

Workforce Innovation - how councils are responding to workforce challenges

Best Value thematic work in
City of Edinburgh Council 2023-24



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Key facts



City of Edinburgh Council Workforce

18,700¹	Number of people working for the council – headcount in 2023
15,800	Number of people working for the council – full time equivalent in 2023
12.7	Days lost due to absence in 2022/23 per employee* ²
6.9 %	Turnover rate ³
	Age profile⁴
0.9%	Under 21
21%	22-34
23%	35-44
26%	45-54
25.5%	55-64
3.6%	65 and over

¹ Both headcount and FTE are based on Q3 2023, Public Sector Employment in Scotland Statistics, Scottish Government

² Includes Scottish Joint Council (SJC) sickness absence days lost per FTE. Does not include teaching sickness absence.

³ Based on headcount data from Scottish public sector employment statistics and City of Edinburgh Council workforce dashboard reports, Quarter 2 2022 – Quarter 2 2023

⁴ Based on age profile data from 2021-24 Strategic Workforce Plan

Key messages

- 1** The City of Edinburgh Council employs nearly 16,000 full-time equivalent (FTE) employees. Staff costs amount to £795 million, representing a significant proportion (30 per cent) of the council's total expenditure. Effective workforce planning is essential for the council to ensure it has the operational and leadership capacity and skills to meet future service demands and financial pressures.
- 2** The council approved a new people strategy in March 2024 which supports the Council Business Plan 2023-27. This sets out an overarching vision on how the council will achieve its future workforce requirements. The strategy will be underpinned by a revised workforce action plan, due for consideration in August 2024, which will set out how to deliver this in more detail.
- 3** Our 2022/23 Best Value Thematic report highlighted the need for the council to develop comprehensive workforce planning across its services. Only some services have workforce plans, and many of these require to be updated. This is particularly important for large employment service areas such as the Edinburgh Health and Social Care partnership where workforce plans of the council and the Integration Joint Board (IJB) need to be more closely aligned.
- 4** Better data is needed to support the council's approach to workforce planning and how it measures impact. Work is underway to improve the information that is available for decision-making and the council has developed a new suite of key performance indicators against the new People Strategy 2024-27. The existing Strategic Workforce Plan (covering 2021 to 2024) did not contain information on key areas such as service vacancies, turnover, or length of service, and there is limited evidence of scenario planning. The council did not identify or report on performance measures against its Strategic Workforce Plan 2021-24 or People Strategy 2021-24. In addition, the council's former HR and payroll systems did not allow efficient analysis of key workforce metrics.
- 5** The new HR and payroll system (Oracle) to be introduced in October 2024 provides the opportunity for the council to provide real-time and robust workforce data. The council has developed workforce dashboards and deep dive reports to provide more comprehensive reporting across the council's services, but there is scope to present key information in a way that is more accessible and directs scrutiny to emerging challenges. The council plans to improve how it measures the impact of its workforce planning approach.

- 6** The council has engaged with its staff in developing its new People Strategy 2024-27. Staff engagement sessions, internal pulse surveys, webinars and focus groups were held, and there was engagement with colleague networks and trade unions. The new People Strategy 2024-27 also commits to incorporating the voice of employees in the development of policy and workplace initiatives. The council plans to incorporate this feedback as well as wider engagement with service managers, providers, and trade unions in developing its workforce plan.
- 7** Home-working and hybrid working are now commonplace and the council's new People Strategy and the 'Our Behaviours' framework commits the council to being a flexible employer. The council's Our Future Work strategy set out the council's approach to flexible and hybrid working based on the principles of flexibility, trust and empowerment and was informed by staff consultation. It is important that the council understands and assesses the impact of hybrid/flexible working on service performance, productivity and staff wellbeing.
- 8** The new People Strategy 2024-27 contains a focus on growing and retaining talent within the council, and the workforce plan is expected to set out in more detail how it intends to address future skills and capacity requirements. The council is developing a Talent and Attraction plan to support the council's approach to recruitment and retention. It is critical that robust plans are in place to ensure that future skills requirements are identified with appropriate actions to address any gaps.
- 9** The council's approach to workforce planning needs to be clearly aligned to other key strategies. The council's Digital and Smart City Strategy (2020-23) is now out of date, and a revised strategy is being progressed. There needs to be a clear assessment and understanding of the impact of digital technologies on workforce plans and working practices to better inform future requirements.

