

Public Sector Leadership Framework



Workforce Planning Model (Part 2: Guidance and Implementation)







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1. PEST/LE Model for Workforce Planning

<p>Political Issues</p> <ul style="list-style-type: none"> • Accountability • Transparency • Concordat • SOAs • Diversity • Best Value 2 • Shared Services • E-government 	<p>Economic Issues</p> <ul style="list-style-type: none"> • Financial settlements • Skill shortages • Pay rates • Economic development plans • Cost of living • Housing costs • Corporate risk • Asset rationalisation
<p>Social Issues</p> <ul style="list-style-type: none"> • Changing customer expectations and needs • More sophisticated market • Changing demographics including the rate of growth of the older adult population • Changing employee expectations and need e.g. work/life balance, flexible working patterns • Inequalities and deprivation • Qualifications, skills and competencies • Co-production and community involvement in service provision 	<p>Technological Issues</p> <ul style="list-style-type: none"> • Innovation - new equipment, new techniques, new methodologies • Information technology • Communications • Improved transport/increased mobility • New ways of working • Impact of online service provision • Development in Tele-care
<p>Legislation</p> <ul style="list-style-type: none"> • Service obligations • Employment legislation • Human Rights Act • Environmental legislation • European directives 	<p>Environmental Issues</p> <ul style="list-style-type: none"> • Increased awareness and expectations • Local markets • Stricter controls • Pressure groups • European targets

2. Scenario Planning

(See also www.dft.gov.uk/pgr/scienceresearch/futures/secsceniss/wrdsenariotoolv2.doc for an alternative scenario planning toolkit)

Effective workforce planning requires identification of a range of possible future scenarios in order to create flexibility within the business strategy, thereby allowing for movement and changes of direction.

Scenarios are **not forecasts**. They are stories about how the world could evolve which highlight key strategy/ organisational issues. They embrace uncertainty by identifying and examining the possible impact of critical factors on the business. They are able to help the organisation to take account of exponential growth or step change, which cannot be predicted from what has happened in the past. The advantage of group-generated scenarios is that they help organizations achieve consensus about the future.

Key features of scenarios

- Evaluation and selection of strategies: Scenarios provide a framework within which managers can assess alternative strategies.
- Integration of future-orientated data: They can integrate qualitative plus quantitative inputs, as well as results from other forecasting techniques.
- Exploration of the future: Scenarios can help to a) identify major changes and potential problems and b) generate strategic options to deal with them. This allows for anticipation of the unexpected, providing an early warning system.
- Awareness of environmental uncertainties: Scenarios require managers to acknowledge uncertainties and allow for it within their thinking
- Organisational learning: Scenarios provide a test bed for managers to explore the consequences of their strategic decisions.

Step 1- Environmental Analysis (Brainstorming)

- Consider the external environment in which your service will be operating in the next 5 years.
- Who are the customers/clients you will be dealing with and what are their requirements? (For example, do they have any specific needs/requirements that may affect the service provided or service delivery now?)
- What are the key strategic issues, which may affect this service area short-term and longer term?
- Consider risk elements i.e. risk assessments linked to strategic issues Such as what will the impact be to the service if we fail to reach a particular target. Would this have major, impact, a medium

impact or will it make no difference. How will it impact on our ability to provide a service, what are the cost implications for taking this course of action.

No answer is stupid - build on even the most unlikely ideas-don't look for a logical order- just write ideas...

Use PESTLE to guide you:

- P= Political Factors
- E= Economic Factors
- S= Social factors
- T- Technological Factors
- L = Legal Factors
- E= Environmental Factors

Step 2- Identify clusters

The next task is to group related ideas which, taken together, may cause change in the environment. Aim at 5-10 clusters of related ideas. An example may be: "Increased regulation, leading to increased costs of service delivery and a greater focus on customer safety"

Step 3- Deriving drivers from clusters of related ideas

Drivers are more fundamental trends that together change society. The analogy is to think of the driver in golfing terms as a force, which gets you a long way, spatially, emotionally and temporally. 10-20 individual factors forming a cluster may identify in a short discussion 1-3 drivers. The PESTLE framework gives you a good process tool to support this. Ask 'why' questions to clarify underlying causes.

The example below describes how you can move from a statement generated in brainstorming to a "driver".

