those that have contributed to the study, particularly the participating councils. However, the views expressed in the report are those of the Audit Commission alone.

Advisory group

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Jon Sutcliffe and Emily Boynton – Local Government Employers

Lucille Thirlby – Unison

Heather Wakefield – Unison

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