

WORKFORCE FOCUS

TAKING STOCK OF THE LOCAL GOVERNMENT
WORKFORCE – SHARING HR IDEAS FOR
THE FUTURE



FOREWORD

From Cornwall to Carlisle, council staff are working with their communities to deliver the services that matter most to them. Local government is already thinking differently about the provision of public services and the need to address the critical challenges, to ensure public services are fit to secure the best possible future for the people of this country.

In 2018, the Local Government Association (LGA) committed to taking stock of the current state of the local government workforce and identify some immediate priorities to help drive change for the future. We undertook an extensive online consultation, reviewed our available workforce data and talked to Government, professional organisations, senior officers and councillors. Our aim, as confirmed in our consultation was to provide HR professionals in local government with data and ideas to help in local discussions.

To ensure that the ideas coming from this stock take are well-focused, we've taken into account the most urgent issues for councils today: financial pressure, demographic change, technological developments, increased demand, and changing expectations. However, the most important thing is to be able to recruit and retain a workforce with the right skills needed for today's council. Moreover, increasing demand in terms of range and volume of services require that the workforce is productive and motivated; as this document outlines, this is best achieved if people enjoy their work, are well trained and supported, understand what is expected of them and what they can expect from their work.

This report does not discuss the issue of workforce planning directly. It is vital of course that councils work together, and with partners, to understand the demand for services and the consequent future workforce numbers and skills supply needs that they have but that requires detailed local analysis. The strategic priorities discussed here are instead about how local government can get the best from its most important asset: its people.

As we increasingly work in partnership we are determined that our priorities are fit for purpose and remain widely relevant, making links with the health and social care workforce plans¹ being developed by the NHS and Department of Health and Social Care (DHSC). We will engage with issues raised in response to the LGA's own Adult Social Care Green Paper: **The lives we want to lead**. And as our people are intrinsically part of our communities we will connect to the vision for local skills and economic growth through our **Work Local** campaign.

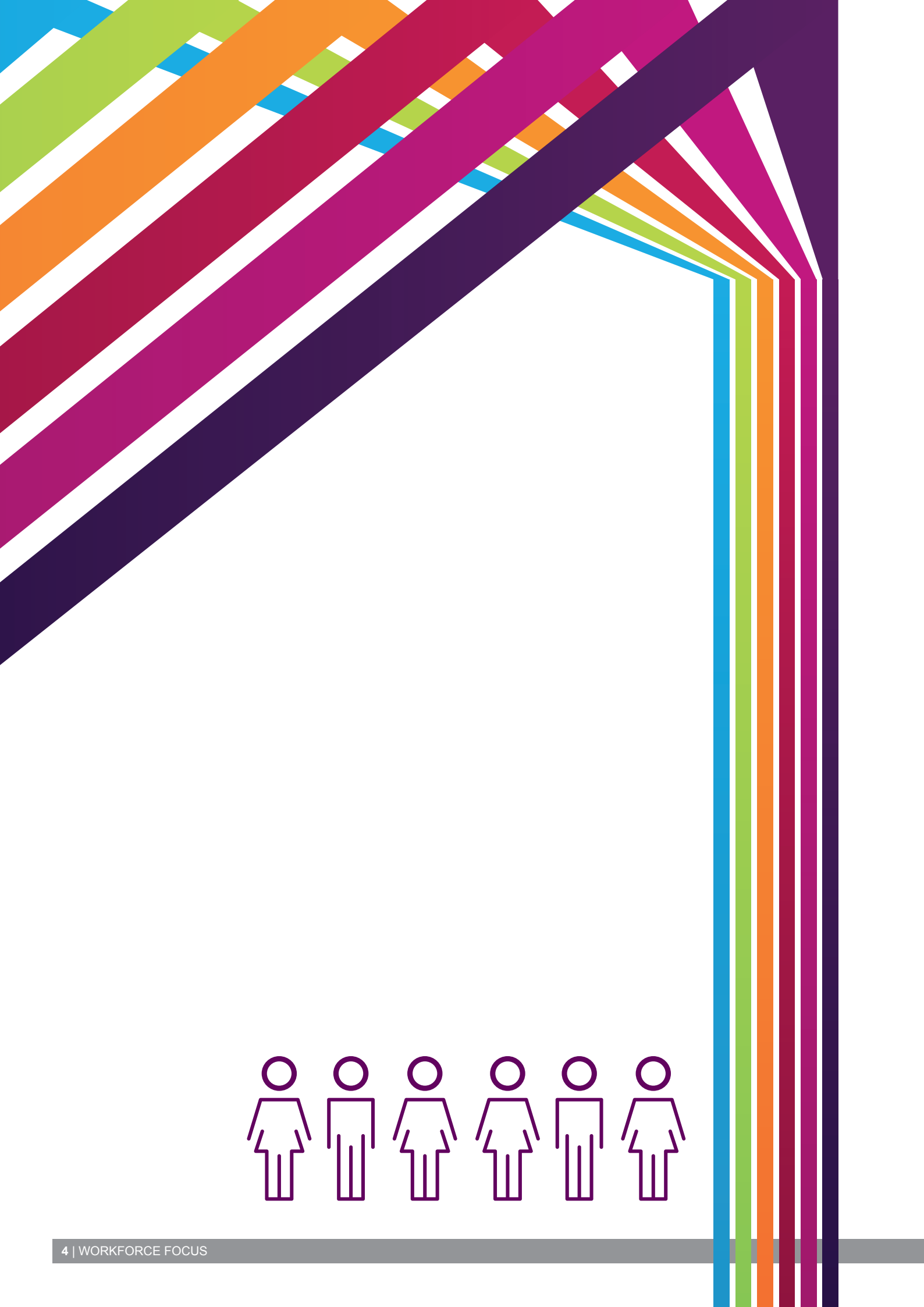
Workforce focus is written with and for the HR profession in local government and we hope will stimulate the debates, innovations and ideas for which we are rightly commended.

Cllr Richard Watts
Chair, LGA Resources Board

¹ <https://www.england.nhs.uk/long-term-plan/>

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INTRODUCTION

Local government needs a suitably skilled, well-motivated and engaged workforce that meets the changing needs of its residents to continue its work through challenging times. The task is considerable with a workforce some 1.4 million strong, with around 800 different occupations and a pay bill of around £22 billion a year. While the numbers are large, the majority of local government staff earn less than the 2018 UK average of £29,588 as identified by the Office for National Statistics (ONS).

Local government also needs to deal with major demographic and social changes and different approaches to the world of work. Added to this general picture, are the specific challenges and opportunities that may arise when the UK leaves the EU and a constant focus on improving and ensuring productivity.

The primary aim of this document is to help senior HR professionals and their teams to develop local action plans for workforce improvement by providing facts and ideas.

SUMMARY FINDINGS

The majority of data in this report come from our most recent workforce survey² covering the year 2016/17 (published 2018). The survey will continue to be a key part of our advice and support offer and will inform national policy discussions. We recommend that the survey is used for benchmarking purposes to inform local discussions as well. Other data comes from ONS and various sources that are identified as necessary.

The summary below includes comparative data from earlier surveys where available to indicate trends.

Some of the key facts that emerge are:

- According to ONS figures, the local government workforce in 2018 was about three-quarters the size it was in 2012 (the earliest readily available comparison) but has about the same balance between full and part-time staff and a very similar gender balance, being overwhelmingly female and part-time.
- Reorganisation of services continues at pace with 61% of councils transferring staff to other organisations under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) and 39% bringing staff in from other organisations, during 2016/17.
- When the National Minimum Wage was introduced in 1998 the lowest local government rate exceeded it by about 23%. This gap was down to less than 1% by 2014. The subsequent introduction of the higher National Living Wage (NLW) has prompted a major reform of the national pay spine. In 2019 the lowest local government rate exceeds the NLW by 10% providing for the ongoing increases expected to the NLW.
- Gender pay gap analysis from 2018 shows that on average women were paid 5% less than men on a median basis in local government; this is better than many sectors but there are considerable variations between councils.
- Three quarters of councils (74%) said their council was experiencing recruitment and retention difficulties in 2016/17. By way of comparison over time, in 2015/16, the figure was 71%, whilst in 2009/10 figure was significantly lower at 52%.

² www.local.gov.uk/local-government-workforce-survey-201617

- The average number of days lost to sickness hardly changed between 2011/12 and 2016/17 at just over eight days per employee.
- The median gross training expenditure per full time equivalent employee in 2016/17 was £144 and just over half (51%) planned to maintain current levels of spending during 2017/18. In 2015/16 by comparison, median expenditure was £159. There has been a pattern of reduction in spending over recent years.
- Local government delivered 11,178 apprenticeship starts in 2017/18 according to Government figures.
- In 2016/17 there was a median average labour turnover rate of 13.4% and a median average vacancy rate of 8.9%. Comparable figures are available for 2009/10 which show a turnover rate of 10% and a vacancy rate of 8%.
- In 2016/17 on average 48.8% of the top 5% of earners were women, 3.7% were black, Asian or from other minority ethnic (BAME) groups and 2.5% had a disability.

A NATIONAL VISION FOR THE WORKFORCE

This report is focused on an analysis of the workforce, the challenges we face and seeks to establish a set of priorities for action. However, in our consultation we also took the opportunity to ask for views on a national vision for the workforce that local government needs to develop over the next 10 years. 95% of respondents agreed that the shared goal should be a workforce that is:

PRODUCTIVE – AFFORDABLE, EFFECTIVE, EFFICIENT, MOTIVATED, FLEXIBLE AND ABLE TO THRIVE IN A DEVELOPING DIGITAL WORLD.

JOINED-UP AND COLLABORATIVE – WORKING IN ADAPTABLE STRUCTURES AND TEAMS THAT ARE PROPERLY INTEGRATED ACROSS ALL THE DIFFERENT ORGANISATIONS PROVIDING SERVICES ON A PARTNERSHIP BASIS.

INVOLVED IN CO-DESIGNING AND CO-CREATING USER-FOCUSED SERVICES – SO THAT THE IDEAS AND EXPERIENCE OF THE PEOPLE MOST INVOLVED IN SERVICES DAY TO DAY CAN BE FULLY UTILISED IN ENSURING THAT THEIR WORK IS FOCUSED ON WHAT USERS REALLY NEED WITHIN BUDGET CONSTRAINTS.

TRULY VALUED AND RESPECTED – SUPPORTED THROUGHOUT THE STAGES OF LIFE AND CAREER AND ABLE TO ENJOY GOOD QUALITY BENEFITS AS WELL AS FAIR PAY.

DIVERSE – REFLECTING THE COMMUNITIES IT SERVES AND MAKING USE OF ALL THE TALENT IN THOSE COMMUNITIES.

