

Stirling Council – Best Value Thematic Work 2023/24

Management Update Report – Workforce Innovation
Issued on 7 April 2025 for the meeting on 17 April 2024

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Key Messages

1. The Council has a clear workforce strategy linked to its strategic priorities but should ensure there is effective integration with the Medium-Term Financial Plan once it has been fully developed.
2. The Council has realised workforce benefits through its use of digital technology.
3. The Council promotes hybrid working as a staff benefit and conducted trials to ascertain the best way of working for optimum service performance. However, it has not demonstrated the whether its hybrid work arrangements have had an impact on sickness absence.
4. The Council must invest in finding innovative solutions to develop its future workforce capacity and skills needs.
5. The Council shares some key posts with other councils but has not implemented joint working on a significant scale.
6. The Council actively monitors progress with its workforce strategy and plans.

1.1 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 2021 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.

1.2 Scope of the Audit (continued)

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

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

- How effectively are the Council's workforce plans integrated with its strategic plans and priorities?
- How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?
- How effectively is the Council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?
- What innovative practice is the Council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?
- What progress has the Council made with sharing roles or functions across its services and/or with other councils and partners?
- How effectively is the Council measuring the impact of its workforce planning approach?

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

2.1 Workforce Strategy and Priorities

The Council has a clear workforce strategy linked to its strategic priorities, but should ensure there is effective integration with the Medium-Term Financial Plan and the Transformation Plan

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

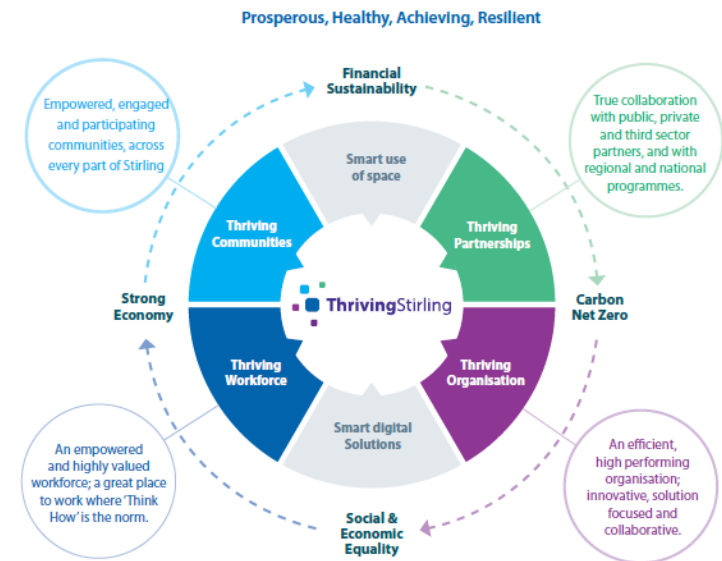
To be effective, workforce planning must be integrated across the organisation. Workforce strategies need to support the Council in achieving its strategic priorities. They must support other key plans including financial, asset, digital and transformation planning. They need to be under-pinned with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

Workforce Plans:

The Council's Workforce Plan (2021-2026) is under review in 2024-25, to take account of organisational redesign and change as a result of budget saving proposals, and the Council's transformation programme. The result of this review will be an interim People Strategy, which will purposefully integrate with the Council's priorities and service-planning activities, aligned to the transformation programme themes.

The Council's existing workforce plan integrates well with the strategic priorities, with outcome-based approaches and new priorities. It was developed alongside the strategic priorities and the KPIs relating to workforce have been split across Strategic priorities 2 and 3; Providing quality services people need and maintaining effective relationships with our staff and external organisations; and building community capacity and empowering citizens through participation and partnerships.

We recommend that the Council builds on the Workforce Plan and how it aligns with the Council's priorities by ensuring there is effective integration of the Workforce plan with the Transformation Plan and the Medium-Term Financial Plan once it has been fully developed.



