

# the future shape of local authorities' workforces

April 2007

# introduction

1. This report was commissioned from Public Management Solutions by IDeA to gather as much information as possible from Chief Executives and HR Leaders about how they see the future 'shape' of their workforces (particularly the directly employed workforces) changing over the next three years. The report is based on the results of interviews, telephone calls and email questionnaires and responses with 32 Chief Executives and Chief Officers from 26 local authorities selected from all 9 English regions.
2. The interview questions sought to establish what these key stakeholders thought would happen with their workforce over the next three to five years, in terms of:
  - the size and dimensions of their future workforce compared to their current workforce
  - which jobs will remain as directly employed and which externalised
  - where new jobs will be created
  - the types of jobs/areas of work (in comparison to current workforce profile, so what types of jobs will be lost)
  - how far and where they plan to
  - externalise existing jobs/areas of work
  - grow new areas of work/types of jobs
  - set up shared services with other authorities/partners (where, numbers involved, projected job losses, need for new ways of working etc)
  - transfer work to partners organisations
  - re-engineer major services (and what are projected job losses, what type of jobs needed in future etc)
  - make major cost reductions
  - change jobs in some other way
  - nature and size of residual directly employed workforce (e.g. how large, where strategic commissioning function(s), where/what type of new jobs to tackle new challenges etc).

Many of the people we interviewed could not give exact estimates in terms of job numbers, specific changes to jobs and the size of the workforce. Rather this report summarises the likely drivers of change in the authorities we contacted and the potential impact on these authorities' workforces. It is not possible to make definitive statements about the size and shape of the local government workforce based on the limited number of interviews that we undertook. However, this report does highlight trends and seeks to provide illustrations of how some authorities think that their workforce will change over the next three years.

3. This report is structured into three sections. The first section sets out the overall findings from these inquiries, the second section identifies the barriers to gaining information about authorities' future workforce projections and suggests ways in which future research could be conducted to gather better and more in depth information, the third section notes areas which authorities do not appear to be considering in their future workforce projections.

# findings

## workforce strategies

4. All of the authorities interviewed do have a workforce strategy in place, and this strategy does appear to align with the corporate business objectives for the authority. These strategies also do seem to be evidence based, for example, a number of interviewees referred to headcount and other data about risk areas in their workforce e.g. numbers of professional staff employed in regulatory professions (Trading Standards, Environmental Health, Planning, Building Control) retiring over the next three years. However, several interviewees referred to the need to update the strategy in light of the White Paper, the development of Comprehensive Area Assessment, Neighbourhood Working, Children's Services and Adult Services. Several authorities for example, had tasked their Director of Children's Services or other officers to develop a Workforce Strategy for the Area - in effect to start the process of workforce planning with partner agencies (Halton and Tameside) however, this was more of an exception than normal practice. Although many authorities mentioned their plans for further collaborative working and the need to develop shared services, none of these authorities had looked in detail at what this would mean for their workforce strategies.

## hot spots and migration

5. The Chief Executives and senior managers that we interviewed repeatedly outlined the connection between their ability to recruit and retain good staff and the position and well being of their local economy. In parts of the country where the economy is growing rapidly (London, Oxford, Buckinghamshire) authorities are having to think creatively about how they recruit and retain staff or how they can reconfigure their services to need less staff or to outsource to a contractor who draws staff from a different area. Southwark and Westminster have both used contractors based in the North with lower labour costs and where it is easier to recruit good staff. Pearsons who deliver Southwark's customer care services recruit globally bringing staff from all round the world into work in Southwark for periods of 6 months to two years. Some excellent authorities in the north who find it easy to recruit (for example, Bolton) have expanded services to take on work under contract for other authorities. It is likely that these sorts of arrangements will grow, but none of our interviewees expressed any interest in offshoring services as a way around their recruitment and workforce problems. Possibly because of member dislike this is unlikely to develop over the next three years in local government.

