

## South Ayrshire Council

### Report by Chief Executive to Audit and Governance Panel of 5<sup>th</sup> November 2025

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**Subject: Audit Scotland Report – Delivering for the future: Responding to the workforce challenge**

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#### 1. Purpose

- 1.1 The purpose of this report is to advise Members of the recent publication of Audit Scotland's 'Delivering for the future: Responding to the workforce challenge' report, attached as Appendix 1.

#### 2. Recommendation

##### 2.1 It is recommended that the Panel:

- 2.1.1 **Considers the key messages in the report and feedback any comments to officers.**

#### 3. Background

- 3.1 Scottish councils are facing intensifying workforce challenges amid rising service demands, financial pressures, and an ageing population. This report by Audit Scotland evaluates how councils are responding to these issues and outlines recommendations for future workforce planning and development.

#### 4. Detail

##### 4.1 Key findings:

- **Workforce Pressures:** Councils employ 262,000 staff, with costs rising to £10.3 billion. Sickness absence rates have increased significantly since the COVID-19 pandemic, with stress and mental health cited as major factors.
- **Ageing Workforce:** Over one-third of council employees are aged 55+, raising concerns about future capacity and health-related absences.
- **Recruitment Challenges:** Councils struggle to attract and retain qualified staff, especially in social care, IT, and professional roles. Rural and island councils face additional barriers.
- **Digital Transformation:** While all councils have digital strategies, integration with workforce planning is inconsistent. Digital capacity and resourcing remain key issues.
- **Hybrid Working:** Widely adopted but limited to certain roles. Few councils have assessed its impact on productivity or wellbeing.

- **Workforce Planning:** Most councils have medium-term plans, but alignment with strategic priorities and service-level integration needs improvement.
- **Staff Engagement:** Less than half of councils effectively engage staff or unions in workforce planning. Survey response rates are low.
- **Training & Succession:** Many councils invest in apprenticeships and internal development, but few demonstrate measurable benefits or savings.
- **Shared Services:** Collaboration exists but is underutilized. Only a few councils report efficiencies from shared roles or services.

#### 4.2 Audit Scotland recommend:

- Align workforce plans with strategic priorities.
- Improve use of workforce data and performance metrics.
- Accelerate digital transformation and assess its workforce impact.
- Formalize and evaluate hybrid working policies.
- Enhance staff engagement and wellbeing initiatives.
- Explore shared services and collaborative models.
- Monitor and report on workforce planning outcomes.

### 5. Legal and Procurement Implications

5.1 The recommendations in this report are consistent with legal requirements.

5.2 There are no procurement implications arising from this report.

### 6. Financial Implications

6.1 Not applicable

### 7. Human Resources Implications

7.1 Not applicable

### 8. Risk

#### 8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

#### 8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 There are no risks with rejecting the recommendations.

### 9. Integrated Impact Assessment (incorporating Equalities)

9.1 The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an Integrated Impact Assessment is not required.

## 10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## 11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report as follows:
- Appendix one allows for scrutiny of a publication by an outside body.

## 12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to all Priorities of the Council Plan.

## 13. Link to Shaping Our Future Council Yes No

## 14. Results of Consultation

- 14.1 There has been no public consultation on the contents of this report.
- 14.2 Consultation has taken place with Councillor Brian Connolly, Council Leader and Policy Lead for Economy and Strategy and the contents of this report reflect any feedback provided.

**Background Papers**      Link to report - [Delivering for the future: Responding to the workforce challenge](#)

**Person to Contact**      **Kevin Anderson, Assistant Director (Corporate Policy, Strategy and Performance)**  
County Buildings, Ayr  
Email [kevin.anderson@south-ayrshire.gov.uk](mailto:kevin.anderson@south-ayrshire.gov.uk)

**Date:** 27<sup>th</sup> October 2025

# Delivering for the future

Responding to the workforce challenge



ACCOUNTS COMMISSION 

Prepared by Audit Scotland  
August 2025



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## Accessibility

You can find out more and read this report using assistive technology on our website [www.audit.scot/accessibility](http://www.audit.scot/accessibility).

# Key facts

## Council workforce



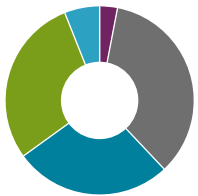
**262,000** Total headcount, an increase of 5.6% since 2014



**£10.3bn** Employment costs, an increase of 26% since 2014



**72%** Employment costs as a total of net revenue expenditure



**3%** aged 24 or under

**35%** between 25 and 44

**27%** between 45 and 54

**29%** between 55 and 64

**6%** aged 65 and over



**7.6 days** Sickness absence days per teacher in 2023/24, an increase in 30 out of 32 councils, and an increase of 85% since Covid-19 (2020/21)



**13.9 days** Sickness absence days per employee in 2023/24, an increase in 25 out of 32 councils, and an increase of 45% since Covid-19 (2020/21)