Statement: Underinvestment in housing stock
More specifically: Local Authorities are reluctant to build new housing

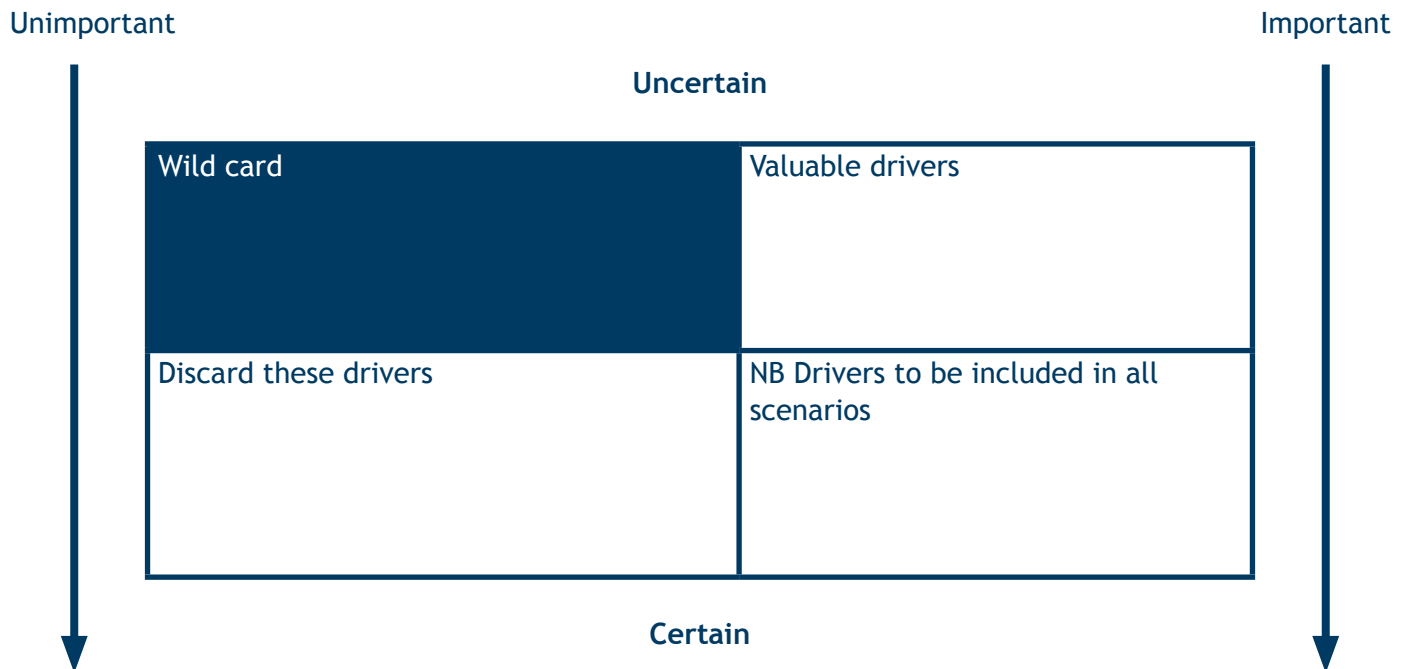
Why:
 Why:
 Why:
 Driver: Social....Political...financial

Ask a series of ‘why’ questions to try and identify underlying causes behind your statement. This is in order to arrive at the driver. The process here is akin to a laddering technique. The idea is to get behind what is happening to clarify the underlying causes.

Identify key driving forces

- Select those which are genuinely variable
- Have significant alternative outcomes
- Use the importance/uncertainty matrix
- Factors that are predictable should be included in all scenarios

Tool: Importance/Uncertainty Matrix



Key issues:

- Drivers should be variable - i.e. they may or may not happen
- Drivers should be capable of producing significant alternative outcomes - i.e. have the potential to change the service completely- eliminate it - create something completely different
- Concentrate on drivers, which are uncertain and important, (i.e. the least predictable ones with the greatest potential impact on your organisation.)

Next:

Differentiate between drivers that:

- Affect the sector as a whole
- Affect particular players selectively

Taken together these techniques should lead to the selection of external drivers that are, potentially important, uncertain or unpredictable and likely to have a competitive impact.

Explore the consequences of each of the selected drivers. Ask questions such as if X were to happen, what would be the consequences? You may then find that drivers will merge and overlap. For example those, which appear to be economic, are likely to reveal social consequences. This is an example of how scenario planning forces the integration of apparently disparate elements into a coherent whole, which may reveal new relationships.

