Grant Thornton

Workforce Innovation - how councils are responding to workforce challenges

Best Value thematic work in councils 2023-24

Aberdeenshire Council

Prepared for those Charged with Governance and the Controller of Audit

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Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our external audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect Aberdeenshire Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and Audit Scotland (under the Audit Scotland Code of Practice 2021). We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Scope of the audit

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

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. This is set out in the 2020 Code of Practice, issued by Audit Scotland:

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 Integrated Joint Board 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 aspect 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.

Scope of the audit

This report covers the thematic aspect of the Best Value audit requirements. The Accounts Commission has directed auditors to report on how councils are responding to local government and workforce challenges through building capacity, increasing productivity and innovation.

In producing this report we have considered the following questions, posed by the Audit Scotland guidance:

- 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 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 plan is included at Appendix 1 of this report. This sets our 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 2023, Best Value Statutory Guidance 2020

Executive Summary

Question	Conclusion
How effectively are the council's workforce plans integrated with its strategic plans and priorities?	The council has a Workforce strategy, Transformation strategy and Council Plan in place. There should be a formal linking of these three key documents to better inform workforce planning. Workforce planning data should be maintained and considered on a council-wide basis to ensure there is effective integration with strategic plans and priorities.
How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?	The council's former Digital Strategy was well implemented and identified some cash savings. There is limited data to support that the strategy supported workforce productivity and improved service quality. The achievements of the Digital Transformation Programme will require to be monitored closely to ensure that cash savings are made, but also productivity, service quality and outcomes are achieved.
How effectively is the council using hybrid and remote working and other innovative working practices such as a four-day week to achieve service and staff benefits?	The council is effectively using workSTYLE to promote flexibility in working arrangements. Benefits of rationalising office space required have not been achieved in full by the council.
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 has launched its 'Springboard' programme, which aims to redeploy skills across the council. Implementation of the programme is limited to date and without a council-wide workforce analysis of skills gaps, will not achieve the savings and benefits envisaged.
What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?	The council has made limited progress in sharing roles and functions to date.
How effectively is the council measuring the impact of its workforce planning approach?	The council is measuring the impact of workforce planning but needs to enforce rigorous review of performance going forward to ensure objectives are met. Council-wide workforce analysis should be implemented and used to ensure the impact of change is measured properly.

Workforce strategy and priorities

How effectively are the council's workforce plans integrated with its strategic plans and priorities?

The council has in place a Workforce strategy, Transformation strategy and Council Plan. There should be a formal linking of these three key documents to better inform workforce planning. Workforce planning data should be maintained and considered on a council-wide basis to ensure there is effective integration with strategic plans and priorities.

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.

'Our Future Workforce Strategy' was approved by the Council in 2019. The high-level message of the strategy is '*The right people, in the right place, at the right time.*' The strategy links to the Aberdeenshire Council Plan 2022-2027, approved by full council in November 2022, and to other key workforce policies in place, such as Employee Engagement and Health, Safety and Wellbeing.

The Council Plan sets out three pillars, each supported by two strategic priorities.

People	Environment	Economy
Learning for life	Resilient communities	Economic growth
Health and wellbeing	Climate change	Infrastructure and public assets

These six strategic priorities are developed and delivered by the Business Services Directorate as set out in a business plan which has a mandatory section on workforce planning. The business plans and workforce plans therein have been reviewed annually to date, but going forward will be reviewed twice a year by the appropriate service committee.

The council has established a large suite of guidance for services completing workforce plans. The following headings are used in all plans:

- Wellbeing
- Skills / Digital Skills
- Diversity and Inclusion
- Succession Planning
- Establishment Control

In addition, services are required to identify actions relating to industry and service specific drivers based on their own internal and external environmental analysis.

Workforce strategy and priorities

Workforce plans by their nature look forwards, but the council template includes a highlights section, allowing the service to identify prior year performance achievements and a reckoner of the achievement of the aims of the prior year plan. The skills section of the plan clearly shows where the service has identified gaps in capacity and skills and what plans are to tackle those gaps.

The workforce plans clearly mark which strategic objectives are being pursued by the plan, linking the service directorate to the council-wide plan. There is however, no over-arching council-wide analysis and data that is clearly linked to the Transformation Strategy and Council plan. See recommendation 1.