# Key messages

- 1 Councils are facing clear and continuing financial pressures and are having to make savings as they redesign and transform how they deliver services, including examining the need to make workforce reductions.** Recruiting and maintaining a skilled local government workforce remains challenging and, at the same time, demand for council services is increasing. This is placing additional demands on the existing workforce and there are indications this is now impacting upon the wellbeing of an ageing workforce, with absence levels rising to a new high.
  - 2 Auditors report that councils have responded positively to these challenges, but that further progress with workforce planning is still needed in light of continuing financial and demand pressures.** There remains scope for better alignment of workforce plans to corporate strategies, and opportunities to make better linkages between corporate and service arrangements. Councils could improve the availability and use of workforce data and demonstrate better, more meaningful engagement with their staff. Auditors also reported that there are existing initiatives across the sector to address issues with recruitment and retention, succession planning and the development of staff. But they also highlighted that opportunities to share services and roles could be better explored to deliver potential efficiencies and improve services. All councils recognise the importance of digital solutions in shaping their future workforce requirements, but digital capacity remains an issue for many, and further engagement with staff and service users is needed as councils transform how they deliver services.
  - 3 Staff remain the most important resource councils have to deliver services and meet the needs of their citizens.** Councils need to prioritise workforce planning and development to address existing and future challenges. Addressing rising sickness absence, embracing innovation and digital technology, and increased collaborative working will all be necessary to attract and retain staff, and ensure we all continue to benefit from a skilled and motivated local government workforce.
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# 1. Introduction

Recruiting and maintaining a skilled local government workforce remains challenging. Demands are increasing, absence levels are rising, and the workforce is ageing. Councils face ongoing financial pressures, and there are increasing concerns about staff wellbeing.

- 1.** Our [2023 Local government overview](#) noted that councils have never faced such a challenging situation. Financial pressures across the sector are well documented, and councils are operating within difficult economic circumstances and labour market conditions while aiming to mitigate a wide range of complex risks and pressures.
- 2.** Greater demand for services, reduced income and significant challenges in recruiting and retaining staff mean it is harder for councils to do more with less. Some service performance and satisfaction indicators are now beginning to decline, with Local Government Benchmarking Framework (LGBF) data showing an increase in the number of indicators which are now declining. The rate of decline has now surpassed the rate of improvement in each of the last two years.
- 3.** Workforce costs continue to be the largest area of expenditure for local government and are rising. We have repeatedly reported on the increasingly urgent need for deep and lasting transformation in the way that councils are delivering services. This is vital to ensure services can be maintained. The shape, size and nature of the council workforce will be key to this journey.
- 4.** The audit of Best Value is now integrated into the annual financial audit. As part of this, auditors are asked to report on a specific thematic issue chosen each year by the Accounts Commission ([Appendix 1, page 23](#)). The Commission asked auditors to focus on the effectiveness of leadership in year one of the new Best Value approach, and to consider 'Workforce innovation – how councils are responding to workforce challenges' in year two.
- 5.** The key questions auditors were asked to consider as part of the Best Value work on workforce are set out at [Appendix 2 \(page 24\)](#). Auditors' findings were reported to councils and these individual reports can be found on the [Audit Scotland website](#) alongside the annual audit report for each council.
- 6.** In this short report, we highlight some of the common points identified by auditors in these Best Value thematic reports, including those councils where auditors highlighted specific examples of good

practice, with the aim of assisting councils as they review and develop their priorities further. We also set out a summary of the Commission's overall expectations for Best Value in this area, along with a summary of the improvement areas frequently identified by auditors. While not a focus for this work, we also recognise that councils have a range of responsibilities under the Public Sector Equality Duty that must inform their workforce planning.

**7.** Delays to concluding the annual audit mean that the Best Value thematic report for Clackmannanshire Council was unavailable at the time of preparing this report. Parts two and three, therefore, draw upon the findings from the reports of Scotland's other 31 councils.

## The national context

**8.** Service demands have significantly increased since the Covid-19 pandemic, and funding remains constrained. An ageing population has increased the number of people in communities across Scotland who rely on essential council services. The overall population has increased by three per cent in the past ten years, with the 65+ and 75+ population growing by 18 per cent and 21 per cent respectively. Combined with the ongoing cost-of-living crisis, this has led to unprecedented pressures on the local government workforce to continue to deliver services for the most vulnerable in society.

**9.** Workforce pressures including recruiting staff from a competitive labour market, employee retention and high sickness absence levels are putting councils under sustained pressure. The recent LGBF [National Benchmarking Overview Report 2023/24](#) highlights issues such as ringfenced budgets, pay erosion across professional roles, an ageing workforce, geographic disparities in population, and reduced funding for consistent workforce investment, as contributing to general workforce capacity issues.

**10.** Workforce capacity and resilience challenges are not unique to councils, with similar pressures noted across the public sector in the Auditor General for Scotland's report [The Scottish Government's workforce challenges](#). The scale of these challenges, however, has been intensifying and ongoing financial pressures, alongside greater use of digital initiatives and technology, mean that councils must now consider the appropriate size and requirements of their future workforces.

## Councils are facing recruitment and retention challenges and are now more reliant on temporary and agency staff

**11.** Despite overall increases in staff numbers, historic challenges with recruiting appropriately qualified staff have continued to rise, with an increasingly competitive labour market adding to reported staff shortages

across numerous council services. Competition from the private sector, skills shortages and competitiveness of pay are cited as the main drivers for councils finding it increasingly difficult to recruit appropriate staff.