## efficiencies

6. Nearly all of the authorities interviewed expect that the need to make larger efficiency savings as a result of CSR2007 will impact on the size and shape of their future workforce. However, the impact of efficiencies is anticipated to have more impact on some types of authorities than others. The bigger metropolitan cities and core cities for example, see other factors driving changes to their workforce size and shape. The Counties and particularly many of the District Councils anticipate that the need to make efficiencies will push them into further collaboration and shared services with other tiers and other neighbouring authorities. One example of collaboration has been piloted by Worcester Council who have agreed with partners and all council services, just one benefits assessment process, thus releasing resources and avoiding duplication of information. In general most of the Chief Executives that we spoke to are aware of such opportunities and the advantages outlined in the Varney Review, but are not yet actively pursuing efficiencies through access channel change and other methods or improving productivity. We noted that Districts and Counties seemed particularly concerned with the need to obtain efficiencies, they may be particularly sensitised to this driver of change because they have been asked to become pathfinders for enhanced two tier working, or because parts of their areas are subject to bids for Unitary status. Since the government's criteria for selecting both two tier working pathfinders and unitary authorities has emphasised the need to release efficiency savings, it is hardly surprising that this is reflected in these authorities' thoughts. The core cities and metropolitan authorities aren't impacted by the unitary/two tier debate so it may explain why the drive for efficiencies is less reflected in their thinking about future workforce needs.
7. A brief review of the 26 bids for Unitary status shows that all are predicated on making substantial efficiencies. All of these have been quantified and add up to well over £200 million. In the main these efficiencies are expected to be released through re-engineering back office and support services. Interestingly few of these bids anticipate major outsourcing or strategic partnering as one way to obtain these efficiencies. Rather they assume that re-engineering will be managed in house, and that efficiencies can be realised and redirected to protecting front line services such as education and social care services.

8. A note of caution needs to be sounded here, however. Anecdotal evidence from the authorities interviewed in this project and from personal experience from other consultancy assignments suggests that very few authorities have managed to realise the savings that they had anticipated when embarking on workflow process mapping and service redesign. This has been because most mapping and redesign work has been undertaken to establish new customer front office arrangements, so relatively little attention has then been given to re-engineering the professional departments, and secondly, often setting up new front office arrangements has uncovered previously unmet demand for services, which has tended to suck up any savings released through the process of implementing new arrangements. The few authorities who have managed to release substantial savings through re-engineering their back office functions have done this in conjunction with outsource contractors or strategic partners.

### support service savings

9. The senior managers interviewed for this project pretty much agreed that they would be looking for substantial efficiency savings from their support services, specifically HR, Training and Development, ICT, Exchequer Services, Transport and Property and Facilities Management. A number of authorities are seeking to recentralise previously devolved support service arrangements. This is seen as a first step towards either establishing an in-authority Shared Support Services Bureau arrangement, or in preparing for potentially outsourcing all transactional elements of shared services or as a first stage in developing shared services across authorities or tiers. Key issues that concern the respective authorities undertaking this work include:
- the need to develop more customer responsive support services particularly if operated in a central shared service bureau or through outsourced or shared service arrangements. This is seen as a critical issue in terms of support services for schools, where the development of Foundation status and increased independence, means that schools may well choose to buy support services elsewhere, which would often leave the rest of the Council's support service arrangements under threat, or at least less economic to provide.
  - likely overall decline in the number of staff directly employed by councils to provide support services. But Councils are concerned to ensure that they retain sufficient strategic expertise in each support service area to ensure that the Council can continue to plan effectively and to provide effective client arrangements.

In terms of the local authority workforce this is likely to mean considerably fewer directly employed staff in corporate support services, but those that are retained are likely to be in strategic (and therefore better paid roles).

- significant issues in trying to realise cost savings of setting up centralised support service arrangements or in developing shared services with other authorities as often jobs are carried out by only part of a member of staff in a department. It is difficult to release a saving in this case, and most times staff in departments just get given other tasks to bring their workload back up to that of a full time employee, thus frustrating attempts to release efficiencies.
- potential problems in driving transformation efforts within each council when key HR and ICT staff for example, may be being outsourced or moved into shared service arrangements.