The annual staff survey performed by the Council in March 2024 found that 73% of respondents across the workforce knew that there was a workforce strategy in place – demonstrating that the strategy is embedding well. However, further questions highlight that the Council still has work to do to fully embed the workforce plans across the council. Response to the question 'the Council effectively measures the impact of its workforce planning approach' found that 20% answered positively, 36% answered negatively with the remaining 44% responding 'don't know'. Questions on availability of workforce planning data and integration of workforce plans with council strategic and transformation plans had similar response patterns. The council have concluded that there is still work to do to fully embed the workforce plans across the council.

Workforce data is used to inform the plans, in the form of a workforce dashboard containing salient information in short form, including contractual items, such as FTE numbers, headcount and numbers of agency staff/fixed term contracts. The dashboard also has data on wellbeing, training and development, absence, and turnover information. The table overleaf sets out the key metrics reported on in the dashboard.

Metric	Measures	Council result
General	• Headcount trend • FTE trend • Workforce distribution by age and gender	Headcount and FTE trend show an overall downward movement in the last seven years plotted
Establishment	• Budgeted and actual hours • Vacant posts, • long and short term absence levels • sickness absence trend	Maternity leave is the reason for most days lost, followed by stress, appointments and depression. The sickness absence trend peaks at certain points of the year that are broadly consistent year on year, but the average is increasing.
Turnover	• Top five leaving reasons • Turnover trend	Turnover trend is generally low with peaks and troughs in all years shown. Top reason for leaving role is internal transfer.
Equalities	Headcount of staff by various indicators: • Marital status • Sexual orientation • Nationality • Age group	The majority of council staff are over 40. In most categories 'prefer not to say' is the most used response, so difficult to draw conclusions from this area
Recruitment	• Job adverts v filled positions • Average number of applications per job by month • Trend of re-advertised jobs	Trend of re-advertised jobs has increased over the last five years to nearly 30% of jobs being readvertised. Those roles are in the majority classified as Trades and Social Services

Workforce strategy and priorities

The dashboard is available to all heads of service and is updated from Itrent (the council's HR system) daily. The dashboard is used regularly by the Senior Leadership Team where staff welfare and absence trends are a standing agenda items reported by the Head of Legal and People. The dashboard allows the user to drill down, meaning that team managers have access to data at a local level, allowing action to be taken as required, but also can be viewed at a higher level so senior leadership team can identify where there are emerging issues at a service and/or team level.

Scenario planning is part of the workforce planning toolkit to assist managers develop their workforce planning actions. Each of the business plans reviewed identify the age profile of the team as an issue to be considered and initial succession planning, as set out in the workforce planning toolkit is starting to take place.

The approved Council Plan provides the strategic direction which then informs the Medium-Term Financial Strategy. The strategic priorities from the Council Plan and the financial requirements then align and are detailed within Business Plans which informs service level workforce plans.

In November 2023, as part of the Future Aberdeenshire program, the council approved the Transformation Strategy. The strategy objective it so provide a '*rolling programme of transformation, driving improvements in customer service and the employee experience, delivering better outcomes and generating savings*'. A key driver of the Transformation Strategy is the predicted cumulative savings gap in the MTFS, which now sits in excess of £100m over four years.

There is recognition that for savings to be met that workforce planning has to be interlinked with transformation to re-engineer embedded working practices to drive improvements and generate savings. Going forward the Transformation Strategy will drive workforce planning.

The Council recognise that in order to meet the significant savings identified in the MTFS, in excess of £100m over the next four years, there needs to be significant change to how they operate. The Transformation Strategy, will need to align with the Digital Transformation Programme, which will in turn align with the Workforce Strategy. These documents together will form the basis of the council's workforce and priorities going forward.

Rather than top slicing workforce costs to meet savings requirements, the council intends to transform the workforce and operations through the Transformation Strategy. The strategy works on five themes as set out below:

Organisational Design and Operational Structure
Buildings and Estate
External Collaboration and Partnership
Big Data, Digital and Technology
Transport

The largest impacts on workforce are likely to be in the organisational design and big data themes as the areas they are expected to cover include:

- strategic workforce changes,
- collaborative working,
- working conditions,
- artificial intelligence and process automation
- embracing technology.

Workforce strategy and priorities

The council recognises the need to embed and develop the transformation strategy so that it does link to all strategic plans and priorities of the council, part of this is the digital transformation program (the 'Big Data, Digital and Technology' theme of the transformation plan), which was considered by the Business Services Committee and then approved by full Council in June 2024. Digital transformation is a significant part of the transformation plan, it will inevitably impact on the workforce and workforce planning as activity is automated and is expected to deliver savings of over £2m in year 1.

£37m has been identified to pursue transformation and innovation projects that will all be subject to a rigorous business case approval system and must as a basics achieve savings that exceed the original investment.

It is clear that the council will need to continue to engage purposefully with their Trade Unions as the strategies set out above are aligned, approved and come into action as there will be workforce implications for many of the themes identified. Taken as a trinity, the strategies (Workforce, Transformation and Council Plan) will have a significant impact on how council employees work and where they work, therefore Trade Union and employee buy-in will be essential for success.

Consultation and communication to date has been appropriate, given that 73% of respondents across the workforce in the 2024 staff survey knew that there was a workforce strategy in place.

The council meets regularly with Trade Unions through the Employers Joint Consultative Committee. Through this mechanism, the Trade Unions have been consulted and are kept up to date with workforce aspects of directorate and service plans.

To date, there are no specific examples of the overall impact of workforce planning, other than the workSTYLE report which we have considered in the 'flexible working and other innovative staff deployment' section. Individual services monitor their workforce actions and use the knowledge of what has been successful and unsuccessful in the past to identify changes required to enable success.

Progress on transformation has been slow to date, with no discernible savings identified at this point, however, with approval of themes of the transformation plan there should be increased activity going forward. The council has to retain focus on transformation and formally link the transformation strategy and workforce strategy to ensure that envisaged savings are achieved and that the right workforce is in place to deliver council priorities. See recommendation 2.

Digital technology and the workforce

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

The council's former Digital Strategy was well implemented and identified some cash savings. There is limited data to support that the strategy supported workforce productivity and improved service quality. The achievements of the Digital Transformation Programme will require to be monitored closely to ensure that cash savings are made, but also productivity, service quality and outcomes are achieved.

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.

The Business Services Committee of the council approved the Digital Strategy in January 2021. The strategy aimed to build on the achievements of the council's previous digital strategy 'Innovate Aberdeenshire 2015-2020' and also to harness the benefits of changes in working arrangements and technology realised through the covid pandemic.

The council considers it has made significant progress delivering its digital strategy. Since the strategy was approved, there have been twice-yearly reporting updates to Members on progress with delivery of projects, savings and outcomes along with next steps. In latter updates there has been focus and scrutiny on the ability of projects to deliver a return on investment for the council, in light of its projected savings gap.

A £2m investment was allocated to the implementation of the digital strategy which the council consider has resulted in efficiencies through the introduction of improved digital systems, the development of communities and resources to increase digital confidence, and the use of bots to resolve queries and open up access to services and direct users to information 24/7. Reports to members indicate that a return on investment has been achieved for a number of projects that were part of the strategy, as well as the ability to reduce costs.

As part of the approval of the digital transformation programme, the digital strategy was formally closed through a decision by the Business Services Committee in June 2024. A paper was presented showing the cashable and non-cashable benefits generated from the strategy. The cashable savings reported are fairly minor – of the 11 projects in the strategy, only three have delivered identified cashable savings. The digital strategy was approved and enacted in a different time, where savings were not as imperative as they now are, and the Council must ensure going forward that projects taken forward provide a good return on investment and do not impact on service delivery.

Digital technology and the workforce

Reports to the Business Services Committee recognise that the Digital Strategy is seen as a key enabler of the workforce planning approach and the projects it encompasses are helping the council become more efficient in its processes and service delivery, freeing up resource to focus on identified priorities. Going forward there is a recognition that the Digital Transformation Programme will have to deliver financial savings at a greater level than has been achieved to date.

The council have now approved a Digital Transformation Programme, focusing on key operational areas such as AI, Enterprise Architecture and Automation. The Digital Transformation Programme will build on the work undertaken as part of the Digital Strategy and will be closely aligned with the Transformation Strategy. Any projects not yet complete under the Digital Strategy will transition to become part of the transformation programme. The Digital Strategy Board will be re-constituted following committee approval of the programme to ensure it begins successfully and is appropriately monitored and reported on.

At a high level, the first year of the strategy is expected to 'focus on delivering savings by tackling routine and manual processes', which will build on projects and initiatives from the extant Digital Strategy. The council expects that services will be required to demonstrate the level of savings achieved through digital transformation as part of the annual budget setting process, albeit details of this are still to be confirmed. Year two of the strategy is expected to focus on 'wider deliverables, building the foundations for future redesign', larger projects continuing to build on efficiencies garnered in year one. The approach taken appears sensible, tackling issues from the ground up, ensuring there is a stable foundation on which to build the bigger change and transformation required.