To help achieve and sustain this shared vision we recommend that all councils and their partners take steps to ensure that it is taken into account in their local strategic planning.

Together with the Ministry of Housing, Communities and Local Government (MHCLG) we will commit to a programme of improvement work and support to help councils.

THE FIVE KEY PRIORITIES

Based on our detailed assessment, we believe that delivery of the vision means that local government needs to focus on five key priorities which were supported overwhelmingly in our consultation:

- 1. LEADERSHIP THAT IS VISIONARY, AMBITIOUS AND EFFECTIVE:** BUILDING FOR THE FUTURE THROUGH THE DEVELOPMENT OF LEADERSHIP SKILLS AT ALL LEVELS.
- 2. ORGANISATIONAL CHANGE AND DEVELOPMENT THAT IS FOCUSED ON PEOPLE,** THEIR WELLBEING, RESILIENCE AND POTENTIAL.
- 3. SKILLS DEVELOPMENT THAT IS INNOVATIVE AND FOCUSED ON COMBINING ORGANISATIONAL AND INDIVIDUAL NEEDS.**
- 4. IMPROVED RECRUITMENT AND RETENTION OUTCOMES** BASED ON THE USE OF BEST PRACTICE TECHNIQUES AND BROADEST POSSIBLE TALENT POOL.
- 5. PAY AND REWARD SYSTEMS THAT ATTRACT AND RETAIN TALENT,** MOTIVATING AND HELPING PEOPLE THROUGHOUT THEIR CAREERS TO DELIVER PUBLIC SERVICES.

This report looks in turn at each of the five key priorities we have identified, summarising in each case:

- what the key data tell us and an analysis of any dominant current issues
- the results of our consultation
- priorities for action based on evidence
- what we can do to support you.

HEADLINE ACTIONS FROM OUR CONSULTATION

We received 68 responses to our consultation, which asked councils whether they supported each of the five key priorities and then set out a number of potential actions to support each key priority. Respondents were asked to choose their top two or three actions in each case.

We asked respondents to set out the most important elements that local government, with LGA support, should begin to focus on immediately. Two factors really stood out:

- enhanced leadership development programmes at all levels and also across sectors with partners, with a particular focus on change management and performance management
- further development of total reward packages with a focus on flexible packages and competitiveness with other sectors.

Other commonly mentioned issues included:

- the need to develop skills for a digital world context
- ensuring sufficient organisational development capacity and skills to enable effective restructuring
- improving officers' abilities to deal with the political interface with members
- the importance of apprenticeships in providing new routes for recruitment and skills development.

Each of the chapters on the five key priorities includes a more detailed set of suggested actions.

We have included anonymised quotes from consultation respondents in each section of the report. Please note that these quotes are simply illustrative and provide the opinions of individuals taking part in the consultation.

" ORGANISATIONAL DEVELOPMENT – COUNCILS SHOULD REVIEW THEIR INTERNAL STRUCTURES WITH A VIEW TO MAKE THEM LEANER AND PRODUCTIVITY FOCUSED. MORE COLLABORATIVE WORKING WITHIN THE DIFFERENT DEPARTMENTS IS REQUIRED. FOCUS SHOULD BE ON DEVELOPING BOTTOM-UP LEADERSHIP. EMPLOYEES NEED TO BE EMPOWERED TO MAKE DECISIONS AND ALL SHOULD BE HELD ACCOUNTABLE FOR THEIR ACTIONS."

" UPSKILLING THE WORKFORCE – BUDGETS MAY BE AN ISSUE, BUT COUNCILS NEED TO DEVELOP INNOVATIVE WAYS TO OFFER SMARTER AND APPROPRIATE LEARNING AND DEVELOPMENT OPPORTUNITIES TO ALL EMPLOYEES AT ALL LEVELS NOT JUST SOME TARGETED GROUPS. THIS WILL HELP EMPLOYEES WITH CAREER PROGRESSION, JOB SATISFACTION AND COUNCILS IN RETAINING GOOD STAFF"
COUNTY COUNCIL

" I THINK ONE OF THE IMMEDIATE ISSUES IS IN ENGAGING THE WHOLE WORKFORCE IN RECOGNISING AND ADDRESSING THE VOLATILE ENVIRONMENT WE NOW WORK IN AND TO EMBRACE NEW WAYS OF WORKING AND DEVELOPING RESILIENCE. COLLABORATION AND CO-CREATION OF SOLUTIONS IS KEY TO ENSURING THAT CHANGE IS MANAGEABLE AND CAN DELIVER THE EXPECTED OUTCOMES. BUT WE ALSO HAVE TO BE REALISTIC ABOUT WHAT WE CAN ACHIEVE WITH THE RESOURCES WE HAVE." **SHIRE DISTRICT COUNCIL**

BACKGROUND AND CONTEXT

THE SIZE AND SHAPE OF THE WORKFORCE

To help ensure local government has the right workforce in future it is important to take stock of what the workforce looks like at the moment and what the issues are that councils face as employers.

One key piece of overall analysis is the basic size and composition of the local government workforce and how it has changed over time. The table below shows the latest data from the Office of National Statistics' (ONSONS, the earliest available comparable data (2012) and the percentage change. It is interesting that although the number of people directly employed by councils declined by roughly a

quarter between 2012 and 2018, the basic make-up of the workforce has remained fairly consistent, although the reduction in the number of temporary/casual employees seems to be accelerating.

One of the main reasons for the reduction is the increase in employment in academy schools. From Q3 2012 to Q3 2018 academy employment increased from 202,000 to 433,000 (although this figure includes teachers which the figures in the table do not, the trend is clear).

Some of the other changes are undoubtedly due to outsourcing although precise figures are not available. Nevertheless it must be remembered that all the risk of ensuring delivery of services remains with councils.

	Q3 2012	Q3 2018	Percentage change
Headcount:	1,903,000	1,418,800	-25.4%
Full-Time Equivalent (FTE):	1,343,300	1,031,300	-23.2%
Male:	459,900 (24.1%)*	347,700 (24.5%)*	-24.4%
Female:	1,443,100 (75.9%)*	1,071,100 (75.5%)*	-25.8%
Full-time:	867,400 (45.6%)*	663,400 (46.8%)*	-23.5%
Part-time:	1,035,600 (54.4%)*	755,400 (53.2%)*	-27.0%
Permanent:	1,644,600 (86.4%)*	1,256,900 (88.6%)*	-24.7%
Temporary/Casual:	258,400 (13.6%)*	162,000 (11.4%)*	-37.3%

*as a percentage of headcount

Given that the workforce today is essentially a smaller version of what local government had seven years ago, it is important to find ways to ensure engagement, capacity, skills and agility so that a changing range of responsibilities can be delivered. On top of this there are of course many other challenges and opportunities presented by changes in society and the economy. In particular the constant growth in demand for services suggests a need for an ever more productive workforce.

THE IMPACT OF ECONOMIC AND SOCIAL CHANGE

Over the next seven years, local government faces a funding gap of £8 billion. Changes to the financing structure of local government and further uncertainty over social care funding, as well as dramatic demographic changes to the labour market, combine to make strategic planning and managing risks crucial. There is also a sustained drive to bring in service integration and partnership working under various umbrella policies; plus the implications of devolution. With all this pressure, it is clear that public services will continue to transform.

The wider world of work is changing as well. Just a few of the things we are already seeing are:

- demographic change, such as shifts in age and ethnicity profiles
- increases to the state pension age
- evolving consumer needs, including on-demand services and gig economy models
- a workforce that will contain multiple generations from Generation Z to those in their 60s and beyond, with different needs and expectations

- changing technologies, digital services and automation/robotics.

From these shifts, we can anticipate:

- new work environments
- different job opportunities due to a greater use of technology
- cross-disciplinary skills changing professional lives
- growing desire for a better work/life balance
- income uncertainty and managerial complexity for those on atypical contracts
- a more commercial, income generating approach taken by councils.

Our departure from the EU serves in some ways to highlight longer-term issues in our economy and society around skills and productivity. The workforce must be robust and resilient enough to deal with this new climate. Organisations have already been making profound cultural changes but even further change is needed to ensure that the workforce is ready to meet the future.

Productivity continues to be an issue in our discussions with local leaders. Although there have been significant efficiency gains over the last decade and more, there will always be a need to improve business efficiency and therefore productivity even further. There are of course many approaches to improving productivity, including technology and restructuring basic tasks to add greater value. Undoubtedly, maximising the return on employment costs will always be a factor. However, it will be important to focus on making sure the workforce feel more engaged by addressing issues of wellbeing and personal development, as well as making the right investments in technology and processes.

Generally, innovations succeed if people are equipped to make use of them. Improved internal communications, effective sickness absence management and promotion of a proper work/life balance are the next most important contributors to productivity beyond development of leadership and management. Training and development of non-managers, proper team-based working and improved recruitment and retention are also regarded as effective in boosting performance and productivity. Good relationships with trade unions and robust inclusion and equality policies are also important in building the positive workplace environment that maximises effective delivery.

The UK's departure from the EU will bring specific opportunities and risks to different areas. We have been working closely with councils to ensure that Government is aware of both as our exit from the EU is negotiated. In terms of the local government workforce, one key concern emerging is the recruitment of key qualified staff such as social workers. Furthermore, while often not directly employed by councils, the social care workforce is integral to the delivery of care services. 8% of social care staff are non-UK EU citizens and there are already 110,000 vacancies in the sector, so we have liaised with Government about the settled status scheme for EU citizens.

KEY PRIORITY 1: LEADERSHIP

Local government needs leadership that is visionary, ambitious and effective; building for the future through the development of leadership skills at all levels.

