

## APPENDIX A

# Great People for Growing Places

LGA March 2018

The LGA has identified five key areas which we believe will shape the development of the local government workforce for the foreseeable future:

- **organisational development**
- **skills development**
- **leadership**
- **recruitment and retention**
- **pay and rewards.**

## Vision for the workforce

The LGA's aim is to agree and promote a set of shared priorities and actions to support councils as they continue their work.

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Every local council and combined authority values what makes their place different; their special circumstances and their unique approaches. These unique qualities are reflected in their workforce and the challenges they face. But all councils and combined authorities have one thing in common – they are continuing to develop a workforce that is:

- **productive** – affordable, efficient, motivated, technologically literate and flexible
- **joined up** – properly integrated across all the different organisations providing services, especially in health and social care
- **involved in co-designing and co-creating services** – so that the ideas and experience of the people most involved in services day to day can be fully utilised
- **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 achieve that vision we believe that the sector needs to focus on:

- **great leadership** that is visionary, ambitious and effective and the development of leadership skills at all levels
- **organisational change and development** that is focused on people, their wellbeing and resilience
- **skills development** that is truly innovative and focused on combining organisational and individual needs
- **improved recruitment and retention** outcomes based on proper planning and use of best practice techniques
- **pay and reward** systems that attracts and retains talent, motivating and helping people throughout their careers

Most councils will already be looking at these priorities in different ways. Our main focus at this stage is on the directly employed workforce but we believe that the ideas set out here can be used when working in partnership with other organisations.

There is a range of local responses to the challenges the public sector workforce faces, along with common themes and ideas that we can build and share. The LGA recognises that a ‘one size fits all’ approach to a workforce strategy won’t work but what we can do at a national level is help to refine strategic thinking and work with others to ensure that ideas, thinking, approaches and tools are shared helping to enhance approaches to workforce planning. The LGA’s aim is to agree and promote a set of shared priorities and actions to support councils as they continue their work.

Many individuals including representatives of the Society of Local Authority Chief Executives (SOLACE), the Public Services People Manager’s Association (PPMA) and the LGA’s Chief Executives’ Sounding Board have contributed informal comments during the development of our thinking and we are grateful for their assistance.

## Councils in a changing world

Councils are at the heart of their local areas, improving residents’ lives on a daily basis. They play a unique leadership role in promoting social mobility, fairness and community

cohesion. With democratic responsibility for the communities they serve, they are the only agency which can ensure everyone, wherever they live, has access to the opportunities they deserve and the public services they need.

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With the combined challenges of Brexit, financial pressures and the drive to improve productivity, there is a continued need to reshape and remodel the future of our nation and the future of our public services. From Cornwall to Carlisle, local government staff are working with their communities to deliver the services that matter to them. The sector 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.

Local government needs a system that works for people, not people that work in a system. The challenge is considerable with a workforce some 1.5 million strong, 800 distinct occupations and a pay bill of around £22 billion a year. A modern, enthused and engaged workforce is at the heart of bringing people together at a local level, contributing to the stability they seek in an uncertain world, delivering the core services they need, helping people to help themselves and developing the thriving communities they want, even at a time of great change for our nation.

### **The importance of Brexit**

The Brexit agenda 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 deeper change is needed to ensure that the workforce is excited and ready to meet future challenges.

It is clear that Brexit will bring specific risks as well as opportunities to different localities and there must be continued work to understand the detail and impact of this; the LGA continues to seek submissions from members to better understand what they **expect the local impact to be**. In terms of the local government workforce, one key concern emerging is the recruitment of key specialist staff such as social workers, where there are already recruitment issues irrespective of Brexit.

## What is the sector facing?

Over the next ten years the sector is facing a funding gap in excess of £5 billion, changes to the financing structure of local government and further uncertainty over social care funding, as well as the impact – both the risks and opportunities – of Brexit on the labour market, all of which 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, as well as the implications of devolution. With all this pressure, it is clear that public services will need to continue on its transformation journey.

The world of work is changing as well. Just a few of the things we are already seeing or expect to see in the near future are:

- demographic change and growing diversity
- changes 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, with different needs and expectations
- changing technologies, digital services and automation/robotics.

From these shifts, we can anticipate:

- changing work environments
- cross-disciplinary skills changing professional lives
- growing desire for a better work/life balance
- income uncertainty
- a more commercial, income generating approach taken by councils.

## Direct and indirect workforces

Although our primary focus is on the directly-employed workforce due to the LGA's role as an employer representative body, it is very important to debate and share any vision for the public service workforce across local places, as set out for example in the concept of the **21st Century Public Servant**.

