

Creating a ‘fit for the future’ organisation: the political dimension

Councillor workbook



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Foreword

This workbook has been designed as a learning aid to assist members to think about the workforce issues affecting their council, and the ways that the organisation can become ‘fit for the future’, achieve significant savings and able to deliver its strategic ambitions. It makes no judgement about whether you have been a member for some time, or whether you have been elected more recently. In either case, it is important that you keep up to date with the critical workforce issues potentially impacting on your council.

The workbook cannot provide you with detailed guidance on the specific workforce strategies and plans of your council – in reality these will vary in style and content across local government. But it will highlight the key themes you need to be aware of, and some of the areas in which you can challenge your council to improve its approach to workforce planning. As such, the workbook should serve more as a direction marker rather than a road map.

A wide range of advice and guidance on workforce issues has been produced by the LGA Workforce Team, mainly for the use of HR specialist officers. Check [local.gov.uk/workforce](https://www.local.gov.uk/workforce) for updates. To help you consider some important developments around pay and rewards, a guidance note on strengthening the strategic approach to pay and rewards is attached as Appendix B in this workbook.

In practical terms, the document will take around **four to five hours** to work through. You do not need to complete it all in one session and may prefer to work through the material at your own pace. The key requirement is to think about the issues presented and how the material relates to your council, its workforce and the communities it serves.

Introduction

In working through the material contained in this workbook you will encounter a number of features designed to help you think about the nature of effective member/officer relations. These features are represented by the symbols shown below:



Guidance – used to indicate guidance, research, quotations, explanations and definitions that you may find helpful.



Challenges – questions or queries raised in the text which ask you to reflect on your role or approach – in essence, they are designed to be thought-provokers.



Case studies – ‘pen pictures’ of approaches used by councils elsewhere.



Hints and tips – a selection of good practices which you may find useful.



Useful links – signposts to sources of further information, outside of the workbook, which may help with principles, processes, methods and approaches. A full list of useful additional information is also set out in Appendix A of the workbook.

‘Fit for the future’ – the broad issues

The importance of workforce planning

While it may be a cliché, it remains true that your council’s most important asset is its people. Without the right number of people, with the right skills, in the right place and at the right time, it is unlikely that even the most comprehensive corporate and financial plans will meet the demands being placed on local authorities.

Effective workforce planning can help councils to maximise the use of their human resources and build capacity – in an efficient, structured and planned way – to be ‘fit for the future’. People are the key to successful improvement and development, and councils that plan well are likely to be better equipped to manage both their day to day service demands and to address changing strategic and operational priorities.

Funding savings is the immediate priority, but councils should not lose sight of the longer term. There are clear benefits to be gained when members engage strategically in considering workforce issues. Councils will continue to be major local employers that depend on committed and skilled staff to deliver services. Training and development will remain important to help improve skills and retain staff. Maintaining good workforce relations will be difficult, but vital, as councils carry out measures that directly affect terms and conditions and ways of working.

Councils will need to decide what kind of employers they want to be in the future. This is not only because of a move to commissioning services in some circumstances but also because they need to recruit in a variety of labour markets which are themselves changing. In addition, once the necessary budget cuts have been achieved, long-term cost control will be crucial for future stability.

Workforce planning has a central role to play in delivering improved services and should be an essential element of your council's corporate management system. To be fully effective, it should include some longer term thinking about future corporate and service pressures and demands, and what the council needs to do now to get workable strategies in place in order to link service, financial and change management priorities with people plans. This will include consideration of the main drivers for change (see text below).



“The most critical issue currently is addressing the workforce dimension of major service and organisational transformation. With partners, councils are reconfiguring local public services to ensure that they achieve priority local outcomes, with significantly less resources.”

**Dame Margaret Eaton,
Local Government Association
(LGA) former Chairman (2008-11)**

“We need to take our people with us to create the ‘fit for the future’ local public services needed to deliver our communities’ priorities. We need to involve our workforces in making these changes and to support them in learning both new skills and new ways of working.”

**Sir Steve Bullock,
Chair of the LGA Workforce Board**



Key drivers for workforce planning

The main drivers for change are:

Resources – the need to achieve economy, efficiency and effectiveness.

Political and policy change – partnership working, efficiency targets, inspections, modernisation etc, which have significant implications for service delivery and employment practice.

Labour market – trends in the employment markets which have implications for the recruitment and retention of local government staff. Authorities already face difficulties in some professional areas.

Demographic and social change – changes, such as the ageing population, which affect both the demand for services and the workforce supply.

Technological change – new technologies which prompt changes in service delivery and ways of working and have implications for the skills needed in the workforce.

But workforce planning is not just about helping to support operational improvement – the planning, recruitment, development and retention of a competent and effective workforce should help your council to achieve its stated strategic objectives and other corporate priorities, eg service transformation, efficiency gains and the implementation of diversity policies.

In addition to the benefits already referred to, effective workforce planning can help your council to develop a sound workforce strategy which:

- assesses the whole organisation in a coherent and consistent way to make best use of people and to demonstrate value for money, eg managing employment expenditure by anticipating changes
 - deals with immediate workforce challenges but also addresses potential future issues, eg acquiring and growing workforce skills that take time to nurture or putting in place schemes to retain essential staff
 - tackles major change projects in an orderly and phased way, eg managing relocations, withdrawing from service provision or downsizing
 - communicates future resource requirements so that people understand what will happen, when, and how.
- informs decision making and ensures that there are clear links to other corporate and partnership working plans and strategies
 - analyses the labour market to assess how best to meet demand, eg collaborating with other councils and using labour market intelligence to predict and address any peaks or troughs in demand
 - anticipates more informed and effective use of training and development investments, eg promoting the sharing of good practice with other organisations and developing performance benchmarks.