The council has to retain focus on transformation and formally link the digital tranche of transformation strategy and workforce strategy to ensure that envisaged savings are achieved and that the right workforce is in place to deliver council priorities. See recommendation 2.

A paper presented to the January 2024 Business Services Committee sets out the benefits to 'Aberdeenshire People' of projects included in the digital strategy. This sets out the benefits obtained not only by Council staff but by Aberdeenshire in the following table:

Process Automation	Applications for council leisure clubs are complex. They bring in revenue but need to be checked and validated. Automation provides the team with time to promote the scheme and increase the revenues raised
Internet of Things	Smart C02 sensors in schools and smart sensors for detecting damp in social housing have been installed. Real time information enables services to take quick actions to keep citizens safe and increase efficiency i.e. reducing heating temperatures
Master Data Management	A single customer record linked across council systems, meaning changes in address need only be reported once and it will be reflected across all services. Reducing time spent in individual services and providing a better experience for the Aberdeenshire resident

Digital technology and the workforce

The self-evaluation survey undertaken by the Council in February 2024 found that 80% of respondents across the workforce agreed or strongly agreed that the council supported the use of digital technology to support workforce productivity and improve service quality and outcomes. Service accessibility is forefront in the digital strategy and the transformation strategy. The digital strategy includes a roadmap which considers the effect of digital exclusion and notes that work should be undertaken to reduce any digital exclusion to a minimum – recognising the constraints of affordability and connectivity for some residents.

In considering service accessibility, the Customer Services team at the council undertook a customer survey in April 2023 to determine how customers choose to interact with the Council and any issues experienced. 30% of respondents advised they preferred contact online or via the mobile app, with 21% preferring telephone contact and 20% choosing email. This information continues to be collected and refreshed by the council to ensure modification and improvement to customer contact can be made as required.

The council have set up a team of Digital Champions, working with Microsoft. The Digital Champions are based council-wide and receive detailed digital skills training from Microsoft which they then disseminate through their team areas whilst advocating best practice. A sharepoint page entitled 'digital workforce space' has been set up, giving easy access to all employees to training and learning opportunities and links to the Digital Champions.

Flexible working and other innovative staff deployment

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

The council is effectively using workSTYLE to promote flexibility in working arrangements. Benefits of rationalising office space required have not been achieved in full by the council.

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.

The council has a comprehensive approach to flexible working in place, workSTYLE. As a procedure, the document did not go to Members for approval but was instead approved by the workSTYLE project board – led by the Head of Legal and People and representation from services across the council as well as Trade Unions.

The workSTYLE procedure is not prescriptive as to what flexible working is but offers employees a range of options that are considered to be flexible working, for example, compressed hours, term time working, part time hours and flexi time. Employees are encouraged to speak to their line manager about a work approach that will work for them and for the council.

In approving workSTYLE as the flexible working procedure, the council recognises that technology as well as the attitude toward virtual work environments made a leap forward during the pandemic and there has been a significant shift in the expectation of workers for a much more flexible approach to when and where work is delivered. Pre-pandemic the council had undertaken initiatives to increase flexible working, decrease office space used and thus costs incurred as well as improving employee work-life balance. The focus on decreasing office space and costs incurred is now a significant focus for the council, given the projected savings gap.

The self-evaluation survey undertaken by the Council in February 2024 found that 75% of respondents across the workforce agreed or strongly agreed that the council was using hybrid and remote working and other innovative working practices to achieve service and staff benefits.

The impact of hybrid and remote working was encompassed in a benefits realisation assessment of workSTYLE that was published in November 2023 and provided to Members for information. The report set out the expected benefits of workSTYLE, whether they had been met and the impact of those benefits. A high-level summary of the benefits and impact reported by the Council is shown in the table below.

Flexible working and other innovative staff deployment

Expected Benefit	Achievement	Council Assessment
Reduced operational cost of buildings as a result of reduced energy use	**Annual cost avoidance of £140,000** Based on space not occupied at current high energy rates	Achieved
Reduced expense claims for staff travel	**Annual saving of £154,000** Comparison of 2022 claims to 2019 claims	Achieved
Increased revenue from one-off capital receipts	**Annual saving of £20,000** 11 properties identified as surplus to space requirements. Two leases surrendered to give saving. Running costs of circa £250,000 per annum expected to be obtained when other nine properties are sold, as well as generating capital receipts.	Partially Achieved
Increased revenue from buildings	Co-location of services has identified larger spaces available for rental at a higher rate. Yet to show a return.	Partially Achieved
Reduced carbon footprint	**Reduction in emissions of 21%** Operating from a reduced space with fewer staff travelling to work	Achieved
Improved job satisfaction, work/life balance, employee health and wellbeing	**Positive indication from 87% of staff** March 2023 wellbeing survey found 87% of staff assessed themselves as 'thriving' or 'doing well'	Achieved
Improved collaboration amongst teams resulting from co-location Test here	**Positive indication from 67% of staff** 30% of staff in 2023 wellbeing survey thought hybrid working was a benefit, 67% found hybrid working had no impact on collaboration	Achieved
Improved recruitment to hard to fill posts and improved employee retention	**Impact not directly recorded** This has not been tracked to date, changes now made to onboarding process so this can be tracked. No current upward trend in staff turnover noted	Partially Achieved
Improved reputation for Aberdeenshire Council as an attractive place to work	**Impact not directly recorded** No indication that the reputation of the council has changed positively or negatively since workSTYLE introduction	Partially Achieved

Flexible working and other innovative staff deployment

Of the nine expected benefits the review found that for five, the council considers that the project had delivered the expected benefit (green) and for the other four, the benefit had not been realized yet, but was likely to be achieved in the future as a result of the work done (amber).

Our review considers that savings to date are limited, and further work needs to be done to achieve the full benefits of capital receipts from sale of surplus offices or rental income from properties. The Council has rated two of the benefits relating to increased revenue from suplus space as 'partially achieved'. Given the length of time that has passed since the Covid-19 pandemic and the seismic shift to hybrid working and the quantum that is expected to be obtained in additional revenue and capital receipts, we would have expected further savings and/or additional income to have been identified and recognised by the Council by now to record 'partially achieved'.

An update on the Building and Estates theme of the Transformation Strategy was provided to Council in June 2024, including a progress tracker. The tracker indicates that some activities which will be key to releasing savings are not yet started. This includes:

- Strategic asset plan

- Assessing opportunities for alternative uses of vacant land

- Assessing opportunities for leasing of vacant underused space within buildings

- Identify risks that threaten progress of the programme aims and objectives

Large savings and/or income streams are likely to be identified through the Estates part of the Transformation Strategy and this must be progressed at pace by the Council in order to achieve the savings required. See recommendation 3.

The workSTYLE assessment report was reported to the Senior Leadership Team of the Council. They noted the savings achieved to date had mainly been through cost avoidance from reduction in operational buildings and mileage claims. Overall, the hybrid working approach is generating savings by reducing operational costs through a reduction in operational space required. However, more significant savings are required and there is recognition that there are further savings available to the council, as well as capital receipts from a rationalisation of office space – made possible by the flexibility in working arrangements offered by workSTYLE and the technological improvements afforded by the successful implementation of the Digital Strategy.

Developing future skills and capacity

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 has launched its 'Springboard' programme, which aims to redeploy skills across the council. Implementation of the programme is limited to date and without a council-wide workforce analysis of skills gaps, will not achieve the savings and benefits envisaged.

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.

In November 2023, the Strategic Leadership Team discussed and agreed the implementation of the Springboard programme. The Springboard programme has been developed to:

- *Stimulate movement and flexibility in the workforce.*
- *Encourage the use of workforce planning to identify areas of growth or skills shortage and areas of less demand for services or services reduction.*
- *Provide options, guidance and support for employees and their line managers to make beneficial and cost-effective decisions about the future workforce and individuals' options.*
- *To try to mitigate the use and impact of voluntary severance in terms of loss of employment and cost to the authority.*

The programme is intended to let employees explore options open to them at the council including the option to retrain into a growth area, allowing the council to meet the employees future aspirations whilst reducing workforce costs over time as resource requirements are met from existing staff. It promotes reskilling as the most cost-effective option to fill recruitment shortages and close skills gaps in the council.

Following discussion and approval at SLT as well as discussion at the Employers Joint Consultative Committee and Trade Union liaison, the programme was launched across the Communities, Wellbeing and Partnership directorate in January for a three-month trial period and was then planned to be launched across the council in April 2024. However, further implementation has been delayed as the council works to understand particular areas of shrinkage and growth across the workforce. The next phase will now soft launch in June 2024 targeted at particular employees but will be open to all employees. Feedback on the Springboard programme from senior leaders and Members has been universally positive to date.

In addition to the Springboard programme, the council have undertaken detailed analysis of secondary school teachers – identifying average ages of teachers and common reasons for leaving. A short, medium and long-term plan is now in development to identify actions that can be taken by the council to support increased recruitment to critical posts.

