

# **Workforce Innovation - how Councils are responding to workforce challenges**

**Best Value thematic work in Argyll and  
Bute Council 2023-24**

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Our reports are prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 18 May 2022 through which the Accounts Commission has appointed us as external auditor of Argyll and Bute Council (the Council) for financial years 2022/23 to 2026/27. We undertake our audit in accordance with Part VII of the Local Government (Scotland) Act 1973, as amended; and our responsibilities as set out within Audit Scotland’s Code of Audit Practice 2021.

Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and made available to Audit Scotland and the Accounts Commission, the Controller of Audit. We take no responsibility to any member or officer in their individual capacity or to any other third party.

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## Key messages

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### Overview of engagement

#### **How effectively are the Council's Workforce Plans integrated with its strategic plans and priorities?**

Argyll & Bute Council (henceforth, 'the Council') has recently introduced a strategic Workforce Plan covering periods 2024-2028. The Council has been developing this throughout FY 2023-24 and this links to the Council's 'People Strategy 2024-2028' which is based upon the 'Connect for Success' model established within the Corporate Plan. We have reviewed the data processes and inputs behind Workforce Planning and strategy and have noted that a new Human resource (HR) and payroll system has been implemented to reduce the number of systems in use, move from on premise to the Cloud and improve functionality and reporting. This is detailed on page 9 of the review.

#### **How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?**

The Council recognises that digital transformation can help it deliver services more effectively and improve productivity. It has made some savings and efficiencies from improvements in how it uses technology, see page 11 of this report for more information. The Council is actively promoting the adoption of technologies and the development of digital skills to offset a reducing workforce and broaden its talent pool by allowing for hybrid working with other digital initiatives such as an MS365 programme board and the AB365 Digital Learning Programme, seen page 12 for more details.

#### **How effectively is the Council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?**

The Council has recently introduced a Hybrid and Flexible working policy. The Council's flexible approach aims to attract new talent whilst retaining current staff by providing them with the benefits associated with hybrid working. See page 15 for more details.

#### **What innovative practice is the Council using to develop its future workforce capacity and skills needs, and manage staff reductions in line with its priorities?**

The Council also has a 'Growing Our Own' framework which supports a pipeline of talent into the workforce, including apprenticeships, work experience student sponsorships and traineeships. The Council is innovating to address the problems of an ageing workforce, reduction in permanent staff, which includes the implementation of its Agile Project and Hybrid/flexible working policy. By introducing these new ways of working, the Council plans to make savings, while building workforce resilience and protecting service delivery.

**What progress has the Council made with sharing roles or functions across its services and/or with other Councils and partners?**

The Council shares services with other Councils and participates in joint training courses, for instance the Human Resource (HR) and Organisational Development (OD) teams participate in a reciprocal training schemes with other local government bodies. This is aligned with the first principle in the 'Connect for Success' initiative being the 'One Council - One Place approach'. The aim of this approach is: "working with other public sector agencies and our communities to get the most from Argyll and Bute's resources". Discussion with key officers, confirms the Council has several projects in the inception stage and is expanding its arrangements in this regard, see details on page 21.

**How effectively is the Council measuring the impact of its Workforce Planning approach?**

The Council monitors the progress of its Workforce Planning 'strategic actions' quarterly. It also plans to complete an annual review of progress against the People Strategy and Strategic Workforce Planning priorities. The Policy and Resources Committee is responsible for these reviews, with the 2024-2029 priorities being presented 15<sup>th</sup> February 2024. It is our understand that there are several reviews underway, for initiatives implemented within the last financial year including the Flexible and Hybrid Working Policy, further details are provided on page 23. At this stage it is too early for us to assess this.

## Scope of the audit

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The [2023 Local Government Overview \(LGO\)](#) notes that Councils have never faced such a challenging situation. Service demands have increased after the Covid-19 pandemic and funding is forecast to reduce in real terms. Workforce pressures including recruitment in a competitive labour market, employee retention and high sickness absence levels are putting Councils under continued pressure. This report sets out how the Council is responding to current workforce challenges through building capacity, increasing productivity and innovation.

The [Accounts Commission's Strategy \(2021-26\)](#) sets out its priorities to focus on inequalities, funding, communities and recovery. The Code of Audit practice sets out the Best Value work required to report on these priorities.

### Code of Audit Practice 2020 Best Value reporting requirements

#### Best Value reporting – extract from the Code

The Accounts Commission's approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations.
- The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each Council at least once over the five-year audit appointment on the body's performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate.
- The Accounts Commission reports nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on workforce innovation and how Councils are responding to workforce challenges.

In carrying out the work, auditors have considered the following questions:

- How effectively are the Council's Workforce Plans integrated with its strategic plans and priorities?
- How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?
- How effectively is the Council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?

- What innovative practice is the Council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?
- What progress has the Council made with sharing roles or functions across its services and/or with other Councils and partners?
- How effectively is the Council measuring the impact of its Workforce Planning approach?

An improvement action plan is included at Appendix 1 of this report. This sets out audit recommendations in key areas, and the Council's planned response including responsible officers and dates for implementation.

The coverage of the work is in line with the expectations for Council's arrangements for the seven Best Value themes in the [Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020](#).

Improvement recommendations that have been identified as part of our work in this thematic review have been reflected in the action plan at Appendix 1.

## Workforce strategy and priorities

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*This section of the report evaluates how effectively the Council's Workforce Plan is integrated with its strategic plans and priorities*

**We concluded:** Argyll & Bute Council (henceforth, 'the Council') has recently introduced a strategic Workforce Plan covering periods 2024-2028. The Council has been developing this throughout FY 2023-24 and this links to the Council's 'People Strategy 2024-2028' is based upon the Connect for Success model established within the Corporate Plan. There is room for further improvement with new IT systems being developed to increase the workforce data driving strategy and objectives.