### shared services

10. Most Counties in two tier areas are discussing with their District Council colleagues the potential for collaborating and delivering shared services across a county geographical area. Some of these discussions have already started to bear fruit, for example, Warwickshire and its districts already have shared web site arrangements and a shared ICT platform and are now looking to develop shared customer access arrangements (a joint County - District One stop shop has been piloted with North Warwickshire District council). But in some County areas discussions have been held but to date have not delivered much in terms of shared services. The point is though that all of these authorities do expect to develop further shared services across tiers over the next three years with implications for the employment status of a range of staff.
11. Where shared services have been developed successfully often they have been developed incrementally where a real business need can be met. A number of councils have for example developed shared Building Control arrangements as a way of overcoming the difficulties that they face in recruiting and retaining Building Control staff, (e.g. Dorset CC and its Districts, and the Warwickshire Districts). Similarly there seem to be more examples of where Districts have managed to agree collaborative arrangements with other Districts (e.g. around sharing Legal Services, or Audit Services) rather than entering mass collaborative arrangements with all authorities in a county area. It seems that this will continue to be the pattern for developing emerging collaborative arrangements for the next three years, unless the government were to ratchet up the

pressures on counties and districts to collaborate. Nevertheless some Counties do have more ambitious plans. One county, for example has proposed in an internal paper, establishing a series of Shared Service Boards to sit under the County wide Public Services Board (which has just been established). These Boards would provide the governance and oversight arrangements for a series of county wide shared service delivery operations, this follows an already established successful model for shared e services and web site arrangements across the County. However, the Districts have yet to be won over to these arrangements. A number of the County Councils noted in discussion that often the efficiency savings that can be delivered through shared services often fall to the Districts, and the County gets relatively small savings.

12. At District and County level most CEs and senior managers that we spoke to signalled that they would be looking at shared services for:

- HR and payroll
- training
- ICT and support
- revenues collection and benefits
- planning and building control services
- waste collection and disposal.

Counties in particular wanted to look at the service areas where there seemed most potential for generating significant savings. Districts tended to be more interested in service areas with little public visibility, and where they were struggling to provide the service.

13. Collaboration across the metropolitan authorities and London Boroughs is also developing. The Association of Greater Manchester Authorities (AGMA) for example, act as a secretariat for a number of shared service arrangements between the 10 AGMA members. The AGMA authorities are probably furthest ahead in developing shared services, they have already developed collaborative arrangements for:

- out of authority placements for children and young people
- education brokerage for supply staff
- computer audit
- recruitment advertising
- legal services

14. A second wave of shared service projects were developed through 2006 for:

- agency staff procurement
- on line recruitment
- revenues and benefits (but this has now been dropped after a failure to reach agreement, primarily because of different ICT platforms and contractual arrangements between the AGMA authorities)
- construction materials procurement
- procurement of adult social care (focussing on high cost, high volume adult care placements)
- public protection
- waste collection
- ICT/e-government
- vehicles management and maintenance
- local authority procurement

15. What is interesting from the perspective of workforce development, is that many of these 'shared services' actually involve very few staff, primarily they are about aggregating demand and procuring services from the private sector. Where shared services have significant staffing implications these projects seem to move forward less quickly, or indeed get dropped. Secondly it is noticeable that many of the services which have already been set up as shared services involve new service areas, and generate few if any savings. Where staff are involved then most of the shared service arrangements have led to staff being seconded to the new arrangements.

16. In February 2006 the AGMA Collaborative Services Group reviewed their experiences on working on Joint Service Delivery. Some of the issues they noted were the problem of pace of delivery, the need to get more effective proactive and timely responses from councils, the difficulties of project managing the development of shared services across 10 member authorities, the difficulties of achieving efficiencies for all councils from an early date, and the difficulties that many elected members had with agreeing to share services. Based on these lessons learned, priorities for further potential collaboration were identified. It is worth highlighting these as they do indicate where shared service delivery may develop for other authorities. The process for selecting priorities for shared services was based upon whether one or more of the following principles or criteria applied:

- a services that are limited by resources constraints i.e. difficulties in recruiting or retaining staff
  - b services that could be improved by pooling resources, sharing expertise or achieving economies of scale
  - c services that cannot be sustained economically or effectively by individual authorities
  - d services that require external support
  - e services that are able to trade and generate income
  - f services that have the scope to manage the market
  - g new areas of work or tasks that are required to be undertaken by all authorities.
17. A number of Councils which have so far resisted outsourcing any service delivery are looking favourably at developing shared services. A northern metropolitan authority for example is considering whether instead of market testing its City Services function when the contract with the current in house provider finishes in 2008, it should instead seek to develop a Shared Services offer with the other nearby authorities. However, what seems clear is that whilst many authorities are predicting that more of their services will be delivered through collaborative arrangements over the next three to five years, this may involve less change to the shape of the workforce than senior managers are currently predicting. Partly this is because of the long time it takes to set up many collaborative arrangements, partly its because of the types of services where shared services may work. However, the government (who have the benefit of seeing much larger shared service arrangements being set up (in the NHS, the Prisons Service and the MOD and Armed Services for example) may decide to push the pace within local government. To date most of the shared service arrangements that have been successfully established in local government are not large enough to really generate efficiencies of the scale that the government may expect.
18. One other trend that may impact on the shape of the local government workforce over the next few years, may be the development of shared services with other partners. Certainly several Counties mentioned the possibility of developing shared services with the PCT or local Police authority. One southern county for example, have been talking to their local PCT about joint commissioning and delivery arrangements. Another county is seeking to weave Job Centre Plus into their shared customer access points. They are also seeking to develop a shared back office solution with local police service (this may then be extended to other authorities in the County), they are also discussing establishing a shared public sector training academy with their local University to provide all public

sector training required across the county. To date, however, few examples of this sort of approach to shared services have been delivered.

## outsourcing and strategic partnering

19. Most of the Chief Executives that we talked to have already encouraged a range of outsourcing and strategic partnering projects for different combinations of services. Some had plans for further radical outsourcing. One county, for example have commissioned KPMG to establish how they could make further efficiency savings (they are currently in the middle of a financially driven reorganisation of their secondary school system, for example, and have also established a strategic partnership with private sector provider to deliver their Finance, HR and ICT services). This county has also established a shared service arrangement with the other councils in the county to deliver legal services, and as part of its long term cost reduction programme has recently started to look for an outsource partner to take over its residential homes for older people. KPMG have advised the Council on how it can reduce its non teaching workforce to just 750 posts, through a combination of outsourcing, developing further shared service delivery and procuring services from the third sector. Essentially what would remain within the Council after a three year implementation programme would be a strategic core, commissioning and procurement, contract monitoring, democratic services and customer intelligence, consultation and engagement.
20. No other Councils interviewed for this project are contemplating such a radical shift in the size and shape of their workforce, however, most larger authorities are likely to continue to outsource parts of their service delivery. This is likely to follow a similar pattern to the outsourcing of services over the last five years. Outsourcing will continue to be used to achieve efficiencies whilst strategic partnering will be used to bring in investment and new techniques in support services in ICT, Exchequer and Benefits Services, other Financial Services, HR, Facilities Management and for customer contact services. However, it is likely to be the smaller authorities (Districts) or authorities which have changed political control which will make up the bulk of such outsourcing arrangements over the next three years, in part this reflects the relative maturity of the market, with most of the bigger authorities already having established some sort of outsourcing or strategic partnering arrangements. Some of the District Councils who may be considering strategic partnerships may well find that they are too small to be of interest to private companies. One district for example, was interested in establishing a

strategic partnership to deliver its new contact centre and customer service arrangements, but ended up developing a shared service with the County in part in recognition of this fact. Districts may find that they have to aggregate demand by joining with other districts to jointly procure an outsourcing arrangement.

21. Authorities seeking to develop strategic partnerships are likely to find this harder over the next three years. This is a reflection that many private sector companies who were interested in developing such partnerships, usually did so as a way of entering the market e.g. BT in Liverpool, Pearsons in Southwark, Mouchel Parkman providing education services through a strategic partnership with North East Lincs. Where there are other companies still seeking to enter the local government market, new strategic partnerships may be possible, or where authorities are seeking a partnership to deliver new services or to deliver services which have not formerly been subject to market testing. However, the relative maturity of the market means that increasingly even where contracts are described as strategic partnerships and are based on some degree of shared risk, they will be more likely characterised as outsourcing arrangements.