Developing future skills and capacity

The Springboard programme is a good initiative and has the potential for a good level of savings to be identified, while maintaining good employee relations. However, without an overarching workforce plan that identifies skills gaps and areas of growth council-wide, the impacts will be limited. See recommendation 1.

The council hopes that the Aberdeenshire Springboard initiative will minimise negative impact arising from workforce reform. The first option is not to restructure and make redundant, but to re-skill and redeploy, thus retaining experience and institutional knowledge wherever possible. The Trade Unions have been consulted in the progression of this initiative and will continue to be consulted as the programme progresses and grows.

The table on page 13 of this report does demonstrate that the council has made some savings through workforce skills and capacity measures, however there is recognition that much more requires to be done and that there may be savings made that haven't been recoded. The financial position of the council is unprecedented – the need for savings has never been as great as it is now. Impact monitoring of strategies might not always have been as focussed on savings as they now are.

The digital element of the Transformation Strategy was approved by Council in June 2024. Progress in developing capacity and identifying savings on the elements we have reviewed ('Big data, digital and technology' and 'Buildings and estates' has been limited. There is limited data available on whether the progress that has been made has reduced skills gaps, increased staff retention. Savings identified through the workSTYLE report as noted above are limited and could be greatly increased.

The council has an ageing workforce and can find it difficult to recruit due to the geographical location. The council works with education providers – schools, universities and colleges on a range of projects and apprenticeship programs to ensure that a future skill base is being developed locally. Close relationships have been formed with the universities that are closest to the council (University of Aberdeen and Robert Gordon University), through the use of graduate apprenticeships in areas across the council. The council also works closely with NESCOL (North East Scotland College) in supporting SVQ and Modern Apprentice qualifications.

Joint workforce arrangements across services and partners

What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?

The council has made limited progress in sharing roles and functions to date.

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.

The council has limited joint working arrangements in place currently. The council has been part of procurement shared service with Aberdeen City Council and Highland Council since 2017. A shared service approach to commercial and procurement activity is intended to give a number of advantages to the partner councils including the development of workforce capability and improved performance, transparency, innovation and increased use of digital technology. A Joint Procurement Strategy was produced in 2023, covering a three-year period. The document contains a number of Key Performance Indicators, covering community benefits, sustainable procurement and efficiency savings that are reported to the Joint Procurement Board. Results are also reported to the Business Services Committee twice a year.

The council has entered into an innovative partnership with NHS Education for Scotland (NES) and their Digitally Enabled Workforce Team. NES have developed a suite of training materials for Microsoft 365 tools, which has been rolled out across all NHS Boards in Scotland, through a network of NHS Digital Champions. NES are now working with Aberdeenshire Council providing access to live and pre-recorded training sessions on a range of Microsoft tools which are all available through the Digital Workforce section of the council's sharepoint site. This provides easy access to basic and advanced skill sessions which is available to all and did not incur development time on the part of the council.

Work is in train to develop an app where Microsoft training needs for all staff can be assessed and matched to their current role, giving council staff the opportunity to explore other systems on Microsoft that will increase their digital ability and efficiency in role. This will link to the Springboard programme to enable re-deployment of staff where this is the desired path.

Through the joint procurement strategy there is in place a portfolio of contracts which support delivery of local services predominantly with the private sector, but the council also look to engage with the third sector where appropriate. Consideration of how to obtain best value in the delivery of local services for residents - either through the private or third sector – will be taken forward as part of the Transformation Strategy, under the External collaboration and partnership theme.

Joint workforce arrangements across services and partners

The Transformation Strategy includes a 'Collaboration and External Partnership' theme. An update provided to Council in June 2024 sets out three priorities of the theme:

- Shared services / alternative delivery models
- Commercialisation – opportunities for private investment/commercialisation
- Community resilience

Work on these areas is at an early stage, with workshops taking place in June 2024 to enable businesses cases to be produced before a direction is taken. The council recognises that benefits are likely to be gained from greater partnership working achieving economies of scale and cost savings, however, progress to date has been limited. Collaboration between this theme and collation of council-wide skills gaps will be essential to ensure there is no duplication of effort and savings achieved are maximised. See recommendation 2.

The council also delivers local opportunities through communities in offering graduate apprenticeships in conjunction with Robert Gordon University, University of Dundee and University of Highlands and Islands. They also work closely with NESCOL (North East Scotland College) in supporting SVQ and Modern Apprentice qualifications.