We recognise that many workers are engaged on an agency basis as well as through commissioning or located on a shared service basis; the aim has to be that good practice developed for the directly employed workforce can be shared and further developed with partners.

## **The 21st Century Public Servant**

The concept of the **21st Century Public Servant** has been developed over recent years by the University of Birmingham and has influenced a lot of the LGA's work. Very distinctive language is used, based directly on the thinking of people working in local government, to describe the quite different roles that are needed now and in the future with local people. Briefly, the new breed of public servant:

- is a 'municipal entrepreneur', undertaking a wide range of roles
- engages with citizens in a way that expresses their shared humanity and pooled expertise
- is recruited and rewarded for generic skills as well as technical expertise
- builds a career which is fluid across sectors and services
- combines an ethos of publicness with an understanding of commerciality
- is rethinking public services to enable them to survive an era of 'perma-austerity'
- needs organisations which are fluid and supportive rather than 'siloed' and controlling
- rejects heroic leadership in favour of distributed and collaborative models of leading
- is rooted in a locality which frames a sense of loyalty and identity
- reflects on practice and learns from that of others.

## **People and improved productivity**

There is an urgent need to improve business efficiency and therefore productivity and from our discussions with local leaders, it has emerged as a key priority for them. There are of course many approaches to improving productivity, including technology and restructuring basic tasks to add greater value. Undoubtedly, reducing employment costs will always be a factor. However, it will be important to focus on making sure people feel more engaged by addressing issues of wellbeing and personal development, as well as making the right investments in technology and processes. Generally, innovations will only 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 the 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.

## Key general recommendations

The LGA is encouraging councils to revisit and refresh their local workforce strategy working with partners and focus on joint workforce planning.

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The LGA has set out the current climate and developing challenges for the local government workforce and identified actions for us and our partners to take to help the sector be ready for the future.

The LGA will be developing an approach to help councils focus on actions in priority areas over coming months and years and will be coordinating dialogue and shared learning across the sector. We will also examine what further research is needed to enhance workforce statistics.

In the interim, there are a variety of actions that councils can take to assess how ready their workforce is for the future and meet likely challenges:

- revisit and refresh their local workforce strategy, working with partners, based on the shared visions set out in this document
- focus on joint workforce planning with partners
- participate in our discussions to help ensure we are focusing on the right priorities for action, as set out in the section on assessment of strategic priorities
- continue to be alert to external pressures such as the developing legislative framework, challenges in the local labour market, and the changing demands of resident expectations
- assess the current profile and opinions of the workforce
- develop scenarios for resource prioritisation using the five key themes
- understand, share and learn from best practice.

Councils also need to think about:

- how best to ensure the indirect workforce in outsourced services is able to fulfil its potential
- helping local providers and partner organisations in understanding how to engage their workforces and how the five themes can help in this.

The next ten years present a unique series of challenges and the sector must work collaboratively to achieve real workforce transformation. Together, local government and its partners can ensure that they stand ready to meet the challenges of a changing world.

## Stats on the LG workforce

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### **What do we know about the workforce?**

There are some key national workforce statistics which can help define where the sector is and can help define the issues for local and regional action. For a number of years, the LGA has conducted two regular surveys which have provided a snapshot of the workforce; the workforce survey and the earnings survey. We also make use of key national statistics such as the quarterly public employment survey.

In some cases we have similar data available from 2009/10 (or close to that date) when the last version of a national workforce strategy was produced. We are therefore able to make basic comparisons with the most recent surveys to see what change, if any, has taken place over the years; this is helpful in assessing where the big challenges lie and what has been achieved in the period since 2010. This section looks in some detail at various key statistics including:

- workforce numbers
- the profile of the workforce in pay bands
- sickness absence levels
- labour turnover and vacancies
- recruitment and retention difficulties
- training spend and off-the-job provision
- leadership diversity
- pay bill
- pay rates
- workforce attitudes.

### **Continuing research**

The data used in this summary give a useful national picture of the overall character of the workforce. It is of course extremely important for councils and their partners to look in detail at what their own statistics tell them about the local workforce and to carry out further research if necessary. The LGA will assess the priorities for further national research and look at how this might best be managed.

## Workforce numbers (ONS quarterly employment survey)

Broadly, the figures show that:

- the number of people employed reduced by close to a fifth
- women continue to make up three-quarters of the workforce
- part time workers make up over fifty per cent of the people employed
- temporary and casual employment reduced by a quarter.