VIEWS ON LEADERSHIP IN OUR CONSULTATION ON PRIORITIES

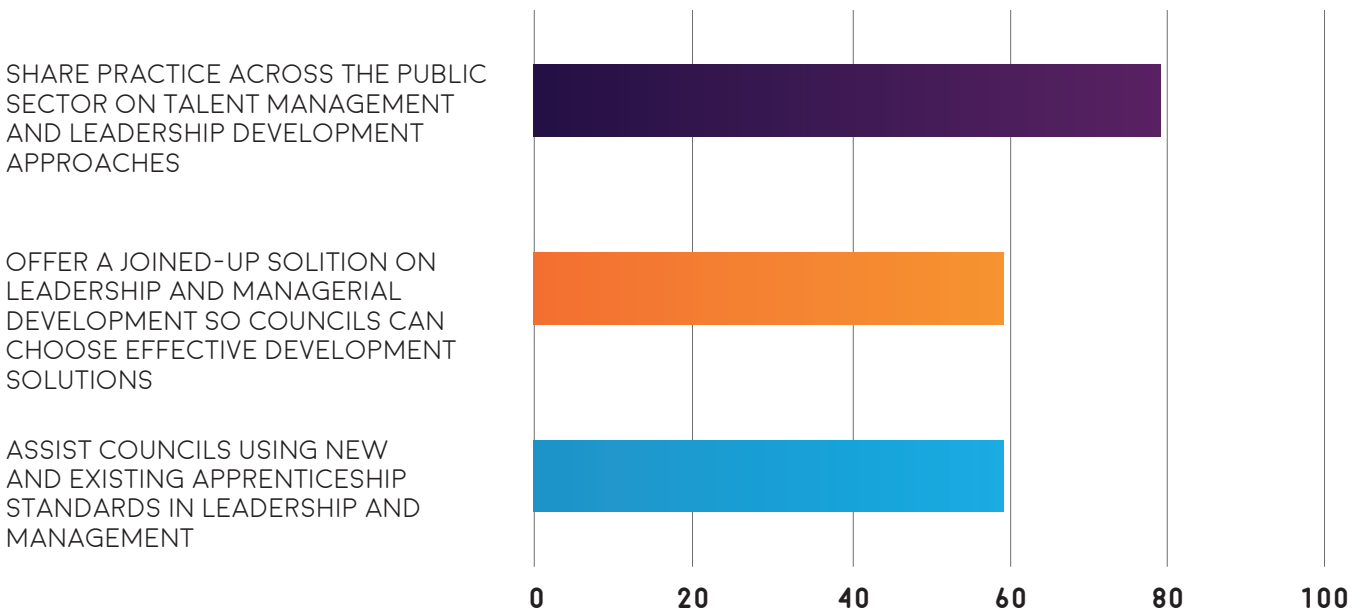
93% OF RESPONDENT COUNCILS AGREED THAT LEADERSHIP IS A KEY PRIORITY.

We set out a series of suggested actions around leadership at a national level. The three actions seen as most important are to:

- continue to offer a cohesive and joined-up solution on leadership and managerial development so that councils are best placed to choose effective development solutions
- work with others to share practice across the public sector on talent management and leadership development approaches
- assist councils using new and existing apprenticeship standards in leadership and management to maximise the return on investment of the levy.

Respondents ranked the suggestions as shown on the chart:

LEADERSHIP ACTIONS (% OF LA RESPONDENTS)



" GROWING OUR OWN AND OFFERING PROGRESSION OPPORTUNITIES INTO LEADERSHIP ROLES IS A KEY ENGAGEMENT TOOL AND A WAY OF RETAINING TALENT. COUNCILS HOWEVER HAVE A SIGNIFICANTLY AGEING WORKFORCE AND SUCCESSION PLANNING, PARTICULARLY IN RESPONSE TO DIVERSIFYING THE POOL OF LEADERSHIP, NEEDS TO INCORPORATE CONSIDERATION OF ATTRACTING YOUNG, FRESH PERSPECTIVES." **METROPOLITAN DISTRICT**

KEY DATA

In October 2018, we conducted a census of chief executives and chief officers which achieved a healthy return of 43%.

The survey looked at the gender balance and ethnicity of the officer groups and an additional question about numbers taking up the different options for pension scheme membership. The number of officers with a disability was also included in the survey but there are some issues with interpretation of the figures and they are not covered in this chapter.

For brevity, we have only reported the figures for chief executives and first tier chief officers across England and Wales in this summary. Appendix 1 includes a more extensive breakdown of the figures by type of authority. Further material will be made available online, including data on lower tier chief officers.

GENDER

Chief executives and first tier managers (numbers by sex)					
Headcount	Male		Female		Total
Chief executives	95	68%	45	32%	140
First tier managers	382	60%	251	40%	633

ETHNICITY

Chief executives and first tier managers (numbers by ethnicity)					
Headcount	White		Other known		Total
Chief executives	118	97%	3	3%	121
First tier managers	517	94%	32	6%	549

The workforce survey also looks regularly at **diversity in leadership** by examining the characteristics of top earners. There has been an apparent increase in the percentage of women in the top 5% of earners – mainly in single and upper tier councils. There is no appreciable change in percentage of people who are black, Asian or from other minority groups and people with disabilities in these top posts.

- in 2016/17 on average 48.8% of the top 5% of earners were women, 3.7% were black, Asian or from other minority ethnic (BAME) groups and 2.5% had a disability;
- by way of comparison, in 2009/10 an average of 40% of the top 5% of earners in councils were women, an average of 2% came from BAME groups and an average of 3% had a disability.

There has clearly been some progress in achieving more female representation in the most senior roles, although we cannot be complacent. And much more remains to be done on widening BAME and disabled representation. We will look further at these issues in due course.

Overall in our analysis of leadership issues, we have found that:

- the rise of digital economies and technological advances pose a new set of challenges and opportunities for 21st century leaders and managers
- as part of their approach to developing skills and capacity across the whole workforce, employers need to ensure that staff at all levels can develop and demonstrate the necessary qualities of leadership.

NEXT STEPS

The following key actions have emerged:

- managing and developing internal talent, especially those with leadership potential at all levels and from all backgrounds, requires a renewed focus with particular emphasis on encouraging diversity
- political and managerial leadership development remains key, with particular emphasis on change and performance management, political relationships and working with partner organisations.

Councils should consider:

introducing cross-organisation processes for identifying staff with potential at all levels and from all background and provide them with development opportunities

- developing leadership exchange programmes with partner organisations
- taking steps to develop common sets of values and behaviours expected of senior officers across partnerships
- ensuring all senior officers undergo regular appraisal and that officers and political leaders take part in development programmes.

To support you, the LGA has:

a range of development programmes, including collaboration with the Society of Local Authority Chief Executives (Solace) on the Total Leadership³ programme and our managerial⁴ and political⁵ leadership.

3 www.solace.org.uk/

4 www.local.gov.uk/our-support/highlighting-managerial-leadership

5 www.local.gov.uk/highlighting-political-leadership-lga-development-offer

KEY PRIORITY 2: ORGANISATIONAL CHANGE AND DEVELOPMENT

Local government needs an approach to organisational change and development that is focused on people, their wellbeing, resilience and potential.

VIEWS OF ORGANISATIONAL CHANGE AND DEVELOPMENT IN OUR CONSULTATION ON PRIORITIES

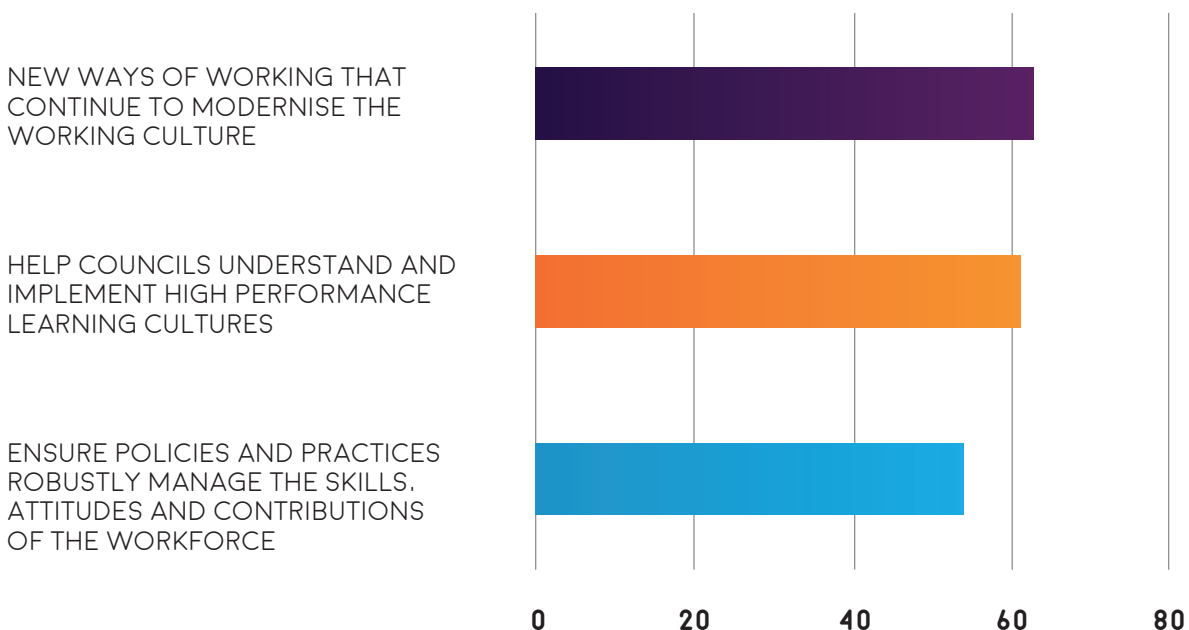
96% OF RESPONDENT COUNCILS AGREED THAT ORGANISATIONAL CHANGE AND DEVELOPMENT IS A KEY PRIORITY.

We set out a series of suggested actions at a national level around organisational change and development. The three actions seen as most important are to:

- support councils to explore new ways of working that continue to modernise the working culture of local government
- help council leaders and HR professionals understand and implement good practice from all sectors to develop high performance and learning cultures in their organisations
- provide a range of tools to support councils in ensuring their workforce policies and processes and employment practices robustly manage the skills, attitudes and contributions of their workforce.

Respondents ranked the top three suggestions as shown on the chart:

ORGANISATIONAL DEVELOPMENT ACTIONS (% OF LA RESPONDENTS)



Respondents reflected a view that the general working culture of local government still demands change. Each organisation will have its own sense of what that culture is and what it should be. We know from many conversations that people tend to want a blame-free culture that is also more entrepreneurial in the sense of encouraging innovation and experiment with rewards for success rather than a fear of failure. Team-based working is a must, as well as greater individual flexibility. This much may be uncontested but how to get there requires thought and planning. There is also some interest in reviewing HR policies and practices.

Two respondents gave the following personal observations:

" ENABLE PEOPLE TO GIVE THEIR BEST THROUGH INTEGRATED IT SYSTEMS, PLEASANT AND FLEXIBLE WORKING ENVIRONMENTS. PEOPLE SEE WORK AS AN ACTIVITY, NOT A PLACE."

UNITARY COUNCIL

" DEVELOP SHARED UNDERSTANDING OF CULTURES AND BENEFITS ACROSS DIFFERENT PUBLIC SECTOR EMPLOYERS."

DISTRICT COUNCIL

KEY DATA

Sickness absence

There has been a marginal reduction in the percentage of potential working days lost to sickness absence monitored through the workforce survey between 2015/16 and 2016/17, although the more straightforward measure of average days lost per full time equivalent (FTE) employee has remained about the same.

Sickness absence levels can be seen as a useful proxy indicator for the wellbeing of staff.

- On average in 2016/17, 4.3% of days were lost due to sickness and 8.7 days per FTE employee.
- By comparison in 2015/16, 4.9% of days were lost due to sickness and 8.8 days per FTE employee.
- The earliest available comparable figures are for 2011/12 when on average 4.2% of days were lost, 8.4 days per FTE employee.
- The most common cause of sickness absence in 2016/17 was 'stress, depression, anxiety, mental health and fatigue' (28.9% of days lost).

Across the whole economy, as a rough comparison the average number of days lost per FTE in 2018 across the whole economy was 4.1.

Flexible working

Flexible working is central to any approach to organisational development designed around helping people to manage their lives better.

90% of respondents to the workforce survey said their council had flexible working available to employees at all levels and across all departments within the organisation, where it is operationally feasible.

Just over half (51%) said their council includes a statement in job adverts to say it is open to discussing flexible working options from day one for example, that there can be flexibility on hours or location, or start and finish times for the right candidate.

Almost six out of 10 (57%) said hiring managers and recruiters are trained in how to answer questions from candidates about flexible working practices during the recruitment process.

TUPE transfers

TUPE transfers, both in and out of a council give a sense of the pace of organisational change and service restructuring. Market failures in social care services can also lead to unplanned inward TUPE transfers if councils take services in-house to stabilise and restructure them.

39% of councils had at least some staff transferred into council employment under the TUPE regulations, and the numbers transferred ranged from zero to 167. The median number of people transferred in was 10.5 based on 42 respondents with transfers. 61% of councils had staff transferred out of the employment of the council to another organisation, and the numbers transferred ranged from zero to 1,129 people. The median number of people transferred out of the employment of the council was 31 based on 72 respondents with outgoing transfers.

The figures for transfers under the TUPE regulations, and in particular for people transferred out of the employment of the council, are substantially affected by transfers of large numbers of employees in a small number of councils.

Integration of services, especially health and social care

The effective integration of a wide range of services is a key driver of organisational change. Here we focus on the national drive to integrate health and care services that has many workforce implications. The LGA had repeatedly called for the Long Term Plan for the NHS to include discussion of the social care context and emphasise the need for a more coordinated approach. However, the published version focused almost exclusively on NHS workforce issues. DHSC and NHS Improvement have indicated that a workforce

plan will be published later in 2019; it is to be hoped that the plan takes full account of the need for social care workforce development coordinated with NHS change.

Social care workforce trends

The vast majority of the adult social care workforce is employed by independent providers but local government has responsibility for delivery of services and therefore a close interest in workforce development. The most authoritative review of potential growth in the adult social care (ASC) workforce is provided by Skills for Care (SfC) in its 'The state of the adult social care sector and workforce' report from September 2018.

SfC uses models based on reliable demographic data on the growth in the number of people aged 65+ and 75+, which have been shown in past periods to have a strong correlation with actual growth in ASC jobs.

With a baseline of 1.6 million ASC jobs in 2017, using the 65+ model, SfC estimates that there would be 2.3 million jobs by 2035, an increase of 40%. The 75+ model implies 2.55 million jobs, an increase of 59%.

The projected number of increased jobs is between 650,000 and 950,000 depending on the model. SfC is open-minded about which projection will be most reliable given that the rate of growth of people aged 75+ will begin to exceed growth in the 65+ population between now and 2035, having previously been about the same.

It is worth noting as well that around 8% of the workforce are of EU/EEA origin and that many post-Brexit scenarios suggest that it will be more difficult to fill posts from this source; in this context it is also important to be aware that vacancies are also running at about eight per cent.

The latest SfC analysis shows also that:

- 25% of the workforce were on a zero-hours contract (335,000 jobs)
- the staff turnover rate was 30.7%
- approximately two thirds of starters were recruited from within the sector
- adult social care has an experienced 'core' of workers. Workers had, on average, just over eight years of experience in the sector
- around 8% of the roles in adult social care are vacant. This gives an average of approximately 110,000 vacancies at any one time
- a fifth of all workers (320,000 jobs) were aged over 55.

Observations on the way forward

The distinctiveness of the NHS and social care workforces should be recognised but to achieve better parity of esteem between them, greater coordination around pay and reward strategies is required at all levels. Key stakeholders including the LGA, NHS Employers, provider bodies, unions etc, should come together to examine the scope for greater coordination of rewards and basic terms and conditions. They could then provide appropriate input to the national group that DHSC and NHS Improvement are establishing to oversee the workforce strategy.

Discussions on pay and reward will be important because a key aim for the NHS in its Long Term Plan is to employ and retain more staff with better rewards and this may have an effect on the ability of councils and social care providers to recruit.

Government should also explore how to amend the modification order so that staff can transfer from NHS to local government and social care providers and vice versa with full continuity of service; this is seen as the major barrier to mobility of staff across the new health and care system. The Long Term Plan acknowledges the need for ease of career transfer across the NHS to aid recruitment but the ambition needs to be across the whole health and care system and the continuity of service issue is very important in this regard.

Better arrangements should be made for exchange of experienced NHS managers with care providers to drive change and engagement, expanding a suggestion made on better leadership exchange within the NHS.

Options should be explored for opening up a jobs portal system similar to the existing NHS Jobs portal for social care employers to aid recruitment. Such a system would make information on attractive social care careers more readily available to people who currently consider careers in the NHS only.

Consideration should be given to adjusting the remit of Health Education England (HEE) so that it has more responsibility for provision of training and development of care staff in integrated environments, properly aligned with SfC which develops qualifications etc. The Long Term Plan acknowledges the need for HEE to do more on developing the current workforce and this is to be welcomed.

There should be a major national recruitment campaign for social care, much larger in scale than the 2018 exercise, to improve the image of local government and morale of existing staff as well as encourage new starters.

Coordinated approaches to career development planning and opportunity at local and national level are needed to encourage retention and integration.

Overall in our analysis of organisational change and development issues, we have found that:

- organisational change continues at pace and councils are taking some steps such as expanding flexible working to help people adapt to change, but more can be done
- councils' understanding of their role has evolved; they are now collaborators and place leaders, rather than simply providing services to communities in a transactional manner
- organisational development (OD) principles are critical to helping councils go through those changes and ensure that they are rolled out in a way that helps the workforce to deliver optimal results, for example through the development of self-managed teams
- OD capacity is limited in many councils
- using OD to address wellbeing and mental health issues can reduce prolonged absences and improve productivity and engagement.

NEXT STEPS

The following key actions have emerged:

- local government needs to ensure that, where appropriate, its workforce development goals are shared and pursued with partners
- there is a need to find ways to help councils develop and access OD capacity
- the basic working culture across local government and its partners needs to constantly evolve and improve with a focus on new ways of working, especially in the new digital world
- further research and sharing of information on best and new practice is very important – the LGA will lead this on behalf of councils
- approaches to flexible working needed to be further refined.

Councils should consider:

- starting or further developing local workforce development groups with key partners; there are already some mechanisms in health and care but it makes sense for councils to lead overarching groups looking at engagement across all delivery partnerships, for example housing and joint approaches with fire and rescue authorities
- identifying an appropriate group to take responsibility for adopting and adapting the national vision for local use; defining the actions needed under the delivery routes of OD, leadership, etc.; engaging internal and external stakeholders, including trade unions, from the outset to develop a clear narrative about their pathway to change

- creating groups of internal facilitators who can work closely with staff, address their anxieties and encourage their ideas, develop or buy-in the right people to communicate clearly with staff and carry out proper scenario planning
- providing training in recruiting for flexible working and clarifying flexible working options in job adverts
- doing their best to take part in recommended surveys and data gathering exercises so that local government can be assured of good quality benchmarking.

To support you, the LGA has:

- engaged with DHSC and NHS England in the development of a workforce vision for the NHS and partner organisations
- worked with Government and the Trade Union Congress through the Public Services Forum, a group chaired by the Minister for Implementation, which brings together public service employers and unions to discuss workforce development
- engaged with the Government Equalities Office, Department for Education and trade unions on relevant issues including successful piloting of return to work programmes for people who left social work for example
- provided recruitment, apprenticeships and industrial relations solutions
- developed a roadmap for change and case studies to support councils
- developed resources to help with working in a digital council⁶

- worked with the Timewise Council⁷ model programme to help councils make best use of modern technology giving people more control over how, when and where they work; reducing council office estate, as well as creating a more agile and adaptable workforce
- developed online resources to help councils ensure workforce resilience⁸ which is one of the key factors in helping employees to thrive as councils change the way they work; LGA members can take up a ‘Resilience at Work’ introductory e-learning module free of charge
- developed a re-organisational design tool⁹ which establishes the number of layers of management that an organisation needs
- carried out a new census of senior officer groups
- continued to work with the Epaycheck¹⁰ pay database to provide access to comparative pay data for matched jobs and regular market reports on key job families.

We will:

- develop specialised training about compassion fatigue, vicarious stress and trauma for people in the caring professions and for those who are exposed to the distress of others; suitable for those working in social services and social care roles, as well as ancillary functions which may involve exposure to distressing material or scenes
- work with the Department of Work and Pensions (DWP) to deliver Disability Confident Leader support to councils to enable more

6 www.local.gov.uk/working-digital-council

7 www.local.gov.uk/timewise-councils-initiative

8 www.local.gov.uk/wellbeing-and-resilience-work

9 www.local.gov.uk/our-support/workforce-and-hr-support/local-government-workforce/creating-performing-organisations

10 www.epaycheck.org.uk/

people with a disability to access work in a digital world

- further develop our annual workforce survey to cover key HR policy developments, as well as accessible benchmark data on key indicators such as sickness absence
- revise the Healthcheck for Employers of Social Workers as well as the Standards for Employers of Social Workers so that they help inform needs and priorities during changing times
- continue to share best practice examples and case studies on wellbeing and inclusion¹¹
- share experience of new projects and initiatives such as health integration in Greater Manchester.

KEY PRIORITY 3: SKILLS DEVELOPMENT

The sector needs an approach to skills development that is truly innovative and focused on combining organisational and individual needs.

VIEWS ON SKILLS DEVELOPMENT IN OUR CONSULTATION ON PRIORITIES

95% OF RESPONDENT COUNCILS AGREED THAT SKILLS DEVELOPMENT IS A KEY PRIORITY.

