Public Sector Leadership Programme

Workforce Planning

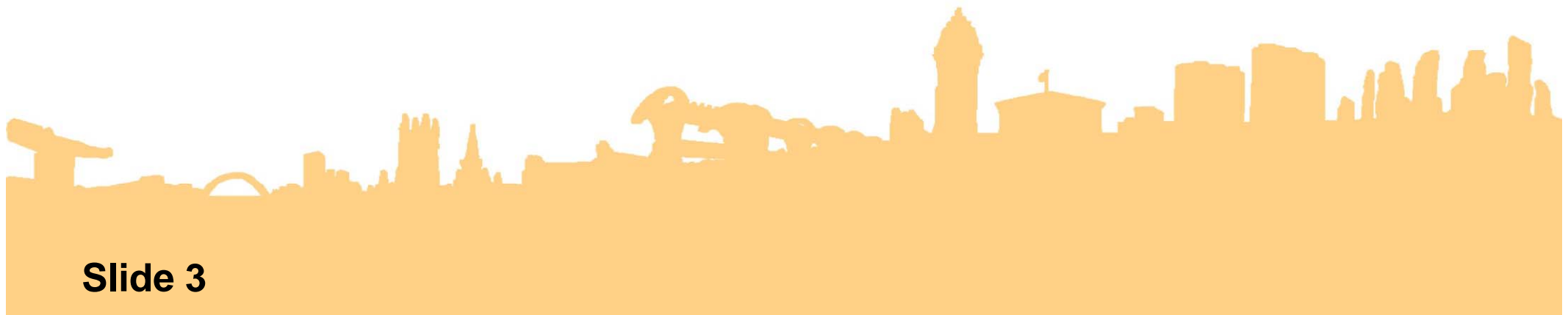### Trainers' Delivery Material

improvement

Supporting public sector professio

Welcome and Introduction

- **Informal/interactive**
  - ask anything you like,
  - stop us 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 means to you
- **If used - Pre-reading and exercises**
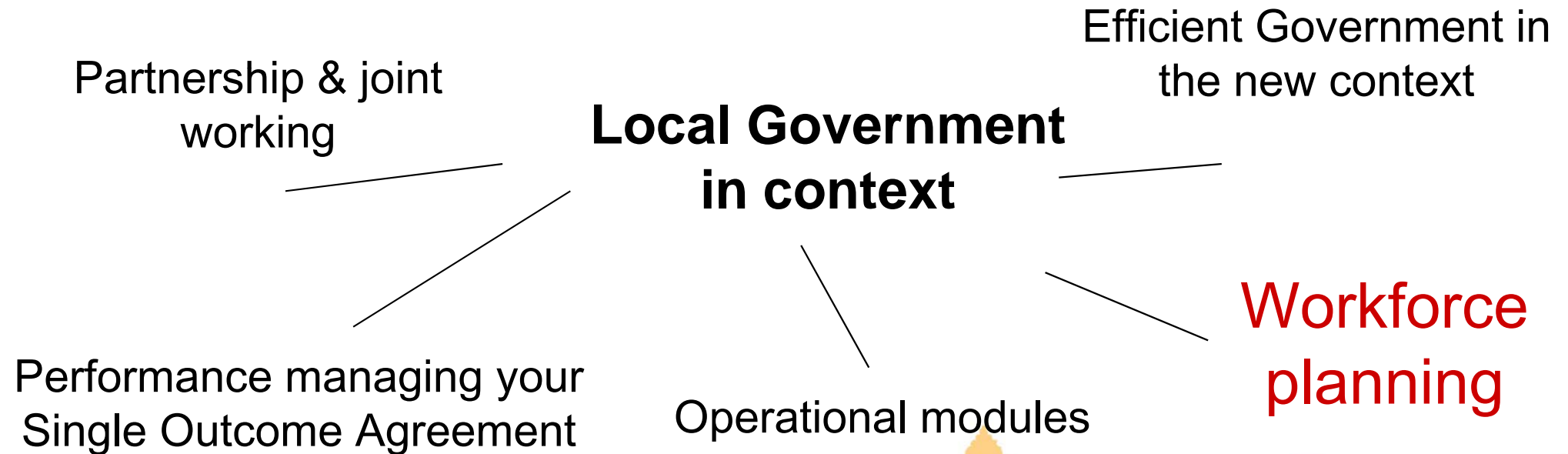 - Feedback and comments

Principles for Working Together

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

Situating this Module
Public Sector Leadership

Partnership & joint working

Efficient Government in the new context

Local Government in context

Performance managing your Single Outcome Agreement

Operational modules

Workforce planning

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.

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

Expectations

Activity 1

What do you hope to get out of the module?

Programme

- **Introduction to workforce planning**
- Demand analysis
- Supply analysis
- Gaps & strategies
- What next?

What is Workforce Planning?

Activity 2

What is Workforce Planning?

What is Workforce Planning?

- Some general definitions:
  - What we need to do <u>now</u> 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

"Predicting the future demand for employees
taking account of both the number and
skills mix and seeking to match this
with supply.."

Activity 3

Workforce Planning Checklist
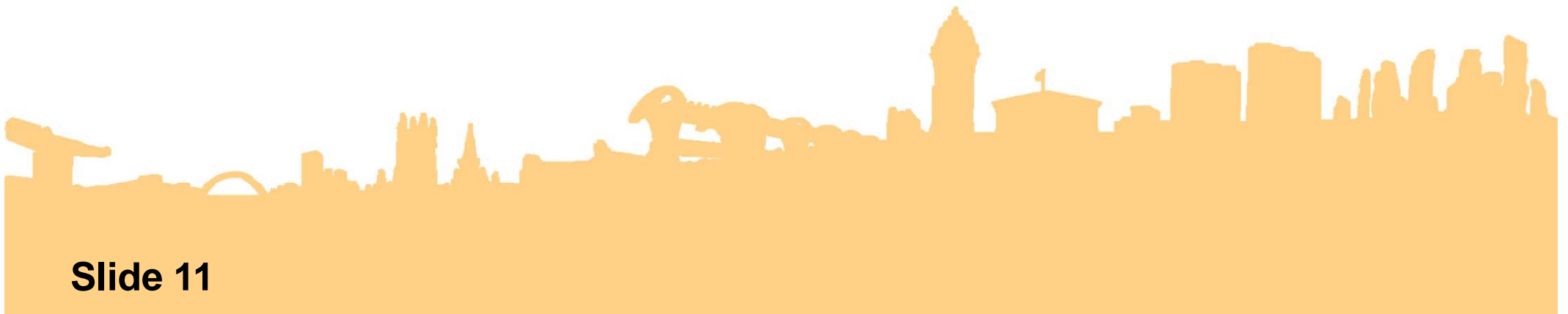
Workforce Planning: Why do it?