Exercise 1 – your experience of working with officers

Using your existing knowledge or any research you are able to carry out on the council's intranet (or other information sources available to members), identify what you know about your current workforce:

- 1) The total number of people directly employed by the council – usually expressed in terms of full-time equivalent (FTE) staff:

- 2) Staffing costs as a percentage of the overall revenue budget of the council:

- 2a) The difference between the total pay bill and total employment costs, which include pensions and other added costs:

- 3) The number of staff directly employed in relation to the resident population of the council area (this is usually expressed in terms of the number of FTE staff per 10,000 population):

- 4) The numbers of staff from this total figure that are employed in each of the main directorates or departments of the council:

- 5) The way that the overall staffing total is broken down in terms of (a) the proportions of male and female staff, (b) the proportions of full-time and part-time employees, and (c) the proportions of staff on permanent and fixed-term contracts:

- 6) The make-up of the workforce in terms of age, length of service, disability, ethnicity and diversity compared to the community. Consider also the social identity of your workforce eg pay-band gaps related to diversity or make-up of management teams by gender:

- 7) The numbers of posts advertised by the council in the previous full year and the number of new recruits:



Exercise 1 – your experience of working with officers

7a) Figures for your council's current vacancy and turnover rates

8) The number of staff leaving the council's employment in the previous full year and the main reasons for their departure, eg taking up other job opportunities, retirement hot spots, etc:

9) Figures for the amount of sickness absence across the council as a whole in the previous full year (this is usually expressed in terms of the average number of days lost due to sickness):

10) Average basic annual pay in your council:

11) The ratio of the lowest basic pay rate to the highest paid in your council:

12) How many officers earn over £50,000 and £100,000 pa in your council?

13) The top five messages arising from the most recent council-wide survey of staff views, eg pride within the council:

Look again at what you have written down. It may be that you have only limited knowledge in some of these areas. Having identified this, think about what further steps you could take to find out more and keep in touch with the way that your workforce is changing and developing over time.

Keeping up to date with workforce issues – setting the tone

For your council to be 'fit for the future' it must have a competent, well-supported and productive workforce. And as an elected member you have an essential role to play in understanding and monitoring the use of these human resources.

As a significant proportion of the council's revenue budget will be spent on the salaries, wages and associated on-costs of this workforce, people inside and outside of the authority will look to you to act with a degree of financial stewardship (known as your 'fiduciary duty') in ensuring that this money is spent wisely and to best effect in meeting local needs.

In a later section of this workbook we will examine the ways that you can assess the productivity of your workforce. But in a more general sense, it is important that you monitor workforce matters on both a routine and a strategic level.

Operationally, it is the responsibility of your senior officers to manage the workforce of the council on a day to day basis. Ordinarily, it is not your role to get too immersed in the detail of this or to undermine the line management responsibilities that have been established within the organisational structure. However, regardless of any specific areas of responsibility you may have, you should look to keep a 'watching brief' on some of the routine workforce matters affecting the council.

Beyond this, your key role will be to keep up to date with the strategic issues that impact on your council's ability to develop the workforce it needs to be a successful organisation. These are likely to be the matters addressed within any corporate workforce strategy.



Some examples of routine workforce matters

Members should look to keep a 'watching brief' on some of the routine workforce matters affecting the council. For example:

- actual expenditure on staffing costs compared to the budgeted costs for the year
- levels of staff turnover and any wider implications, eg the costs associated with new recruitment, early retirement or redundancy hot spots
- the general well-being of the workforce, eg ensuring that any messages arising from staff surveys or consultation are recognised and addressed
- problems associated with the recruitment to key posts which may leave the council at risk or exposed in terms of service delivery
- levels of sickness absence and the steps being taken to manage this effectively
- levels of commendations, complaints and disciplinary procedures against staff
- the outcomes resulting from any investment in workforce training and development
- the workforce implications of initiatives like right to buy, right to challenge, mutuals and mergers, eg joint ventures with partner organisations or capital projects
- if your council has an incremental pay structure, have any staff had increments withheld in the last year as a result of performance issues?
- does your council have a well-established approach to job evaluation that encompasses new and changed jobs?



Exercise 2 – reviewing your council’s workforce strategy

Look at your council’s current workforce strategy and spend some time reading through its contents. Then consider whether it addresses the following questions:

1. What shape is the current workforce in (in terms of staffing levels, turnover, recruitment and staff attitudes) – how does this compare with national and regional averages?

2. Has your council completed an equal pay review?

3. Does your council have plans for regular equal pay audits in the future?

4. How well is the workforce being managed (in terms of productivity, turnover and absence rates)?

5. What is the context of the strategy (in terms of the ‘key drivers’ referred to earlier)?

6. What are the strategic priorities of the council and its key partners and how are these reflected in the strategy (in terms of possible staffing structures, skills and planned staff consultation)?

7. What investment is anticipated in relation to workforce training and development (and how will the impact and outcomes of this be assessed)?

8. What is known about relevant labour markets and how these might impact on the development of a future workforce – what is being planned as a result?

Exercise 2 – reviewing your council’s workforce strategy

9. What conclusions are drawn as a result of any ‘gap analysis’, ie the steps that need to be taken to turn the current workforce into one that is ‘fit for the future’?

10. What is the state of relations with recognised trade unions in your council? Are they regularly involved in discussions around change planning?

Having completed the exercise, how robust do you feel the strategy is in preparing the council for the future and identifying the key strategic issues that are likely to affect its ability to be successful? Also, how are these matters likely to impact on any service workforce strategy that your council may have. You may wish to embark on careful reflection with staff organisations/ trade unions. If you have identified any significant concerns in this respect, what could you do to make your feelings known and ensure that your views are taken into account in any planned revision of the strategy?

Keeping up to date with the strategic workforce issues will require you to consider a range of information. This may include performance and statistical data, professional opinions, survey results or case study investigations. It is also likely to be both qualitative and quantitative in nature.

- **Qualitative information** – gathered to understand the processes which lie behind work patterns or workforce performance and staff views, experiences and concerns. It is particularly useful in exploring and explaining questions of ‘How?’ and ‘Why?’, eg staff attitude surveys, group interviews and questions asked of officers.
- **Quantitative evidence** – the numerical data which is used to assess workforce matters, eg performance indicators, budget information or workforce statistics (staff productivity, turnover, sickness rates etc). It is often used to provide answers to questions of ‘how many?’, ‘how much?’, ‘how often?’ and ‘to what extent?’

