

PERTH AND KINROSS COUNCIL**Council Meeting - 11 December 2013****SECURING THE FUTURE THROUGH OUR PEOPLE****REPORT BY CHIEF EXECUTIVE****PURPOSE OF REPORT**

People are the Council's most valuable asset, and it is through them that real, meaningful change is delivered. This report highlights the many positive people practices which have shaped our progress over the last year, and identifies future plans which reinforce our commitment to further developing the right environment which will enable employees at all levels to fully contribute to the Council's transformation journey.

1. BACKGROUND

- 1.1 As a driving force for our communities, the Corporate Plan sets out the Council's ambition to support the achievement of better outcomes for all, at every life stage. It calls for bold action, and places greater emphasis on involving consumers, citizens and communities in driving change and designing and organising services for a different future.
- 1.2 Perth and Kinross Council is already sector leading in many areas, and there is a firm commitment to build on this success, to increase our capacity for change and growth. Our communities are unique and their sense of place will define our work and our legacy, as a Council, and collectively with our partners.
- 1.3 People remain at the heart of everything we do, and over the last year, there has been a continued emphasis on ensuring that employees, whatever their role in delivering outcomes, have the opportunity to be active participants in influencing the Council's journey.
- 1.4 Whilst the social, demographic, economic and environmental challenges are unprecedented, within the Council, the challenges of public service reform are framed within the context of a vital opportunity to re-invent and evolve as an organisation.
- 1.5 This clear direction has shaped our approach to supporting leaders, managers and employees as they develop new ways of thinking and working together, and a key focus for 2013 has been about investing in a healthy and resilient workforce, and reinforcing the cultural conditions which invite and enable people to offer their insight, expertise and creativity for the benefit of their colleagues, and those they serve.

- 1.6 Our approach to engaging with our people is well established, and a wide range of formal and informal processes and initiatives are in place to provide leadership and direction, focus on positive employee relations, keep colleagues informed and involved in Council business, safeguard health and wellbeing, and promote effective communications, change and improvement. Key highlights for 2013 follow.

2. CONNECTING, INSPIRING, CREATING: IMPLEMENTING THE CORPORATE PLAN

- 2.1 The launch of the Corporate Plan 2013 - 2018 was underpinned by a conference which aimed to reinforce the Council's direction, and also the vital contribution that each and every employee makes in supporting the evolution of Perth and Kinross Council.
- 2.2 300 employees attended the 'Connecting, Inspiring, Creating' conference, which was held at Perth Concert Hall on 2 May. Delegates were invited to look at the public service landscape through a different lens, by learning about different professional, community and individual perspectives, and gaining an insight into how the four pillars of reform impact on the reality of people's lives.
- 2.3 Sir Harry Burns, Scotland's Chief Medical Officer offered a thought provoking keynote speech which challenged delegates to think about a connected, whole life approach to the delivery of public services, and the need to develop creative solutions to complex and enduring challenges. Ghazala Hakeem, of the Poverty Truth Commission shared an insight into her own personal journey, and along with that, reinforced the importance of communities being supported to develop their own solutions to the unique challenges they face.
- 2.4 Throughout the day, delegates from across all Council services worked together on a range of practical experiences which aimed to support networking, lift people out of their comfort zone, create positive energy and creative expression, and inspire those attending to share their learning widely with other colleagues.
- 2.5 Feedback from the conference was overwhelmingly positive, with those attending offering their ongoing commitment in the form of a pledge to action. It is anticipated that a similar type of event will be arranged in Spring 2014 for Community Planning Partners.
- 2.6 Motivational film clips were created and used at the conference to reinforce the value of working in public services and remind people of the difference they make on a daily basis. Whilst our 'Perth and Kinross Council Superhero' film has been used widely across the Council, the generic 'Public Service Superhero' version has 'gone viral' with colleagues from Local Government, Health and Scottish Government using the film usually as part of a conference programme – mostly in Scotland, but also as far afield as America and Sweden.

3. INNOVATION AND IMPROVEMENT

- 3.1 The overall context for public service reform continues to create pressure for systemic change, as a means of addressing the persistent and emerging social, demographic, and environmental challenges facing citizens and communities in Scotland, and in combination with ongoing financial challenges, incremental improvements alone are no longer likely to make sufficient impact.
- 3.2 Therefore to support the requirement for transformational change within Perth and Kinross Council, in pursuit of the best outcomes for the people of Perth and Kinross, the Executive Officer Team is driving forward a renewed and re-energised focus on improvement and innovation at strategic, operational and individual levels. Led by the Corporate Organisational Development Team, a core group of officers are working with associate members from across all Council Services to harness the breadth of talent and expertise within the Council and ultimately, across the public, private and third sectors.
- 3.3 The *Centre for Innovation and Improvement*, which is the most radical initiative to date in terms of employee engagement and has been branded as 'Learn, Innovate, Grow', and was launched across the Council on 30 September. The initial focus is on placing innovation and improvement at the heart of everyday business, and a key element of the pilot period (which will run until 18 December) is to promote and share the expertise of employees through a range of action focused learning and networking opportunities, which include:
- 48 learning sessions, delivered using internal skills (e.g., Twitter for the Terrified, Project Management, How the Council Makes Decisions, Data: Data: Data, Impact Assessment etc - so far average rating is 4.5 stars out of a possible 5)
 - Access to a wide range of online learning
 - Delayed Office Opening: 48 Hour Team Improvement Challenge
 - Job Shadowing: 'learning by doing' alongside colleagues in other teams, services and public, private and third sector partners
 - Access to Yammer: a social media site for organisations, which aims to promote collaboration, sharing of information and networking
 - Angel's Share: an opportunity for entrepreneurs to bid for funds to support an innovative idea – employees will vote for 6 projects to go forward to make their pitch to the Angels in December
- 3.4 It is anticipated that by the time the pilot concludes, around 400 members of staff will have participated in the launch opportunities - of note is the fact that some of those attending have volunteered to run future sessions, and offered their expertise in support of developments around innovation.

- 3.5 In the New Year, the core team will review progress, and, with a focus on the longer term view, further develop a systemic and strategic approach to supporting all employees to have access to relevant, evidence based improvement techniques.
- 3.6 Equally, organisational culture is at the heart of The Centre, and work will continue to ensure that our cultural conditions continue to inspire creativity, learning and innovation, in the most practical sense.
- 3.7 A key element of progressing the Centre for Innovation and Improvement will be expanding our professional horizons and developing further associate relationships with our schools, community planning partners, academic institutions, and professional organisations to share learning and knowledge, and build collective capacity to address local (and national where relevant) challenges.

Employee Engagement Framework: Scottish Leaders Forum

- 3.8 In August 2012, in recognition of Perth and Kinross Council's sector leading approach, the Chief Executive was established as national lead for the Employee Engagement Work Stream within the Scottish Leaders Forum Workforce Development Group.
- 3.9 Given the wide range of existing frameworks, standards, toolkits and self assessment methodology which aim to focus attention on the people element of the business, a key challenge has been to create a practical methodology which offers something which goes beyond current comfort zones, and invites a more radical view of employee engagement.
- 3.10 By working in collaboration with colleagues in Abertay University and across other public service organisations, we have developed a Framework for Employee Engagement which aims to support Chief Executives and their teams to think about employee engagement in a different way, and thus drive forward cultural change across public services.
- 3.11 The fundamental principle of the Framework is that Employee Engagement is an outcome of the cultural conditions in existence within an organisation, rather than a collection of initiatives, mechanisms and inputs. The framework enables practical exploration of organisational culture, and its impact on employees (and subsequently citizens and communities), through a process of dynamic enquiry and solution generation. It is the active recognition of culture as an entity, which sets the Framework apart from its peers.
- 3.12 Following a short period of testing to refine methodology, it is anticipated that the Framework will be ready for release across public services early in the New Year.

4. LEADING THE WAY: BUSINESS BREAKFASTS

- 4.1 The Chief Executive's Business Breakfasts form a core element of leadership development, offering an opportunity for informal and open discussion between the Chief Executive and third tier managers from across all Council services, and reinforcing the vital role of this group.
- 4.2 Twelve Business Breakfast meetings took place during the first few months of 2013, generally attended by eight managers at each session. Participants discussed the necessity of taking a "big picture" approach to progressing the four pillars of reform.
- 4.3 The first Senior Manager Briefing of the year built on Business Breakfast discussions, and created an opportunity for managers to look beyond their own business area, to a whole life perspective.
- 4.4 This insight and understanding shaped the development of the Corporate Plan, which offers a collective commitment to break the cycle of inequalities in health, education and employment, through prevention and early intervention.
- 4.5 Business Breakfast Meetings also take place within Services, giving staff the opportunity to meet informally with their Executive Directors, discuss future priorities, and lead progress in their own business area.

5. DEVELOPING TALENT AND BUILDING CAPACITY

- 5.1 The Corporate approach to learning and development is continually evolving and improving, and this is evident in the 2013 Employee Survey results which indicate that 66% of respondents feel that their development at work is encouraged and supported. This is increasingly important, within the context of the ambitions set out in the Corporate Plan – employees are recognised as the Council's greatest asset, and it is their talents and capacity which deliver change, and make the difference to the people of Perth and Kinross.
- 5.2 Over the last year, we kept the corporate focus on activity which would have the greatest strategic impact, and a wide range of practical opportunities have been provided to support people to develop new skills, expertise and working relationships. Some highlights include:
 - *Aspiring to be a Strategic Leader*: This programme challenged participants (19 Senior Managers) to consider the next steps for their own development as a leader within Perth and Kinross Council
 - Leadership Exchange: Heads of Service participating on this programme shadow a colleague from another public service organisation, to gain insight into the culture, priorities, constraints and opportunities in existence. The aim is to support the development of new collaborations, and growth of personal leadership style

- *Team Coaching*: This programme was created to support Health and Social Care Integration activity, and is attended by Senior Managers from both Perth and Kinross Council and NHS Tayside. The aim has been to support cultural alignment, and develop a shared vision and dynamic agenda for progressing integration at every level
- *Learners Wanted*: This weekly opportunity is offers a variety of learning and development opportunities to the widest possible population across the Council. This includes online learning, European Computer Driving License, Planning a Positive Retirement and a range of in-house elearning such as Corporate Parenting. The Learners Wanted programme continues to be well received, with a positive and sustainable uptake across the Council
- *Coaching*: This continues to be recognised as a key transformational enabler, one which releases potential and increases capacity for change. As one of the founding members of the Tayside Public Sector Coaching Alliance (TPSCA), we have accessed partnership coaches (at no cost) on 12 occasions over the last year. At the same time, we have increased our own capacity for coaching within the Council, with 3 new coaches qualifying in August. A further 4 are expected to graduate in 2014
- *Learn, Innovate, Grow*: Each of the 48 experiences offered during the 3 month pilot period are available to all employees, at all levels in the organisation, thus promoting equality of access to learning opportunities. Of note has been the willingness shown by those leading session to share their skills and expertise, and pass on their knowledge to participants. This approach is fundamental to building capacity for change

5.3 Every individual and collective experience is an opportunity for learning, and this has a direct impact on our growth and development as an organisation. The creation of the Centre for Innovation and Improvement reinforces our work to date, and will support further alignment of approaches to learning and development in different Council Services.

6. CELEBRATING SUCCESS

6.1 Celebrating success and achievement continues to be a very important aspect of Council business, and three core employee award and recognition programmes underpin the Council's approach, each focusing on specific elements: team work, time spent working in public services, and individual achievement. Early in 2014, the Council will add another celebratory event to this commitment, and host the first Graduation Ceremony to mark the progress of Modern Apprentices achieving their SVQ qualification.

6.2 All of the initiatives detailed below visibly recognise commitment and contribution, and are highly valued by staff across the Council.

Securing the Future (STF) Awards Scheme

- 6.3 Established in 2008, the STF Awards are a fundamental part of how we recognise the drive of our employees, who, working together with colleagues, have made a real difference to the citizens and communities of Perth and Kinross.
- 6.4 This year, forty four high quality submissions were received - five more than in 2012. These reflected a wide variety of work from across many different areas of services, and perfectly illustrated that challenging times can often create the conditions which engender creativity, innovation and excellent results.
- 6.5 The Awards Ceremony on 14 May was attended by Sir Peter Housden, Permanent Secretary to the Scottish Government, who was delighted to preside over Category 6: Improving Efficiency and Quality. He expressed his admiration and support for Perth and Kinross Council, and was impressed with the range of work showcased at the ceremony, and the visible commitment and enthusiasm of employees.
- 6.6 The ceremony also saw the first 'double' winner – SAINTS Academy won Category 4: Equalities, as well as the Provost's Award.
- 6.7 Event feedback continues to be extremely positive, with those attending expressing their sense of pride in working for Perth and Kinross Council. Managers and staff alike describe the STF Awards as an extremely motivational experience, which promotes understanding of the vast range of expertise and creativity in existence across the Council, and reinforces the importance of understanding how our own work connects to that of the bigger picture.

COSLA Excellence Awards

- 6.8 The COSLA Excellence Awards celebrate the very best in Scottish local government. The Awards reward the most innovative and passionate developments, recognise projects that are changing lives and seek to find those who are setting new standards and to spread their good practice.
- 6.9 Each year those initiatives successful in the Perth and Kinross Council Securing the Future Awards are put forward for consideration in the COSLA Awards alongside the most innovative projects from across Scottish local government.
- 6.10 COSLA announced the long list for the 2014 Awards on 29 November. The long list identifies the top ten applications in each of six categories and Perth and Kinross Council have four projects in this year's long list, our best result at this stage. All four applications are guaranteed at least a Bronze certificate.

6.11 Our four successful applications were all Gold winners at our Securing the Future Awards 2013 and are as follows:

- Go 4 Gold
- SAINTS Academy
- Amphibians in Drains
- Loon Braes Parknership

6.12 The long leeted applications are now being considered by the Excellence Awards judges, and their short leet of the top three applications from each category will be announced later in December 2013.

David White Awards

6.13 This award was established in memory of Councillor David White, and is presented to an employee who has made great progress in terms of their own development and learning, and subsequently made a significant contribution to the performance of their team, their Service and the Council as a whole. Managers are asked to nominate employees who they feel embody the spirit of the award.

6.14 This year the judging panel reviewed a total of seventeen applications – the highest number since the award was created. One overall winner was selected, with four applicants being recognised for Exceptional Achievement, and twelve being Highly Commended for their endeavours.

6.15 The ceremony took place on 7 November, and those nominated expressed their appreciation at having their personal commitment and contribution recognised by elected members.

6.16 The achievements recognised continue to reflect extremely well on managers – the key role of managers in supporting, encouraging and nurturing talent was reinforced as a vital part of daily life.

Service Recognition Awards

6.17 These annual awards took place on 4 December 2013 in Perth Concert Hall, aiming to celebrate the commitment and achievements of employees reaching their 20th, 30th and 40th year of continuous service in local government.

6.18 191 employees and their guests were invited to the prestigious award ceremony to mark these significant milestones in their working lives.

6.19 Feedback indicates that it continues to be particularly meaningful for those attending to be recognised as individuals, who have made a sustained personal contribution to the success of Perth and Kinross Council. At the event, the ‘feel good’ factor was evident, and this positively reinforces the strong emotional connection people have with their work in Perth & Kinross Council.

7. EMPLOYEE SURVEY

- 7.1 Our Annual Employee Survey, carried out in September each year, offers us a consistent opportunity to understand employee experience at a particular point in time, and more importantly, take action to address any results which indicate areas of particular challenge.
- 7.2 This year, 3347 employees took time to make their views known, resulting in an overall response rate of 58% (an increase of just over 5% on the 2012 response rate of 53%) and highest ever response rate since the survey began in 2008. (Full Council results are provided at Appendix 1).
- 7.3 The survey has 17 questions, and also space for staff to offer views / comments on whatever subject is important to them at that point. Survey questions are presented as positive statements, and respondents are asked to indicate the extent to which they agree or disagree. For our summary results, the numbers of people who agree or strongly agree are aggregated to show the level of agreement for each question.
- 7.4 Positive trends help to validate the effectiveness of activity in these areas, and the emergence of a downwards trend is a useful means of identifying and understanding areas needing further support.
- 7.5 Responses to the questions indicate high levels of agreement, with average levels of agreement for full Council results reaching just over 75%, our highest average level of agreement so far.
- 7.6 Since last year, and as a whole, all 17 questions show an increase in levels of agreement, ranging from 0.01% to 3.4%, and giving an average increase of almost 2%. Notable improvements at Council level include:
- 77% of respondents feel they have sufficient opportunities to raise issues with their manager about change at work (up 3%)
 - 65% of respondents feel that any problems preventing best customer service are dealt with (up 3%)
 - 57% of respondents receive regular recognition and praise on their performance at work (up 3%)
 - 66% of respondents feel their development is encouraged and supported at work (up 2%)
 - 65% of respondents feel that their views and opinions seem to count (up 2%)
- 7.7 All Services saw an increase in the number of people participating in the survey - notable improvements at Service level include:

- 7.8
- 90% of respondents in Education and Children’s Services feel the people they work with are committed to doing their best (up 3%)
 - 83% of respondents in Housing and Community Care feel there is a good fit between the job they do and their skills and abilities (up 2%)
 - 86% of respondents in Chief Executive’s Service are clear on what is expected of them at work (up 6%)
 - 76% of respondents in The Environment Service feel their team are passionate about delivering excellent customer service (up 1%)
- 7.9 Services and Teams received their results in October and November, and are currently engaging staff in discussions about strengths and areas for improvements. Talking through results at Service and Team level is the most valuable aspect of the survey, aiming to ensure that staff have the opportunity to shape and deliver improvements within their area of operation. Of prime importance is ensuring that improvement actions are incorporated into appropriate planning processes (such as Business Management Improvement Plans / Team Plans) so that progress can be monitored.
- 7.10 The level of improvement shown in the Employee Survey results for 2013 validates the focus on reinforcing the right cultural conditions for change. Trends over the six year survey period continue to be generally positive and this big picture view demonstrates a sustained and effective approach to supporting people through times of great challenge.