- 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 <u>not</u>?

- 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
  - 10% of population
  - 22.8% of labour force
- Local Government = 44.6%; NHS 26.3%
- In rural Scotland over 40% of workforce and over 60% of graduate employment
- Critical to local economies
- Around 52% of revenue costs are staffing
  - £6,800,000,000
- 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

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?
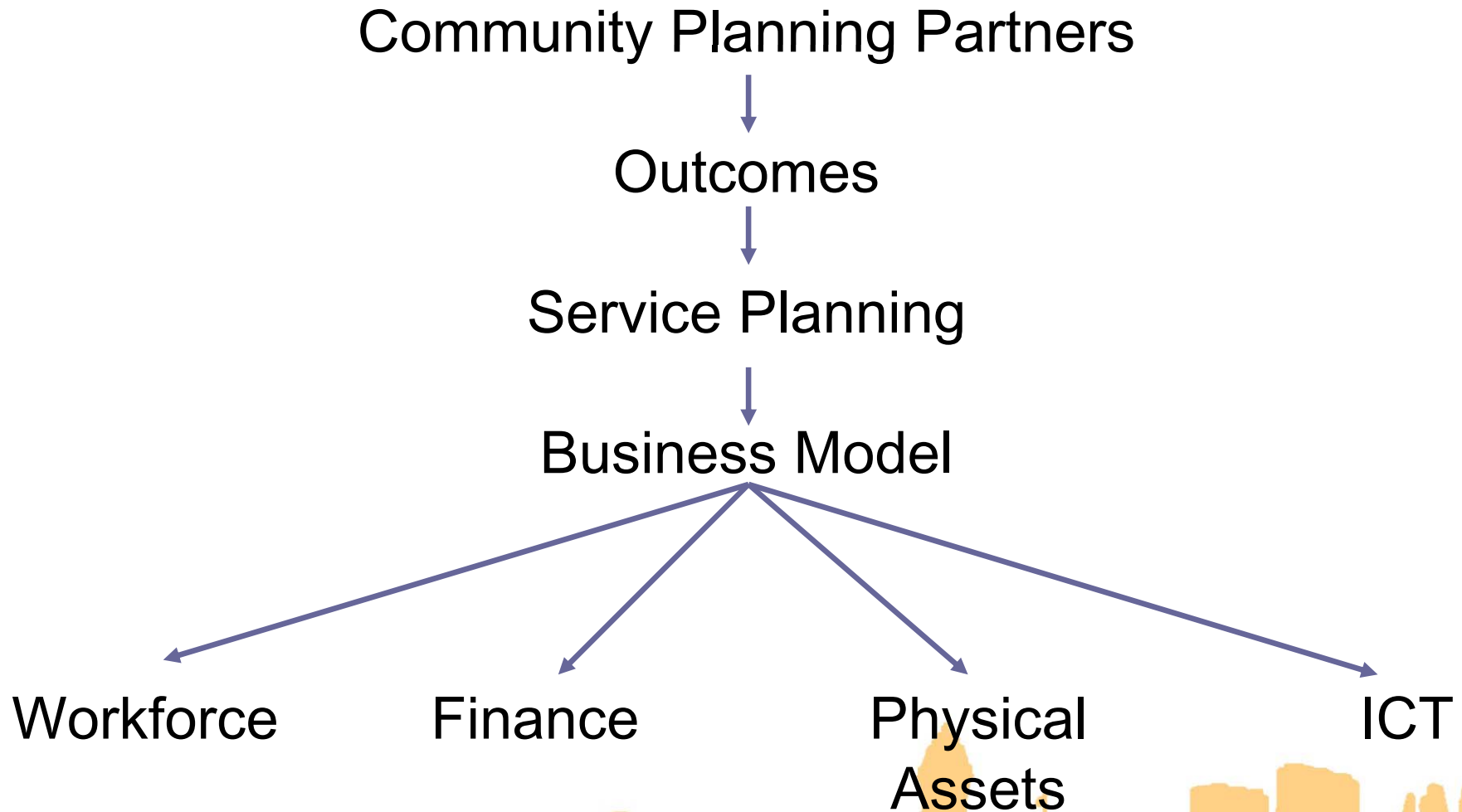
Deloitte, 2009, "New Shapes and Sizes"

"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"