Step 4- Convert key drivers into scenario logics

Use a 2x2 matrix as a scenario framework (as illustrated in [Step 3](#))

- Take the important/uncertain drivers from the cross impact analysis and convert into 2 dimensions
- These will express the key elements of the driving forces and its possible outcomes under conditions of uncertainty

Note 1: The logic of forced scenarios is first to dramatically oversimplify and then add back all the complexity later. In this example the definitions of the axes represent the drivers and the poles at the end of each axis represent two and only two extreme outcomes. Drivers, which have more than 2 extreme outcomes, are tricky to deal with, so try and stick to finding two critical drivers, which can be calibrated in bipolar terms.

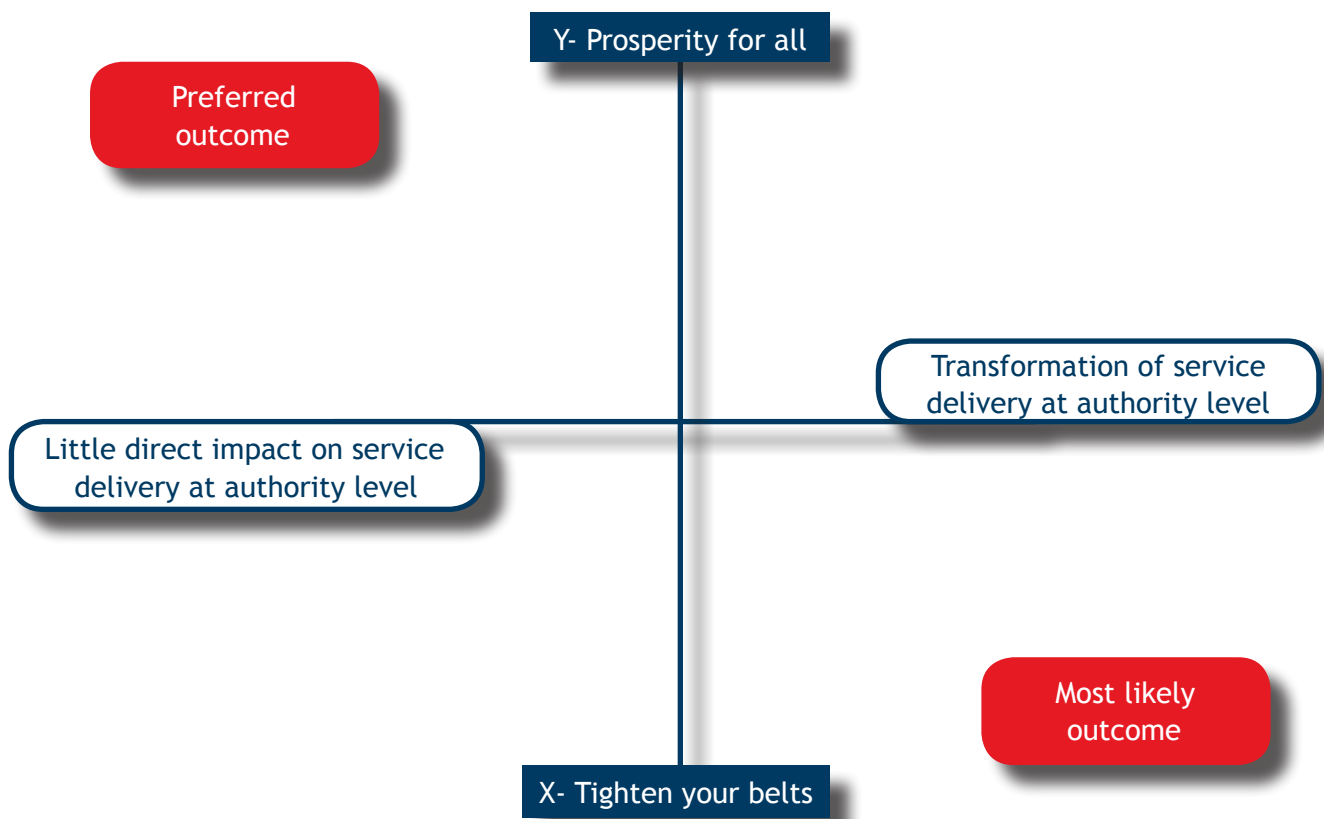
Note 2: The drivers on the two axes must be independent of each other; if one depends on the other this invalidates the scenario logic. The process must be done in a group. Although there will be debate as to which drivers will go forward as an axis, do not abandon those drivers not selected. They are needed for the final stage.

Step 4- Scenario matrix - Example

This example explores the interaction between economic climate and the degree of influence of local authority service delivery. Both the preferred and expected outcomes are plotted.