In interpreting this information you should look to get ‘behind the figures’ wherever possible and look at workforce issues in the round. This will usually require you to ask further questions of your member colleagues or chief officers. Whether on a one to one basis or in a formal committee setting (eg perhaps as part of a scrutiny committee review) you should seek to get the best response to your queries by tactically asking the most appropriate types of question.

By considering all relevant information and questioning effectively, you should be able to form sound judgements and conclusions about how well the strategic workforce issues in your council are being addressed.



Tips for exploring strategic workforce issues

- **Explore the background** – ask open questions to understand the context of any pertinent issues.
- **Probe the areas of concern** – use a range of techniques to elicit information and deepen your understanding, ie:
- **Challenging**, eg “How will we measure the return on our investment in this staff training?”
- **Encouraging**, eg “That is a significant increase in staff productivity!” (with a pause for a further response).
- **Repeating**, eg “You don’t think the staff had any concerns at the time?”
- **Procuring details**, eg “Have you done anything else to reduce levels of sickness absence?”
- **Linking**, eg “You said that ‘management’ was responsible for the escalating staff costs – who is the manager in charge?”
- **Using direct questions**, eg “How do other authorities manage to keep their staffing costs within budget?”
- **Showing understanding**, eg “I see” (allowing time for some elaboration).
- **Contradicting**, eg “You say that staff productivity in this area is good, but don’t the figures really show the performance to be average?”

Having said that, it is important to recognise that there may be some inherent difficulties in questioning aspects of your council's workforce strategy, eg it may be that the strategy is being endorsed by the controlling party in your council and as an 'opposition member' your challenge is seen as overtly political. If this is the case, you may wish to consider an approach along the following lines:

- Be positive and seek to influence, rather than being seen to criticise or undermine - concentrate on adding value to what is being proposed, rather than opposing for its own sake.
- Challenge the jargon, technical language and acronyms. You are likely to be on safe ground - if you can't understand the information presented it is likely that other members won't be able to either.
- Have your say at the appropriate time eg putting forward your views on a draft workforce strategy is likely to be more effective than attacking the contents of the final version.
- Focus on the 'big picture' and consider the workforce issues affecting the council as a whole.
- Challenge issues of integration within the planning process, eg how the workforce strategy is aligned with the medium term financial plan or community strategy.

In overall terms, remember that while your role may be **critical**, it should also be **constructive**.

The critical workforce issues impacting on local government

Having spent some time considering the importance of workforce planning and some of the ways that you can play a role within this, it is worth exploring some of the critical workforce issues impacting more generally on local government at the present time. Recognition of these should help you to understand some of the challenges that all councils face in planning ahead.

The most significant change in recent times has been the impact of the economic downturn. Councils face an unprecedented period of declining resources, growing demand for services and new models of delivery. Common savings measures include freezing recruitment, increasing part-time working, spending less on agency workers and consultants, reducing additional payments and recruitment and retention bonuses, early retirements, voluntary and compulsory redundancy. Most are looking for ways of maintaining key frontline services while reducing expenditure on pay, pensions and other workforce related costs. For many councils, adapting to less funding means restructuring and transformation.

Alongside these changes partnership working has become even more important and many government policies and initiatives are encouraging ever greater joint working and integration of local public services. This includes initiatives which aim to improve customer services and outcomes while making significant efficiency savings by targeting and pooling the efforts and budgets of local public services, eg Whole Place, Vanguard and Community Budgets.

Another example of joint working are Health and Wellbeing Boards which will identify local needs and develop key local health priorities on which to base commissioning plans. Integrating public health will have major implications for the workforce involved. If the approach is to be successful, staff will need to adopt new attitudes, take on new roles and behave differently. A team of specialists used to working in the NHS culture will be joining your council. This presents a great opportunity, if properly handled.

Existing staff should be encouraged to make the health dimension part of their jobs as well. Well established professional disciplines and practices will need to be reviewed and updated in line with the required local outcomes.

Successful service integration will also require different organisational cultures and performance management regimes to be brought together. This is likely to raise issues about staff working together on different terms and conditions. If budgets are to be pooled, there will need to be clarity about who employs staff and how any staff transfer arrangements can be best managed.



Customer-focused service transformation

The need to do more with less resources is driving many councils to consider customer-focused service transformation and innovation. Where they have not already done so, councils are creating new organisational and cross-organisational structures that require new ways of working from staff, with changed roles, new skills and, sometimes, a different employer.

Councils are taking a long hard look at their priorities, what outcomes they want to achieve, and how they might achieve these. They are rooting out wasteful processes, bureaucracy, unnecessary 'back-office' procedures and management costs. They are using techniques such as 'systems thinking' and 'business process improvement', and making sure technology is used to the full. For this to work, it usually means redesigning staff roles and getting people to behave differently.

Many councils are adopting a strategic commissioning approach and some are planning much more outsourcing or joint ventures with the private sector. Some have or are planning to set up joint management arrangements and shared services with other authorities or with their local partners. A few are considering transferring staff to employee-owned social enterprises. Some are deciding that they can no longer afford to continue to run the same range of services and are withdrawing from areas of discretionary service provision.

All of these changes – and the financial pressures prompting them – mean that the number of staff directly employed by councils is likely to decline.

LGA (2010) 'Delivering through people: The local government workforce strategy'

Other general workforce pressures include the difficulties of responding to the growing demand for choice and personalisation in public services, and the problems of key occupational shortages, particularly in social work, planning and environmental health. Major developments in education with a growth in academies and so on also brings a change in workforce responsibilities

Demographic changes have also continued to have an impact on the demand for council services. In most local areas the biggest issue is the increasing numbers of older people and the growing demand for social care and other services to support them in living healthy and independent lives for as long as possible. All of which continues to be a major cost pressure for councils.



“We need to join up our work with other local public services and with other authorities to save costs. This is going to be challenging. It involves changing the way people work, their jobs and roles. It will mean reducing the headcount. It may mean staff moving to a different employer or to a different location. Members need to set the agenda, then senior managers need to ensure that this difficult process is well managed to achieve the intended benefits.”

