

Workforce Strategy

Report by Gary Fairley Head of Finance and Integrated Service Support

1 Purpose of Report

This report presents a draft of the first Council Workforce Strategy, the purpose of which is to ensure that Midlothian Council continues to have a workforce that is able to deliver positive outcomes for the people of Midlothian. It sets out an approach to supporting, developing and reshaping the workforce now and in the future in response to changes whether as a consequence of national or local issues. It is underpinned by the Council's values and vision.

The report identifies those aspects that require early consideration and sets out recommendations for these.

2 Background

Midlothian Council along with all other Councils in Scotland is required to complete a workforce strategy. Both Audit Scotland and the Council's external auditors will expect to see a workforce strategy that sets out plans for the workforce over the medium term. The Audit Scotland Report 'Local Government in Scotland: Performance and Challenges 2017' reiterates that with reducing budgets and workforce, Councils will find delivering improvements increasingly difficult. It is critical, therefore, that Councils have in place workforce strategies and plans that target effort on priority areas.

Midlothian is the fastest growing council area in Scotland; the Council lead this change with our partners and communities. The finalised Workforce Strategy will help ensure the Council has the right people at the right time and who have the right skills, knowledge and attitude to provide services confidently and competently within this context.

This draft Workforce Strategy is an important stage in outlining the organisation's approach to articulating how workforce issues will be managed to ensure the Council has the people and skills to manage change and deliver service. Together with the finalised workforce strategy there will also be a more detailed Council wide workforce plan, which will set out the actions required to deliver the workforce strategy, and eight service specific workforce plans, which will set out the service specific workforce actions. These are being developed alongside the budget proposals and together will form cohesive plans for the management of workforce issues.

3 **Draft Workforce Strategy**

Appendix 1 sets out the draft workforce strategy and includes the elements identified below:

- a) Foreword, vision and purpose of the workforce strategy
- b) Strategic overview of transformation themes
- c) Midlothian labour market context
- d) Workforce themes:
 - Employee Terms and Conditions
 - Employee performance
 - Recruitment and Retention
 - Reshaping the workforce
 - Health and Social Care integration
 - Expansion of early learning and childcare
 - Building leadership capacity
 - Digital leadership
 - Delivering excellence and talent management
 - Employee relations
 - Midlothian as an equal opportunities employer
 - Managing an ageing workforce
 - Volunteering
- e) Workforce overview and profile of the current workforce

The draft workforce strategy will be finalised over the autumn of 2017 and it is anticipated that it will be presented to Council for final approval in December 2017.

4 **Issues identified for early consideration**

The detailed workforce plan and service workforce plans will ensure that all elements of the workforce strategy are implemented over the proceeding period. However there are aspects of the draft workforce strategy that require early consideration. These aspects relate specifically to managing the anticipated areas of overcapacity within the employee establishment and are detailed below.

There is an immediate need to review the Policy for Organisational Change (Local Government workers) & the Policy for Organisational Restructure (Teachers) to ensure that they support the changes anticipated in the workforce and wherever possible help employees secure suitable alternative employment opportunities and so avoid the need for compulsory redundancies.

The Council must adapt and change its workforce to meet changing needs as well as provide a route to retain talent and skills and secure alternative employment for colleagues in a potential redundancy situation. It is therefore important to have a policy framework which fulfils the Council's legal requirements to try to secure suitable alternative employment within the organisation for employees in a potentially redundancy situation.

However given the expected change in the makeup of the workforce the Council may as a last resort have to resort to redundancies if all other options have been explored and prove fruitless. This approach would ensure the Council can effectively manage any over capacity in its workforce as required.

The review of the Policy for Organisational Change (Local Government workers) will include transitional arrangements for employees who have already been displaced and have not yet secured permanent alternative employment.

Given the projected overspend for the current financial year reported to Council in August 2017 and the future years financial projections set out elsewhere on today's agenda it is imperative that the Council secures a significant reduction in its pay bill and staffing establishment during the remained of the current financial year. The draft workforce strategy gives a breakdown of leavers in the previous year and highlights the relatively low level of natural turnover. This must be taken into account as services are reshaped and highlights the need for early actions to reduce the workforce. Accordingly the Financial Strategy report on today's agenda includes a recommendation, supported by the draft workforce strategy, to operate a Voluntary Severance Early Retirement Scheme (VSER) over the autumn of 2017.

In addition to the interventions set out above, it is proposed to introduce an immediate vacancy freeze across all services. Where there is a continuing need to recruit to specific posts, for example to ensure the continued delivery of key services, any recruitment will be determined as an operational matter by the Corporate Management Team. This is likely to take the following factors into consideration; filling of essential posts, Investing in our workforce commitments, reduced reliance on agency / contractors, the need to fulfil our positive destinations commitments and the effects on employee morale and engagement.

5 Report Implications

5.1 Resource

There will be financial issues which will arise as the workforce is reshaped and the detailed interventions progressed. These are anticipated to be addressed within the existing budgets and or through the utilisation of earmarked reserves to meet costs associated with VSER. Overall the draft workforce strategy and immediate actions set out above are aimed at securing early reductions in the paybill in a planned and effective manner.

5.2 Risk

There are risks associated with the partial / non delivery of the actions contained within the draft workforce strategy. If the actions are not realised then this will have an impact on the workforce of the future and the Council's commitment to achieve the right outcomes with our communities.

There are risks of not managing the workforce and the consequence could include, over or under capacity in service areas, people policies not being implemented, and lack of employees engagement resulting in reduced capacity to deliver on commitments to our communities.

Effective measures to reshape and reduce the workforce are increasingly critical in supporting the Council to manage services within the resources available.

5.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

5.4 Impact on Performance and Outcomes

The draft workforce plan supports employees to be in a position to perform to the standards that are required and to meet the performance outcomes identified in the Midlothian Local Plan and Service Plans. It supports a change in the workforce to ensure future service delivery.

5.5 Adopting a Preventative Approach

The draft workforce strategy will help ensure the Council can continue to have a workforce that supports a preventative approach when working with our communities.

5.6 Involving Communities and Other Stakeholders

Changes to the Policy for Organisational Change and Organisational Restructure Policy will be subject to consultation with the recognised Trade Unions. The recognised Trade Unions will also be consulted on the content of the draft workforce strategy recognising that working in partnership with Trade Unions is an important part of the development and engagement of the workforce.

5.7 Ensuring Equalities

Assessing and responding to equality issues will be a key aspect and taken into consideration when implementing all aspects of the workforce strategy themes. An initial Integrated Impact Assessment (IIA) has been prepared in support of the draft strategy and a comprehensive Equality Impact Assessment will be central to the continued development and delivery the workforce strategies and plans.

5.8 Supporting Sustainable Development

No consideration of this is required.

5.9 IT Issues

No consideration of this is required.

6 Recommendations

The Council is recommended to:-

- a) Note the draft corporate workforce strategy which will be finalised over the autumn of 2017 and which is anticipated to be presented to Council for final approval in December 2017.
- b) Note that the workforce strategy will be supported by a detailed workforce plan and eight service specific workforce plans:
- c) Agree to maintain a commitment of avoiding compulsory redundancies, and approve the revision of the Policy for Organisation Change and Organisational Restructure Policy so as to ensure the Council fulfils its statutory obligations and is able to effectively manage its workforce requirements;
- d) Endorse the implementation of an immediate recruitment freeze as detailed in section 2.3 of this report; and
- e) Note the commitment to consult the recognised Trade Unions on the development and implementation of the finalised workforce strategy.

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Background Papers: