



Office of the  
Deputy Prime Minister

Creating sustainable communities



Local Government Association



employersorganisation



## The Local Government Pay and Workforce Strategy 2005

**Transforming your  
authority** – creating real  
and lasting change

## Foreword

*“Local government must provide community leadership and improved services within carefully controlled budgets. Customers demand greater choice in services and provisions for all. Transforming the way that local government works is critical to that success.”*

Phil Woolas, Local Government Minister

*“All Leaders know that their organisations are only as good as their staff. Improvements in services cannot be achieved without an effective people management strategy that links the management of a council’s largest resource – its workforce – to the achievement of its priorities. The management of this large resource and associated budget is a strategic issue that needs to be moved up the political agenda.”*

Sir Sandy Bruce-Lockhart, LGA Chairman

The Pay and Workforce Strategy (PWS) provides a national, regional and local framework to ensure local government in England has the visionary leadership, organisational flexibility and people capacity required to deliver improved service, greater efficiency and better customer focus in front line services.



## Has your council made the change?

- Are you implementing a people strategy that comprehensively and effectively addresses organisational development, leadership development, skills development, equality, recruitment and retention and pay issues?
- Are you implementing your local pay reviews having agreed a salary structure that supports service improvement and equality?
- Are all your staff informed, skilled and motivated to deliver top quality and efficient customer focused services?
- Do you have an effective change management or organisational development unit supporting the authority in the people side of organisational transformation?

If you can answer yes to all these questions then congratulations, your council has passed the litmus test of taking an organisational development approach to workforce issues, the priority theme of the 2005 pay and workforce strategy.

More importantly it means you are on course to deliver the high-quality services your customers demand, and improve the efficiency of your organisation.

If you are not quite there, then now is the time to take action. Local government cannot make all the changes

and improvements that are needed to resolve the pay and workforce challenges we all face, without making some big organisational changes. A piecemeal approach won't work. Instead authorities need to look ahead and analyse the key pay and workforce issues, anticipate problems and take a strategic approach to ensure that they maintain and develop the workforce they need to achieve their corporate objectives.

This Guide explains how the PWS will support your council to improve performance and transform services.

## Background

Since the local government pay and workforce strategy was introduced in September 2003, workforce issues have risen steadily up the agenda. Councils are increasingly realising how effective people management can be the key to better performance across the board.

The word is spreading. Local authorities are realising that by implementing a pay and workforce strategy, they can transform their organisation and achieve efficiency gains. In September 2004, 15% of authorities had completed or nearly completed a workforce development plan, 64% were working on one and a further 21% were committed to completing one.

Furthermore, most councils are modernising their pay and rewards structures, Investors in People is fast becoming a universal standard in local government and many authorities are taking action to address future skill shortages.

For many authorities the rewards are already being felt...

*“A crucial factor of our ‘excellent’ CPA rating in December 2004 and our drive for excellence has been the recognition that employment policies and practices should drive service improvement, policy development and staff motivation.”*

Tameside MBC

*“Our success as an organisation is totally dependent upon the commitment and dedication of the very talented people who work here.”*

Hertfordshire County Council

*“Our staff are at the heart of our success in delivering services to meet our strategic aims and objectives. Our CPA ratings and other assessments are a reflection of the quality of our staff. In order to maintain this position and continue to improve as an organisation, we know we must continue to build our capacity and develop our role as an employer of choice.”*

Royal Borough of Kingston

## **The Pay and Workforce Strategy (PWS) for 2005**

Though there have been considerable achievements, there are also significant challenges which need to be addressed. Authorities are being challenged both within their communities and by government to focus on their core purposes of:

- Being effective community leaders, developing sustainable communities.

- Procuring or delivering customer-focused, continuously improving and efficient services.

The major focus of the PWS 2005 is organisational development. This is because many of the changes required to bolster local government's workforce are large scale, cultural and cut across every single department. Councils need to move away from rigid structures and traditional ways of doing things by focusing on results rather than processes.

Reforming the way we work is not just the task of HR managers but of the entire organisation. The transformation that is required cannot happen unless people at all levels are on board.