The table shows the latest data for 2016, the earliest available comparable data (2012) and the percentage change

|                             | Q3 2012           | Q3 2016           | % change |
|-----------------------------|-------------------|-------------------|----------|
| Headcount:                  | 1,903,000         | 1,570,600         | -17.5    |
| Full-Time Equivalent (FTE): | 1,343,300         | 1,123,700         | -16.3    |
| Male:                       | 459,900 (24.1%)*  | 379,200 (24.1%)*  | -17.5    |
| Female:                     | 1,443,100 (75.9%) | 1,191,400 (75.9%) | -17.4    |
| Full-time:                  | 867,400 (45.6%)   | 721,400 (45.9%)   | -16.8    |
| Part-time:                  | 1,035,600 (54.4%) | 849,200 (54.1%)   | -18.0    |
| Permanent:                  | 1,644,600 (86.4%) | 1,377,100 (87.7%) | -16.2    |
| Temporary/Casual:           | 258,400 (13.6%)   | 193,500 (12.3%)   | -25.1    |

\*as a percentage of headcount

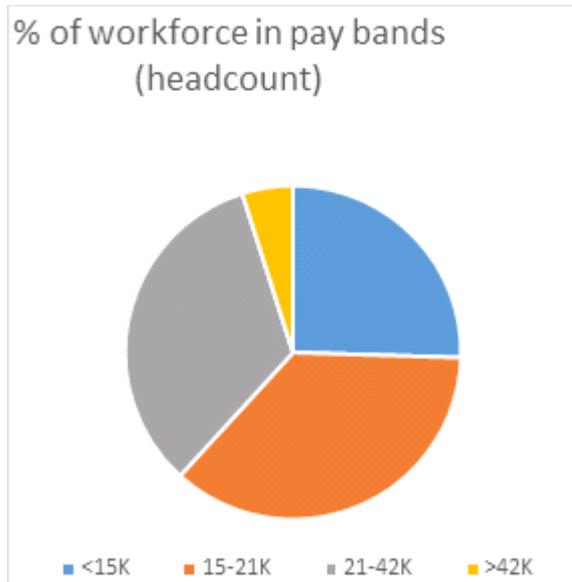
Source: Office for National Statistics quarterly data on local government workforce numbers in England and Wales, which includes non-teaching staff in schools.

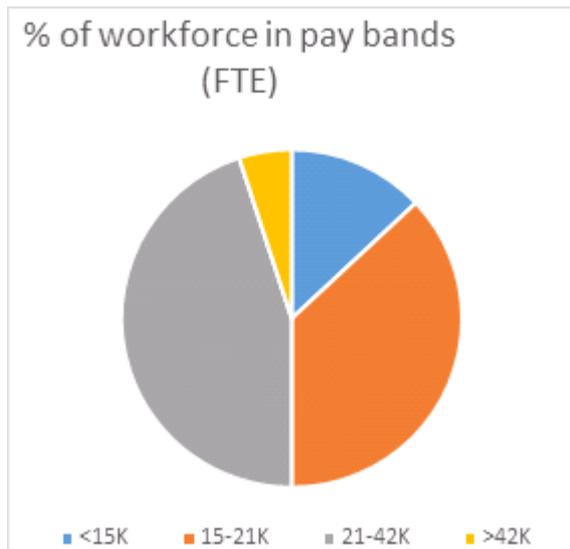
Between 2012 and 2016 the basic makeup of the workforce in terms of gender and full and part-time employees has remained pretty constant. Some of the reduction in numbers is accounted for by outsourcing and academisation.

## Workforce Profile (LGA Earnings Survey)

One of the most important basic characteristics of the workforce is the way in which it is stratified. While a discussion on workforce should not be approached in hierarchical terms, there needs to be a clear sense of the proportions of staff with different skills and capabilities. The charts below

show the distribution of staff in broad informal pay bands (defined nationally).





The numbers illustrated in the charts are as follows:

- 330,010 staff (equivalent to 108,800 full-time employees (FTEs)) earn below £15,000 basic per annum, approximately 26 per cent of the total mainstream local government workforce (or 13 per cent of the total FTE workforce)
- 470,540 staff (equivalent to 321,100 FTE) earn between £15,000 and £21,000 basic per annum, approximately 37 per cent of the total mainstream local government workforce (or 37 per cent of the total FTE workforce)
- 440,060 staff (equivalent to 389,600 FTE) earn between £21,000 per annum and £42,050, approximately 34 per cent of the total mainstream local government workforce (or 45 per cent of the total FTE workforce)
- 48,360 staff (equivalent to 43,060 FTE) earn over £42,050, approximately 5 per cent of the total mainstream local government workforce (or 5 per cent of the total FTE workforce).

