

Item: 5

Monitoring and Audit Committee: 26 September 2024.

Best Value Thematic Report 2023/24.

Report by Corporate Director for Strategy, Performance and Business Solutions.

1. Overview

- 1.1. Under the new Code of Audit Practice, the audit of Best Value in councils has become fully integrated with the annual audit work by appointed external auditors and their teams.
- 1.2. Auditors are required to report on Best Value or related themes prescribed by the Accounts Commission.
- 1.3. The theme for 2023/24 was workforce innovation, namely and how councils were responding to workforce challenges.
- 1.4. The audit, undertaken by the Council's external auditors, KPMG, considered the following questions:
 - How effectively are the council's workforce plans integrated with its strategic plans and priorities?
 - How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?
 - How effectively is the council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?
 - What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?
 - What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?
 - How effectively is the council measuring the impact of its workforce planning approach?
- 1.5. The key messages highlighted in the audit report are:
 - The People Plan is in place; it supports the Council's priorities. However, improvements can be made to align workforce planning with the overall strategic and financial plans.

- The Council has a plan with respect to digital modernisation and is yet to realise the workforce benefits through its use of digital technology.
- The Council has work underway to promote remote working as a staff benefit; it needs to demonstrate the impact, of the same, on service performance on a periodic basis.
- The Council has action plans in place for future skill and capacity development of the workforce.
- The Council has shared some key posts with other partners in the community planning partnership. The Council is considering alternate modes of governance to reduce bureaucracy. Dependence on agency staff continues to be a challenge for the Council.
- The Council actively monitors progress with its workforce strategy and plans.

1.6. An improvement action plan is included on page 27 of the Best Value Thematic Review Report 2023/24, attached as Appendix 1 to this report.

2. Recommendations

2.1 It is recommended that members of the Committee:

- Scrutinise the key messages and improvement actions outlined in the Best Value Thematic Report 2023/24: Workforce Innovation, attached as Appendix 1 to this report.

For Further Information please contact:

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Implications of Report

- 1. Financial** The audit fee payable to KPMG for the audit work was £238,260 for financial year 2023/2024.
- 2. Legal** The Council has a duty under the Local Government in Scotland Act 2003 to make arrangements which secure best value. Best value is defined as continuous improvement in the performance of the Council's functions.
- 3. Corporate Governance** In terms of the Scheme of Administration, consideration of External Audit findings and recommendations and reviewing actions taken on recommendations made, is a referred function of the Monitoring and Audit Committee.
- 4. Human Resources** No direct HR implications outwith those already identified in progressing the People Plan and associated policies referred to in the report.

- 5. Equalities** No direct implications outwith those already identified in progressing the People Plan and associated policies referred to in the report.
- 6. Island Communities Impact** N/A
- 7. Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
- Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.
- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
- Cost of Living.
 - Sustainable Development.
 - Local Equality.
- 9. Environmental and Climate Risk** N/A
- 10. Risk** The audit provides assurance that measures to mitigate the corporate risk register items related to workforce are being progressed.
- 11. Procurement** N/A
- 12. Health and Safety** N/A
- 13. Property and Assets** N/A
- 14. Information Technology** N/A
- 15. Cost of Living** N/A

Background Papers

None

Appendices

Appendix 1: Best Value Thematic Review Report 2023/24.

Workforce Innovation - how councils are responding to workforce challenges

Best Value thematic work in councils 2023-24

Orkney Islands Council

DRAFT

September 2024

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Key messages

The People Plan is in place; it supports the council's priorities however improvements can be made to align workforce planning with the overall strategic and financial plans.

The Council has a plan with respect to digital modernisation and is yet to realise the workforce benefits through its use of digital technology.

The council has work underway to promote remote working as a staff benefit; it needs to demonstrate the impact, of the same, on service performance on a periodic basis.

The council has action plans in place for future skill and capacity development of the workforce.

The council has shared some key posts with other partners in the community planning partnership. The Council is considering alternate modes of governance to reduce bureaucracy. Dependence on agency staff continues to be a challenge for the Council.

The council actively monitors progress with its workforce strategy and plans.

Scope of the audit

The [2023 Local Government Overview \(LGO\)](#) notes that councils have never faced such a challenging situation. Service demands have increased after the Covid-19 pandemic and funding is forecast to reduce in real terms. Workforce pressures including recruitment in a competitive labour market, employee retention and high sickness absence levels are putting councils under continued pressure.

This report sets out how the council is responding to current workforce challenges through building capacity, increasing productivity and innovation.

The [Accounts Commission's Strategy \(2021-26\)](#) sets out its priorities to focus on inequalities, funding, communities and recovery. The Code of Audit practice sets out the Best Value work required to report on these priorities.

Code of Audit Practice 2020 Best Value reporting requirements

Best Value reporting – extract from the Code

The Accounts Commission's approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations.
- The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each council or Integration Joint Board (IJB) at least once over the five-year audit appointment on the body's performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate.
- The Accounts Commission reports nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on workforce innovation and how councils are responding to workforce challenges. In carrying out the work auditors have considered the following questions:

- How effectively are the council's workforce plans integrated with its strategic plans and priorities?
- How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?
- How effectively is the council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?
- What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?
- What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?
- How effectively is the council measuring the impact of its workforce planning approach?

An improvement action plan is included at Appendix 1 of this report. This sets out audit recommendations in key areas, and the council's planned response including responsible officers and dates for implementation.

The coverage of the work is in line with the expectations for council's arrangements for the seven Best Value themes in the [Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020](#).

Workforce strategy and priorities

The People Plan is in place; it supports the council's priorities however improvements can be made to align workforce planning with the overall strategic and financial plans.

Workforce planning involves identifying and addressing future capacity and skills gaps, at operational and leadership levels. It requires strategic thinking, comprehensive workforce data and ongoing consultation and engagement with staff and trades unions.

A council focused on achieving Best Value will have a workforce strategy that sets out expectations on how the local authority's staff will deliver its vision, priorities and values.

To be effective, workforce planning must be integrated across the organisation. Workforce strategies need to support the council in achieving its strategic priorities. They must support other key plans including financial, asset, digital and transformation planning. They need to be under-pinned with detailed workforce plans within services.

This section of the report considers the following question:

How effectively are the council's workforce plans integrated with its strategic plans and priorities?

The overarching strategic vision of the Council is detailed in the Council's Plan. The plan extends for 5 years from 2023 to 2028.

The Council Plan is informed by the Orkney Community Plan (which is the Local Outcomes Improvement Plan) which addresses the strategic priorities which all agencies in the Partnership need to take joint action on.

The Council Plan reflects the outcomes from the Community Plan and sets out, at a high level, what the Council will do to deliver the Partnership priorities. Key pledges identified in the plan are as follows:

- Maintenance of existing standard of services
- Improvement of services and outcomes for the residents
- Development and delivery of projects for the benefit of communities

The pledges identified above are planned to be met through aims and outcomes grouped under three priority themes identified in the Council Plan. The three priority themes sit under an overall theme of "transforming our council".

The theme relevant to workforce is "transforming our council". The plan, under this theme, notes that to deliver the ambitions set out in our council plan, a workforce is needed, which is effective and engaged, and adds value to everything the Council does.

Aims and outcomes identified under this theme are as follows:

Priority Area	Objectives	Outcomes
Transforming our council	We will develop ways of working that put people at the heart of what we do.	<ul style="list-style-type: none"> Our new guiding principles are obvious in the way we do things. Organisational barriers to change are minimised. Our governance arrangements are dynamic and make delivering the right things easy. Our facilities reflect the future needs of our communities and our organisation.
	We will establish a culture that motivates staff to do the right things at the right time.	<ul style="list-style-type: none"> Our leaders are confident in their roles and we have a shared leadership culture. Our employees feel valued and recognised. We have created flexible career pathways for staff at every level, and these help us sustain outstanding performance.
	We will develop business approaches that are fit for purpose and give people direct access to services wherever possible.	<ul style="list-style-type: none"> We design key services with communities from start to finish. Our services are designed to be available online, efficient and automated, giving customers choice and control. We have improved the quality of our data to help improve our performance. We have diversified our funding base and have created the conditions for financial sustainability. We have strengthened our national and international relations to advance the interests of Orkney and its community.

In order to monitor and review progress the Council Plan lays out performance measures and specified targets for each theme, to be achieved by the conclusion of the Council Plan, which include targets under the overall theme of transforming the council.

Following are the details of the workforce related targets identified under the Council Plan:

Measuring our success	Baseline 2020/2021	Target 2027/2028
Level of customer satisfaction experienced by the public with queries handled by customer service staff	2022/2023 87%	95%
Orkney Islands Council recognised as an Investors in People (IiP) Platinum Organisation	Does not apply	Achieved
Overall staff satisfaction with working at Orkney Islands Council	58%	More than 80%
Staff satisfaction with our leadership style and culture	58%	More than 80%
Percentage of operational buildings that are suitable for their current use	88%	90%
Actual outturn as a percentage of budgeted expenditure	103%	100%
Staff turnover	2021/2022 5.14%	4%
Cost of agency workers as a percentage of our staff budget	2021/2022 3.7% tbc	2%
Sickness absence days per teacher	2021/2022 8.2	6
Sickness absence days per employee (non-teacher)	2021/2022 12.6	9

The Council Plan is accompanied by a Delivery Plan. This Delivery Plan complements and supports Orkney Islands Council's strategic plan for the current Council term. The Delivery Plan describes some of the projects, services and policies which will progress priorities of the Council Plan and achieve tangible outcomes for Orkney.

Following are the details of the workforce related actions included in the delivery plan:

- Staff recognition and retention.
- Reduce bureaucracy.
- Invest in staff development opportunities.
- Recruitment including training programme.
- Staff working locations, operational property and estates assets review and development.
- Improve processes and service delivery through the development of corporate and service digital systems.

The delivery plan includes details of yearly milestones against each of the key actions above.

We noted as part of the previous year audit that Directorate Delivery plans, aligned with the new Council Plan, are being developed. These have now been developed and include the workforce related actions aligned to the corresponding overall theme in the Council Plan.

The Council's current People Plan extends to the periods from 2022 to 2026 and was presented, for approval, to the Policy and Resource Committee in June 2022.

The report presented to the Policy and Resource Committee, for approval of the People Plan, notes that in order to form the Plan on an evidence based approach, a wide programme of engagement has been undertaken across the Corporate Leadership Team (CLT), all Council Service Management Teams, the Human Resources and Organisational Development Team and Trade Union colleagues.

The report further notes that two engagements sessions have been undertaken with Trade Unions, the first of which focussed on receiving their input into the issues and challenges which inform the priorities. The second was to present the draft priorities and actions to achieve them, and receive feedback.

The four key priorities identified in the People Plan are as follows:

- Creating a shared leadership culture that underpins our agenda for change and organisational growth.
- Building a talented, confident and resilient workforce with the capabilities to adapt to our changing environment.
- Establishing a new people and learning infrastructure to drive transformational change and enable growth in key areas that will support income generation.
- Valuing everyone's contribution through creating modern, flexible employment packages.

The People Plan is supported by a Delivery Plan which outlines key actions and outcomes to ensure that the identified priorities are met. Yearly milestone, over the period of the People Plan and aligned with the priorities in the People Plan, are identified as part of the corresponding delivery plan.

The Plan notes that the Corporate Director for Strategy, Performance and Business Solutions should submit progress monitoring reports on the Delivery Plan, to the Policy and Resources Committee in line with the six monthly performance reporting cycle.

A report was presented to the Policy and Resource Committee dated 28 November 2023. The purpose of the report was to provide an update on progress with the priorities agreed in the Council's People Plan 2022-26. The report notes that it is the first such update report. We further understand that the next report is planned to be presented in November 2024. We note that the frequency of the report is not in line with the frequency laid out in the People Plan.

Recommendation 1

The report notes that:

- In total across the 4 thematic areas under which actions are grouped within the Delivery Plan, there were a total of 16 actions due to be completed in 2022-23. Out of these 16 actions, 13 are complete, and 3 are partially complete or in progress.
- For those actions in year 2023-24, there were 21 actions due to be complete within the current financial year. Out of these, 3 actions are fully complete, 17 are in progress and 1 is yet to commence. This is accurate as of 31 October 2023.

The People plan acknowledges that the Plan will require regular review and adjustment as organisational priorities emerge, including once the new Council Plan is approved later in 2022 and ongoing review in tandem with the Council Plan. The delivery plan under the overall Council Plan identifies milestone for the approval of the revised People Plan in 2026/27. We note that approval of the current People plan precedes the approval of the current Council Plan and runs for a different period with the next refresh due to be ahead of the approval of the new Council Plan in 2028. We further understand, based on discussion with management, that the individual Service Workforce Plans were last updated in 2016-17 with a new approach linked to service change and budget strategy currently being planned.

Recommendation 2

Digital technology and the workforce

The Council has a plan in place with respect to digital modernisation and is yet to realise the workforce benefits through its use of digital technology.

The LGO notes that digital technology will make councils' future workforces look and work quite differently. In order to achieve the change required, councils need to make good use of digital technology and use the workforce in flexible ways.

Digital technology has a strong bearing on a council's workforce needs. It can be used to re-shape jobs to increase productivity and reduce back-office functions while improving service quality. Technology solutions include online services, customer relationship management systems, mobile digital devices and more recently, artificial intelligence (AI) applications.

Councils need to be innovative in their use of technology and build on new working practices that emerged during the pandemic. In doing so, they must also consider service quality and the needs of people experiencing digital exclusion.

This section of the report considers the following question:

How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?

Aim and related outcome identified under the "Transforming our Council" theme of the Council Plan, aimed towards digital modernization are as follows:

Aim

We will develop business approaches that are fit for purpose and give people direct access to services wherever possible.

Outcome

Our services are designed to be available online, efficient and automated, giving customers choice and control.

Associated action plans identified under the Delivery Plan are as follows:

Improve processes and service delivery through the development of corporate and service digital systems.

Corporate systems such as:

- Digital service delivery (the Customer Service Platform / Microsoft 365 tools).
- Electronic Document and Records Management System Implementation.
- Finance (Integra Centros).
- HR and Payroll (Resource Link / MyView).

Service systems such as:

- Health and Social Care (Paris).
- Housing (Northgate Housing).
- Neighbourhood Services (New Horizons replacement).
- Planning system (IDOX).
- Property Assets Management (Concerto).
- Revenue and Benefits (NEC Revenue and Benefits).
- Schools Education System (SEEMiS).

The delivery plan notes that the details with specifics for each system will be provided in the Digital Strategy Delivery Plan which will support the delivery of the Council Plan.

As per the Council Delivery Plan the Digital Strategy Delivery Plan (DSDP) is required to be completed in 2023/24. The DSDP was presented to the Policy and Resource Committee for approval dated 19 September 2023.