Jonathan Huish, Rhondda Cynon Taff County Borough Council



Personal skills to successfully manage change – an innovative regional approach demonstrates return on investment

In the West Midlands, authorities have come together, supported by West Midlands Councils, to collaboratively commission and procure regional solutions to recruitment and workforce development needs.

A groundbreaking coaching initiative linked with a leadership development programme is credited with delivering significant returns on investment for participating authorities. Case studies, gathered during 2010/11, illustrate the value of having skilled individuals to manage change, meet the considerable challenges facing individuals and services and deliver efficiencies.

For more information visit the Partners' return on investment site:
www.wmjobs.co.uk/otheremployers/roi

New equalities legislation recognises the important role councils have in fostering community cohesion at a local level. The purpose of the Public Sector Equality Act (2010) is to integrate the consideration of equality and good relations into the day-to-day business of councils, ensuring equality is reflected in the design of policies and the delivery of services.

Other critical workforce issues include the challenge of working with partners to reduce worklessness and increase the skills of local people in the labour market and responding to European initiatives that are driving change, eg regulations on agency staff that have pushed up the costs of employment.

The LGA workforce team has specialist information available on domestic and European employment legislation. See local.gov.uk/workforce

At a national level, all of these workforce challenges have been recognised by the Local Government Group, now the Local Government Association (LGA), in its document, 'Delivering through people: **The local government workforce strategy**' (2010). The strategy sets out a framework of five strategic priorities for councils to tackle:



Strategic priorities for workforce development

Organisational development – implementing organisational transformation across workforces to deliver accountable and value for money services.

Leadership development – building visionary, ambitious and effective leadership to make the best use of political, and managerial roles, in a partnership context.

Skill development – with partners, developing employees' skills and knowledge, in an innovative, high performance, multi-agency context.

Recruitment and retention – with partners, taking action to: recruit and retain the right workforce; address key future occupational skill shortages; promote jobs and careers; identify, develop and motivate talent and address diversity issues.

Pay and rewards – implementing effective approaches to reward the workforce while controlling employment costs to reflect budget and efficiency requirements, as well as new ways of working and innovative working patterns. Encouraging a 'total reward' approach to promote high performance.

LGA (2010) 'Delivering through people: The local government workforce strategy'

The LGA believes that these five generic areas continue to form the main focus of strategic HR activity in local government whatever the prevailing economic, social and

political context. Immediate priorities may shift but it will always be important to have a strategic approach on the five main areas.



Exercise 3 – workforce challenges facing your council

Consider the five strategic priorities identified below. Write down any specific initiatives that your council has undertaken or is planning in these areas:

Organisational development:

Leadership development:

Skill development:

Recruitment and retention:

Pay and rewards:

It may not be clear what initiatives your council has undertaken or is planning in some of these areas. If that is the case, you should speak to your officers or executive members (if relevant) to find out why this is the case. These should be essential components of your council's workforce strategy and gaps or omissions in any of these areas may highlight weaknesses in the overall approach.

Achieving ‘fit for the future’

Setting the tone for workforce development

All members have a role to play in fostering good workforce development. This is not just a question of good stewardship but is one of the ways that you can demonstrate leadership. If you were a non-executive director of a private company (which you may indeed be) you would expect to play a role in creating the right conditions for developing

your workforce to meet the needs of existing and future customers. So why would you expect local government to be any different?

Alongside any specific roles and responsibilities you may have for HR matters, much of this leadership is about working with your political and managerial colleagues to set the right tone or ‘organisational culture’ for workforce development within the council.



Employee engagement at Essex

Ranked in the top 50 Best Companies¹ (2010) and with an award winning Employee Communications and Engagement team² Essex is on target to achieve its ambition of having a highly engaged workforce striving for best in class engagement scores of 80 per cent for all teams.

Employee engagement really matters but it is not always easily defined or delivered. Best Companies describes it simply as “an employee’s drive to use all their ingenuity and resources for the benefit of the company.”

In Essex the transformation programme, EssexWorks, has been supported by a range of employee engagement initiatives like ‘You Said, We Did’ (responding to employee feedback), ‘Our Voice Forum’ and Essex Engagers (formal and informal networks of ‘engagement ambassadors’), focus groups, Employee Panel, You Make the Difference (employee awards) and Chief Executive and Leader roadshows.

The commitment to seeking out and responding to employee opinions – winning hearts and minds – flows from the very top of the organisation. Visible leadership has been crucial to instil trust and belief in the process of employee engagement and in its’ power to deliver successful transformation.

“Engaging with our employees effectively is absolutely crucial during this time of transformational change at Essex. We place huge emphasis on engaging face to face with our people rather than relying on email – never has it been more important for leaders to be accessible to their employees and that applies to both officer and political leaders.”

Councillor Peter Martin, Leader, Essex County Council

¹ Best Places to work in the public sector



Setting the tone for workforce culture – some tips

The following good practice tips may help to set the right tone or organisational culture.

Do

Help to develop a performance culture
– continually enthuse, inspire and push a ‘performance ethos’ throughout the organisation. Aim to do your bit in keeping the workforce motivated in pursuit of high performance and continuous improvement.

Be open, constructive and collaborative
– help to create an open culture and be as progressive as you can. Working together with your officers in a constructive manner is vital.

Say thank you and well done – give feedback whenever you can. Highlight the difference that the work of staff has made to the council or to residents. Make sure there are regular opportunities to thank staff and to congratulate outstanding achievement.

Make up your own mind – don’t always accept the first answer you’re given when asking about workforce development. Seek further information and clarification and make up your own mind.

Look beyond local government – try and see beyond local government to the concept of a ‘public sector worker’. People should be developed to move seamlessly from one public sector organisation to another.

Don’t

Cross boundaries – understand your role as an elected member and be clear about when it is OK for you to go and talk to staff and when that would actually be interfering in the process. You don’t have a right to cut across agreed policies and practice.

Underestimate the human resistance to change – spend time winning the ‘hearts and minds’ of managers and staff. Recognise that the workforce may need lots of development and support to handle and implement change.

Fall into the complacency trap – it’s easy to become complacent about performance and think everything’s fine. Everyone needs to keep focused on the need for high performance and continuous improvement in service delivery.

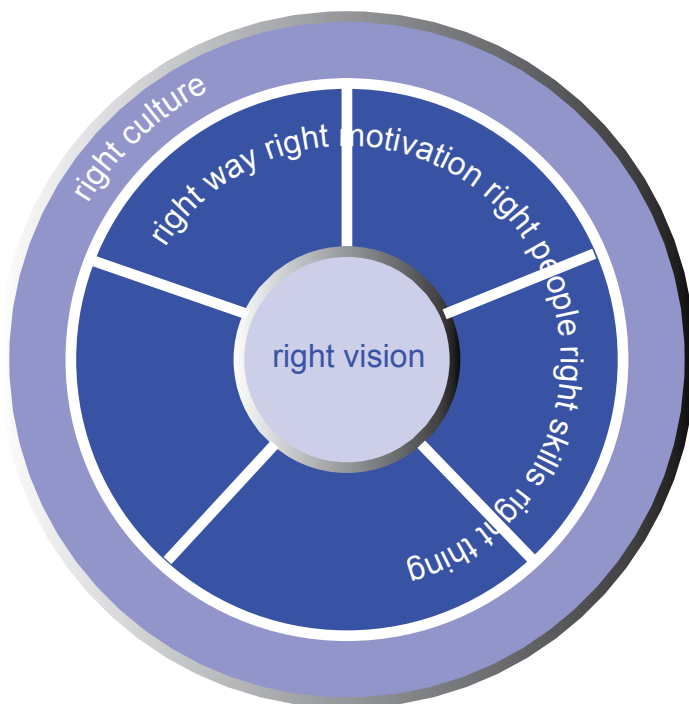
Become arrogant – some members talk down to people because they think they are right but all they are doing is alienating people. Keep your eyes and ears open to other people’s viewpoints. In reality you don’t know it all.

Look to the past – past performance is no guarantee of future success. As a member you must support the process of building a workforce that is ‘fit for the future’ rather than resisting change or seeking to turn the clock back.

Ensuring that the workforce is productive

In seeking to deliver the very best services to residents, your council should have a coherent management culture which is based on a clear vision for the organisation and the local area. In order to achieve the vision, the council should ensure that this culture is underpinned by a focus on the right things delivered in the right way with the right people who are well motivated and have the right skills. This is the essence of effective workforce planning.

But as the pressure on local government finances continues to grow, it will be essential that your council also continues to look for further ways of fostering innovation and maximising the productivity of its workforce.



Understanding what drives improvements in workforce productivity requires you to consider the following factors:

- **Inputs** – the staffing resources used in delivering a service, eg the number of personnel and associated staffing costs of delivering a housing benefits service each year. In productivity terms, a service that operates to minimise the staffing inputs required is described as economic in its use of resources.
- **Processes** – the approach that the organisation takes in using its available staffing resources to deliver a customer service, eg the work procedures developed by staff to process housing benefits claims. In productivity terms, a service that makes best use of its available staff to deliver high quality processes is described as **efficient** in its use of resources.
- **Outputs** – the services that are delivered as a result of the staffing inputs and processes, eg the number of customers receiving their housing benefits payments as planned each month.
- **Outcomes** – the improvements in the quality of life experienced by those in the community as a result of the outputs delivered by staff, eg the reduction in poverty resulting from the efficient delivery of housing benefits payments to those in need. In productivity terms, a service that delivers a high volume of quality outputs and/or outcomes is described as effective in its use of resources.

Increasing workforce productivity is about trying to achieve greater outputs and better outcomes with a fixed level of staffing resources or delivering the same level of customer outputs with fewer staffing inputs.

But in striving for increased productivity there is a need to monitor economy, efficiency **and** effectiveness. For example, if a council service is uneconomic or inefficient, there is a risk that it will waste **some** valuable staffing resources. However, if an economic and efficient service is ineffective, it risks wasting **all** staffing resources.

Your local community wants economic and efficient services, but it wants effective services even more. This is one reason why processes **and** culture are so important – both can help to deliver effective services and continuous improvement. Good processes and staffing management will deliver many benefits, but it is the attitude, creativity, commitment and dedication of the people delivering services that is most essential.



“Most cases are completed in just two visits as experienced caseworkers ensure that specific requests for information are clear from the start. Assessments are faster and we have more satisfied claimants. Previously our Housing Benefit system required six visits from a resident. Now claimants are dealt with by their casework officer.”

Paul Lorber, Leader of the London Borough of Brent

As staffing resources are most often a council’s largest area of cost, it makes sense to focus on ways of maximising the productivity of the workforce to:

- improve the quality and effectiveness of customer services
- free up time for staff to focus more on customer and citizen needs
- generate financial savings.



Exercise 4

Consider the opportunities that you have for challenging the productivity of your workforce. Write down any ideas you have for getting more involved:



“We must work with other authorities to cross-fertilise expertise and use and share skills to the benefit of one or more authorities. It is important that we look at methods of sharing skills and making best use of officers that hold positions that will enable local authorities to develop at minimum cost to their finances but give best value.”

Jean Pearson, Leader, Mole Valley District Council

All members can play a role in challenging the way that the workforce is developed and deployed to achieve maximum productivity. This can be done through scrutiny, Budget debate or by challenging issues affecting their ward.

There are many ways that members can get more involved in challenging productivity. This might include:

- ‘reality checking’ staffing budgets plans prior to their approval
- ensuring that there are clear links between the setting of staffing budgets and strategic/operational plans
- assessing the economy, efficiency and effectiveness being delivered by the workforce and carrying out efficiency reviews in any areas of concern
- reviewing any shared service areas or joint working projects with partner agencies to ensure that these are delivering value for money

- testing whether the council is directing its staffing resources effectively to meet its priorities and areas of greatest need
- monitoring internal and external audit reports to identify areas where further, more detailed, scrutiny may be beneficial in improving work processes, staff deployment or skills development
- challenging decisions relating to new service commitments, investments in new staff and previously un-budgeted staffing demands
- keeping a ‘watching brief’ on important matters affecting general staff productivity, eg management on-costs, staff attitudes/morale and improvements in training and skills development.
- Asking questions about the ways in which pay and rewards are linked to the contributions that staff make to achieving council objectives - not just through pay but other, less tangible rewards as well.