3.1 Digital Technology and the Workforce

The Council has realised workforce benefits through its use of digital technology.

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.

Digital Technology

The implementation of an Enterprise Resource Planning (ERP) system has provided the infrastructure necessary to improve the use of workforce planning data – specifically the ability to monitor trends in staff recruitment, turnover and development, and the resulting budget implications.

While still at an early stage, HR and finance are working together to create the baseline data for the establishment of a joint workforce planning group, to oversee strategic workforce planning, including the restructuring of services, and any resource asks related to staffing. This will align to an ongoing programme of Fair Work activity, initiated in Summer 2023 with the introduction items including the Carers' Strategy.

The ERP implementation resulted in significant cost and resource overruns in comparison to the original business case. The Council has reviewed the implementation of the ERP system in Summer 2024 and has a stabilisation plan in place to ensure further benefits realisation.

The implementation of the ERP system has benefited workforce productivity, allowing for better engagement with the workforce through a more streamlined system and improvement to service quality outcomes particularly those which use the helpdesk functionality.

4.1 Flexible Working and Other Innovative Staff Deployment

The Council promotes hybrid working as a staff benefit and conducted trials to ascertain the best way of working for optimum service performance; however, it has not demonstrated the impact on sickness absence.

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.

Hybrid and Remote Working

The Council has introduced hybrid working principles and undertook service-level assessments in 2022. These will be reviewed in 2024-25 as the plans for corporate accommodation develop. The Council's flexible working guidance allows for reduced/condensed hours and was updated in April 2024 to reflect recent legislative changes.

It has been noted that although there is no quantitative data to give a concrete opinion on the impact on hybrid vs remote working, the Council identified issues with fully remote working under Covid – this led them to identify the areas of work that have a purpose for being together in the office to improve efficiency and performance including the facilities required to support this – thus helping balance the method of hybrid/remote working to a level which meets workforce satisfaction and suitable performance.

But as the hybrid model approach has been adopted, the Council note a challenge they are facing with absence levels increasing above the national average. A review of absence data was provided to the Finance, Economy and Corporate services committee in November 2024. The main reasons for absence are defined as stress (33%) and musculoskeletal (19%). The Council has determined the next steps as further analysis of data and review of the supporting attendance policy in 2025-26. The Council has a wellbeing programme in place. While occupational health is mentioned in the report there are no clear additional actions to address the higher-than-average absence levels.

5.1 Developing Future Skills and Capacity

The Council must invest in finding innovative solutions to develop its future workforce capacity and skills needs.

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 a period of financial constraint.

Skills and Capacity

Innovation from a place of financial instability, service reductions, low morale and increased staff absence, is not easy and the Council is having to support staff through change, while at the same time building internal and external (community) capacity for reform. Alongside other corporate services departments the HR and workforce planning function has limited capacity to pursue the developments needed to support improvements in the skills and capacity of the Council.

Workforce engagement is of critical importance and is supported by a dedicated internal communications post. Staff had opportunity to respond to the first round of budget saving proposals via a staff survey in late 2023. The survey received 436 responses and helped to inform proposals and the accompanying equality and socio-economic impacts assessments further.

The Council recognises that innovation from its current position in relation to developing its workforce capacity and skills needs is a challenge. The Council is however engaging with its workforce to find new ways to improve workforce skills and building a resilient future workforce. An example of investment has been through management workshops in service design, in support of the community wealth building plan.

We recommend that the Council invests in finding innovative solutions, potentially with local partners in the education and third sectors, to develop its future workforce capacity and skills needs.

6.1 Joint Workforce Arrangements Across Services and Partners

The Council shares some key posts with other councils but has not implemented joint working on a significant scale.

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.

Joint Workforce Arrangements

The Council's 2023-24 and 2024-25 budget saving proposals have, by necessity, prompted the reshaping of services (e.g. reduction in staffing and stopping services).

