



# Public Sector Leadership Programme

## Workforce Planning

### Trainers' Delivery Materials

# Welcome and Introduction

- **Informal/interactive**
  - ask anything you like,
  - Interject at any time
  - we want to try and help you get what you need from the module
- **Introductions**
  - A bit about your team / service
  - What workforce planning experience you have had
- **Workbook and activities**
  - Feedback and comments

# Principles for Working Together

- Respect
- Responsibility; making our time worthwhile
- Openness and honesty
- Confidentiality
- Challenge: Within the principles above



# Course Outcomes

## Aim

- The aim of this module is to provide public sector managers with a clear understanding of the need for, and the role of, workforce planning, within the local government context including an understanding of the process of developing a workforce plan, the associated information requirements and 'practice' in workforce planning techniques, including organisation design.

## Outcomes

By the end of this module participants will be able to:

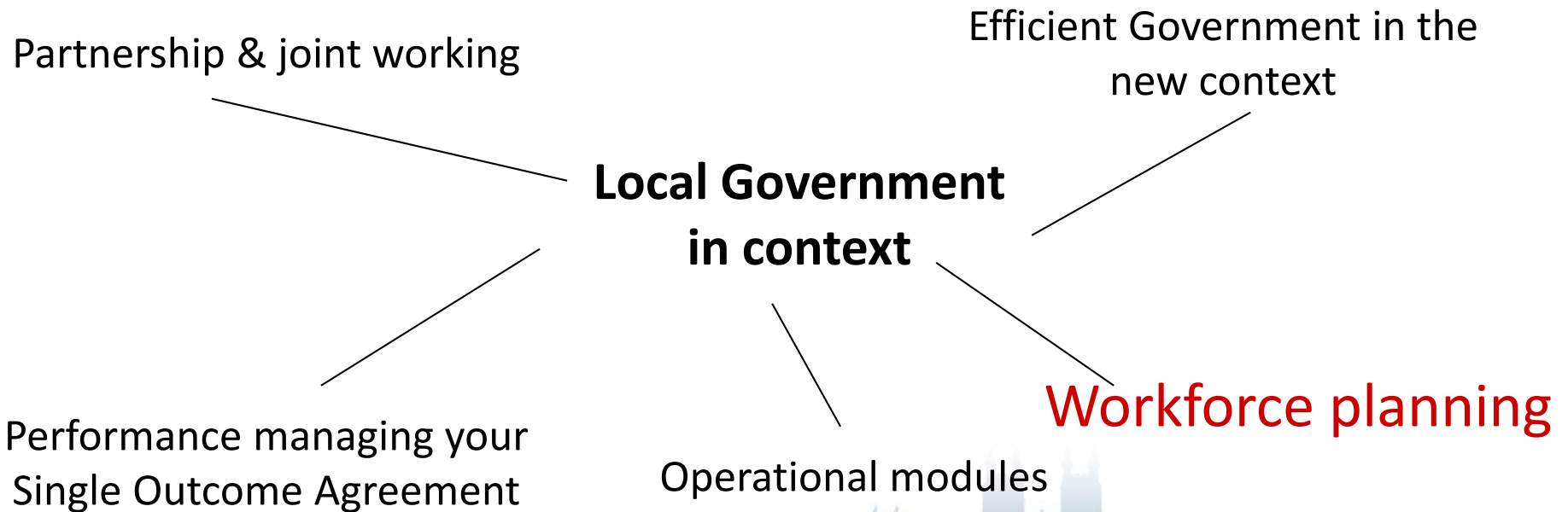
- Define the purpose of workforce planning and its role within wider strategic planning
- Explain the steps required to develop workforce planning, including the core data requirements for workforce profiling
- Identify the forces for change that may affect future service delivery
- Identify potential strategies to address future workforce and skills gaps
- Apply selected workforce planning techniques to their own service

# Programme

- Introduction to workforce planning
  - What is it and why do we do it
- Demand analysis
  - What are we planning for?
- Supply analysis
  - Workforce availability
- Gaps & strategies
  - Developing responses to what we know
- What next?
  - Personal actions

# Situating this Module

## Public Sector Leadership



# Expectations

Activity:

What do you hope to get out of the module?



# Programme



- **Introduction to workforce planning**
- Demand analysis
- Supply analysis
- Gaps & strategies
- What next?
- Strategic skills
- Organisation design
- What next?





# What is Workforce Planning?

Activity:

What is Workforce Planning?



# What is Workforce Planning?

- Some general definitions:
  - What we need to do now to develop the workforce of the future
  - A process for defining and addressing the most critical staffing implications of business strategies and plans (both skills and staffing levels)
  - Right people, right place, right time, right cost
  - Analysing and forecasting the workforce the council needs to execute their business strategy, proactively rather than reactively

**“Ensuring the size, shape and skills mix of the workforce aligns to, supports and delivers on the organisation’s current and future business outcomes.”**

Activity:

## Workforce Planning Checklist



# Workforce Planning: Why do it?

- To make best use of resources and justify expenditure of public money
- To get a grip on the present, and impose some order on the future
- To acquire and grow skills which take time to develop
- To staff a new development or manage a relocation or withdraw/downsize in an orderly, phased way



# Workforce planning: Why do it? (cont)

- To support the implementation of service, business and strategic plans
- To communicate:
  - about future resource requirements
  - so people understand what's going to happen, when, and how
- To think about the longer term and envisage how to cope with different possibilities
- To inform decision-making
- To think about the whole organisation /service in a coherent and consistent way

# What does it mean in Practice?

- Joint responsibility
- An inexact science
- A continuous process
- A long-term commitment
- More than a profile
- Investment in the future
- Direct link between people and service outcomes
- Risk mitigation
- Maintenance and development of skills & knowledge



# What is Workforce Planning?



# What is Workforce Planning not?

- An analysis of every role and workforce issue
- A tick box exercise
- A job just for HR
- About fixing today's vacancies
- A perfect prediction of future workforce needs





# Workforce Planning: what can go wrong?

- Drowning in data
- Paralysis by analysis
- Only analysing internal supply data and not demand data (*or vice versa*)
- Making workforce planning a highly technical specialist area
- Reinforcing the status quo
- Creating something that:
  - Adds lots of extra bureaucracy with few results
  - Is wholly owned and controlled by HR
  - Sits in a vacuum without engaging people who understand the front line issues and provide qualitative input

**Have you encountered these problems?**

# Context – Scale of Scottish Public Sector

- FTE workforce of 573,800
  - 11% of population
  - 22.8% of labour force
- Local Government = 44.6% 263,900 employees; NHS 26.3%
- In rural Scotland over 40% of workforce and over 60% of graduate employment
- Critical to local economies
- Around 58% of revenue costs are staffing
  - **£7,100,000,000**
- Estimates by 2017 nearly 34% of workers will retire or leave the workforce

# Context - The Drivers for Change

- **Political:** rapidly increasing demand for some services; policy and recession
- **Economic:**
  - dealing with current recession: pressures and opportunities
  - very tight settlements between now and 2016
- **Social:** demographics - ageing and shrinking Scottish workforce: controlling the public sector share
- **Legislative/Regulatory:** e.g. Audit Scotland requirements



# Workforce Challenges

- Scale of spend on negative outcomes
- Outputs vs outcomes
- Quantitative vs qualitative
- Future focus vs short-termism
- Effective partnering
- Workforce intelligence
- Customer expectations – customisation and personalisation



# Other Drivers?

- Move the focus away from short vacancy management to medium and longer term strategic planning
- Regulatory reasons
- Planning for partnership and in partnership will be increasingly important
- Connect and integrate into business and financial planning



# Audit Scotland - Best Value Toolkit

How effectively does the organisation integrate workforce planning with its strategic and financial planning processes?

To what extent is there a cohesive approach to planning organisational capacity and skills in support of corporate objectives?

How effectively does the organisation attract, retain and manage its talent?

How well does the organisation deploy and support people in a way that ensures increased efficiency and effectiveness?

# “New Shapes and Sizes”

“Until now many LG cost reduction initiatives have relied on

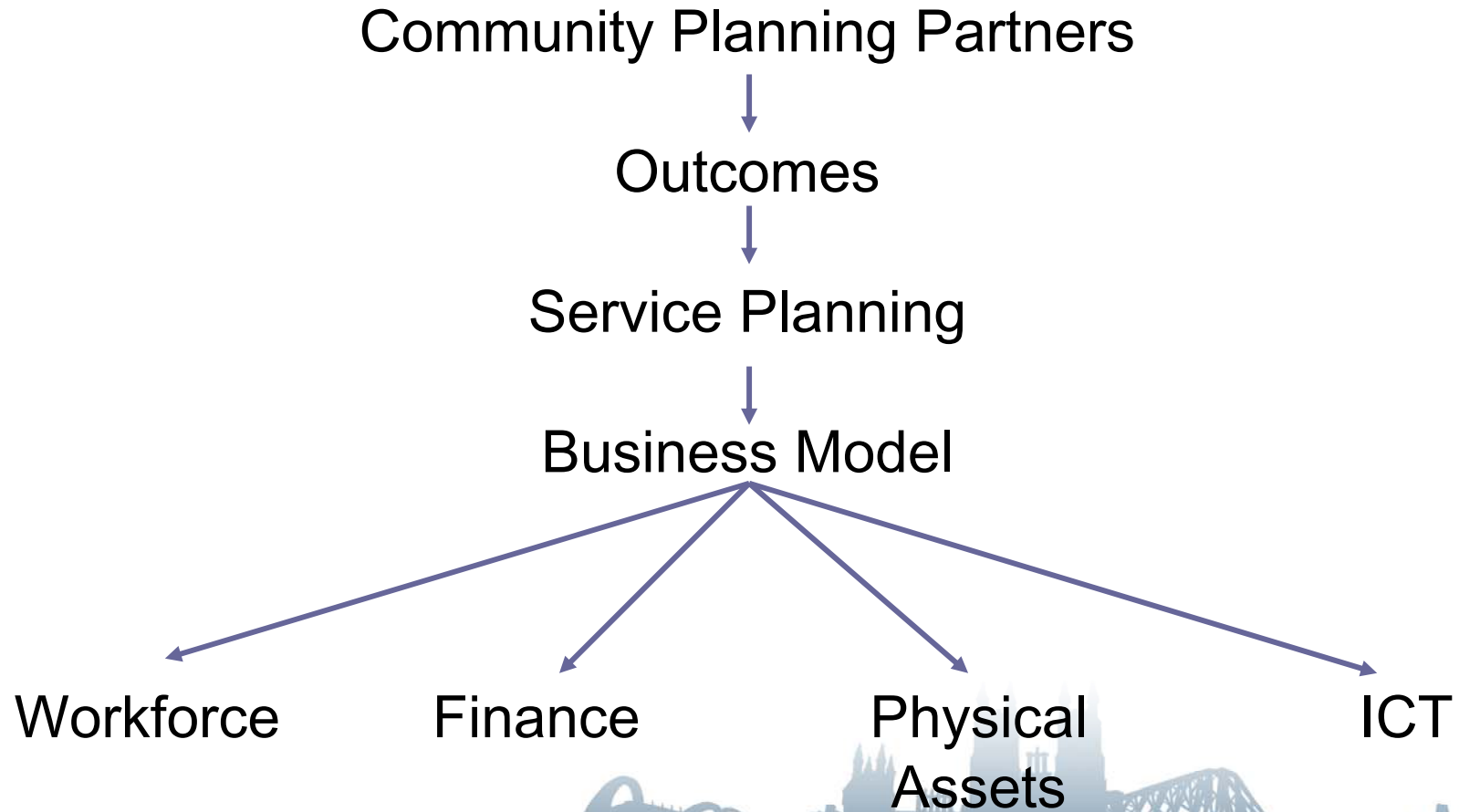
- Marginal savings
- Not filling vacancies
- Reducing seniority or hours worked when filling vacancies
- Uniform percentage cuts with minimal prioritisation

Such an approach risks delivery failure and may miss the opportunity for more radical reshaping”