**12. [Scotland's Local Government Workforce Report 2024](#)**, jointly produced by SOLACE, the Improvement Service and SPDS (Society of Personnel Development Scotland), noted that councils overwhelmingly reported facing challenges to recruit and retain staff. While the overall workforce has grown, it has failed to keep pace with increasing demands across the sector. This has resulted in significant staff shortages across councils and the report highlighted critical workforce gaps in the social care and social work sectors. Lesser gaps were also noted in areas such as IT (including cybersecurity) and professional roles including accountants, trading standards officers, planners and environmental health officers.

**13.** As well as these issues impacting all councils, it is acknowledged that rural and island councils can face particular challenges recruiting staff to fill vacancies. Factors regularly cited include attracting people to live and work locally, a lack of affordable housing and a higher cost of living.

**14.** National reports produced by a range of stakeholders consistently emphasise that councils must urgently address the growing risk of failing to attract young people into the local government workforce, as well as ensuring local government is an attractive place to work for experienced professionals. As these pressures continue to take hold, the reliance on temporary and agency staff for some service areas has increased, and using agency staff is generally more expensive than permanent staff.

## **Councils are dealing with an ageing workforce, with more than a third of staff over the age of 55**

**15.** Across Scotland, council workforce numbers have increased from 248,000 in 2014 (203,000 full-time equivalent staff (FTE)) to 262,000 (216,000 FTE) in 2024. Over the same period, employee costs have risen from £7.6 billion (in real terms) to £9.3 billion in 2022/23. Employee costs continue to rise, increasing by 11.1 per cent to £10.3 billion from 2022/23 to 2023/24.

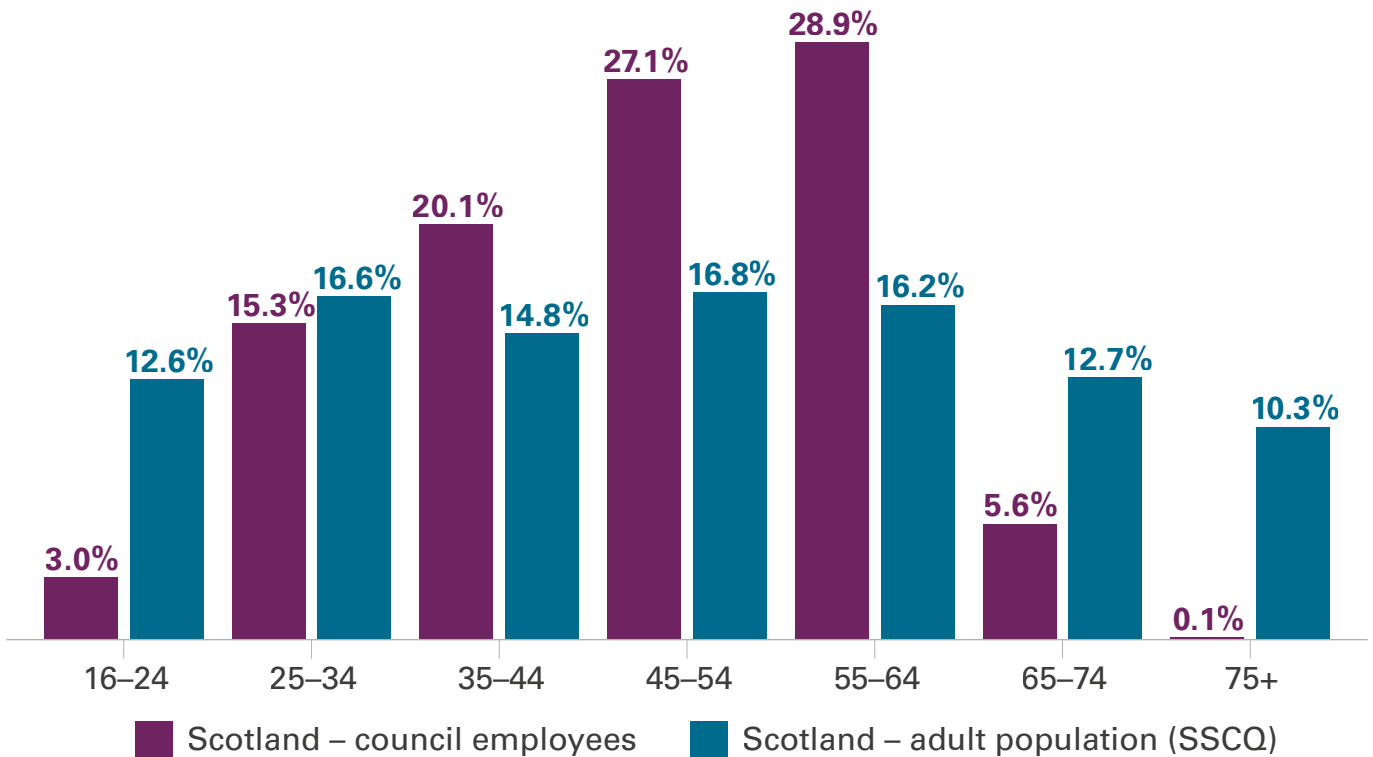
**16.** As well as increasing in number, the local government workforce has also been increasing in age with a third of the workforce now over the age of 55. The workforce proportions by age band, compared to the Scottish adult population, are shown in [Exhibit 1 \(page 8\)](#).