Scope of the audit

- 1.** This report forms the basis of our best value thematic work for 2023/24 as directed by the Accounts Commission for all 32 Scottish councils.
- 2.** The Accounts Commission's [2023 Local Government Overview \(LGO\)](#) reported that councils in Scotland 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.
- 3.** The Accounts Commission has agreed that the focus for Best Value thematic work in 2023/24 should cover how councils are responding to local government and workforce challenges through building capacity, increasing productivity and innovation. A national thematic report will draw together the findings from each individual thematic council audit. It provides an opportunity for the Commission to comment in detail on how effectively councils are demonstrating this aspect of Best Value and to challenge progress and highlight good practice across councils.
- 4.** Our audit work indicates that just over half of councils have updated their workforce plans since the Covid-19 pandemic. However, councils continue to report that they lack the resources to support workforce planning, and that they are looking at ways to try and address this.
- 5.** This report sets out how the City of Edinburgh council is responding to current workforce challenges through building capacity, increasing productivity and innovation.
- 6.** [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 or Integration Joint Board (IJB) 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.

7. 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 practices 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?

8. 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.

9. 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](#).

Workforce strategy and priorities

10. The City of Edinburgh council is one of the largest employers in the city, with approximately 15,800 FTE employees in 2023. Staff costs represented 30 per cent of the council's expenditure, totalling £795 million in 2022/23⁵.

11. Effective workforce planning is essential for the council to ensure it has the operational and leadership capacity and skills to meet future service demands and financial pressures. It requires strategic thinking, comprehensive workforce data and ongoing consultation and engagement with staff and trades unions.

12. Workforce issues including staff wellbeing, recruitment and retention are increasingly important. To be effective, proper workforce planning must be supported by reliable data and information, for example, on reasons for staff turnover and causes of sickness absence. Effective workforce planning allows councils to develop and deploy their existing workforce to meet future demands and reflect new ways of working.

A new people strategy was approved in March 2024 and the council is developing a new workforce plan due later this year

13. The refreshed People Strategy 2024-27 was approved in principle by the council in March 2024. It sets out an overarching vision on how the council will achieve its future workforce requirements, and it is intended that the strategy is underpinned by a workforce action plan and service workforce plans which will set out how to deliver this in more detail.

14. The strategy sets out five key themes to support the delivery of the council's business plan, and the council has drafted a set of refreshed key performance indicators to measure success ([Exhibit 1](#))

15. The council has acknowledged that key to delivery of the people strategy is a robust corporate workforce plan, which will set out the workforce drivers in the next one to three years, detail the establishment gaps, compare the future staff demand with current workforce numbers and skills, and is augmented by more detailed service workforce plans.

⁵ As reported in Annual Accounts 2022/23, employee costs were £795 million out of total expenditure of £2.6 billion

Exhibit 1

Themes and anticipated performance measures from the People Strategy 2024-27

Theme	Success Measures
Attracting the best people	<ul style="list-style-type: none"> • Vacancy rate • Time to hire • Number of apprentices
Develop exceptional leaders	<ul style="list-style-type: none"> • Increase in culture score in colleague engagement survey. • Increase in colleague engagement • Increased colleague satisfaction with employer
Foster a culture of equalities, diversity and inclusion	<ul style="list-style-type: none"> • Completed rates for diversity characteristics. • Representation rates for diversity • Characteristics compared to the UK working • Age population (Scotland Census 2022)/ Stonewall
Grow and retain our talent	<ul style="list-style-type: none"> • Turnover • Retention of new hires • % of permanent roles filled internally. • Completion of statutory training • Reduction in agency usage • Reduction in redeployment
Nurture a healthy workplace where our people can thrive	<ul style="list-style-type: none"> • Sickness absence – long and short term • Reduction in employee relations formal cases • Reduction in overpayments

Workforce plans should cover all services and be aligned with the council's key strategies

16. The council's existing workforce plan, the Strategic Workforce Plan 2021-24, was approved by the Policy and Sustainability Committee in April 2021. Whilst the council acknowledged in its plan that the scale of future transformational change required is acute and challenging, particularly against the backdrop of budget challenges, the plan does not contain alignments with other core strategic documents, such as the Financial Strategy or the Digital and Smart City Strategy. It also does not set out the council's role in workforce planning as part of the Health and Social Care Partnership (HSCP) ([paragraphs 22-26](#)). The Strategic Workforce Plan includes an action plan based on six strategic themes:

- **Planning for changes in our workforce profile** – includes an assessment of both strengths and opportunities, and weaknesses and threats. For example, upskilling the workforce is identified as an

opportunity, against the threat of a loss of corporate knowledge through organisational turnover