Deloitte, 2009



# Role of Workforce Planning





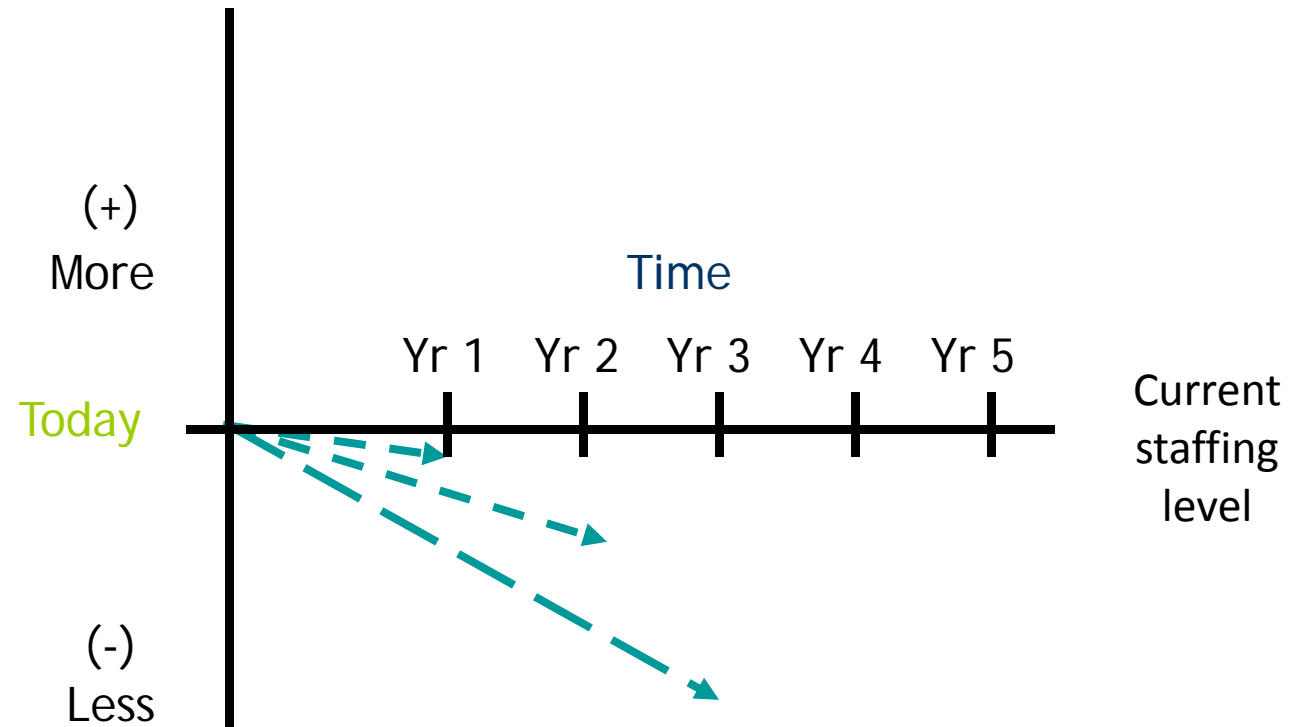
# The Workforce Planning Model

**“Ensuring the size, shape and skills mix of the workforce aligns to, supports and delivers on the organisation’s current and future business outcomes.”**



# The Workforce Planning Model

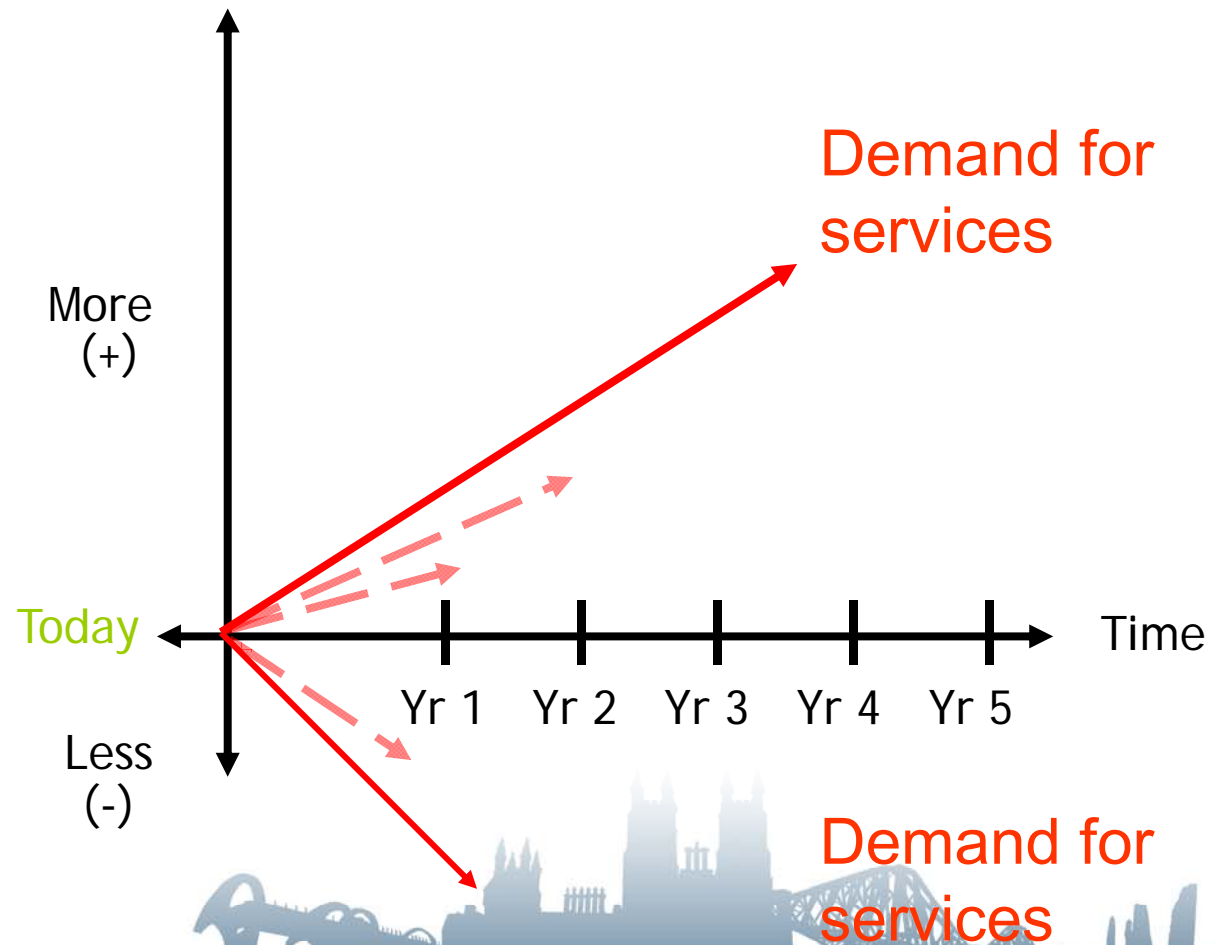
How many employees will you have?



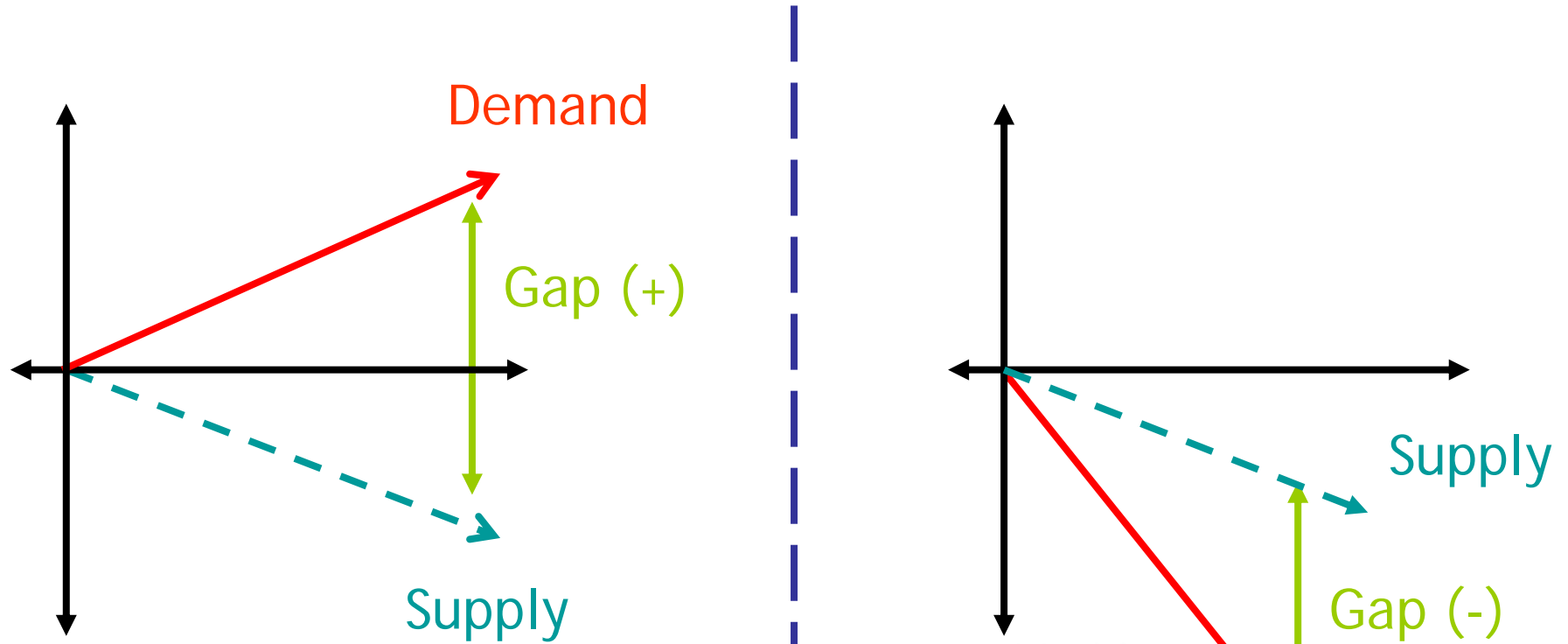
Workforce Supply

# The Workforce Planning Model

How many employees will you need?



# The Workforce Planning Model

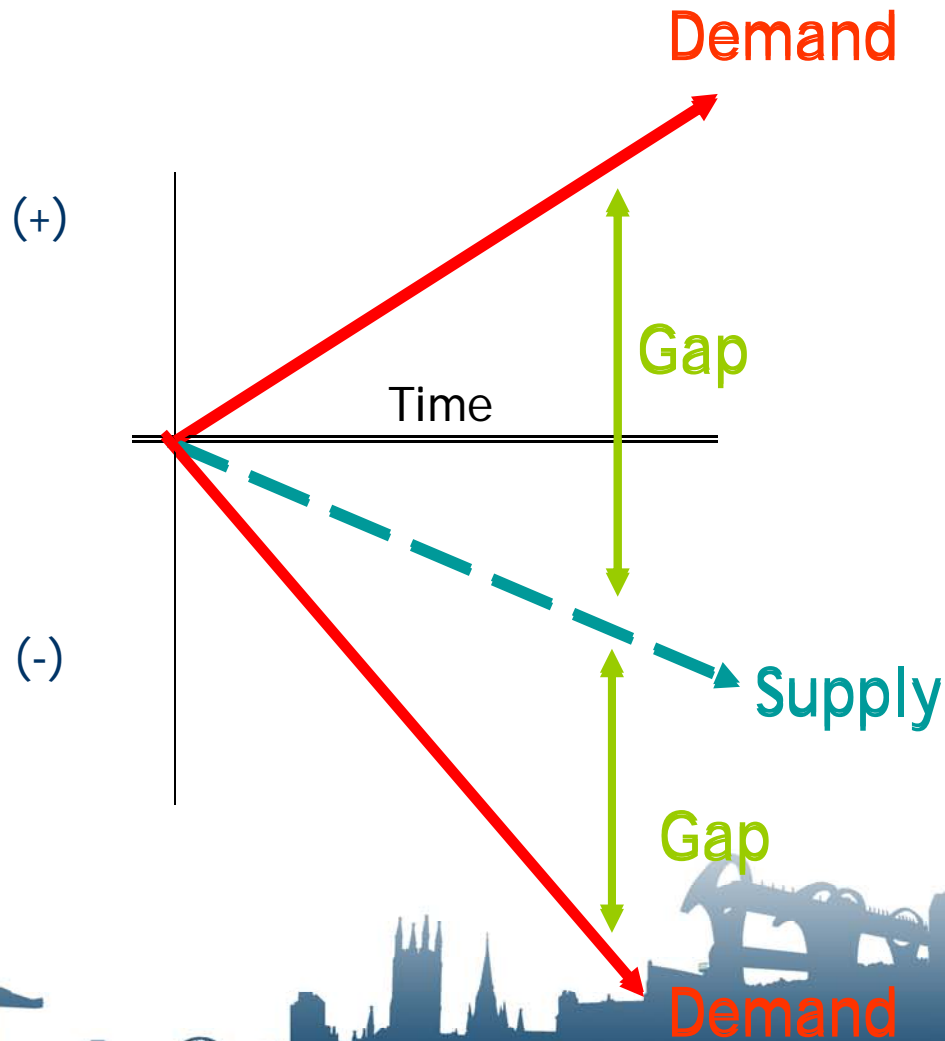


# The Workforce Planning Model

- Predict the **demand**
- Establish the **supply**
- Ascertain the **gap**



Develop strategies



# Workforce Planning Elements

## Demand

Outcomes

Service planning

Business models

Workforce requirements:

- Skills
- Numbers
- productivity
- Location
- Provider

## Supply

Internal

- Profile
- Turnover
- Retirement
- Skills
- Transfers

External

- National & regional demographics
- Professional & industry associations
- Labour market
- Employer competition
- Skills

## Gap

Workforce strategies:

- Succession planning
- Skills development
- Leadership
- Pay and reward
- Recruitment/ retention
- Image
- Redundancy



# Programme



- Introduction to workforce planning
- **Demand analysis**
- Supply analysis
- Gaps & strategies
- What next?
- Strategic skills
- Organisation design
- What next?