8. RESHAPING OUR WORKFORCE

- 8.1 In 2009, the Council set out its workforce management strategy to address the financial challenges and other pressures. These workforce management measures have been effective in facilitating service redesign, transformation and reducing workforce costs. Indeed, our workforce management measures contributed approximately £9 million of savings in 2011/12.
- 8.2 Audit Scotland published its report [‘Scotland’s Public Sector Workforce’ \(Appendix 2\)](#) in November 2013. This report provides useful context to the Council’s workforce management strategy. The Audit Scotland report outlines changes in various sectors within public services over the period 2009 to 2013.
- From March 2009 to March 2013, the Scottish public sector workforce reduced by seven per cent – from 26,600 full time equivalent to 373,400
 - Public Service bodies reduced staff cost by an estimated £1 billion (eight per cent) between 2009/10 and 2011/12
 - Public sector finances will continue to be under pressure for the foreseeable future making predicting workforce numbers and costs extremely challenging
 - Given the challenges ahead public bodies will need to make further workforce changes, thinking differently about how they deliver services by prioritising and redesigning services and increasing joint working and collaboration

- 8.3 Against the backdrop of the environment outlined within the 'Scotland Public Sector Workforce' report, the Council has met the challenges of maintaining and resourcing a highly skilled and motivated workforce. Managed workforce reductions and all financial targets have been met, keeping compulsory redundancies to an absolute minimum.
- 8.4 By having a clear financial vision for our future and a strategic approach to workforce planning, the Council has maintained an engaged, motivated workforce evidenced by our continued excellent employee survey results.
- 8.5 Our workforce management approach is well embedded within the organisation since its introduction in 2009. It focuses on ways to reshape our workforce that facilitate service redesign and transformation, and involve employees and trade unions so they understand the challenges and are encouraged to contribute through creativity, innovation and problem solving. Year on year, our employees rise to this challenge through their ideas and solutions as well as demonstrating flexibility and resilience as they embrace modern ways of working, continue to give the best possible customer service and adapt to the challenges and opportunities the Council faces.

Key Management Facts (2009/10 – to present)

- 8.6 We have achieved a 3.8% reduction in the full time equivalent (FTE) number of employees over the period September 2009 to September 2013. This represents a reduction of 196 FTE employees.
- 8.7 Over the last 12 months, we have seen an increase of 12 in the fulltime equivalent (FTE) number of employees from 4932 to 4944.
- 8.8 This slight increase is set in the context of the long term decrease in FTE since 2009. Specific factors are fulfilling our commitment to maintain teacher numbers which make up 27% of our workforce, an increase in maternity absences amongst teachers which requires maternity short term cover and an increase in the number of Modern Apprentices and Graduate Trainees. The increase in staff numbers is not unique as set out in the recent Audit Scotland report as public sector bodies take measures to tackle rising youth unemployment in Scotland.
- 8.9 The most significant factors for Perth and Kinross Council in controlling workforce size and cost are pay freeze, vacancy management and early departure schemes. These are the same factors reported by other councils in the recent Audit Scotland report.
- 8.10 The profile of posts continues to change over time – the number of senior management posts across the Council has reduced by 25% between 2009 and 2013. There has been a growth in the number of professional and team leader posts which is in part a consequence of the reduction in senior management posts as other roles take on additional demands and responsibilities. Teacher numbers remain at the same level between 2009 and 2013. We have also seen a reduction in the number of general, technical and

administrative posts, where we are now starting to see some growth as a result of strategies to create entry level posts, graduate trainees and modern apprentices.

8.11 The proportion of permanent and fixed term employees within our workforce has increased, although there has been a reduction in the number of longer term fixed term contacts. In September 2009, 8.4% of our employees were in fixed term roles, rising to 11.2% in September 2013. There is regular and ongoing scrutiny of fixed term contracts to ensure their use remains appropriate to service requirements. The proportion of longer term (i.e. more than two years) temporary contracts within our workforce has reduced significantly, thereby providing benefits to employees through security of tenure, and for the Council as employer through flexibility to enable service redesign and workforce planning. Included within the fixed term category are Modern Apprentices and Graduate Trainees, maternity cover, probationer teachers, and temporary roles to support time limited projects or facilitate service reviews.

8.12 The Council continues to have an ageing workforce profile which has implications for workforce planning and development, and health and wellbeing for employees in terms of their own health and also their own caring responsibilities. Currently 39% of our workforce are aged 50 and over. This compares with 37% who were aged 50 or over in 2009. The proportion of our workforce aged over 50 is expected to grow over the next 5 years as there are currently 972, or 17% of employees currently aged 45 – 49. The proportion of employees aged over 65 who are continuing in employment has almost doubled between 2009 and 2013, with 103 employees now in post, which represents 1.9% of our workforce. The average age of employees increased from 44 to 45 years between 2009 and 2013. The Council's Corporate Workforce Plan which was approved in April 2013, sets out a range of measures to address future skills, gaps and challenges.



8.13 The proportion of 16-24 year old employees within our workforce has increased steadily over recent years, with 240 employees in this age group in September 2013, which represents 4% of our workforce. This is consistent with the figures reported for other councils within the recent Audit Scotland report. All staff groups (single status, teaching and craft) have in fact seen an increase in the number of young people employed. However, the most significant factor has been the development of our Modern Apprenticeship and Graduate Trainee programmes and resulting growth in the number of young

people securing sustained employment with the Council. The Council remains on target to offer 250 Modern Apprenticeships over the five year period to 2017/18. Further information on the Modern Apprenticeship and Graduate Trainee Programmes is detailed later in this report.

- 8.14 The gender profile of our workforce remains largely unchanged over the period 2009 to 2013 with a male:female ratio of 29:71.
- 8.15 Turnover, which is defined as the number of permanent staff leavers expressed as a percentage of the permanent workforce increased from 6.4% in 2009/10 to 6.7% in 2012/13. Over this period, turnover peaked at 8% in 2010/11 as a result of the voluntary severance scheme in operation at that time.
- 8.16 The Council has maintained its commitment to protect jobs and to keep compulsory redundancies to a minimum with a total of nine in the last four years. A variety of options assist in fulfilling this commitment including retirement, voluntary redundancy, employees moving to other Council employment via our Skills Register or choosing to move to lower graded jobs in order to maintain employment with Perth & Kinross Council and with a short period of salary protection to ease the transition.

Enhancing Employability

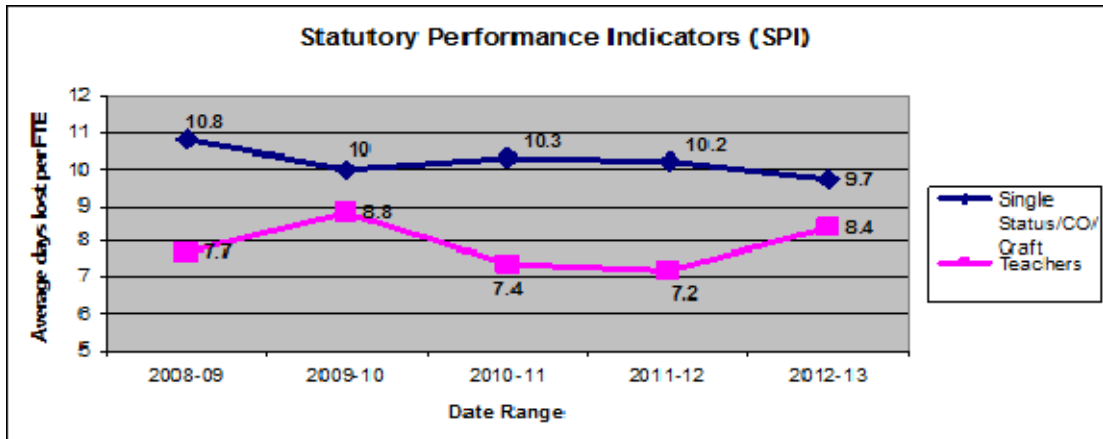
- 8.17 The Council is one of the largest employers within Perth & Kinross which places it in a unique position of having a significant impact on the local economy. This is reflected in our commitment to provide well paid, rewarding jobs, training and entry level jobs for young people, and work experience placements for those who may find it difficult to secure employment. In doing so, we recognise that our actions as an employer contribute to fulfilling our objective of “Promoting a prosperous, inclusive and sustainable economy” through the local outcomes for a “Thriving Expanding Economy” and “Employment Opportunities for All”.
- 8.18 2013 has seen continuing success in offering training and employment opportunities to our young people through the Modern Apprenticeship (MA) and Graduate Trainee programmes. Both offer work based training and vocational qualifications to young people in dedicated MA or Graduate Trainee posts, or in other substantive posts. The number of young people who commenced a vocational qualification in the last year as a Modern Apprentice or in a substantive post is 76. As this is a rolling programme, the number of MAs in post in September 2013 in the Council and partner organisations was 47. 29 of the 76 commenced with the Council as a Modern Apprentice who prior to completion of the 12 month apprenticeship, either secured employment and are continuing with their vocational qualification or left the programme before completion. The number of Graduate Trainees employed by the Council has risen from 9 to 15 over the last year. Our strategic workforce planning approach will create sustained employment opportunities for our MAs and graduate trainees as they complete their training.

- 8.19 In the 12 month period to 31 August 2013, 21 of our Modern Apprentices secured ongoing employment or moved onto further education on completion of their apprenticeship. The success rate in finding employment within Perth and Kinross Council has been assisted by the introduction of a Job Academy to which Modern Apprentices graduate as they successfully progress through their vocational qualification. The Job Academy ring fences entry level roles within the Council to our job-ready Modern Apprentices, an offer which extends for six months beyond completion of their apprenticeship. This initiative, which is fully supported by our trades unions, gives the Council a valuable return on its investment in the training of young people by equipping them with the skills, behaviours and attitudes we require for future roles, helping us grow future leaders, as well as contributing to the Council's strategic objectives.
- 8.20 Alongside the Job Academy, a networking group has been established for Modern Apprentices and Graduate Trainees – MA Connections. It provides a programme of events which give added value to the training and experiences for young people within Perth & Kinross Council. Monthly MA Connections events allow our young people to meet with their colleagues, share experiences and be inspired by guest speakers from across the Council. These events broaden the understanding of young people of the organisation in which they work, highlight role models, and create powerful advocates for working for the Council. This is an important factor in continuing to build a strong employer brand.
- 8.21 Our Modern Apprentices have supported many corporate events such as the Connecting, Inspiring, Creating Conference in May 2013, Securing the Future Awards, in May 2013, Better Outcomes Conference in September 2013, Customer Service Week in November 2013, and the Service Recognition Awards, December 2013. These opportunities also help our young people connect with the overall aims of the Council. Finally, our Modern Apprenticeship Programme encourages our young people to be responsible citizens through harnessing their talent and energy to support local charities. Cake bake sales, sponsored bungee jumps are fun activities which have tangible and long lasting benefits for those involved. They help develop leadership and organisational skills, as well as encouraging communication skills, initiative and determination to succeed. Future plans include establishing career paths and entry level posts, and collaborative working with the voluntary sector, Chamber of Commerce, Colleges, other Councils, and through our Planning and Regeneration Team, establish stronger links with SMEs.
- 8.22 Our MA Programme therefore continues to promote the outcomes from the Curriculum For Excellence which is now embedded with all Perth & Kinross schools – producing successful learners, effective contributors, confident individuals and responsible citizens.

Health and Wellbeing

- 8.23 The Council recognises that our people are its most valuable asset, and indeed are community assets too. Our approach to health and wellbeing recognises the synergy between promoting employee wellbeing and our corporate responsibilities to our communities. Therefore, our investment in the physical and mental wellbeing of our workforce contributes to the Council's Corporate Objective to Support People to Lead Independent, Healthy and Active Lives, through the local outcome "Sustaining and Improving the Health and Wellbeing of Individuals, Families and Communities.
- 8.24 Positive workplace health and wellbeing are crucial to both personal and organisational resilience which are particularly important qualities during periods of change and transformation. Positive examples of proactive measures to promote health and wellbeing include:
- Workshops aimed at building personal resilience
 - Health promotion event during September
 - Extension of flu vaccination programme
 - Extension of the physiotherapy service for all staff groups
- 8.25 We have developed a positive attendance culture which is much more than the management of sickness absence and health promotion. Our Annual Employee Survey also provides insight into how employees view their experience at work which in turn allows action to be taken which promotes health and wellbeing, attendance and productivity.
- 8.26 One of the key outcomes from our strategies is maximising attendance which in turn enhances our capacity to deliver Council services. The effectiveness of maximising attendance is measured by the average number of days lost to sickness per full time equivalent employee.
- 8.27 Sickness absence levels have continued to fall for chief officers, single status and craft groups of employees in recent years. In 2012/13, Perth & Kinross Council had the second best sickness absence levels when compared with all other Scottish councils – with an average of 9.7 days per FTE compared with the Scottish average of 10.9 days. Sickness absence levels for teachers have fluctuated over recent years. In 2012/13, teachers' sickness absence in Perth & Kinross Council had risen to an average of 8.4 days per FTE which is above the Scottish average of 6.6 days. Sickness absence for teachers remains significantly less than that for all other staff groups within Perth & Kinross Council. Reducing sickness absence levels and supporting attendance will remain a corporate priority in the forthcoming year.

Five year period trend



- 8.28 Specific measures are in place in order to reduce sickness absence for teachers, including resilience training, adopting a common policy for all Council employees based on the current Maximising Attendance Policy and additional HR support to schools for managing short term and long term absence.
- 8.29 Short term absence accounts for half of the Council's total days lost to sickness. Additionally, 28% of short term absences are less than 7 days which do not require medical certification. Management of short term sickness is supported by welcome back meetings, and attendance meetings resulting from employees meeting trigger points which are currently three periods of absence within a 12 month period or 6 days of absence over a 1 month period.
- 8.30 Over the last year, Human Resources has been working with managers to gain a greater understanding of the detail and patterns of these absences. For example, we know that 28% of those employees with long-term absence are due to chronic conditions or operations, for example cancer, stroke, and heart attack. This is consistent with the fact that the Council has an ageing workforce population.
- 8.31 We recognise the importance of raising awareness of health issues for our employees, their families and local communities and encouraging individuals to take responsibility for their long term health. We have started to use the intelligence from our sickness data and joint working with partners to inform future health promotion initiatives, for example, identifying the signs and symptoms of cancer, heart attack and stroke. We will also raise awareness of NHS screening initiatives as part of our ongoing health promotion programme.

Reasons for Absence

- 8.32 The main reasons for sickness absence over the last four years are largely unchanged, being mental health issues, musculoskeletal problems, infections and stomach/kidney conditions. Mental health issues, which include chronic fatigue, debility, depression, fatigue, personal problems, situational crisis and stress absence, account for 27% of the total number of working days lost. This is a common picture across other public service and private sector

organisations. Musculoskeletal, infections and stomach/kidney conditions account for another 37% of the total number of working days lost. Infections include influenza, cold, virus, cough, shingles and fever.

- 8.33 With an ageing workforce, our employees in line with the general population are more vulnerable to long term conditions associated with age. Our approach will be proactive and supportive, thereby enabling employees to make choices about their employment.
- 8.34 The Council is working jointly with local employers and partner organisations, such as NHS Tayside, on health and wellbeing initiatives and using our collective expertise to create a culture of wellbeing within our workforce and local communities.
- 8.35 The Council recognises the reliance placed on it to deliver services to individuals, families and our local communities particularly during the winter months, and especially by vulnerable groups.
- 8.36 We know that annually colds and flu represent 6.6% of the total working days lost to sickness within the Council. We also know that influenza is a debilitating and infectious disease which places strain on NHS services, particularly over the winter months. For these reasons, the Council extended its flu vaccination programme this year. This step is designed to limit the spread of such an infectious illness amongst vulnerable groups, enhance our ability to deliver services through reduced sickness absence and reduce demand on services provided by the NHS and other partners.
- 8.37 2,600 employees from a range of services have been offered the flu vaccination as part of the Council's winter health programme. Latest figures from NHS Tayside indicate that 370 employees have taken up the offer of the vaccine through this partnership arrangement which uses the community pharmacy network to administer the vaccine. The types of job roles which have been offered the vaccine are teachers, early years practitioners, pupil support assistants, social care officers, child and family workers, registrars, etc
- 8.38 We will continue to monitor the take up and promote the benefits of having the vaccine through regular employee communications. Our plan is also to monitor future absences related to colds/flu for the employee group who take up the vaccine and use this evidence base to determine the scope of future vaccinations programmes.
- 8.39 Other significant steps to support health and wellbeing over the last year have been provision of a physiotherapy service for staff, a week long health promotion event offering lifestyle assessments, and workshops aimed at raising awareness about mental wellbeing as part of the Perth and Kinross Wellbeing Festival which took place in October.
- 8.40 During December, we will be supporting the Scottish Government's Drink Drive campaign. We are also working with local partners to raise awareness of drug and alcohol issues within our workforce.

- 8.41 We will continue our programme of health promotion activities to raise awareness of the importance of health and wellbeing, including increasing awareness of healthy eating and exercise. The National Health Events Calendar will also be used to inform health campaigns and activities across the Council.
- 8.42 All of the above actions demonstrate the Council's commitment to Healthy Working Lives. The Council has recognised good practice already embedded within its employment policies and practices and is therefore well underway to achieving bronze accreditation.

9. NEXT STEPS

- 9.1 The launch of the Corporate Plan has provided a renewed focus on how we engage with our employees to deliver a sustainable and positive legacy for the people of Perth and Kinross.
- 9.2 Building on this wave of positive energy, we will continue to increase the opportunities for employees at all levels to get involved in the process of change, and channel their talents and expertise into innovative solutions.
- 9.3 In 2014, to offer the most effective support for employees, we will grow the concept of the Centre for Innovation and Improvement, a visible platform for radical change, and focus on the following key elements: cultural evolution, leadership, learning and growth, talent development, collaborative relationships (internal and external), and sharing success.
- 9.4 With a strong track record of achievement, we will continue to develop the right conditions which enable new ways of thinking and working, so crucial to the delivery of the ambitions set out in the Corporate Plan.
- 9.5 Further workforce changes are inevitable as the Council prioritises and redesigns services and increases collaboration and joint working with partners through the Community Planning Partnership. Our strategic approach to workforce planning supported by more detailed workforce planning at service level will enable the Council to forecast workforce requirements and develop coherent plans to ensure we have the optimum mix of staff in terms of skill and number to deliver our corporate objectives
- 9.6 People are at the heart of everything the Council does and what it aims to achieve – as such we will continue to invest in the health and wellbeing of our workforce to optimise their contribution to Council aims and to recognise their role within our communities too.