- **Organisation and service design** – changing service structures and delivery amidst funding reductions, including through technology and collaboration with partners
- **Engaging and supporting colleagues with change** – engaging with the workforce and trade unions, ensuring the workforce understands the council's priorities and reasons for change
- **Developing leaders for Our Future Council** – supporting the skills and knowledge of leaders to effectively deliver on the council's priorities, and embed 'Future, Engage, Deliver' leadership approach
- **Investing in closing the gap in our workforce skills and capabilities** – developing the skills of the workforce in key areas, to support delivery of transformational change
- **Equipping our workforce for digital transformation** – understanding and improving digital skills of the workforce, and utilising remote working to support efficiencies

17. Our Best Value Thematic work 2022/23 recommended that the council should develop comprehensive workforce planning on a consistent basis across services, identifying skills gaps and aligning resources to council priorities. To date, service plans have only been developed across some services, which include Human Resources; Customer Services; Facilities Management; Waste and Cleansing; Culture; and the Edinburgh Health and Social Care Partnership. Many of these require to be updated for the current year. The council should work to ensure service plans are produced consistently across all services and are updated regularly.

18. Our work also recommended that the council should develop the People Strategy and Strategic Workforce Plan to align with the current 2023-27 business plan. The council is updating the workforce plan which is due to be presented to committee in August 2024.

Better data is needed to support the council's approach to workforce planning. Work is underway to improve the information that is available for decision-making

19. The Strategic Workforce Plan 2021-24 contained data on the current workforce profile by service directorate and grade, for both the permanent, and temporary workforce, as well as sickness absence and diversity information. The plan did not contain information on key areas such as service vacancies or length of service, and there is limited evidence of scenario planning. The council's current HR and payroll systems do not allow efficient analysis of key workforce metrics. For example, the council's data systems do not provide vacancy data to be collated centrally. As such, vacancy rates are based on reports and estimations from service managers, informed by broader assumptions about ongoing demand and capacity.

20. The council is working to improve the workforce data that is available and to allow locally held data to be streamlined. Significantly, a new Oracle system is expected to be introduced in October 2024 to provide real-time information and a more robust measurement of workforce data.

The council is engaging with staff as part of its refreshed workforce planning approach

21. The council has engaged with staff to develop its new people strategy. The council held a range of staff engagement sessions such as internal pulse surveys, webinars and focus groups, digital and face-to-face sessions and engagement with colleague networks and trades unions. The People Strategy 2024-27 commits to incorporating the voice of employees in the development of policy and workplace initiatives. There are plans to use this feedback alongside engagement with service managers, service providers and trade unions to develop the new workforce plan.

The health and social care partnership faces acute challenges in attracting and retaining staff. The council's refreshed workforce plan should align with the HSCP Workforce Plan

22. Audit Scotland's 2022 [Social care briefing](#) highlighted that the social care workforce has high vacancy rates with many services facing recruitment problems. Together with the increasing demand for social care, this presents a risk to the capacity and quality of social care services.

23. City of Edinburgh Council is a joint partner of Edinburgh Integration Joint Board (EIJB), in conjunction with NHS Lothian. The IJB has responsibility for the strategic planning, resourcing and the operational oversight of a wide range of health and social care services in Edinburgh, largely delivered through the Edinburgh Health and Social Care Partnership (HSCP). In common with other IJBs across Scotland it faces acute difficulties in attracting and retaining staff in this sector.

24. City of Edinburgh Council employs 2,088 WTE staff across the HSCP, 52 per cent of the total HSCP workforce. In March 2022, the IJB published its 'Working Together Strategy 2022-25' which identified four strategic workforce priorities for the period. The strategy contains high-level data on the HSCP workforce profile, and projected demand for health and social care services in Edinburgh but contains limited detail on how its aims can be met, nor links to the council's workforce planning strategy.

25. In October 2023, the Edinburgh IJB developed a more detailed Health and Social Care Workforce Plan 2023/24, although this has not yet been considered by IJB board members. The proposed plan provides further detail on how the partnership will support the ambitions of the EIJB Working Together Strategy, and broadly references the council's new People Strategy 2024-27, which was in development at the time the HSCP workforce plan was published. The plan contains more detailed workforce data that was not contained in the EIJB Strategy, such as workforce profile information, sickness absence, and demand data. It outlines an action plan with indicative timescales and targeted workforce groups for each action. Following two recent critical inspection reports on adult

support and protection and adult social care, the HSCP has developed enhanced governance arrangements to support improvements. This includes the establishment of a workforce board to support strategic oversight of the workforce strategy, which adopts an integrated approach and includes representation from the council's Director of HR.