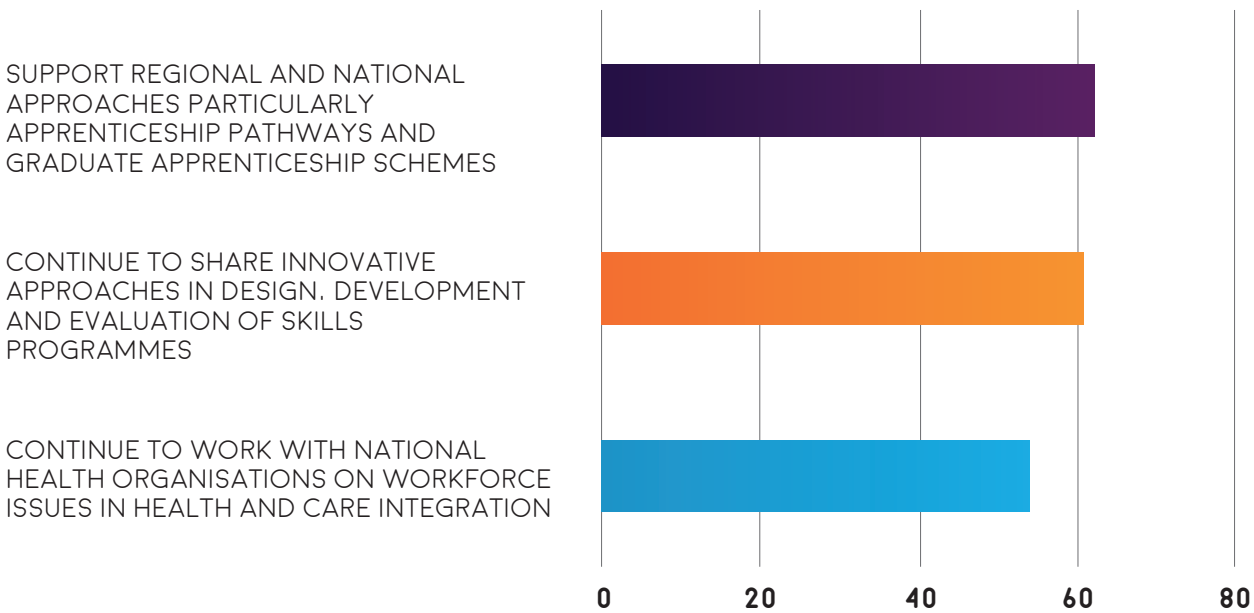
We set out a series of suggested actions at a national level around skills development. The three actions seen as most important are to:

- continue to share innovative approaches in design, development and evaluation of skills programmes
- continue to work with national health organisations on workforce issues in health and care integration
- support regional and national approaches to skills development practice particular in developing apprenticeship pathways and graduate apprenticeship schemes, including offering apprenticeships through our National Graduate Development Programme (NGDP).

¹¹ www.local.gov.uk/wellbeing-and-inclusion

Respondents ranked the suggestions as shown on the chart:

SKILLS DEVELOPMENT ACTIONS (% OF LA RESPONDENTS)



KEY DATA

The 2016/17 workforce survey shows that average **spending on training and development** for employees in respondent councils is lower than for 2015/16 although the sample may affect this; what is clear is that no significant increase in expenditure has been contemplated recently, although around half of councils do intend to maintain current levels of spending.

- In 2016/17 the median gross training expenditure per full time equivalent employee was £144 and just over half (51%) planned to maintain current levels of spending during 2017/18.
- By comparison in 2015/16, median expenditure was £159.

Apprenticeships

As part of the Government’s efforts to meet its pledge of delivering three million apprenticeship starts by 2020, it introduced the following new policies:

- **The Apprenticeship Levy** – a charge of 0.5% of the pay bill for any employer with a pay bill of £3 million or more, including public sector bodies. Funds expire after 24 months if they remain unspent and are returned to Government to be spent on other priorities within the apprenticeship system
- **Public Sector Apprenticeships Target** – each public sector body with a headcount of 250 or more employees is expected to meet a target for apprenticeship starts of

- 2.3% of their headcount each year from 2017/18-2020/21 inclusive, though their performance can be averaged out over the four year period
- **Apprenticeship Standards** – replacing the old Apprenticeship Frameworks and designed to be employer-led and more rigorous

Scale of the challenge for local government

The expansion of apprenticeships was consistently mentioned as a very important issue in our research but there are significant challenges:

The Apprenticeship Levy is estimated to cost local government and its maintained schools up to £600 million per year. Councils will pay around £207 million per year into the Levy but would need to spend up to £400 million in additional costs (procurement, admin, salary etc) to unlock all of this funding.

Local government's share of the Public Sector Apprenticeship Target equates to 31,500 apprenticeship starts each year in English councils – equivalent to hiring the entire fire service each year for four years. Council targets include around 12,000 starts from maintained schools.

- **Performance so far**
Government figures show that local government delivered 11,178 starts in 2017/18, almost double the LGA's estimate of 6,000 for those delivered in 2016/17
- Local government was the only part of the public sector to experience a net fall in headcount (5%) yet still deliver an increase in starts
- We achieved 0.9% of our sector's headcount as apprenticeship starts in

2017/18, below the 2.3% target and the public sector average of 1.4%

- 34 councils met or exceeded their 2.3% target.

Problems and barriers

Many **apprenticeship standards** were not developed when the levy began.

Although some of these have come online during the first 18 months, some key standards for local government, such as social worker and the planning degree-level apprenticeship, are still not ready for delivery, and many schools standards have only recently come online or have not been accepted.

Delivering apprenticeships is new territory for **schools** and they have taken time to show interest. A lack of approved schools standards slowed take up, though there are signs of a modest increase after teaching assistant and school business manager standards were approved. Many maintained schools don't have the resources to take on an apprentice.

Tight resources mean that many councils don't have the ability to properly resource their apprenticeship programmes.

The **Public Sector Apprenticeships Target** does not reflect capacity to deliver, nor does it reflect need and demand.

Procurement processes are time consuming and produce significant delays for councils in securing apprenticeship starts.

The new **20% Off the Job Training** requirement in apprenticeship standards is proving off putting for some middle managers who are fearful of losing staff for the equivalent of a day a week and/or don't have the resources for back-fill.

Issues with **providers**, including inappropriate approaches to schools and a lack of providers in place to deliver new standards.

Recent policy changes

After intensive lobbying by the LGA and others, the Government introduced the ability for levy-paying employers to transfer funds to another employer, conceding that transfers could be made to any number of employers after initially resisting this. From April 2019, levy-payers will be able to transfer up to 25% of funds in this way.

An additional £5 million has been made available for the Institute for Apprenticeships to increase the numbers of apprenticeship standards and speed up the approval process; and a review of the apprenticeship levy and how it would operate from 2020 onwards, has been announced.

The co-investment rate for apprenticeship training (currently paid by any non-levy paying employer wanting to access apprenticeship funding, or a levy-paying employer that has spent all of their levy pot and wants to do more) has been reduced from 10% to 5% with Government paying the remainder.

How is the LGA supporting councils?

The LGA's main support offer¹² is designed to provide advice and guidance, share best practice and develop toolkits for the sector. This support offer includes developing the Maturity Model, a self-assessment tool for councils to benchmark performance and develop their apprenticeship programmes.

Items for review

We are calling for a number of further changes to the way the apprenticeship system works, including:

- using the upcoming levy review to enable local areas to pool levy contributions across local economies
- seeking an extension on the two-year limit (from April 2017) to spend the levy against key standards for local authority workforces
- seeking the power for local areas to use the levy more flexibly to recognise the full costs of apprenticeship programmes and administration including on pre-apprenticeship training, so long as there is a final apprenticeship outcome
- making transparent how much levy underspend there is and that local areas retain the levy underspend rather than handing it over to Whitehall.

In our analysis of skills development issues we have found that:

- budget reductions have forced many councils to focus skills spending on statutory training at the expense of continuing professional development, but they have done their best to focus on areas where there are skills shortages, or when new technology or a new business need is identified
- the key skills gaps are commercial skills (how staff can be more innovative, efficient and commercially focused in their job / service) and digital skills (use of digital solutions/services/technologies), along with managers' ability to manage change and performance
- occupational skill shortages continue to

¹² www.local.gov.uk/apprenticeship-support-programme

be seen in the professional areas of local government such as education, children's and adult social work and the regulatory services such as town planning, as well as corporate areas such IT and finance

- by working across organisational boundaries with health and social care partners, some skills development can be rationalised and afforded through the apprenticeship levy system
- the use of formal off-the-job training programmes continues to decline; this may be inevitable but well-structured programmes are engaging for individuals and can provide value for money
- unless employers ensure that development opportunities are made available to all staff regardless of background, they risk failing to achieve the full potential of the workforce.

NEXT STEPS

The following priorities have emerged:

- cross-sector work to address organisational skills shortages
- making optimum use of apprenticeships at every level and the development of new pathways
- continued innovation in skills programmes with a particular emphasis on digital and commercial skills
- assessing the equalities impact of development programmes
- engaging with all staff to fully understand their development needs.

Councils should consider:

- carrying out a skills mapping exercise to match their job roles to the appropriate apprenticeship standards, identifying opportunities for apprenticeships, for both new and existing staff
- developing a multi-year apprenticeships plan that considers medium-term workforce planning, the public sector target, available levy contributions, expected spend and potential up-skilling or recruitment opportunities
- where possible, putting in place a process to ensure that apprenticeships are considered for all new vacancies
- seeking to run combined formal training programmes with partner organisations where they are needed
- properly evaluating off-the-job programmes, not just at the end of the event, but through engagement with participants at a later stage
- carrying out a formal equality impact assessment of their development programmes.

To support you, the LGA has:

- developed an apprenticeships support package for local government, including guidance and toolkits won support from the Education and Skills Funding Agency to run a pilot programme – the Apprenticeships Accelerator Programme (AAP) – which provides workforce development support to 25 councils. Following a satisfactory evaluation of this pilot, a second phase will be open for up to 40 councils from spring 2019
- produced a film looking at some of the key workforce issues to consider when **undergoing digital transformation**; contributors include our own experts, the Work Foundation, the

British Chamber of Commerce, together with and the experience of councils.

We will:

- follow up our film with a series of focused/ extended interviews – the first will be an extended case study, followed by one on skills, and finally the issues around digital services and productivity
- continue to develop our apprenticeship support programme.

KEY PRIORITY 4: RECRUITMENT AND RETENTION

The sector needs improved recruitment and retention outcomes based on proper planning and use of best practice techniques.