10 CONCLUSION AND RECOMMENDATIONS

- 10.1 The Corporate Plan offers a clear vision and direction of travel, inspiring action to support the achievement of positive outcomes for all, at every life stage. This vision shapes the approach we take to support our employees, and ensures that everyone is encouraged and able to offer their best contribution in their working lives.

10.2 Building on our considerable achievements to date, we continue to develop new ways of thinking and working, to deliver a legacy of sustainable change for the citizens and communities of Perth and Kinross.

10.3 It is recommended that the Council:

- (a) notes the continued success of the workforce management measures;
- (b) notes the considerable range of organisational development activity taking place across the Council;
- (c) approves the continued provision of an annual report detailing progress relating to workforce management and organisational development.
- (d) consider the recommendations in the Audit Scotland report.

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Approved

Name	Designation	Signature
Bernadette Malone	Chief Executive	
Date	3 December 2013	

*Reports to be presented to a Member / Officer Group, Committee, Sub-Committee or the Council **must be signed off** by the Chief Executive or the relevant Executive Director.*

If you or someone you know would like a copy of this document in another language or format, (on occasion only, a summary of the document will be provided in translation), this can be arranged by contacting *(Sandra Flanigan)*



Council Text Phone Number 01738 442573

IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	Yes
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

1.1 Council Corporate Plan Objectives 2013 - 2018

The Council's Corporate Plan 2013-2018 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

- 1.2 This report does not specifically relate to one of the objectives, but assists with the delivery of all five.

2. Resource Implications

Workforce

This report summarises a number of key workforce resource issues.

3. Assessments

3.1 Equalities Impact Assessment

This report was considered under the Corporate Equality Assessment Framework. The Council's arrangements for workforce management,

employee engagement and learning and development are designed to support and advance equality.

There is on-going monitoring and reporting of the Council's employment strategies through the equality monitoring statistics.

3.2 Strategic Environmental Assessment

Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).

However, no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only, and are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

4. **Consultation**

4.1 This report was prepared in consultation with Executive Directors.

5. **Background Papers**

There are no background papers.

6. **Appendices**

Appendix one is attached to this report.

Appendix 2 [‘Scotland’s Public Sector Workforce’ report](#)

Appendix One

EMPLOYEE ENGAGEMENT SURVEY – September 2013

The survey was made available to 5764 employees across Perth & Kinross Council and 3347 employees responded giving a response rate of 58.07% (52.54% in 2012)

High level results are summarised in the table below and compared with the results of 2008 pilot surveys through to the 2012 full Council survey.

Question		Survey 2008%	Survey 2009%	Survey 2010%	Survey 2011%	Survey 2012 %	Survey 2013 %	Change
1. I am clear what is expected of me at work.	Agree	86.5	89.8	88.7	88.3	87.4	89.1	Up 1.7%
	Neither agree nor disagree	7.1	5.9	6.9	7.2	7.9	7.1	
	Disagree	4.7	3.6	4.2	4.4	4.6	3.8	
2. I am treated fairly at work.	Agree	80	82.7	80.7	83.1	81.9	82.6	Up 0.7%
	Neither agree nor disagree	12.5	10.9	11.9	10.5	11.3	11.6	
	Disagree	5.7	5.3	6.3	6.4	6.7	5.8	
3. There is a good fit between the job I do and my skills and abilities.	Agree	81.3	84.3	83.3	84.0	83.6	85.1	Up 1.5%
	Neither agree nor disagree	10.3	9.6	10.4	9.7	10.5	8.8	
	Disagree	6.5	4.8	6.3	6.3	5.9	6.0	
4. I have the right tools, equipment and information to do my work effectively.	Agree	70	73.3	75.2	71.8	71.4	71.5	Up 0.1%
	Neither agree nor disagree	15.7	15.1	14.3	17.1	16.2	15.3	
	Disagree	11.9	10.5	10.5	11.1	12.5	13.2	
5. My role provides me with a daily opportunity to use my strengths.	Agree	72.6	77.8	77.4	79.8	77.5	78.6	Up 1.1%
	Neither agree nor disagree	16.1	14.1	14.7	12.9	14.7	13.5	
	Disagree	8.3	6.4	7.9	7.3	7.7	7.8	
6. I receive regular recognition and praise on my performance at work.	Agree	48.9	54	55.2	55.5	53.6	56.5	Up 2.9%
	Neither agree nor disagree	25.5	26.1	24	25.8	24.9	24.4	
	Disagree	23.2	18.8	20.9	18.6	21.4	19.0	
7. At work my development is encouraged and supported.	Agree	60.7	64.5	63.2	65.1	63.6	65.9	Up 2.3%
	Neither agree nor disagree	23.2	23.2	22.3	22.5	22.7	21.8	
	Disagree	13.9	11.3	14.5	12.3	13.7	12.3	
8. I am treated as an individual.	Agree	74.5	77.3	77.5	77.9	76.5	77.2	Up 0.7%
	Neither agree nor disagree	15.9	14.7	14.1	15.0	15.8	15.9	
	Disagree	7.4	6.5	8.3	7.1	7.7	7.0	

Question	Aggregated Responses	Survey 2008%	Survey 2009%	Survey 2010%	Survey 2011%	Survey 2012 %	Survey 2013 %	Change
9. At work my views and opinions seem to count.	Agree	59.1	63.8	63.1	63.6	62.5	64.6	Up 2.1%
	Neither agree nor disagree	25	22.5	22.7	22.9	23.1	22.1	
	Disagree	13.5	12.6	14.2	13.5	14.4	13.3	
10. My team has a good team spirit.	Agree	69.4	71.6	67.5	69.5	66.6	67.6	Up 1.0%
	Neither agree nor disagree	14.6	15.5	16.9	16.9	17.5	17.3	
	Disagree	13.8	11.6	15.7	13.5	15.9	15.1	
11. The people I work with are committed to doing their best.	Agree	80.7	83.9	83.9	86.0	84.1	85.0	Up 0.9%
	Neither agree nor disagree	12.3	11.2	11.3	10.2	12.0	11.3	
	Disagree	4.5	3.6	4.9	3.8	4.0	3.7	
12. I know how my job contributes to the Council's objectives.	Agree	76	77.8	79.8	79.9	80.2	81.0	Up 0.8%
	Neither agree nor disagree	17.2	16.7	15.6	15.9	15.6	15.4	
	Disagree	4.5	4	4.6	4.1	4.2	3.6	
13. I am given the freedom to solve problems.	Agree	72	74.3	76.7	78.0	76.7	78.7	Up 2.0%
	Neither agree nor disagree	17.8	17.6	16.7	16.0	15.8	15.1	
	Disagree	8	6.8	6.5	6.0	7.5	6.3	
14. My team are passionate about delivering excellent customer service.	Agree	77.3	80	81.6	82.4	81.0	82.8	Up 1.8%
	Neither agree nor disagree	15.8	14.5	13.7	14.2	14.9	13.7	
	Disagree	4.8	3.9	4.9	3.4	4.2	3.4	
15. Any problems that could stop me giving the best customer service are dealt with.	Agree	53.6	61.6	62.3	62.8	61.7	64.6	Up 2.9%
	Neither agree nor disagree	29.2	25.8	25.5	25.8	25.3	23.7	
	Disagree	15.2	11	12.2	11.3	13.0	11.8	
16. I have sufficient opportunities to raise issues with my manager about change at work.	Agree		75.4	75.2	75.6	73.2	76.6	Up 3.4%
	Neither agree nor disagree		15	14.6	14.8	16.1	13.7	
	Disagree		8.5	10.2	9.6	10.7	9.8	
17. I am able to cope with my workload..	Agree		63.5	61.5	72.7	71.7	72.6	Up 0.9%
	Neither agree nor disagree		19.4	20.8	16.8	17.6	17.3	
	Disagree		16.2	17.6	10.4	10.6	10.1	

Percentages may not add up to 100% as some people may not have answered the question or due to rounding of figures.

Scotland's public sector workforce



 ACCOUNTS COMMISSION

 AUDITOR GENERAL

Prepared by Audit Scotland
November 2013

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about/ac 

Auditor General for Scotland

The Auditor General's role is to:

- appoint auditors to Scotland's central government and NHS bodies
- examine how public bodies spend public money
- help them to manage their finances to the highest standards
- check whether they achieve value for money.

The Auditor General is independent and reports to the Scottish Parliament on the performance of:

- directorates of the Scottish Government
- government agencies, eg the Scottish Prison Service, Historic Scotland
- NHS bodies
- further education colleges
- Scottish Water
- NDPBs and others, eg Scottish Police Authority, Scottish Fire and Rescue Service.

You can find out more about the work of the Auditor General on our website: www.audit-scotland.gov.uk/about/ags 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

Summary



Key facts

Number of whole-time equivalent (WTE) staff employed directly by councils, the NHS, the Scottish Government and other central government bodies in Scotland in March 2013

373,400¹

Estimated staff costs in public sector bodies 2011/12

£12.7 billion

Total reduction in staff costs between 2009/10 and 2011/12

£1 billion (8%)

15,816 (4%)²

Minimum number of staff (WTE) who left through an early departure scheme between 2009/10 and 2012/13

9,664 (3%)²

Number of WTE jobs transferred between 2009/10 and 2012/13 to arm's-length or other bodies who deliver services that are paid for, at least in part, by public money

Notes:

1. Calculated by Audit Scotland from Office for National Statistics and Information Services Division data.
2. Percentage of 2009 workforce.

Background

1. Workforce planning is the process that organisations use to make sure they have the right people with the right skills in the right place at the right time. To manage their workforces effectively, organisations need to have up-to-date information on:

- the numbers of people they employ to carry out different tasks
- what skills the workforce has and where there are gaps
- what skills and staff will be needed to deliver future services and priorities.

They must then plan and manage their workforces, and make any necessary changes, to meet their organisational objectives.

2. The devolved public sector is an important source of employment in Scotland.¹ In March 2013, councils, the NHS and central government, including the Scottish Government, employed 443,900 full and part-time staff (headcount), representing 18 per cent of the total workforce in Scotland.

3. Staff costs are the largest single element of public bodies' spending. In 2011/12, around £12.7 billion was spent on staff costs in councils, the NHS, the Scottish Government and other central government bodies. Public bodies need to manage their workforces strategically to deliver service priorities while dealing with financial pressures and making savings. Many bodies are currently reducing the size of their workforces to help meet budget cuts, through early departure schemes, outsourcing service delivery to other organisations and changing how they deliver services.² It is important, when making these changes, that bodies retain staff with the skills needed to deliver their strategic priorities and that the approaches they use provide value for money.

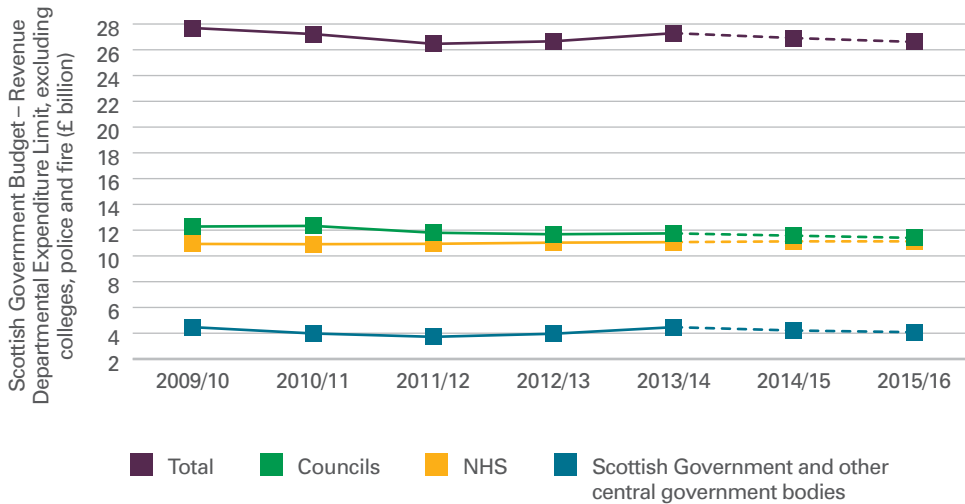
4. Councils receive around 70 per cent of their funding from Scottish Government revenue funding, council tax, and non-domestic rates.^{3 4} We estimate that in 2012/13 councils received around £11.7 billion revenue funding from these sources. The NHS received £11 billion revenue funding from the Scottish budget in 2012/13. Central government, which includes bodies such as the Scottish Government, Scottish Water, the Scottish Court Service and Creative Scotland, received £4 billion revenue funding. In total, these three sectors received £26.7 billion in revenue funding from the Scottish budget, council tax and non-domestic rates in 2012/13. This is £1 billion (four per cent) less in real terms than in 2009/10.⁵ Between 2009/10 and 2012/13:

- council income from Scottish Government revenue funding, council taxes and non-domestic rates reduced by £607 million (five per cent) in real terms, to £11.7 billion
- the NHS's revenue budget allocation increased by £99 million (one per cent) in real terms, to £11 billion
- the central government sector's revenue budget reduced by £516 million (12 per cent) in real terms, to £4 billion. ([Exhibit 1, page 6](#)).

Exhibit 1

Funding changes 2009/10 to 2015/16

Since 2009/10 all sectors have faced budget pressures and these will continue to 2015/16 at least.



Note: Figures converted to 2012/13 prices. Figures for councils include Scottish Government grants and receipts from non-domestic rates and council taxes. They exclude receipts from service fees and charges for council services, other revenue and housing rents.

Source: Audit Scotland



5. The financial pressures facing Scottish public bodies will continue until at least 2015/16, the period of the current Spending Review. Further detail is included in [Part 3](#) of this report.

About our audit


6. The aim of our audit was to assess if public bodies are effectively managing changes to their workforces. The specific objectives were to determine:

- How will the size and structure of the public sector workforce change between April 2009 and March 2015?
- What were the financial costs and benefits of changes to the public sector workforce and are the changes likely to provide long-term cost reductions?
- Did the workforce planning approaches that public bodies used follow good practice and include assessments of capacity and capability to ensure that the workforce can meet future needs?
- What significant opportunities and challenges face those managing the public sector workforce in future years?

7. The nature of public services and how they are provided has changed significantly in recent years. Many public bodies have outsourced aspects of their work to arm's-length external organisations (ALEOs) or to private sector companies. Third sector organisations also provide a range of services on behalf of public bodies. In all of these cases, some form of public funding is

paid to the service provider, a proportion of which will be used to pay staff. This report focuses on staff employed directly by public sector organisations, and on the costs associated with employing those staff. The report does not look at the funds paid to other bodies providing services on behalf of public bodies or their employees.

8. We gathered audit evidence from:

- published and unpublished national and local data
- work at nine fieldwork sites ⁶
- responses to our survey of 80 public bodies ⁷
- interviews with representatives from organisations such as the Royal College of Nursing, British Medical Association, the Society of Local Authority Chief Executives (SOLACE), and the Scottish Social Services Council.
- [Appendix 1 \(page 43\)](#) sets out our audit approach and details who took part in our audit. [Report supplement 1 \(PDF\)](#)  summarises the details of our nine fieldwork sites. Our audit did not include a number of smaller central government bodies and some bodies did not provide all of the information we asked for.

9. We received assistance and advice throughout the audit from an advisory group. [Appendix 2 \(page 45\)](#) lists the members of this group.

10. We focused on the approaches used by councils, the NHS, the Scottish Government and other central government bodies to change their workforces from April 2009 to March 2013. We used this time period, as 2009/10 was the last year in which budgets increased. Most of the figures quoted in our report refer to this period. Our information on staff costs covers the period from April 2009 to March 2012, as actual costs for 2012/13 for all bodies were not available at the time of our audit. To help understand what might happen up to the end of the current spending review period, we include some estimates up to 2014/15. These were provided by surveyed bodies and other named sources.

11. When we refer to the ‘public sector in Scotland’ we refer to the staff directly employed by councils, the NHS, the Scottish Government and other central government bodies. Our report excludes the 39,500 whole time equivalent (WTE) staff employed by colleges, police, and the fire and rescue service.⁸ We have excluded these bodies and staff because they were undergoing major reform at the time of our audit.

12. The three sectors included in our audit operate within different frameworks:

- The NHS and central government bodies are directed by the Scottish Government to follow certain policies. Both sectors have a no-compulsory-redundancy policy, and adopted the Scottish Government’s pay policy, introduced as part of the 2011/12 Scottish budget announcement.⁹
- Councils have greater autonomy over how they deliver services, manage budgets, and employ and manage workforces. One significant difference is the use of compulsory redundancy. While the Scottish Government has

restricted the use of compulsory redundancy in central government bodies and the NHS, some councils have used compulsory redundancy to change their workforces.

- The NHS adheres to some workforce management policies that operate at a UK level. These apply to the majority of NHS staff. All doctors', dentists', nurses' and allied health professionals' pay is based on recommendations by UK pay review bodies.
- Some NHS, Scottish Government and central government bodies are restricted in how they can reduce costs as a result of guarantees to protect staff terms and conditions. Some staff are given lifetime pay protection when they change job due to organisational restructuring while others may have their terms and conditions protected for a specified time only.

13. This audit complements our report *Managing early departures from the Scottish public sector*.¹⁰

14. Our audit report is in three parts:

- [Part 1](#). Changes in staff numbers and costs
- [Part 2](#). Implementing workforce changes
- [Part 3](#). Planning for future workforce changes

15. In addition to this report, we will publish the following supporting material on our website in January 2014:

- Background data for individual public bodies.
- Good practice guide.