**Transformation and organisational development involves all the five key priorities which make up the Pay and Workforce Strategy:**

- **Developing the organisation** – to achieve excellence in people and performance management, process redesign, job redesign, equality and diversity in service delivery and partnership working.
- **Developing leadership capacity** – among both officers and members, including attracting effective leaders into local government from outside the sector.
- **Developing workforce skills and capability** – across the corporate centre of authorities, specific services, management and the frontline workforce.

- **Resourcing local government** – ensuring councils recruit, train and retain the staff they need.
- **Pay and rewards** – having pay and reward structures that attract, retain and develop a skilled and flexible workforce while achieving both value for money in service delivery and fairness.

## Why do we need a Pay and Workforce Strategy?

The success of local government services depends heavily on the attitude, skills and knowledge of its people. Authorities need an effective and comprehensive approach to people management and development that includes leadership and skills development, good equality practices, active recruitment and the benefits of a total rewards package.

If these reasons are not enough, here are some challenges your council might be facing right now, which could be tackled by a pay and workforce strategy.

- Your council is up for assessment – the 2005 Comprehensive Performance Assessment is emphasising the importance of people as a key resource. Increasingly CPA is looking for evidence that authorities are undertaking workforce planning and development.
- Your authority needs to achieve annual efficiency gains of 2.5% of your 2004/5 baseline (defined by the Local Government Efficiency Technical Note) as required by the Efficiency Review. All savings can be redirected to front line services.

- You need to tackle immediate issues such as skills shortages, recruitment and retention problems and increasing the diversity of your workforce. These are all issues which can be tackled by the PWS both within your council and across the sector as a whole.
- You are introducing an integrated approach to children's or adult services – including developing a workforce strategy for these service areas with your local partners.
- You are working on a local area agreement – aimed at allowing local authorities and their partners to decide how government funds should be spent locally.
- You want to save time and money by sharing best practice with other councils, get advice and explore new funding streams.

This latest version of the PWS aims to encourage all local authorities to embrace this new era in organisational development, whilst also ensuring they have support to make that change.

## **What's in it for you?**

### **Councils**

- The PWS will help you to ensure you have the right people in the right jobs at the right times – this will improve services to the community.
- High calibre staff will be attracted into the sector.
- Existing staff will be developed and feel valued.

- Reduced staff absence and more productivity.
- Better results in assessments and reviews of council performance.

## Chief Executives

- The PWS provides a framework to support your organisational change leading to improvement and efficiency savings.
- Can help you plan workforce needs for the future. Big changes are afoot, with more staff indirectly employed or working for partner organisations.
- Can help forge partnerships with local employers to tackle recruitment problems and skills shortages.
- Can help boost the skills of HR officers who will be crucial in transforming the way authorities work.

## Leaders/Elected Members

- The PWS will be instrumental in helping them improve the council's performance and increase efficiency.
- A stronger workforce means stronger leadership.
- Systematic analysis of the workforce to enable better long-term planning.
- Better ways of working means a happier workforce and better services to residents.



## Customers

- Better services.
- More responsive staff.
- Clear lines of accountability.
- Increased confidence in their council.
- Local government seen as an attractive employer.

## How to implement the pay and workforce strategy in your council

Below is a checklist of some of the actions you can take to ensure that your council has the visionary leadership, organisational flexibility and people capacity required to improve performance, services and efficiency.

### Organisational development

- Do you have an effective change management or strategic HR function addressing all the people aspects of organisational development?
- Do you have a people strategy that effectively addresses organisational development, leadership development, skills development, recruitment and retention and pay issues?
- Are you undertaking process redesign – rethinking how you organise work and cutting down the amount of steps and stages in completing a task?

- Are your staff motivated to deliver top quality and efficient customer-focused services?
- Are you taking action to increase the productivity of your workforce, for example by introducing new ways of working, more mobile technology, flexible working, reducing dependence on agency staff, addressing absence and health and safety issues?

### **Developing leadership**

- Are your elected members, senior managers and staff at all levels engaging in leadership development programmes?
- Is your council involved with other authorities to improve leadership and skills through Improvement Partnerships?
- Are you undertaking succession planning – developing and training future leaders as part of your workforce strategy?