The Digital Strategy which was refreshed and approved in February 2022, extending from 2022 to 2026. The original Digital Strategy was approved by Council in March 2017 and then subsequently reviewed in 2018 to ensure that it continued to be appropriate in meeting the Council's priorities and objectives.

The strategy was based on three outcomes:

- Customer Focus – so that services were well designed, delivered via multiple channels and available on-demand, and adapted to meet the needs of customers. Central to the delivery of this outcome was the Customer Services Platform.
- Digital Workforce – supporting the delivery of new or re-designed services, in a working environment that would change the focus to the delivery of services rather than the process of delivery.
- Infrastructure and Systems – ensuring the safety, usability and availability of systems including resilience and seeking to reduce the transactional costs across services.

The report accompanying the updated Digital Strategy, presented for approval, lays out the progress made till that date. It noted that since the publication of the updated Strategy in 2018, much has been delivered. The Customer Services Platform has been launched, the Council's Infrastructure and Systems have seen wholesale renewal including the adoption of services delivered via the cloud and in 2021 a new telephone system was implemented across much of the Council Estate.

The report outlines the consultation undertaken as part of the development of this strategy which in turn forms basis of the DSDP. It notes that the Corporate Leadership Team has centred organisational focus on the priorities contained within the Council Plan that are considered to be the most critical to Orkney's future. These priorities have been organised into a new "Our People, Our Plan Programme" with seven key projects identified. Priority 5 Improve Connectivity is outward focused with an emphasis on improving life for everyone in Orkney and includes improving connectivity – both digital and transport and is being progressed via a similarly named Orkney Digital (Connectivity) Strategy for Orkney's Communities which this refreshed Digital Strategy aligns closely with. The officer responsible for the Orkney Digital Connectivity Strategy has been consulted on this strategy and has input some of the key points into this strategy. The refresh has also taken input from the Community Learning and Development Officer to ensure that community benefits are also considered. Details of

consultation undertaken in the development of the Council Plan and underlying delivery plan was highlighted as part of our previous audit.

This delivery plan is intended to support the Digital Strategy and the relevant outcomes identified as part of the Council Plan 2023 to 2028. The report accompanying the DSDP for approval notes that the Digital Strategy 2022 – 2026 has been further considered in the context of the new Council Plan 2023 – 2028, and its associated Delivery Plan and that the proposed Digital Strategy Delivery Plan aims to progress both the objectives from the Digital Strategy as well as deliver projects from the Council Plan Delivery Plan.

Key actions identified in the DSDP are as follows:

Actions	Due Date
Establish System Development Working Group	October 2023
Corporate system development policy with development framework approved	March 2024
Identify tier one systems.	November 2023
Identify tier two systems.	March 2024
Upgrade of tier one systems to required version	March 2024
Identify core business processes which require system development support.	March 2024
Design proof-of-concept digital solutions for sample business processes	March 2024
Present prioritised list of planned developments for core business processes to Corporate Leadership Team for approval	September 2024
Develop digital solutions for core business processes selected for development	March 2025
Review of available technologies which can enable improved service delivery	December 2024
Review delivery plan outcomes	
Develop Digital and Data Strategy 2026/27 – 2028/29 and present to elected members for approval	March 2025

A report, dated 30 May 2024, summarizing the status of the Improvement Programmes outlines the following:

Project	Status/RAG rating	Anticipated benefits
Customer Services Platform (CSP)	Active/Amber	Improvement to number of digital services offered and the quality of those services.

		Potential reduction in cost.
Digital Strategy Delivery Programme	Active/Green	Improvement to number of digital services offered and the quality of those services. Potential reduction in cost. Risk Mitigation: IT system failure affecting core services.
OHAC Paris Systems Development	Active/Green	Improvements in quality and safety of services delivered. Service efficiencies.
SEEMIS System Development	Active/Amber	Access to real-time risk information about pupils, allowing targeted intervention.
HR Casework System Development	Active/Green	Understanding of the use of Microsoft Power Platform as a technology for building digital processes, for future use to improve our core business processes. Efficiencies for service in managing HR casework. Benefits to employees from more effective and transparent management of HR processes.
Telecare Service – Analogue to Digital Transition	Active/Red	Safer, more reliable Telecare service. Cost effectiveness of new-generation devices.
Concerto System Development	Active/Green	Potential efficiencies from including other business functions. Safer and more reliable service delivery – maintenance of council properties.

As noted from above, significant amount of work is underway in relation to digital workforce initiatives following the approval of the DSDP in September 2023. The Council is yet to realise and evidence the benefits associated with the initiatives currently underway.

Flexible working and other innovative staff deployment

The council has work underway to promote remote working as a staff benefit; it needs to demonstrate the impact, of the same, on service performance on a periodic basis.

During the pandemic councils needed to make the best use of their existing workforce while continuing to monitor employee wellbeing. Councils continue to look to new ways of working to improve job satisfaction and reduce sickness absence and staff turnover.

Home-working and hybrid working (a combination of office and home-based working) have now become commonplace. Some councils are also considering more radical working practice such as a standard four-day working week. However, whatever the working practice, employers need to ensure that service quality and productivity are maintained.

This section of the report considers the following question:

How effectively is the council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?

As noted earlier The Council's current People Plan extends to the periods from 2022 to 2026 and was presented, for approval, to the Policy and Resource Committee in June 2022.

The People Plan is supported by a Delivery Plan which outlines key actions and outcomes to ensure that the identified priorities are met.

Under one of the key strategic priorities identified as part of the People Plan i.e. "Valuing everyone's contribution through creating modern, flexible employment packages", the plan identified "new ways of working and new services including hybrid and blended work patterns" as a key driver.

To support this, the underlying plan identifies the following actions:

2022/23: Experiment with blended working options

2023/24: Develop flexible working frameworks.

As per the latest available progress update presented to the Policy and Resource Committee against the delivery plan, dated 28 November 2023, following are the details of the progress:

2022/23: Experiment with blended working options - Hybrid Working guidance was developed and launched and has been in operation with staff in 2023. A further review of the position is currently being undertaken.

2023/24: Develop flexible working frameworks - Review of the Council's suite of policies around flexible working is underway.

Based on discussion with the management we understand that further review is being undertaken in 2024/25 to inform any policy changes and improvements to be made.

We further understand that a recent staff survey has been undertaken in 2024 to inform the future policy direction. Consultation on feedback received and any new policy changes is yet to be undertaken with Trade Unions.

Management asserts that one of the usual savings or efficiencies that Councils can demonstrate through increased use of hybrid or remote working is a reduction in required working spaces or facilities and this is difficult to achieve for this Council as they are virtually all accommodated within the HQ at School Place, or are based in operational facilities such as Schools or Care Homes. However, they have advised that:

- the Council has been able to accommodate staff growth without need for additional working space.
- new project teams and the Economic Development Team are to be absorbed into existing facilities when the lease on their current shared space expires at end of 2024.
- the council has experienced improved ability to recruit for hard to fill posts by offering hybrid/remote option.
- Council employment on ferry linked Isles, has been supported, through remote or hybrid working arrangements, helping to support the economic and social future of these Isles.

In addition to the People Plan as explained above, development of flexible working frameworks is also included as an action point under the Council Delivery Plan for the year 2023/24.

A report titled "Performance Monitoring – Council Delivery Plan", dated 18 June 2024, was presented to the Policy and Resource Committee by Corporate Director for Strategy, Performance and Business Solutions. The purpose of the report was to provide a status update in relation to progress against the actions included in the Council Delivery Plan. The report noted that a review of flexible working policies is underway. The next update is due to be presented in November 2024.

Developing future skills and capacity

The council has action plans in place for future skill and capacity development of the workforce.

Councils need to find innovative ways to ensure the workforce capacity and skills they need to deliver services in the future. Training and development opportunities can help to attract and retain employees and ensure skills are in place. Many councils work with their partners to offer apprenticeship schemes or vocational qualifications. Succession planning is also important to develop future leaders and ensure that essential skills are in place.

Jobs can be re-designed to optimise the workforce and improve services. For example generic roles across health and social care disciplines. Leaders need to engage with staff and trade unions over fundamental workforce reform. This is particularly challenging in an environment of potential job losses.

This section of the report considers the following question:

What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?

Council Plan lays down the following aims and outcome, under the overall theme of “Transforming the Council”, aligned with the above objective:

Aim	Outcomes
We will develop ways of working that put people at the heart of what we do.	Our governance arrangements are dynamic and make delivering the right things easy.
We will establish a culture that motivates staff to do the right things at the right time.	Our leaders are confident in their role and we have a shared leadership culture.
We will develop business approaches that are fit for purpose and give people direct access to services wherever possible.	We design key services with communities from start to finish. Our services are designed to be available online, efficient and automated, giving customers choice and control.

There are a number of associated actions plans identified in the Council Delivery Plan to support the above objectives.

Main related actions plans identified in the Council Delivery Plan along with the associated delivery milestones for 2023/24 are as follows:

Invest in staff development opportunities (T3)

Create a programme for equal access to growth and learning opportunities for employees to develop their full capability aligning with our organisational goals, workforce planning and talent management priorities, with a particular focus on areas where there are skills gaps.

Delivery milestones 2023/24

- Skills analysis of main job populations.
- Develop integrated workforce plans.
- Redesign and launch new ERD framework aligned to values.
- Deliver the Leadership Development Programme

Recruitment including trainee programme (T4)

Consideration of recruitment approaches to attract potential candidates to Council posts. Development and delivery of specific pathways into OIC for trainees including comprehensive induction, orientation, skills and leadership programmes for effective integration into teams with a focus on alignment with organisational values, promotion of core skills, attitudes and behaviours underpinning sustainable employment.

Delivery milestones 2023/24

- Redesign recruitment approaches to optimise impact and personalisation.
- Launch wider apprentice / trainee programme.

As per the Council Delivery Plan progress update, presented to the Policy and Resource Committee, following updates were reported against the above action points:

Invest in staff development opportunities (T3)

Executive coaching and mentoring opportunities have been launched.