Key messages



- 1** From March 2009 to March 2013, the Scottish public sector workforce reduced by 26,600 WTE (seven per cent), to 373,400. A significant number of staff left through early departure schemes (15,816 WTE, equal to four per cent of the 2009 workforce). Another 9,664 WTE (three per cent) transferred to ALEOs or other non-public sector bodies. These staff still deliver services paid for by public money, but they are no longer included in public sector employment figures.
- 2** These changes helped public bodies to reduce their staff costs by an estimated £1 billion (eight per cent) between 2009/10 and 2011/12. Some of this reduction in staff costs will be offset by other payments to ALEOs and other non-public sector bodies to deliver public services.
- 3** The 80 survey bodies used a range of approaches to manage workforce numbers and costs. Each of the nine fieldwork bodies planned, at a service level, when changing their workforces. NHS bodies also produce single organisation-wide plans, bringing together their service-level workforce plans. Eight fieldwork bodies had used an early departure scheme but none had fully tested their schemes before using them. Fieldwork bodies did not routinely collect information on the costs and savings of their workforce change programmes.
- 4** Public sector finances will be under pressure for the foreseeable future although this varies between sectors. At the time we completed our work, only 58 of the 80 public bodies surveyed were able to predict workforce numbers and costs for 2014/15.
- 5** Given the challenges ahead, public bodies will need to make further workforce changes. Without service reform these are unlikely to deliver the savings needed. Public bodies need to think differently about how they deliver services, for example by prioritising and redesigning services and increasing joint working and collaboration. The Scottish Government has a number of reforms under way that could help deliver some of the change needed.

Recommendations

The Scottish Government and the Convention of Scottish Local Authorities (COSLA) should:

- work with public bodies to improve the consistency and accessibility of the data they collect on public sector employment and staff costs. This would provide more clarity on the relationship between staff numbers and costs and the impact of changes in employment levels on disposable income and workforce availability
- provide strategic guidance on how bodies can redesign services and work better together to jointly plan and deliver services
- improve strategic planning of public sector workforces to identify and plan for future skills needs, gaps and challenges across the public sector.

Where they have not already done so, councils, the NHS, the Scottish Government and central government bodies should:

- develop and use organisation-wide workforce plans, informed by a series of service or departmental plans that are consistent in their structure and content. Senior managers and boards or elected members should scrutinise and monitor these plans
 - assess the impact of different terms and conditions on the likely costs and uptake of their schemes before they put a scheme in place
 - collect information on the costs and net savings from their workforce programmes and report these details to boards and elected members
 - forecast expected staff numbers, skill needs and costs on a rolling three-year basis, using scenario planning where necessary
 - make better use of existing mechanisms, such as community planning partnerships, to identify opportunities to share resources, including workforces.
-

Part 1

Changes in staff numbers and costs



Key messages

- 1** From March 2009 to March 2013, the Scottish public sector workforce reduced by 26,600 WTE (seven per cent) to 373,400.
- 2** Over these four years, 9,664 staff transferred to arm's-length or other bodies outside the public sector. These staff still deliver services paid for by public money, but they are no longer included in public sector employment figures.
- 3** At least 15,816 WTE staff left through early departure schemes.
- 4** Staff have also retired or left for jobs outside the public sector. At the same time, public bodies have recruited staff to fill posts that are critical to their ability to deliver services.
- 5** Reported staff costs reduced by £1 billion (eight per cent) to £12.7 billion, between 2009/10 and 2011/12. Some staff who transferred to arm's-length and other non-public sector bodies are still being paid indirectly through public funds.

The public sector workforce reduced by 26,600 WTE (seven per cent) between 2009 and 2013

16. The devolved public sector workforce in Scotland grew by 52,700 WTE staff (a 1.5 per cent annual increase) in the ten years after devolution, from 347,300 in March 1999 to 400,000 in March 2009. From March 2009 to March 2013, public bodies reduced their workforces overall by seven per cent, equivalent to a 1.7 per cent annual decrease, to 373,400 WTE staff:¹¹

- Councils made the biggest reduction of 23,800 WTE staff (ten per cent) to 204,500 WTE.
- The NHS made the smallest reduction, with its workforce decreasing by 1,400 WTE staff (one per cent) to 133,200 WTE.
- The Scottish Government and other central government bodies reduced their workforces by 1,400 WTE overall (four per cent) to 35,700 WTE staff.

17. Between March 2009 and March 2012, councils, the NHS, the Scottish Government and other central government bodies reduced their workforces by

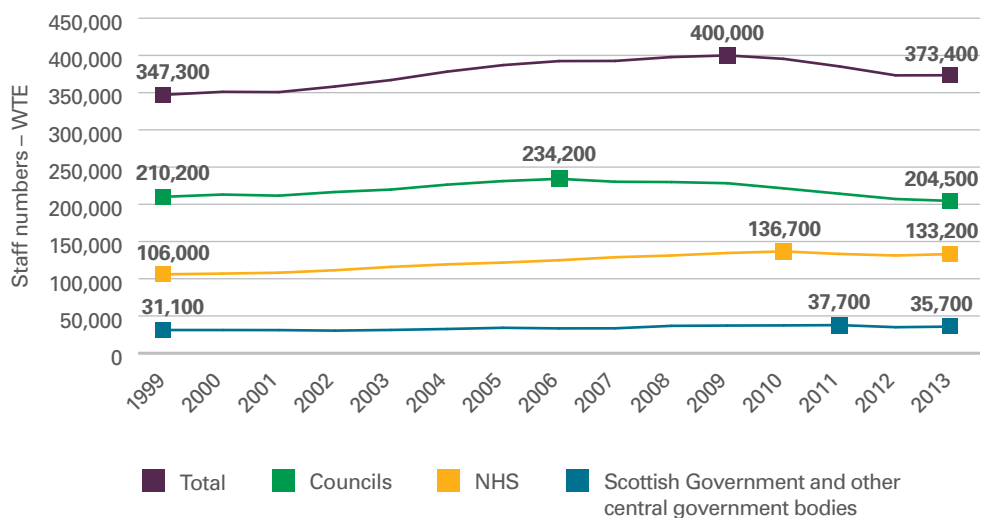
councils, the NHS, the Scottish Government and other central government bodies have reduced staff numbers and costs since 2009

26,800 WTE to 373,200 WTE staff. The public sector workforce has begun to grow again. During 2012/13, there was a net increase of 200 WTE. Council staff reduced by a further 2,600 WTE while NHS and central government workforces increased by 2,000 and 800 respectively¹² ([Exhibit 2](#)).

Exhibit 2

Public sector employment between 1999 and 2013, by sector

Public sector employment declined from a peak of 400,000 in 2009. Council employment began declining in 2006.



Source: Audit Scotland from Office for National Statistics data

18. Councils began to reduce their workforces in March 2006, by an average of just under one per cent a year until 2009. Since then, councils have reduced workforces by an average of 2.6 per cent each year. The Scottish Government and other central government bodies and the NHS began to reduce numbers in the first six months of 2010.

19. Fifty-nine of the 80 public bodies in our survey, including all 32 councils, reduced the size of their workforce between 2009 and 2013. Eighteen NHS and central government bodies increased their staff numbers:

- Thirteen of 22 NHS bodies reduced their workforces, while nine increased staff numbers. Six of the eight special boards increased their staff numbers, ranging from an increase of three WTE at the Scottish Ambulance Service, to over 450 additional WTE staff (79 per cent increase) at NHS Education for Scotland.¹³ Only three of the 14 territorial boards increased staff numbers: NHS Lothian, by 78 WTE (less than one per cent); NHS Shetland, by 48 WTE (ten per cent); and NHS Highland, by 811 WTE (11 per cent) ([paragraph 20](#)).
- Fourteen of the 26 central government bodies surveyed reduced their workforces. Nine increased their total staff numbers.¹⁴

20. Some of the changes to individual workforces are due to staff transferring within the public sector. They do not affect the overall total but result in movements across and within sectors. For example, the NHS is now responsible for prisoner healthcare, which led to the transfer of 253 staff from the Scottish Prison Service

to nine territorial health boards in October 2011.¹⁵ New arrangements for the integration of health and social care in the Highlands led to the transfer, in April 2012, of 1,100 staff from Highland Council to NHS Highland, and 160 staff from NHS Highland to the council. Other significant changes have taken place through the Scottish Government's programme to simplify the public sector landscape. This resulted in staff transfers between existing, merged and new central government bodies. For example, in April 2010, around 615 staff transferred from two bodies to the Scottish Government to create Marine Scotland.

Almost 10,000 WTE staff transferred to arm's-length or other bodies outside the public sector

21. Based on our survey, we calculate that since 1 April 2009, 9,664 WTE staff transferred from councils, the NHS and central government bodies to arm's-length bodies (ALEOs) or other bodies outside the public sector, such as SERCO.¹⁶ This is equivalent to 36 per cent of the overall reduction in workforce numbers.

22. In the last four years, 15 councils, one NHS board and two central government bodies transferred staff to ALEOs and other non-public sector bodies. Councils transferred a total of 9,100 WTE staff (just under four per cent of the total council workforce in March 2009). NHS Forth Valley transferred 541 facilities management staff to SERCO in 2010/11, as part of the contract arrangement for the new Forth Valley Royal Hospital. Highlands and Islands Enterprise and Scottish Enterprise transferred 23 staff in total to Atos in 2011 as part of a joint IT shared services arrangement with Skills Development Scotland.

23. Staff who transferred under these arrangements are not included in the public sector employment statistics or staff costs. They may continue to provide or support the delivery of public services, paid for by public money. The cost of these outsourcing arrangements is reported in public bodies' accounts as general expenditure rather than as staff costs. [Case study 1](#) illustrates how this works.

Case study 1

South Lanarkshire Council transferred 224 WTE staff to an ALEO to deliver its sport, culture and recreation facilities

In 2010, South Lanarkshire Council transferred 224 WTE staff to South Lanarkshire Leisure and Culture Trust. The trust receives an annual service fee (£21.6 million in 2011/12) from the council. It also receives income from users through charges for the services it provides. The staff are no longer included in the public sector employment statistics or accounted for as public sector staff costs. They continue to deliver public services and the council contributes to the costs through the annual service fee.

Source: Audit Scotland

The public sector workforce reduced by 15,816 WTE through early departure schemes

24. In *Managing early departures from the Scottish public sector*, we reported that 13,846 public sector staff (headcount) agreed to leave their employment as part of an early departure scheme in 2010/11 or 2011/12.¹⁷ Usually staff do not leave immediately. For example, when agreeing early departures in 2011/12 and 2012/13,

the Scottish Government set three dates over each year when staff could leave. In Glasgow City Council, departure dates were set by individual heads of service and spread over a three-year period. For this audit, we collected information on the number of staff who actually left each year from 2009/10 to 2012/13.

25. Over the four years from 2009/10 to 2012/13, 18,908 people (headcount) left their jobs through an early departure scheme. We have calculated the number of jobs affected on a WTE basis, using a conversion factor based on data from the Office for National Statistics (ONS). We estimate that 15,816 WTE jobs were vacated by the 18,908 employees who left through early departure schemes.

26. The number of staff leaving through early departure schemes varied across the public sector. The Scottish Government and other central government bodies made the greatest relative use of early departure schemes to reduce workforce numbers:

- 11,543 WTE staff left councils, equivalent to five per cent of the March 2009 workforce in councils
- 946 WTE staff left the NHS, equivalent to one per cent of the March 2009 NHS workforce
- 3,327 WTE staff left the Scottish Government and other central government bodies, equivalent to nine per cent of the March 2009 workforce.

27. The number of staff leaving through early departure schemes peaked at 6,238 WTE in 2010/11. The number of public bodies using early departure schemes peaked one year later in 2011/12. The number of people leaving through early departure schemes has reduced in recent years in all three sectors. This downward trend may be due to a combination of factors, including the targeting of schemes and less interest in early departure schemes amongst remaining staff ([Exhibit 3, page 15](#)).

Natural departures, secondments and recruitment led to further changes

28. Of the 26,600 WTE posts removed from the public sector between 2009 and 2013, 9,664 were through transfers to ALEOs and other bodies outside the public sector. Reductions through public bodies' early departures schemes led to 15,816 fewer posts. This leaves a net difference of 1,120 WTE posts. This is made up of a combination of recruitment; secondments to other non-public sector bodies; and natural turnover, when staff retire or leave for jobs outside the public sector.¹⁸

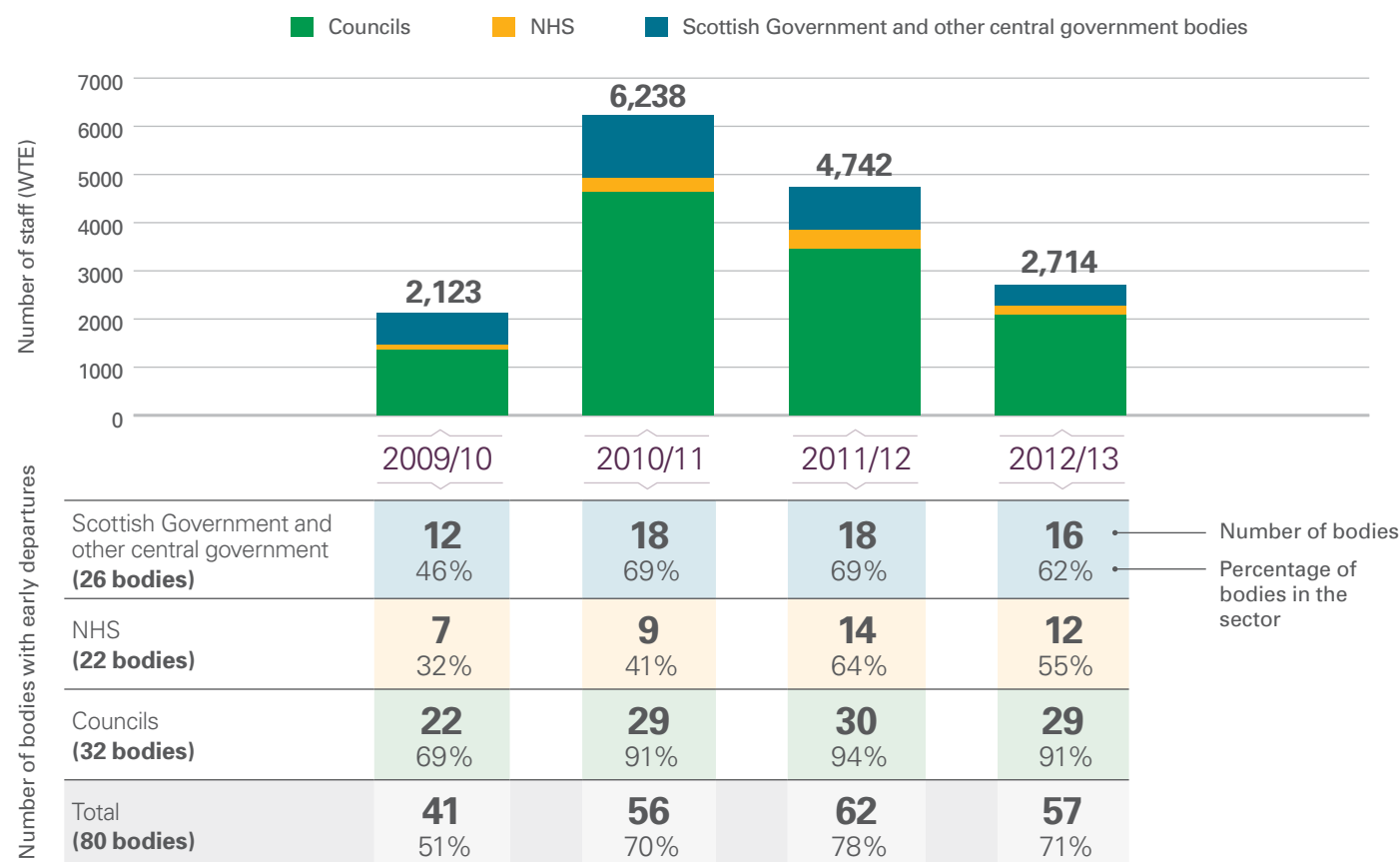
29. Overall staffing levels have decreased. Councils, the NHS, the Scottish Government and central government bodies have also recruited staff. For example to replace business-critical skills lost through natural turnover or to bring in new skills to deal with service changes and new responsibilities. The Scottish Environment Protection Agency (SEPA) recruited 43 staff between 2009 and 2013 to deliver new responsibilities arising from the Flood Risk Management (Scotland) Act 2009. The new responsibilities included: producing a national flood risk assessment for Scotland; identifying vulnerable areas; producing flood hazard and flood risk maps; and establishing a flood risk management planning service. Overall, SEPA reduced its staff numbers by 148 WTE between 2009 and 2013.

30. It is important that public bodies plan strategically. When a post is vacated they should firstly assess if the post is business-critical and if so, how it should be filled.

Exhibit 3

Number of bodies using, and staff (WTE) leaving through, early departure and early retirement schemes, 2009/10–2012/13

The number of people leaving through an early departure scheme has reduced in recent years.



Source: Audit Scotland



We found that, when staff left a business-critical post, our fieldwork bodies often re-evaluated and re-graded the job. Public bodies also took advantage of staff leaving to redeploy staff from elsewhere in the organisation ([Case study 2, page 16](#)).

Some aspects of the workforce profile changed between 2009 and 2013

31. As well as the overall reduction in public sector staff, the profile of the workforce has changed. Between 2009 and 2013, the average age of public sector staff increased. In 2013, the average age was 44 years and four months compared with 43 years and nine months in 2009. We looked at the age distribution of the full and part-time staff in our survey bodies in 2009 and 2013 and found that the number of staff:

- aged under 20 years fell by 25 per cent
- aged 50-59 years increased by 5 per cent
- in all other age groups decreased by between six and 12 per cent ([Exhibit 4, page 17](#)).

If all of those aged 50 years or more leave their jobs within the next 10–15 years, over 37 per cent of the workforce will leave. There is a risk that this could create gaps in essential skills and experience ([see Part 3](#)).

Case study 2

Glasgow City Council's early departure scheme in 2010 resulted in 2,607 staff leaving

Glasgow City Council ran an early departure scheme in 2010 targeted at all staff over the age of 50. The scheme excluded staff working in business-critical posts in education and social work services. A total of 2,607 individuals applied and all were accepted for departure. In one department, Land and Environmental Services, just over 23 per cent of the workforce (831 staff) applied to leave in the three years up to 2012/13. In some teams within the department, applications for early departure were equivalent to 40 per cent of the team workforce. Following a detailed review to determine what investment was needed to maintain services and flexibility, the department identified that it would bring in 452 staff. This was achieved by recruiting staff and redeploying them from elsewhere in the council.