22. In terms of the workforce implications of this, the local authority chief executives and managers we spoke to as part of this project will be seeking to TUPE staff into new arrangements, wherever possible. This reflects their desire to reduce headcount, to meet efficiency targets and where possible to reduce ongoing pension commitments. However, private sector contractors are increasingly wary of bidding for work where there are constraints around staffing arrangements. One county found that when they tried to outsource parts of their supports services two years ago, there was little interest because of the outstanding equal value pay claims which the contractor might end up facing as a result of the late implementation of the single status pay agreement.

23. Three areas where a number of the chief executives and managers we spoke to predicted further development of outsourcing and partnering over the next three years were:

- social care services for adults (specifically for residential homes for the elderly, day care and meals on wheels services), additionally most respondents recognised that the move to individual budgets for older people who needed social care, would lead to the development of new personalised services, which would likely be provided by voluntary organisations and social enterprises.
- education support services (and for authorities with poor educational achievement delivery of the entire education service)
- planning and regulatory services - where recruitment difficulties and difficulties in meeting performance targets, may force some authorities into outsourcing.

### education and children's services

24. Most of the Unitary/County authorities that we talked to for this project anticipate less ability to influence the directly employed education and children's service workforce over the next three years. The impact of the remodelled schools workforce is seen as an example of how staff can become more productive in other areas of council service delivery. Other workforce development issues noted with regard to children's services staff, included:

- the need to increase the supply of foster carers and increasing competition in this regard from social and voluntary sector organisations, and the implications for payment rates
- the need to recruit more foster carers from diverse backgrounds, and a need to ensure that those recruited had opportunities to develop their skill
- the workforce implications of moving to extended schools, in terms of often having staff on different pay and conditions and often different employers and cultural and organisational expectations present on one site. Chief executives also noted implications in terms of longer hours of operation and the need to develop more flexible work patterns amongst teaching and non teaching staff in order to maximise these opportunities
- implications of having different groups of children present on school sites after normal school hours e.g. NEATs (people from 16 to 24 'not in employment or accredited training'), and implications for staffing levels, supervision, maintenance, insurance and hours of operation.

- the development of the integrated qualifications framework may help in developing new career pathways, which in turn may help to recruit, develop and retain staff. This is seen as particularly important in authorities with a large number of teaching staff due to retire in the next three years. (It has been estimated that just to replace retiring teachers will require 12per cent of all UK graduates to enter the teaching profession).
- the move to multi disciplinary (and multi agency) teams is likely to increase low level pay and conditions disputes, and in some areas could lead to significant equal pay - equal value challenges.
- the cultural and management issues involved in moving to multi disciplinary working will need to be planned for.

25. Despite these points raised most interviewees seemed to think that they would have little influence over the children's workforce over the next three years, and would be unlikely to be able to improve productivity in these areas (the government was seen as the main driver of change for this workforce). As one CE noted 'Basically I will need to focus on the non children's services workforce as this is the area which I can influence in terms of achieving efficiencies and raising productivity'. That said several respondents mentioned that they were concerned that in developing their children's workforce plan they had started to engage with partner agencies, but had made little progress in engaging with voluntary and private sector groups with employees working with children.

26. One area where few respondents had made much progress was in integrating youth and children's workers, this seemed to be because of differences in culture, pay and conditions and often philosophy. A few authorities have made progress in this area, e.g. Bolton Council.

## adults services workforce

27. Most of the Chief Executives that we interviewed recognised that they needed to develop a new vision for adult social care within a community wellbeing framework, but not all had yet done so. Some authorities are much further on in thinking about reshaped Adult Services and the implications for the workforce. Authorities such as Manchester and West Sussex, who were pathfinders for developing direct payments to adults assessed as needing care and assistance, have developed their thinking furthest. These pathfinders have shown that when older people have choice and control over which services they access, the pattern of service delivery requested can be very different from that provided or commissioned by social care professionals. The West Sussex pilot showed that older people often sought care and support from friends and family (with implications about how to manage services, assure standards and supply amongst volunteer deliverers). The Manchester pilot led to the development of completely new forms of care often provided through new co-operatives or social enterprises or voluntary organisations.