Helping to achieve cultural change

Earlier in the workbook we made it clear that alongside their political and managerial colleagues, all members have a role to play in setting the right tone or ‘culture’ for workforce development. But what do we mean by organisational culture?

Culture is often explained as that which is taken for granted in an organisation. At its most basic this might be assumptions about what the council is there to do, or the reasons for its success historically. But culture can also be thought of as the ‘artefacts’ of the council – such as organisational routines, systems and

structures. Again these are likely to be taken for granted as the ‘way we do things around here’ and can include the example set by members and managers, the performance and reward frameworks the council deploys, the behaviours it encourages (or discourages), the ‘look and feel’ of the workplace, and many other elements. In turn, these factors influence the mindset that people bring to their jobs and the extent to which the organisation is successful or not in delivering results.

Cultures are developed over time and, once embedded, can be difficult to change. They can often also be a significant barrier to progress and improvement. Some research by the Society of Local Authority Chief Executives(SOLACE), has suggested that there are a number of cultural characteristics of highly performing councils. It suggests they are:

- aspirational
- well led
- well organised
- empowering
- able to change.



“Culture is a huge thing in my view. In Leicestershire I make it plain that the organisation listens, is open, is not risk averse and cares deeply about its workforce because they are the people who are responsible for enacting the policies of the local authority.”

**David Parsons, Leader,
Leicestershire County Council**

There is also a lot of evidence to suggest that the councils which have been most successful in improving workforce productivity are those that have moved from a ‘traditional’ to a ‘performance improvement’ culture

A cultural change programme will usually involve a number of distinct stages based around some articulation of the new values or norms of behaviour that are expected in the council. One way of looking at this is to consider cultural change as a **five phase model**:

1. **deformation** – existing values are questioned and unsuitable practices identified
2. **reconciliation** – new ideas are identified and consolidated into a vision for the new culture
3. **acculturation** – the vision is translated into reality through the communication of the new values
4. **enacting** – the new values are represented in everyday behaviours
5. **formation** – the new culture is adopted by the organisation.



“In times of uncertainty and rapid change there is a requirement for all Members to be aware of the importance of workforce strategy and this Members workbook provides a valuable easy to use guide on how to both scrutinise and improve our workforce.”

**Councillor Tony McDermott,
Halton Borough Council**



Introducing a performance improvement culture

The following good practice tips may help to set the right tone or organisational culture.

Traditional culture	Performance improvement culture
Members and managers focus on tasks and operational service issues.	Members and managers focus on strategic issues and citizens' needs – they have a clear vision.
New ideas are not encouraged. The motto is: 'Don't fix it if it's not broken'.	New ideas are constantly sought and tried. The motto is: 'How can we do better?'
Members and managers are resistant to challenge, the status quo prevails.	There is an openness to challenge and a willingness to tackle difficult problems.
It is hard for people to see how their efforts contribute to realising community aspirations.	People see a direct connection between what they do and how it benefits the community.
Managers use meetings for one-way communication from themselves to employees.	Managers facilitate discussions on how performance can be improved - meetings are 'two-way'.
Boundaries between departments interfere with working towards achieving corporate targets.	There is a lot of cross-functional working and interdepartmental communication.
Only a few people at the top feel personally responsible for the council's performance.	Everyone has a sense of responsibility for the performance of the council.

Whatever initiatives your council introduces to improve its organisational culture, it is likely that the need for change will come from three broad directions:

- **moving** away from ineffective cultures – eliminating cultures that do not fit with the new goals and ambitions of the council
- **learning** from what works elsewhere – embracing the best and most relevant aspects of culture that deliver success in other councils and in other sectors
- **growing** a new, modern and more confident organisational culture that will match the demands and challenges flowing from customers' rising expectations and local government's community leadership role.



Cultural change delivering real impact

Getting organisational culture right can mean the difference between success and failure. Here are two examples of tangible improvements where, according to the chief executives, culture change has played a key role.

Chorley Council – customer satisfaction levels have soared by 14 per cent over the last three years and sickness and absenteeism has plummeted from 15.9 days per employee per year in 2002 to 7.2 days in 2009.

Wychavon Council – more and more staff feel upbeat about the council with 82 per cent saying they are proud to work for the council in 2009 compared with 71 per cent in 2006.

Improvement and Development Agency (IDeA) (2009), 'In shape for success: Chief executives' perspectives on achieving culture change in local government'.



Exercise 5 – the cultural characteristics of your council

Identify some examples of the sort of cultural characteristics that are evident in your council based on the following components. Then consider whether, in your view, each example you have identified is 'helpful' or 'unhelpful' in creating a climate for performance improvement:

Power structures

Helpful or Unhelpful?

Organisational structures

Helpful or Unhelpful?

Control systems

Helpful or Unhelpful?

Rituals and routines

Helpful or Unhelpful?

Symbols

Helpful or Unhelpful?

Recognition and reward systems

Helpful or Unhelpful?

Having completed the exercise it should be clear to you that any programme of cultural change is unlikely to be a 'quick fix'. Members need to give any such initiatives their full commitment and recognise that tangible and recognisable results may take some time.

Managing the people aspects of major transitions



“Staff are our most important asset; retaining and motivating the best in times of financial austerity is a key challenge for Members. They are the team that will deliver on your political priorities.”

**Richard Stay, Deputy Leader,
Central Bedfordshire Council**

We outlined earlier that in the current financial climate political and managerial leaders are considering how their councils operate and are exploring how best to preserve key frontline services by reducing unnecessary costs and delivering services differently, often in partnership with other local public services.

Many councils are planning or implementing changes to their management structures to save costs, maximise productivity and improve customer service. Others have in mind more radical changes, including outsourcing, joint ventures with the private sector or the transfer of staff to employee-owned social enterprises.