Source: Audit Scotland

32. Some public bodies are now targeting the recruitment of young people. Scottish Government and ONS official statistics show that, in the year to March 2013, the number of 16-24 year olds employed by 53 central government bodies on a full or part-time basis increased by 140, to 1,300. Overall, the percentage of young people in the workforces of these public bodies increased from 3.8 per cent to 3.9 per cent.¹⁹

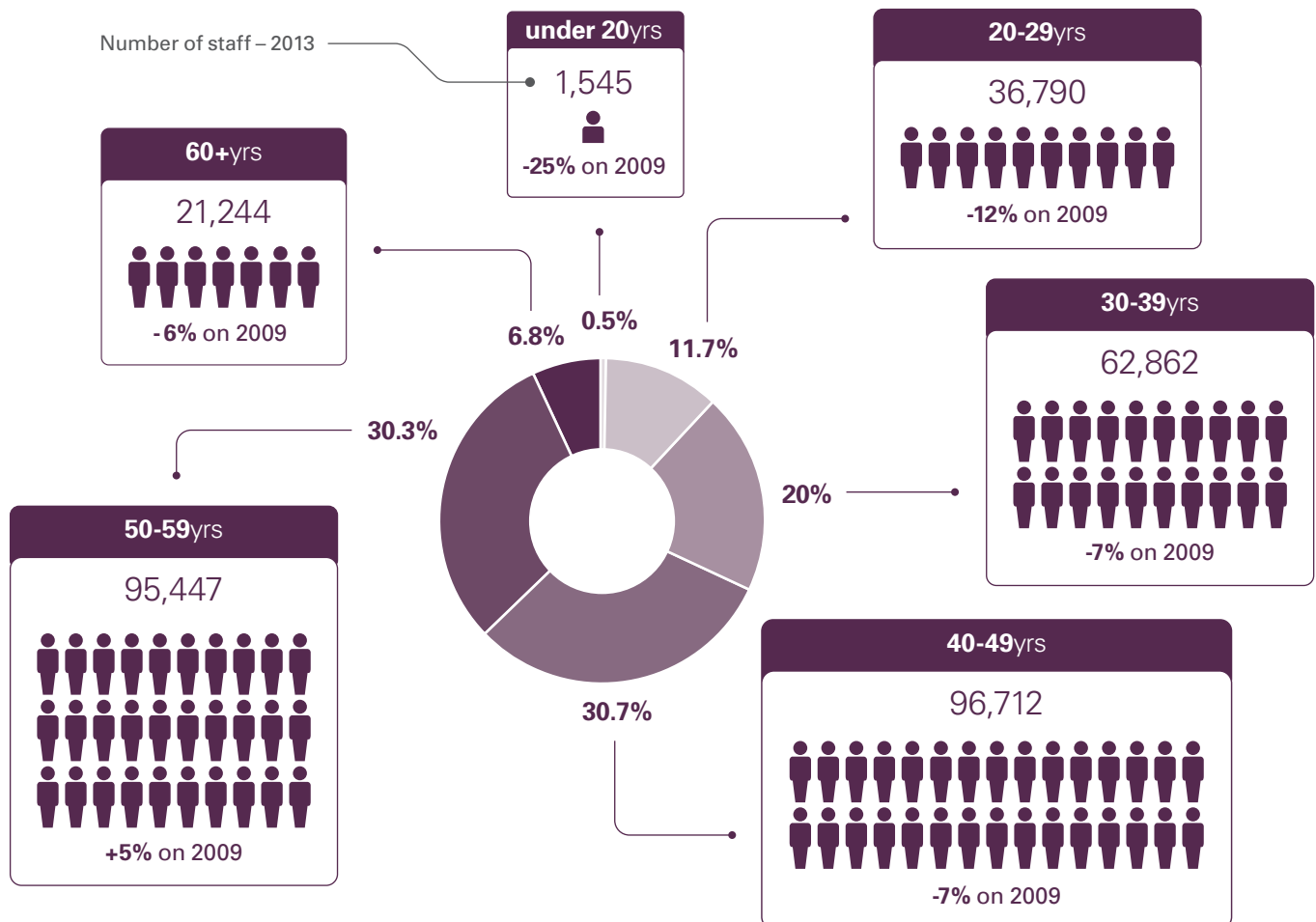
33. Identifying other changes in the make-up of the public sector workforce is made difficult by incomplete information on, for example, the ethnic origin of staff or the types of job that public sector staff do.²⁰ Our analysis of the available information shows that while there are differences across sectors, the gender profile of the workforce and type of employment have not changed significantly since 2009 ([Exhibit 5, page 18](#)).

34. The number of senior manager jobs and administrative posts has decreased in some parts of the public sector:

- The Scottish Government has a target to reduce senior manager costs by 25 per cent between April 2010 and 2015. It reported a reduction of 17 per cent by the end of March 2013.²¹
- The NHS set a target to reduce the number of senior managers by 25 per cent from April 2010 to April 2015. It reported a reduction of 23 per cent up to April 2013.²²
- Councils have reduced the size of their management teams. We reported in *Responding to challenges and change: an overview of local government in Scotland* that by the end of 2012, 18 councils had four or fewer directors on their senior management team.²³

Exhibit 4**Changes in the public sector workforce, by age, 2009/10–2012/13**

The total number of staff in each age group decreased between 2009/10 and 2012/13 except in the 50-59 age group.



Note: Total WTE staff in 64 of the 80 survey bodies reduced from 329,000 in March 2009 to 314,600 in March 2013. Other bodies could not provide age breakdowns for both years.

Source: Audit Scotland

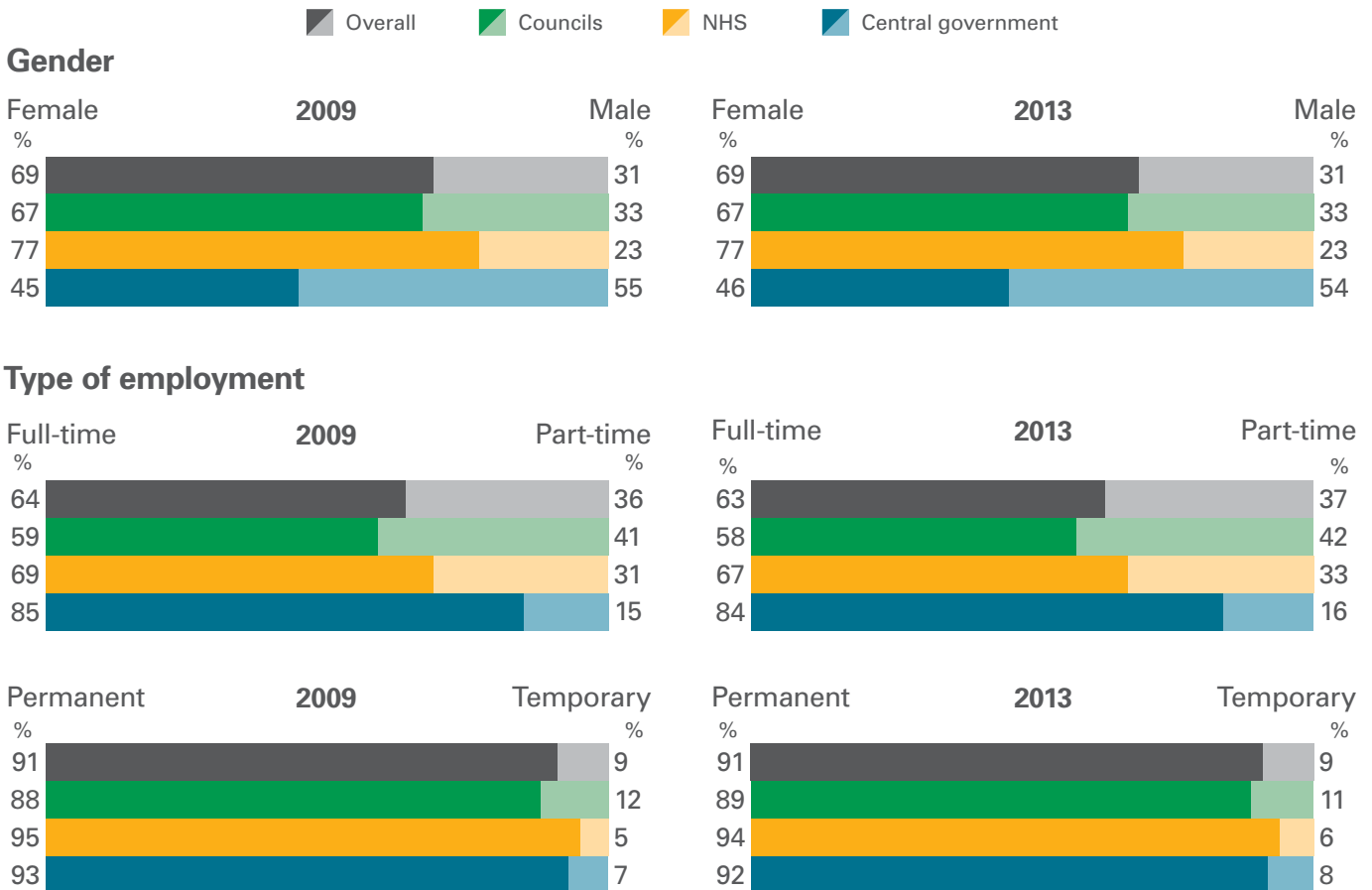


- In the Scottish Government and its agencies the number of first-tier management posts decreased by 10 per cent between 2009 and 2012.
- In the NHS, the percentage of administrative and support services staff employed decreased from 30.1 per cent in September 2009, to 28.6 per cent in March 2013.²⁴
- In the Scottish Government and its agencies, the number of administrative grade posts reduced by more than eight per cent between 2009 and 2012.²⁵ We do not have equivalent information for councils or other central government bodies.

35. We do not have complete information for all types of staff employed in the public sector due to the variety of jobs that exist. Previous reports by Audit

Exhibit 5

Changes in the public sector workforce, 2009–13, by gender and type of employment



Source: Audit Scotland from survey data and other published data



Scotland have raised concerns about the loss of expertise amongst trading standards and planning staff in councils.²⁶ The number of teachers employed in Scotland decreased by three per cent, from 53,000 in 2009, to 51,410 in 2012. Pupil numbers also fell over the period. Overall, pupil to teacher ratios increased from 13.2 pupils to each teacher in 2009 to 13.4 in 2012.

36. NHS staffing varies across specialisms. For example, Information Services Division (ISD) data show the following:

- The number of NHS consultants rose from 4,250 to 4,532 WTE between September 2009 and March 2013. Demand has also increased resulting in vacancy rates decreasing from 3.8 per cent in September 2009 to 3.1 per cent in March 2010, before increasing to 4.3 per cent in March 2013.
- The same pattern is evident for nursing and midwifery staff. Overall, the number of nursing and midwifery staff in post fell by 1,392 WTE to just over 57,000 WTE over the period. Vacancies decreased between September 2009 and September 2010 from 2.5 per cent to 0.8 per cent, but increased to 2.7 per cent in March 2013. NHS spending on bank and agency nursing and midwifery staff had fallen from £106 million in 2009/10

to £90.5 million in 2010/11. This is now increasing again. In 2012/13, the NHS spent £110.6 million on bank and agency nursing and midwifery staff.

Reported staff costs reduced by £1 billion (eight per cent) in real terms between 2009/10 and 2011/12. But public bodies are still meeting some of these costs

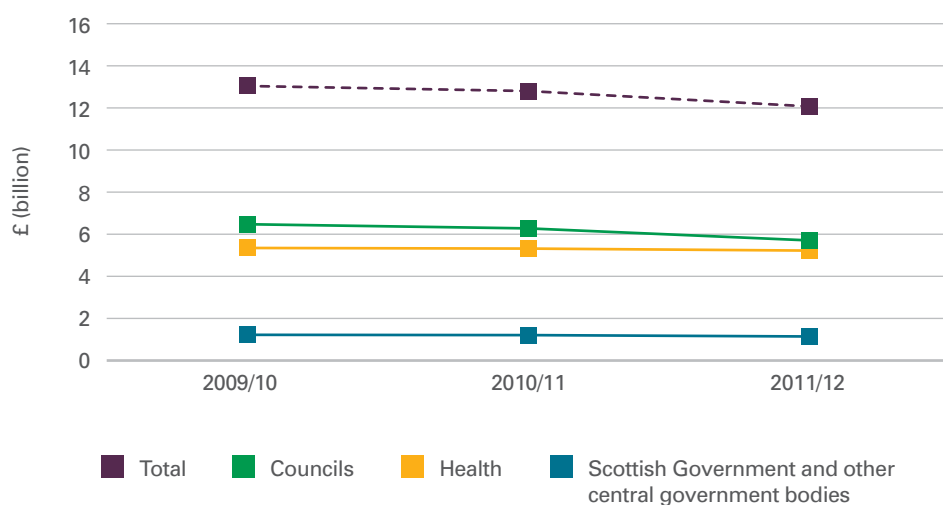
37. We estimate that councils, the NHS, the Scottish Government and other central government bodies spent at least £12.7 billion on staff costs in 2011/12. Staff costs decreased by £1 billion in real terms (eight per cent) over the three years from 2009/10.²⁷ Staff who transferred to arm's-length and other bodies may continue to be paid for by public money. As such, the reduction in staff costs is offset, in part, by additional service contract costs.²⁸

38. Staff costs changed over the three years in each sector as follows ([Exhibit 6](#)):

- Councils reduced staff costs by £813 million (12 per cent) in real terms, to £6 billion in 2011/12. Over the same three-year period, council staff numbers decreased by nine per cent.
- The NHS reduced staff costs by £136 million (two per cent), to £5.5 billion in 2011/12 while NHS staff numbers reduced by three per cent.
- In the Scottish Government and other central government bodies staff costs decreased by around £83 million to at least £1.2 billion in 2011/12 (seven per cent). Our analysis for the sector is not complete. We estimate that the 66 bodies included in our analysis of staff costs represent approximately 85 per cent of the workforce in the Scottish Government and other central government bodies.

Exhibit 6

Changes in staff costs, in real terms, 2009/10 to 2011/12



Note: Figures are adjusted to 2011/12 prices.

Source: Audit Scotland

39. Councils reduced staff costs for all service areas between 2009/10 and 2011/12. The extent of reduction varied across services. Education and social work staff costs reduced by seven and 11 per cent respectively; cultural and related services staff costs reduced by 19 per cent and central services staff costs reduced by 38 per cent.

It is difficult to get reliable cost information

40. There is no single source of data for staff costs and we have drawn information from a range of sources to produce our estimates:

- The audited accounts for councils do not identify staff costs as a separate item. We used unaudited information from the local financial returns (LFRs) to provide trend information on employment costs. LFRs are the best source of comparative financial information currently available.²⁹
- Our estimates of NHS staff costs are based on Scottish Government monitoring which is audited, reliable and collected consistently across the years.
- We reviewed the accounts of 66 central government bodies including, the Scottish Government. Where relevant, this included predecessor organisations. There are inconsistencies in what is included in staff costs in each body's accounts. For example, in some cases, board remuneration costs were listed separately but not in others. We have adjusted the figures, where possible, to try to ensure consistency.

41. The staff costs reported in bodies' annual accounts include the cost of early departure payments. We estimate that, since 2009/10, councils, the NHS, the Scottish Government and other central government bodies incurred costs of at least £663 million for those leaving as part of an early departure scheme. So, the actual reduction in staff costs from 2009/10 to 2011/12 may be more than £1 billion.

Recommendation

The Scottish Government and the Convention of Scottish Local Authorities (COSLA) should:

- work with public bodies to improve the consistency and accessibility of the data they collect on public sector employment and staff costs. This would provide more clarity on the relationship between staff numbers and costs and the impact of changes in employment levels on disposable income and workforce availability.
-

Part 2

Implementing workforce changes



Key messages

- 1 The 80 survey bodies had used a range of approaches to manage workforce numbers and costs. Each of the nine fieldwork bodies planned, at a service level, when changing their workforces. NHS bodies also produce single organisation-wide plans, bringing together their service-level workforce plans.
- 2 Eight fieldwork bodies had used an early departure scheme but none had fully tested their schemes before using them. Fieldwork bodies followed appropriate approval processes for significant workforce changes but they did not routinely collect information on the costs and savings of the approaches they were taking.
- 3 The nine fieldwork bodies worked closely with staff and unions on proposed workforce changes and are monitoring the effect on staff. They generally rely on existing systems to measure the effects on staff and on how services are performing.

42. This part of our report includes examples of practice from our nine fieldwork sites. We chose these to provide a mix of views and experiences. We recognise that there may be other good practice examples at locations where we did not carry out detailed work.

Fieldwork bodies planned changes to their workforces at service or departmental level. NHS bodies had also produced organisation-wide plans

43. We assessed the workforce planning approaches used at our nine fieldwork sites against good practice to find out the following:³⁰

- Did fieldwork bodies link workforce requirements with corporate objectives, financial planning and service delivery plans? When they did this, did they consider possible changes in policy, budgets, demand and the future supply of the workforce?
- Did each organisation identify:
 - the skills and capabilities needed to deliver its priorities now and in future?
 - skills gaps?
 - areas where staff had skills that were no longer required and offered opportunities for redeployment or savings?

our fieldwork bodies made the changes needed to their workforces to achieve their business and financial objectives

Fieldwork bodies used service-level workforce planning to deliver their organisational objectives. NHS bodies had also produced organisation-wide workforce plans

44. Preparing a workforce plan for the whole organisation helps strategic planning by identifying opportunities for redeploying people and providing an opportunity for more joined-up planning across service areas or departments. Without an organisation-wide plan there is a risk that:

- changes to how an organisation delivers services in one area may have unplanned or unintended effects on other services
- management teams cannot manage workforce changes to ensure that the organisation is making best use of its staff resources to achieve its objectives.

45. We found that all nine fieldwork bodies linked their workforce requirements to organisational objectives, financial plans, and service delivery. NHS bodies had also produced detailed organisation-wide workforce plans, in line with a specific Scottish Government requirement to produce these annually.

46. All of the fieldwork bodies had planned their workforces well at a service level, with the details included in individual service or departmental plans.³¹ These plans set out the bodies' aims and intentions for the service, typically over 3-5 years. We reviewed examples of service level plans at the fieldwork sites and found that they contained:

- a clear rationale for making changes that linked to organisational objectives
- details on what changes they would make in how they deliver services
- an outline of the services' current resources, for example budget and staff
- details on how the workforce should change to deliver redesigned services.

