

The future for the local government workforce

Purpose of report

For information and direction.

Summary

This report sets out the latest thinking on the future of the workforce in local government and the action necessary to ensure councils have proper support as they review their employment strategies, including advice, a range of tools to help in reviews and a campaign to promote councils as 'employers of choice'.

Recommendation

Members are asked to consider the challenges described in this paper, note the activities of the LGA and suggest other activities that would be of value to councils.

Action

Officers to continue with activity incorporating comments and suggestions from elected members.

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The future for the local government workforce

1. The funding challenges facing local government are well-documented and have stimulated an intense and mature debate about the future role of councils and the nature of the workforce that will be required. In addition, there are a number of elements of public service reform that have a major impact on councils and the way they are structured and operate, such as the changes in health delivery – especially public health – and the introduction of universal credit payments.
2. As a consequence, Councils are having to establish new ways of working which ensure cost-control and the achievement of outcomes for communities, and also have sufficient built-in flexibility to allow for a dynamic approach to organisational aims. Councils are increasingly undertaking work that crosses services, places and organisations, brought about by a growing trend towards commissioning, collaboration and partnership/outsourcing arrangements. Many services will continue to be delivered by directly employed staff but this is likely to be in quite different organisations, with significant parts having been re-modelled.
3. Moving through this period of fundamental change will involve councils in ensuring that they develop robust employment policies that help to deliver new organisational strategies and structures. Councils will need really capable people more than ever and will also continue to have to manage some very sensitive issues for individuals. The LGA aims to support councils as they review their employment strategies with advice, a range of tools to help in reviews and a campaign to promote councils as ‘employers of choice’.

Issues faced by Councils

4. The impact of the above is clearly felt differentially by Councils and as a result the approaches adopted and the extent of change required, vary enormously. Few though will avoid change of one form or another and all face a range of common issues in their pursuit of broadly similar outcomes for their communities and Councils. An analysis of programmes of support to the sector and Councils’ own responses to the challenges set out above, suggest that the following workforce-related approaches are becoming increasingly prevalent:
 - 4.1 Assessing which functions are ‘core’ and a high priority for local people, and assessing means of providing them that minimise the risks to strategic delivery;
 - 4.2 Identifying and encouraging areas where there is potential staff enthusiasm for spinning-off into mutuals/social enterprises;
 - 4.3 Identifying the skills necessary for the changing roles of councils’ workforces, equipping and developing staff to ensure their abilities and skills match the new requirements e.g. commissioning, prevention, commercial awareness;
 - 4.4 Ensuring that the council plays a full part in local economic growth and potentially as a source of local employment;

- 4.5 Ensuring that the council is an attractive employer for the talented workforce needed in the future;
 - 4.6 Making full use of new technology, especially the increasing use of social media, for communication with and amongst the workforce;
 - 4.7 Focusing on how to retain the best employees and keep them engaged and motivated through pay and reward strategies that encourage effort;
 - 4.8 Ensuring that the trade unions support working differently;
 - 4.9 Joining-up council functions and activities across a place, especially through becoming more involved in 'Whole Place' type approaches (including service redesign across the whole of local public services);
 - 4.10 Strategic commissioning and the 'resident insight' that underpins it; and
 - 4.11 Quasi-'commercial' activity (including price management and revenue generation).
5. Alongside securing greater efficiencies and managing "supply side" costs better, there is evidence that Councils are increasingly looking at ways to effectively and sensitively reduce demand for services through, for example, :
 - 5.1 Managing public expectations, demand and changing the relationship between residents and councils;
 - 5.2 Investing in preventative work that limits the demands made on Councils (for example by using new public health functions to improve health in the community and thereby reduce demand for acute services in the future); and
 - 5.3 Developing the capacity of communities to assume greater responsibility for the outcomes they value.
6. All of this activity is driving or requires some fundamental shifts in the nature, competencies and capacity of the local government workforce that Councils will have to address over the short and medium terms.
 7. Councils also need to take into account the impacts of other national and central government policies that have an effect on their workforce structures and reward systems. There has been a national drive to constrain senior pay and to promote fairness, which has put the focus on low pay. All this has an impact on 'middle-ranking' jobs because it makes the development of career progression structures involving clear pay differentials that much more difficult. A number of councils have implemented the Living Wage and as part of the process for national pay negotiations, many Councils are keen to see further reform to terms and conditions of employment and potentially the mechanisms for determining them and want the LGA to help them through national

or local solutions. Pay negotiations will continue to be challenging in an era of austerity and ways need to be found to ensure progress can be made on other human resources issues despite the potential for some industrial unrest.