**17.** Health is deteriorating within the Scottish population as a whole and it is likely that this will impact older workers most, intensifying the challenges faced by local government to address workforce shortages. The [Scottish Burden of Disease](#) study is forecasting a worsening health scenario for key diseases, and councils must address the growing risk of an ageing workforce.

## Exhibit 1.

### Council employees and adult population 2024

Over a third of the workforce now over the age of 55.



Source: Scotland's Local Government Workforce Report 2024, produced by Society of Local Authority Chief Executives (Solace), the Society of Personnel and Development Scotland (SPDS) and the Improvement service (IS)

## Sickness absence levels are generally increasing across councils

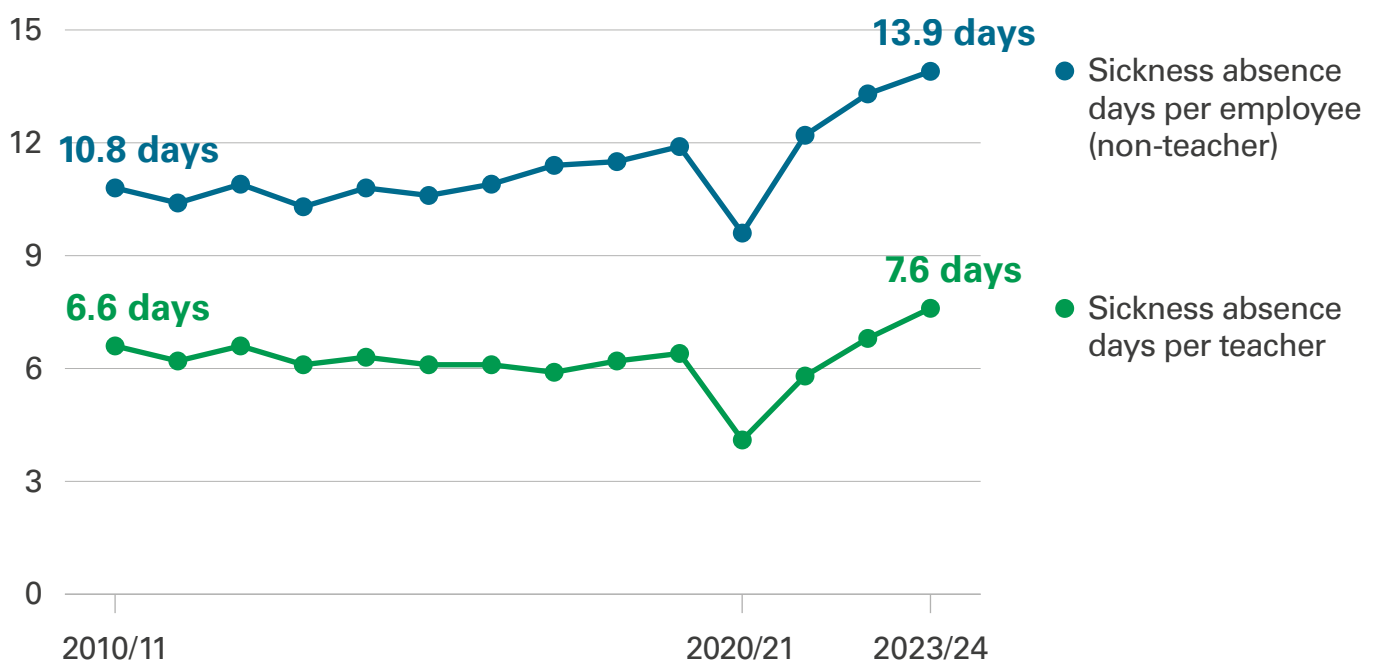
**18.** The LGBF data for 2023/24 highlights challenges related to managing staff absences due to sickness, which have been increasing since the Covid-19 pandemic ([Exhibit 2, page 9](#)):

- Absence levels per employee (non-teacher) increased in 27 councils between 2022/23 and 2023/24, with an average 4.5 per cent increase nationally. This continues the longer-term trend, with absence levels increasing at 30 councils since the LGBF base year of 2010/11 and the national absence rate also increasing (from 10.8 days to 13.9 days per employee in 2023/24).
- Teaching absence levels increased in 27 councils between 2022/23 and 2023/24, with an average 11.7 per cent increase nationally. Again, this continues a longer-term trend, with teaching absences increasing at 25 councils since the base year of 2010/11 and the national absence rate also increasing (from 6.6 days to 7.6 days per teacher in 2023/24).

- A total of 2.65 million days were lost to sickness across local government in 2023/24. Increasing sickness absence trends in local government are mirrored in the Scottish Government workforce and NHS Scotland. The Scottish Government reported 8.6 days absence per employee for the 12 months to September 2024 and NHS Scotland reported a sickness absence rate of 6.2 per cent until February 2024, its highest level in the last decade.
- The Office for National Statistics (ONS) sickness absence in the UK labour market statistics show that sickness absence per employee in the public sector has been consistently higher than the private sector. The ONS UK data, however, also indicates a trend of decreasing absence rates in both the public and private sector since the Covid-19 pandemic.