Recruitment including trainee programme (T4)

Growing a sustainable social care workforce project is active and looking at recruitment incentives. Work on reviewing the recruitment and selection policy and processes is underway. Consideration is being given to how we can support a further group of trainees and apprentices.

Details of related additional delivery milestones planned for the future years are as follows:

Invest in staff development opportunities (T3)

- Design career pathways.
- Establish knowledge partnerships with at least 2 academic institutions.
- Embed new staff values within remaining key HR and OD (Organisational Development) processes.
- Launch integrated learning and innovation network sites.
- Implement career and talent pathways aligned to organisational need.
- Review outcomes of the leadership development programme.

Recruitment including trainee programme (T4)

- Design career pathways.
- Design and deliver Young Employees Conference.
- Redesign key employee interactions /transactions based on Employee Experience framework.
- Implement career and talent pathways aligned to organisational need.

Additionally, there are a number of actions laid down in the Directorate Service Delivery Plans to support the aims, objectives and actions identified in the Council Plan and the Council Delivery Plan.

Following were reported, as part of the progress update in relation to the People Plan, to the Policy and Resource Committee dated 28th November 2023, relevant to staff development and capacity building:

- A wide range of communications were undertaken around the 'Our People, Our Plan' initiative; the Leadership Forum and Lunch and Learns were set up to help embed the principles of the new operating model and focus on leadership.
- A leadership and management development programme has been designed to add to the events already delivered.
- Eight Leadership Forum events have been delivered up to September 2023 with different organisational priority topics and we continue to plan further sessions for next year and beyond.
- In April 2023 the Council agreed to adopt the Political Skills Framework, a self-assessment process for supporting the identification of learning and development needs for Elected Members
- First tranche of apprentice and trainee opportunities were successfully advertised and recruited to in 2023.
- Staff Survey and initial IIP assessment was undertaken in late 2022 with the Council awarded Investors in People Accredited status in January 2023.
- Following the onboarding and induction of apprentices and trainees the OD team are currently designing wider corporate programmes to enhance their experience.
- As part of the Leadership Development Programme, cross service learning groups are planned to provide opportunities for peer support and putting learning into practice. Other key themes for wider groups are being reviewed.
- Full IIP re-assessment only takes place 3 years after the initial assessment so this will commence in late 2025. An Improvement Plan based on the initial assessment is ongoing and further pulse surveys for staff are being developed to monitor progress against themes.

Latest performance reporting against the Council plan outlines the improved outcomes which may be linked to the Council's workforce skills and capacity measure. Following are the details of the same:

- Orkney Islands Council recognised as an Investors in People (IIP) Platinum Organisation - Standard Achieved. The Investors in People (IIP) assessment process only takes place every 3 years, so no change will take place on this until the next assessment in early 2026.
- Overall staff satisfaction with working at Orkney Islands Council improved from 58% to 76%. A recent pulse survey of staff has shown a significant improvement over the last 12 months in terms of staff satisfaction with working at the Council.
- Staff satisfaction with the leadership style and culture improved from 58% to 66%. The recent staff survey provided evidence of improved staff satisfaction with the leadership style and culture.
- Staff turnover reduced from 5.14% to 1.58%. Turnover, measured as people leaving the organisation entirely, and not including people leaving for other Council jobs, has shown a significant downturn in the last measuring period which is welcome given the recruitment challenges many services are facing.

Based on discussion with management we understand that fully funded graduate apprenticeship is offered to staff.

Council has an agreed consultation protocol developed with Trade Unions. There are monthly scheduled liaison meetings with Trade Unions to cover all aspects of workforce including plans for change. There are further service based trade unions liaison meetings held quarterly. Further the Council has a policy in place in relation to redeployment.

The Council's corporate risk register identified lack of skills, experience and capacity including succession planning as risks. It defines the risk as insufficient workforce planning actions underway to shape future workforce through redeployment, succession planning, recruitment, training etc. Capacity issues make it difficult for the service to realise its priorities. Increasingly limited and competitive market for recruitment of key leadership and professional roles. It further lays down a series of mitigating actions in this regard, which are as follows:

- Review of staffing model seeking to increase staffing resource where possible in pressure areas has been completed and currently being implemented.
- Projects within Our People, Our Plan initiative targeting improvements across operating model, workforce planning, culture, performance.
- New corporate People Plan has been developed to identify and address strategic workforce challenges.
- More proactive approach to recruitment, succession planning and attraction of people to live and work in Orkney.
- Adoption of Investors in People in 2022.
- Leadership Development programme to grow / upskill leaders.
- Development of programmes around youth employment, attracting young people into the workforce and improving career pathways.
- Continued use and development of remote and flexible working will encourage improved working methods and retention of key staff.
- Inclusion of staff in re-design of operations

- Social Work Traineeship introduced to 'grow our own workforce' and reduce the need for agency staff.
- Care at Home posts regraded to recognise the increased complexity of the role and make the salary more attractive to those considering a career in care.
- Joint initiative with Orkney College to create a 6-week 'Introduction to Care' taster course. Guaranteed interviews for participants who complete the course.
- Increased commitment to proactive communications particularly related to staff and trade unions.
- Regular monthly Trade Union meeting at corporate level. Formal Consultation protocol to be agreed with the Trade Unions.
- Regular staff / Trade Union meetings at Service level, when required.
- Change in emphasis of staff engagement to include the process of change.