Role of Workforce Planning

Community Planning Partners

↓

Outcomes

↓

Service Planning

↓

Business Model

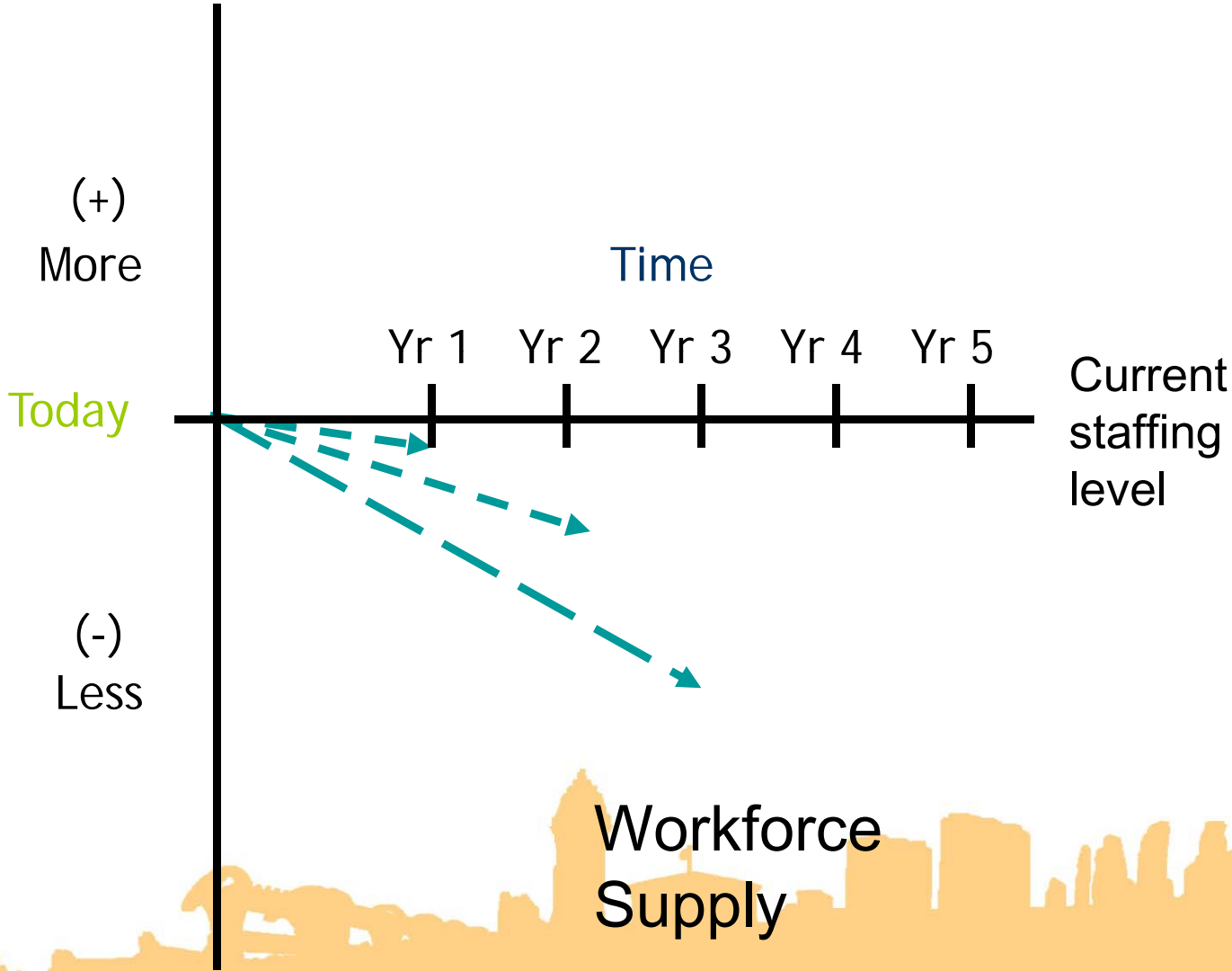Workforce   Finance   Physical Assets   ICT

The Workforce Planning Model

"Predicting the future
demand for employees taking
account of
both the number and
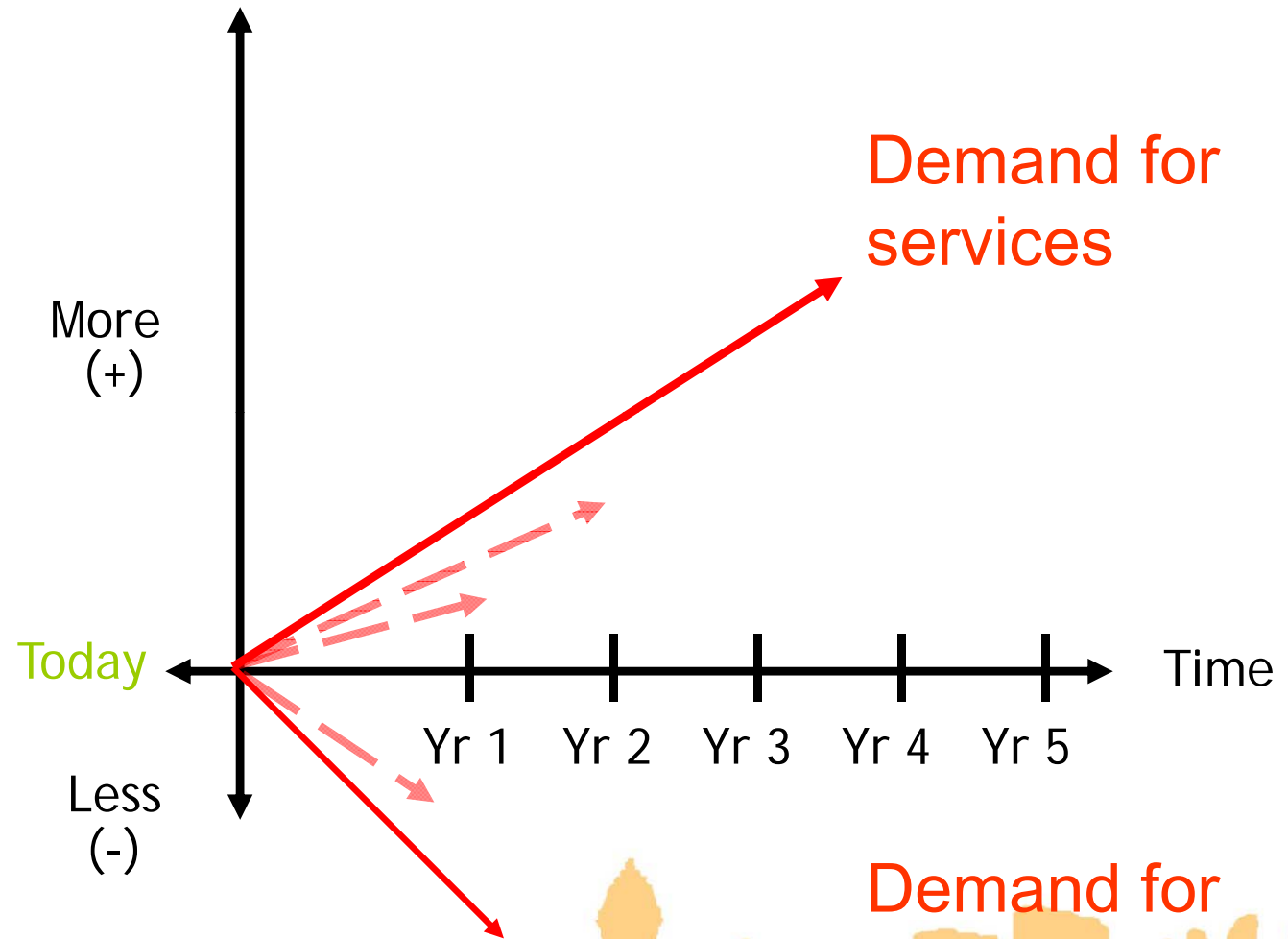skills mix and
seeking to match this
with supply.."