The self-assessment survey asked respondents whether 'the council had made progress with sharing roles or functions across its services and/or with other councils and partners'. The response was mixed, with 30% of responses being positive, 41% being negative and 29% 'don't know'.

The council use temporary workers to cover critical shortages areas, particularly in care and waste. Consultants and contractors are used where external expertise is warranted. Specific Agency Working guidance sets out the approval process for the engagement of agency workers, ensuring spend on such costs is authorised and monitored.

Where agency staff are employed, the costs incurred from agency staff are included in the workforce dashboard and are formally reported to the Strategic Leadership Team on a quarterly basis. The table below sets out the costs of agency staff for the last two years and as a proportion of the total staff cost for the year. Where possible, agency staff costs are minimised. While the figure has increased year on year, the percentage of agency staff costs as a proportion of total staff costs remains relatively low.

Year	Staff Cost £m	Agency Cost £m	Agency cost as % of Staff cost
2022/23	478.819	1.051	0.2%
2023/24	542.051	2.359	0.4%

Joint workforce arrangements across services and partners

The council reports that the shared procurement service has reduced costs in prior years. A Key Performance Indicator of the shared service is to produce savings of more than 0.5% of addressable spend annually. The annual procurement report for 2022-23 notes the high rate of inflation prevalent during the year which impacted the cost of services, fuel and energy. As a consequence of this, no savings target was identified in 2022-23. Reporting for 2023-24 is not yet finalised.

Non-financial benefits of the strategy are recorded in the annual procurement report – localised procurement has increased from 24% of total spend in 2021/22 to 27% of total spend in 2022/23. Work continued in this area in 223/24 in an effort to support building wealth in the local and regional economy. All regulated contracts published by the shared service in 2022/23 included requirements to Fair Work Practices, including the Real Living Wage. These contracts also included community benefit requirements.

Measuring the impact of workforce planning

How effectively is the council measuring the impact of its workforce planning approach?

The council is measuring the impact of workforce planning but needs to enforce rigorous review of performance going forward to ensure objectives are met. Council-wide workforce analysis should be implemented and used to ensure the impact of change is measured properly.

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.

The council monitors its workforce planning approach in a number of ways. The workforce elements of business plans completed by individual services are monitored twice a year through service committees and Directorate Management Teams. The headings in the workforce plans (set out in the 'workforce strategy and priorities' section of this report) allow for a fulsome update of what has been happening in the service and what future plans are.

However, there are no set metrics or key performance indicators that would enable an easy-to-read performance summary. There is also no articulation of the expected office space reductions and workforce changes required as part of the transformation and achievement of the savings gap. As the council refreshes reporting arrangements following the update of key strategies, this may be a route they wish to consider. As set out above, there is no council-wide reporting on workforce planning and its effectiveness. This should be implemented to ensure the council has a baseline to record improvements going forward as the Transformation Strategy embeds and develops. See recommendation 1.

As noted throughout this report, the council has identified that it requires to make significant savings to meet the savings gap projected in the 2024 MTFS. In order to meet this, the council have intensified efforts on projects that had already begun – such as the rationalisation of office space and the workSTYLE project set out earlier in the report. Going forward, the council's workforce planning will be driven by the Transformation Strategy, under the key themes of

- Digital

- Operational design and organisational structure

- External Collaboration and partnerships

This will be the driver for the council moving forward, ensuring increased efficiency and reduced costs. Following the approval of the digital transformation programme in June 2024 it is expected that the Strategic Leadership Team will commence monitoring of workforce plans at a corporate level. Reporting to service committees will continue as before, with twice yearly reports to committees.

While benefits have been noted and the self-assessment survey paints a positive light on the achievements of workforce planning as set out above and a positive, albeit small, return on investment has been noted for some digital strategy projects – there is no clear line of quantified savings council wide.

Measuring the impact of workforce planning

The council does not have specific council-wide data on how effective their workforce planning and the impact it has had. While benefits have been noted across the council, with self-assessment survey painting a positive light on the achievements of hybrid working, investment in digital and a commitment to best practice in workplace relationships. The survey does also highlight there is work to be done to ensure workforce planning is fully embedded across the council. When asked whether the council 'effectively measures the impact of its workforce planning approach', 44% of responses were 'don't know', albeit there was recognition that the council did have tools in place to support workforce planning, with 62% of responses being 'agree' or 'strongly agree' when asked.