Driver X - Degree of influence of government on local authority service delivery

Driver Y - Economic climate



Preferred outcome	Most likely outcome (v. conservative estimation)
<p>Our authority has seen a lot of changes</p> <ul style="list-style-type: none"> • Met and exceeded our e-gov targets • Services transformed • Not only increased access and service delivery on-line, via contact centre etc, working also in partnership to inform and deliver one-stop shop <p>Cost savings resulted:</p> <ul style="list-style-type: none"> • Handling of complaints on -line • Cash flow improved: Quicker processing of planning applications, direct debit on-line accounts for council tax etc. • Redeployment of staff to develop other areas of work supporting partnerships, new income generation activities etc. 	<ul style="list-style-type: none"> • E-government was implemented, although not fully. Gaps include: Significant savings (time financial staff) associated with it not yet realised. • Working directly with partners and shared service approaches to align business systems has resulted in heavy use of consultants to implement MIS and joint payroll systems, which are not functioning fully yet etc.
<p>Income generation</p> <p>Although local tax revenue has not increased significantly, although the basis on which it has been calculated meant that it has declined. Other sources of income include:</p> <ul style="list-style-type: none"> • Hosting delivery of training courses with other authorities • Taxation on second homes • Business rates: now collected locally 	<p>Income generation</p> <p>Concordat has meant that we have not increased council tax levels.</p> <p>Financial settlements due to the economic downturn resulting in:</p> <ul style="list-style-type: none"> • Job losses • Loss of grants to support our work. • Local tax revenues diminishing
<p>Grants for skills development to support modernisation agenda</p> <ul style="list-style-type: none"> • Upskilling of front-line staff- skills pathways • Less reliance on outside consultants • Partnership working with other authorities, businesses and other organisations shared staff, secondments etc. 	<p>Grants for skills development to support modernisation agenda</p> <ul style="list-style-type: none"> • Difficulty in implementation due to other commitments etc.

Step 5- Identify scenarios

The final stage is to write some draft scenarios. 2 or 3 scenarios may emerge.

First select those that represent the environment in which you want the service to operate, or the one that you think is the most likely outcome. The second scenario should then be its most total opposite. The essence of the task is to build on the frameworks, quantifying, if possible, the impact of these key forces.

At this stage add back into the story all the complexity lost in the culling exercise, which developed the framework.

Note: Scenarios should not be selected on the basis of probability (they are not intended to be predictions but indicators of a range of possibilities. They should involve a range of drivers and explore and develop the interaction of external events.

Chosen scenarios should be equally (un) likely (to avoid the traditional forecasting pitfall of a one-track future). When named they should have memorable but neutral titles- i.e. no preference of one over the other given the name. They should be stimulating and provocative.

Step 6- Write the scenarios

Ways of writing the scenarios:

This is a world in which ... (the most straight forward and descriptive method)

Forward history. Start from the present and, identifying the turning points, describe how the different scenarios evolved through the operation of key driving forces.

Reverse history. Highlight a future seminal event for each scenario and describe what had to happen to arrive at that point.

Make sure that the all 'important certain' driving force identified in step 3 are considered and incorporated into the scenario. This is adding back of all the complexity.

Consider the possible impact of wild cards - the top left drivers in the importance/uncertainty matrix.

In terms of presentation / discussion of scenarios use of bullet points may be the simplest way of describing the logic of a given scenario.

Step 7- Identify strategic response

The Scenarios should now be fed into strategy development phase of workforce planning, so that a strategic response can be developed

NB. One way of carrying out this process would be to develop scenarios around any different alternative business models that are being considered. This should provide and opportunity to extrapolate the likely impacts and implications for the type of workforce that will be necessary including skills needs, over supply or gaps. For example, if an arms length provider is being considered, establishing what this will mean for the current workforce and also for the skills mix and competences required within the organisation in the future e.g. contracting and contract management skills, or client facing roles.

3. Suggested Template for Drawing up a Workforce Plan

Introduction

The introduction should cover:

- The purpose of the plan
- How the plan fits in with other initiatives/strategies/plans
- Areas the plan will cover and lifespan of the document
- Contact point for further information

Background and Context

This section should cover:

- The organisations key priorities and outcomes for the next 3 - 5 years
- Impact of any alternative business models, service transformation or organisational change
- Expected changes to demographics and the impact on service provision
- Future workforce profile
- Current workforce profile
- Current and future skill gaps
- Current and future recruitment/retention/over supply issues
- Linkages to corporate strategy, improvement plans and service delivery plans.