Local government provides a huge range of services, reflected in the around 800 distinct occupations in the sector. There is a complex picture with large numbers of employees in lower-skilled and unskilled jobs as well as a significant number of medium to higher-skilled jobs; quite different approaches are needed for each group and any strategy must reflect this. Nevertheless it can be seen for example that it is important to get unskilled staff involved in proper career development and to enhance the skills and capabilities of those with low-medium skill sets if people at all levels are to fulfil their potential. This directly links with one of the key objectives of Matthew Taylor's 2017 report on modern working practices, which argued that all staff including the lower paid should have the opportunity to progress.

One area of progress for local government however is equal pay. The LGA Earnings Survey shows that the local government gender pay gap (based on full-time median basic pay) was zero in 2014/15. It is important to keep monitoring this indicator, especially with statutory reporting requirements now in place.

### **Sickness absence**

On average, 4.9 per cent of days were lost due to sickness, 8.8 days per FTE employee in 2015/16. The earliest available comparable figures are for 2011/12 when on average 4.2 per cent of days were lost, 8.4 days per FTE employee. This suggests that the situation remains fairly constant. The most common cause of sickness absence in 2015/16 was "stress, depression, anxiety, mental health and fatigue" (22.3 per cent of days lost).

### **Labour turnover and vacancies**

There was a median average labour turnover rate of 13.2 per cent and a median average vacancy rate of 5.4 per cent in 2015/16. Comparable figures are available for 2009/10 which show a turnover rate of 10 per cent and a vacancy rate of 8 per cent.

There may be a number of reasons for a change in turnover rates and this rise needs to be looked at in more detail to see whether it is indicating a problem or reflects in-year redundancies; for example, employers could make more use of exit interviews or find ways to improve the information gathered through them.

### **Recruitment and retention difficulties**

71 per cent of councils said that they were experiencing recruitment and retention difficulties in 2015/16 compared with 52 per cent in 2009/10. This change probably masks peaks and troughs over recent years during which many councils have had temporary recruitment freezes. Long-term

recruitment and retention difficulties mean that many key skills may be lacking in organisations.

The main challenges have historically been in children's social work and this continues; 74 per cent of councils have difficulties in 2015/16 and 72 per cent reported difficulties in 2009/10 recruiting in this area.

55 per cent of Shire districts especially report recent difficulties for planning officers so it can be argued that some longstanding and some fairly new issues combine to demonstrate that much more work is needed on stable long-term recruitment and retention policies.

### **Apprenticeships**

In 2015/16 there was a median of 11 apprentices, 10 work experience placements and one graduate placement per council. In 2009 the average number of apprentices was 10, so the intervening years have not brought much net change as yet.

### **Training spend per head and level of off-the-job training**

The average spend per head on training in 2008/09 was £273; in 2015/16 it was £159 which is a considerable real-term cut. The figure represents a potential spend of £175m in 2015/16

On average 0.95 days were spent on off-the-job training per employee, a potential of 1 million training days across local government in 2015/16

### **Leadership diversity**

In 2015/16 on average 45.4 per cent of the top five per cent of earners were women, 4.2 per cent were from BAME groups and 3.1 per cent had a disability.

In 2009 the figures showed an average of 40 per cent of the top five per cent of earners in councils were women, an average of 3 per cent had a disability, and an average of 2 per cent came from BAME groups, a marginal improvement.

By way of a quick comparison with the general population, based on 2011 census, 21 per cent of the working age population identified with an ethnic group other than white British.

### **Pay bill**

The total gross pay bill in England and Wales, which comprises the basic pay bill plus all additional pay elements (which, for example, includes

overtime, shift premium pay, bonus and incentive payments) was £22.2 billion in 2014/15.

### Pay rates

The median FTE gross pay rate for full-time staff was £25,520 and for part-time staff was £17,280 in 2014/15.

### Workforce attitudes

To improve engagement and performance, we need to understand the views and attitudes of the workforce. All councils need to ensure that they make strong efforts to have a dialogue with the workforce and tools are available to help them do this.

Across the workforce as a whole, in 2016 the LGA, working with the PPMA, commissioned the New Local Government Network to carry out a major piece of research called Outside the Box .

One of the questions asked of a sample of employees in the report was about their motivations for working in local government. The answers are shown in the chart below. We can see not just the continued importance of ethos, work/life balance, pensions and even job security (despite recent redundancy programmes) but also the lower importance attached to terms and conditions and career development. It is arguable that this is because expectations are low to begin with and there is therefore a challenge to improve this picture and to deliver long term sustainability both in the current workforce and in attracting the workforce of the future.