# Session 2 – Objectives

- Identify and evaluate the forces for change that may affect your directorate or service
- Appraise how demographic, social, technological and other challenges impact on the planning for the current and future local government workforce
- Explain the process of scenario planning
- Map the environment in which your directorate operates





# Checklist 1

- Has consideration been given to what the workforce of the future will look like?
- Was the assessment of future service directions used to identify future workforce needs and build capability?
- Has your directorate identified a set of skills that are considered to be essential to delivering service objectives in the future?
- Is workforce planning considered as part of the broader service planning process?
- Have broader management issues been considered as a way of improving organisational performance?

## Activity:

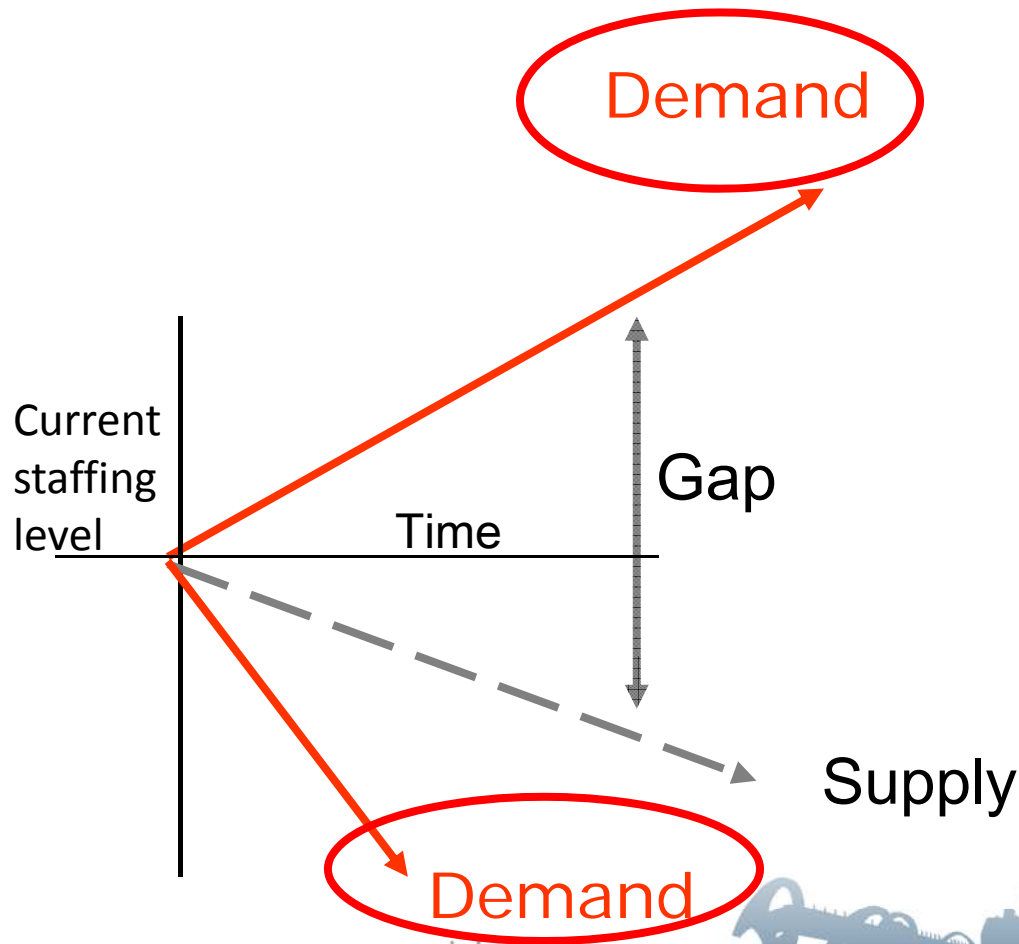
### **Considerations;**

What critical jobs is the organisation / service short of now?

- What critical jobs will the organisation / service be short of in 5 years time?
- What essential skills will the workforce of the future need to have?
- What % of the workforce currently have these essential skills?
- What strategies are currently in place to address these critical issues?



# What do we mean by Demand?



**Demand** is setting out the vision of what the council will look like in

3 years

5 years

10 years

# Demand Drivers

- What the council workforce needs to look like, in order to accomplish its **future outcomes**
  - Is the current workforce aligned to the future intentions of the organisation?
  - Is strategic action being taken **now** to ensure that the current workforce is ready to meet the future needs of the organisation

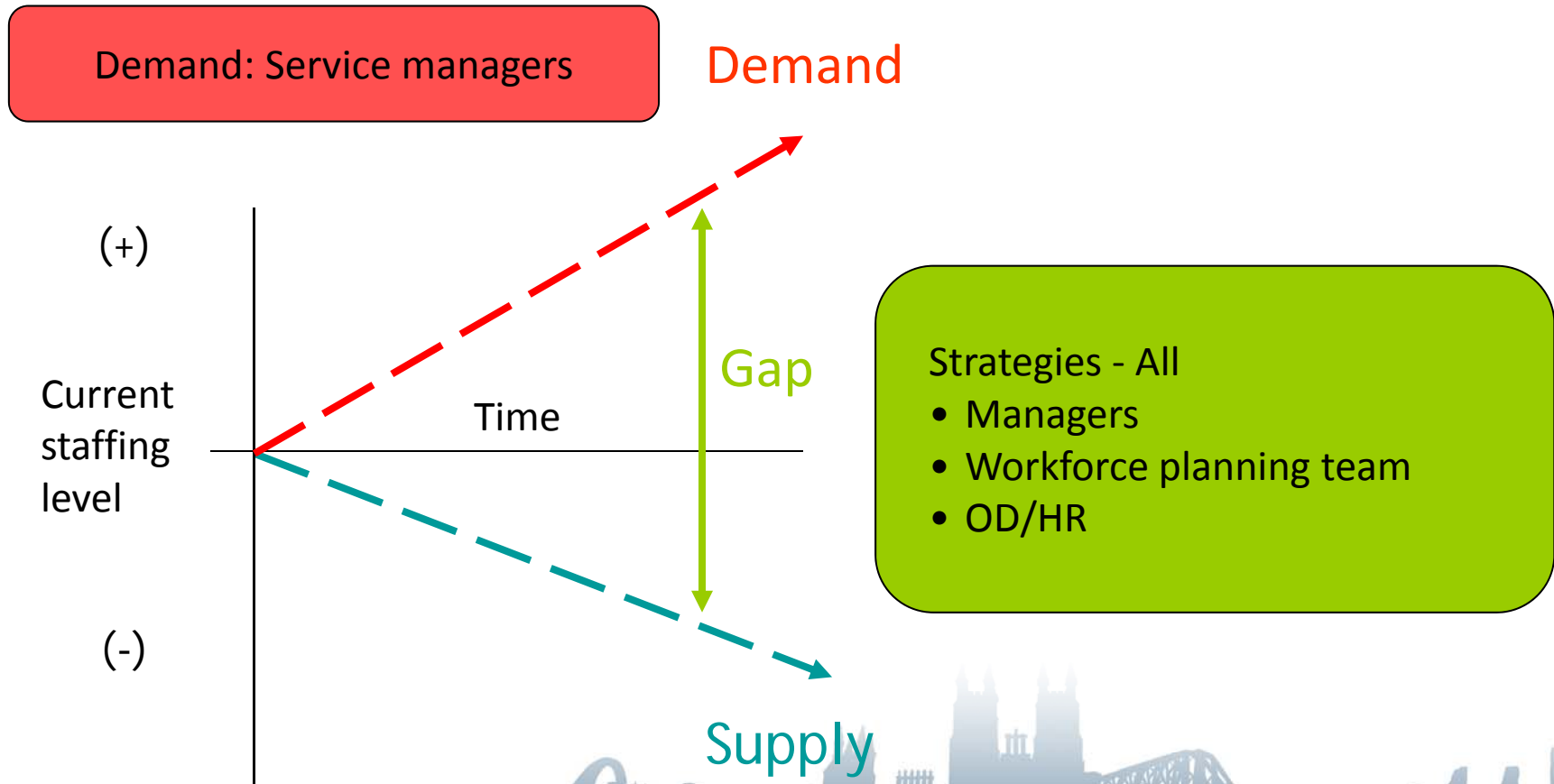


# Demand - Health Warning

OD / HR can't do workforce planning for the  
whole service or organisation



# Who Does What?



# Demand is about

- **Size of workforce**
  - How many
  - All staff incl. agency and temporary  
*(cost reduction)*
- **Shape of workforce**
  - How are they organised
  - Performance management  
*(organisation design)*
- **Skills in the workforce**
  - Do the right capabilities exist
  - Is the right leadership in place to support change  
*(re-skilling and flexibility)*
- **Source of the workforce**
  - Future recruitment
  - Main competition for workforce
  - Outsourcing / commissioning

# Demand

## How it links to the wider model

- Begins to position and relate the current workforce to the bigger context of future needs and service delivery (need for new skills and attitudes, need for new ways of working)
- Exposes the gap between current situation and what needs to be achieved in relation to service delivery and the workforce
- Identifies the most important workforce issues to help prioritise action on what needs to be done now to ensure the future vision can be achieved