## Exhibit 2.

### Average sickness days lost per employee



Source: Local Government Benchmarking Framework

## There are indications, including increasing staff absence rates, that staff wellbeing is now being impacted

**19.** Sickness absence rates are at record high levels, with the LGBF overview report citing stress, mental health and fatigue as key contributors. The Chartered Institute for Personnel Development's [Working Lives Scotland 2024](#) report highlights there is a growing unease across the public sector. There has been a drop in the proportion of public sector employees saying they feel inspired at work and an increase in the proportion of staff feeling detached from their jobs and motivated only in monetary terms. The LGBF National Benchmarking Overview Report 2023/24 suggested this represents a modal shift in beliefs across the local government workforce.

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The next sections of the report reference specific councils and examples of good practice highlighted by auditors in local Best Value thematic reviews. Such practices may not be exclusive to these councils.

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## 2. How councils have responded

Councils have responded positively to workforce challenges, but further progress with workforce planning is needed. Auditors reported positively on many initiatives councils have introduced, but highlighted challenges around digital capacity and scope for increased collaborative working.

### **Effective workforce planning needs to support the priorities and longer-term vision of councils**

**20.** 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 trade 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. This means they will be exhibiting characteristics of mature workforce planning ([Exhibit 3, page 12](#)).

**21.** 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 underpinned with detailed workforce plans within services.

### **Most councils have up-to-date workforce strategies and plans in place, but more work is required to fully align these to their priorities and adopt organisation-wide approaches**

**22.** Auditors reported within individual thematic Best Value reports that almost all councils have developed and implemented some form of organisation-wide workforce or people plan. Most workforce plans focus on the medium term (ie, the next 5–6 years) and have been reviewed and updated recently (between 2022 and 2024). There was only one instance where the council workforce strategy could not be easily accessed and had not been updated.

## Exhibit 3. Workforce planning maturity matrix

Basic	Developing	Mature
<ul style="list-style-type: none"> <li>• Short-term operational focus</li> <li>• Limited workforce data and analytics</li> <li>• Workforce plan not linked to priorities and delivery of strategic plans</li> </ul>	<ul style="list-style-type: none"> <li>• Medium-term focus</li> <li>• Aligned to delivering priorities</li> <li>• Workforce and recruitment plans</li> <li>• Some workforce analysis</li> <li>• Annual review</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term focus on strategic priorities</li> <li>• Workforce and market analysis</li> <li>• Recruitment, development, retention and succession included in workforce planning</li> <li>• Workforce plans reflect new ways of working and scenario planning of future models for service delivery and demands</li> <li>• Real time monitoring including of performance levels and staff wellbeing</li> </ul>

Source: Audit Scotland

**23.** Auditors reported clear linkages between workforce plans and strategic priorities at around a quarter of councils. But there remains scope for considerable improvement in this area. Further work is needed at many councils to fully align workforce plans with council priorities, making links more explicit (including to financial and transformation plans).

**24.** Auditors also reported that workforce planning at corporate and service level could be better aligned. Some councils had well-developed service-level arrangements for workforce planning in place but less well-developed corporate-level planning, coordination and reporting. It was not always clear how corporate-level planning translated into service-level action.

### Councils should reflect further on how they consult with their employees when developing and reviewing plans

**25.** Just under half of councils engaged with either trade union representatives, the existing workforce, or both, when considering and developing workforce plans and strategies. Where engagement has taken place there is limited information on whether this has been effective in reducing any negative impact on staff.

**26.** There remains room for councils to further reflect on how they engage with their workforce when developing and considering workforce plans. For example, people survey results could be more widely used to inform plans or to monitor the impact of these. Securing good response rates to staff surveys can, however, be a challenge and response rates were below 30 per cent in most councils where these were reported to us. Leaders need to engage with staff and trade unions over fundamental workforce reform. This is particularly challenging in an environment of potential job losses.

## Councils can make better use of data when preparing and reporting on workforce plans

**27.** Workforce planning data should be maintained and considered to ensure plans are well informed and evidence based. While auditors report that some councils already make good use of workforce data to support and inform their plans, most councils could make improvements.

**28.** Auditors found that there are examples of councils already undertaking work to improve the availability of data in plans and progress reports. Elsewhere, auditors noted councils are working to develop workforce metrics which will be available to managers and to inform corporate reporting.

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Councils including **Aberdeenshire, Angus** and **Eilean Siar** display evidence of utilising workforce data to support strategic workforce planning and other associated plans.



Councils including **Dumfries and Galloway, Dundee City, North Ayrshire** and **South Lanarkshire** all use workforce data at a service level to assist with workforce planning.

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## Councils are scrutinising and monitoring workforce plans but the approach to this varies, and it is not always clear how this links to future workforce planning

**29.** Councils should monitor the impact of their workforce planning and delivery approaches, and ensure these are regularly reported to, and scrutinised by, an appropriate committee. This should include cost, service quality and productivity benefits as well as employee wellbeing. This reporting should be used to inform their workforce planning approach. Councils and their partners should also understand the wider impact of their employment practices on recruitment, as well as the overall impact on the local economy and labour market.

**30.** Around two-thirds of councils monitor the effectiveness of workforce planning, for example through update reports, staff surveys and

workforce dashboards, and many councils report on this at committee level. For a small number of councils where measurement and monitoring have not yet been implemented, scrutiny arrangements were either not clear or have not been developed, and there is no reporting to committees.