8. There has been a major process of reform in the Local Government Pension Scheme which is now reaching a conclusion. The new scheme will provide a quite different though still very good package of benefits to new employees. It is important also to use the recasting of pension provision as part of the sector's approach to managing a workforce that will be in active employment for much longer than their predecessors. There are huge challenges in reshaping careers to suit both the requirements of the organisation and the needs of individual staff. It is important both for employees and Councils that the challenges set out above are underpinned by principles and practices that reflect clarity, consistency, fairness and efficiency. These can on occasions be compromised by the statutory framework, rules and regulations that are in-place around treatment of the workforce on issues such as transferring terms and conditions and consultation on redundancy.

Typical workforce roles and organisational structures of the future

9. The responses Councils are putting in place in the face of the challenges set out above strongly suggest that most councils are likely to be employing fewer people in the future (between Q3 2010 and Q3 2012, the local government headcount overall has reduced by some 312,000 – a reduction of 14 per cent) and will increasingly need staff who can work flexibly across different services, organisations and maybe even places. Strategic commissioning, partnering and outsourcing look set to be increasingly commonplace, with the gathering, analysis and interpretation of 'intelligence', being an increasingly important element of Councils' work. The Cabinet Office/LGA 'Commissioning Academy' pilot cohorts are sharing their experiences and beginning to flesh out the agenda and future need around this.
10. Many councils will conclude that the best response to the basic "make or buy" decision for a lot of services is to carry out heavily reformed services in-house. They will wish to mitigate risk, maintain strategic control and be certain of appropriate workforce skills which might not be secured or deliverable by others.
11. It is likely that for non-core, lower priority services or those that are largely transactional, councils will increasingly seek to purchase the services of expert, technical or process-driven service providers, along with increasingly collaborating and/or sharing with other councils: consideration needs to be given in all cases to the sufficiency of the capacity and relevant skills of the provider.
12. There will continue to be the need to drive out 'supply side' efficiencies, through better procurement, use of technology and 'sweating the assets' along with a growing emphasis on income and revenue generating activities. But as the further savings to be achieved become less easy to get at, there is likely to be an increased requirement for more robust commercial competencies in the workforce.

13. Job roles within councils are likely to become more polarised, between the generic, multidisciplinary and more highly-specialised. In an environment where councils are less structured, less hierarchical, more responsive to customers' needs, more 'commercially driven', and work across the whole public sector in their place, an increasing proportion of council employees are likely to need to be more flexible, multi-skilled, effectively networked and able to work in a wider variety of settings in pursuit of complex and multifaceted goals and outcomes.
14. These competencies are also likely to feature strongly in Councils' work to divert or reduce demand, change behaviours and build capacity in communities and individuals, as more staff are directed towards these types of functions, including early intervention and prevention.
15. These changes will present a number of challenges as well as generating many new opportunities for councils in their talent management, workforce planning, recruitment and retention and reward strategies along with potential tensions as job roles change and new ones emerge and staff are taken through a transitional process, all of which will need careful management.
16. Appropriate career structures and reward frameworks will be vital in supporting new forms of service delivery and new activities for Councils. That part of the workforce which comprises specialist technical and/or professional groups will benefit from having distinct career pathways. In addition, managing an increasingly diverse and dispersed workforce will be a challenge in many respects, including ensuring proper financial controls and complying with equal pay requirements. Discussions at the Workforce Board have already identified for instance the need for processes such as job evaluation to adapt to keep pace with reforms and changes taking place within the local government workforce.
17. The local government and Councils' workforces are fundamental to the delivery of effective and efficient Council services and the transformation they need to go through. As Councils and the sector experience significant change and new roles and activities are developed and emerge, so the workforce must adapt and reflect not only the current situation, but the future roles councils will fulfil.
18. It is therefore advisable for Councils to give early consideration to and forecast the competencies, skill-sets and behaviours that are likely to be required and prove most effective in their future workforce, in order that the necessary planning can be done and steps taken to ensure a good alignment of workforce capacity and competency and Councils' functions and activities.