VIEWS ON RECRUITMENT AND RETENTION IN OUR CONSULTATION ON PRIORITIES

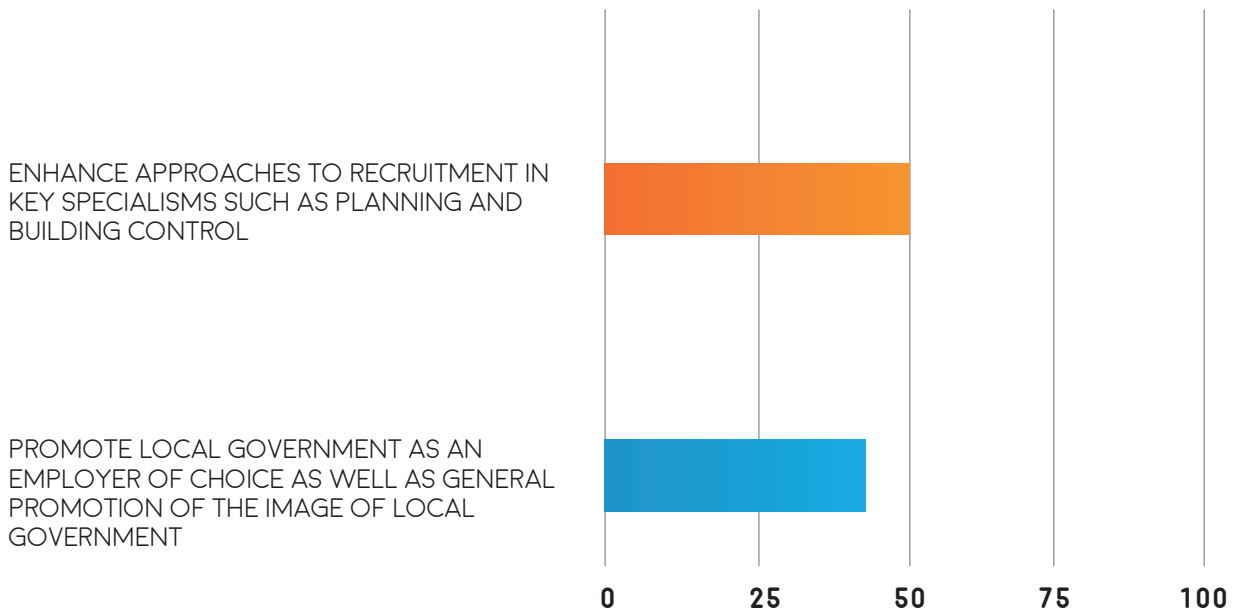
93% OF RESPONDENT COUNCILS AGREED THAT RECRUITMENT AND RETENTION IS A KEY PRIORITY.

We then set out a series of suggested actions at a national level around recruitment and retention. The two actions seen as most important are:

- enhanced approaches to recruitment in key specialisms such as planning and building control
- working with others in promoting local government as an employer of choice as well as general promotion of the image of local government.

Respondents ranked the suggestions as shown on the chart:

RECRUITMENT AND RETENTION PRIORITIES (% OF LA RESPONDENTS)



Although support for the importance of recruitment and retention as a key focus was strong, the scoring for suggested priorities was not as high as in other areas. We will reflect on what else we might need to do and will have further discussions within the sector about this. We will carry out some further research and information sharing on recruitment and retention in key specialisms. We will also look at what more can be done to enhance the image of local government and revisit the discussions around the employer of choice concept.

" IN RELATION TO KEY SPECIALISMS (INCLUDING) ENGINEERING, HIGHWAYS AND CAPITAL DEVELOPMENT PROJECTS AS WELL AS PLANNING AND BUILDING CONTROL (GOOD IDEAS INCLUDE): SHARING GOOD PRACTICE ON RECRUITMENT PRACTICES AND ANY BARRIERS OR ISSUES THAT THIS MAY PRESENT TO RECRUITING THE BEST PEOPLE, INCLUDING HOW TO ATTRACT YOUNG ENTRANTS (GRADUATES AND NON-GRADUATE) , SHARING BEST PRACTICE ON RETENTION OF YOUNGER EMPLOYEES."
SHIRE COUNTY COUNCIL

KEY DATA

Average **vacancy rates** appear to have risen in the last year but there is little change in **turnover**. It is possible that vacancy rates reflect the availability of jobs in other sectors, especially as the survey shows that recruitment and retention difficulties remain high. Market supplements and targeted recruitment campaigns are the most common responses to difficulties. Turnover was lower in 2009/10.

- In 2016/17 there was a median average labour turnover rate of 13.4% and a median average vacancy rate of 8.9%.
- In 2015/16 there was a median average labour turnover rate of 13.2% and a median average vacancy rate of 5.4%.
- Comparable figures are available for 2009/10 which show a turnover rate of 10% and a vacancy rate of 8%.
- Three quarters of councils (74%) said their council was experiencing recruitment and retention difficulties in 2016/17. In 2015/16, the figure was 71% and in 2009/10, the overall figure was significantly lower at 52%.

One in 10 workforce survey respondents noted that their council had a recruitment freeze in place at some point during 2016/17.

In our analysis of recruitment and retention issues we have found that:

- the recruitment and retention difficulties for a variety of professional and specialist roles, including social work, planning and building control, are a core challenge
- there has been some emphasis on recruitment, specifically in recent national programmes and campaigns, especially those led by Government, with a desire to increase supply,

however, attention is also needed on retention as the quality of service delivery can suffer if experienced staff leave – a phenomenon that is especially acute in social work

- councils will need to examine incentives and career opportunities, as well as flexible working and the quality of job design to support and nurture employees
- the development of the so-called 'gig economy' is an important factor in general recruitment – many people value the ability to work flexibly but at the same time councils need to be able to retain people with scarce skills
- the key is to involve people closely in identifying their needs, find realistic ways to address them and create a frame of learning opportunities for employees to develop and follow their passion
- tackling these problems requires a coordinated evaluation of supply issues in education and training, recruitment policies, job design, career structures, rewards, quality of management and leadership. This cannot be achieved without encouraging recruits from diverse backgrounds.

NEXT STEPS

The following priorities have emerged:

- working to develop solutions to endemic recruitment and retention problems in key specialisms and continuing to debate what is needed to solve these in the long term
- working to increase the diversity of the workforce, encouraging people from BAME backgrounds and people with disabilities in particular; it is important councils draw staff from the whole community so they do not miss out on valuable skills

- identifying and addressing the issues leading to retention problems
- matching flexible working offers to the requirements of the people we want to recruit.

Councils should consider:

- looking at the views of potential recruits when designing jobs
- continuing to review their recruitment policies and systems against wider practice
- ensuring they have a greater understanding of retention issues, for example through the use of proper exit interviews
- ensuring that flexible working offers are widely available and well understood
- challenging continued design of jobs where flexible working is “not possible”.

To support you, the LGA has:

- developed an independent health and wellbeing review toolkit¹³ looking at occupational health, sickness management and wellbeing policies which can help improve employee resilience and so aid retention
- been commissioned by the Government Equalities Office to run ‘return to work’ programmes for the following hard-to-recruit professions:
 - two to five years’ career break, cohort 2
 - five to ten years’ career break, cohort 1
 - return to local government, ICT
 - return to local government, planners

- worked with DWP and DHSC to deliver a health, wellbeing and disability summit sharing best practice about healthy and inclusive workplaces where disabled people and people with health conditions can thrive; we are continuing this work with the DWP and DHSC to spread good practice, eg by supporting employer networks and highlighting/signposting information and resources
- worked with DWP to gain “Disability Confident Leader”¹⁴ status; we can now support councils in achieving their leader status and in turn support other employers to change the way that they recruit and retain employees with a disability
- appointed a senior councillor as a national equality and diversity champion to help drive action in this area.

We will:

- aim to gather data nationally so councils can measure their progress on diversity both locally and nationally;
- ensure that all our surveys include good quality monitoring of the diversity of each segment of the workforce covered, starting with our chief executives and chief officers’ census; and
- support action on skills through other projects such as NGDP, apprenticeships and leadership development.

¹³ www.local.gov.uk/wellbeing-and-inclusion

¹⁴ www.local.gov.uk/our-support/workforce-and-hr-support/local-government-workforce/equalities-and-inclusion

KEY PRIORITY 5: PAY AND REWARD

The sector needs pay and reward systems that attract and retain talent, motivating and helping people throughout their careers to deliver world class public services.

VIEWS ON PAY AND REWARD IN OUR CONSULTATION ON PRIORITIES

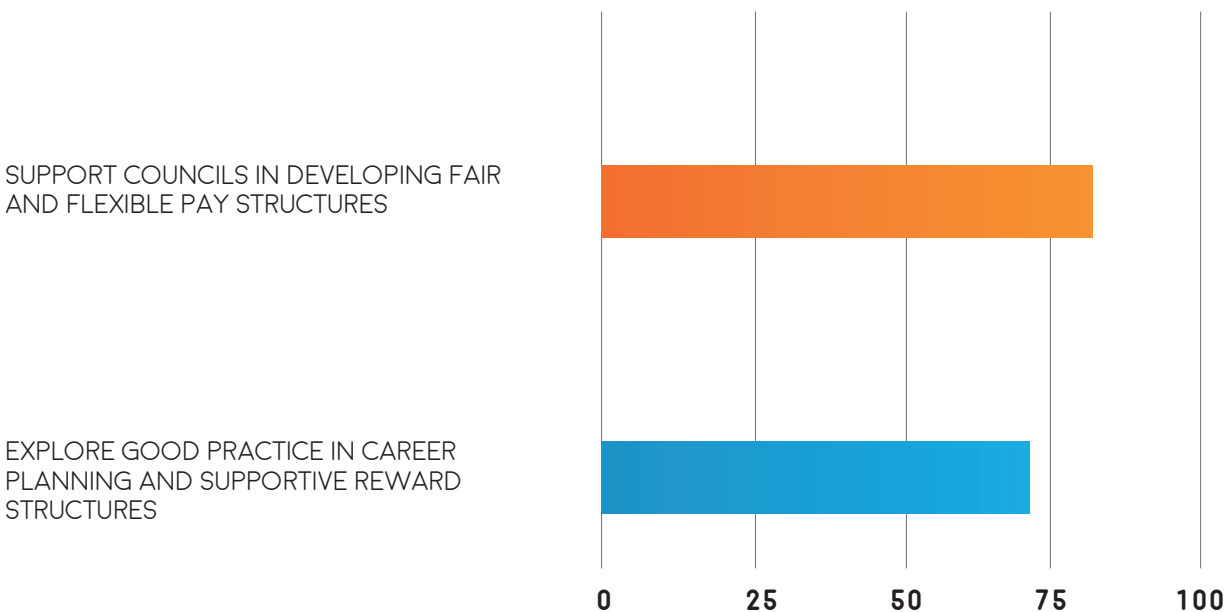
96% OF RESPONDENT COUNCILS AGREED THAT PAY AND REWARD IS A PRIORITY.