Going forward, as the council aligns the workforce plan with the transformation strategy and the digital transformation programme, there are plans to have clear savings requirements that will be followed up on to ensure achievement. To enable future savings and benefits to be appropriately monitored and acted upon, a strong performance reporting framework will require to be established and maintained. See recommendation 4.
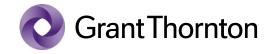
Appendices

1. Improvement action plan

We have set out below, based on our audit work undertaken on the workforce innovation thematic, the key recommendations arising from our work:

Issue / risk	Recommendation	Agreed management response
1 – Council-wide workforce data analysis Workforce data analysis is primarily held within individual services, with no over-arching analysis of where skills gaps and capacity may lie. There is a risk that without this, the council does not effectively monitor the workforce and thus not enable the full value of savings or staff benefits.	The council should develop council-wide workforce data analysis to ensure the maximum benefit is achieved from the Springboard programme and there is clarity where technology support is required for digital innovation to be achieved.	**Management response:** Council wide workforce data and trends is available to services and SLT and used to develop the workforce planning element of business plans. Included in a report to SLT scheduled for September 2024 is a proposal that service business plans and corporate data analysis along with the Springboard programme results will be reported through business services committee twice a year for scrutiny. This will be in place for November 2025. **Action owner:** Karen Wiles **Timescale for implementation:** November 2025

1. Improvement action plan

Issue / risk	Recommendation	Agreed management response
2 – Transformation Strategy linkage The Transformation Strategy, along with the Workforce Strategy and the Council Plan are key documents that will support Aberdeenshire Council's journey to efficiency, effectiveness and closing the savings gap identified in the MTFS. To do this, these documents should be formally linked and recognised as being interdependent. Failure to do this could lead to gaps arising in the forward planning of service delivery.	The council should formally link the expected outcomes of the three key policies that will influence workforce planning and innovation going forward.	**Management response:** The corporate workforce strategy for Aberdeenshire Council is in draft form and called the People Strategy. Due to be considered at SLT in September this document contains links to transformation, the MTFS and Council Plan and demonstrates how the documents work together to achieve our ambition. This will be supplemented by an infographic. A programme of transformation culture and behaviours is in development. This initial phase will be completed by Autumn 2024 with delivery commencing within the calendar year. This will include management and leadership workshops, team talks, leadership forum and promoting examples of successful transformation at all stages and levels **Action owner:** Karen Wiles **Timescale for implementation:** December 2024

1. Improvement action plan

Issue / risk	Recommendation	Agreed management response
3 – Estates strategy Hybrid and remote working is now fully embedded at the council. As a result, there is a decrease in the level of office space required which could be put to other uses that would increase savings and/or generate additional revenue or capital income for the council. Progress in this area has been slow, with limited savings and benefits being recognised to date.	The council should advance at pace with the Buildings and Estates theme of the Transformation Strategy to ensure that savings and benefits from surplus office space is realised.	**Management response:** Both asset disinvestment and maximisation of operational assets are key strands of the buildings and estate theme which is active and ongoing. This will continue to be given prominence and priority to build on the £6.8m realised in capital receipts from surplus property for former operational assets/non-operational and development sites since 2019. Revenue savings of £529k have also been achieved from buildings and estates from 21/22. **Action owner:** Karen Wiles / Allan Whyte **Timescale for implementation:** Ongoing programme of work over 3-5 years.

1. Improvement action plan

Issue / risk	Recommendation	Agreed management response
4 – Council-wide reporting framework As the council embarks on their transformation programme, to transform the way the council works and achieve a significant savings gap, it is imperative that progress is monitored regularly and rigorously at all levels to ensure objectives are met. Without regular and rigorous review of performance measures, the council runs the risk that the desired objectives are not achieved. This should also include, when agreed, the expected savings to be obtained from workforce changes and office space reductions.	The council should develop a suite of performance measures, council-wide and service specific, that should be reported on regularly with rigorous follow up where objectives are not met.	**Management response:** The People Strategy and accompanying report to SLT in September 2024 outlines how the four proposed pillars of the People Strategy will be mirrored in the business plans. The proposed pillars are skills, well-being, fairness and right people right place. It is proposed that the 2025/26 business plans workforce sections outlines the state of their workforce currently and in future and what actions services will take to work towards the future state across the four pillars. These actions will be monitored along with corporate actions to BS Committee twice a year. Pls around absence, turnover, well-being and establishment have been developed and are proposed in the new People Strategy **Action owner**: Karen Wiles **Timescale for implementation**: March 2025

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