

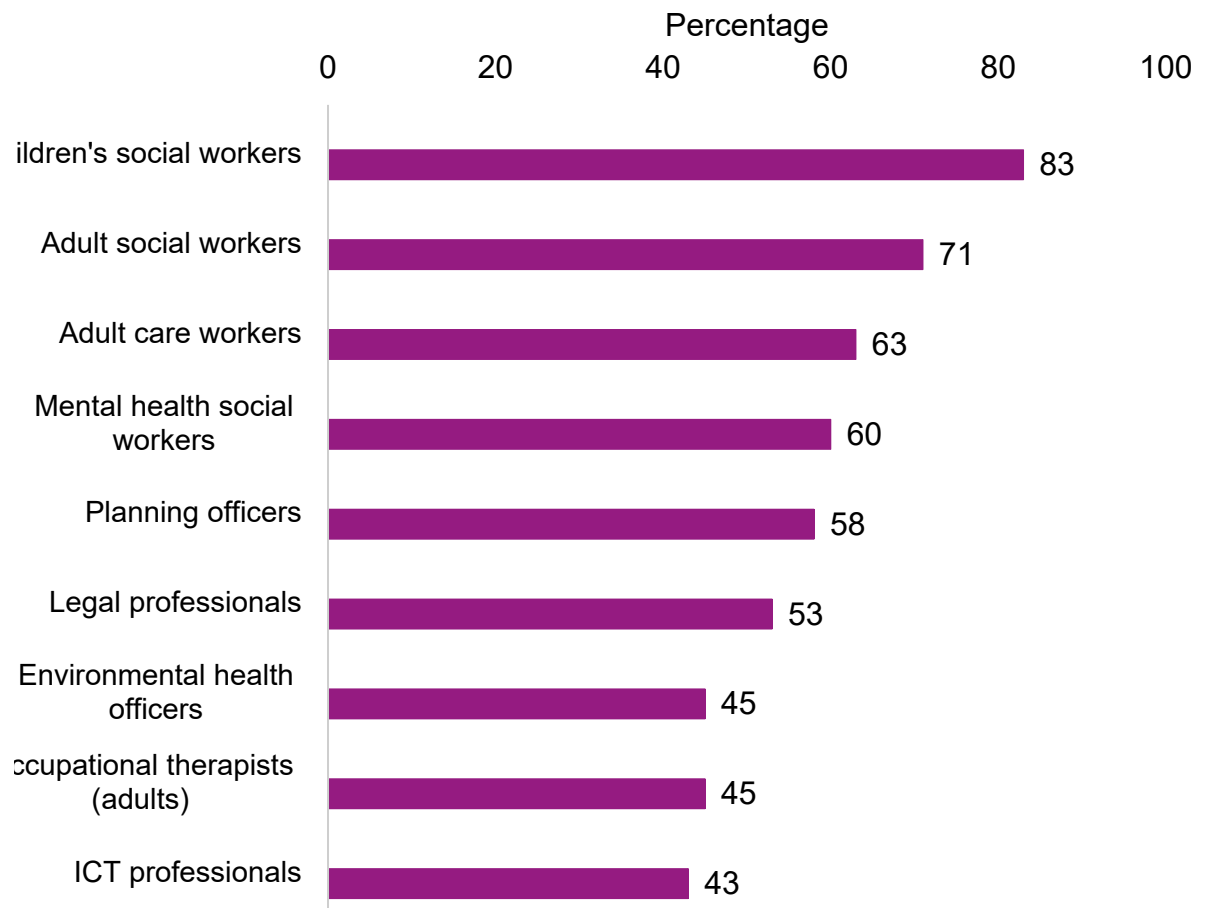
Appendix 1: a summary of local government workforce capacity issues