Joint workforce arrangements across services and partners

The council has shared some key posts with other partners in the community planning partnership. The Council is considering alternate modes of governance to reduce bureaucracy. Dependence of agency staff continues to be a challenge for the Council.

Councils should look to work collaboratively with their partners to make the best use of their existing workforces and plan for the particular workforce needs in their areas. They should also work across traditional service department roles within councils to deliver improved services and outcomes.

Examples of this include generic working across health and social care, professional posts or functions shared between councils, and services delivered through empowered communities.

This section of the report considers the following question:

What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?

Orkney's community planning partnership has been in existence since 2000. The Orkney Partnership is led by the Orkney Partnership Board. An Executive Group supports the Board and comprises senior officers of the five partners with a duty to facilitate community planning in Orkney, plus Voluntary Action Orkney. The Board assigns each of its strategic priorities to a delivery group for action. The delivery groups include the Cost of Living Task Force, the Local Equality Delivery Group, and the Sustainable Development Delivery Group, which is advised by a Business Forum.

The partnership comprises of five partners which are as follows:

- Orkney Islands Council
- NHS Orkney
- Highlands and Islands Enterprise
- Police Scotland
- Scottish Fire and Rescue Service

In addition to above there are key local and co-opted partners, such as Voluntary Action Orkney, as well as other entities which have a statutory duty to participate in community planning.

Orkney Partnership Board elects its Chair and Vice Chair from amongst its membership and appoints Chairs to the Delivery Groups, who also sit on the Board if not already members.

Many other agencies, organisations and groups join the wider Partnership and contribute to its work through membership of delivery groups and/or working groups. An important role of the Executive Group is to manage the Partnership’s resources.

Facilitating partners jointly fund the role of Community Planning Business Manager to ensure the good governance and efficient operation of the Partnership.

One of the actions included in the Council delivery plans relates to reduction of bureaucracy. The delivery plan notes the need to reduce bureaucracy within and between agencies wherever possible improving working between partners. Consideration of the Single Authority Model (SAM) is included as part of this work.

The delivery plan notes the following delivery milestones against the same:

<p>2023/24</p> <ul style="list-style-type: none"> • Embed the Corporate Administration approach across OIC with the new structure fully implemented. • Identify work plan to reduce bureaucracy within OIC. • Principle of exploring the SAM is reviewed and agreed with SG. • Proposed pilot is reviewed and agreed with Partner agencies. • Revised pilot model is submitted and agreed by Scottish Government.
<p>2024/25</p> <ul style="list-style-type: none"> • Continue to progress corporate administration workplan across OIC. • Identify areas in partnership working where bureaucracy may be reduced. • Consultation with staff, Trade Unions and community and partners on SAM. • Develop SAM model further in partnership with community planning partners.

A reported, titled “Alternative models of Governance”, was presented to the Policy and Resources Committee dated 19th September 2023. Purpose of the report was to consider the scope of work, together with the resources required, to explore options for alternative models of governance that would provide greater fiscal security and economic opportunity for the Islands of Orkney. This was in pursuance of a notice of motion on alternative governance arrangement presented to the Council on 4 July 2023.

The Council had resolved:

- that the Notice of Motion be supported, in that options for alternative models of governance, that would provide greater fiscal security and economic opportunity for the islands of Orkney, be explored.
- that the Chief Executive should submit a report, to the Policy and Resources Committee, detailing the scope of work, together with the resources required, to address the matters raised in the Notice of Motion.
- that, in addition, the Constitutional Reform Consultative Group be reinvigorated, with officer support, to pursue, amongst other things, opportunities from the National Islands Plan, the Islands (Scotland) Act 2018 (such as the ability to request additional powers), and to develop the Single Islands Authority work, continuing to hold to account the national governments on the commitments they made to empower the islands and level up, as well as exploration of options for alternative models of governance as referred to in the Motion.

It was proposed that the scope of works be progressed as a project and delivered in a staged approach.

The key stages are as follows:

- Agreeing the scope of work for the Constitutional Reform Consultative Group;
- Progression of selected options with further scoping of political, legal, and financial implications and consultation and engagement with the Orkney public;
- Development of the chosen option or options including addressing financial and legal implications; and
- Delivery of the approved option.

The reports estimates that the dedicated staff resources initially required will be 1 full time equivalent post for the first stage, and it is proposed to meet this from within existing resources. Additionally, investigation, reporting and subsequent public consultation will require further resource in terms of officer time during the first stage.

As per the latest progress update against the Council Delivery Plan, dated June 2024, following update was reported to the Policy and Resource Committee, against the above action:

- The Community Planning Partnership has included a workstream on Alternative Models for delivering Services in Orkney in its horizon scanning where reducing bureaucracy will be a key area to explore. In terms of the Single Island Authority, briefings on previous work have been provided to Elected Members and the Community Planning Partnership.
- A plan for discovery reviews is in place for Orkney Health and Care business support team. Restructuring options for Education, Leisure and Housing and Neighbourhood Services and Infrastructure business support teams are being considered.
- A business support improvement agenda is under development. Initial tranche of business support improvement projects progressing well with good engagement.