The Workforce Planning Model

How many employees will you have?

(+) More

Time

Yr 1   Yr 2   Yr 3   Yr 4   Yr 5

Today

Current staffing level
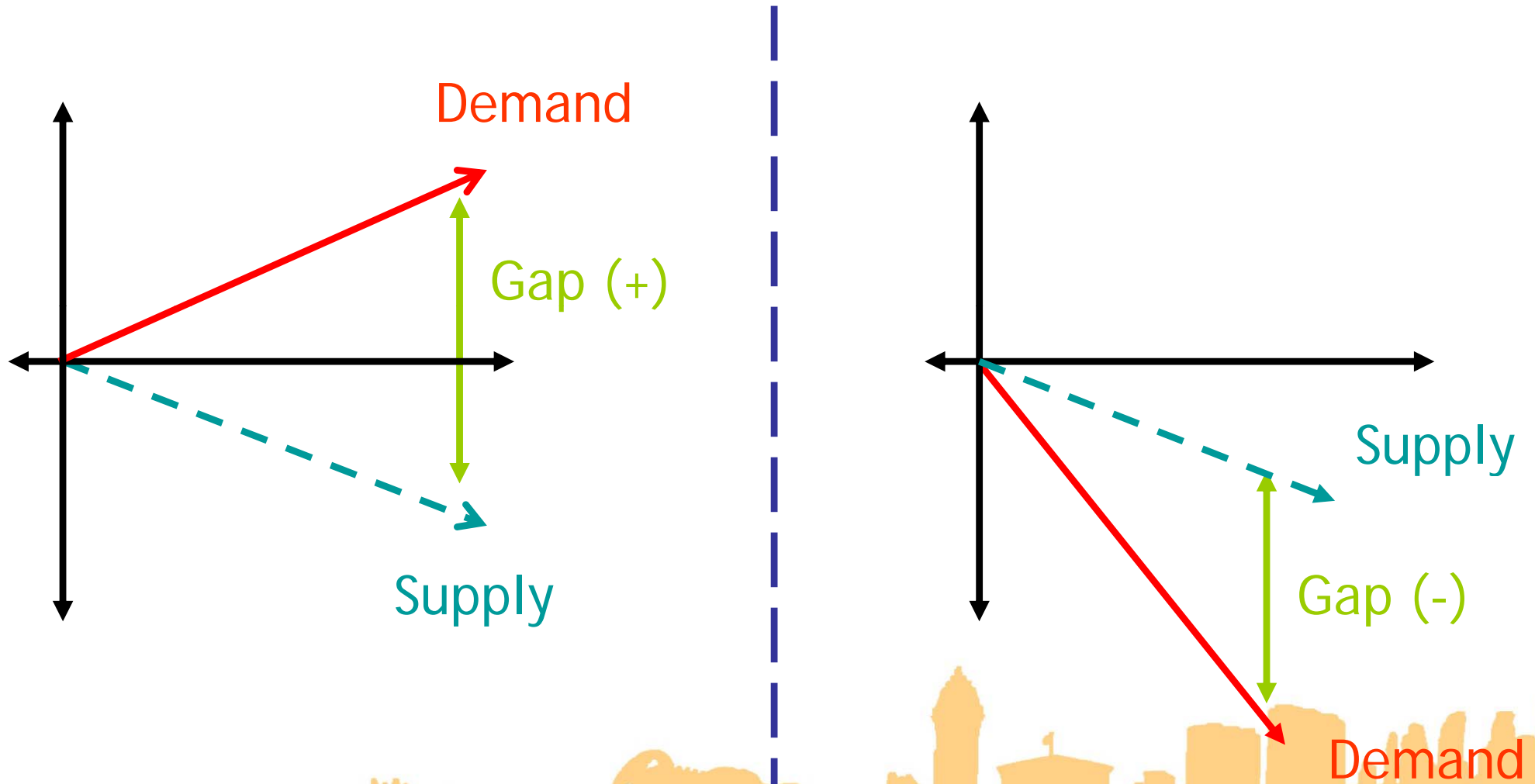
(-) Less

Workforce Supply

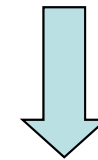# The Workforce Planning Model

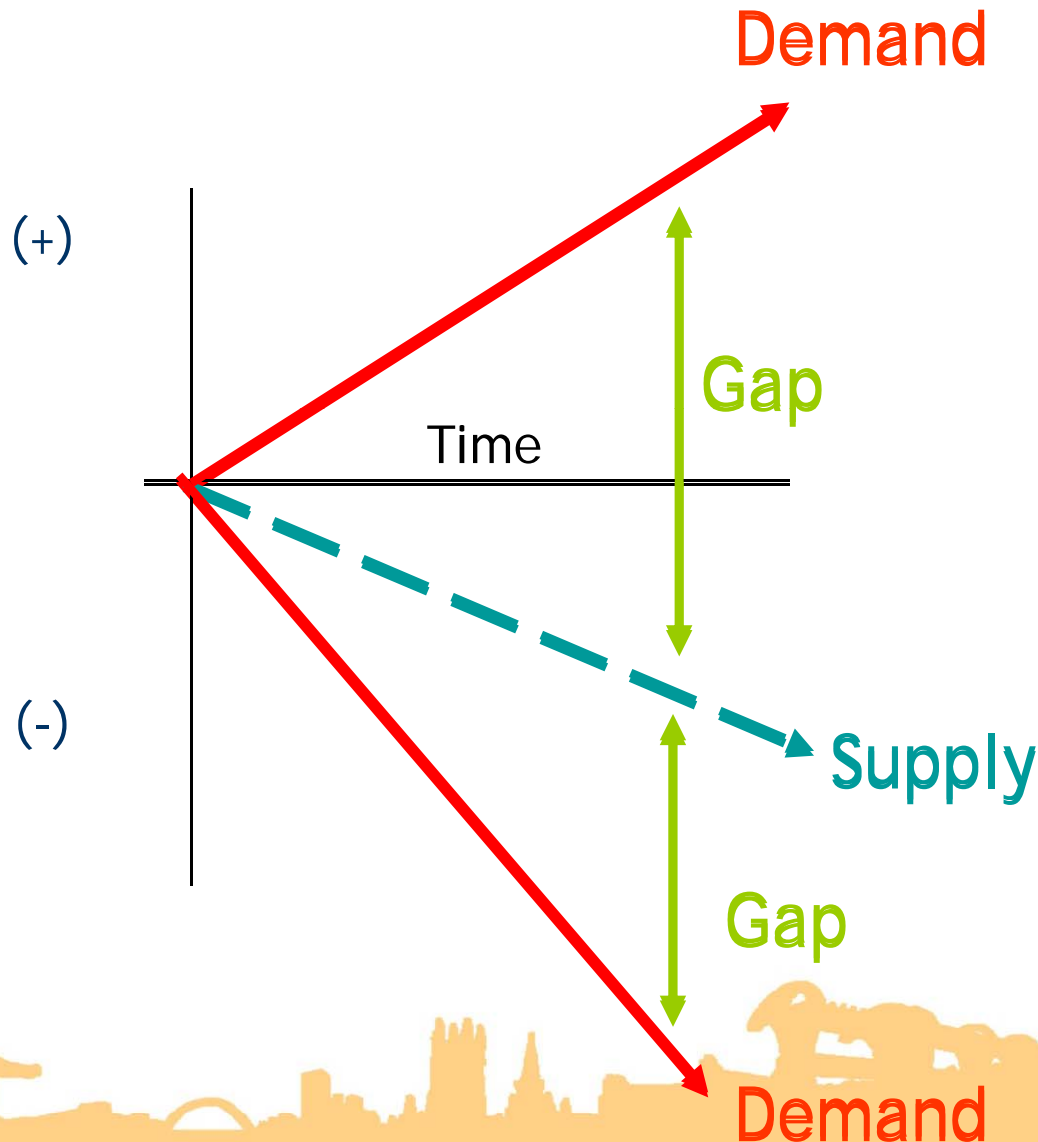How many employees will you need?