### Background

Workforce Planning involves identifying and addressing future capacity and skills gaps, at operational and leadership levels. It requires strategic thinking, comprehensive workforce data and ongoing consultation and engagement with staff and trades unions.

A Council focused on achieving Best Value will have a workforce strategy that sets out expectations on how the local authority's staff will deliver its vision, priorities and values.

To be effective, Workforce Planning must be integrated across the organisation. Workforce strategies need to support the Council in achieving its strategic priorities. They must support other key plans including financial, asset, digital and transformation planning. They need to be under-pinned with detailed Workforce Plans within services.

### Detailed reporting on workforce strategy and priorities

**What workforce strategies and plans are in place, when were they last reviewed and when are they next due to be reviewed? What Committee do they go to?**

The Council's 'People Strategy 2024-2028' is based upon the 'Connect for Success' model established within the 'Corporate Plan'. This was presented to the Policy and Resources Committee on 15<sup>th</sup> February 2024. The People Strategy focuses on five key themes:

- Attracting and Keeping talented people
- Providing a positive employee experience
- Creating a One Council, One place culture
- Supporting learning and growth
- Championing change and Innovation

Each of these themes have several commitments which aim to be achieved over the life of the strategy, which are linked to a Connect for Success theme within the Corporate Strategy.

The Council's Strategic Workforce Planning Priorities 2024-2028 combines the above with operational workforce planning discussions which aim to identify measure to support

services in delivering the People Strategy. The Strategic Workforce Plan includes the following information:

- Workforce numbers and age profile
- Workforce trends (Employment type)
- Workforce Forecasting
- Hybrid Working
- Recruitment and talent development
- Wellbeing and Staff absence levels

These priorities were also presented at the committee meeting in February 2024, and both interlinked documents are to be reviewed annually with any actions from this review incorporated into the Council's Annual People Strategy Delivery Plan.

At the strategic level we are satisfied that the Council has implemented an up-to-date people strategy, linked to its 5 key strategic themes including attracting and retaining talent. The Council has also implemented a strategic Workforce Plan which runs to 2028, providing a focus on future risks. It is our understanding that both documents will be reviewed annually, to inform key priorities and delivery plans.

Operational Workforce Plans sit at Service Manager level. These are live documents which are reviewed at least annually by the Service Business Partner. This iterative process is intended to improve medium term forecasting and identify potential cost savings, lined to the risks included in the Workforce Planning Risk Matrix.

### **What progress has been made regarding year 1 findings on the alignment of Workforce Planning with priorities, and demonstrating the staff capacity and skills to deliver these priorities?**

The Workforce Plan was implemented in February 2024, as such it has not concluded its year one findings, which is scheduled to be assessed in March 2025.

In common with other local authorities and public sector bodies, we note the Council's continuing challenge regarding resourcing and an ageing workforce, with approximately half of the Council's employees being aged 50 or over and compared to 4% aged 25 or under. The Strategic Workforce Plan also highlights a reducing workforce budget over the long term, which the Council plans to offset by the adoption of new technologies and digitalisation. At this stage, these have not been quantified.

The People Strategy has an annual delivery plan and will be updated in March 2025. The strategic Workforce Planning Priorities are also reviewed annually and will be reviewed by March 2025.

As previously stated, operational workforce planning reviews are performed and feed into a Workforce Planning Risk Matrix. This ongoing process enables operational managers to highlight potential workforce planning risks. Currently, managers have highlighted a desire to employ more apprenticeships and trainees to mitigate shortages in the workforce, while also ensuring the career progression for existing employees. The process also enables forecasting



beyond a year and enables managers to highlight actions to ensure talent and skills match capacity in areas of need going forward.

The majority of savings delivered to date by the Council have been generated by services reviewing the way that they deliver services, and the volume/quantum/frequency of service provided. Workforce planning and Technology are enablers towards this end and as such, current year budget setting templates prompt managers to identify savings proposals for the next three years. Review of the budget pack for 2024/25 (issued February 2024) includes a range of savings options across the Council's services, some of which relate to changes in the structure of the workforce.

### **Are the workforce strategy and supporting Workforce Plans based on robust workforce data?**

For previous years, data to produce the workforce plans was extracted from the Council's HR and payroll system Zellis/Resourcelink, which is used to produce Workforce Plans. The Council has identified this as an area of improvement, as the current HR and payroll system does not actively update and display live vacancies.

The People Strategy delivery plan includes an action to improve workforce data, with the implementation of a new MHR iTrent HR and Payroll software system, the Council has identified an area of improvement as the new system does not. A primary reason for the Council migrating to I-Trent is it will rationalise the three existing HR systems. By implementing a single system, the Council plan to streamline operations, reduce complexity, and improve efficiency. The introduction I-Trent's integrated HR and Payroll modules coincides with the implementation of Workforce Planning process, designed to enhance the accuracy and usefulness of workforce data, also allowing for a more holistic view of current resourcing and workforce planning gaps.

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#### ***Recommendation 1***

The Council should engage with the new software supplier to ensure the data provided by the new system, aligns with the Council's workforce planning data requirements.

The Council should set and track performance indicators to assess the impact of the new system and monitor feedback from users.

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### **Are workforce strategy and plans integrated with core strategic plans?**

As above, the 'Connect for Success' model included within the corporate plan is linked to the People Strategy, where each commitment is linked to a 'Connect for Success' theme. This demonstrates a link between the resourcing needs of the Council as laid out in its corporate plan.

Health of the Organisation (HOO) reports are provided quarterly to the Department Management Teams (DMT) by business partners. These contain key metrics and quantitative statistics for the chosen department/ Directorate. This allows management to gain insights into workforce data and inform any workforce policy decisions, aligning them with core strategic plans.