Whatever transitions or transformations councils plan, the new arrangements must be successful, ‘fit for purpose’, capable of delivering better services for less and sustainable. All of this will require excellent change management skills and practices to successfully address the workforce dimensions of any organisational transformation or cross-organisational transformation.

It is essential that workforce planning is integrated into any major change programmes that your council is considering. Many authorities now have rigorously tested structures, systems and processes for managing change effectively (including arrangements for involving staff and for managing workforce considerations).

It is important to recognise that successful change management will involve all members and officers working together to make sure that:

- any new transitions or transformations are aligned to the political priorities of the council
- the workforce involved is supported and encouraged during an inevitably unsettling period.



Organisational transformation – key issues for members

The cabinet/executive, or leading members, are responsible for giving officers a clear statement of the high and low political priorities including any services and functions that are really important and should be maintained or improved as a result of the transformation.

Members should encourage questions from officers to ensure the statement is properly understood. Members also have an important role in performance management, especially thorough scrutiny. Milestones should be set at the start of the transformation process, and members should challenge officers to report on progress and explain any shortfalls. This is with a view not to criticising but to understanding the issues and working out whether a change in approach would be worthwhile.

For transformational change to be successful it is vitally important that the organisational culture is healthy, both during the change process and afterwards. The tone of a council is very often set by the behaviour of its members. Publically backing the council's staff during times of change can significantly benefit their morale and enthusiasm.

Everyone involved must be prepared to try out new ways of working and recognise that mistakes will be made. If members respond to such mistakes in an aggressive or negative way, the likely response from officers is to become less willing to take the necessary risks and even to become disengaged from the whole process. A further danger is that the most effective staff will leave. Members should offer respectful challenge where things do not work out as planned. The aim should be to learn from the experience, not to victimise people.

It is also important that cultural and structural change should be discussed openly with key partners. They may well be able to work with you to deliver even greater efficiency improvements. Equally, if the transformational changes are likely to have a detrimental effect on a shared area of responsibility, partners have a right to understand what the implications are and on the implications for their own priorities.

The organisational redesign website page (<http://tinyurl.com/d3ucwf8>) contains further guidance on issues such as organisational redesign, downsizing and partnership working based on some of the latest thinking. It also offers practical, relevant case studies from a range of councils.

Managing the people aspects of major transitions may sound like a concern for your council officers only, but that is not the case. Your role as a member will not be in managing every detail of the new transition or transformation – that will be a professional task requiring specific and specialist skills. But neither should it be agreeing an outline plan and financial savings target and expecting chief officers to deliver the results. As with other aspects of workforce planning, your essential role is in retaining an overview of what is to be achieved and what is being delivered to plan.

Experience shows that establishing trust is the most important pre-requisite in major change programmes. The issue most likely to cause a lack of trust in the workforce is uncertainty over terms and conditions. It is important to provide staff with early involvement in designing change programmes - most commonly through their union representatives. It is very important to reduce the risk that arguments over terms and conditions might send change programmes off-course.



Organisational transformation – questions for members to ask

- How visible are we in leading the change process and evaluating outcomes?
- Does the proposed change fit with our priorities?
- What are the service improvements and impacts we expect?
- What consultation has been undertaken with customers about these proposed changes?
- How much will we save by implementing the proposals and what are the investment costs?
- What are the risks and how will they be managed or avoided?
- What are the alternatives?

Final summary

Workforce planning is an essential element of your council's corporate management. Having said that, many members shy away from involvement in workforce matters because they perceive them to be an officer concern.

However, workforce management lies at the very heart of the local government machine. If council services are to be run economically, efficiently and effectively, they must make the most productive use of their staffing resources. And in developing effective workforce strategies, councils need the political oversight and public stewardship role of members.

Alongside their managerial colleagues, members can help to create the strategic framework and organisational culture necessary to ensure that the workforce is sufficiently resourced, adequately skilled and appropriately motivated to deliver corporate priorities – all of the ingredients necessary to keep your council 'fit for the future' in the challenging times to come.



“An ageing workforce means that we shall find it difficult to deliver services in the next ten years or so. There will also be a significant pension cost as large numbers of staff retire which will have an impact upon the council's revenue budget as well as our ability to recruit and retain staff.”

**Roderick Bluh, Leader,
Swindon Borough Council**



Where do you go from here?

Look back over the material contained in earlier sections of this workbook and consider the following:

- (a) What further action points can you identify to improve your understanding of the workforce issues facing your council, ie what things might you start doing, keep doing or stop doing?

- (b) Have you identified any further gaps in your knowledge or shortcomings in your personal skills? If so, please set these out below and identify how any further training or development might help you, eg further reading/research, attending courses, coaching, mentoring, work shadowing, etc.

Appendix A – Sources of further information and support

Publications

'Faster, fitter, more flexible: Chief executives developing councils of the future,' IDeA, 2007, <http://tinyurl.com/c4vkqnt>

'In shape for success: Chief executives' perspectives on achieving cultural change in local government', IDeA, 2009, <http://tinyurl.com/bmvjmeq>

'It's people stupid: Elected leaders delivering through people', IDeA/Local Government Employers, 2007, www.lge.gov.uk

'Organisational culture and leadership', Edgar H Schein, Jossey-Bass, 2004, (follow link for a free summary www.tnellen.com)

'The working council: A toolkit for exploring culture and building high performance', Solace Enterprises, 2008,

'Engaging for success', BIS 2009, www.bis.gov.uk

'Delivering through people: The local government workforce strategy 2010', Local Government Association, 2010, <http://tinyurl.com/cdbpbav>

'Towards a future for public employment', (July 2007), Association of Public Sector Excellence, www.apse.org.uk

'Avoiding the road to nowhere: Transforming front-line service delivery through efficiency and innovation', (March 2011), APSE, www.apse.org.uk

'Work in progress: Meeting local demands with lower workforce costs', (Dec 2011), LGA/Audit Commission, www.local.gov.uk/c/document_library

'Co-production for health: a new model for a radically new world', (Dec 2011), SPH, www.sph.nhs.uk

The Local Government Association (LGA), www.local.gov.uk offers a range of support for councils including:

- the latest guidance, case studies and other good practice information published in our online Knowledge Hub resource
- a range of publications are available for download
- supporting self-learning by the sector through developing and facilitating networks, communities of practice and the sharing tools (eg workforce planning and workforce expenditure)
- influencing national policy and partners' plans to ensure that they are fit for purpose and that they maximise the potential of councils.
- supporting councils to improve through a variety of peer challenges.
- a range of national training and development programmes designed to develop leadership and talent in local government.