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

- Introduction
- **Demand analysis**
- Supply analysis
- Gaps & strategies
- 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
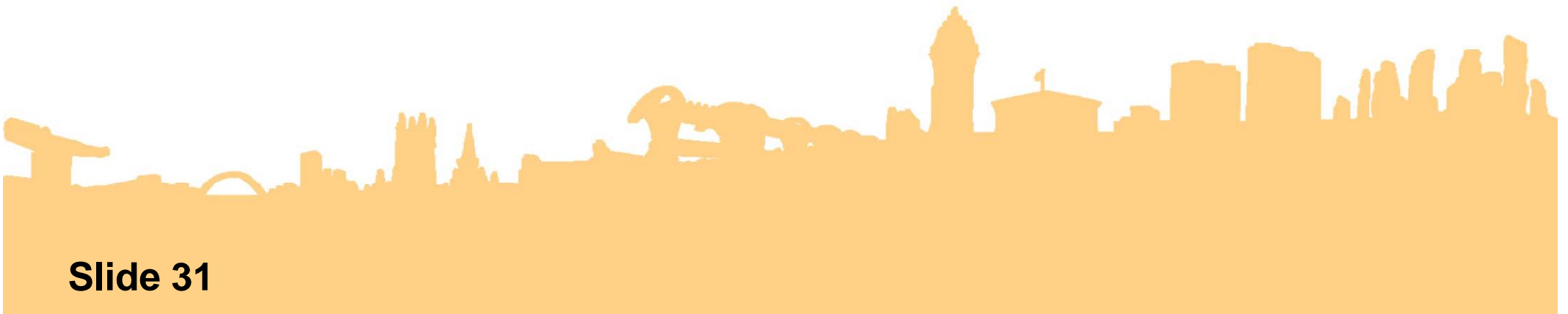
Checklist 1

- 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 4

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

Current staffing level

Time

Gap

Demand

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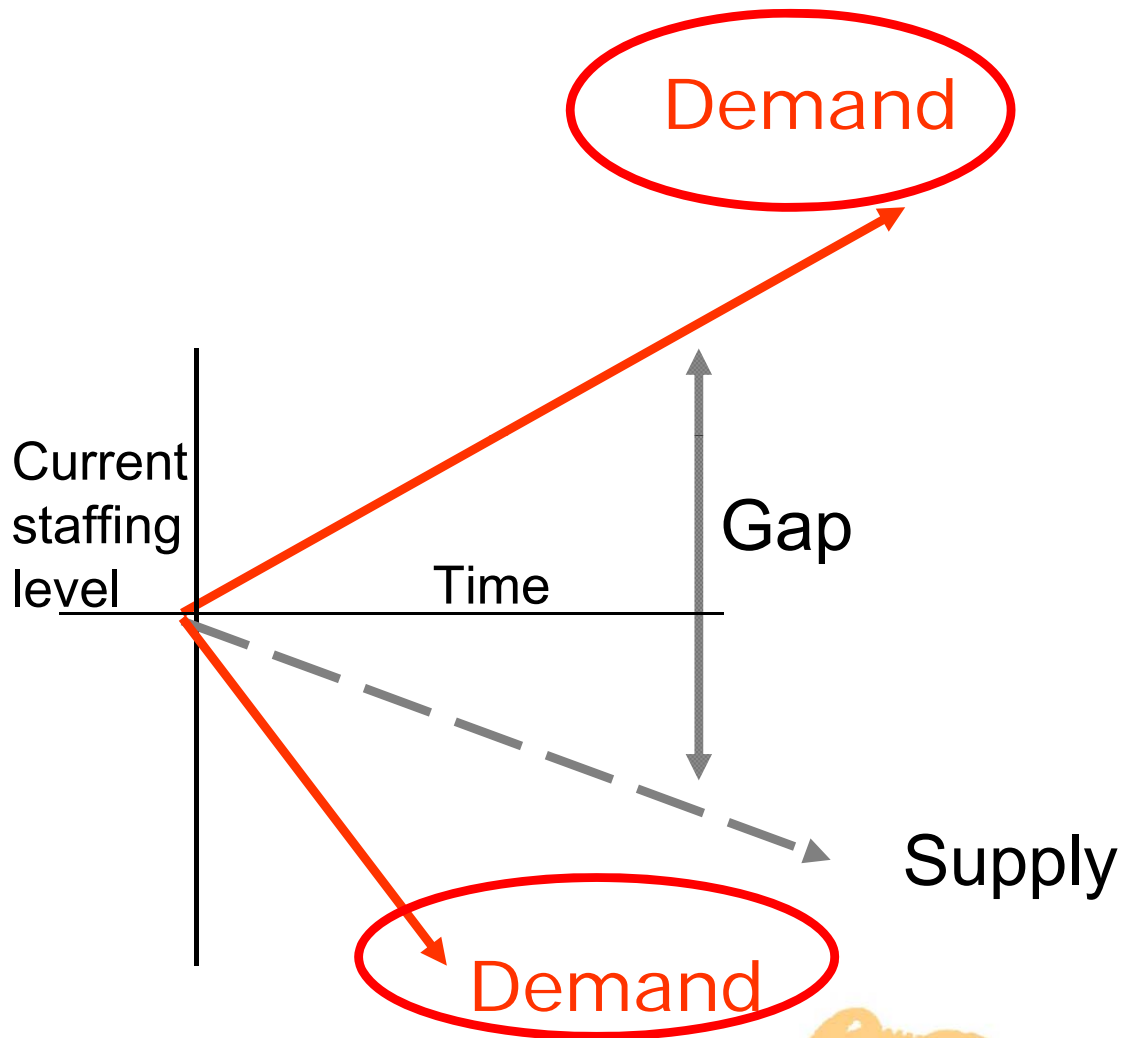
Demand is setting out the vision of what the council will look like in