Shared ways of working are increasingly being undertaken at a local level, with a Council officer chairing a local group in support of civil contingencies duties (Forth Valley Care for People), including the development of staff from Falkirk, Clackmannanshire and Stirling, who have contributed to, or participated in, joint exercises, such as establishing a Rest Centre (September 2023), Cyber Security (April 2024) and Coastal Flooding (November 2024).

We strongly encourage the Council to strive to build relationships between other local authorities in terms of utilising shared services on a wider scale. Benefits could potentially be gained in areas where there is uniformity of service. There may be challenges with potential differences or changes in political leadership therefore conflicting priorities from such an event, but utilising these joint workforce arrangements would hugely benefit the Council.

7.1 Measuring the Impact of Workforce Planning

The Council actively monitors progress with its workforce strategy and plans.

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.

Impact of Workforce Planning

An annual briefing on workforce planning has taken place with elected members and data (e.g. absence) is produced for Council and Committee reports as needed. Each paper produced covers workforce implications where relevant and key documents such as budget analysis will any impacts with regard to managing organisational change. We recommend as part of the people strategy development an action plan and progress reporting structure is defined.

Historically, workforce planning data has had to be restricted to specific activities (e.g. restructuring) due to the manual effort involved in extracting and reconciling data from separate HR and finance systems.

With ERP, strategic workforce planning activity will be monitored by a corporate working group under the Operational Governance Board. The development of the People Strategy in 2025-26 will further ensure evidence-based approaches and look to corporately address policy gaps, e.g. the potential use of market supplements for hard to fill roles.

The Council is making good attempts to measure the impact of its workforce planning approach through the continued investment in the improvements to ERP and the development of a People Strategy in 2025-26.

We will continue to monitor how the Council measures the impact of its workforce planning approach through 2025-26.

8.1 Purpose of Our Report and Responsibility Statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Accounts.
- Our internal control observations.
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the Annual Accounts.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

Cardiff | 7 April 2025

Appendices



Appendix 1 – Improvement Action Plan

Issue/risk	Recommendation	Agreed management action/timing
<p>1. People Strategy and Priorities</p> <p>Risk – Without clear plans, the Council is unable to demonstrate how its priorities and workforce integrate.</p>	<p>We recommend that the Council builds on the Workforce plan and how it aligns with Council Priorities by ensuring there is effective integration of the People Strategy with the Transformation Plan and the MTFP once it is fully developed.</p> <p>An action plan and progress reporting structure should be developed as part of the people strategy.</p>	<p>The development of a People Strategy and accompanying action plan will outline the monitoring and approval infrastructure for workforce planning, and demonstrate how this aligns to delivery of the Council's strategic priorities and the MTFP.</p> <p>Responsible officer: Head of People and Community</p> <p>Target date: March 2026</p>
<p>2. Developing Future Skills and Capacity</p> <p>Risk – the Council is unable to demonstrate how its workforce is prepared for the future in terms of sufficient capacity and skill.</p>	<p>We recommend that the Council invest in finding innovative solutions to develop its future workforce capacity and skills needs linking this to its transformation programme.</p>	<p>The development of a People Strategy will include structured talent management and succession-planning activity.</p> <p>Responsible officer: Head of People and Community</p> <p>Target date: March 2026</p>
<p>3. Joint Workforce Arrangements Across Services and Partners</p> <p>Risk – the Council suffers from not working alongside other councils in joint working agreements.</p>	<p>We strongly encourage the Council to strive to build relationships between other local authorities in terms of utilising shared services on a wider scale. Benefits could potentially be gained in areas where there is uniformity of service. There may be challenges with potential differences or changes in political leadership and conflicting priorities from such an event, but utilising these joint workforce arrangements would hugely benefit the Council.</p>	<p>Stirling Council will explore what opportunities there may be to develop a shared service approach across geographical boundaries, and will bring forward an options appraisal to Council.</p> <p>Responsible officer: Chief Executive</p> <p>Target date: December 2025</p>



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