26. The IJB has strategic oversight of the HSCP, and the council recruits and employs a significant proportion of the HSCP workforce, but the council's Strategic Workforce Plan 2021-24 does not contain linkages to workforce planning by the EIJB and is not supported by detailed information on the HSCP. Given the nature of the intrinsic joint relationship, there is an opportunity for the council to include alignment and integration of workforce planning within the HSCP. This should be addressed as part of the council's refreshed Workforce Plan.

Recommendation 1

The council should continue to develop a more structured approach to workforce planning, including ensuring that detailed plans are produced consistently across all services, are informed by robust data, and are closely aligned across the organisation and to the overall council strategy.

Digital technology and the workforce

27. The Accounts Commission's May 2023 [Local Government in Scotland Overview 2023](#) report notes that digital technology will make councils' future workforces look and work quite differently. To achieve the change required, councils need to make good use of digital technology and use the workforce in flexible ways.

28. 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.

29. 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.

30. Audit Scotland's 2021 [Digital Progress in Local Government](#) report highlighted that workforce plans must be aligned with digital transformation plans and be dynamic, taking account of how new technologies will affect the workforce, such as the introduction of automation and artificial intelligence (AI).

The council recognises the impact of digital technology on service delivery and its workforce. It should identify specific areas for development and where there are skills gaps

31. The strategic workforce plan 2021-2024 was approved one year after the Digital Smart City Strategy 2020-23 strategy and recognises the importance of equipping staff with digital skills. For example, the plan includes carrying out a digital skills survey as part of organisation reviews when roles change or when gaps are identified. Other actions in the Strategic Workforce Plan 2021-2024 for 'digital transformation in the workforce' include delivering smart cities projects, using early adopter approach for new technologies, and developing an approach to collaborative learning and sharing of best practice.

32. The council's [Digital and Smart City Strategy 2020-23](#) is now out of date. The council's 2024-7 Digital and Smart City Strategy is being finalised, and is due to be considered by members later this year. A key ambition of the draft strategy is to create a council with a digitally-skilled workforce, and to "focus on transforming service provision to better meet the changing requirement of the organisation and a modern workforce." This ambition would benefit from supporting detail or actions to understand how it will be realised, and identify

specific areas where further development of digital skills would be most beneficial.

33. As we have noted, the council will introduce a new human resources and payroll system, Oracle Fusion, from October 2024. A key aim of the new system is to provide better data and analysis tools to support workforce planning and allow managers to review dashboards and trend information at a more detailed local level.

Recommendation 2

The council should undertake a corporate review of digital skills in its workforce to identify gaps and areas for improvement. This should include seeking feedback from staff on its digital provision to innovate and improve service delivery.

The council has used digital technology to improve services for residents and increase workforce efficiency

34. The council has undertaken recent early adopter projects in specific service areas which have realised benefits for staff. The Smart City project and Total Mobile project are both examples of how technology has enabled workforce efficiency and better service delivery. The council should build on these successes and identify if there is scope to adapt these approaches elsewhere.

Case Study 1

Smart Cities project aims to support workforce efficiency and improve service delivery

The Smart Cities project aims to introduce innovative technologies to help manage assets, resources and services to improve operations across the city. It included work to upgrade CCTV, tackle litter and trialled environment sensors in council homes. For example:

- 11,000 sensors were placed in litter bins across Edinburgh which provided data on usage of bins, predicted when they would overflow and allowed the service team to take action.
- Environmental sensors were installed in 450 social houses and provided data on dampness which allowed the service team to manage and prevent damage to the property and protect citizens health. Services were directed to where they were required in a responsive manner, supporting workforce efficiency and improved service quality.

Source: City of Edinburgh Council

Case Study 2

A recent success has been using digital technology to improve social work rostering

Totalmobile, a social work rostering system, is an example where the council has realised benefits for the workforce through the use of digital technology. The Totalmobile social care app

was launched in partnership with the council's Edinburgh Health and Social Care Partnership and CGI. The Totalmobile app allows staff to view their visit information, check in and out of visits and navigate around the city. The system's key functionality is its dynamic scheduling element, which makes it easier for staff to schedule efficiently and enables them to offer a more flexible service.

The Total Mobile project worked with a section of the workforce that was considered 'digitally excluded', as they had no council email account and therefore no access to the council intranet. Through this project, 700 staff across the city now have email and access to the intranet and the council's online learning system. The council considered digital exclusion when introducing this technology, taking a gradual approach by providing the digital technology in two stages – firstly, providing iPads and once staff were familiar with using them, the app was introduced.

