



Office of the  
Deputy Prime Minister  
Creating sustainable communities



# Transforming your authority – creating real and lasting change

The Local Government Pay  
and Workforce Strategy 2005



## Executive Summary

### Key messages from the Local Government Pay and Workforce Strategy 2005

Transforming your authority to create real and lasting change is the main focus of the Local Government Pay and Workforce Strategy. In order to achieve this change local government in England needs to have the visionary leadership, organisational flexibility and people capacity to deliver improved services, greater efficiency and better customer focus in front line services. The Office of the Deputy Prime Minister (ODPM) and the Employers' Organisation (EO) for Local Government (on behalf of the Local Government Association) have developed the strategy. The strategy is a living document and is updated annually. This document summarises the key messages of the strategy for authorities. Copies of the full strategy are available on [www.odpm.gov.uk](http://www.odpm.gov.uk) and [www.lg-employers.gov.uk](http://www.lg-employers.gov.uk)

The priority for 2005/6 is to encourage all authorities to embrace the challenge of organisational transformation. The Strategy calls on authorities to develop comprehensive organisational development approaches to people management. ODPM, EO and partners on the National Implementation Group<sup>1</sup> are co-ordinating activities at local, regional and national level to support authorities in addressing workforce reform.

### Building on achievement

Local authorities need the right people, working in the right way and within the right culture. Achieving this demands nothing less than a transformation in many authorities' working practices. Authorities can't afford to take a piecemeal approach to workforce issues, responding to problems as they arise in an ad hoc way. They need to look ahead, analyse the key workforce issues, anticipate problems and take a strategic approach to develop the workforce needed to achieve their corporate objectives. How to kick-start this revolution is the focus of the revised 2005 strategy.

Transformation involves a complex series of processes and organisational change but this cannot happen unless people at all levels lead, anticipate and manage reform.

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<sup>1</sup> Members of the National Implementation Group include: IDeA, SOCPO, SOLACE, Leadership Centre, 4PS, Investors in People, LACORS, Learning and Skills Council, Other government Departments, Asset skills, TOPSS England, Audit Commission, Association of Local Government, Trade Unions and Local authority representatives.

Authorities that are well on the way to achieving the aims of the strategy are the ones that are:

- Taking an organisational development approach to change management
- Implementing a people strategy that comprehensively and effectively addresses leadership and skills development, recruitment and retention and pay issues
- Implementing local pay reviews having agreed a salary structure that support service improvement and equality

## The challenges

Local government's challenge is to provide community leadership and improved services within controlled budgets. The context is ever changing and customers expect greater choice. Demographic changes create new customer needs and a changing workforce. Working in partnership brings both opportunities and challenges; and authorities need to work together, and with their partners, to attract talent, as well as promote equality and diversity.

Local government also faces the challenge of key government initiatives:

- **The 10-year local government vision** – which sets out a coherent strategy for the next decade, covering areas such as leadership, neighbourhoods, partnerships between central and local government, citizen engagement and the ongoing performance agenda.
- **Local Area Agreements** – allows local authorities and their partners to decide which local priorities best reflect local circumstances and gives flexibility to decide how funding is best spent.
- **The Efficiency Review** – which requires councils to deliver a minimum of 2.5% efficiency gains each year. Key activities will include rationalising procurement, corporate support services, transactional service and maximising productive time.
- **The Audit Commission's 2005 Comprehensive Performance Assessment** – emphasises the importance of people as a key resource and will expect councils to show evidence of workforce planning and development.
- **Childrens services** – the Children Act 2004 requires every top-tier or unitary local authority in England to appoint a director of children's services and to designate a lead member for children's services. Together they will have a key role in establishing children's trust arrangements to both integrate and transform services for children and young people.

## Taking the strategy forward

The success of local government services depends heavily on the attitude, skills and knowledge of its people. Services run by authorities directly, or indirectly, or by partners, will still need to be staffed by motivated and skilled people.

Getting people management right is not simply a task for Human Resources departments. It requires major cultural change and demands a council-wide approach.

The Local Government Pay and Workforce Strategy has five strategic priorities:

- Developing the organisation
- Developing leadership capacity
- Developing workforce skills and capabilities
- Resourcing, recruitment and retention
- Pay and rewards

### 1 Developing the organisation

The Strategy urges authorities to take an organisational development approach to people management and development.

**“The practice of planned intervention to bring about significant improvements in organisational effectiveness.”**

ODPM is supporting a new document which outlines how Organisational Development (OD) can help authorities transform the way they work and meet the rising aspirations of their communities. The document has been produced by SOLACE Enterprises and Swiftwork on behalf of the joint ODPM/LGA Capacity Building Programme.

Guidance and support will be provided to encourage authorities to undertake:

#### **Process redesign and improvement**

All authorities need to take a fresh look at processes and systems. Authorities need to move away from rigid models and traditional ways of doing things. A continuous improvement approach has the potential to make significant contributions to the efficiency agenda, as evidenced by the very wide variation which exist between local authorities in performance and cost.

## Workforce remodelling

The best systems have the right balance of professionals, para professionals, operational staff and administrative support. There is considerable scope for remodelling job profiles to fit both new modes of service delivery and the sharing of services between authorities and within partnerships. It will be increasingly important for authorities to discuss and develop principles for organisational improvement jointly with their partners.

## High performance people management and increasing productivity

Authorities may need to embrace widespread and difficult organisational changes to achieve improved performance. However, such programmes are likely to stall unless the people management implications are addressed from the outset. As well as increasing the capability of managers to deal with change, it is vital to provide a flexible environment for staff to deliver more effectively to citizens requiring greater choice in the way services are delivered to them.