**31.** Some councils have developed, or are developing, workforce metrics and dashboards to inform workforce management and planning. One council was reported to be undertaking 'deep dives' to understand the data and take corrective action. Another was reported to use operational line managers to raise key concerns and suggestions which can then be taken to their workforce planning risk matrix.

**32.** However, use of performance information is not widespread, and auditors also reported that it was not always clear how strategies and plans were impacted by workforce update reports. In some cases, auditors explicitly noted there was scope for improvements in monitoring of workforce data at a service level.

### **Digital solutions are being used to support staff to deliver frontline services, as well as to unlock back-office efficiencies, but more progress is needed**

**33.** Previous local government overview reports have noted that digital technology will make councils' future workforces look and work quite differently. To achieve the change required, councils need to make good use of digital technology and use their workforces 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.

**34.** 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. Auditors found that all councils have in place some form of a digital strategy or plan. However, there are varying degrees to which this has been integrated with workforce planning and productivity to identify efficiencies. Many councils report challenges with the resourcing of digital priorities.

**35.** Around half of councils have introduced digital initiatives and developments that have been reported to deliver workforce benefits, increased productivity and improved services in some cases. Digital developments include initiatives such as the introduction of digital champions; increased use of sensor technologies to support the delivery of social care services; increased environmental monitoring in homes and to monitor waste disposal; and more novel approaches such as pilot programmes investigating the use of drones to deliver school meals.

**36.** Many other councils do have digital projects and plans under way and have made some progress in identifying where these could have impact. However, there were four instances where it was observed that the digital strategy was out of date, or that limited progress had been made with digitalisation projects. Further progress is now needed at these councils to support and enhance digital opportunities and allow a clear assessment and understanding of the impact digital technologies could have on workforce plans and assumptions.

Councils like **Dundee City**, **City of Edinburgh** and **East Lothian** are investing in digital tools, training, and infrastructure to enhance service delivery and workforce efficiency. Projects across these and other councils include developing AI chatbots, digital skills teams and smart city initiatives.



## Consultation and engagement on changes to service delivery could be improved

**37.** There are few examples of councils' efforts to engage staff and service users over new ways of working, service accessibility and digitisation of services. Only one auditor reported that a council had undertaken extensive consultation with both its workforce and citizens when developing its digital strategy. One council was reported to actively engage with its communities in delivering services and five further councils carried out staff engagement or staff surveys to gain views and experiences with digital developments.

**38.** A number of councils were also reported to have considered digital exclusion and the impact of this on their local community. A small number already have actions in place to address this, for example introducing staff to act as digital champions. Others have set out their intentions to address digital exclusion in their recent digital strategy. In a 2024 report, jointly prepared with the Auditor General for Scotland, we set out a series of recommendations about [Tackling digital exclusion](#).

## Hybrid working is now widespread, but is available to only a relatively small proportion of council staff and its impact has not been fully assessed

**39.** During the pandemic, councils needed to make the best use of their existing workforce while adhering to public health guidance and continuing to monitor employee wellbeing. Home-working and hybrid working (a combination of office and home-based working) have now become commonplace. These workstyles are often highly valued by staff, and where available can help council attract job applicants.

**40.** All councils reviewed have in place some form of flexible working or hybrid working policy. However, the availability of hybrid working is often

dependent on the type of role and typically is open to a relatively small proportion of staff, with many frontline and teaching staff not able to work from home.

**41.** Auditors report that only a small number of the councils have formally reviewed the impact of hybrid working on efficiencies, wellbeing and recruitment. There have been few examples of measurable efficiencies identified. Councils continue to look to new ways of working to improve job satisfaction and reduce sickness absence and staff turnover.

**Angus Council** has considered the impact of hybrid working on the wellbeing of its workforce and on financial savings and efficiencies by being proactive with its estate.



**Glasgow City Council, Shetland Islands Council** and **South Ayrshire Council** note that flexible working arrangements have had a positive impact on the workforce's wellbeing and work-life balance, but only Glasgow has measured impact on productivity, via a hybrid working staff survey.

**Shetland Islands Council** has successfully used its home working policy to widen the pool of potential employees for previously hard-to-fill roles.

## Councils are continuing to invest in their staff, with increased focus on succession planning and training initiatives

**42.** Councils need to find ways to ensure they have 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 a skilled workforce remains in place. There is also a growing recognition that the shape and nature of future roles will be influenced by technological advances, and that both employers and employees will increasingly place emphasis on career-long continuous learning and development.

**43.** 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 redesigned to optimise the workforce and improve services, for example generic roles across health and social care disciplines.

**44.** Auditors reported that most councils have some form of initiative in place to improve the skills and capacity of their current and future workforce. Most commonly, auditors saw initiatives in place to support and encourage young people into the workforce. Around half of councils have in place apprenticeships or programmes with local education partners to develop their current and future workforce.

**45.** Auditors also reported that many councils have developed a 'grow your own' scheme, with the aim of training and developing existing staff rather than relying solely on external recruitment. Other initiatives reported include redeployment of staff across the organisation, and considering the balance of temporary and permanent staff, including a focus on areas where recruitment and retention has been more difficult, for example in the social care workforce.

**46.** Progress in demonstrating savings and other benefits resulting from workforce initiatives, however, has been limited. Auditors were only able to report that two councils have currently been able to demonstrate savings and benefits from their measures to develop skills and capacity.