We queried the implementation and timeframe for the new corporate plan being developed to reflect the priorities of the new administration. It is intended that the new corporate plan will be presented to Policy and Resources Committee in May 2025 (for the 2025/26 Financial Year). Additionally, the revised Performance Improvement Framework (PIF) is a deliverable as part of the Performance Excellence Project. An update on next steps and timescale for the Performance Excellence Project (PEP) was received. The timescale for this is March 2025. This phase 2 of PEP aims to link it with the 'Connect for Success' strategy, alongside a review and defining strategies to be implemented within an updated strategy map along with the PEP.

This People Strategy outlines the strategic objectives that the Council aim to achieve over the period until 2028. However, with the introduction of a new corporate plan there is a risk these commitments may no longer be consistent with overall strategic objectives of the Council.

The Council continue to pursue improvement activities, including workforce planning and are reviewing their approach to performance self-assessment with the implementation of an updated Corporate Improvement Plan as part of the PEP. A template has been developed to evaluate the Council's performance in relation to meeting corporate objectives and key performance indicators, also assessing the cost of delivering services and customer satisfaction. This is to be used by various service delivery teams across the Council, having been trialled on the HR and OD team. It can also be used on a thematic basis looking at transport, school meals and community engagement for instance. These are reported to the Audit and Scrutiny Committee, with an update being provided on implementation in March 2024.

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### **Recommendation 2**

The Council should ensure that future reviews of the Strategic Workforce Plan and People Strategy are performed regularly and monitored against the new Corporate Plan once it is adopted, to ensure workforce planning strategies and objectives remain aligned.

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### **Has the Council consulted with employees/ trades unions over its workforce strategy?**

The People Strategy and Strategic Workforce Planning priorities were discussed with Trade Union representatives at the HR and Trade Union liaison meeting on 24th January 2024.

Overall, we noted positive feedback from the Trade Unions regarding the recruitment and retention strategy, with one concern being raised surrounding casual staff having to pay for their own qualifications to continue working. In their view this may not be feasible for all casual staff. In response, the Council is undertaking an Internal Audit of casual staff and has considered the findings to consider what impact this could have on service delivery.

Detailed comments on specific operational activities related to the strategy are regularly discussed with the Trade Union liaison, as proposals and options are developed. The Strategy was also presented to the EJCC (Employee Joint Consultative Committee) on 20 February 2024. The Council also issued an Employee Experience Surveys in the year, which had several questions regarding working policies and procedures. Employees had the opportunity to voice any concerns via this survey. The results of this survey are yet to be published on the Council's website, and these should be incorporated into the review process of the Workforce Plans taking place later in the year.

## Digital technology and the workforce

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*This section of the report examines how effectively has digital technology been used by the Council to support workforce productivity and improve service quality and outcomes*

**We concluded:** the Council recognises that digital transformation can help it deliver services more effectively and improve productivity. It has made some savings and efficiencies from improvements in how it uses technology. The Council is actively promoting the adoption of technologies to offset a reducing workforce and broaden its talent pool. The Council has utilised technology to allow homeworking resulting in the rationalisation of several offices in accordance with the Council's 'Our Modern Workplace programme'.

### Background

The LGO notes that digital technology will make Councils' future workforces look and work quite differently. In order to achieve the change required, Councils need to make good use of digital technology and use the workforce in flexible ways.

Digital technology has a strong bearing on a Council's workforce needs. It can be used to re-shape jobs to increase productivity and reduce back-office functions while improving service quality. Technology solutions include online services, customer relationship management systems, mobile digital devices and more recently, artificial intelligence (AI) applications.

Councils need to be innovative in their use of technology and build on new working practices that emerged during the pandemic. In doing so, they must also consider service quality and the needs of people experiencing digital exclusion.

### Detailed reporting on digital technology and the workforce

#### **What progress has the Council made in using digital technology to improve workforce productivity, service delivery and outcomes?**

We have noted some areas of best practice in the Council's use of technology to deliver services. The remote nature of the Council with employees being spread across a large rural area has necessitated the use of technologies to allow for efficient working. This has given the Council a head start, when compared to other councils, as Argyll and Bute had well established remote working practices and has embraced other technologies such as MS Lync, (being the first Council in the UK to adopt this). Of those employees whose role permits them to request flexible or hybrid working, considerable numbers are now working from home for at least part of the week to have allowed the rationalisation of offices across the Council area.

The Council's Hybrid and flexible work policy was updated on the 28 April 2023, at the start of the 2023/24 financial year. This is best practice as the regular reviews enable the Council to ensure policies remain relevant, legally sound, and effectively communicated. In accordance with this policy, employees must apply to have their home registered as their 'work base' for

homeworking purposes. It also allows the Council to determine on a case-by-case basis if employees are eligible based on their service line and the demands of each individual's role.

Even with their contractual base as home, every employee is provided with a designated administrative base in a Council office.

The Council has demonstrated a clear adoption of technology and examples of best practice, introducing it across the range of services to enhance service delivery, including:

- delivering school meals using drones;
- Information management project reviewing approach to document management with an aim to reduce administration; and
- New HR and Payroll system project in progress to streamline processes.
- Extensive use of chatbots on the Council website as part of Customer Service Centre to improve response rates and 24/7 accessibility.

A survey on the previous HR and Payroll system Zellis/Resourcelink helped to inform the project planning and implementation of the new MHR iTrent system, which aims to achieve time efficiencies for employees and managers and improve work productivity.

The Council are also utilising MS365 through a national initiative to increase efficiencies by working with the NHS and Digital Office to provide shared MS365 calendars, address books, distribution lists, instant messaging and presence management across NHS and Council MS365 platforms. A programme board was established to oversee implementation and maximise these business efficiencies from the digital tools available. The project is currently in phase 2, which has overseen the implementation of a Digital champions programme with over 50 Digital Champions now active and release of national training materials. Phase 2 also oversaw the Digital Skills survey and action plan and delivered the AB365 bespoke training programme, now online, which supports employees to maximise their skills and awareness of MS365 and its business efficiency benefits. This Programme has been shared with the Digital Office and the SPDS Digital Skills Group as an example of good practice.