We set out a series of suggested actions at a national level around pay and reward. The actions seen as most important are to:

- support councils in developing fair and flexible pay structures
- explore and encourage good practice in supporting staff through better career planning and supportive reward structures.

Respondents ranked the suggestions as shown on the chart:

PAY AND REWARD ACTIONS (% OF LA RESPONDENTS)



Respondents were clear about the importance of developing fair and flexible pay structures that reward individuals and serve organisational needs. There was also support for further work on career planning and rewards that promote wellbeing. Pay structures and career structures are intimately linked of course and when they work well, they serve to improve retention in particular.

" AS A COUNCIL WHO USES NATIONAL PAY SCALES WE NEED TO SEE MORE PARITY ACROSS PAY SCALES BOTH WITHIN THE LOCAL AUTHORITY AREA AND SPREADING WIDER INTO OUR PUBLIC SECTOR PARTNERS. WE SHOULDN'T BE COMPETING WITH EACH OTHER AS WE ARE CURRENTLY." **DISTRICT COUNCIL**

KEY DATA

Pay bill and pay rates for the Local Government Services workforce 2017-18

The Local Government Services (LGS) workforce consists of staff in councils that are opted-in to national pay bargaining and who are part of the LGS bargaining group. The LGS group excludes chief executives, chief officers and other groups such as Soulbury (educational improvement professionals, educational psychologists and young people's/community service managers) and youth and community workers. The LGS group officially includes non-teaching staff in schools but it is difficult to obtain schools data so such staff are usually excluded from any estimates.

With these caveats, data developed in 2017/18 showed that the LGS pay bill excluding staff in schools was some **£11.423 billion**. School-based staff are estimated to add at least 30% to this figure.

There were some 435,835 full-time equivalent staff on LGS terms giving a mean average net earnings figure of **£25,116** in 2017/18. These figures do not include councils in London which have a separate pay spine, higher at all levels than the national spine.

Reform of the national pay spine

The defining national element of the local government reward system is the national pay spine. The spine, which is adjusted through national collective bargaining, contains a number of pay points. The division of the pay spine into grades and the system for progression within and between grades is a matter for individual councils as employers. The pay spine is undergoing major change in 2019 because the introduction of the National Living Wage (NLW) is making some of the lowest pay rates uncompetitive and reducing differentials between grades in most places. There is less of a direct effect in London which already operates a separate pay spine and where many councils had introduced the London 'living wage'.

Effect of the National Living Wage

The national pay spine was already nearly 20 years' old at the time the NLW was announced and had developed some anomalies due to different adjustments for individual pay points over the years. Local grade structures based on the spine and designed to deal with equal pay risks were introduced gradually from 2004. These grades usually allowed for four or five increments and were thus deemed low-risk.

The introduction of the NLW was announced by the then Chancellor, George Osborne, in his July 2015 Budget. He indicated that the target was for the NLW to reach 60% of median hourly earnings by 2020. At the time of the announcement, the forecast for 2020 was £9.35 per hour,

although the most recent Office of Budgetary Responsibility forecast was £8.63. In contrast, the National Minimum Wage, the legal minimum, stood at £4.10 per hour when first in 2002 when the lowest hourly rate in local government was £5.

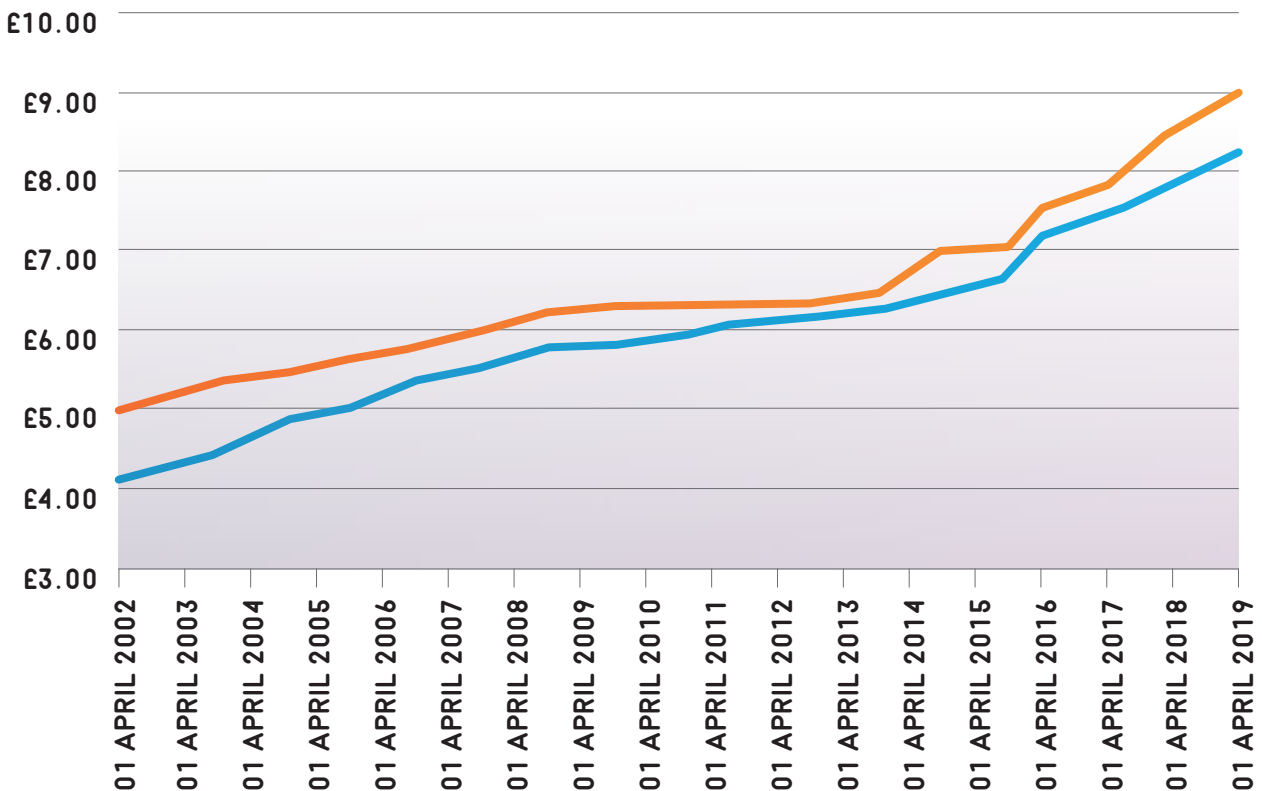
In 2015 the minimum hourly rate on the National Joint Council (NJC) spine was £7.00. That meant that it would have to increase by approximately £2 in five years, if the initial 'target' for the NLW in 2020 of £9 was to be reached. By way of context, the increase from £5 to £7 had been achieved over 13 years. Also it should be noted that when the NMW was introduced in 1998 the lowest NJC rate exceeded it by about 23%. This gap was down to less than 1% by 2014. The chart

illustrates the relationship between the pay spine and the NLW / NMW over time, including the restoration of a differential cushion by April 2019.

There was overwhelming support among councils for restructuring the national pay spine in order to meet the '2020 challenge' and this was achieved in a major deal culminating in the introduction of a partially reformed spine from April 2019.

The introduction of the new pay spine will produce some changes in grading structures for lower-skilled roles and this raises key questions for employers about how they develop career structures and encourage personal reward growth for staff.

LGS MINS PER HOUR VS NMW/NLW



Gender pay gap

The Government introduced a mandatory requirement for all organisations with 250 or more employees to submit certain data on their gender pay gap with a commitment to make the data available publicly. The local government analysis presented here is based on figures for 319 councils as submitted to the Government's gender pay gap service. In the analyses below, councils have not been weighted by workforce size.

Mean gender pay gap¹⁵

- on average, women were paid 6.8% less than men
- the values varied between -14.1% (women were paid more than men) and 31.7%
- women were, on average, paid less than men in 264 councils; in 55 the reverse was true.

Median gender pay gap¹⁶

- on average, women were paid 5% less than men
- the values varied between -50.3% (women were paid more than men) and 34%
- women were, on average, paid less than men in 211 councils; in 25 the pay gap was zero, and in 83 women were paid more than men.

¹⁵ The difference between men's mean pay and women's mean pay expressed as a percentage of men's mean pay

¹⁶ The difference between men's median pay and women's median pay expressed as a percentage of men's median pay

A significant number of councils have a very low pay gap in favour of men and some have a pay gap in favour of women. However, many have a pay gap in favour of men that is well above the average for the sector and they will need to address this.

The following charts show the variation in median pay gap by type of authority and region.

There are some significant variations by type of authority which may suggest that a particular range of services tends to produce the largest pay gap in favour of men. Variations by region are somewhat less marked because the type of council tends to vary by region as well.

Comparisons between sectors¹⁷

- The mean gender pay gap in local government is -6.8% and the median gap is -5%.
- Across the whole economy the mean gap is -12% and the median is -9.7%, so local government compares favourably.
- 78% of all organisations paid men more than women, compared with 66% of councils¹⁸.
- 34% of all organisations had a majority of women in the highest quartile pay band, compared with 62% of councils¹⁹.
- The civil service median gender pay gap was -12.7% in 2017 compared with -5.0% in councils²⁰.

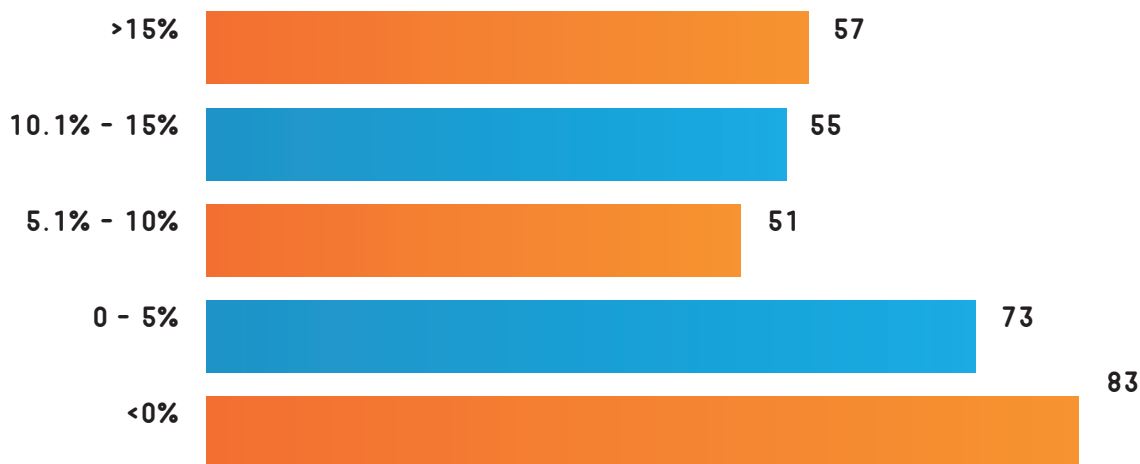
17 These should be treated with a degree of caution as it is difficult to accurately identify employment sectors from the data, and workforces can vary in their composition

18 Based on data submitted as at 6 April 2018

19 Based on data submitted as at 6 April 2018

20 www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/bulletins/civilservicestatistics/2017 (accessed 17/4/18)

DISTRIBUTION OF MEDIAN PAY GAP – NUMBER OF AUTHORITIES



- the NHS mean gender pay gap was around -23%, compared with -6.8% in councils.
- the median gender pay gap in 486 schools/multi-academy trusts was -27.2%, compared with -5.0% in councils²¹.
- the median gender pay gap in 171 housing associations was -8.2%, compared with -5% in councils²².