47. There may be reasons why organisations plan at a service or departmental level. For example, councils deliver a wide range of services. Some have large workforces, including specialist staff who are unlikely to be redeployed to a job outside their main area of expertise. Where public bodies use service level planning, they need to consider the risks of not preparing organisation-wide workforce plans, and take action to mitigate them.

48. Where public bodies choose to use service or departmental plans rather than organisation-wide plans, good practice suggests that their individual plans should have a similar structure and level of detail, so that they can be compared and subject to central analysis and scrutiny. Our review of the 22 NHS organisation-wide workforce plans found they did not have a consistent structure or content. This makes it difficult for the Scottish Government Health and Social Care Directorate (SGHSCD) to develop a view of the NHS's workforce needs across Scotland. The SGHSCD is currently consulting with boards about ways to improve and speed up the development of plans. We did not review enough individual service plans at fieldwork sites to form a view on the extent to which they had similar structures.

49. From our fieldwork, we identified that all three NHS bodies and two councils were using existing tools and good practice approaches to develop their workforce plans. NHS bodies follow the SGHSCD 'Six steps methodology to integrated workforce planning' guidance. Aberdeenshire Council developed an electronic workforce planning toolkit with support from the Improvement Service. It allows public bodies to use scenario planning to help develop long-term plans for new or restructured services. Twenty-nine Scottish councils requested and received an electronic copy of the toolkit. The council and the Improvement Service report that it has been used by at least eight other councils including South Lanarkshire, which used it to review some of its services.³²

Fieldwork bodies had identified their skills needs and started responding to potential skills gaps

50. We found evidence that all nine fieldwork bodies had identified the mix of skills needed to deliver services over the next few years. They had also taken action to respond to potential skills gaps at individual service level. The Scottish Government published its draft capability plan in January 2013. This identified additional skills that staff will need over the next few years, such as in tax policy, administration and digital and social media.

51. We also found good examples of organisations working with education providers to reduce skills gaps. For example, between 2009 and 2013, SEPA worked with the Universities of Stirling and Dundee to train specialists in flood risk management. This was to help meet new EU directives that led to the Flood Risk Management (Scotland) Act 2009. The new legislation increased demand for specialists Europe-wide and not enough were available in Scotland. SEPA resolved this shortage by developing a trainee programme with the universities. This allowed recruits to develop their skills through both work and part-time study, thereby filling the skills gap.

Public bodies used a range of approaches to manage workforce numbers and control costs

52. The public bodies we reviewed used different approaches to help manage staff numbers and costs between 2009/10 and 2012/13 ([Exhibit 7, page 24](#)).

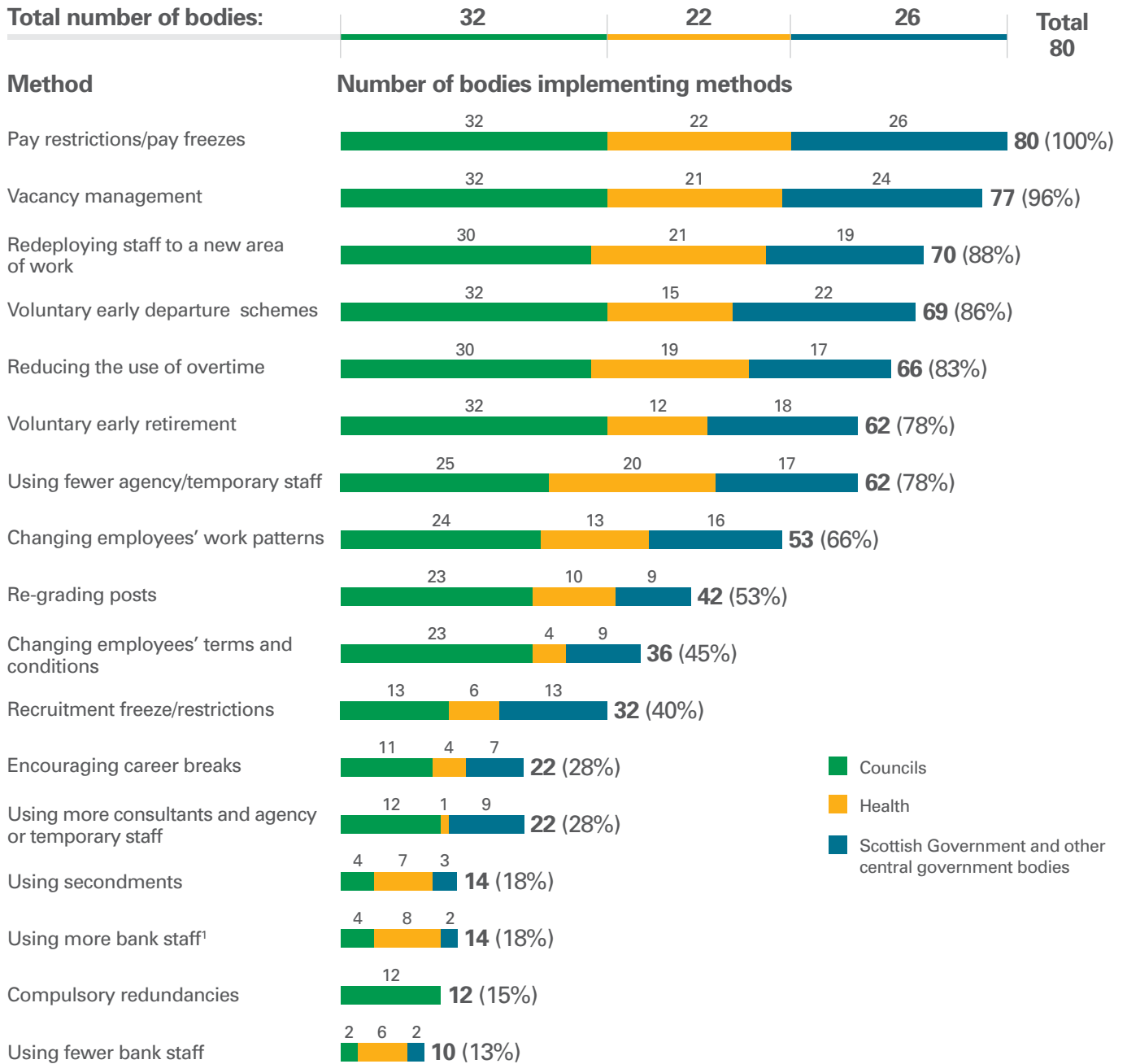
53. All 80 of the public bodies we surveyed set limits on pay increases to manage their staff costs. As part of the Scottish budget considerations in 2011/12 and 2012/13, Scottish ministers introduced a pay freeze for all staff at the top of their pay scale in the Scottish Government, its agencies and non-departmental public bodies.³³ The policy was also adopted by the NHS in Scotland and some councils. Public bodies adopting the policy did not give inflationary pay increases to staff, although staff costs did increase for other reasons, such as pay progression. The Independent Budget Review Panel estimated that pay restrictions across the public sector avoided additional staff costs of £240 million in 2011/12, rising to a total of £570 million by 2012/13.³⁴

54. Seventy-seven of 80 public bodies used vacancy management to reduce staff numbers and costs. This is when an organisation fills only vacant posts that are business-critical. NHS Lanarkshire used a mixture of vacancy management and recruiting, redeploying and retraining staff to alter the skills mix within the allied health professionals (AHP) service. The overall number of AHP staff decreased by only two (from just over 800 WTE) but by changing the grade mix, NHS Lanarkshire reported a saving of £1.5 million between 2010/11 and 2012/13.

Exhibit 7

Methods used by public bodies to manage workforce numbers and costs 2009/10–2012/13

Bodies used a variety of methods to manage workforce numbers and costs.



Note 1: The NHS employs bank staff to help manage the need for additional staffing hours cost-effectively and safely. NHS boards can also contract nursing staff through agencies, but this is more expensive.

Source: Audit Scotland



55. Seventy public bodies redeployed staff to alternative posts, if the post they occupied was no longer needed. South Lanarkshire Council reviewed its customer contact service with a view to making savings. It implemented a programme to increase telephone and web-based contact, and was able to merge five call centres into two. It moved surplus call centre staff to other duties, retraining

some, for example, to provide advice to customers who visit council offices. South Lanarkshire Council estimates this redesign saved £400,000 in 2011/12.

56. Sixty-six public bodies restricted the use of overtime by either stopping it or limiting overtime that managers could authorise or staff could claim.

57. Sixty-two public bodies used voluntary early retirement schemes. These are broadly similar to early departure schemes but tailored to staff approaching retirement age.

58. Sixty-two public bodies used fewer agency and temporary staff by either stopping the practice or limiting when staff could be recruited temporarily.

59. Fifty-three public bodies changed employees' work patterns, for example by allowing staff to work from home; offering flexible hours or locations; or both of these. Glasgow City Council's Land and Environmental Services department negotiated a change from a standard five-day working pattern to a four-on/four-off pattern. This allowed the department to manage its staff resources more effectively and to make better use of its assets, such as vehicles and equipment. Aberdeenshire Council introduced a 'Worksmart' programme, which uses new technology to allow staff to work flexibly, at home or at other council locations.







60. Councils were more likely to re-grade staff posts and negotiate changes to employees' terms and conditions than the NHS, the Scottish Government or other central government bodies. This may be due, in part, to pay protection for some NHS and central government staff which may be time-limited or for life. Central government bodies' pay protection is usually time-limited. However, some NHS employees have lifetime pay protection. This means that if an NHS employee with lifetime pay protection is transferred to another NHS position on a lower grade, they will keep their higher pay, including entitlement to bonuses and overtime payments, until they leave, or pay progression erodes the difference, or the NHS body can negotiate a change.³⁵

61. Twelve councils have used compulsory redundancy. Some have introduced 'no-compulsory-redundancy' policies, sometimes with associated conditions. For example, Scottish Borders Council has adopted a no-compulsory-redundancy policy in return for union and staff agreement to suspend pay progression.

62. Sixty-nine public bodies, including eight of our fieldwork bodies, used voluntary early departure schemes to reduce staff numbers and costs between 2009/10 and 2012/13.³⁶ This includes voluntary redundancy and voluntary early release schemes that allow staff to leave employment before retirement age, with a compensatory payment paid, at least in part, by their employer. The early departure schemes developed differ among bodies reflecting different terms and conditions and pension packages as well as the differing objectives set for each departure scheme ([Exhibit 8, page 26](#)).

63. The Scottish Government requires its directorates, agencies and NHS bodies to use early departure schemes that are in line with the Civil Service Compensation Scheme or the NHS's Agenda for Change pay, terms and conditions programme. There are advantages in using established schemes, as they can be introduced without lengthy negotiation and all staff are treated the same. However, the fixed nature of these schemes means that the NHS and some central government bodies cannot alter the terms for departures.

Exhibit 8**Examples of early departure schemes terms and conditions¹**

	Entitlement for each year of service including the maximum	Pension arrangements	Typical max payback period ²
NHS	 <p>Four weeks' pay for each full year of service up to a maximum of 104 weeks.</p>	Staff at minimum pension age can take their pension early with no reduction to benefits. Staff will surrender some redundancy payment (age dependent), to meet the costs of receiving their pension early. No additional years will be added.	 <p>104 weeks</p>
Civil Service Compensation Scheme	 <p>Four weeks' pay for each year of service up to a maximum of 84 weeks.</p>	Staff at minimum pension age can opt for early retirement but will be asked to surrender some of their redundancy payment to meet the cost of receiving their pension early. No additional years will be added.	 <p>104 – 156 weeks</p>
Skills Development Scotland³	 <p>Under 40s: 4 weeks' pay for each year of service up to a maximum of 104 weeks. 40+: 8 weeks' pay for each year of service up to a maximum of 104 weeks.</p>	Staff eligible for early retirement will receive statutory redundancy pay (based on age and length of service) and access to unreduced pension. No additional years will be added.	 <p>76 weeks</p>
Stirling Council	 <p>The number of weeks' pay that would be taken into account for statutory redundancy, multiplied by 2.2, up to a maximum of 66 weeks.⁴</p>	Up to 10 years may be added to pension entitlement but payback must be within 2 years.	 <p>104 weeks</p>
Glasgow City Council	 <p>A total of 0.5 – 66 weeks' pay depending on age and number of years' service. Other variations may also be taken into account such as working patterns, bonuses and shift working.</p>	Between 4 and 6.6 years may be added to pension entitlement. This may be reduced for staff with less than 5 years' service.	 <p>156 weeks</p>

Notes:

1. This simplifies the arrangements and benefits provided. Schemes have restrictions for some employees, for example those with less than two years' service. We have standardised 1 month to 4 weeks for consistency.
2. Period within which costs are to be recovered. The payback period is the time after which the body will expect to start saving money when someone leaves through an early departure scheme. In some schemes, an average payback period for all departures within the scheme is used instead of assessing each individual application.
3. Skills Development Scotland (SDS) was created in 2008 by merging some staff from five predecessor bodies (including the two arms of Careers Scotland which existed within Highlands and Islands Enterprise and Scottish Enterprise). The design of SDS's early departure scheme was influenced by the schemes of its predecessor bodies, although on less favourable terms than those operated in the preceding three years.
4. Statutory redundancy is based on an employee's age and length of employment. Employees receive 0.5 week's pay for each year of employment if they are aged under 22, 1 week's pay if they are aged between 22 and 41, and 1.5 weeks' pay if they are aged 41 over. Other conditions also apply.

Source: Audit Scotland

64. Public bodies may choose to use inbuilt discretions within standard schemes. For example, the Scottish Government and its agencies can apply to the Cabinet Office for permission to alter the usual tariff of four weeks' pay for each year of service. Some public bodies, including the City of Edinburgh Council, decided that an offer of 1.5 weeks' pay for each year of service would be enough to help achieve the workforce reductions they needed.

65. Not all of the workforce planning approaches that public bodies use are focused on reducing staff numbers. Some public bodies have faced difficulties in recruiting for posts due to competition from other employers, or their location, and have had to try different approaches. For example, both Aberdeen City and Aberdeenshire councils have used alternative approaches when recruiting teachers. In July 2013, Aberdeen City Council agreed to offer an incentive payment to encourage applicants from outside the city to apply for vacancies, to make up a shortfall of around 40 teachers. Aberdeenshire Council instigated a programme to recruit teachers from Canada and Ireland. On previous occasions, Aberdeenshire Council advertised posts and received no applicants, but their 2013 recruitment campaign resulted in 85 applications for the 52 posts advertised. The council appointed 13 overseas staff who started work in August 2013; another 17 overseas teachers will start before the end of 2013.

66. By using a mix of approaches, the nine fieldwork bodies had made the workforce changes needed to achieve their business and financial objectives. It is important that bodies understand how these approaches work together. None of the fieldwork bodies had evaluated the relative effectiveness of their approaches.

Fieldwork bodies implemented their early departure schemes effectively but did not fully test them before using them

67. Public bodies using early departure schemes incur upfront costs, with savings spread over the following years. It is important that schemes attract enough interest to achieve the savings necessary, while remaining affordable. We found that, before introducing schemes, none of the public bodies we reviewed had fully tested them, by modelling different terms and conditions of their schemes or different levels of uptake by staff. Without doing this, bodies cannot be sure that their schemes are affordable, provide value for money and will generate the required level of savings. Bodies had not sought input from other public bodies on their experiences of running schemes with different terms and conditions.

68. All the early departure schemes that eight of the nine fieldwork bodies used had a payback period against which bodies assessed applications. Organisations use these to test the value for money of proposals and work out if they can recover costs from the expected savings within a specified timeframe. Where staff who apply qualify for high compensatory payments, this could reduce their likelihood of meeting the body's payback criteria. This is because it will take longer to recover costs and make savings. If this is the case, public bodies may have to reject these applications. It is important that bodies consider carefully the value for money of their schemes and make consistent decisions when assessing applications.

69. We found that the eight fieldwork bodies had implemented their departure schemes effectively. For example:

- They had set out details of their schemes clearly and offered support to staff throughout the process.

- They managed who could leave and when. The Scottish Government used an open early departure scheme, where any member of staff could apply, but employed strict, well-defined criteria to ensure that staff with key skills did not leave. In 2011/12, the Scottish Government's voluntary exit panel considered 450 applications and turned down 13 ([Case study 3](#)). Glasgow City Council's scheme targeted those aged 50 years or over. The council controlled when staff could leave, agreeing departure dates over the three-year period after an application was accepted.
- They used other workforce approaches along with, or instead of, early departure schemes. For example:
 - Some redeployed staff to vacant posts or posts vacated by people who had accepted an early departure.
 - South Lanarkshire Council and the Scottish Government took the opportunity to redesign and re-evaluate jobs and regrade posts freed up by departures, restructuring the workforce where possible.
 - Some public bodies made early departure schemes available to staff they had been unable to redeploy, to prevent them remaining on the redeployment register for a long period. For example, NHS Lanarkshire offered voluntary departure packages to staff if there were limited opportunities for them to be redeployed due to, for example, a lack of posts at their grade.
 - The Scottish Ambulance Service promoted opportunities for staff to transfer to the A&E service, when it redesigned its Patient Transport Service.

Case study 3: Good practice example

The Scottish Government's early departure scheme

The scheme evaluates individual applications for early departure against various criteria that help decide if an application may be accepted or rejected.

Criteria

The individual's post will be deleted under reorganisation or restructuring.

The individual's departure helps meet the directorate's plan to reduce headcount and is part of an active reorganisation or restructuring programme.

The applicant is on the redeployment list, or about to be added to the list; and their skill set or location suggests that opportunities for another posting are very limited, or they are likely to need skill development before being posted.

Releasing the individual provides an opportunity for reorganisation or restructuring resulting in business and cost efficiencies. (If the vacated post needs to be filled, it should be as a lower grade and filled internally.)

External recruitment will be needed because of the location of the post or the specialist nature of the post.

The post is business-critical at present; that is, the post cannot be left vacant and there is no available immediate successor.

The applicant's skill set has to be retained.

Source: Scottish Government

Only the Scottish Government formally documented how it appraised options to manage workforce numbers and costs

70. All nine fieldwork bodies reported that they developed their workforce management approaches by considering, or appraising, a range of options to control staff numbers and reduce costs. They selected those they thought would be most effective and acceptable, and discussed them with unions, staff groups, boards and elected members. However, only the Scottish Government had formally documented its option appraisal. In 2010, its Resources Committee considered over 20 options and ruled out four (for example, introducing new contracts of employment). It then adopted the other 16 to varying degrees. Other public bodies reported weighing and discussing their options but not all documented their decisions.