Source: City of Edinburgh Council

Flexible working and other innovative staff deployment

The council's approach to hybrid and flexible working is evolving and guidance has been provided to staff

35. Home-working and hybrid working are now commonplace. Local authorities need to ensure that such arrangements can achieve benefits to services and the workforce. Flexible working patterns can also provide employees with additional flexibility to suit their individual circumstances, by adjusting the days and times that a person works. Both hybrid and flexible working can improve employee wellbeing and help to attract and retain the workforce. However, councils need to be mindful of the overall costs and effectiveness of such arrangements.

36. Hybrid working can allow a more flexible and adaptable workforce. Effective hybrid arrangements require a wide range of support, including health and wellbeing support, a supportive workplace and management culture, and appropriate technology and equipment.

37. It is important that the council understands and assesses the impact of hybrid/flexible working on service performance, productivity and staff wellbeing. The diverse roles in councils mean that not all staff can work from home. The council should continue to consult and engage with their employees, and learn lessons to inform new models of working.

38. In October 2021, the Policy and Sustainability committee approved the 'Our Future Work' Strategy, based on the principles of *Flexibility, Trust, and Empowerment*. It set out the council's approach to flexible working, using feedback from staff engagement exercises which took place in April and November 2020. Three trials were planned to explore new ways of working as well as the development of toolkits to support managers with hybrid working conversations. The trials, with a focus on Waverley Court and the City Chambers, involved setting the offices up to facilitate hybrid working on council premises, and for local 'near me' offices in keeping with the council's then 20-minute neighbourhood strategy. Since then, the council has examined ways to maximise its assets and the income and benefits derived from them, for example letting underused office space to other organisations.

39. In March 2022, the strategy was updated and included a workbook to assist leaders to develop hybrid working. It includes prompts for leaders and teams to compile a self-assessment in their approach, which takes account of each stakeholder's needs – including the service, team, and individual.

40. In July 2022, the council produced guidance for staff on flexible working arrangements. This largely reflects the need for flexible working to be based on trust, with guidance on how to support and embed flexible working, including:

- increasing staff awareness of the flexible working policies on offer;
- encouraging individuals and managers to have flexible working conversations;
- guidance on practicalities around time recording and start and finish times.

41. The People Strategy 2024-27, approved in principle in March 2024, commits the council to being a flexible employer and promote flexible ways of working aligned to service need. In March 2024, the Policy and Sustainability Committee approved revised policies to be a more family-friendly employer. The People Strategy sets out a new Talent and Attraction plan' to be developed which will replace the current recruitment policy.

42. In December 2023 the council engaged with staff around the 'Our Future Work' Strategy, with survey responses from 2,568 people across the council's workforce. The council has indicated that around 20 per cent of the council's workforce can work from home.

43. The council published guidance on their intranet in April 2024 setting out an expectation for staff who can work in a hybrid environment to attend an office two days per week. The guidance was developed following consultation with staff and marks a step-change in the council's approach to hybrid working.

44. It is good practice that the council has consulted with staff as it develops its approach to hybrid working. The council should continue to build on its engagement with staff and include consultation with trades unions on shaping its changing workforce practices.

Future skills, capacity and joint working

45. 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 a talented and skilled workforce. 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.

46. City of Edinburgh Council also experiences additional workforce challenges due to the high cost of living in the city for existing and prospective employees. Comparable salary levels with other public and private sector organisations may also be a factor for the council in attracting and retaining its workforce. Individual services can also experience specific workforce pressures requiring tailored action to address.

The council is developing strategic workforce planning to identify key roles and skills for its future workforce

47. The new People Strategy 2024-27 contains a focus on growing and retaining talent within the council, and the workforce plan is expected to set out in more detail how it intends to address future skills and capacity requirements. The council is developing a Talent and Attraction plan to support the council's approach to recruitment and retention. It is critical that robust plans are in place to ensure that future skills requirements are identified with appropriate actions to address any gaps.

48. The council has progressed in its ambition to support staff learning and development in recent years, with the provision of learning and development resources. For example, the myLearning Hub was launched in August 2021 and offers role-specific learning, leadership development and personal development, including wellbeing. The council is undertaking a project to migrate all digital and in-person learning events on to the Hub. Between January and November 2023 there were 607 in-person learning events recorded, with 7,124 participants having attended these events.

49. Staff learning and development has also focused on work to support leaders. Leadership development sessions were delivered in January 2024. In support of the council's aspirations to promote diversity and inclusion across its workforce, this included a reverse mentoring programme to raise awareness among senior leaders of the direct lived experience of colleagues from a minority ethnic background or a colleague with a disability or long-term health condition.