The ethnicity pay gap

The Government is consulting on proposals to include pay variations by ethnic background in public sector requirements. There are significant issues around the appropriate list of ethnic classifications to use in order to produce meaningful figures without the system being too complicated. The LGA has engaged with Government about the proposals and will provide support to councils as the system develops.

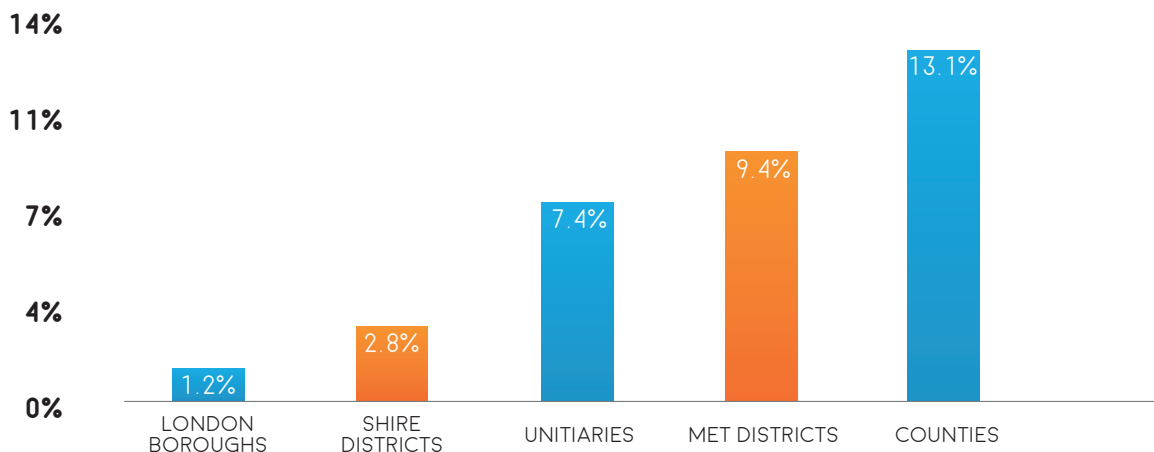
In our analysis of pay and reward issues we have found that:

- the basic pay structure in local government has required considerable reform due to the NLW and the implications of this will continue to be felt and may prompt further changes to reward systems
- above all, careful thought is needed across the sector about how to plan for future pay changes; if shortages continue to develop in specialist roles such as planning and building control, reward packages may be needed that focus on these professional roles; market supplements can only provide a partial solution
- the gender pay gap remains a real issue for local government and will require further action

21 Unpublished LGA analysis

22 Unpublished LGA analysis

MEDIAN PAY GAP BY TYPE OF AUTHORITY



- the challenge of how to manage pay systems effectively to balance affordability, reward for effort and personal income growth is a continuing one; seven out of 10 councils use annual increments, suggesting that most do not think the potential extra costs and equal pay risks of more complex systems are outweighed by gains, or that they do not have the capacity to introduce them
- there is a need for career structures and development opportunities which give proper incentives for people with in-demand skills to come into, and remain in, the workforce
- existing employment benefits, including leave, training and career development are not having a significant impact on motivation and need to be examined as part of a critical appraisal of the overall reward package
- employees want to be provided with good help and support throughout their working lives; councils should look at their whole rewards and benefits package, from the major items like the pension entitlement to smaller offers such as retail vouchers as part of an effort to reward people in a targeted way to help them feel more valued.

NEXT STEPS

The following priorities have emerged:

- further reform of pay structures and systems is needed to make them both fair to individuals (including dealing with the gender pay gap) and relevant to organisational needs
- individuals also need much clearer career structures which demonstrate opportunities and support workforce planning.

Councils should consider:

- taking the opportunity to review their approach to career development in the light of any changes to grading structures they may need to make due to the introduction of the new pay spine for the main local government workforce in 2019, which may require some examination of grade lengths and boundaries
- exploring the use of simple systems for managing progression²³ based on good quality performance management
- focusing greater efforts on developing common career structures across shared services and across the public sector, in particular with the NHS and education providers given that the lack of career opportunities within an individual council can be a problem for people
- adopting relevant aspects of the 21st Century Public Servant²⁴ concept when developing new roles and the careers that go with them, in particular the view that the new public servant must be:
 - a 'municipal entrepreneur', undertaking a wide range of roles

²³ www.local.gov.uk/sites/default/files/documents/research-report-pay-progr-827.pdf

²⁴ www.local.gov.uk/our-support/workforce-and-hr-support/workforce-podcasts/21st-century-public-servant

- capable of engaging with people in a way that expresses their shared humanity and pooled expertise
- recruited and rewarded for generic skills as well as technical expertise
- able to build a career which is fluid across sector and services
- able to combine the public service ethos with an understanding of commerciality
- involved in rethinking public services to enable them to survive an era of constant change and limited funding.

To support you, the LGA has:

- continued to develop our advice and information on pay system development²⁵ for member councils; the team is always happy to visit and discuss issues in more detail
- worked with councils on the gender pay gap, pay spine assimilation, equality-proofing pay systems and job evaluation
- a variety of resources available on the 21st Century Public Servant²⁶.

We will:

- work with the Government Equalities Office on a sector-specific webinar and will develop podcasts and events including a roundtable on the gender pay gap
- develop our thinking on the ethnicity pay gap which is also being highlighted by Government
- establish a national employers' group to examine the use of career grades.

²⁵ www.local.gov.uk/our-support/workforce-and-hr-support/local-government-workforce

²⁶ www.local.gov.uk/our-support/workforce-and-hr-support/workforce-podcasts/21st-century-public-servant

APPENDIX

This appendix provides a more detailed summary of the data collected in the October 2018 survey of chief executives and chief officers broken down by type of council. Data is available also for second and third tier officers as well as officers in other grades defined as chief officers. Apart from statutory chief officers the chief officer group is largely locally defined and basically includes all officers whose terms and conditions are based on the joint national council documents. The full tables are available on the LGA website.

GENDER

Chief executives (numbers by sex)					
Headcount	Male		Female		Total
Counties	10	67%	5	33%	15
London boroughs	4	40%	6	60%	10
Metropolitan districts	5	36%	9	64%	14
Shire districts	56	79%	15	21%	71
Unitaries	20	67%	10	33%	30
England and Wales	95	68%	45	32%	140

First tier managers (numbers by sex)					
Headcount	Male		Female		Total
Counties	51	61%	32	39%	83
London boroughs	37	60%	25	40%	62
Metropolitan districts	66	58%	47	42%	113
Shire districts	139	62%	87	38%	226
Unitaries	89	60%	60	40%	149
England and Wales	382	60%	251	40%	633

The highest representation of women in the sample is in metropolitan districts but the figures are fairly consistent across different types of council.

ETHNICITY

Chief executives (numbers by ethnicity)					
Headcount	White		Other known		Total
Counties	13	100%	0	0%	13
London boroughs	9	100%	0	0%	9
Metropolitan districts	10	100%	0	0%	10
Shire districts	62	95%	3	5%	65
Unitaries	24	100%	0	0%	24
England and Wales	118	97%	3	3%	121

First tier managers (numbers by ethnicity)					
Headcount	White		Other known		Total
Counties	66	91%	7	9%	73
London boroughs	45	89%	5	11%	50
Metropolitan districts	89	96%	4	4%	93
Shire districts	193	93%	15	7%	208
Unitaries	124	99%	1	1%	125
England and Wales	517	94%	32	6%	549

Only 3% of the sample chief executives are from BAME backgrounds. The figure for first tier chief officers is a little better at 6%.

DISABILITY

Chief executives (numbers by disability)					
Headcount	Disabled		Non-disabled		Total
Counties	0	0%	16	100%	16
London boroughs	0	0%	12	100%	12
Metropolitan districts	0	0%	14	100%	14
Shire districts	1	1%	72	99%	73
Unitaries	1	3%	28	97%	29
England and Wales	2	1%	142	99%	144

First tier managers (numbers by disability)					
Headcount	Disabled		Non-disabled		Total
Counties	1	1%	86	99%	87
London boroughs	4	6%	60	94%	64
Metropolitan districts	4	4%	106	96%	110
Shire districts	0	0%	236	100%	236
Unitaries	2	1%	157	99%	159
England and Wales	11	2%	645	98%	656

The best representation of officers with disabilities appears to be for first tier chief officers in London boroughs. However, these figures need to be approached with some caution because in some cases a disability may be undeclared and reported as non-disabled, or the question simply left blank.

LOCAL GOVERNMENT PENSION SCHEME MEMBERSHIP

Chief executives (numbers by LGPS membership)							
Headcount	Full scheme		50/50 scheme		Not in scheme		Total
Counties	11	73%	3	20%	1	7%	15
London boroughs	6	67%	2	22%	1	11%	9
Metropolitan districts	11	79%	2	14%	1	7%	14
Shire districts	62	89%	6	9%	2	3%	70
Unitaries	23	79%	5	17%	1	3%	29
England and Wales	113	82%	18	13%	6	4%	137

First tier managers (numbers by LGPS membership)							
Headcount	Full scheme		50/50 scheme		Not in scheme		Total
Counties	71	83%	5	6%	10	12%	86
London boroughs	52	84%	4	6%	6	10%	62
Metropolitan districts	96	89%	4	4%	8	7%	108
Shire districts	206	99%	2	1%	1	0%	209
Unitaries	139	90%	4	3%	12	8%	155
England and Wales	564	91%	19	3%	37	6%	620

The majority of chief executives and first tier chief officers in the sample are in the full scheme although 13% of chief executives are in the 50/50 scheme and 6% of first tier chief officers are not in the scheme.



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REF 11.170