

EAST RENFREWSHIRE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

27 February 2014

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORT

SCOTLAND'S PUBLIC SECTOR WORKFORCE

PURPOSE OF REPORT

1. To provide information on the Audit Scotland report on *Scotland's Public Sector Workforce*.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

SCOTLAND'S PUBLIC SECTOR WORKFORCE

3. A copy of the Audit Scotland report on *Scotland's Public Sector Workforce* has already been circulated to all Audit and Scrutiny Committee Members. The Members who are leading on the review of this particular report are Councillor Wallace and Councillor Grant. In accordance with arrangements established by the Committee for dealing with such reports, the Deputy Chief Executive has provided comments on it. A copy of the feedback is attached to this report (see Appendix).

RECOMMENDATION

4. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

Report Author: Linda Hutchison, Clerk to the Committee (Tel. No. 0141 577 8388)
e-mail: linda.hutchison@eastrenfrewshire.gov.uk

Background Papers:- Audit Scotland report *Scotland's Public Sector Workforce*.

AUDIT AND SCRUTINY COMMITTEE**27 FEBRUARY 2014****AUDIT SCOTLAND REPORT – MANAGING EARLY DEPARTURES FROM THE
SCOTTISH PUBLIC SECTOR****Report by Deputy Chief Executive****PURPOSE OF REPORT**

1. The purpose of this report is to advise the Audit and Scrutiny Committee on how the Council is placed against the national picture as outlined in the Audit Scotland report “Scotland’s public sector workforce”

RECOMMENDATIONS

2. The Audit and Scrutiny Committee is asked to note the contents of the Audit Scotland report and the position as it relates to East Renfrewshire.

BACKGROUND

3. In November 2013 Audit Scotland published “Scotland’s public sector workforce”. The aim of the audit report was to assess if public bodies are effectively managing changes to their workforces with a focus on staff directly employed by public sector organisations.

4. The report focused on the approaches used by councils, the NHS, the Scottish Government and other central government bodies to plan and manage their workforce over the period April 2009 to March 2013.

5. This audit report by Audit Scotland complements their previous report “Managing Early departures from the public sector” which was published in May 2013.

CHANGES IN STAFF NUMBERS AND COSTS

6. From March 2009 to March 2013 East Renfrewshire Council’s workforce reduced by 5.8% compared to a 7% reduction (26,600 WTE (whole time equivalents)) in the overall Scottish public sector workforce and a 10% reduction overall in all Councils.

7. Over these four years 9,664 staff from the Scottish public sector workforce transferred to arm’s-length or other bodies outside the public sector. These employees still deliver services paid for by public money but they are no longer included in the public sector employment figures. In East Renfrewshire we do not have any arms lengths bodies to which we have transferred staff locally. Our homecare services are provided by Council staff as well as a number of external care providers. No employees have been transferred to these external providers and instead the change process has been managed through a natural attrition/turnover process.

8. The report states that at least 15,816 WTE staff left through early departure schemes, with 11,543 WTE leaving Councils. This is equivalent to 5% of the March 2009 workforce in Councils and East Renfrewshire Council closely matches this with 4.7% of the workforce leaving through early departure since 2009. This was a result of two voluntary redundancy trawls and a number of targeted restructures.

9. Employees have also retired or left for jobs outside the public sector. However public bodies including East Renfrewshire Council are conscious of the impact that the loss of experience can cause and have recruited staff to fill posts that are critical to their ability to deliver services.

10. Between 2009 and 2013 the average age of public sector staff increased from 43 years 9 months in 2009 to 44 years 4 months in 2013 which is closely reflected by this Council which has moved from 43 years 7 months in 2009 to 44 years 6 months in 2013. The report raises concern that if all those aged 50 years or more leave their jobs within the next 10 – 15 years, over 37% of the workforce will leave which could create a gap in essential skills and experience.

11. Reported staff costs in the Scottish public sector reduced by £1 billion (8%) between 2009/10 and 2011/12. For Councils this equated to a reduction of staff numbers of 9% with a 7% reduction in East Renfrewshire Council.

IMPLEMENTING WORKFORCE CHANGES

12. This part of the report looked at examples of good practice from the nine public sector organisations visited however it was recognised that there may be other examples of good practice within other locations.

13. East Renfrewshire Council plans changes to the workforce at service level with organisation-wide plans being brought together in a 6 monthly workforce planning report to the Corporate Management Team. In order to plan our workforce the Council uses our workforce planning reports and associated data which considers the characteristics of our workforce, organisational development, skills development, leadership development and recruitment and retention requirements going forward.

14. East Renfrewshire Council continues to develop its approach to workforce planning and will continue to strengthen its approach to strategic workforce planning to encourage even more joined-up planning across service areas and departments. Each Department has a workforce planning lead and the workforce plans are aligned with the goals of the department to ensure service delivery. During any change the managers follow the Organisational Change process and guidance for all managers which involves consultation with the Trade Unions at appropriate stages. The council has a corporate redeployment register and has successfully redeployed 7 people with training being created to assist managers in determining any skills gaps within their teams and the skills they need their teams to develop for the future.

15. A range of approaches to manage workforce numbers and control costs are detailed in the report. The Council has used most of these approaches and has policies and procedures in place to govern these.

16. The report did highlight that a number of public sector organisations implemented their early departure schemes effectively but did not fully test them before using them. In East Renfrewshire Council a business case needs to be fully demonstrated with a payback period against which the application(s) are assessed. Voluntary redundancy is not granted unless this can be demonstrated.

17. As per the report the Council works closely with staff and unions on proposed workforce changes and full consultation is undertaken.

PLANNING FOR FUTURE WORKFORCE CHANGES

18. There is recognition that public sector finances will be under pressure for the foreseeable future as budgets decrease and the ageing population increases demand for public services.

19. The report recommends that councils forecast expected staff numbers, skills needs and costs on a rolling three-year basis. East Renfrewshire Council is entering a multi year budget process and therefore our workforce considerations for the future will need to be planned on this basis to ensure alignment with our financial resources longer term. .

20. The report recommends that councils make better use of mechanisms to identify opportunities to share resources. The Council has been proactive in this area and recognises that it is an area that will require us to work even more closely with our community planning partners and neighbouring councils. Best value in the use of council resources should be of paramount importance going forward. A report to Council in October 2012 outlined the range of shared collaborations that were in place or underway in addition to the current collaboration work on procurement and ICT. These collaborations do have workforce implications which require to be planned and managed including ongoing dialogue with employees and Trade Unions. This will continue to be an important area of focus for the Council through the multi year budget planning process.

CONCLUSIONS

21. The Council is well positioned against the national report and closely reflects the trends provided in the report for changes to staff numbers and costs.

22. The Council supports the principles of good practice detailed by focusing on workforce planning and budget planning to match the needs of the organisation ensuring skills and expertise are maintained and developed providing good value for money. Consultation is undertaken with both staff and unions on an ongoing basis.

23. The Council continues to develop our current workforce planning to include longer term workforce planning. This will allow support of skills development and training and succession planning more proactively.

24. The Council seeks opportunities to think differently about how it delivers services, for example by prioritising and redesigning services and increasing joint working and collaboration.

RECOMMENDATIONS

25. The Audit and Scrutiny Committee is asked to note the contents of the Audit Scotland report and the position as it relates to East Renfrewshire.

Caroline Innes
Deputy Chief Executive

Report author: - Sharon Beattie, Human Resources Manager, 0141 577 4079

February 2014