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: Service managers

Demand

(+)

Gap

Current staffing level

Time

(-)

Strategies - All
- Managers
- Workforce planning team
- OD/HR

Supply

Supply: OD/HR
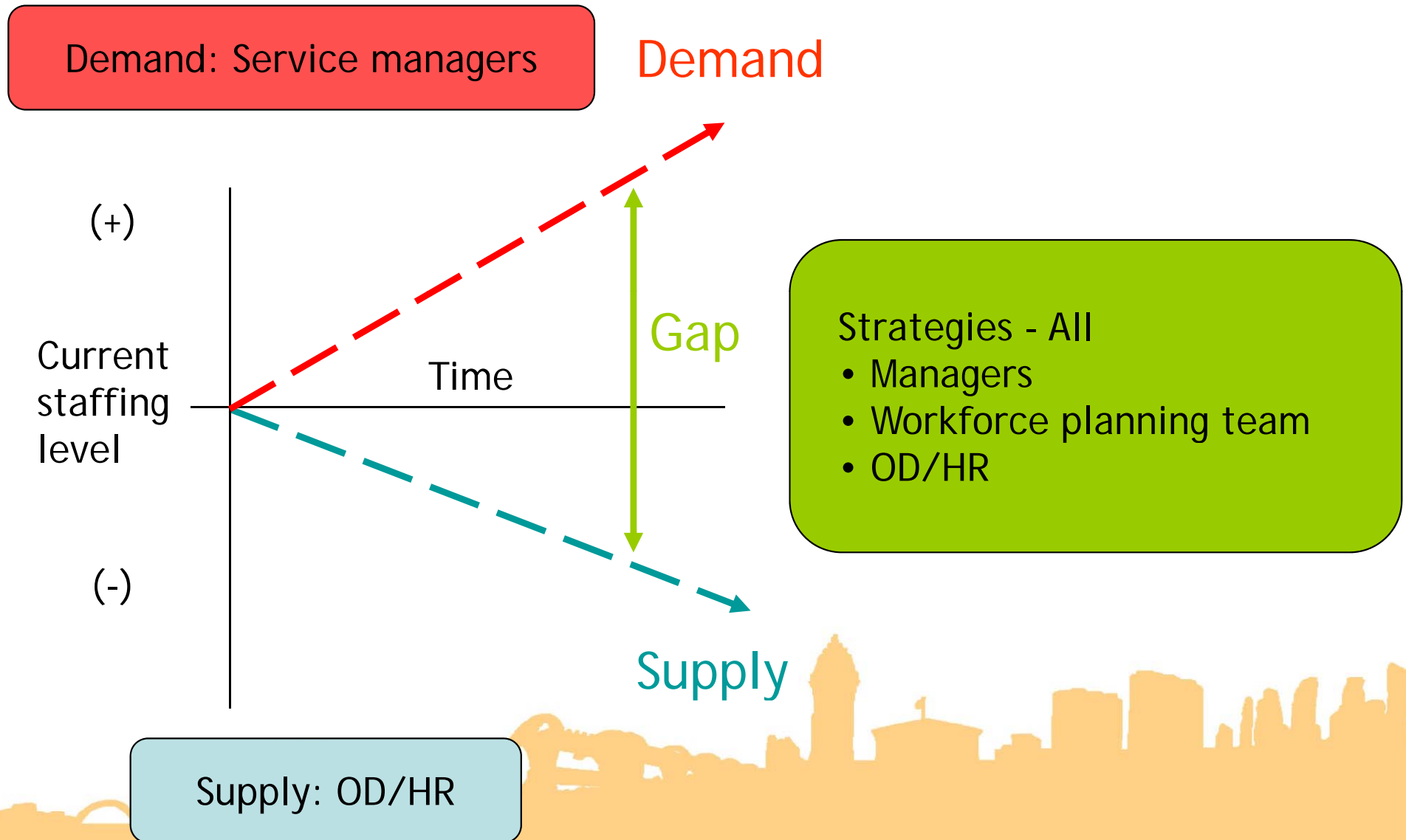
Demand is about

- **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 prioritse action on what needs to be done now to ensure the future vision can be achieved

Activity 5: 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

Workforce Planning

Environmental
- sustainability agenda
- Green Scotland
- potential cost savings

Legal
- change in care regulations - personalisation agenda
- changes in procurement regulations
- changes in business models, trusts, LLPs etc

Technological
- eGovernment
- ePlanning
- roll out of next generation broadband
- greater emphasis on customer choice and online transactions
- smartcard technologies

Social
- migration
- demographic change
- increasing unemployment

Political
- Forthcoming elections UK, Council, Scottish
- change of party
- short term political control
- Concordat / SOAs
- shift of care services for adults from councils to NHS in England
- national outcomes
  - Smarter
  - Wealthier / Fairer
  - Healthier
  - Greener
  - Safer

Economic
- financial settlement
- emphasis on shared services
- shift to long term financial planning models

Slide 42

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

Likely scenarios: "Age of Austerity"