Phase 3 relates to Information management. There are ongoing discussions with consultants and a 7-point plan is being drafted to take to the Executive Leadership Team. The Council is making progress in its use of data and technology, there is an established cross-service Data Advisory Group supported by a new Data Programme Manager post and chaired by the Head of Customer Support Services. This group is overseeing the development of a data warehouse, has produced a Data Strategy and Action Plan and investigates data challenges presented by services to improve business and service delivery. These challenges have resulted in, amongst other things, time savings in gathering and reporting and presenting Education data and supporting citizens who may be underclaiming benefits.

### **Has the Council demonstrated workforce benefits and productivity gains through its use of digital technology?**

Travel statistics and amounts being claimed back through employee mileage is a clear indicator of remote working using digital technology impacting on the workforce, with employees experiencing benefits such as: less time spent travelling, and a lower financial cost

from travelling. Pre-pandemic mileage was circa 2.951 million miles for the 2018/19 financial year, costing £1.181 million. Recent statistics for the current 2023/24 financial year, shows these have halved in the last 5 years with total mileage being 1.449 million and a cost of £0.640 million.

The renewal and introduction of new registration forms and application handling within the education sector have reduced the human resource burden on the Council. The updated process includes automated functions and a streamlined online application system, which enhances the experience for parents by reducing registration time. It also simplifies caseload management and approval processes for Education Administrators. Further improvements are expected with a 'robotic update' and transition to cloud computing for the Scottish Education Establishments Management Information System (SEEMIS), used by all local authorities in Scotland for managing and processing student data.

The Council's Registration Service pioneered the use of technology during the pandemic, enabling members of the public to register deaths and Citizenship Ceremonies. The take up of the services was high, for example of the 'Tell Us Once' digital death notification service is used by 97% of service users. This also led to the selection of Argyll and Bute Council to participate in the National Records of Scotland paperless registration service, which demonstrates the Council's proactive approach when embracing digital transformation. This initiative removes the need for registrars to send signed paper copies of registers to Edinburgh each year. This allows more flexible use of scarce Registrar resources to meet peaks in demand across remote areas and saves paper and transport costs. The new way of working was rolled out nationally from February 2024 and Argyll and Bute was in the first cohort to go live.

### **Has the Council engaged staff and service users over new ways of working, and considered service accessibility and digital exclusion?**

When policy decisions have a potential impact, Council services conduct Equality and Socio-Economic Impact Assessments (EQSEIA), involving consultation with staff and service users as appropriate. An assessment was carried out during the creation of the hybrid and flexible working policy, with a working group that included managers and employee representatives. These engagement opportunities directly informed the Council's policy on flexible working and accessibility. It was agreed that the policy would not mandate working from home, as this could exclude those without suitable homeworking environments.

Several other EQSEIAs have been performed for various policy decisions, including the reduction of in-person customer engagement teams across the islands. The Council engaged with the staff potentially being made redundant as well as the service users who would be impacted. Issues were raised regarding digital literacy of elderly service users, which influenced the elected members to consider the impacts of the actions and reject this specific service change. This demonstrates active engagement and consideration of both the community and employees. The Council has also adopted the principles from The Scottish Approach to Service Design (SAAtSD) as detailed by the Scottish Government, specifically the intent to 'design services with and not for service users. An online toolkit has been developed to support service design and a workgroup has been set up led by the Head of Customer

Support Services, to review approaches to engagement. This aims to drive interaction with residents and stakeholders and influence decisions on community projects.

The Council participated in Audit Scotland's National review on Digital Exclusion, as an example of a rural council. There was a report to Council in September 2024, setting out its position and initiatives to tackle digital exclusion, and it will also be reported to the Audit and Scrutiny Committee in December 2024.

An Employee Experience Survey was issued in the year asking employees what attracted to the work for the Council and why they still choose to work for the Council. The survey focused on are asked leadership, wellbeing, working arrangements within the Council. This will be used in consultations and considerations for future Workforce Plan developments and integration with hybrid and flexible working policies.

## Flexible working and innovative staff deployment

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*This section of the report considers how effectively the Council is using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits*

**We concluded:** the Council has recently introduced a new Hybrid and Flexible working policy, with reviews planned for December 2024 to determine its impact and effectiveness. Several cost savings have been made to date including reduced Travel expense claims and lowered utility bills for offices. The Council's flexible approach aims to attract new talent whilst retaining current staff by providing them with hybrid benefits.

### Background

During the pandemic Councils needed to make the best use of their existing workforce while continuing to monitor employee wellbeing. Councils continue to look to new ways of working to improve job satisfaction and reduce sickness absence and staff turnover.

Home-working and hybrid working (a combination of office and home-based working) have now become commonplace. Some Councils are also considering more radical working practice such as a standard four-day working week. However, whatever the working practice, employers need to ensure that service quality and productivity are maintained.

### Detailed reporting on flexible working and other innovative staff deployment

#### **Describe the Council's policy and practice regarding home/remote working and any other flexible working arrangements?**

The Council has adopted three broad work styles:

- Fixed – A single Council base/location. May work from home in extreme circumstances
- Mobile – Primarily homeworking and travelling to allocated base or other locations
- Remote – May work from Home with very little/ no requirement to visit Council bases/locations

Flexible working arrangements have been in place within the Council for several years and the policy around this is continually reviewed and updated to reflect changes in services and the environment. The Council's Fair Work First statements along with the Hybrid and Flexible work policy released in the 2023/24 Financial year. The policy sets out several principles managers and employees must make to ensure that agile working does not impact service delivery and people management responsibilities.