# Activity: PEST

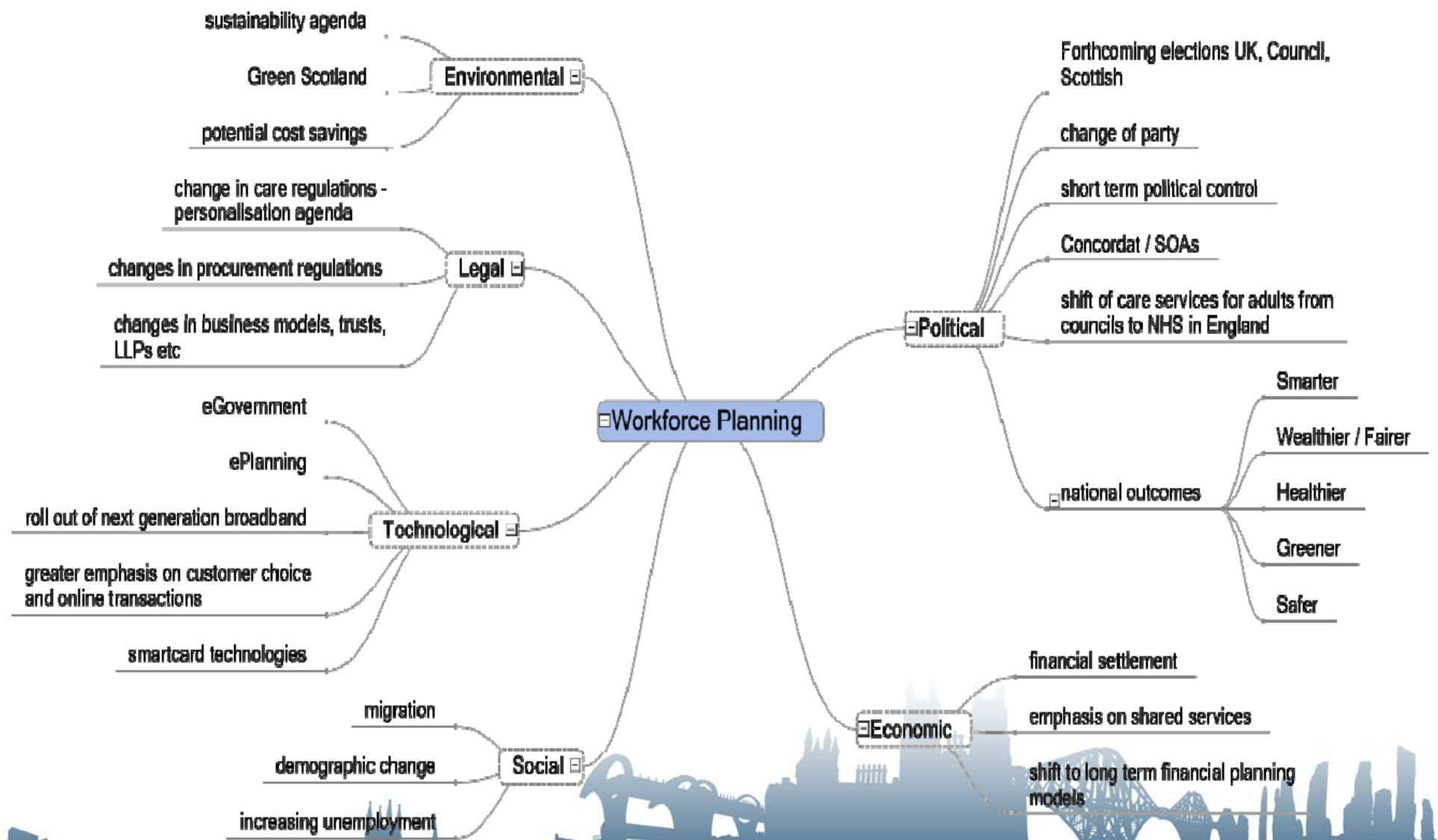
Think about what the service will look like in 3 to 5 years time, e.g.:

- What are the key ***internal*** factors — major new developments, withdrawal of services/closures, restructuring, different business models, long term organisational priorities and implications for structures, roles, skills, attitudes, numbers, skills mixes
- What are the key ***external*** factors — government priorities, new technology, resource constraints, international politics, competition, value for money and how the service will need to respond to these

# PEST

- Political
- Economic
- Social
- Technological





# What are Scenarios?

- **Not forecasts**
- Stories about how the world could evolve
- Highlight key strategy/organisational issues **now**
- Embrace uncertainty
- Examine the roll out of critical factors
- About exponential growth or step change

# Scenarios Versus Forecasts

**‘Worldwide demand for cars will not exceed 1 million’**

*Mercedes Benz market forecast, 1900*

**‘Computers in the future may weigh no more than one-and-a-half tonnes’**

*Popular Mechanics, 1949*

**‘I think there is a world market for maybe five computers’**

*Thomas Watson, Chairman of IBM, 1943*

**‘I can foresee the day when there will be one of these in every town’**

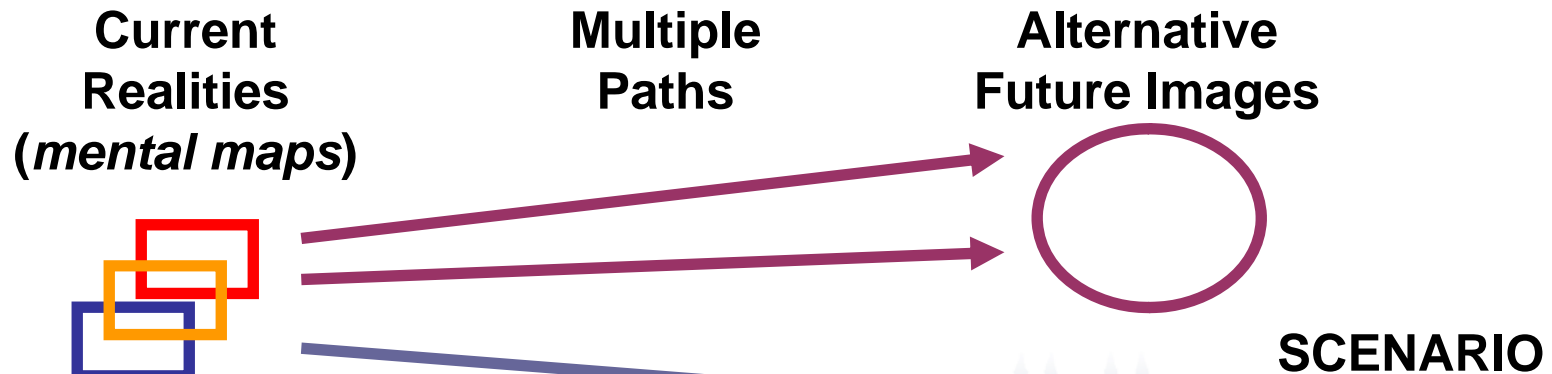
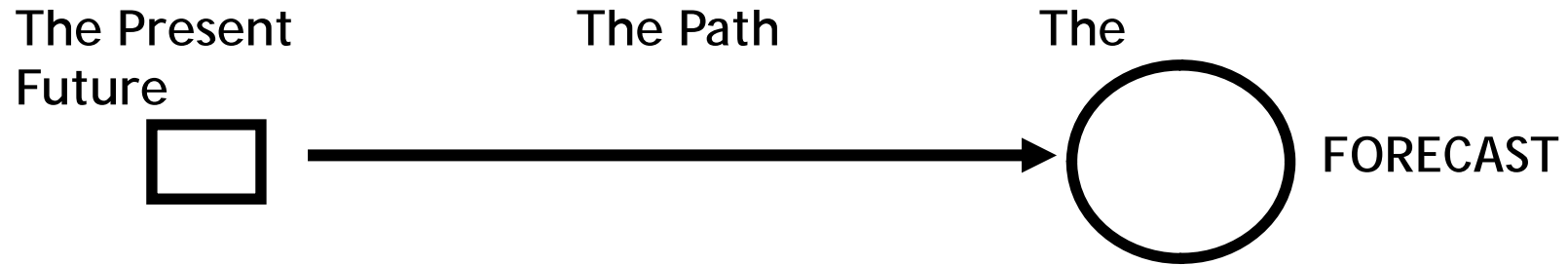
*A mayor in early twentieth century Pennsylvania*

# Quotes

- “To prepare for the twenty-first century, companies need to imagine alternative scenarios for the marketplace of the future, and use these scenarios to stimulate their thinking about possible contingencies and strategies. My advice, therefore, is get busy building scenarios and determining what they imply in the way of strategic planning. Do not think business as usual” **Definitive marketer Philip Kotler**
- “Map out your future, but do it in pencil.”

**Jon Bon Jovi**

# Scenarios . . . versus Forecasts



Adapted from Royal Dutch Shell



# Likely scenarios: “Age of Austerity”

Scenario 1: <b>Least change</b>	Scenario 2: <b>Most change</b>
Broad cuts in public services	Health & Education protected
10% cut in budgets	20% cut in budgets
10% cut in staff	20% cut in staff
Timescale 5 years	Timescale 2 years



# Scenario Planning Process

- Review and analyse information and identify any potential new business models
- Review environmental scanning information - desktop research and consultations
- Consult with key managers on possible scenarios
- Workshop with senior members of staff to clarify scenarios and determine probability of each occurring
- Review scenarios and refine



## Activity: Consider the following

1. Which functions will remain unchanged?
2. What services may be discontinued or outsourced?
3. How might existing services be enhanced or changed, what effect will this have on the workforce?
4. Will any functions be consolidated?
5. Are any process changes being proposed, or have any other factors changed, which might result in an increase or decrease in overall service delivery?

## Consider the following (cont)

6. What new services will be offered?
7. What technology changes will be made or new technologies introduced?
8. Are any reorganisations planned or needed?
9. Are there any plans to open new offices, collocate offices, or close existing offices?
10. How soon will changes be needed?



# Summary

- Managers need to define set the forward vision and identify what issues are most critical
- Focus on particular positions i.e. critical posts – not all positions
- Develop separate strategies where necessary
- Define the planning timescales
- Regular review and update



# It's not just staffing... Skills too

1. What skills do the workforce currently require?
2. What skills will be required in the future?

Consider the degree to which the skills are:

- Currently possessed by the employees
- Currently required to accomplish the work of the council
- Required in the future based upon the council's strategic plan or changing business requirements

# Remember

Don't **“Do nothing for anyone”** just because you can't **“do everything for everyone”**

*Thomas P Bechet*

“It is better to get the future imprecisely right than precisely wrong”

*Inforhm*



# Programme

- Introduction to workforce planning
- Demand analysis
- **Supply analysis**
- Gaps & strategies
- What next?
- Strategic skills
- Organisation design
- What next?



# Session 3 - Objectives

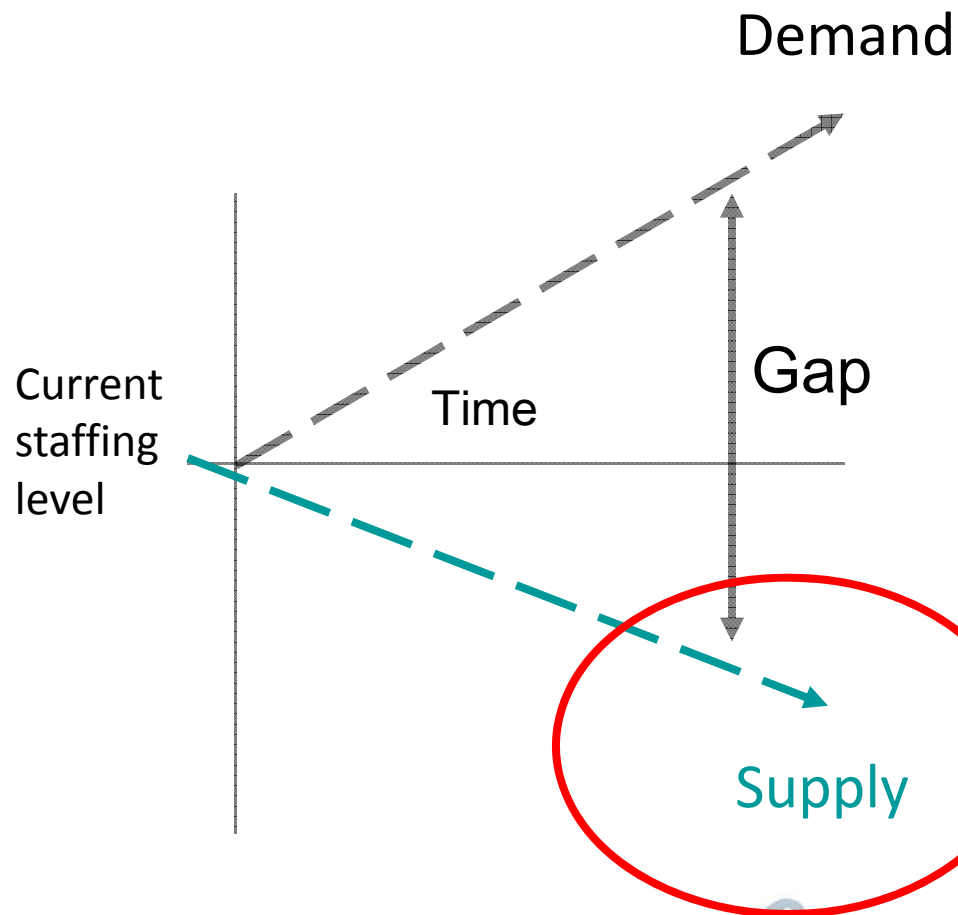
- Identify the type of information needed for workforce profiling
- Access and interpret data on the demographics of your directorate/service area, for example: staff groups, age, skills, ethnicity, gender, disability, length of service, and working and career patterns
- Locate information on the demographics of the labour market and local population that is accessible to your council and its physical locality



# Checklist 2

- Has key demographic data been captured to develop a profile of the current workforce?
- Has a means of identifying the skills and capabilities of existing staff members been developed?
- Is workforce data collected on an ongoing basis?
- Is workforce data incorporated into existing service reporting structure and integrated with other management information to keep senior management up to date on workforce issues and to assist with service planning and day-to-day decision-making?