1. Details contained within the reports to the policy boards are not repeated here, but headline issues affecting the whole sector are summarised below:
 - i) Core government funding for councils and local authority expenditure has reduced significantly between 2010/11 and 2019/20;
 - ii) Against these reductions in spending, there have been increases in demand for most services;
 - iii) The size of the local government workforce has decreased significantly during the period 2009 and 2022;
 - iv) The picture of reducing staff numbers is worsened by problems with recruitment and retention for those posts which remain;
 - v) Low pay and the cost of living is a factor in all service areas. In some parts of corporate services and in planning, people are moving to better-paid jobs in the private sector. In some areas of the country, the affordability of housing and availability of public transport impacts on the ability of councils to recruit, and options for hybrid working have led people to seek roles further away from their home area;
 - vi) Reductions in staffing and other budgets have led to reductions in supervision, support, training posts, learning and development as well as increased workloads for staff in key roles such as social work. These can all impact on staff retention, the ability for professionals to develop additional expertise and the ability to support the development of less experienced staff stepping into new roles;
 - vii) Councils continued to deliver key services during the COVID-19 pandemic and continue to respond to issues such as the resettlement of refugees and asylum seekers, taking on new responsibilities and adapting to new ways of working. Many officers have been exhausted by this experience, and national trends such as increased numbers of people taking early retirement also apply in the local government sector;
 - viii) Work in some local government services is not always seen as an attractive career. Other sectors are perceived as providing more attractive career options by offering some better terms and conditions and the above factors. A perceived lack of appreciation and recognition, low public profile, negative perceptions arising from public criticism of individuals, financial challenges and service failures in the sector generally all add to the challenge of being able to recruit new entrants. This is despite the sector offering over 800 different career opportunities, offering interesting challenges, good flexible working and favourable terms and conditions. The National Graduate Development Programme demonstrates what can be achieved through an

approach providing development opportunities, attracting around 4,500 applicants per year.