Fieldwork bodies followed appropriate processes for approving significant workforce changes

71. The nine bodies we reviewed followed appropriate governance arrangements by asking their boards and elected members to approve significant workforce reshaping proposals, including their early departure schemes.

72. Boards, elected members and the Cabinet Office (for the Scottish Government and its agencies) were asked to approve the use of funding for early departure schemes.³⁷ Approval was sought based on broad assumptions about the likely numbers departing and associated costs. For example, the Scottish Government requested Cabinet Office approval to run an early departure scheme in 2012/13. The Scottish Government had identified that, to help balance its budget for the year, it would need to reduce staff numbers by 300 WTE. It sought permission from the Cabinet Secretary for Finance, Employment and Sustainable Growth to spend up to £12 million, to cover the estimated costs of the 300 WTE departures, if this number of staff came forward. After the assessment process, the Scottish Government agreed 148 WTE staff departures in 2012/13, at a cost of £6.8 million.

Fieldwork bodies did not routinely collect information on the costs and savings of their workforce change programmes

73. Public bodies should monitor the costs and savings from their workforce programmes. This provides assurance that they are achieving value for money and that they will achieve the overall savings required. They should also report these to boards and elected members. Our principles of good practice on early departure schemes state that all bodies should publicly report the costs of their early departure schemes and the savings these generate.³⁸

74. The nine fieldwork bodies we reviewed provided reports to boards and councils on the number of staff applying for early departures and on the overall effect of significant changes in the workforce. But not all public bodies were routinely collecting information on the savings they made from wider changes to the workforce, or the costs of these.

75. All NHS bodies separately identify savings from workforce changes and report these to their boards and the Scottish Government Health and Social Care Directorate (SGHSCD). Glasgow City Council also reported overall costs and savings to its elected members. We found that the five other fieldwork bodies monitored the impact of their workforce programmes

through departmental and service budgets but they did not separately identify workforce savings.

76. In our survey, six of the 57 public bodies which ran an early departure scheme in 2012/13 were unable to provide information on the savings they expected from the scheme. One could not separately identify costs.

77. For the eight fieldwork bodies with an early departure scheme, reported costs ranged from £27,000 to £69,600 for each person, each year. Savings among these bodies ranged from £3,650 to £40,850 for each person, each year. The greatest variation was in the costs and savings reported by the three central government bodies ([Exhibit 9](#)).

Exhibit 9

Examples of costs and savings from early departure schemes at seven fieldwork sites

Highest and lowest average costs and savings for each departure in fieldwork bodies between 2009/10 and 2012/13, by sector			
	Councils	NHS	Central government
Average cost per head (lowest - highest)	£36,100 - £59,900	£34,850 - £64,400	£27,000 - £69,600
Average yearly saving per head (lowest - highest)	£15,950 - £34,950	£20,550 - £39,150	£3,650 - £40,850

Note: The exhibit excludes Aberdeenshire Council, which did not provide costs and savings information, and the Scottish Ambulance Service, which has not run an early departure scheme.

Source: Audit Scotland

78. The work involved in developing detailed workforce reshaping programmes can be significant. The time spent by staff may not always be recorded as a direct cost. It is important that organisations understand the likely costs (and savings) of their programmes. Public bodies should at least recognise that:

- major changes are likely to have development and implementation costs, such as administering the scheme and recruiting, redeploying and training people.
- these costs will be higher if changes involve large numbers of staff.

Only one fieldwork body – the Scottish Court Service (SCS) – had measured the administrative cost of running its scheme. SCS estimates that it cost £79,000 of direct staff time to administer its early departure scheme for the 96 staff who left. Our reports, *Learning the lessons of public body mergers*

and *Managing early departures*, provide guidance on measuring workforce costs and savings and, specifically, how to calculate the cost of early departure schemes.³⁹

Fieldwork bodies worked with staff and unions when developing workforce changes and are monitoring the effect on staff wellbeing

79. We found evidence in all nine fieldwork bodies that they had worked with staff and unions on plans to reshape their workforces. Employee representatives sit on NHS boards and, in all three sectors, unions were consulted about proposed workforce changes. Bodies communicated regularly with staff about proposals for workforce changes and kept them informed about plans. For example, NHS Forth Valley involved staff in working groups that helped develop the board's proposals.

80. Fieldwork bodies were using existing measures to monitor the impact of workforce changes on staff wellbeing. For example:

- using staff surveys and employee audits to track staff morale and staff satisfaction
- using indirect measures of staff wellbeing, such as sickness absence data, and stress counselling services, to help identify if changes could adversely affect the workforce. The Scottish Government monitors the amount of flexitime that staff build up and are not taking, and the take-up of annual leave by staff.

81. There is some anecdotal evidence that workloads are increasing. For example, respondents to Glasgow City Council's 2012 staff survey expressed concerns that workforce changes had reduced resources and increased workloads. It is important that bodies adapt and continue to use systems to monitor staff wellbeing.

Fieldwork bodies were generally using existing systems to measure the effect of workforce changes on service performance

82. The nine bodies we reviewed generally relied on existing systems to monitor the effects of workforce changes on performance. It is important that, when planning significant changes, such as when councils implement the new welfare benefits changes, bodies put in place appropriate measures and systems to monitor the effect on performance. When NHS Forth Valley restructured its Acute and Urgent Care services in 2009, it monitored performance more closely so that it could quickly identify any service deterioration.

Recommendations

Where they have not already done so, councils, the NHS, the Scottish Government and other central government bodies should:

- develop and use organisation-wide workforce plans, informed by a series of service or departmental plans that are consistent in their structure and content. Senior managers and boards or elected members should scrutinise and monitor these plans

- use established good practice approaches, such as the NHS 'six steps' method and the Aberdeenshire Council toolkit, to help plan workforces and develop consistent workforce plans
 - ensure they have set clear objectives for their workforce change programmes; including considering possible consequences, such as the need for recruitment, retraining or regrading posts; and cost and plan for these
 - learn from previous experience; by consulting others when developing early departure schemes for the first time, or by evaluating the effectiveness of their own schemes
 - assess the impact of different terms and conditions on the likely costs and uptake of their schemes before they put a scheme in place
 - collect information on the costs and net savings from their workforce programmes and report these details to boards and elected members
 - develop and adapt existing mechanisms to monitor the impact of workforce programmes on staff wellbeing by, for example, adding questions to staff surveys or changing the timing of staff surveys
 - when redesigning services, consider how this could affect the services they delivery and put measures in place to monitor this.
-

Part 3

Planning for future workforce changes



Key messages

- 1 Public sector finances will be under pressure for the foreseeable future, as budgets decrease and the ageing population increases demand for many public services. Budgets are expected to decrease by a further £57 million in real terms by 2015/16. There is variation between sectors – councils' funding will reduce by £281 million up to 2015/16, while NHS and central government budgets will increase by £101 million and £123 million respectively.
- 2 At the time we completed our work, only 58 of 80 surveyed bodies were able to predict workforce numbers and costs for 2014/15. These bodies expect staff numbers to fall by 3,122 WTE up to 2014/15. Overall costs are expected to rise by £209 million, in cash terms, as public bodies implement inflationary and other pay increases.
- 3 Given the challenges ahead, public bodies, and especially councils, will need to make further workforce changes. Without service reform, these are unlikely to deliver the savings needed. Public bodies need to think differently about how they deliver services, for example by prioritising and redesigning services and increasing joint working and collaboration. The Scottish Government has a number of reforms under way which could help deliver some of the change needed.

public bodies should continue to review workforces. They will also need to find new ways to make savings

Public sector finances will continue to be under pressure for the foreseeable future

83. We estimate that funding for the Scottish Government, other central government bodies, the NHS and councils (including council tax and non-domestic rate payments) will reduce by £57 million (0.2 per cent) in real terms to £26.6 billion by 2015/16. There is variation across the sectors. We estimate that:

- council income from revenue grants from the Scottish Government, council taxes and non-domestic rates will reduce by £281 million (two per cent) in real terms
- the NHS's revenue budget allocation will increase by £101 million (one per cent) in real terms
- the central government sector's revenue budget will increase by £123 million (three per cent) in real terms.⁴⁰ These changes are shown in [Exhibit 1 \(page 6\)](#).

84. Councils also collect income from other sources; such as service fees, charges and housing rents. Councils raised £5.6 billion from these in 2011/12.⁴¹ Councils will need to increase their income from other sources by five per cent over the three years from 2013/14 to 2015/16 to make up the reduction of £281 million in Scottish Government grants, council taxes and non-domestic rates.

85. Beyond 2015/16 the situation is likely to become even more challenging. In August 2013, the Centre for Public Policy for Regions (CPPR) estimated that the Scottish resource budget will be £2.7 billion lower in real terms by 2017/18.⁴²

86. The public sector also faces significant challenges due to demographic changes. As birth rates decline and people live longer, the number of older people is growing both in absolute terms and as a proportion of the population. Between 2009 and 2012, the number of people living in Scotland aged 65 years and over increased to 925,750. The percentage of people aged over 65 is projected to increase from 17 per cent of the population in 2012 to 25 per cent by 2035.⁴³ This trend is likely to continue for the foreseeable future and it will result in increased demand for health and social care and for pensions and benefits. It will place further pressure on public finances and services.

87. Our previous report on *Scotland's public finances* noted that public bodies faced financial pressures from capital investment programmes, backlogs of maintenance and repairs, and environmental pressures arising from increased energy costs and emission targets. All these pressures continue to apply.⁴⁴

Only 58 of 80 public bodies were able to forecast workforce numbers and costs for 2014/15

88. We used our survey to collect details from public bodies on their expected staff numbers and costs in 2014/15. Not all were able to provide this information. Fieldwork bodies cited uncertainties about future budgets at service level, pay deals and new responsibilities as factors that make longer-term financial planning difficult. Our analysis of survey responses shows:

- Seventeen of the 32 councils forecast staff numbers and costs up to 2014/15. Twelve had forecast their staff costs only, and three could not forecast staff costs or staff numbers for 2014/15. We did not collect information from all councils on why they were unable to provide this information. Some were in the process of preparing these estimates and some reported that they could not make further progress until they had finalised budgets.
- Nineteen of the 22 NHS bodies provided both staff number and cost estimates up to 2014/15. One provided details of staff numbers only and two NHS bodies provided neither. NHS bodies prepare their staffing projections annually and send these to the Scottish Government Health and Social Care Directorate, which publishes the details every August.
- Twenty-two of the 26 central government bodies surveyed provided both staff numbers and staff cost estimates up to 2014/15. Two bodies had forecast their staff costs only. Two had forecast staff numbers only. Creative Scotland reported that its costs will be finalised once an agreement is reached on pay harmonisation for staff transferred to the organisation.

Overall, the 58 public bodies expect staff numbers to fall up to 2014/15, but net costs to rise

89. The 58 public bodies that forecast staff numbers and costs up to 2014/15 planned to reduce the workforce by a further 3,122 WTE. However, they expected their staff costs to rise over the two years, by £209 million in cash terms. There is variation between, and within, sectors ([Exhibit 10](#)):

- In addition to the reductions they had already made up to March 2013, 16 councils forecast that their staff numbers would fall over the next two years by almost 3,700 WTE overall (a three per cent fall compared with the number employed in 2012/13). Aberdeenshire Council forecast no change in its staff numbers. Despite reducing the size of their workforces, these 17 councils forecast that staff costs would increase by £24 million (one per cent).
- Nineteen NHS bodies forecast that staff numbers would increase overall by 327 WTE, and net staff costs would increase by £159 million (four per cent). Healthcare Improvement Scotland expects to make the biggest relative increase in its workforce; it will employ 30 extra staff (11 per cent more than the current workforce) by 2014/15, to help deliver new responsibilities. Overall, it expects staff costs to increase by £2 million (19 per cent). NHS Health Scotland is the only NHS body expecting costs to fall; it expects staff numbers to remain unchanged over the two years with costs decreasing by £31,000 (0.3 per cent).
- Twenty-two central government bodies forecast staff numbers would increase by just under 250 WTE (one per cent) but net costs would increase by £27 million (four per cent). Loch Lomond and Trossachs National Park Authority expects no significant change in the number of WTE posts over the two years, but forecasts a reduction in staff costs of 11 per cent. Scottish Enterprise will increase staff numbers by 28 WTE posts (three per cent) and forecasts overall staff costs will increase by £3 million (six per cent).

Exhibit 10


Forecast change in staff numbers and costs between 2012/13 and 2014/15

Councils expect to reduce staff numbers although, in all three sectors, staff costs are expected to rise.

	Numbers (WTE)	Per cent change from 2012/13 (WTE)	Staff costs (£)	Per cent change from 2012/13 (£)
17 councils ¹	- 3,698	- 2.9 per cent	+ £24 million	+ 0.6 per cent
19 NHS boards	+ 327	+ 0.3 per cent	+ £159 million	+ 3.7 per cent
22 central government bodies	+ 249	+ 1.2 per cent	+ £27 million	+ 3.8 per cent
Overall net change	- 3,122	- 1.2 per cent	+ £209 million	+ 2.2 per cent

Note 1: Fife Council transferred staff to the Scottish Police Authority and the Scottish Fire and Rescue Service in April 2013. We have excluded these transfers from the figures quoted to be consistent with data from other councils.

Source: Audit Scotland

90. Overall, nine councils, 18 NHS and 18 central government bodies expected staff costs to rise by 2014/15, while eight councils, one NHS and four central government bodies expected costs to fall. [Report supplement 2 \(PDF\)](#)  shows the forecast change in staff costs between 2012/13 and 2014/15 for all survey bodies.

Staff costs are likely to increase

91. In the absence of other data, we used our survey to gather information on estimated staff costs for 2012/13 and to forecast staff costs for 2013/14 and 2014/15. Public bodies expect staff costs to increase due to a combination of pay increases, pay progression and as they continue to implement the Scottish Government's living wage and settle equal pay claims. Assuming no change in the number or structure of workforces from the 2012/13 position, we estimate that total staff costs for our 80 survey bodies will be £13.8 billion in 2014/15.⁴⁵ This is an increase of £433 million (three per cent) from 2012/13. This figure is in cash prices taking into account inflationary and other staff cost increases ([Exhibit 11](#)).

Exhibit 11

Estimated staff costs changes, if workforce size and structure remain unchanged

Public bodies expect staff costs to rise.

Estimated staff costs at 2014/15 (cash prices)				
	Councils	NHS	Central government bodies	Total
Staff costs 2012/13 ¹	£6,826 million ²	£5,547 million	£972 million ³	£13,345 million
Per cent increase (2013/14 - 2014/15) due to:				
• pay progression	0.55 per cent	0.99 per cent	3.82 per cent	£130 million
• inflation	2.26 per cent	2.02 per cent	1.63 per cent	£283 million
• living wage	0.25 per cent	0.05 per cent	0.01 per cent	£20 million
Estimated increase	£210 million	£170 million	£53 million	£433 million

Notes:

- 2012/13 figures as reported by public bodies (not audited). Where data not provided for 2012/13, we have estimated based on 2011/12 staff costs.
- 2012/13 council staff cost figures are drawn from bodies' own estimates and may not be comparable with the LFR data used to estimate council staff costs in Part 1 of the report.
- Based on 26 central government bodies. Cannot be compared with the data for central government staff costs in Part 1 which was based on the accounts of 66 public bodies.

Source: Audit Scotland

92. The one-year pay freeze, implemented as part of the Scottish Government's 2011/12 budget announcement, was extended to 2012/13 by many bodies. This is now ending. All but two survey bodies planned to give staff a pay increase in 2013/14 of one per cent on average. We estimate that, if the public sector

workforce remains unchanged, these increases would add at least £283 million to the staff costs of councils, the NHS, the Scottish Government and other central government bodies by 2014/15.

93. Assuming the workforce remains the same, staff costs will also increase up to 2014/15 due to:

- Pay progression schemes. These allow employees to move through a pay band as they gain additional experience or skills, or due to their performance at work. We estimate that pay progression would add at least £130 million to staff costs for councils, the NHS, the Scottish Government and other central government bodies.
- Central government bodies, councils and the NHS adopting the new living wage. The Scottish Government announced it was adopting a living wage of £7.45 an hour, for all staff on lower incomes, from 1 April 2013. It estimated that this would benefit around 3,300 public sector workers in the NHS and central government. We estimate that implementing the living wage would increase public bodies' staff costs by at least £20 million.
- Public bodies meeting equal pay claims. Under equal pay legislation, employers must ensure that men and women doing similar work receive the same pay. Collectively, councils spent £25.6 million on equal pay claims in 2011/12 and have spent a total of £475 million on it between March 2010 and 2012.⁴⁶ We do not have information on the impact of equal pay claims in the NHS and central government.

94. Based on these calculations, staff pay costs will increase in all three sectors between 2012/13 and 2014/15:

- Council staff costs would rise by at least three per cent (£210 million) to £7 billion. However, councils expect to reduce staff numbers up to 2014/15.
- Staff costs in NHS bodies would rise by at least three per cent (£170 million), to £5.7 billion in cash terms.
- For central government bodies we do not have staff cost information for the whole sector. Based on our 26 surveyed bodies, costs are likely to increase by £53 million. However, numbers in the sector are growing; they rose by 800 WTE in 2012/13 ([paragraph 17](#)) and 22 of our survey bodies forecast an increase of just under 250 WTE in 2013/14 and 2014/15 ([paragraph 89](#)).

Public bodies need to consider alternative options to achieve the cost reductions needed while identifying and maintaining priority services

95. The scale and duration of the financial challenges the public sector is facing present difficult choices for public bodies and their workforces. Councils face the biggest challenge, although all public bodies need to manage resources effectively. To help deliver the workforce changes needed, public bodies may need to consider:

- Changes to working patterns. This can offer flexibility to both staff and to organisations and secure greater economy and efficiency from existing assets.

- Making use of the flexibility available to them, to tailor early departure schemes to their own circumstances. Where the flexibility is insufficient, bodies may need to seek guidance from the Scottish Government or COSLA.
- How to use no-compulsory-redundancy policies to negotiate agreements on workforce flexibilities and efficiencies.⁴⁷
- Further restrictions on pay increases, pay cuts and longer working hours. Such approaches should be balanced against the potential effects on staff performance and morale.
- Targeting recruitment campaigns and building links with education providers to help manage ageing workforces and counter the impact of retirements on the capacity and capabilities of their workforce.