Scenario 1: Least change	Scenario 2: Most change
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 6: 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

Agenda

- Introduction
- Demand analysis
- **Supply analysis**
- Gaps & strategies
- 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?
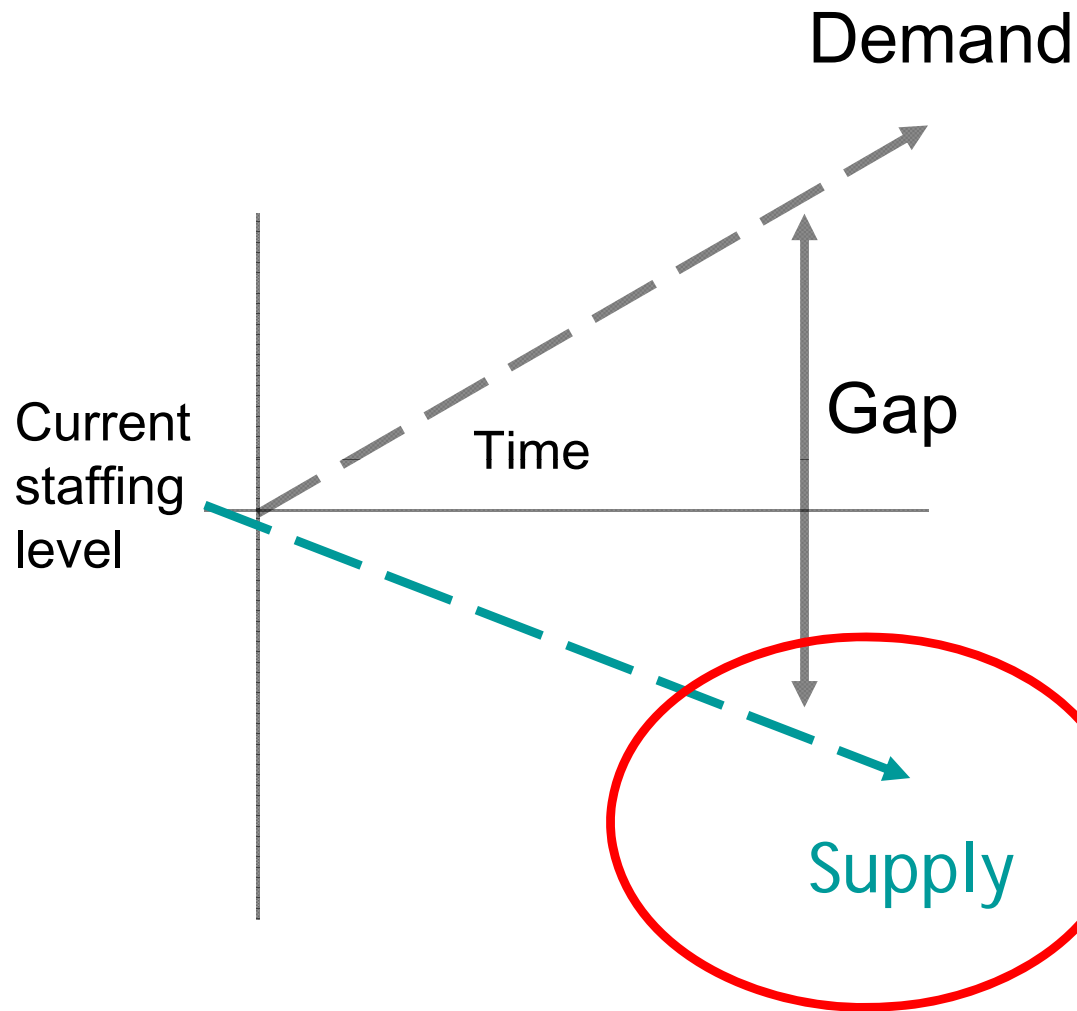
- **Internal**
  - Current workforce profile
  - Staff flow

- **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

Slide 57

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

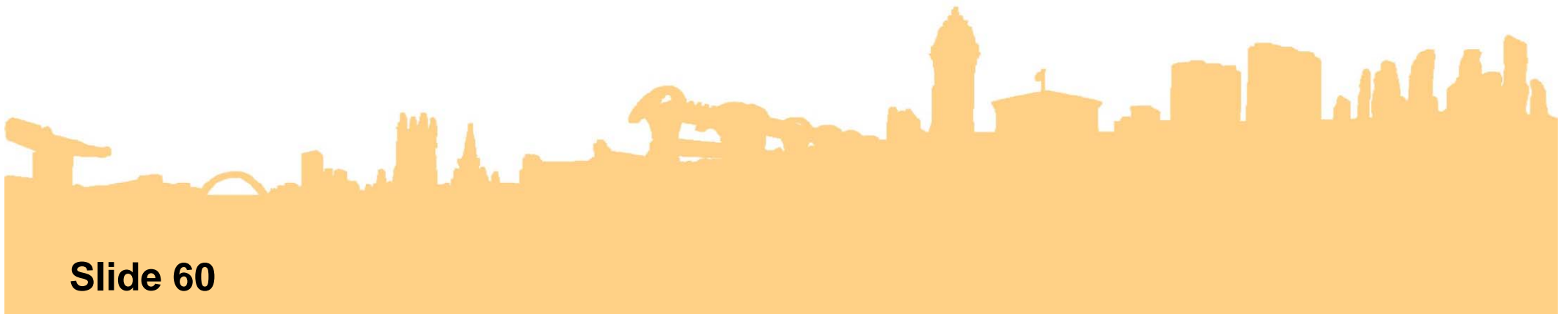Standard occupational classification (SOC Codes)

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 7

The Data Template Sheet

Staff Flow

Staff flow will affect current profile:

| Plus (+)	Minus (-)
–New starts	– Normal retirement
–Transfers in	– Organisation controlled terminations
–Promotions	– 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