# What do we mean by Supply?



## • Internal

- Current workforce profile
- Staff flow

## • External

- Impact of external factors

# What do we mean by Supply?

“The number and type of people and skills that are available to be deployed in the delivery of a service”

*Skills for Health*

“The staffing resources available to you”

*CPS Human Resources Services*



# Workforce Profile

- Number of employees by classification and/or location
- Age, gender and ethnicity
- Wages and salary information
- Appointment status
- Retirement eligibility
- Length of service and seniority
- Turnover
- Education level and skills



# Classifying the Workforce

Standard occupational classification (SOC Codes)

SOC Codes = Common language

## **SOC Codes define**

- Skill and content level required to be competent
- Typical entry routes
- Associated qualifications
- Tasks
- Work experience
- Related job titles

Activity:

The data template sheet



# Staff Flow

Staff flow will affect current profile:

Plus (+)

- New starts
- Transfers in
- Promotions

Minus (-)

- Normal retirement
- Organisation controlled terminations
- Involuntary terminations
- Voluntary terminations
- Transfers out

# Turnover: Reasons for Leaving Councils

- Lack of involvement in decision-making
- Commitment to the organisation
- Opportunities for development
- Lack of challenging and varied work
- Stress and work pressure
- Effectiveness of the support and encouragement offered by managers
- Contract status (full-time staff are more likely to leave)
- Pay and reward (both actual levels and perceived fairness)
- Development opportunities
- Harassment (incidents of and policies to deal with)
- Care responsibilities (part-time/sharers are often less likely to leave)
- Relations with colleagues (co-operation and mutual trust as well as friendship)
- Communications
- Performance review systems
- Role clarity
- Family-friendly policies and provision
- Restructuring of the organisation
- Image of the organisation



# Exit Interviews

- Are important changes occurring to your workforce competitors, e.g. has Tesco opened up in the area which is drawing people from the care workforce?
- Who do you compete with for the relevant workforce group? Remember you do not always compete for labour with employers in your own sector
- Do your competitors offer better terms and conditions of employment or more flexible working arrangements than you do? Do you actually lose people to them?
- Do some staff groups choose to work for agencies rather than directly for you? Do you know why?

# Activity: Widgets

## Forecasting Widget Trainees: Part 1

### Forecasting Numbers



# Staff Flow

Labour turnover: “crude wastage”

**No of leavers in a set  
period** \_\_\_\_\_ X 100

**Average number  
employed in same period**

## Turnover rates:

Building Repairs	6.65%
Transport services	5.05%
Catering Services	19.98%
Social Work	9.10%
Education	14.29%
<b>Average council</b>	<b>10.24%</b>

# What to look out for?

- **Outlier distortions**
- **What's hidden in the average?**
  - Averages affected by large numbers
  - Inappropriate focus on large groups of employees
  - Taking a focus that is too narrow
- **Segment workforce information and identify key employee groups**
  - Job type, skills & competencies etc.

# Workforce Supply Conundrum

How do you  
define supply?

Is it the number of “bodies” or is  
it what those “bodies” are  
capable of doing?

Example

Of 100 social care workers:  
only 80 have the skills  
required to do the job  
effectively

Is your supply  
80 or 100?

# External Factors - Supply

- **External labour market data for workforce planning will include**
  - Employment rates
  - Graduation rates
  - National and geographic demographic profiles
- **This information can be found**
  - Census data
  - National statistics – Skills Development Scotland
  - Professional bodies
  - Sector Skills Councils
  - SNS: Scottish neighbourhood statistics

# Checklist 3

- Have factors in the external environment that may impact on workforce planning been considered – for example: external labour market data and local demographic profiles?
- Does the profile of your workforce reflect the local community it serves?



# External Factors: Questions

- Is the available population from which you might recruit changing, e.g. is it a professional group which is facing a lot of retirements nationally over the next few years?
- Are important changes occurring to the education and training system or to number of trainees, e.g. is this a group which has seen a marked drop in numbers entering training?
- Are there general reports of labour shortages or skills gaps in this labour market? Are they getting worse or better over time?
- Are there areas of oversupply?

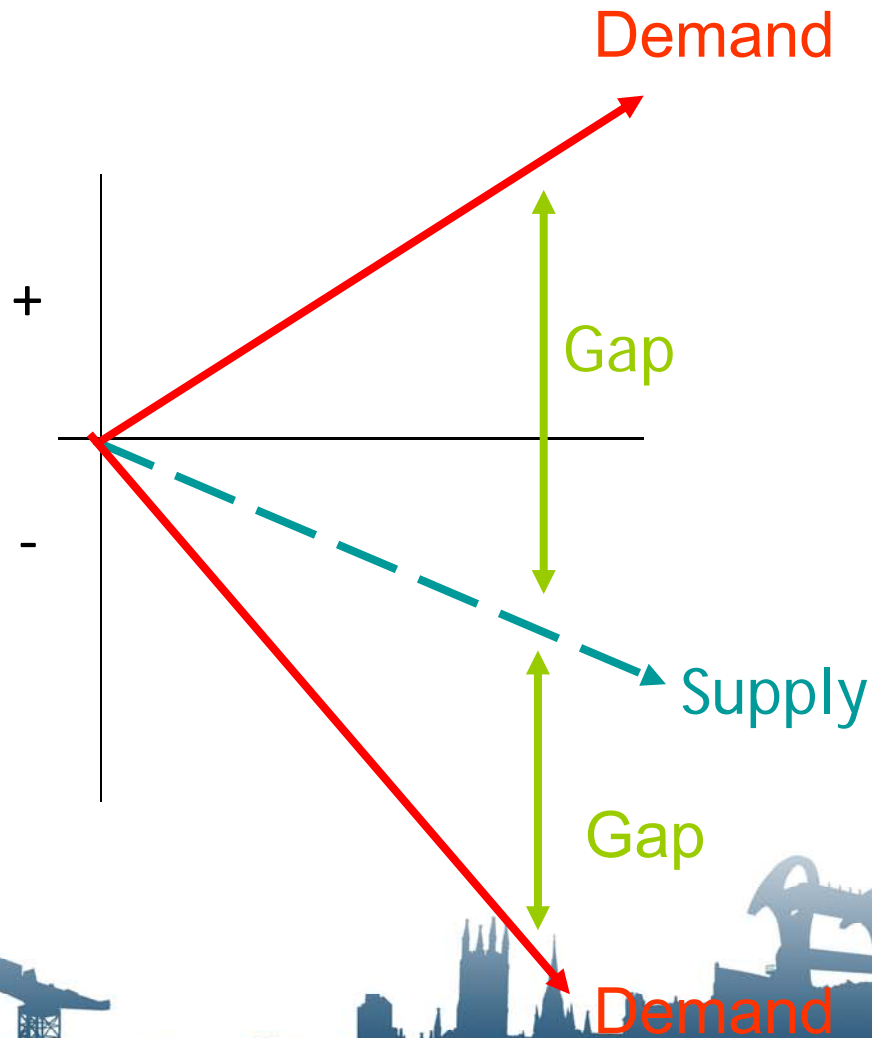


# Programme

- Introduction to workforce planning
- Demand analysis
- Supply analysis
- **Gaps & strategies**
- What next?
- Strategic skills
- Organisation design
- What next?



# The Workforce Planning Model



- Predict the **demand**
- Establish the **supply**
- Ascertain the **gap**



Develop strategies

# Checklist 4

- Have workforce issues that may impact on service delivery been identified?
- Have HR policies and practices been developed/refined to address the identified workforce issues?
- Have both short and long term initiatives for addressing workforce issues been identified?



# What type of Workforce Issues?

- Significant changes in required staffing levels (up or down)
- Major changes in required capabilities (including positions where required skills may be unknown)
- Positions that will be particularly critical
- Positions that will be hard to fill
- Positions with long lead in time for training
- Skill sets that you have not needed or looked for previously
- Skill sets for which there is extreme competition externally

# Workforce Strategies

- **Recruit** – will be required to address demand / supply shortages and introduce emerging skill sets
- **Retain** – leverage mix of flexible work, remuneration, benefits related initiatives which bind at risk key employees
- **Develop** – promotion / advancement opportunities for key employees; learning and development initiatives which enhance capability
- **Deploy** – ensure flexibility in line with surges in demand e.g. new business development; maximise productivity



# Ulrich's 6 Bs (2005)

- **Buy:** expand talent pool, hire the best, create partnership sources of new talent, pathways in
- **Build:** in/formal development, individual mentoring, designing “good jobs” – role depth, autonomy
- **Borrow:** partnerships, alliances, special projects, maintain relationship former employees/retirees
- **Bounce:** restructuring, manage poor performance
- **Bind:** where are you most at risk?, incentives, pay and benefits monitoring
- **Boost:** career development opportunities for employees, expand current job role and depth

# Strategy Development

Strategies can be established at different levels:

- **Sector or industry** – assessing skills and numbers needed for occupational groups (role of SSCs)
- **Corporate** – organisational improvements and core business directly influence demand projections
- **Business unit** – managers develop workforce planning in line with core business planning
- **Personnel** – workforce objectives and strategies aggregated up into a strategic staffing plan

# Activity: Widgets

## Forecasting Widget trainees: part 2

### Strategy Development





# In Summary

## Definition:

- Predicting future demand for different types of employees and seeking to match with supply

## Objectives:

- Create longer term staffing strategies that “best” eliminate critical gaps/surpluses
- Use those strategies as a context within which effective short term staffing decisions are made

## Deliverables:

- Longer term staffing strategies
- Specific shorter term staffing plans and supporting actions
- *Answers and solutions!*

# Remember!

“Workforce planning is a process not an event”

*Strategic Staffing –Thomas Bechet*



# Programme

- Introduction to workforce planning
- Demand analysis
- Supply analysis
- Gaps & strategies
- **What next?**
- Strategic skills
- Organisation design
- What next?



# Checklist 5

- Is the service director committed and seen to be driving the process?
- Are strategic partnerships between strategic planning, finance and HR managers promoted?
- Is it recognised that workforce planning is a continuous process?
- Is prime responsibility for workforce planning shared by the directorate manager, line managers and HR managers

## Activity 9: What are the Barriers?

- Lack of relevant and meaningful workforce information
- Lack of analytic tools for workforce planning
- The diverse range of occupational groups employed in local government makes it difficult to produce a coherent corporate workforce plan
- Difficulty in securing the necessary interest and support from senior managers
- The short-term nature of the budget planning process makes longer-term workforce planning problematic
- Organisational inertia; perception that it is an additional burden rather than a value added activity
- Lack of time and adequate resources
- Underdeveloped workforce planning capacity and skills in HR
- Underdeveloped workforce planning capacity and skills among line and service managers
- Reporting tools used are not sophisticated enough to produce the necessary workforce information

Financial  
settlements

# Overcoming the Barriers

<b>Instead of:</b>	<b>Consider:</b>
Focus on analysis and reporting	Focus on planning and acting
Defining a one-size fits all process	Tailoring planning parameters to fit each staffing issue
Including all positions	Focus on positions where you need to be proactive or time to react
Compiling results across units/services	Keeping results separate and detailed
Planning on a set schedule	Defining issues and developing strategies whenever change occurs

# Summary: Key Steps in Workforce Planning

- There are several models, frameworks, checklists etc. available and essentially they all say the same thing, i.e. workforce planning is a logical, step-by-step process:
  - understand what the service/council/partnership is trying to achieve
  - understand your existing workforce and current issues
  - look at the workforce supply available to you
  - decide how you are going to cope with any major surpluses/shortfalls/risks or other issues
  - feed results into your recruitment, retention and skill development and workforce plans/strategies
  - Take action and review progress and success
  - Refine your approach

# Next Steps

- Ensure that workforce planning connects and is integrated with service and financial planning
- Move the focus away from short term planning to medium and longer term strategic planning
- Enable consistency of approach by equipping people within your council with workforce planning skills
- Ensure that any workforce planning champions or steering group is aligned to wider service planning processes



# Checklist 6

- Have clear objectives for workforce planning been developed that reflect overall service priorities?
- Have mechanisms been developed to monitor and report on the implementation of workforce planning initiatives?
- Will your directorate periodically evaluate whether the desired outcomes for workforce planning have been achieved?
- Are systems in place to determine whether the strategies designed to address workforce issues have been effective?

# \$64,000 Question

When you get back to your  
workplace what,  
if anything,  
will you do differently?