28. The senior managers that we spoke to for this project felt that they had still to get to grips with what these changes might mean for how they thought about managing and developing their workforce, or the potential impact of new service delivery vehicles on existing council run services.
29. Several of the authorities that we spoke to had made joint appointments for Directors of Public Health with their local PCT, and they anticipated making further joint appointments over the next three years. However, others had put plans on ice because of the disruption caused by PCT reorganisation and then budget difficulties.
30. Interestingly, few of the authorities who have bid for unitary status have said much in their bids about how they will work with local PCTs. It is also worth noting that the authorities bidding for unitary status may well face difficulties in recruiting senior staff for adult social care services - if bids are accepted as they stand there will be more authorities who require Directors and Assistant Directors of Childrens and Adult Services, at a time when most search and selection companies have been reporting difficulties in obtaining quality candidates for such jobs.
31. One CE raised his concerns about how budget pressures on PCTs would inevitably lead to closures of some Acute Trusts, and his concerns for his area. Several respondents also mentioned the difficulties they faced in finding funding to maintain existing adult social care provision whilst also trying to fund a change to preventative services. However, few saw much chance of the government redirecting funding from acute care provided through the NHS to preventative care delivered by Councils within the community. The NHS funding crisis in many areas was deemed likely to delay any additional funding for preventative services. This funding squeeze meant that the authorities interviewed for this project were looking to procure and develop cheaper more flexible service delivery from the third sector for the coming three years, to help them build preventative services. All of the CE's of authorities with social care responsibilities predicted a growth in the nos. of staff involved in delivering adult social care, but this growth was expected to be supplied through third sector groupings. There will be implications for how this new part of the social care workforce will be recruited, trained and deployed. Most of the respondents interviewed acknowledged these issues but had not yet started to work through the implications or how to deal with this.
32. Several District Chief Executives interviewed noted that they needed to do more to join up and integrate their housing service delivery with the County in terms of transition from normal house, to sheltered accommodation and into residential and respite care accommodation, as well as in terms of delivery of aids and adaptations and support to keep people in their own homes longer. One CE noted that the transfer of his authority's housing stock to several RSL's had made achieving such integration harder as there were now more players to get on board. Moreover, the RSLs often paid similar pay rates to the Council causing more competition for professional staff in an area which already had a tight labour market. Also the social housing sector is not represented on most Local Strategic Partnerships (except in theory through the local Council) and so had not been included in their early thinking about the need for a joint area workforce strategy.

### barriers to gaining information about authorities' future workforce projections

33. One weakness of this report is that it only provides a snapshot of anecdotal evidence from a small number of Chief Executives and senior managers in local government. To develop a more robust understanding of the likely drivers of change to the shape and size of the local government workforce and the implications of these changes would require a much larger exercise, which would seek input from Partner organisations, Third sector organisations, other chief officers from different service areas (particularly including HR), contractor organisations etc. It would also be necessary to triangulate this anecdotal evidence with hard evidence of changing numbers, skills and types of worker in the workforce now and predicted for the future. This snapshot has been put together from 32 telephone and face to face interviews, whilst useful in providing a flavour of what is happening within the local government workforce it is not representative. Few of the Chief Executives or senior managers interviewed could provide hard numbers in terms of their expectations of increases or falls in the local government workforce. And where they did mention specific numbers no evidence base was cited. More often the interviewees talked about the drivers for change impacting their authority, and had not always worked through yet the detail of what these change drivers might mean for their workforce requirements.

34. A number of Chief Executives commented that they had not yet discussed the implications of some of the issues and changes that they highlighted in discussions with us, to their members yet. It may be that once members are brought into discussions (for example, of major outsourcing, or proposals to develop county or region wide shared services) then a different course of action may be embarked on. In this sense the snapshot provided by this report is not necessarily a reliable indicator of what may happen to the local government workforce.