The Council requires that staff submit a request for remote homeworking, which is approved on a case-by-case basis determined by the role the employee is in. This allows the Council to determine the best working practices for each employee. An annual review of this is planned to take place in December 2024. Currently, approximately 51% of the positions within the Council are fixed and require employees to be at a specific location. The remainder follow flexible/ hybrid working policies.

The Council is currently in the process of updating other aspects of its operation to accommodate the hybrid working style and incorporating it fully into the training of management and onboarding process for new recruitment. These are currently underway in 2023/24 and should be finalised within the following 2024/25 financial year. Work underway to support this Hybrid/ flexible policy includes:

- Final stages of 'Our Modern Workspace' project to redesign Council offices;
- Review of 'Growing Our Own' guidance as an action from our Workforce Planning conversations to support management of trainees and apprentices in a hybrid environment;
- A corporate training plan has been updated to support managing hybrid teams; and
- Updated approach to induction and onboarding to support hybrid environment

The Council chose not to opt in and participate in the four-day working week and we consider this appropriate due to the nature of the services being provided and continued reliance on its operation by taxpayers and service users.

### **Has the Council assessed the impact on i) service quality and outcomes and ii) workforce wellbeing, including consultation with staff and trades unions?**

A full review of the impact of the flexible and hybrid working policy following its first year of implementation is planned to take place in December 2024. Service Quality and wellbeing will be covered as part of this. Further exploration of the data and wellbeing impact will be explored at employee focus groups during August and will feed into the review in December 2024. The outcomes from this review should be integrated into an updated policy going forward, with the results of the review implemented accordingly in the 24/25 financial year.

We have confirmed that the Council has participated in Trade Union discussions and circulated employee experience surveys. The Council has looked at feedback from these sources and are undertaking a review of the Flexible working policy scheduled for release in December 2024.

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### **Recommendation 3**

The Council and TCWG should ensure that the review of the Flexible Working Policy go ahead as planned with the results being implemented into a formal review and monitoring process for the workforce strategy. In addition, regular reviews should be performed subsequently to continually monitor shifts in workforce trends.

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**Has the Council demonstrated budget savings, efficiencies and other benefits resulting from its deployment of staff?**

The implementation of a Hybrid and flexible working policy, from the initial stage of recruitment, attracts more people from further afield as geographical and travel issues are negated. The pool of human resources is increased through this policy action creating benefits across service lines.

Workforce Planning output report from 2023 noted that several managers had pointed to the hybrid and flexible working arrangements as supporting them to recruit to previously difficult to fill posts. With the likely impact of having mitigated further increases in agency spend or overtime requirements.

The modern workforce policy and the Council's shift to remote working has created savings by means of lower building and maintenance costs. A cost savings estimate for 2023/24 shows total savings of approximately £0.194 million, mainly from reduced cleaning costs and utility bills because of homeworking. Other substantial savings include a reduction in travel expense reimbursements due to the decrease in employees commuting to on-site offices within the 2023/24 financial year compared to pre Covid-19.

## Developing future skills and capacity

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*This section of the report assesses what innovative practice the Council is using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities*

**We concluded:** like other Local Government bodies, the Council faces recruitment challenges such as an increase in casual and temporary staff and is exploring different approaches. The Council is developing the capability of its workforce and is implementing modern agile work policies to enhance the capacity and skills of its workforce. This includes using apprenticeship schemes to resolve difficulties hiring staff, building up skills for long-term benefits. It is difficult to demonstrate savings and benefits from current measures, as they have been recently implemented and reviews are yet to take place.

### Background

Councils need to find innovative ways to ensure the workforce capacity and skills they need to deliver services in the future. Training and development opportunities can help to attract and retain employees and ensure skills are in place. Many Councils work with their partners to offer apprenticeship schemes or vocational qualifications. Succession planning is also important to develop future leaders and ensure that essential skills are in place.

Jobs can be re-designed to optimise the workforce and improve services. For example generic roles across health and social care disciplines. Leaders need to engage with staff and trade unions over fundamental workforce reform. This is particularly challenging in an environment of potential job losses.

### Detailed reporting on developing future skills and capacity

#### **What is the Council doing to develop the skills and capacity needed for a resilient future workforce?**

In line with Connect for Success an area of focus is workforce agility. The aim is to reduce turnover particularly in temporary posts by creating more agile working arrangements that will allow for permanent opportunities to be provided. This is a prevalent issue as casual and temporary employees have been increasing in the past 3 years whilst permanent staff continue to fall. As at the time of drafting this report, the Council is considering the balance between temporary and permanent staff especially in hard to recruit areas, and the increased costs that is associated with a higher ratio of temporary staff compared to permanent. The introduction of an Agile project will review contracts and job descriptions and make it easier for people to use their skills in various roles and activities across the organisation. The benefits and measures of success from this project are more qualitative and difficult to quantify in terms of savings. It aims to decrease the number of temporary positions whilst increasing the number of applicants.

The Council had noted in 'Health of the Organisation' reporting a relatively high turnover in the temporary posts. Temporary ringfenced funding often means the Council is in the position of offering temporary posts for specific activities. The Agile project aims to identify opportunities to create more permanent posts where postholders may cover varying duties and roles across the organisation in an agile way. The project brief was received, where it was confirmed that the project aims to enhance the capability of its workforce, making it more agile to adapt to change which is important in an increasingly uncertain time with the rapid development of technology.

In addition, the Council's 'Growing Our Own' (GOO) initiative was implemented to ensure there is future recruitment into the Council as there will still be a need to fill roles whilst technology advances. GOO is the framework of tools available to managers to support a pipeline of talent into the workforce. It includes Work Experience, Student Sponsorship, Trainees, Apprenticeships etc. As part of the development of the strategic Workforce Planning priorities, there is an action to collate GOO spend. This has proved challenging due to the way that spend is broken down and business partners are expecting this to be finalised before March 2025.