### **Developing workforce skills and capability**

- Are you developing all the skills you need for improvement e.g. skills in organisational development; change management; business process redesign, performance and people management; partnership working and community engagement; managing and promoting diversity; and maximising the use of technology?
- Have you achieved Investors in People status for your whole workforce?

- Are you supporting and encouraging your staff to develop their skills including ‘skills for life’? Is your local Learning and Skills Council helping you to do this?

## Resourcing and workforce planning

- Are you regularly reviewing and analysing your workforce needs to prepare for future circumstances?
- Do your key plans and strategies identify and address the workforce implications?
- Have you identified key areas where you have future potential skills shortages?
- Are you taking action with local partners and other authorities, to address these skill shortages?
- Are you taking action to address areas of high staff turnover?
- Have you got skills pathways in place to ‘grow your own’ future workforce?
- Are you making use of e-recruitment?

## Pay and rewards

- Are you on track to complete pay reviews within the pay agreement timescales?
- Are you developing and promoting total reward systems?



## Support to help you

Transforming your organisation is clearly a major task. There are a number of national and regional initiatives to help councils develop their workforce strategy.

ODPM Capacity Building programme  
[www.odpm.gov.uk/capacitybuilding](http://www.odpm.gov.uk/capacitybuilding)

The Employer's Organisation for Local Government  
[www.lg-employers.gov.uk](http://www.lg-employers.gov.uk)

Local Government Association [www.lga.gov.uk](http://www.lga.gov.uk)

Leadership Centre for Local Government  
[www.localleadership.gov.uk](http://www.localleadership.gov.uk)

IDeA [www.idea-knowledge.gov.uk](http://www.idea-knowledge.gov.uk)

SOCPO [www.socpo.org.uk](http://www.socpo.org.uk)

SOLACE [www.solace.org.uk](http://www.solace.org.uk)

### Regional support

Improvement Partnerships – set up to help councils looking for joint solutions to workforce planning and recruitment and retention issues. Your regional offices can be contacted for further information:

#### **Association of London Government**

Telephone: 020 7934 9999

Web: [www.alg.gov.uk](http://www.alg.gov.uk)

### **East of England Regional Assembly**

Telephone: 01284 728151

Web: [www.eera.gov.uk](http://www.eera.gov.uk)

### **East Midlands Local Government Association**

Telephone: 01664 502 555

Web: [www.emrlga.gov.uk](http://www.emrlga.gov.uk)

### **LGMB Yorkshire & Humberside**

Telephone: 0113 249 0180

Web: [www.lgmb-yh.co.uk](http://www.lgmb-yh.co.uk)

### **North East Regional Employers' Organisation**

Telephone: 0191 490 0155

Web: [www.nereo.gov.uk](http://www.nereo.gov.uk)

### **North West Local Authorities Employers' Organisation**

Telephone: 0161 834 9362

Web: [www.nweo.org.uk](http://www.nweo.org.uk)

### **South East Employers**

Telephone: 01962 840664

Web: [www.seemp.co.uk](http://www.seemp.co.uk)

### **South West Regional Assembly**

Telephone: 01823 270 101

Web: [www.southwest-ra.gov.uk](http://www.southwest-ra.gov.uk)

### **West Midlands Local Government Association**

Telephone: 0121 678 1010

Web: [www.wmlga.gov.uk](http://www.wmlga.gov.uk)

## **Office of the Deputy Prime Minister**

Eland House

Bressenden Place

London

SW1E 5DU

telephone 020 7944 3609

fax 020 7944 4994

email [MET@odpm.gsi.gov.uk](mailto:MET@odpm.gsi.gov.uk)

web [www.odpm.gov.uk](http://www.odpm.gov.uk)

Employers' Organisation for Local Government

Layden House

76-86 Turnmill Street

London

EC1M 5LG

telephone 020 7296 6600

fax 020 7296 6750

email [eo-comms@lg-employers.gov.uk](mailto:eo-comms@lg-employers.gov.uk)

web [www.lg-employers.gov.uk](http://www.lg-employers.gov.uk)

## **Visual impairment**

Please call us on 020 7296 6781, to order your copy of this publication as a 16pt plain text document.