## Activity: What will you do next?

### Checklist

1. ....

2. ....

3. ....



# Questions?



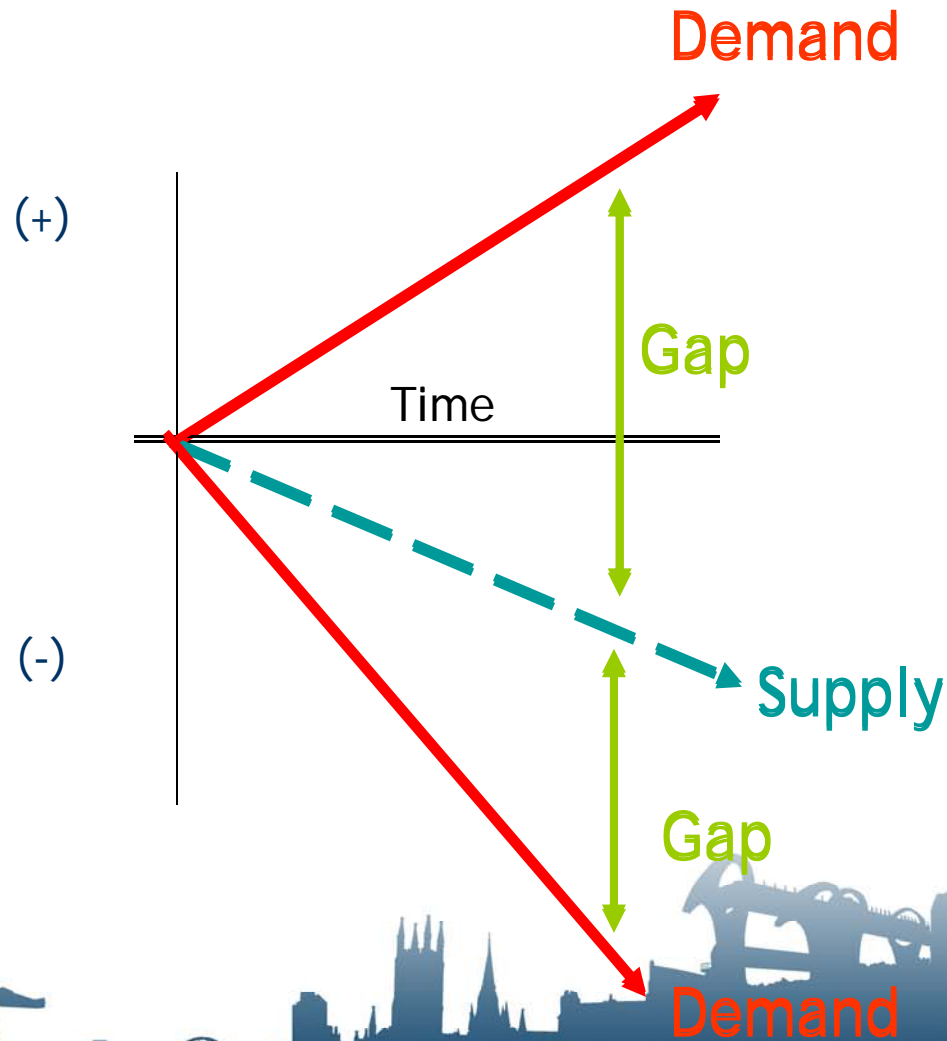
# Welcome to day 2



# Questions & comments from day 1?



# The Workforce Planning Model



- Predict the demand
- Establish the supply
- Ascertain the gap



Develop strategies

# Summary: Key Steps in Workforce Planning

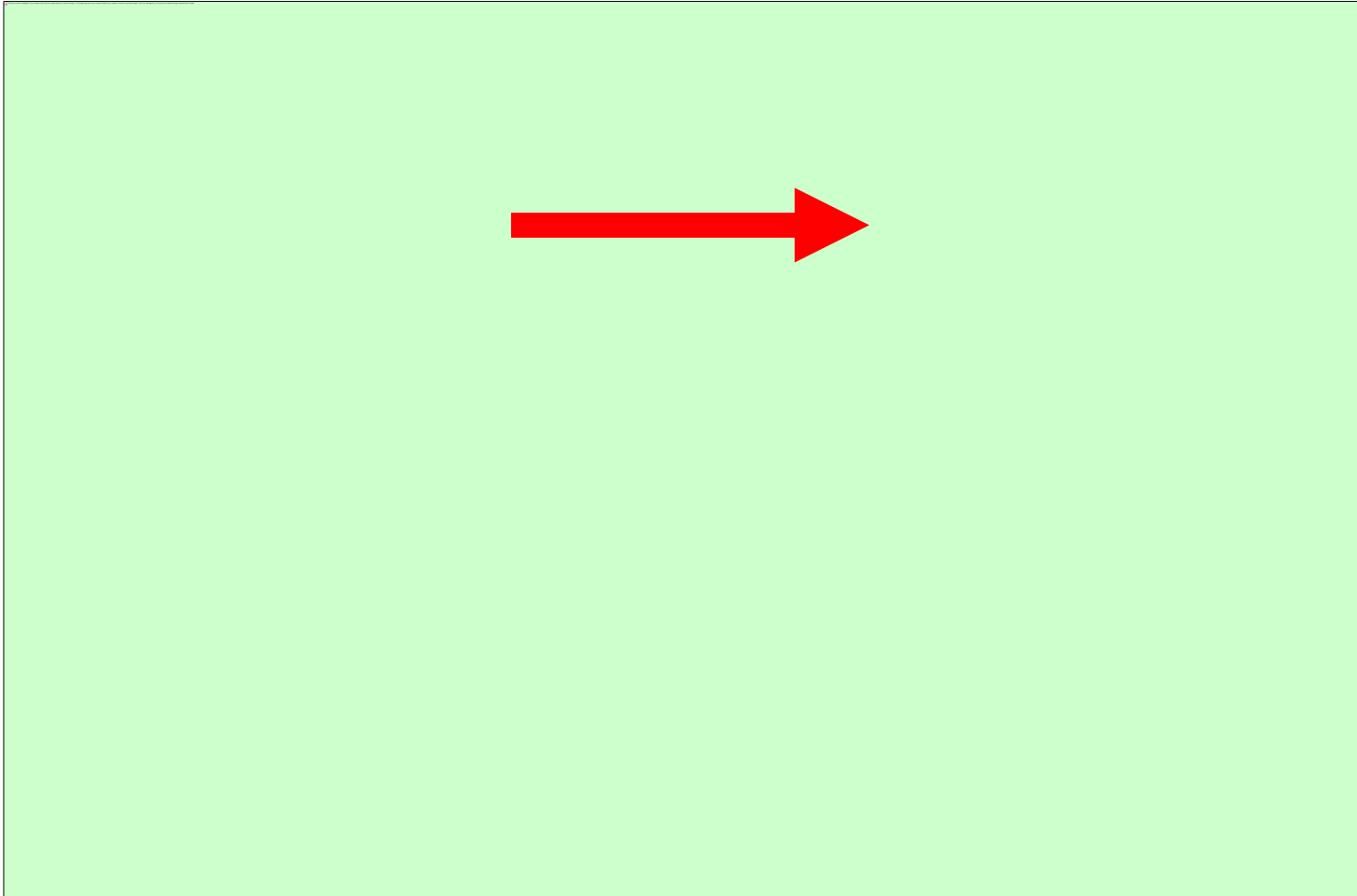
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  - understand your existing workforce and current issues
  - look at the workforce supply available to you
  - decide how you are going to cope with any major surpluses/shortfalls/risks or other issues
  - feed results into your recruitment, retention and skill development and workforce plans/strategies
  - Take action and review progress and success
  - Refine your approach



# Programme

- Introduction to workforce planning
- Demand analysis
- Supply analysis
- Gaps & strategies
- What next?
- **Strategic skills**
- Organisation design
- What next?





# Leadership

“When you want to manage begin with the person; when you want to lead begin with the picture of where you are headed”

Marcus Buckingham

“The one thing you need to know”

*2006, Pocket Books*



# PEST

- Political
- Economic
- Social
- Technological



# Why Scenarios? - Foresight matters . . .

*Foresight* - the systematic examination of potential threats, opportunities and likely developments including those at the margins of current thinking - novel and unexpected issues as well as persistent problems or trends

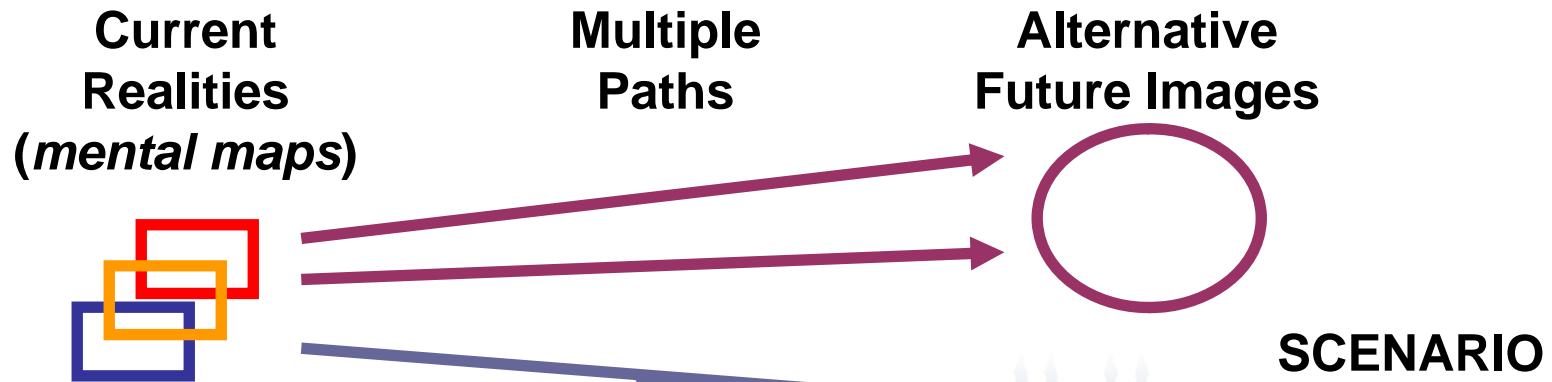
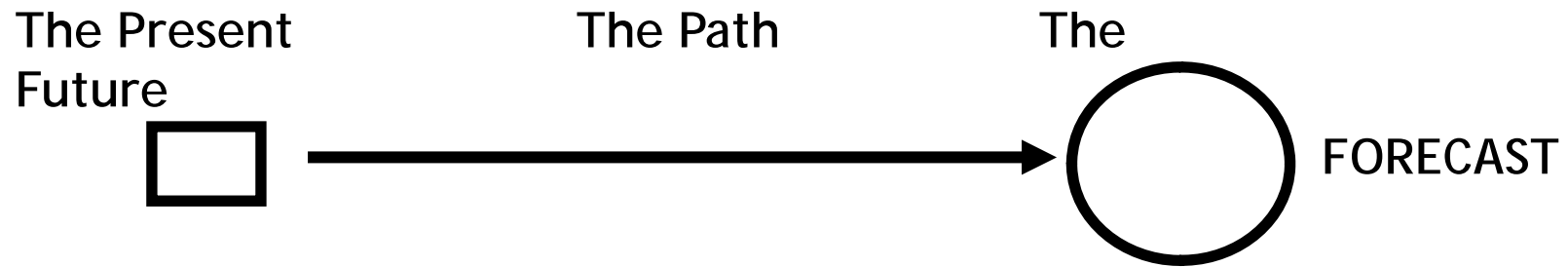


# Last words of General Sedgwick 1864

“They couldn’t hit an elephant at that dist. . .”