The council's employability service plays a key role in delivering apprenticeships but affordability remains a challenge

50. The Growth and Inclusion service within the council leads on delivering employability services across the city of Edinburgh and has a key role in delivering schemes such as modern apprenticeships and the Edinburgh Young Person Guarantee. The service utilises these programmes to support the council's wider objectives to support economic recovery. In addition to supporting citizens into employment, the Modern Apprenticeship programme also supports the council's workforce capacity in key areas such as trade operatives and administration.

51. Modern Apprenticeships are funded in two ways. One funding route is through annual funding awarded by Skills Development Scotland (SDS) for training costs, where SDS provide guidance and parameters for the types of apprenticeship programmes, but council services fund the salary costs. The other funding route is from council service departments who work with external organisations to deliver the academic component. These apprenticeships are within the Health and Social Care sector and are for existing workers who are supported by the council to develop their skills in health and social care.

52. Recruitment across the Modern Apprenticeship programme has experienced challenges. Based on the SDS-funded apprenticeships, in 2022/23 the council recruited 30 apprenticeships, despite a target of 60. The council attributed this to services experiencing challenges in prioritising funding for apprenticeship salaries, as well as issues associated with the funding model from SDS. Reduced engagement from young people has also been cited as a challenge.

53. The council has implemented improvements to support engagement with the programme such as increasing communication with schools about the modern apprenticeship programme, enhanced support for recruiting managers, and increased input from the council's human resources team. Apprenticeship recruitment has been more positive in 2023/24. By late November 2023, 31 out of the SDS-contracted 54 new apprentices had been recruited. Based on data collected by SDS, the council reports that up to 95 per cent of those who completed an apprenticeship since 2020 have moved into employment, with up to 60 per cent remaining in the council workforce. The council does not internally track apprenticeship progression routes following completion, so it is unclear what impact apprenticeship retention is having on supporting the council's workforce.

Agency and temporary workers are an important part of the council's workforce but costs are increasing

54. The council records quarterly spending on its flexible workforce, including agency, overtime and casual workers through dashboard reports presented to the Finance and Resources Committee. Existing data systems do not routinely capture actual numbers of temporary, casual and agency staff, and as such, analysis of these staffing groups is based on spend data and qualitative information from agency reports to service areas.

55. The council's average spend on its flexible workforce was £4.2 million in the second quarter of 2023/24, compared to £3.5 million in the same quarter of 2022/23. Whilst casual overtime costs have remained stable across this period, agency costs have increased from an average of £2.1 million to £2.9 million across this period. Agency workers are used for roles with a high turnover or roles that are difficult to recruit into, and usage of agency workers is a particular challenge for the council, with agency roles often being used in areas such as waste and cleaning, home care workers, teaching, and cultural and digital services.

The council plans to reduce its reliance on agency staff and some services have made progress in changing approach

56. The council wants to reduce its reliance on agency staff, due to the costs involved and its preference for using permanent staff to provide a more stable service delivery. The council has outlined an intention to reduce agency spending through the 'financial grip' workstream of the Change Programme ([pages 23-24, paragraphs 60-61](#)), noting the escalating costs of agency staffing has increased by over 40 per cent compared to pre-pandemic levels. Progress with reducing the casual workforce is monitored at a local level. The overall levels of agency spend is reported through the council's quarterly workforce dashboard reports, which report on casual workforce spend and service level updates ([pages 24-25, paragraphs 68-70](#)), but there is scope to improve presentation to provide more information where capacity issues may exist at service level.

57. Some services have made progress in reducing their spend on agency staff. For example, the libraries service engaged local managers in the process and set clear parameters for using agency staff with local managers planning when best to use to staff based on service demand and busy/quieter periods. In 2022/23, the council reported agency and overtime spending for the libraries service to be 54 per cent lower than 2019/20.

Financial challenges will mean difficult decisions are required and the council has a clear policy to engage with staff over change

58. The financial challenges and council's response will have an impact on how services are delivered, and on the people delivering services. It is important that the workforce is consulted with, through organisational change. The Accounts Commission's [Local government in Scotland: Overview 2023](#) highlighted that leaders must be open with their staff about difficult decisions ahead and be clear about how change will be achieved. The council has a managing change policy and user guide on its intranet to support organisational change.

59. Trade union representatives have indicated that change and restructuring processes have been more supportive for staff within education, but the implementation of change across wider services has been unsettling for many, with gaps in skills development for new roles that people are allocated to. The council has a Managing Change Toolkit to provide guidance and support for people leaders who deal with change within the council.