In recent years the Council has earmarked funding to support delivery of GOO opportunities linked to high-risk Workforce Planning activities at service level. This is over and above the GOO funding allocated by individual teams to support their Workforce Planning actions.

Other projects contributing to the Council's workforce having the skills required for the future are:

- Digital skills survey and actions
- Review of Corporate training Programme
- Review of Leadership Development
- AB365 A bespoke programme of learning for MS365 software
- Using Data to Tell a Story

The strategic Workforce Plan refers to a reducing budget for the workforce in the long term with the utilisation of technology being a compensation to the reduced human resource. The Council is actively managing a reducing headcount, in part due to retirements, and the implementation of technology for a future workforce.

### **Has it demonstrated savings and other benefits resulting from its workforce skills and capacity measures?**

The Council is yet to perform comprehensive reviews and assessments to determine cost savings and benefits for its workforce measures.

A review of the impact of the Council's AB365 programme is underway alongside a Digital skills survey which will be repeated before March 2025 to allow benefits and impact to be measured.

Although there have been several savings identified from the new workforce policies, these are not necessarily derived from the skills/ capacities of employees under these schemes but

are instead due to the hybrid & flexible nature of the framework. There has not been enough time for the effect of the Council's workforce policies to materialise and as such future reviews will determine the efficiencies and savings that might be made specifically relating to the skills/capacities of employees being utilised.

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**Recommendation 4**

The Council and TCWG should ensure timely reviews are performed to determine financial impacts of its Workforce Planning models and Agile Working. We recommend implementing regular reviews along with setting KPI's that monitor any savings and benefits in the workforce, which could then be used to increase accuracy within budgeting and cost saving reports.

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**Does the Council work with education providers to ensure that education and training aligns with future skills needs?**

At national level, the Council work with the Society of Personal Development Scotland (SPDS) and the Convention of Scottish Local Authorities (COSLA) to identify national shortages and lobby for courses which will support skill gaps.

At local level the Council contribute to collaborative groups which involve various partners including education providers and Developing the Young Workforce (DYW) representatives, responsible for reviewing skills needs across the Argyll and Bute area. The Council also participate in providing apprenticeships which is a robust way to recruit for roles that will be in demand in future years and building up skills through focused training.

**How does the Council minimise any negative impact from workforce reform and reductions?**

As mentioned above, a reducing workforce through retirements is anticipated and the Council is expecting to compensate for this by utilising technology to increase productivity of the remaining staff. As set out in the strategic Workforce Plan, the Council is actively considering and aiming to minimise the impacts of a reduced workforce and are pushing for flexible working to facilitate different ways of working.

The Council has a positive relationship with trades unions and works in partnership to ensure that appropriate selection pools are identified where there is a need for redundancy. In 2022/23 the Council successfully redeployed 80% of people on the redeployment register to other roles across the organisation.

## Joint workforce arrangements across services and partners

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*This section of the report considers what progress the Council has made with sharing roles or functions across its services and/or with other Councils and partners*

**We concluded:** the Council participates in joint training courses with other Councils in Scotland as well as a national joint transformation programme, with benefits including improved resilience and stronger working relations with other Local government bodies.

### Background

Councils should look to work collaboratively with their partners to make the best use of their existing workforces and plan for the particular workforce needs in their areas. They should also work across traditional service department roles within Councils to deliver improved services and outcomes.

Examples of this include generic working across health and social care, professional posts or functions shared between Councils, and services delivered through empowered communities.

### Detailed reporting on joint workforce arrangements across services and partners

#### **In what areas the Council has implemented shared services with other Councils and partners? Has the Council realised workforce benefits through these shared arrangements/ functions?**

As part of the 'Connect for success' initiative on the Council's website, the first principle highlighted is the 'One Council - One Place approach', which is about: "working with other public sector agencies and our communities to get the most from Argyll and Bute's resources".

The Council participates in joint training and service delivery alongside other local government bodies, including Argyll and Bute Council. There is also a joint training scheme for HR and OD team members to learn from other Councils and knowledge sharing with local care providers to enhance the approach to recruitment in care projects. A summary of shared roles and services include:

- A more integrated HSCP structure down to service manager level;
- The Council's payroll team continue to provide services to arm's length organisations;
- The HR & OD team have joined a reciprocal arrangement for training delivery with other Councils;
- The Community Planning Team deliver work for West Dunbartonshire Council; and
- School Support and Revenues & Benefits are supporting each other to target, and process grant applications.

The Council is participating in a joint transformation programme with the Society of Local Authority Chief Executives and Senior Managers – SOLACE (UK’s leading membership network for public sector and local government professionals) which aims to transition local government to a new service delivery model. Several representatives from across the Council are involved including the Chief Executive who leads the leadership practitioner forum. The focus of one workstream within the programme is to get a better deal for local government through joint procurement and partnership working. For example, one project is looking at the national procurement of an occupational health provider for all 32 Councils.

Several of the projects above are at the inception stage. Measures will be captured as projects progress. Several workforce benefits can be gained from these initiatives, with a main benefit of sharing services being improved resilience. Additional benefits of these arrangements include staff development through enhanced knowledge sharing, stronger working relations with local government partners, and increased quality of services provided.

### **To what extent the Council delivers functions through its communities, the third sector, private sector or other providers (including ALEOs)**

The Council has stated how it delivers functions through reciprocal training provided between all Councils, with qualified coaches delivering these sessions from various Councils. This encourages networking and strengthening of working relationships between local government.

We also understand that the Council delivers recreational/ leisure functions through its subsidiary, LiveArgyll. In addition, the Trusts managed by the Council also help to deliver functions and assistance.

### **To what extent the Council delivers functions using temporary workers**

The current trends within the Council do not appear to be sustainable in the long term. The increased percentage in temporary and casual staff may lead to increased costs in the Council through high turnover and agency recruitment costs. Furthermore, 60% of temporary staff are leaving before the end of their contract, which will have knock-on effects on the work being delivered and may result in a drop in quality.