96. Public bodies will continue reviewing workforces to reduce costs. However, some options that have worked to date may no longer provide the savings necessary. For example, 31 councils, nine NHS bodies and ten central government bodies intend using early departure schemes in 2013/14 and 2014/15. Our analysis suggests that where bodies have used departure schemes over a number of years, the schemes are attracting fewer applicants each time ([Exhibit 3, page 15](#)). There is a risk, therefore, that early departure schemes will not attract enough applicants to produce the savings needed.

97. Public bodies need to think differently to find new ways to make savings, some of which go beyond focusing on reducing workforce numbers. Public bodies also need to consider:

- more cross-organisation and cross-sector working
- making more use of service redesign
- reviewing which services they continue to provide
- helping communities to provide services for themselves
- increasing income from service charging by increasing charges on existing services or introducing new charges.

98. Public bodies are already beginning to work together across and within sectors to improve the services they deliver. Organisations have opportunities to plan collaboratively how they can provide services more efficiently and effectively. Examples of where these opportunities arise include integrating health and social care services, and the increased emphasis on the role of community planning partnerships. There are examples of councils collaborating to provide services and there may be opportunities for councils to do this more often. For example, Clackmannanshire Council had difficulty delivering its trading standards service cost effectively. It set up a joint-working arrangement with Stirling Council, resulting in a cost saving. Our work on community planning partnerships highlighted that there was little evidence of CPPs jointly planning how to use money, workforces and buildings. We did identify some examples of effective joint-working. We recommended that CPPs should make sure they learn from and make more use of their experiences of working together on specific initiatives to better plan the use of resources. CPPs should consider the

opportunities and implications for individual partner workforces when planning to share resources.⁴⁸

99. Service redesign requires a detailed review of how organisations currently provide services, and innovative thinking to provide them in different ways. An example is the NHS Forth Valley's Pharmacy Services redesign project in 2012. The health board bought three robotics units to help distribute and dispense medicines. These units reduced the floor space required to hold stock, cut labelling errors and wasted stock, and released specialist staff from routine work. This in turn meant that a full clinical service was available seven days a week rather than five. NHS Forth Valley also reported a one-off saving of £700,000 from reducing the amount of stock it needed to hold.

100. Boards and elected members may also need to prioritise services, and identify if service cuts are necessary. There is some evidence of public bodies reviewing service priorities already, but service cuts to date have been small-scale. For example, Glasgow Council reduced the frequency of grass cutting, and Aberdeenshire Council reduced museum opening hours. As we noted in *Scotland's public finances: addressing the challenges*, priority-based budgeting is one way to take this forward.⁴⁹

101. Although the Scottish Government has not yet introduced the Community Empowerment and Renewal Bill, its consultation placed significant emphasis on communities playing their part in identifying and meeting their own needs. Public bodies should consider whether communities should have a greater role in services that the public sector currently provides. This includes whether communities could help to provide services directly.

102. Councils and some central government bodies charge for some of the services they provide. Some councils have already included proposals for increasing existing charges within their latest budget agreements. More generally, public bodies may need to consider increasing charges for some services or introducing charges for other services. If bodies decide to introduce or increase charges they should do so only after they have completed detailed analyses of the current costs of delivering the services, to ensure they are providing them as efficiently and economically as possible and used scenario planning to consider the effect of changes. Our report, *Charging for services: are you getting it right?*, includes a guide to managing charges.⁵⁰

103. The Scottish Government and public bodies will need to consider the potential effects of further workforce changes on the wider economy. Some communities are highly dependent on public sector jobs. For example, in March 2013, island councils and health boards employed a significant percentage of the local workforce. The average for Scotland is 11 per cent but the figures for Shetland, Orkney and the Western Isles are 30 per cent, 23 per cent and 21 per cent respectively.

104. Workforce planning in the NHS is more joined up across the sector than we found in other sectors. The NHS has, for example, set up regional workforce planning groups helping NHS bodies to identify where they can share specialist staff who work across board areas. Also, the SGHSCD aggregates this information for key professions and uses it to work out the demand for and supply of workers nationally. For example, the number of training places available for nursing and midwifery reflect NHS boards' combined workforce projections

and other considerations such as staff turnover and age. However, the SGHSCD has been less successful at planning for other professions. It is currently reviewing its strategy for Reshaping the Medical Workforce in Scotland in the light of a shortage of junior doctors.

105. There is potential for public bodies to share learning and experiences. We identified some examples of sharing good practice in workforce planning:

- In 2012 the Scottish Leadership Forum brought forward four initiatives as part of its review of workforce development. It identified these as: collaborative learning, employee engagement, shared educational resources and community asset workforce development.
- The Scottish Government has helped develop a network of heads of HR from agencies and non-departmental public bodies to share practice on workforce management. The heads of HR meet quarterly.
- The SGHSCD established a similar networking group for NHS workforce planners under its 'Pan-Scotland workforce planning' initiative.
- The Improvement Service provided money to help Aberdeenshire Council develop its workforce planning toolkit. This is now available to all Scottish councils ([Report supplement 3: Aberdeenshire Council's workforce planning toolkit and NHS six steps methodology](#)) (PDF) .

Recommendations

The Scottish Government and the Convention of Scottish Local Authorities (COSLA) should work with public bodies to:

- provide strategic guidance on how bodies can redesign services and work better together to jointly plan and deliver services
- improve strategic planning of public sector workforces to identify and plan for future skills needs, gaps and challenges across the public sector
- collect and share information on the mix of approaches that bodies use to manage workforces.


Where they have not already done so, councils, the NHS, the Scottish Government and central government bodies should:

- forecast expected staff numbers, skill needs and costs on a rolling three-year basis, using scenario planning where necessary
 - make better use of existing mechanisms, such as community planning partnerships, to identify opportunities to share resources, including workforces
 - monitor the age of their staff, to prepare for peaks in departures resulting from people leaving when they reach retirement age.
-

Endnotes



- ◀ 1 In this audit, staff in the devolved public sector includes staff working directly for councils, the NHS, the Scottish Government and other central government bodies but excludes staff employed in the police and fire service, higher and further education and arm's-length external and other non-public sector bodies. Central government bodies include the Scottish Government agencies, NDPBs, non-ministerial departments and public corporations.
- ◀ 2 [Managing early departures from the Scottish public sector \(PDF\)](#)  Audit Scotland, May 2013.
- ◀ 3 The revenue budget is the amount that organisations can spend on the day-to-day costs of running services.
- ◀ 4 The remainder is raised from service fees, charges, other revenue, government grants and housing rents. Estimate of 70 per cent based on 2011/12 data from [Responding to challenges and change: An overview of local government in Scotland 2013 \(PDF\)](#)  Audit Scotland, March 2013.
- ◀ 5 *The Scottish Budget, Draft Budget 2014-15*, the Scottish Government, September 2013. We have removed higher and further education colleges and police and fire and rescue service funding from central government and council figures over the period from 2009/10 to 2012/13. All cost figures quoted at paragraph 4 are in real terms to take account of inflation. They are based on 2012/13 prices.
- ◀ 6 The fieldwork sites were Aberdeenshire, Glasgow City and South Lanarkshire Councils, NHS Forth Valley, NHS Lanarkshire and the Scottish Ambulance Service, the Scottish Court Service, the Scottish Environment Protection Agency and the Scottish Government.
- ◀ 7 We gathered data from all 32 councils, all 22 NHS boards and a sample of 26 central government bodies including the Scottish Government ([Appendix 1](#)).
- ◀ 8 The Scottish Agricultural College and the James Hutton Institute are included within government employment figures for the central government sector for 2009–2013. We do not have details of the number of staff they employ. As such they are included in our analysis of trends in staff numbers in this sector, but excluded from the rest of our analysis.
- ◀ 9 A pay freeze was applied to most staff, and related to inflationary increases only. Staff on the lowest salaries were provided with a small uplift. Some councils also applied pay restraint.
- ◀ 10 [Managing early departures from the Scottish public sector \(PDF\)](#)  Audit Scotland, May 2013.
- ◀ 11 *Public sector employment statistics*, Scottish Government, June 2013. Figures exclude colleges, police and fire and rescue services.
- ◀ 12 *Public sector employment statistics*, Scottish Government, June 2013.
- ◀ 13 In 2012, NHS Education for Scotland assumed the role of employer for GP medical trainees when they undertake the practice component of their training. This accounts for the additional 450 WTE staff recorded.
- ◀ 14 Three of the central government bodies in our survey did not exist in 2009 – the Care Inspectorate, Children's Hearings Scotland and Creative Scotland.
- ◀ 15 The nine health boards are NHS Ayrshire and Arran, NHS Dumfries and Galloway, NHS Forth Valley, NHS Grampian, NHS Greater Glasgow and Clyde, NHS Highland, NHS Lanarkshire, NHS Lothian and NHS Tayside.
- ◀ 16 SERCO is a public limited company that provides services to the UK Government and other public bodies.
- ◀ 17 Headcount refers to the number of people working in an organisation. It includes both full and part-time staff and does not take account of differences in the hours they work.
- ◀ 18 When staff are seconded in or out of an organisation, their post continues to exist with the employer from which they have been seconded. It will show as a reduction in headcount for that employer until the employee returns from secondment.
- ◀ 19 *Public Sector Employment web tables – Q1 2013*, Scottish Government and ONS, March 2013. Not all executive NDPBs or public corporations are included in the figures. Figures that we report are headcount.
- ◀ 20 Public bodies are required to collect data on the ethnic make-up of their workforce under the Race Relations Act 1976 (as amended by the Race Relations (Amendment) Act 2000). We found, however, that published data are incomplete with a large proportion of the workforce of 'unknown' ethnic origin, because individuals do not report this information.
- ◀ 21 In the Scottish Government, senior posts are those at Deputy Director level and above.
- ◀ 22 In the NHS, senior managers include some who are on higher Agenda for Change bands. Boards have discretion to exclude some clinical staff and include administrative staff on higher Agenda for Change bands that they class as senior managers.

- ◀ 23 [Responding to challenges and change: An overview of local government in Scotland \(PDF\)](#)  Audit Scotland, March 2013.
- ◀ 24 NHS Scotland workforce data tables, Information Services Division, May 2013.
- ◀ 25 Civil Service Statistics tables, Civil Service employment; responsibility level by government department, 2009 and 2012. Figures are for the Scottish Government and its agencies.
- ◀ 26 [Protecting consumers \(PDF\)](#)  Audit Scotland, January 2013 and [Modernising the planning system \(PDF\)](#)  Audit Scotland, September 2011.
- ◀ 27 We do not have figures for 2012/13 and so our analysis of costs is based on a three-year period. Cost decreases are based on 2011/12 prices.
- ◀ 28 Depending on the terms of the transfer or outsourcing arrangement, public bodies may retain some responsibility for any redundancy costs for staff made voluntarily or compulsorily redundant by the arm's-length or private sector organisation.
- ◀ 29 LFRs are submitted to the Scottish Government by local authority bodies. LFRs provide final outturn expenditure statistics for each council. Councils submit them annually to the Scottish Government who use them to help make policy decisions and in assessing the allocation of funding across the 32 councils. LFR data is not audited.
- ◀ 30 Sources of good practice guidance included internal materials prepared by the National Audit Office for its work on managing early departures in central government, CIPD, Improvement Service and Employers Organisation *Guide to workforce planning in local authorities*, July 2003.
- ◀ 31 In the Scottish Court Service plans are produced for each sheriffdom rather than individual services. Also, some bodies plan at a departmental level.
- ◀ 32 The 'six steps' is a workforce planning approach used by the NHS. Aberdeenshire Council's workforce planning toolkit approaches workforce planning in a similar way.
- ◀ 33 Normal pay progression arrangements remained in place. Support for lower paid staff was also provided over this period.
- ◀ 34 *Independent Budget Review: The Report of Scotland's Independent Budget Review Panel*, July 2010. This figure included colleges, and police, fire and rescue services.
- ◀ 35 This applies to staff employed on Agenda for Change conditions. The relevant protection is set out in *MEL 99/7 (1999)*, The Scottish Office Department of Health, 29 January 1999, which specifies that staff will not suffer any detriment to their income and earning levels because of organisational change. Employers should offer or bring to the attention of staff on protected earnings suitable posts on the appropriate grade/terms and conditions of service. If staff refuse a reasonable offer, then pay protection ends.
- ◀ 36 The Scottish Ambulance Service has not run an early departure scheme.
- ◀ 37 Most bodies met the costs of their early departure schemes from their own funds. However, ten bodies in our survey obtained loans or additional funding from the Scottish Government.
- ◀ 38 [Managing early departures from the Scottish public sector \(PDF\)](#)  Audit Scotland, May 2013.
- ◀ 39 [Learning the lessons of public body mergers \(PDF\)](#)  Audit Scotland, June 2012 and [Managing early departures from the Scottish public sector \(PDF\)](#)  Audit Scotland, May 2013.
- ◀ 40 All figures are revenue from the Scottish Government. Council figures include income from council tax payments and business rates. We have adapted the Information to take account of changes in police and fire and rescue service funding, using *The Scottish Budget, Draft Budget 2014-15*, The Scottish Government, 2013. Figures for 2014/15 are from the draft budget and figures for 2015/16 are planned. Figures calculated at 2012/13 cash prices.
- ◀ 41 [Responding to challenges and change: an overview of local government in Scotland \(PDF\)](#)  Audit Scotland, March 2013.
- ◀ 42 [CPPR Briefing Note: UK Spending Review 2013 & the Scottish Government's budget](#)  Centre for Public Policy for Regions, August 2013.
- ◀ 43 [Population projections for Scottish areas \(2010\)](#)  National Records of Scotland, February 2012.
- ◀ 44 [Scotland's public finances: Addressing the challenges \(PDF\)](#)  Audit Scotland, August 2011.
- ◀ 45 Council figures for 2012/13 exclude police and fire staff employed by Fife Council.
- ◀ 46 [Responding to challenges and change: An overview of local government in Scotland \(PDF\)](#)  Audit Scotland, March 2013.
- ◀ 47 [Public Sector Pay Policy for Staff Pay Remits 2014-15](#)  Scottish Government, 2013.
- ◀ 48 [Improving Community Planning in Scotland \(PDF\)](#)  Audit Scotland, March 2013.
- ◀ 49 A priority-based budgeting approach focuses on the delivery of priority outcomes and allocates money to those services or areas which make the greatest contribution to delivering these outcomes. The process requires an effective understanding of which services contribute most and least to the organisation's priorities. This approach means services or activities which contribute least to outcomes may be reduced or withdrawn. [Scotland's public finances: Addressing the challenges \(PDF\)](#)  Audit Scotland, August 2011.
- ◀ 50 [How councils work: Charging for services \(PDF\)](#)  Audit Scotland, October 2013.

Appendix 1

Audit approach



Our audit had four main components:

- Desk research and analysis – we reviewed existing information including:
 - employee data published by the Scottish Government, NHS Information Services Division Scotland and the Office for National Statistics
 - reviews, reports and relevant work carried out by the NAO, Chartered Institute of Personnel and Development, Improvement Service, Local Government Association
 - the audited accounts of 66 central government bodies to help determine staff costs, local financial returns (LFRs) and Whole of Government Accounts.
 - current information on UK and Scottish Government policies and policy initiatives.
- Survey – we issued a data return to all 32 councils, all 22 special and territorial health boards and a sample of 26 central government bodies in May 2013. We asked for information on their workforce, the approaches they used to manage workforce costs, their use of early departure schemes, and their future staff numbers and costs. We tailored the data request for each body so that we asked only for information that we could not get from other sources. Our survey included the following sample of central government bodies:

Central government bodies' sample

Architecture Design Scotland	Care Inspectorate	Children's Hearings Scotland	Creative Scotland
Crown Office and Procurator Fiscal Service	Highlands and Islands Airports Ltd	Highlands and Islands Enterprise	Historic Scotland
Loch Lomond and Trossachs National Park Authority	National Library of Scotland	Registers of Scotland	Royal Botanic Garden Edinburgh
Scottish Children's Reporter Administration	Scottish Court Service	Scottish Enterprise	Scottish Environmental Protection Agency
Scottish Further and Higher Education Funding Council	Scottish Government	Scottish Legal Aid Board	Scottish Natural Heritage
Scottish Prison Service	Scottish Qualifications Authority	Scottish Social Services Council	Scottish Water
Skills Development Scotland	VisitScotland		

- Wherever possible, we have used WTE figures in our report. However, when WTE figures were not available, we converted headcount figures to WTEs. If we have converted staff numbers to WTE we say this.
- Fieldwork – we undertook fieldwork at nine public bodies in March and April 2013: Aberdeenshire Council, Glasgow City Council, South Lanarkshire Council, NHS Forth Valley, NHS Lanarkshire, Scottish Ambulance Service, Scottish Environment Protection Agency, Scottish Court Service and the Scottish Government. This involved:
 - A review of plans and documents on workforce planning at an organisational level, and for up to three services at each fieldwork site.
 - Interviews with:
 - the chief executive
 - the head of finance or appropriate colleague
 - the head of HR
 - heads of a sample of services that had been through workforce change
 - trade union representatives
 - other appropriate officers.
- Interviews with other stakeholders – we interviewed representatives from organisations including The British Medical Association, The Royal College of Nursing, the Convention of Scottish Local Authorities (COSLA), Society of Local Authority Chief Executives (SOLACE), Scottish Social Services Council, and chief executives and HR leads from a sample of NDPBs.

Appendix 2

Membership of the advisory group



Audit Scotland would like to thank members of the advisory group for their input and advice throughout the audit.

Member	Organisation
Barbara Allison	Scottish Government
Professor James Buchan	Queen Margaret University
Dot McLaughlin	Improvement Service
Lindsay Montgomery	Scottish Legal Aid Board
Kate O'Hagan	South Ayrshire Council
Dave Watson	Unison

Note: Members of the advisory group sat in an advisory capacity only. The content and conclusions of this report are the sole responsibility of Audit Scotland.

Scotland's public sector workforce

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ISBN 978 1 909705 20 3 AGS/2013/12

This publication is printed on 100% recycled, uncoated paper