60. The council's longer term financial planning approach will also have implications for the workforce. In June 2023, the council's Financial Strategy and Medium-Term Financial Plan (MTFP) was approved by the Finance and Resources committee. This outlines the council's plan to address the projected funding gap for the five-year period to 2028/29, with a funding gap of £37.6 million in 2024/25, increasing to £172.7 million by 2028/29. It includes a Change Programme which identifies four core workstreams to support the MTFP: Organisational Reform and Efficiency; Asset Rationalisation and Service Delivery; Third Party Spending; and Partnerships and Prevention. Work to support these include:

- **Service design and delivery programme** – the overall target for the Service Design and Delivery projects is a minimum of £20 million over the next three financial years, with the intention to cover all parts of the organisation over the period. Each project contains a four-stage delivery approach from scoping to implementation.
- **Financial grip workstream** – the first year of the programme identifies a 'financial grip' workstream which outlines actions needed to reduce areas of high spend, including the need to reduce the agency workforce.

61. The council is developing short-term and long-term transformational savings plans as part of a Change Programme to close the budget gaps in future years. It is not yet clear what the implications are for the workforce or the underlying detail behind each theme but we will continue to review and assess the council's progress in this area. An update on the council's MTFP and Change Programme was presented to the Finance and Resource Committee in February 2024 which identified that a programme of service reviews will take this work forward and ensure effective targeting of resources.

The council collaborates with its partners to deliver wider strategic outcomes

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

63. Our [Local government in Scotland: Overview 2023](#) highlighted that shared services and shared professionals can help to address recruitment pressures and skill shortages, whilst offering efficiencies, but only a few councils are sharing services. The City of Edinburgh council does not have any shared service arrangements and has no plans to do so. It does, however, collaborate with partners across the region to deliver shared goals and support communities, for example:

- **The Edinburgh Partnership.** The community planning partnership for Edinburgh includes the council, NHS Lothian, the third sector, Police Scotland, and others. The partnership has a shared vision to support local outcomes for the area, including reducing poverty and inequalities, and supporting communities to thrive. A series of workshops took place over

2023 for partners to assess its priorities, and results from the workshop sessions are to be presented to the partnership board by March 2024.

- **CGI.** The council has outsourced its ICT functions to CGI and draws on their expertise for a wide range of IT services and functions including the hosting of the council's ICT infrastructure.
- **Edinburgh IJB.** The council works with Edinburgh Integration Joint Board and NHS Lothian to deliver health and social care at a local level.
- **Edinburgh and South East Scotland City Region Deal.** The council is the lead authority and works with six other local authorities, the city region's universities and colleges, third sector and private companies to develop inclusive economic growth in the city region.
- **Arms Lengths External Organisations (ALEOs).** These provide public services on behalf of City of Edinburgh Council to deliver a range of services, with Transport for Edinburgh delivering transport services, Edinburgh Leisure delivering leisure facilities, and Edinburgh Living MMR is the council's housing delivery partner to address housing needs in Edinburgh. The City of Edinburgh council has more than 50 ALEOs delivering services across the city. In recent months, members have sought clarity over governance arrangements of ALEOs, and the role of elected representatives in key decision-making.

64. The council's Change Programme notes that future iterations of the programme may provide an opportunity to create shared services with other public bodies, but this is a longer-term aspiration, and the council does not have plans to explore this in the short term.

Measuring the impact of workforce planning

The council has developed outcomes and performance measures to assess progress against its new People Strategy

65. 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.

66. The Strategic Workforce Plan 2021-24 contained an action plan that mapped against the council's approach to planning for changes in its workforce profile. The action plan contained indicative timescales, and broad actions to support the objectives set out in the plan, but the council did not conduct a council-wide strategic assessment against these actions.

67. The council has developed a delivery plan for its new People Strategy which includes the outcomes and actions it wants to achieve against specific themes. It includes performance indicators, how they will be measured and includes targets. The council plans to report this quarterly to the Finance and Resources Committee together with 'Deep Dives' on each theme within the Strategy document.

The council uses quarterly workforce dashboards and 'deep-dive' assessments to inform its workforce planning approach

68. The council produces quarterly workforce dashboard reports which are considered by the Finance and Resource committee. These have been in place since December 2019. Prior to this, annual workforce insight reports were published which provided similar information to the dashboard reports, containing more detail in some areas.

69. The dashboards provide information in areas such as FTE by service directorate, the number of leavers, sickness absence, recruitment activity, agency worker spend and overtime. The dashboard does not report on progress against performance-related indicators. Dashboard reports contain service-level workforce planning activity and information, for example, around recruitment activity and workforce gaps of significance. Inclusion of service level updates is valuable, as not all services produce service workforce plans ([page 11, paragraph 17](#)). As the council progresses with its refreshed workforce planning approach, it should adopt a consistent and comprehensive approach to ongoing measurement of workforce planning across services.