Slide 62

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 8: Widgets

Forecasting Widget Trainees: Part 1
Forecasting Numbers
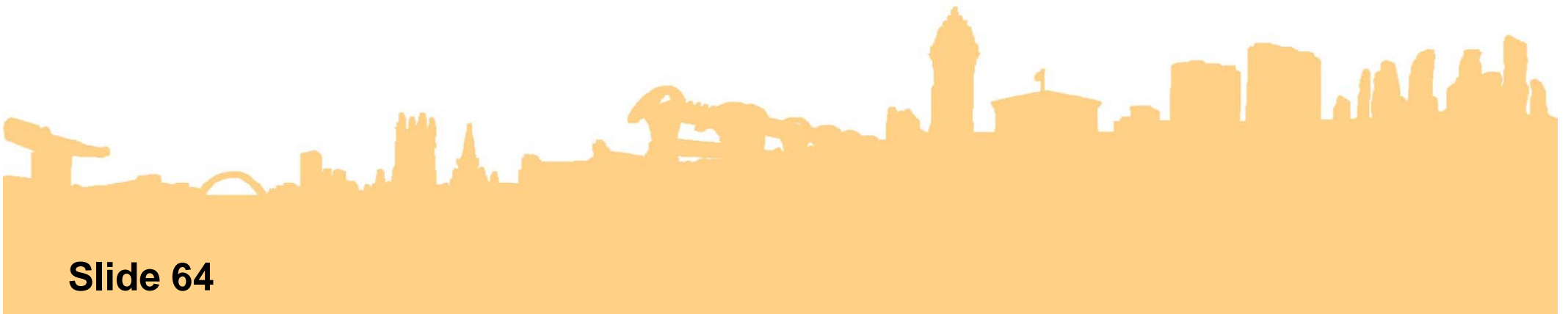
Staff Flow

Labour turnover: "crude wastage"

$$\frac{\text{No of leavers in a set period}}{\text{Average number employed in same period}} \times 100$$

Turnover rates:

Building Repairs	6.65%
Transport services	5.05%
Catering Services	19.98%
Social Work	9.10%
Education	14.29%
Average council	**10.24%**

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?

Agenda

- Introduction
- Demand analysis
- Supply analysis
- **Gaps & strategies**
- What next?
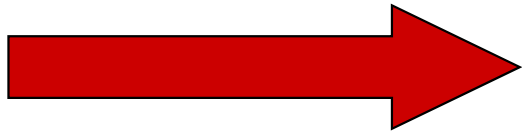
The Workforce Planning Model

Demand

+

Gap

-

Gap
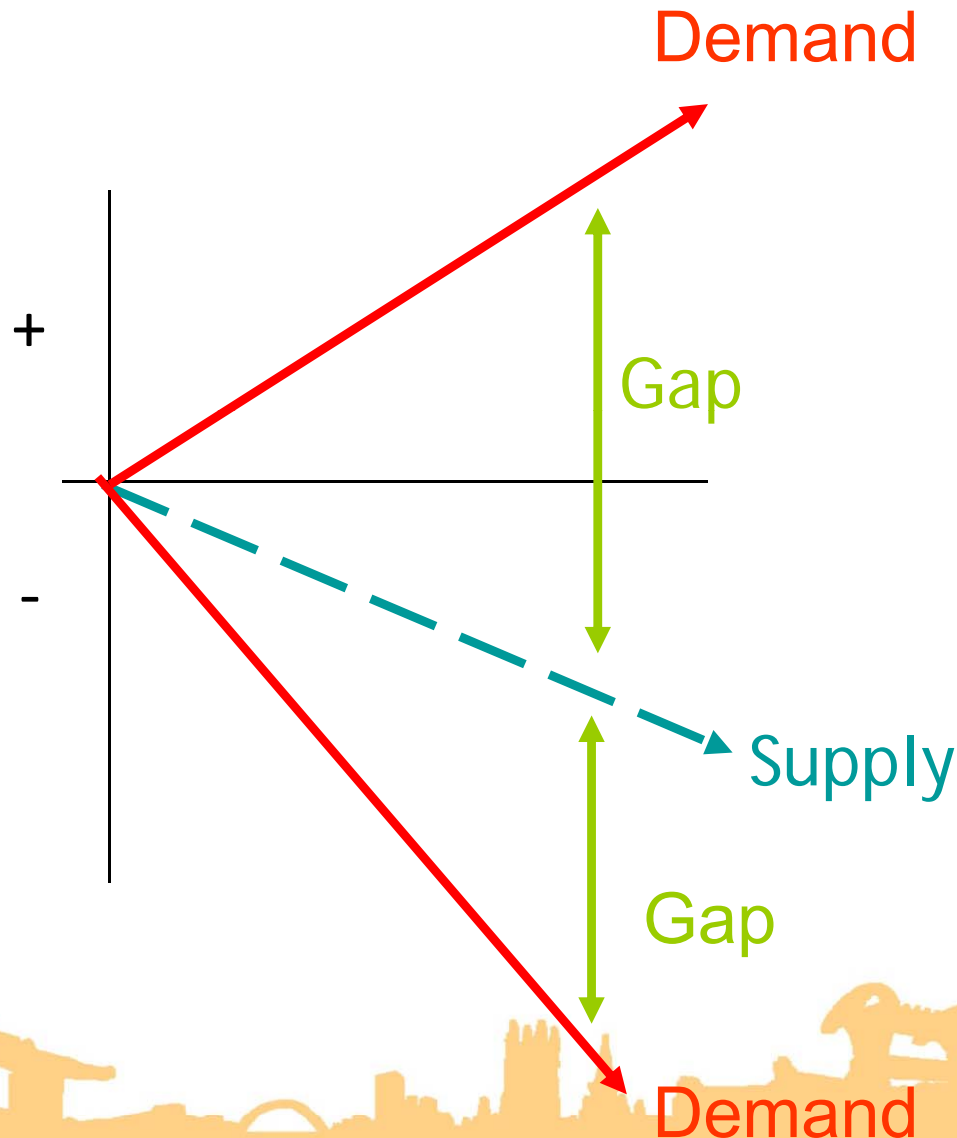
Supply

Demand

- 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 8: 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
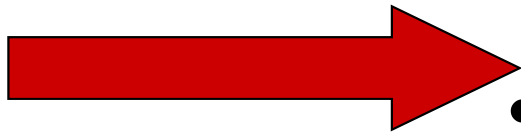- *Answers and solutions!*

Remember!

"Workforce planning is a process not an event"

Strategic Staffing –Thomas Bechet

Agenda

- Introduction
- Demand analysis
- Supply analysis
- Gaps & strategies
- **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

2010

Financial settlements

Overcoming the Barriers

Instead of:	Consider:
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 10: What will you do next?

Checklist

1. ……

2. ……

3. ……

Questions?