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Councils including **Aberdeen City, East Ayrshire, East Dunbartonshire, South Ayrshire** and **North Lanarkshire** have expanded apprenticeship programmes, including adult apprenticeships and pre-apprenticeship schemes.



**Inverclyde's** Workforce Refresh programme significantly increased youth employment.

More broadly, **East Renfrewshire Council** has prioritised investment in staff development and wellbeing, creating an earmarked reserve in 2023 to employ a Health and Wellbeing Officer. A further allocation from the council's Investment for the Future reserve was also made to support investment in development of its workforce.

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## **Councils have been exploring how best to co-deliver services, including shared service delivery and joint posts**

**47.** Councils should look to work collaboratively with their partners to make the best use of their existing workforces and plan for 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 being shared between councils, and services delivered through empowered communities.

**48.** Auditors found a mixed picture when it comes to shared services across councils. It is clear that the majority of councils work collaboratively with other councils, health and social care partnerships and other public and third sector partners. Auditors also reported examples of shared payroll services, and cross-council partnerships in fraud detection and occupational health, for example. However, many councils recognise that there is more that could be gained from increased collaborative working, with development work to explore the opportunities and efficiencies from more collaborative working currently ongoing across the sector.

**49.** Only three councils have reported savings or efficiencies as a result of shared services, however these have not been formally captured or fully quantified. Councils should continue to explore where they could work together with partners to utilise staff resources more efficiently or effectively in the future and learn lessons from those that have shared service arrangements on how the barriers to shared services can be overcome.

Two councils report shared service arrangements with other councils in areas including HR and payroll. We can also see good examples of shared services in the construction/roads space, for example partnerships with **Tayside Contracts** and **Ayrshire Roads Alliance**. This has helped protect some councils from workforce pressures that could have been faced within construction and facilities services.



**Scottish Borders Council** operates a centralised model for services such as finance, HR and property and has integrated joint services with the health board. It also has arrangements in place with another council to provide insurance services. It is currently exploring shared service arrangements with its sports and leisure trust, as well as opportunities for working with a further council.



## Most councils are not actively reporting on the increased use of temporary and agency staff

**50.** Workforce data held by councils on the use of temporary and agency staff is currently limited. Auditors reported only two councils held data on the proportion of temporary staff that make up their workforce. One council reported that numbers of temporary staff have increased since the Covid-19 pandemic, but it is recognised that dependence on agency staff continues to be a challenge across the sector, particularly across social care services delivered on behalf of Integration Joint Boards.

## Councils are actively considering their future workforce requirements, including the need to make reductions

**51.** Councils' current workforce planning is taking place against a backdrop of ongoing financial pressures, amid concerns about the financial sustainability of Scotland's councils. These have regularly been reported upon with our 'Local government in Scotland' overview reports.

**52.** Staff costs make up a large proportion of council spending. This means that, as new working practices and technologies are introduced, councils are forecasting their future workforce requirements while considering how to generate efficiencies and savings. It is important that

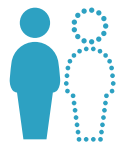
councils consider any such changes within the Best Value characteristics outlined. There must be clear links to continuing delivery of council priorities, ongoing and significant consultation with staff and trade unions, and a need to ensure that new ways of working unlock efficiencies and better service performance.

**53.** Managed workforce reductions, however, can come with their own risks. As councils reshape roles to enable them to deliver with fewer staff, then individuals may need to have a broader combination of skills. This can mean significant training and development for existing staff, while also contributing to recruitment challenges.

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**North Ayrshire Council's** Voluntary Early Release Programme, completed in 2023/24, is projected to save £2.4 million in recurring savings from the reduction of 85 staff. An assessment of the impact on service delivery was considered before the release of staff was approved. The council's Medium-term Financial Plan projects that its workforce will decrease by 79.5 full-time equivalent posts (FTEs) through natural attrition, vacancy management, redeployment and voluntary early release.

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# 3. Meeting future needs

Staff remain the most important resource councils have to deliver services and meet the needs of their citizens. Councils need to prioritise workforce planning and development, and innovation and collaboration will be necessary if future needs are to be met.

## The Commission's view

**54.** Staff remain the most important resource that councils have to deliver services and meet the needs of their citizens. But the challenges of recruiting and supporting staff are increasing as the workforce ages, needs change, and structural issues with labour markets emerge. Financial pressures are also an important factor. As councils adopt new technology and ways of working, and look to generate efficiencies, the shape and size of the future workforce needs to be actively considered.

**55.** Councils have workforce strategies and plans in place, but there remains scope for better alignment of these plans to wider corporate strategies, more joined up approaches to corporate and service-level arrangements, and for improved progress reporting in some cases.

**56.** Councils are now taking a range of actions to improve the effectiveness and mobility of their workforces, and continued investment in leadership and staff development will be necessary. But this investment must be joined-up across the whole organisation. Councils must now, as a priority, ensure that workforce planning moves past the 'developing' stage and begin exhibiting the characteristics of mature organisations in order to achieve Best Value (Exhibit 3).

## The Commission's expectations

**57.** Best Value statutory guidance sets out what is expected of councils when carrying out workforce planning as part of their overall management of their workforce ([Appendix 1, page 23](#)).