70. The council has also produced a series of ‘deep dive’ reports which looks at specific workforce challenges, aligned to thematic areas from the People Strategy. For example, in June 2023 one such report reviewed hard to fill roles for specific services, such as social workers. The report also references activity that is under way to address these gaps, for example through consideration of ‘grow your own’ schemes and career progression routes.

An assessment of the council’s People Strategy 2021-24 was carried out, but it did not report on the strategy’s measures of success. The council plans a more robust approach in future

71. In August 2023, the council reported progress against the People Strategy 2021-24 to the Policy and Sustainability committee. The update summarised a wide range of activities which had been undertaken to achieve outcomes in such areas as leadership, learning, diversity and inclusion, with a significant number of outcomes achieved. It noted several actions which were ongoing but outstanding for completion by March 2024.

72. The council does not report against the specific ‘measures of success’ identified in the 2021-24 People Strategy, and progress reporting focuses on the wider stream of activity that has taken place. Reporting could be enhanced by assessing what impact specific workforce initiatives have had on the overall profile and strength of the workforce.

73. The council has used the assessment of the People Strategy 2021-24 to inform its approach to the new People Strategy and Workforce Plan. The council plans to take a more joined-up approach to measure impact, with regular reporting against the new plan, as well as the development of a suite of measures to support analysis. The action plan underpinning the new People Strategy includes actions linked to outcomes and themes with timescales and service leads assigned. This is also supported by key performance indicators for each theme in the People Strategy, such as colleague turnover, sickness absence, length of time to complete interviews and appoint candidates, and completion rates for the colleague engagement survey.

Recommendation 3

The council should ensure it has a robust measurement and reporting framework to evaluate progress of the new people strategy and workforce plan. It should report on specific key performance measures and assess the impact of its actions, including identifying timescales and assigning service leads

Appendix 1

Improvement Action plan

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Creation of workforce plans</p> <p>Workforce plans are required to develop and deploy the council's workforce to meet future demands. The plans should cover all services, reflect new ways of working and link to the overall strategies of the council.</p>	<p>The council should continue to develop a more structured approach to workforce planning, including ensuring that detailed plans are produced consistently across all services, are informed by robust data, and are closely aligned across the organisation and to the overall council strategy.</p>	<p>The Strategic Workforce Plan for 2024-2027 is currently being refreshed for the City of Edinburgh Council, following approval of the new People Strategy in March 2024. This is scheduled to be presented to committee prior to summer recess. The development of the plan is being done in collaboration with all services through introduction of a consistent guidance and toolkits. There has been detailed engagement and training through webinars and workshops as well as extensive review of data. The revised plan will be fully aligned to the council's Business Plan.</p> <p>Timescale – August 2024</p> <p>Lead – Service Director, Head of Human Resources</p>
<p>2. Digital skills of staff</p> <p>The council's Digital and Smart City Strategy (2020-23) did not consider how new technologies will impact on the workforce. There needs to be a clear assessment of digital technologies on workforce plans and working practices to better inform future requirements, including identifying skills gaps.</p>	<p>The council should undertake a corporate review of digital skills in its workforce to identify gaps and areas for improvement. This should include seeking feedback from staff on its digital provision to innovate and improve service delivery.</p>	<p>The Workforce Plan will consider technological and digital interventions, and also set out requirements in relation to skills and competencies. These will then be consolidated into the wider Council Workforce Plan Action Plan, which will include learning and development and skill reviews.</p> <p>Timescale – December 2024</p>

Lead – Service Director,
Head of Human Resources

3. Measuring impact of the workforce strategy

The council did not evaluate its success against the specific 'measures of success' identified in the 2021-24 People Strategy.

The council should ensure it has a robust measurement and reporting framework to evaluate progress of the new people strategy and workforce plan. It should report on specific key performance measures and assess the impact of its actions, including identifying timescales and assigning service leads

Monitoring reports will be provided quarterly to the Finance and Resources Committee in the form of Workforce Dashboards, with revised KPIs and targets from 1 April 2024. In addition, each committee will receive a 'deep dive' report on each People Strategy theme to provide assurance on implementation and outcomes. Executive sponsors have been assigned to each theme, along with named HR service leads.

Timescale – August 2024

Lead – Service Director,
Head of Human Resources

Workforce innovation - how councils are responding to workforce challenges

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