# Scenarios . . . versus Forecasts

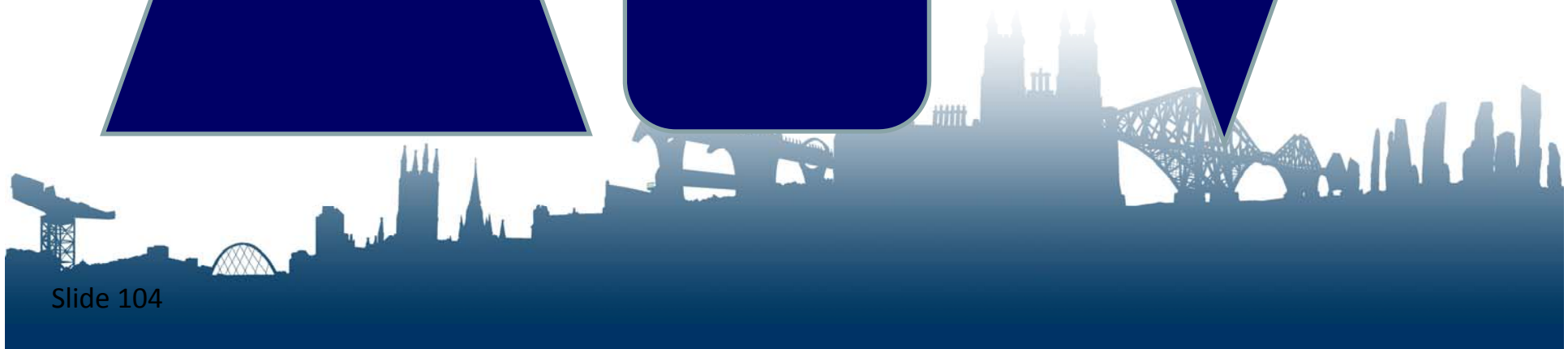
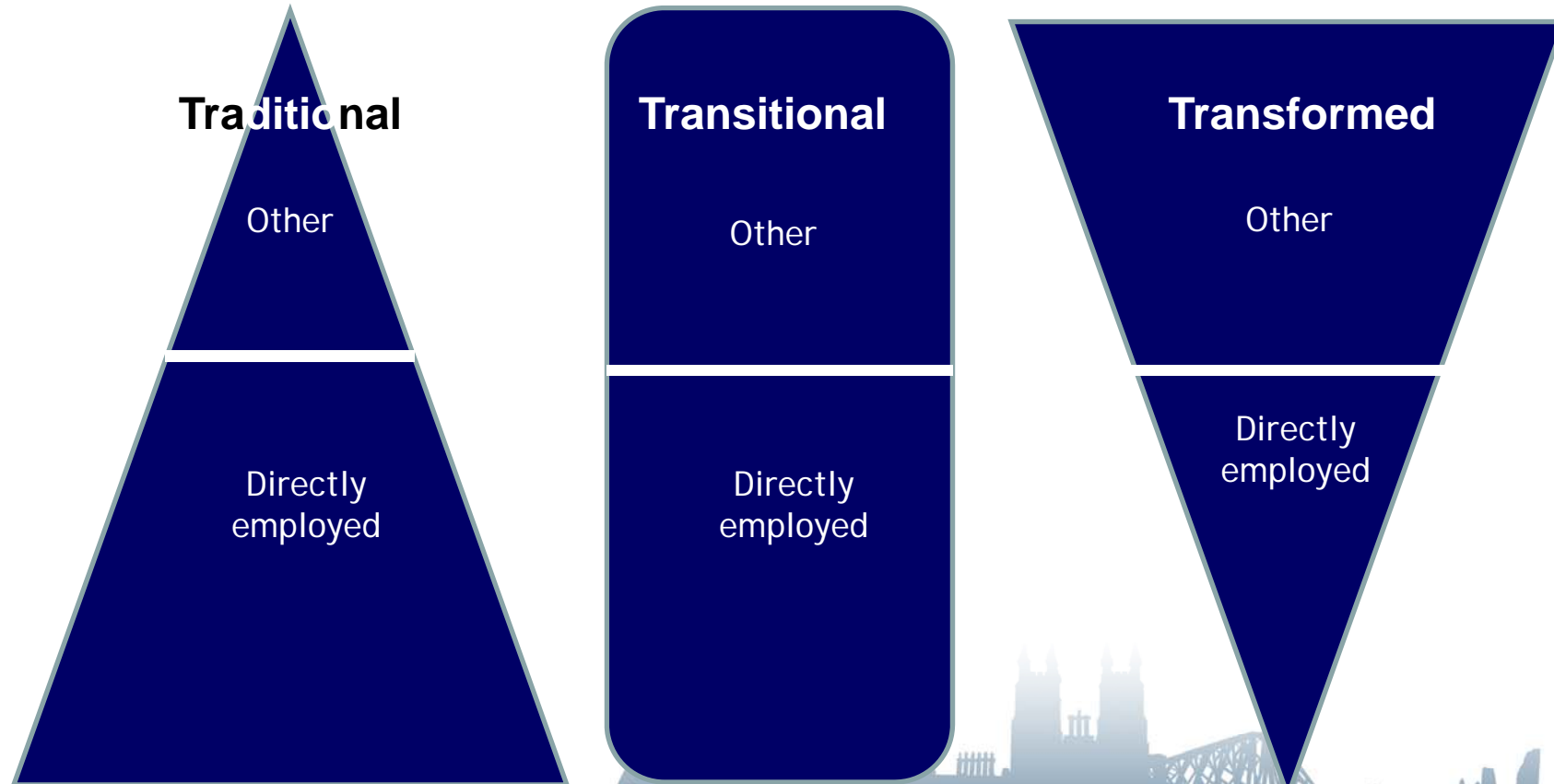


Adapted from Royal Dutch Shell



# Operating Model Impact

Degrees of organisational and workforce change





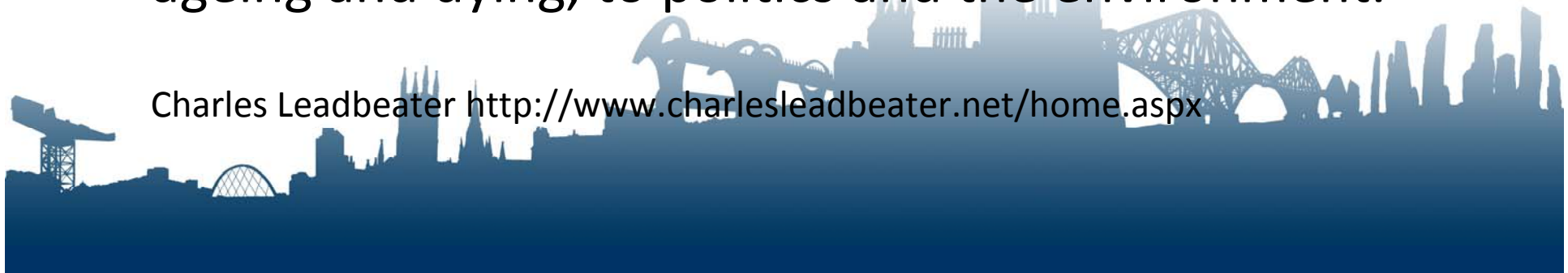
# Service Models

- **For** solutions are delivered to us
- **With** solutions we devise cooperatively with others
- **By** solutions depend on self motivation and DIY
- **To** solutions depend on instruction, command and coercion, to get things done.



“Crudely speaking the 20th century was shaped by the rise of more complex, powerful and sophisticated For and To solutions in virtually every walk of life, at the expense of With and By solutions, cooperation and self help. This dependence on For and To solutions has come at great costs, not least the ability of those delivering to abuse their power. We need to redress this imbalance and develop more effective With and By solutions in virtually every area of life, from learning and health, to ageing and dying, to politics and the environment.

Charles Leadbeater <http://www.charlesleadbeater.net/home.aspx>



# Council 'A'

- Prevention, early intervention and enablement as the norm;
- Personalisation, choice and control, and empowerment for citizens and communities;
- Citizens co-producing, co-developing and co-evaluating services;
- Joint place shaping, strategy planning and delivery with public, private and voluntary sector partners;
- Devolved decision making and neighbourhood working;
- Greater focus on commissioning;
- Continual drive for efficiency and value for money;
- Emphasis on sustainability;
- Increased scrutiny of partnerships; and
- Improved collaboration across local authority boundaries.

# Activity

Review the issues that Council 'A' has identified as having an impact on the way they will operate in the future and:

1. Identify the issues that would be applicable to your Council.
2. Identify any other issues which are relevant to your council which are not covered.

# Activity

- What business models are you currently considering? *For which services?*
- Who are the employers of the future workforce likely to be?
- Which staff are likely to be directly employed by the council?
- What are the skills required in the different models?

*Traditional*

*New*

- What is the source of these skills?

**Look at these issues in relation to the table provided**



# Operating Models - Workforce

Operating Model/Workforce	Traditional	Transitional	Transformed
<b>The employer of the people providing services</b>			
Council			
Agency			
Shared services			
Social enterprises			
Partnerships			
Private contractor			
<b>Directly employed staff - type and number</b>			
Professional roles			
intermediate			
Admin/Clerical			
Direct services			
<b>The skills required</b>			
Traditional skills			
New skills			
<b>The source of Skills</b>			
Internal / other councils			
Other public sector			
Other - what might these be?			
Private sector			

Activity:

What skills?



# Strategic Skills

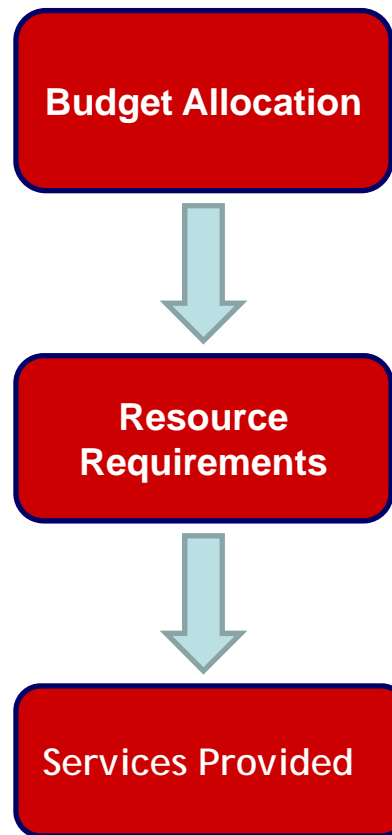
- Flexible and agile working
- Community engagement / Co-production
- Procurement / Contract management
- Commercial skills
- Climate Change / Sustainability
- Business Analysis
- Project / Programme Management



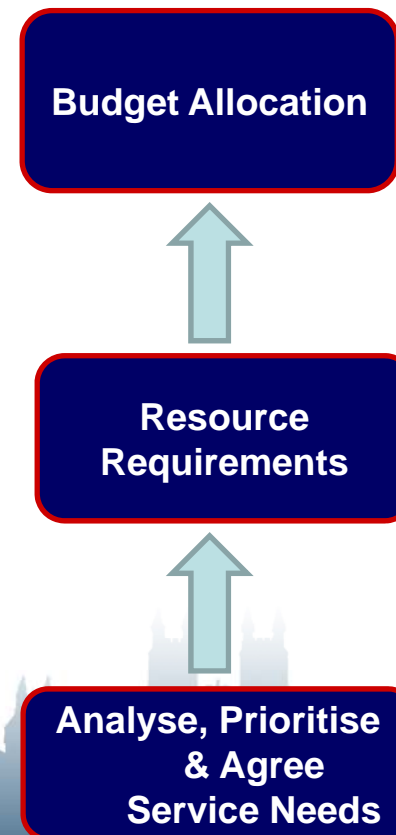
# Planning for the Future – Better Way?

Need to move from traditional budget-driven to more service-driven decision making

## Budget-driven decisions



## Service-driven decisions



# Pause and Reflect

- Are we jumping to solutions without fully understanding the issues?
- Are we using accurate data?
- Are we hiring the right people with the right competences and behaviours to be successful *in the future*?
- Do we have good supervisors and leaders who provide effective performance feedback?
- Are we evaluating the right measures for individual performance aligned with organisational purpose?

# Programme

- Introduction to workforce planning
- Demand analysis
- Supply analysis
- Gaps & strategies
- What next?
- Strategic skills
- **Organisation design**
- What next?