What is the LGA doing to support councils?

19. In the light of the complex issues and factors described above that are coming into play for Councils, it will be very important to keep the focus on exactly what kind of organisation each individual council wants to become over the next five to ten years. Clear organisational goals will help to identify which of the prevalent approaches will be

most important in local circumstances. It is the aim of the LGA to help and support councils in making those key decisions.

20. The LGA's workforce team provides a range of advice, research and interventions to help councils understand the challenges and identify the solutions that will work best for them. The intention for the coming year is to set these activities under the umbrella of a campaign to ensure local government attracts "great people" – whether directly employed or not - and is increasingly seen as an employer of choice.
21. As the 'New Model for Local Government' takes shape, the workforce team will be ensuring that the workforce implications arising from the priorities of adult social care and children's services, welfare reform, independent local government and financial sustainability and growth are fully incorporated into programmes of support for Councils.
22. There are a number of activities underway or planned that address this agenda and support Councils to determine how best to address the workforce issues raised. They fall under three main headings as follows:

Strategic Human Resources activity

- 22.1 Working with Public Sector Peoples' Managers Association (PPMA)/the Society of Local Authority Chief Executives (SOLACE) to deliver three regional workshops for Chief Executives and Human Resources Directors to consider the future workforce challenges and solutions;
- 22.2 Advising on models of Total Reward and employee engagement linked to productivity;
- 22.3 Advising on the importance of local strategic reviews of reward policies and have issued a guide for members on pay and rewards for senior staff;
- 22.4 Researching case studies and promoting sharing of good practice in social enterprise models;
- 22.5 Sharing the lessons from major public sector reorganisations so that the opportunity costs of difficult workforce issues do not outweigh the benefits;
- 22.6 Working with the Department of Health and trade unions on Public Health Transfer and to produce tools for councils to manage the workforce changes in response to health reform, including working with the peer challenge team; and
- 22.7 Working with the Department for Work and Pensions (DWP) and the unions on the workforce implications of the changes to the benefits system from the introduction of Universal Credit.

Organisational development projects

- 22.8 Providing a tool for effective restructuring and reorganisation called Layers and Spans of Control initially to 10 councils;
- 22.9 Developing an employee engagement diagnostic tool to support 20 councils in performance improvement;
- 22.10 Sharing good practice in both organisational and job design;
- 22.11 Providing a workforce planning self-assessment tool to aid strategic decision-making - trialling initially with 20 councils;
- 22.12 Working with SOLACE and other partners on a research project to develop the core leadership competencies for local government managers;
- 22.13 Supporting the National Graduate Development Programme to promote and assess the leadership talent for the future;
- 22.14 Sharing good practice on re-deployment, apprenticeships and tackling local unemployment through the Leading by Example toolkit; and
- 22.15 Refreshing the national Job Evaluation scheme jointly with the trade unions, and working with councils, to ensure that it is relevant.

Efficiency and sector-led improvement projects

- 22.16 Employment law/best practice human resources policy advice for managing workforce transformation effectively and with minimal legal and financial risk;
 - 22.17 Providing a range of performance management tools such as a sickness absence guide, emphasising the financial benefits of robust policies;
 - 22.18 Providing expert advice and interventions on managing the relationship between members and senior officers; and
 - 22.19 Researching case studies on partnership working and community budget workforce efficiencies.
23. Members are asked to consider the challenges described in this paper, note the activities of the LGA and suggest other activities that would be of value to councils.