**58.** Going forward, councils will need strong leadership to develop the innovative approaches required to deal with increasing workforce pressures and challenges. Prioritising wellbeing and fostering a culture of trust, empowerment and continuous learning through improved engagement with staff will be increasingly important.

**59.** More use of digital solutions is now being made to support staff with the delivery of frontline services and to unlock back-office efficiencies.

However, councils are at different stages in the development of digital solutions and digital capacity remains a challenge for many. There is a need to ensure that the efficiencies that technology can unlock are recognised within workforce plans, to ensure that appropriate and necessary recruitment can be identified and planned for.

**60.** The implementation of shared services has also been a mixed picture across councils. Most councils work collaboratively, however the number of formal arrangements in place for sharing services with partners to create workforce benefits is limited. Councils need to actively explore these opportunities.

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**Auditors made recommendations** aimed at improving workforce planning to support service delivery, while supporting and developing existing staff

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### Workforce planning



Auditors made recommendations to enhance workforce planning, improve transparency, and ensure alignment with the council's strategic priorities, including:

- making linkages between workforce strategies and plans and corporate strategies more explicit
- ensuring that service-level plans reflect and address corporate priorities
- more clearly defining performance measure outcomes and setting clearer targets
- having regular monitoring and reporting of progress
- expanding the range of workforce planning information collected to inform planning, including overall workforce profile, data on turnover, vacancy rates, casual and temporary staff, and the learning and development needs of staff
- better engaging with staff as part of the planning process and being transparent about how staff feedback is incorporated.

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### Digital technology



Auditors made recommendations on the use of digital technology to support workforce productivity and improve service delivery, including:

- being clearer how plans for digital technology will shape and impact the workforce, including expected benefits and necessary support for skills development
  - increasing the pace of digital transformation projects and developing measures to monitor their impact on productivity and service outcomes
  - undertaking a corporate review of digital skills to identify gaps and areas for improvement.
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## Hybrid working



Auditors made recommendations to enhance the effectiveness of hybrid working, ensuring benefits for both the organisation and its employees, including:

- formalising the policy and procedures for hybrid working
- measuring and monitoring the impacts of hybrid working. This should capture the benefits for staff including wellbeing, and any savings achieved or improvements to services.

## Workforce development



Auditors made recommendations in relation to developing a skilled and capable workforce to meet future demands effectively, including:

- assessing the skills profile of the current workforce in line with future workforce requirements, including a digital skills assessment
- reporting on the impact that current skills and capacity development programmes are having on filling skills gaps and succession planning
- monitoring and reporting on the cost versus benefit of using agency staffing, including collecting data on the number of agency staff employed.

## Shared services and collaborative working



Auditors made recommendations in relation to collaborative working, including:

- continuing to explore opportunities for joint working and collaboration to build resilience and to make the best use of resources
- capturing learning from successful shared roles and functions and establishing flexible roles to apply when developing future roles.

## Measuring the impact of plans



Auditors made recommendations on the measurement of impact of workforce planning approaches, including:

- clearly setting out scrutiny arrangements for workforce planning with clear roles and responsibilities for monitoring, oversight and decision-making on workforce planning at committee and officer level
- prioritising the development of workforce planning reporting tools
- ensuring that organisational and service-level workforce strategies are supported by appropriate performance management information including quantifiable metrics.

# Appendix 1

## Best Value guidance: use of resources, workforce

The Local Government in Scotland Act 2003 introduced a statutory framework for Best Value for local authorities and the Scottish Government publishes Best Value Statutory Guidance structured across seven specific themes.

One of the seven themes is effective use of resources, and this includes the effective use of councils most important resource, their staff. Within this there are specific requirements related to how councils carry out workforce planning as part of their overall management of their workforce:

- A workforce strategy is in place that sets out expectations on how the local authority's staff will deliver its vision, priorities and values.
- The strategy is translated into workforce plans, covering employee numbers, skills, knowledge, competencies and organisational structures, that demonstrate how staff will be deployed to deliver the services planned for the future. Plans are regularly reviewed at appropriate intervals according to a clear review cycle.
- All employees are managed effectively and efficiently and know what is expected of them. Employee performance is regularly assessed through performance appraisal, with individuals and teams being supported to improve, where appropriate.
- Members and senior managers understand and demonstrate that effective delegation is an important contribution to the local authority's ability to achieve Best Value.
- The contribution of staff to ensuring continuous improvement is supported, managed, reviewed and acknowledged.
- The local authority demonstrates a commitment to fairness, equity and safety in the workplace; it adopts relevant statutory guidance through progressive workplace policies and a commitment to best practice in workplace relationships.
- Leaders ensure that there is the organisational capacity to deliver services through effective use of all employees and other resources. They communicate well with all staff and stakeholders and ensure that the organisation promotes a citizen- and improvement-focused culture that delivers meaningful actions and outcomes.

# Appendix 2

## Best Value local thematic guidance

The 2023/24 planning guidance issued to auditors required all auditors to carry out work and report on how councils are responding to the current workforce challenges through building capacity, increasing productivity and innovation. The programme of work required included an assessment of, and conclusion on, the following key 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 practices 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?

# Delivering for the future

Responding to the workforce challenge



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
Phone: 0131 625 1500 Email: [info@audit.scot](mailto:info@audit.scot)  
[www.audit.scot](http://www.audit.scot)

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