Appendix B – Strengthening the strategic approach to pay and rewards in local government

Introduction

The Local Government Association (LGA) is recommending to councils that they should review and refresh their reward strategies. A coherent reward strategy is a central part of efforts to control employment costs in line with budgetary requirements. It is also vital in the drive to improve productivity.

This is not intended to be a sterile exercise in writing a policy document. A local reward strategy may not even take the form of a single document. Instead the recommendation is that councils should take a fresh look at all the policies and procedures that together define the local approach to pay and rewards.

The LGA believes that local reviews of this sort are timely because:

- The biggest challenge for councils in current circumstances is to ensure that they maximise productivity and efficiency with finite resources. This is a complex problem and there are many approaches that can be used in addressing it: developing shared services, outsourcing services to change the cost base, changing organisational structures and business processes, technology-based options. These issues are dealt with elsewhere by the LGA and are not the subject of this paper. However, it is clear that managing poor performance and incentivising good performance are core aspects of any approach to pay and rewards and the handling of these issues needs to be reviewed to keep up with the pace of change.
- As a result of the global economic crisis and the reduction in budgets during the current comprehensive spending review (CSR) period councils have been through unprecedented and painful, though necessary, cuts in jobs and conditions of service. This rapid process has avoided potential financial difficulties but has been essentially reactive. What is now needed is strategic thinking about what our reward structures need to look like in five years time and more. It is extremely important to align reward systems with new business objectives, whatever local decisions are taken about the operating model for an individual council – from direct service provision to a commissioning model and all variants in between.
- The Government is pressing ahead with legislative requirements for councils to prepare and publish policy statements for how they intend to manage the pay of the most senior staff. At the same time, they have stressed the importance of fair rewards by highlighting the need to safeguard the lowest paid. The concept of fairness was amplified in The Hutton Review of fair pay in the public sector (March 2011), which stressed the importance of the relationship between top and median salaries in organisations, which is now required in statutory guidance on transparency. Councils can best develop their local approach to fairness

and transparency through a robust reward strategy.

- The project to introduce single status and conduct equal pay reviews is now largely complete but in many cases has not resulted in much change to basic reward structures. This is largely because the costs and complication of dealing with equal pay reduced the ability to invest in major change. It should be remembered that the national implementation agreement of 2004 that required completion of local pay reviews also required periodic audits and reviews of the systems put in place because they do not tend to last very long in a climate of constant organisational change.

The basics of local strategic reviews

The LGA is not prescribing exactly how any local review should take place. This document is intended to be of assistance by providing a summary of the kinds of questions that need to be asked locally. A companion resource guide is under development, which will discuss some options around the key questions and identify some available resources.

We have no monopoly of wisdom over the development of reward strategies. The resource guide will include some views and ideas around recommended actions and good practice but we want to encourage all interested organisations to put forward suggestions for innovative ways forward. An email address for comments is given at the end of this document.

The starting point for a review will be ensuring that the council is clear about the basis of its approach to pay and rewards – a commissioning council will require quite a different approach from a council that seeks to retain a major role as a direct employer, for example, though both will need to get the basics right.

There are two fundamental mistakes that can be made right at the start. One is to assume that radical changes to pay and reward policies can be used in themselves to drive wider change in an organisation. The other is to assume that radical change can happen without changes to pay and rewards. In fact, changes to pay and rewards are not sufficient to drive change alone but any change programme will not be sustainable without a rewards component.

For example, many organisational change programmes will require the redesign of jobs. These jobs will need to be evaluated to ensure they fit into grading structures but after a while, the grading structure may come under considerable strain as new jobs are fitted into pay bands designed for old jobs. It is best to try and avoid situations where too many supplements to basic pay are paid to accommodate new-style jobs that won't fit into established hierarchies because these can increase equal pay risks and make it harder to control costs.

Whatever approach is adopted however, there are some important things to bear in mind:

- Change will be delivered more effectively if reward and organisational development specialists work together from the start.

- All proposals need to be subject to a robust equality impact assessment from the start so that no unfortunate consequences emerge further down the line.
- Change will be delivered more quickly and will be more sustainable if it is done via agreement with trade unions and with the support of the workforce more widely.
- Whilst focusing initially on union and wider workforce engagement, councils will also need to be clear about their options if agreement and support are not forthcoming.
- Do we need a policy to deal with the interests of lower-paid staff in the authority?
- Do we use proper market analysis to ensure salary levels are correct?
- Is our job evaluation system fit for purpose?
- Do we carry out regular equality health-checks of our pay structures and systems?
- Do we manage to retain our key staff?

The key questions

At the very least, these are the questions that councils need to ask themselves over the coming months:

- Do we have an adequate workforce plan setting out future demand and how we are going to ensure supply backed up with accurate accessible data?
- Do we have a robust performance management system with the right managerial skills to make it work?
- Should we adopt a total reward approach, including a more flexible approach to rewards for individuals?
- Have any recent changes to terms and conditions resulted in a balanced and sustainable package of benefits for the future or are the results a little bit piecemeal?
- Do we deal with poor performance well enough?
- How can we best incentivise good performance?
- Do we have a remuneration committee or similar system in place to oversee top pay and reward packages?

Some of these questions will of course be very easy to answer in many councils as they will long since have dealt with the issues. However, even if no radical actions are needed it makes sense to debate the issues widely to ensure that the policies in place continue to be fit for purpose.

The LGA Resource Guide for reviews of pay and reward strategies will be published online shortly.

In the meantime, please email your ideas and views to:

Jon Sutcliffe

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