35. One final caution about the evidence cited in this snapshot is that it inevitably reflects the issues that were most in the respondents mind when the interview was conducted, it may therefore reflect what is fashionable or 'in the news' rather than what will happen. That said there was a reasonable degree of consistency in respondent's views which certainly points to a shared understanding of the main drivers likely to impact on the size and shape of the local government workforce over the next three to five years.

### areas which local authorities do not appear to be considering in their future workforce predictions

36. There are several areas which Local Authorities have not included or are under developed in their thinking about their future workforce needs, some have already been mentioned. They are:

- despite progress on implementing the single status agreement, some authorities have not always tied together these agreements with their workforce strategies and business needs for the next three-five years. Creative use of these negotiations to achieve new reward strategies or to link them to recruitment and retention strategies have often been missed. For example, the removal of bonus arrangements for refuse collection staff in one authority had resulted in a major morale problem and loss of staff, has left the authority in danger of missing its waste and recycling targets. But it had not yet redesigned its waste collection and recycling services to accommodate delivering the service with fewer staff.
- reward strategies need to reflect new requirements for partnership and multi disciplinary working, but few of the authorities interviewed had done work on this.
- the move to a more mixed economy of provision, and in particular the likely growth in commissioning services from the third sector, will require authorities to start thinking about workforce planning across their supplier chain as well as across the area with partner agencies.
- the relatively poor connections with voluntary sector organisations around workforce development and planning, and the relative lack of experience about procuring from voluntary organisations.
- the many technical and cultural issues faced by staff moving into shared service arrangements.
- insufficient attention is being given to the need for authorities to grow their own professionally trained staff e.g. accountants, ICT staff, construction related disciplines, project managers etc.

# conclusions

37. The directly employed local government workforce is likely to reduce gradually in size over the next three years as transactional support services are increasingly re-engineered and outsourced, or placed into collaborative shared service arrangements. Services most likely to be affected will be HR, Training, ICT, Finance and Exchequer, Administration, and facilities and property management. This move will be mirrored by the retention of a small but better paid more strategic professional elite within each of these service areas.
38. The Children's workforce will continue to integrate, but probably will not grow much further in terms of size. Some foundation schools will take over procuring their own support services and this may impact on the provision of wider Council support services, however, most schools will continue to buy support services and look to their local authorities for general support. There will likely continue to be some outsourcing of functions, and procurement of new services from voluntary organisations. One issue that will need to be addressed is the impact of schools as extended service delivery centres, in terms of the flexibility of staffing of these facilities. It is not yet clear whether authorities will seek to further integrate youth services within the children's workforce or what will need to happen if they do pursue this. There will be a need to develop capacity across the voluntary and community sector to ensure that the workforces, including the many volunteers, have the necessary skills to work with young people from a diverse range of circumstances and backgrounds.
39. As authorities rethink the role of adult services, placing adult social care into a wider community well being framework, there is likely to be a range of new services and types of worker created. The demographic increase in the numbers of older people will put pressure on local authority budgets, particularly as the financial pressures in the health service mean that money is unlikely to be switched from acute to preventative care. Moreover, the introduction of direct payments and personalised service delivery is likely to lead to a different pattern of demand for services, again creating pressure for new forms of service which may be difficult for the local authority to provide. So although there will need to be a growth in the size of the workforce delivering adult social care services to meet the needs of the growing elderly population, the creation of new forms of service delivery will most often be procured from the third sector. The growth in the social care workforce is likely to be amongst voluntary organisations and volunteers. Financial pressures, joint appointments and further strategic partnering and outsourcing is likely to decrease the size of the local authority directly employed workforce.
40. The local government workforce age profile and the predictable number of retirements in certain professional areas, will force local authorities to develop shared services or to outsource or remodel services in a number of professional areas, for example Planning, Building Control, Environmental Health, Legal Services. Moreover, in parts of the country there will be real difficulties in recruiting professional staff across a range of disciplines. For example, it is already very difficult to recruit project managers in London. This will become even more difficult with the projected construction and infrastructure plans to support the Olympics in 2012. Authorities may well seek to recruit staff from Eastern Europe and elsewhere, with these skill sets. Alternatively they will need to contemplate developing effective skill development schemes to grow these skills within existing residents.

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