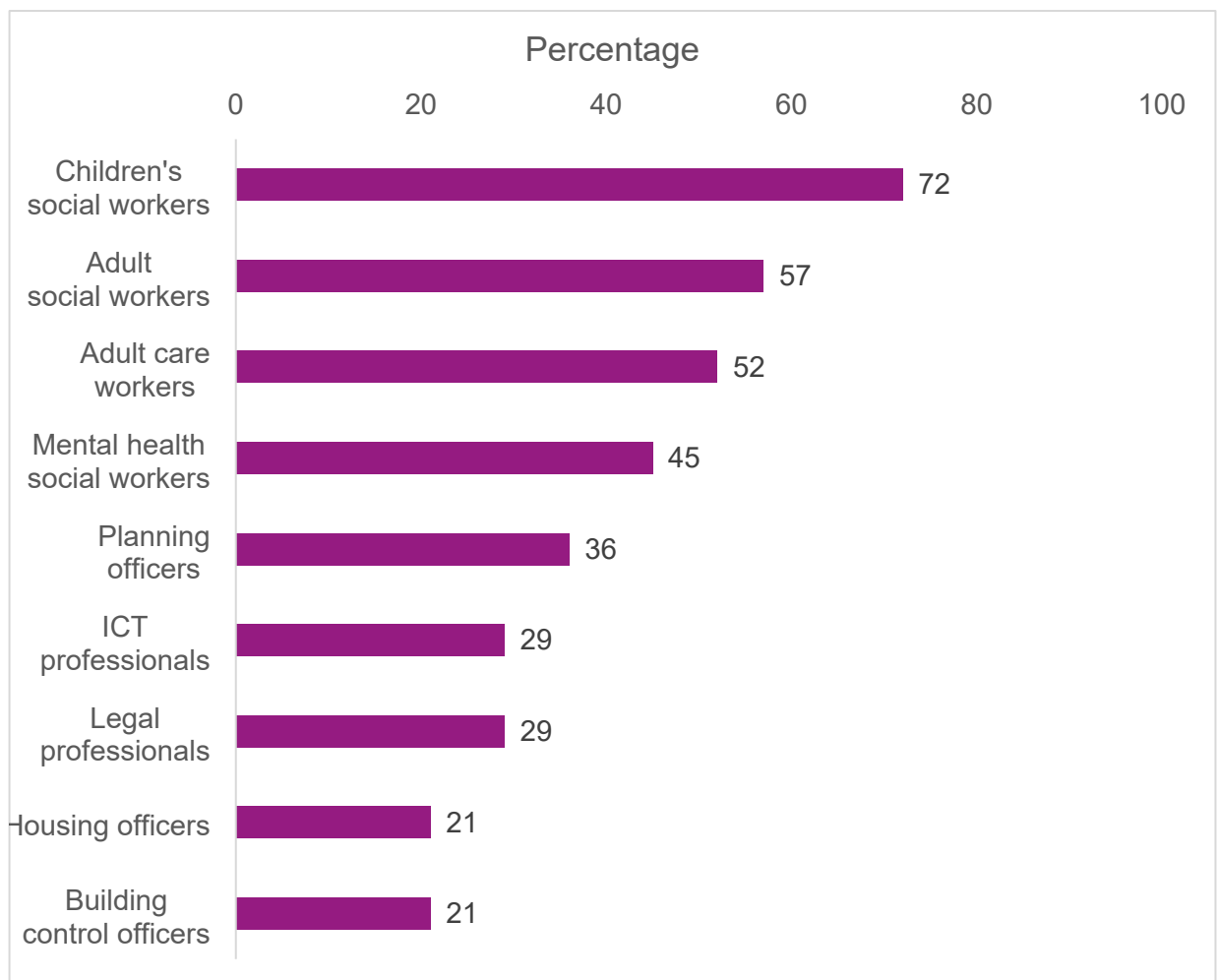
2. The cost of living crisis and widespread industrial unrest placed further pressure on the National Employers as they considered their approach to negotiations for the annual pay awards for local government workers. These pressures compound a pre-existing issue for the sector that arises from the rapidly escalating National Living Wage (NLW), itself driven by Government's policy for it to reach 66 per cent of median earnings by 2024. This year the NLW will increase by 9.7 per cent to £10.42 on 1 April 2023: the latest forecast from the Low Pay Commission (which recommends the NLW level to Government) suggest that in April 2024 the NLW could increase by a further 8.9 per cent to £11.35. The high proportion of local government staff who are at or near this pay level means that a significant proportion of any pay award has and will continue to be consumed in order to ensure workable legal compliance with the NLW. Without additional funding from Government to meet this cost there is little or no capacity to meet the pay-related challenges of those further up the pay scale. In fact, their pay position is likely to continue to worsen in comparison with the wider public and private sectors.
3. The local government pay spine was redesigned in 2017 when the NLW underwent reform. This has become necessary again in light of the current government policy to increase the NLW to 66 per cent of average earnings in 2024. This has required greater increases at the bottom end of the pay spine compressing differentials between pay points. Combined with a three fold increase in staff on pay levels above the top green book pay point but below the Chief Officer grades; the need for reform is pressing. There is not a quick solution to this as it requires research and time and ultimately has to be collectively agreed with the relevant trade unions however, we are seeking the necessary resource through the DLUHC grant to commence this work.
4. The LGA's most recent research shows that 92 per cent of councils are experiencing recruitment difficulties in at least one occupation and 83 per cent are experiencing retention difficulties in at least one¹. Recruitment problems are affecting all types of authority and all types of service. Figure 1 shows, as a proportion of all councils, the most difficult to recruit occupations/ roles:

¹ www.local.gov.uk/publications/2022-local-government-workforce-survey



Base: all councils (119 overall, but number varies by occupation/role as the results are calculated for the type of council that holds responsibility for them).
Source: LGA Workforce Survey 2022

- Figure 2 shows that, as a proportion of all councils which run the service, the most difficult to retain occupations / roles are often those which are challenging to recruit:



Base: all councils (119 overall, but number varies by occupation/role as the results are calculated for the type of council that holds responsibility for them).

Source: LGA Workforce Survey 2022

6. A major part of the capacity challenge arises from recruitment and retention challenges at local, regional and national level. These are leading to the following further impacts and consequences:
 - i) Because councils are competing with each other and with other public agencies to recruit from an increasingly limited pool of experienced officers, councils are having to use **market supplement payments** (which were not necessarily accounted for when in-year budgets were set) to attract and retain people into certain key skill shortage roles;
 - ii) Councils are increasingly having to **rely on agency staff** to fill gaps, which leads to increased costs and impacts on service quality;
 - iii) It can be **difficult to recruit managers** with the required skills and experience; and pay restraint is acting as a disincentive for people to seek promotion to supervisory roles. This impacts further on retention for more junior roles as this lack of suitable opportunities for progression and succession means staff will choose to leave or stay and may become disengaged. Vacancies at supervisory and management levels can also lead to a reduction in service quality.

- iv) Some councils are reporting **disruption to their services** as a result of not having the right staff (in numbers or skills to meet demand) to run normal services, and some services have been stopped or reduced to the statutory minimum;
 - v) Some staff experienced **negative impacts on their health and wellbeing and morale** due to unsustainable workloads and negative media coverage;
 - vi) There is a loss of expertise as councils are **unable to carry specialist posts** (for example, specialisms within regulatory services) within their headcounts;
 - vii) As events lead to increased focus on specific service areas, **further pressure is placed on already-strained capacity** (for example, work currently underway to review housing conditions (particularly in the private rented sector);
 - viii) As new policies and duties emerge, there can be a lag in the provision of **new burdens funding** to support recruitment of posts to deliver new responsibilities, as well as a **need to develop associated expertise and capacity**;
 - ix) Anecdotally, the Workforce team is aware that councils have **reduced corporate support services** due to financial pressures and this has resulted in a lack of capacity to support recruitment, development and other human resource related activity, exacerbating the challenge to address the issues at hand.
7. The National Employers for local government services took the unprecedented step in 2022 of writing to the Secretary of State for DLUHC when they made their final pay offer to the trade unions, highlighting the need for additional funding to meet the NLW cost. Government declined to recognise the issue and the pressure it places on local government, which is much more significant than in other parts of the public sector where the impact of the NLW affects the pay levels of far fewer employees. The additional funding made available from 2023/24 may assist in a small way with the challenge of meeting the NLW cost in 2023/4 but leaves the cumulative cost highlighted in 2022 unmet: it is therefore unlikely that this will provide much support for councils in meeting their workforce capacity challenges. While the 9.2 per cent increase in local government core spending power announced in the 2023/24 Provisional Local Government Finance Settlement will help councils deal with inflationary and other cost pressures, the LGA will continue to make the case for the underlying and existing pressures that remain. Many councils will also see much lower increases in Core Spending Power in the next financial year.
8. The LGA and partners have had some success in highlighting the scale and nature of workforce capacity issues in the sector. For example:
- i) The Government has announced:

- £500 million for measures to support the adult social care workforce (December 2021 white paper on adult social care);
- its intention to publish a comprehensive workforce plan for the NHS (November 2022 Autumn Statement). In response, the LGA has stressed the need to expand the scope of the plan to include the adult social care workforce;
- it would delay the rollout of adult social care charging reform in light of concerns from the sector that underfunded reforms would have exacerbated significant ongoing financial and workforce pressures (November 2022 Autumn Statement);
- funding to support overseas recruitment for the adult social care sector (the LGA has also produced [guidance to support social care providers to maximise opportunities from overseas recruitment](#)).

ii) The Government has also announced:

- its consultation on increases to planning fees to improve capacity in the local planning system for core services and planning reforms, referencing the LGA's calls for an increase in resources (the LGA will respond to the consultation in due course);
- its commitment to developing a comprehensive resources and skills strategy for the sector (August 2020 'Planning for the Future white paper');

iii) The Government has now launched consultation on the introduction of a set of national rules on the engagement of agency social workers in children's social care, following concerns raised by the LGA about the agency market and malpractice. The growing prevalence of managed teams in the market has led to concerns about a lack of vetting assurance associated with these teams, and a reduction in the availability of agency social workers for 'standard' appointments.

iv) New Government strategies on libraries and sport are being developed. The Government has committed that these will include actions on workforce issues, while the LGA has been commissioned to deliver a workforce mapping survey on the library, archives, records, information and knowledge sector to inform these.

9. The experience of the regulatory services task and finish group, in 2021, however, offers some indication of the possible challenges. The LGA was successful during COVID-19 in highlighting the demands on regulatory services and implications for the future pipeline of officers, leading to the creation of the task and finish group and cross-Whitehall engagement with a proposal for a £15 million regulatory services apprenticeship fund, which achieved some support. The proposal was not subsequently approved and the Department for Levelling Up, Housing and Communities (DLUHC) has stepped back from the role it was playing on regulatory services. While the Food Standards Agency is continuing

to look at this issue, there are challenges linked to the split interest in environmental health and trading standards across different Government departments and no single department having ownership of these professions.