The Council are aware of this situation and aim to address this in the Agile Workforce Plan as set out in this report, which aims to update job descriptions and bring in greater hybrid/ flexible working arrangements to accommodate a larger pool of potential employees who can become permanent. The Agile Working framework is still at its inception stage, with a project Initiation document being prepared in August 2024. This document laid out its aims and objectives along with success measures. However, there was limited mention of how the Council aims to achieve the objectives and it is mentioned that SMART targets are yet to be agreed.

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#### **Recommendation 5**

The Council and TCWG should monitor and ensure that the implementation of the Agile Project is performed in line with other strategic plans and medium-term financial plans. The Agile project should contain clear targets and actions to reach those targets.

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**Has the Council and its partners managed any barriers to shared working?**

The Council has found that the main reason shared services have not progressed is challenges stemming from IT-related barriers. Other factors impacting shared services include procurement contract timescales and local political decisions amongst others.

The Council has managed to work around and focus on IT-related barriers using digital solutions and shared agreements. A notable example is the partnership with the NHS (HSCP), where the Council overcame technical challenges to ensure that Council and NHS employees working in the Health and Social Care Partnership can access the same IT systems, allowing for sharing of information relating to Workforce Planning, finance and other data.

## Measuring the impact of Workforce Planning

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*This section of the report considers how effectively the Council is measuring the impact of its Workforce Planning approach*

**We concluded:** the Council monitors the progress of its Workforce Planning strategic actions and reports progress at quarterly reports, although several reviews are underway for initiatives which have been implemented within the year including the Flexible and Hybrid Working Policy.

### Background

Councils should monitor the impact of their Workforce Planning and delivery approaches. This should include cost, service quality and productivity benefits as well as employee wellbeing. This in-turn should inform their Workforce Planning approach. Councils and their partners should also understand the wider impact of their employment practice on the local economy.

### Detailed reporting on measuring the impact of Workforce Planning

**Does the Council monitor the effectiveness of its Workforce Planning practice?  
Are there examples of overall impact?**

Workforce Planning actions laid out in the Workforce Planning risk matrix are monitored regularly on a quarterly basis. The WFP Risk Matrix highlights the key concerns and suggestions informed by workforce data and operational line managers. This Matrix has been developed by the OD team adopting a Red/Amber/Green status for WFP categories. This allows middle and senior management to easily identify the areas of heightened risk to prioritise. The matrix has been shared with other Councils as an example of good practice in Workforce Planning.

These indicate a desire for more apprenticeships and trainee frameworks, with well-established pipelines and progression internally for employees. Thus, both operational managers and senior officers have oversight on workforce practices.

Health of the Organisation reports are quarterly internal metrics that are provided to Department Management Teams (DMTs) by their business partner. Trends and any opportunities for improvement are highlighted and discussed in these.

The risk matrix included within the Workforce Plan document includes trend arrows indicating the recent impacts and overall trends on each of the risks and key metrics. This matrix shows overall risks across service lines by four measures: recruitment, ageing workforce succession planning, skills, and absence.



The Council has several reviews lined up which are targeted for completion within the 2024/25 Financial year, these include:

- A review of Flexible working policy is scheduled to be completed in December 2024;
- Regular quarterly reviews of HOO reports;
- A review of the impact of the Council's AB365 programme is underway; and
- A Digital skills survey is to be repeated before March 2025.

Other indicators of impact are given in the form of quantitative statistics included within Q2 Health of the Organisation (HOO) Report, other key statistics and KPIs help management to assess impact between directorates and the Council as a whole. The reports include payroll data, age profiling, staff turnover, employment type. This highlights that comprehensive review processes are being considered and will provide insight into overall impact of the workforce strategy and plans in place and being implemented.

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### **Recommendation 6**

The Council should ensure a detailed project timeline with specific milestones and deadlines is utilised. Implementing periodic status updates and reviews will also facilitate early identification of potential delays and allow for corrective actions to be taken promptly.

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### **Do monitoring reports inform future Workforce Planning?**

As above, Health of the Organisation (HOO) reports are provided quarterly to the Department Management Teams (DMT) by business partners. These contain key metrics and quantitative statistics for the chosen department/ Directorate compared to the Council as a whole. This allows unit leaders and management to gain insights into workforce data and inform any workforce policy decisions.

HOO Reports are used to monitor and inform Workforce Planning with a section in the report relating to the delivery of a Workforce Plan, where the Council had made a comment stating that their approach to Workforce Planning is actively being updated based on feedback to ensure that regular tracking of actions can be achieved.

## Appendices

### Appendix 1 – Improvement Action plan

| Rating         | Description   |
|----------------|---|
| <b>Level 1</b> | The identified risk and/or significant deficiency is critical to the business processes or the achievement of business strategic objectives. There is potential for financial loss, damage to reputation or loss of information. The recommendation should be taken into consideration by management immediately. |
| <b>Level 2</b> | The identified risk and/or significant deficiency may impact on individual objectives or business processes. The audited body should implement the recommendation to strengthen internal controls or enhance business efficiency. The recommendations should be actioned in the near future.                      |
| <b>Level 3</b> | The identified risk and/or significant deficiency is an area for improvement or less significant. In our view, the audited body should action the recommendation, but management do not need to prioritise.   |

The table overleaf details the issues/risks that we have identified as part of this thematic review and our recommendations to the Council to address.