The Workforce Strategy Plan

This section should include:

- Actions to be taken to meet the people management issues identified above.
- Milestones or performance indicators to measure progress
- Links with other initiatives that impact on the plan
- The resource implications of the actions proposed

Information for Managers on Their Role

Involvement of managers is essential for ongoing planning of the workforce and this section should indicate what managers need to do to support the process and ensure the plan remains viable.

Information for Employees

This section should explain the process and the impact upon employees.

4. Workforce Strategy Planning Matrix

Issues to consider	Gaps/ Issues Identified	Action Required
Current Gaps		
Corporate		
Service		
Future Needs		
Corporate		
Service		

Guidance Notes

1. Gaps/ Issues Identified

Current Gaps

The matrix guides you on the issues to consider. To complete this section of the matrix, you will need to analyse current data in relation to the workforce for your service:

- Outcomes from PDPs: review of issues revealed for all skill groups within the skills framework below (from Group and Learning & Development Plans)
- Outcomes from basic skills audits
- Outcomes from Development Centres for managers
- Workforce profile data on your workforce - Women, BME and disabled, both generally and at management level
- Employee Opinion survey data relating to perceptions of work-life balance
- Sickness absence statistics for the Service and teams
- Turnover statistics and analysis of exit interviews (identifying any trends/consistent reasons for leaving)
- Analysis of recruitment activity for the last year
- Were there any problem areas for recruitment or particularly high recruitment costs?
- Analysis of grievances/consultation, employee opinion survey feed back to highlight any areas of concern re. pay, stress, work-life balance

Future Needs

To complete this section of the matrix, you will need to consider key objectives both corporately and within the Service Plan. You should consider how the Corporate Plan and Service Plan impact on your workforce. Changes to service user profiles, demography, age, and changing community profiles that will impact on the level of service required and therefore the workforce required. You will also need to consider your current workforce profile to identify any future gaps in skills/knowledge

Do plans/workforce data reveal:

- A workforce profile, which indicates needing a succession plan? e.g. future leaders, managers
- Changes to service delivery which will impact on the workforce, e.g. outsourcing, shared service centre, impact of new technology, new methods of working?
- That your organisation will be required to respond to new legislation requiring changes to service delivery including a need to restructure the service or provide a specified level of training to

employees?

- Changes to delivery of the service impacting on the workforce in terms of the structure of the workforce or the skills/knowledge they require?
- Anticipated changes in demand for the service, which may indicate more or less employees required?
- The need to develop skills of the workforce through career progression schemes? This may be in response to a shortage of technical/professional skills or gaps in your workforce profile e.g. to encourage young people into the service
- Service changes are anticipated. If so, have all sections of the community been consulted?
- Potential pay issues relating to either difficulties in recruiting or changes in job roles?

2. Action Required

In considering “Action required”, you need to consider if there is corporate activity relating to this area of need, i.e. is it an area where either the senior management team or strategic HR lead?

Possible Actions could include:

Leadership/Management Development

- current corporate initiatives which you can use to provide a solution e.g. management development programme, succession planning
- current national initiatives which you can use to provide a solution, e.g. national leadership programme, accelerated leadership opportunities

Development Programme, Future Leaders Programme

- opportunities for mentoring, coaching, cross-team working within the service or with another service
- secondment opportunities

Actions which take account of over supply

- redundancy policies
- career advice
- secondments
- redeployment opportunities

Employee Development

- current corporate initiatives which you can use to provide a solution, e.g. skills for life, E-Learning, recruitment & selection

- check that managers are considering the whole range of learning interventions to address need identified in PDPs
- coaching, mentoring by peers, other authorities, other sectors
- fast-tracking skills development
- qualification courses

Diversity

- other methods of recruiting to ensure all sectors of the community are covered
- job re-design to ensure accessibility to all sectors of the community
- develop manager awareness of diversity

Work-life balance

- initiatives to raise the profile and commitment to work-life balance
- setting targets for managers to champion work-life balance
- certain services could be re-modelled to support work-life balance

Sickness

- set targets for managers and teams
- investigate any team/section stress issues identified

Skill shortages/retention issues

- career grade jobs to encourage young people into the organisation, job rotation, apprenticeships
- job re-design to produce requirement for different skill mix
- fast-track development of particular skills for certain occupational groups
- partnering with other organisations to agree regional/sector development

Plans

- work placements
- cross-service recruitment initiatives, e.g. jobs fairs, job rotation
- participation in graduate recruitment schemes

Recruitment

- other media for recruitment, other methods of recruiting, e.g. internet, jobs fairs
- portraying a different image for the organisation or service

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The Improvement Service is devoted to improving the efficiency, quality and accountability of public services in Scotland through learning and sharing information and experiences.