The council also engages in provision of services through SLAs however contracted out services are less frequent in Orkney due to limited size of market and lack of commercial incentive to third part providers from the private sector.

Based on discussion with management we understand the accrual of benefits from above in the nature of cost avoidance, income generation as well as qualitative benefits in the nature of closer working relationships.

The Council Plan identifies reduction of the agency staff cost as one of the key objectives. The target is to reduce the cost of agency workers as a percentage of staff budget to 2% by the end 2027/28 as compared to baseline of 3.7% in 2020/21. As per the latest progress reporting against the delivery plan the percentage has increased to 4.29%. The report notes that the increase in this indicator is not unexpected, given the need to use agency workers to temporarily fill gaps in the Council's workforce, largely in social work and social care services.

Measuring the impact of workforce planning

The council actively monitors progress with its workforce strategy and plans.

Councils should monitor the impact of their workforce planning and delivery approaches. This should include cost, service quality and productivity benefits as well as employee wellbeing. This in-turn should inform their workforce planning approach. Councils and their partners should also understand the wider impact of their employment practice on the local economy.

This section of the report considers the following question:

How effectively is the council measuring the impact of its workforce planning approach?

In order to monitor and review progress the Council plan lays out performance measures and specified targets for each theme, to be achieved by the conclusion of the Council plan, which includes the three priority themes and the overall theme of transforming the Council.

Some performance measures and targets are taken from the Orkney Partnership's Community Plan and some are taken from the Local Government Benchmarking Framework (LGBF)

The Council reports on a range of workforce KPIs that enable key stakeholders to form a judgement on the effectiveness of its workforce planning arrangements.

Workforce and service impact related KPIs included in the annual performance report are as follows:

- Level of customer satisfaction experienced by the public with queries handled by the customer service
- Overall staff satisfaction with working at Orkney Islands Council
- Staff satisfaction with our leadership style and culture
- Actual outturn as a percentage of staff budget
- Recruitment and retention, staff turnover
- Cost of agency worker as a percentage of our staff budget
- Sickness absence days per teacher
- Sickness absence days per employee (non-teacher)

Additionally reporting against the Directorate Service and Delivery plans as well as related KPIs are presented to the relevant committees on a periodic basis which includes the workforce related actions and associated KPIs. The Employee Survey results are also reported to the relevant committees to inform development of future plans.

Periodic reporting is also presented to the Policy and Resource Committee in relation to People Delivery Plan. However as noted in recommendation one the frequency of such reporting is not in line with the requirement laid out in the People plan. The latest update was presented in November 2023 with the next update planned to be presented in November 2024.

A report was presented to the Human Resources Sub-committee, dated 7 November 2023. The purpose of this report was to advise on key data relating to the Council's workforce and human resources related activity for financial year 2022/23.

This report notes that although some elements of workforce data are reported to Service committees as performance indicators on a six-monthly basis, in terms of the Scheme of Administration, the Human Resources Sub-committee should receive an annual overview report covering key areas of information on the workforce and transactional activity.

Included in the statistics, to this report, is data on the following areas:

- Recruitment activity and associated processes.
- Occupational Health.
- Sickness Absence.
- Job Evaluation.
- Change in Establishment process.
- Staffing numbers

We have noted evidence of additional commentary in the report to aid with meaningful interpretation of the observed trend in statistics.

Appendix 1

Improvement Action plan

Issue/risk	Recommendation	Agreed management action/timing/responsible individual
<p>1. We note that the frequency of progress reporting against the People Plan is not in line with the frequency laid out in the plan.</p> <p>Risk: There is a risk in relation to inability to identify any bottlenecks/delays to the plan on a timely manner.</p>	<p>We recommend presentation of the progress report in line with the requirement laid out in the underlying plan.</p>	<p>We agree and will ensure that the reporting is in line with the frequency laid out in the People Plan and in line with other performance reporting.</p> <p>Head of Human Resources and Organisational Development</p> <p>June 2025</p>
<p>2. We note that approval of the current People plan precedes the approval of the current Council Plan and runs for a different period with the next refresh due to be ahead of the approval of the new Council Plan in 2028. We further understand, based on discussion with management, that the individual Service Workforce Plans were last updated in 2016-17 with a new approach linked to service change and budget strategy currently being planned.</p> <p>Risk: There is a risk in relation to non-alignment of workforce plans with strategic and service plans.</p>	<p>We recommend that Council should refresh the individual service level plans and align the planning horizon of the People Plan with the strategic and service plans.</p>	<p>A mid-term review of the People Plan will be undertaken and, as part of this, the period will be extended to bring it into line with the Council Plan. Individual service workforce plans will be considered as part of an integrated approach with financial planning and service redesign.</p> <p>Head of Human Resources and Organisational Development</p> <p>November 2025</p>