| Issue/risk   | Rating  | Recommendation  | Agreed management action/ timing   |
|--|---------|---|--|
| <p><b>1. Workforce Data and IT Systems</b></p> <p>The Council has identified it could make better use of the data available to inform its workforce planning and is currently replacing its existing HR and Payroll system.</p> <p><b>Risk</b> – The new system does not provide the data to enable informed decisions in workforce planning.</p>  | Level 2 | <p>The Council should engage with the new software supplier to ensure the data provided by the new system, aligns with the Council’s workforce planning data requirements.</p> <p>The Council should set and track performance indicators to assess the impact of the new system and monitor feedback from users.</p> | <p><b>Management’s response</b><br/>The key outcome here is to ensure the council is able to easily track vacancies.</p> <p>We will actively engage with our software supplier and will explore all options in ensuring the council can report on this important metric.</p> <p><b>Responsible officer</b><br/>Carolyn Cairns HR and OD Manager</p> <p><b>Implementation date</b><br/>September 2025- (itrent phase two project plan still to be agreed)</p> |
| <p><b>2. Integrating New Strategic Plans</b></p> <p>The new Council administration is bringing an updated Corporate Plan and strategic frameworks into effect from 2024/25. Existing Workforce Plans and People Strategy objectives are to be achieved by 2028 and may need to be revisited.</p> <p><b>Risk</b> – Risk of significant changes being made resulting in strategic misalignment between updated core strategies and other policies and objectives already in place, such as the Workforce Plan and People Strategy.</p> | Level 2 | <p>The Council should ensure that future reviews of the Strategic Workforce Plan and People Strategy are performed regularly and monitored against the new Corporate Plan once it is adopted, to ensure workforce planning strategies and objectives remain aligned.</p>  | <p><b>Management’s response</b><br/>The people strategy and strategic workforce plan will be reviewed annually.</p> <p><b>Responsible officer</b><br/>Carolyn Cairns HR and OD Manager</p> <p><b>Implementation date</b><br/>June 2025</p>   |

| Issue/risk  | Rating  | Recommendation   | Agreed management action/ timing  |
|---|---------|--|---|
| <p><b>3. Review of Flexible Working Policy</b></p> <p>The Council is currently in the process of updating aspects of its operational activities to accommodate the hybrid working style. This is based on a newly introduced Flexible and Hybrid Working policy which is yet to be reviewed.</p> <p><b>Risk</b> – Changes to working policies may have an adverse impact on service delivery or quality that are not identified in a timely manner.</p>   | Level 2 | <p>The Council and Those Charged With Governance (TCWG) within the relevant committees should ensure that the above reviews go ahead as planned with the results being implemented into a formal review and monitoring process for the workforce strategy.</p> <p>In addition, regular reviews should be performed subsequently to continually monitor shifts in workforce trends.</p> | <p><b>Management’s response</b><br/>Impact measures for the flexible and hybrid working policy are set out in section 10 of the policy document. These will be monitored and reported regularly.</p> <p><b>Responsible officer</b><br/>Carolyn Cairns HR and OD Manager</p> <p><b>Implementation date</b><br/>June 2025</p>   |
| <p><b>4. Workforce skills and Capacity KPI’s</b></p> <p>The Council is yet to perform comprehensive reviews and assessments to determine cost savings and benefits of its workforce measures. There is a lack of clear KPI’s that would allow management to continually monitor savings and other benefits from workforce skill and capacity measures.</p> <p><b>Risk</b> – The Council may struggle to measure and identify progress towards Workforce Plan objectives. Without clear targets and KPIs, the Council could face a lack of direction and fail to meet its targets.</p> | Level 2 | <p>The Council and TCWG should ensure timely reviews are performed to determine financial impacts of its Workforce Planning models and Agile Working. We recommend implementing regular reviews along with setting KPI’s that monitor any savings and benefits in the workforce, which could then be used to increase accuracy within budgeting and cost saving reports.</p>           | <p><b>Management’s response</b><br/>KPIs for Agile working will be identified in the project documentation.<br/>General KPIs for Strategic Workforce plan and People Strategy will be included in the first annual review (outlined above)</p> <p><b>Responsible officer</b><br/>Carolyn Cairns HR and OD Manager</p> <p><b>Implementation date</b><br/>June 2025</p> |

| Issue/risk   | Rating  | Recommendation  | Agreed management action/ timing   |
|--|---------|---|--|
| <p><b>5. Agile Project implementation</b><br/>The Agile Working framework is still at its inception stage, with a project Initiation document laying out aims and objectives along with Success measures. However, there was limited mention of how these objectives will be achieved and SMART targets are yet to be agreed.</p> <p><b>Risk –</b> The Council may implement an Agile Project without clearly defined and achievable actions, potentially hindering the successful attainment of desired outcomes.</p>       | Level 2 | The Council and TCWG should monitor and ensure that the implementation of the Agile Project is performed in line with other strategic plans and medium-term financial plans. The Agile project should contain clear targets and actions to reach objectives set.                | <p><b>Management’s response</b><br/>Objectives and Actions for Agile Project will be reviewed and agreed with ELT</p> <p><b>Responsible officer</b><br/>Carolyn Cairns HR and OD Manager</p> <p><b>Implementation date</b><br/>April 2025</p>  |
| <p><b>6. Workforce Monitoring</b><br/>The Council has several reviews lined up which are targeted for completion within the 24/25 Financial year, looking at Workforce Planning measures and other projects which have recently been implemented.</p> <p><b>Risk –</b> There is a risk that the Council may not complete the scheduled reviews, resulting in delayed identification of issues and missed opportunities for improvement, potentially impacting the Council's ability to achieve its strategic objectives.</p> | Level 3 | The Council should ensure a detailed project timeline with specific milestones and deadlines is utilised. Implementing periodic status updates and reviews will also facilitate early identification of potential delays and allow for corrective actions to be taken promptly. | <p><b>Management’s response</b><br/>The HR and OD manager will provide a 6 monthly progress report on actions within the workplan specifically linked to workforce planning or people strategy actions.</p> <p><b>Responsible officer</b><br/>Carolyn Cairns, HR and OD Manager</p> <p><b>Implementation date</b><br/>September 2025</p> |

## **Workforce innovation - how Councils are responding to workforce challenges**

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