# What is Organisation Design?

A possible definition:

“... the deliberate process of configuring structures, process, reward systems, and people practices to create an effective organisation capable of achieving the business strategy”

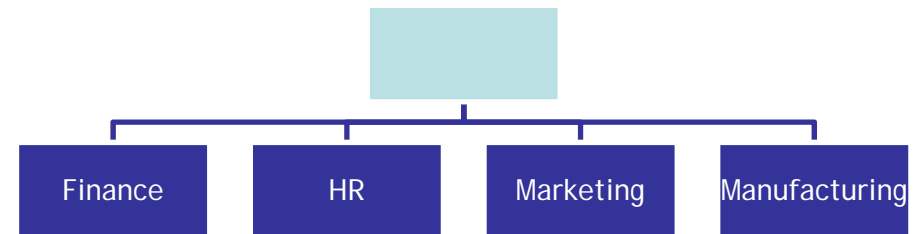
(Kates & Galbraith, 2007)

# What does it actually do?

- Creates the organisational structures that determine where formal power and authority are located
- Allocates responsibilities and accountabilities to units
- Configures such units into hierarchies for management and decision making and creates the reporting and lateral relationships as well as co-ordinating processes between units

# Some Design Examples 1:

## Functional Structures



- Suitable for small organisations or large companies in a single line of business
- Promotes knowledge sharing and building up of functional expertise and standardisation
- No one with end to end responsibility for a product or service
- Can become a barrier when there is a large range of products, services and customer groups

# Some Design Examples 2

## Product Structures

- Divisions organised around product lines
- Suitable for companies with a diverse product portfolio where product lines have different underlying business models, are produced for different market segments

## Geographic Structures

- Typically used by organisations which grow by expanding into new markets
- Allows tailoring to the local needs of each division including in terms of cultural differences in customer groups, legal environment, transport and logistics

# Some Design Examples 3

## Customer Structure

- Similar to a product structure but units are organised around customer segments, ie groups of customer with similar needs and buying patterns
- Typically used in professional services (Law Firms, Investment Banks)

## Matrix Structure

- A set of dual reporting relationships
- Individuals with specific skills are pooled together and then assigned to tasks/projects



# The key challenge:

## The Organisational Silo

- All structures create silos
- Silos prevent people from working together effectively

“Whenever people are grouped according to one logic, boundaries are created that make it difficult for them to interact with groups formed according to a different logic.” (Kates and Galbraith, 2007)



# Nine Tests of Organisation Design



**The fit drivers**

**Fit Tests**

**Good Design Tests**

**Good Design principles**



“An organisation design that is perfect for today is of little use if it cannot adapt to cope with the conditions of tomorrow.”

(Goold & Campbell, 2002)



# Five Strategic Priorities for local government

- Organisational Development
- Leadership Development
- Skills Development
- Recruitment and Retention
- Pay and Rewards

Delivering through People

The Local Government Workforce Strategy 2010

# The Four Fit Drivers and Tests



Driver	Test	
Product Market Strategies	The Market Advantage Test	<i>Does the design allocate sufficient management attention to the operating priorities and intended sources of advantage to each product market area?</i>
Corporate Strategy	The Parenting Advantage Test	<i>Does the design allocate sufficient attention to the intended sources of added value and strategic initiatives of the corporate parent?</i>
People	The People Test	<i>Does the design adequately reflect the motivations, strengths and weaknesses of the available people?</i>
Constraints	The Feasibility Test	<i>Does the design take account of the constraints that may make the proposal unworkable?</i>



# Exercise 1

- Your Council has carried out a Demand Analysis and decided that to manage all its change initiatives effectively it needs to create a Programme Office.
- In your group consider the proposition by proposing an outline PMO structure that can pass the four fit tests.

# Exercise 2

- There are 5 Good Design Principles and associated tests
- Each group will be asked to consider a principle in terms of practical application within a Council present findings it to the whole group
- Each group has a detailed brief



# The Five Good Design Principles and Tests: Group 1

Principle

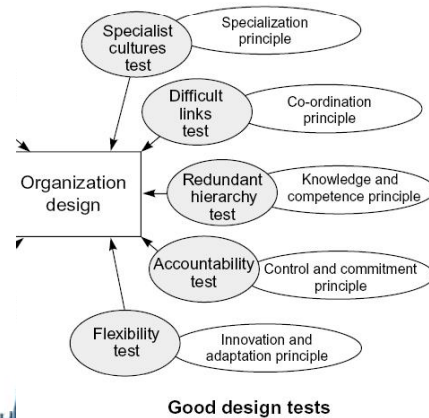
Test

Specialisation principle

Specialist Cultures Test

Unit boundaries should be defined to achieve the most important benefits available from specialisation

Do any “specialist cultures”, units with cultures that need to be different from sister units and the layers above, have sufficient protection from the influence of the dominant culture?





# The Five Good Design Principles and Tests: Group 2

Principle

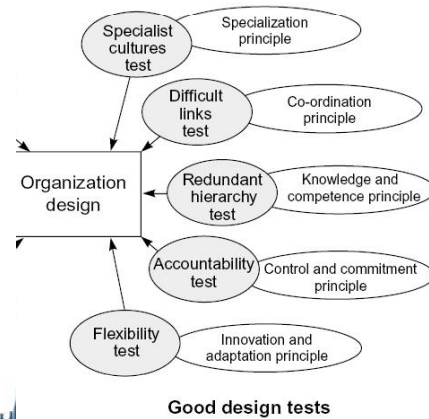
Test

Co-ordination principle

Difficult Links Test

Units should be defined so that the activities that most need to be co-ordinated fall within unit boundaries

Does the organisation design call for any co-ordination benefits that will be hard to achieve on a networking basis, and does it include “solutions” that will ease the difficulty?



# The Five Good Design Principles and Tests: Group 3

Principle

Test

Knowledge and  
Competence principle



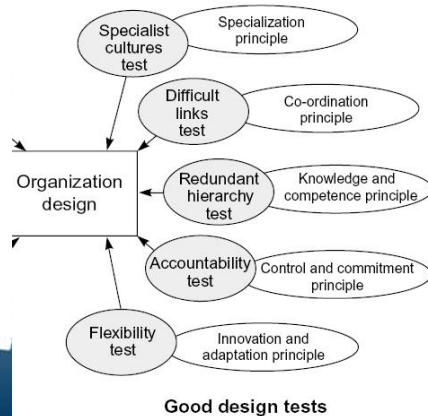
Redundant Hierarchy  
Test



Responsibilities should be allocated to the person or team best placed to assemble the relevant knowledge and competence at reasonable cost



Are all levels in the hierarchy and all responsibilities retained by higher levels based on a knowledge and competence advantage?



# The Five Good Design Principles and Tests: Group 4

Principle

Test

Control and commitment principle



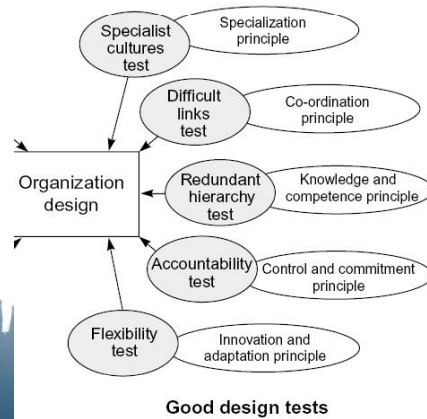
Accountabilities Test



Units should be formed to facilitate effective, low-cost control and high commitment to appropriate goals



Does the design facilitate the creation of a control process for each unit that is appropriate to the unit's responsibilities, economical to implement, and motivating for the managers in the unit?



# The Five Good Design Principles and Tests: Group 5

Principle

Test

Innovation and  
Adaptation principle



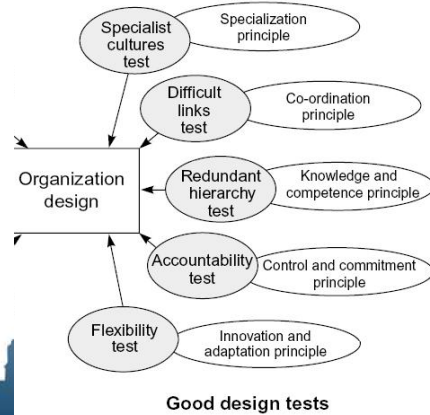
Flexibility Test



Organisations should be structured so that they can innovate and adapt as uncertainties become clarified and environments change .



Will the design help the development of new strategies and be flexible enough to adapt to future changes?



# Change Capability Model



# Where to start?

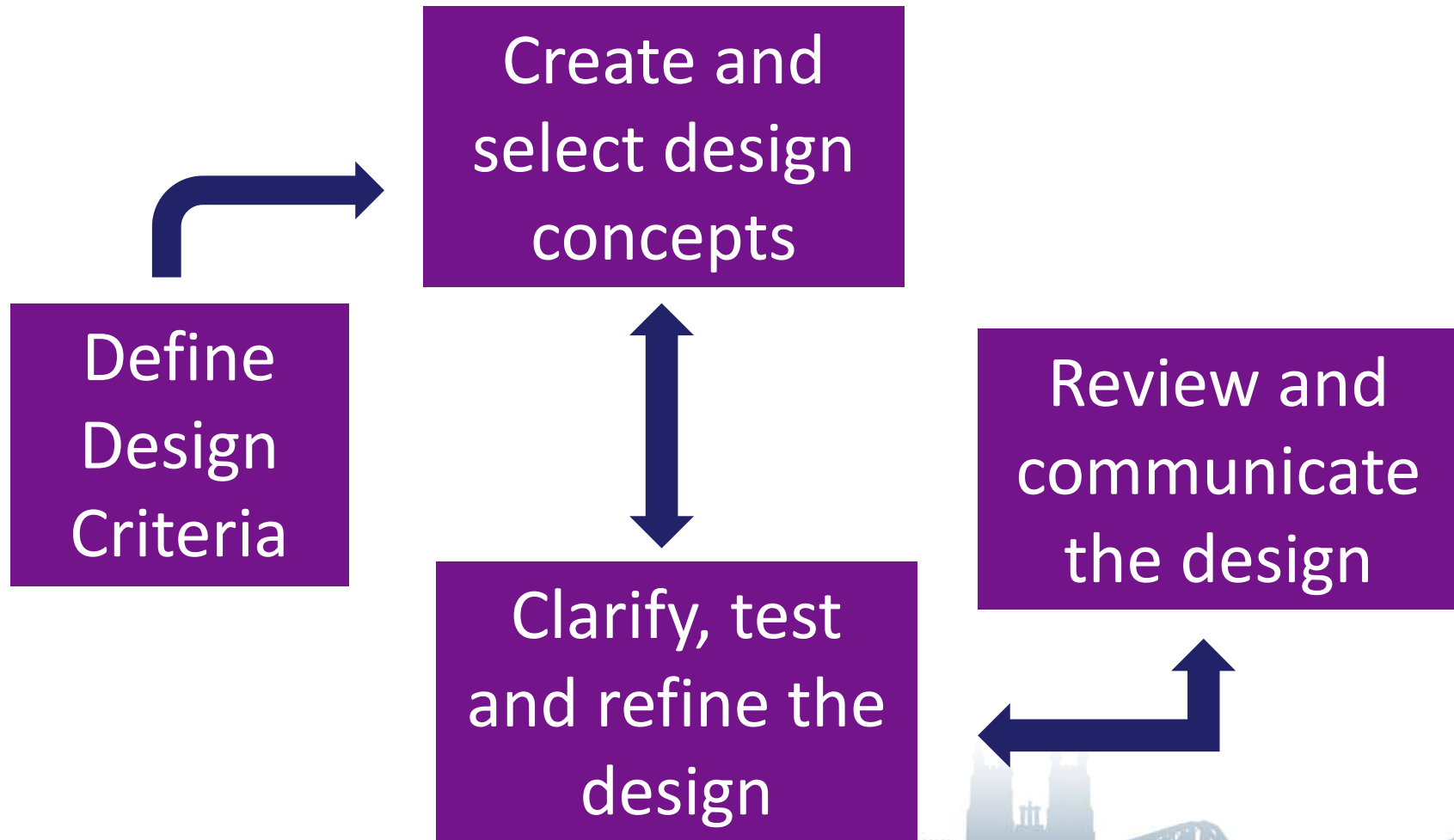
3 possible starting points for the design process

1 Assess the current design

2 Define the design criteria

3 Proposed new design





# Programme

- Introduction to workforce planning
- Demand analysis
- Supply analysis
- Gaps & strategies
- What next?
- Strategic skills
- Organisation design
- **What next?**





## Activity: What will you do next?

### Checklist

1. ....

2. ....

3. ....



# Questions?



# MSc Assignment

- Assignment is to be handed in 6 weeks from end of module
- Assignment to be sent into the admin office of the L&D team
- Word length is 2,500 – 3,000 words
- L&D team have an internal tracking process
- It is then uploaded to the on-line Student Portal at Napier
- Linda Knox is the first reader and is able to give some formative feedback to candidates
- Second marker is from Napier
- Allowed 2 submissions
- Pass / Fail