Productivity of the workforce can be improved in a number of ways, maximising the use of productive time cannot be achieved without the appropriate OD tools and techniques.

## 2 Developing Leadership Capacity

The Government published *Vibrant Local Leadership* in January 2005, setting out some of the key leadership challenges facing local government.

Developing strong leadership skills among both officers and members is an important role for local authorities. Good progress is being made by many authorities in developing leadership capacity and nationally the Leadership Centre for Local Government has been set up to support and co-ordinate better practice in leadership development.

Widening the pool of political leaders and strengthening their skills remains a priority. More needs to be done to increase the diversity of senior management teams in order for councils to reflect the communities they serve. Authorities should use succession planning and development of “home-grown” managerial leaders, as well as continuing to look for potential leaders outside the sector.

Nationally, programmes such as the National Graduate Development programme, the Accelerated Development programme and the Future Leaders programme will continue to support authorities in attracting, developing and retaining the leaders of the future.

### 3 Developing workforce skills and capacity

The majority of authorities have fully or partially achieved the Investors in People standard, with 74% of the workforce now covered. Spend on training is going up but it is still only £216 per person per year and the average employee only spends 1.5 days a year on a training course.

Authorities need to spend more resources and time on skill development if they are going to have staff able to rise to the increasing and changing demands of modern local government. Key skills for improvement include:

- Organisational development and change management
- Business process analysis and redesign
- Performance, productivity and people management
- Customer relations management
- Project and financial management
- Procurement and client side management
- Partnership working and community engagement
- Managing and promoting diversity
- Maximising the use of technology

Development opportunities for front line staff are important, including offering ‘skills for life’ opportunities for those who need help in improving their basic skills.

Councils should make skills development a key part of their strategic approach and forge local and regional skill development partnerships, including those with Learning and Skills Councils. (The Learning and Skills Council, now has local government as one of its six priority areas.)

Regional and subregional initiatives will be encouraged to support local authorities investing in skills development.

## 4 Resourcing, recruitment and retention

Whilst individual local authorities have attempted to address recruitment and retention issues, the sector as a whole has failed to recruit and retain enough skilled staff. The ‘top ten’ skills shortages still continue to be in the field of social workers, occupational therapists, environmental health officers, trading standards officers, residential social workers, planning officers, building control officers, educational psychologists, teachers and librarians. Downward pressure on budgets in the past led some authorities to reduce training activity and budgets, with increasing reliance on devices such as paid temporary contracts for staff with specific skills that are then lost to the authority. This approach is not sustainable.

What is required is an appropriate system of workforce planning which:

- Projects workforce trends for individual authorities’ and identifies future staff numbers and skills needed
- Includes gender, race and disability data
- Analyses future changes such as use of technology in service improvement and reduction in needs for services

Workforce planning needs to be integrated into corporate and service planning. Leaders and Chief Executives need to focus on people management as a strategic rather than technical issue. This includes a focus on high-performance people management as a means of developing and retaining staff. Workforce plans should be capable of aggregation at sub regional, regional and national levels to help develop solutions as well as share problems. In some cases this will not be through recruitment but business process redesign. Shared workforce plans must lead to shared actions; local authorities need to work in partnership to promote local government as a career.

## 5 Pay and rewards

Authorities must balance the need for attractive salary packages with providing value for money. Issues that need to be considered are:

### Pay Equality

Authorities, if they haven't done so already, need to undertake and implement a local pay review as a matter of urgency to ensure that pay is fair, to support service improvement and to avoid very expensive equal pay claims. The 2004 pay agreement requires authorities to implement equal pay reviews by March 2007. However, authorities should also seize the opportunity to:

- Link pay to personal development and contribution rather than time served
- Review the impact on costs of overtime and unsocial hours while still maintaining fairness
- Consider flexible pay and benefits packages involving a range of non-pay benefits that can be traded, for example, against basic pay

### Occupational segregation

Removing pay discrimination will close the gender pay gap but will not eliminate it. Women and people from ethnic minorities are often clustered in lower paid jobs in specific sectors. Many authorities are examining how they can tackle this. Nationally, good practice examples will be disseminated.

### Total reward packages

Authorities need to consider all the rewards that they might offer employees. They need to communicate to staff and potential staff the full value of the total rewards they receive. Individuals should be allowed to 'flex' their packages to suit them at different stages in their life.

## Support for authorities in implementing their local workforce strategies

Many national and regional initiatives have been set up to support authorities in implementing the Strategy locally. These include providing detailed guidance, best practice advice and other support and development opportunities. Details of the national projects are on the ODPM and EO websites [www.odpm.gov.uk](http://www.odpm.gov.uk) and [www.lg-employers.gov.uk](http://www.lg-employers.gov.uk). Details of regional initiatives can be obtained from ODPM Regional Directors and the Regional Employers' Organisation. The EO's e-alert service provides updates on new EO national work or information.

## Links to other workforce strategies

ODPM and EO/LGA are working closely with other government departments producing workforce strategies that cover parts of local government such as the Department for Education and Skills and the Department of Health on the Children's and Social Care Workforce Strategy. A copy of the Children's Workforce strategy can be found on the Dfes website [www.everychildmatters.gov.uk](http://www.everychildmatters.gov.uk). The Department of Health will publish the Social Care Workforce Strategy in Autumn 2005.



