

Agenda Item	17
Report No	HC/52/17

HIGHLAND COUNCIL

Committee: Highland Council

Date: 14 December 2017

Report Title: **Talent Attraction, Retention and Returns**

Report By: Depute Chief Executive/Director of Corporate Resources

1. Purpose/Executive Summary

- 1.1 This paper presents an update on workforce sustainability issues in the Highland region and those specific to the Council. Recent work commissioned by HIE on Talent Attraction, Retention and Returns (https://www.highland.gov.uk/download/meetings/id/72943/item_17_talent_attraction_appendix_1) has highlighted out-migration and an ageing population as key themes; the potential impact of Brexit on the Council will add further complexity to the task. Close collaboration with partners to secure the Council's workforce of the future, combined with an action plan to deal with the effect of Brexit on employees will be important factors in meeting the challenges ahead.

2. Recommendations

- 2.1 Members are asked to consider:
- (i) The workforce sustainability challenges facing the Highland Council.
 - (ii) The importance of collaboration with partners to develop a Talent Attraction, Retention and Returns Strategy and Action Plan.
 - (iii) The requirement to prepare for the workforce challenges presented by Brexit.

3. Context

3.1 The future workforce challenge facing the Council is one which, to varying degrees, is shared across all employers in Highland. It is also one that sits at the very core of Highland life and the need to have a working age population to support the Highland economy and community wellbeing.

3.2 While the Highland population is growing it is also ageing. By 2024, it is estimated that there will be:

- +3% increase in overall population
- -3% decline in number of people aged 16 and under
- -4% decline in number of people aged 17-65
- +38% increase in number of people aged over 66

Across Highland the scale of this demographic change will vary between communities. Recent data details net migration figures to be heavily dominated by an out-migration of 1,100 people aged 25-34 years old, furthered by c.50 aged 35-54 (2013/14). Ageing demographics coupled with the falling net migration has resulted in restricted working age population.

3.3 Recent analysis conducted on behalf of Skills Development Scotland indicates that replacement demand over the next 10 years in Highlands and Islands will be 80,800 people, with the highest gaps in: Elementary occupations (21,100 people) with almost half, (47%) of these in Highland; this is followed by Professional occupations (15,900 people), 57% in the Highland area and skilled trades (12,800 people), 56% in the Highland area). This analysis does not consider potential out-migration as a result of Brexit which is likely to exacerbate the situation.

3.4 From a workforce perspective, given that Highland already has a high employment rate and the number of jobs (new and replacement) is forecast to increase, this means that the number of people available within the labour market and the pipeline of future talent for the Council and all employers are diminishing. There is a need to increase the working age population, this can be achieved through a number of measures, including encouraging:

- young people to remain
(currently 40% of young people describe themselves as “committed stayers”, and 15% are “reluctant leavers”)
- young/working age highlanders to return
(currently 25% of those who have left consider themselves as “potential returners”)
- older individuals to continue to work
(for example, reduced hours, flexible working arrangement, reasonable adjustments etc.)
- as well as, attracting skilled working age people to live and work in Highland
(for example, 84% of EU migrants in Scotland are of working age and have higher education qualifications)

3.5 While the challenge facing the Council is shared with other employers across Highland, it is also one that is shared across the Highlands and Islands. In response to the need to ensure the Highlands and Islands has a skilled workforce for today and tomorrow, work has been progressing across partners to deliver a Highlands and Islands skills investment plan. The Council workforce requirements are wide-ranging and complex, with the need for technical, practical, professional and specialist skills across the

Highlands, these skills are needed across the partnership community, particularly NHS. While action on skills is the primary focus of this work, it is recognised that it must be matched by action to attract people. To this end HIE commissioned consultants to prepare Talent Attraction, Retention and Return Strategy and Action Plan.

3.6 Partner agreement to the actions proposed and delivery mechanisms is still to take place but the Strategy and Action Plan usefully provides a framework for activity at both a Highlands and Islands regional level as well as at local and organisational levels. It offers therefore a useful guide as to how the Council (and partners) may wish to approach talent attraction, suggesting the need for four separate but complementary workstreams:

- Information on living and working in Highland, key employment sectors and occupational opportunities.
- Marketing and Promotion of the opportunities and reasons why it is good to remain, return or relocate to Highland.
- Attraction of specific target groups, for example returners, business start-up entrepreneurs.
- Retention of young people and those of working age.

It is suggested that efforts will be most effective by targeting reluctant leavers/stayers and those who have left but are keen to return to the Highlands. The Chief Officers Group of the Highland Community Planning Partnership (CPP) has already discussed the issue of talent attraction and there are opportunities to develop some new approaches with partners in particular areas with support through the community partnerships now in place.

3.7 The Council already undertake actions which support this activity, for example, the Enterprising Highland website; its Graduate Placement Grant; the Business Gateway service for start-up businesses, and Inverness and Highland City Region Deal. It is proposed that over the coming months the Council, in collaboration with partners, further develops this talent attraction strategy and action plan.

3.8 The Council as an employer will benefit from and be able to contribute to this activity. However, to do so also requires the Council to fully understand the workforce challenges it faces and the future skills needs it has. The recent commitment to employ 150 modern apprenticeships over the next 2 years and the development of a corporate approach to workforce planning are positive first steps. However, it is likely that a more collaborative approach will be required in order to prevent any future sustainability risks.

4. Council Workforce

4.1 It is worth noting that the Council's workforce age profile is consistent with the overall Highland trend, with over 40% of the council's workforce aged 50 or above, with less than 10% aged below 30. A Workforce Planning Strategy was approved for 2017-2022 under which we have a set of guiding principles designed to reflect need to attract and retain a workforce which meets service outcomes. There are 9 strategic objectives in the plan, 2 of which specifically relate to establishing agile workforces. The aim is to achieve this through effective recruitment and by generating a culture of transition, underpinned by upskilling and maximising retraining opportunities.

4.2 A consolidated approach to the 2017/18 Workforce Planning cycle has identified recruitment and retention as priority actions. The focus in the early years of the resultant action plan will be to develop our own workforce through modern apprenticeships and retention of knowledge through effective succession planning. The Care and Learning Service in particular is facing an acute challenge with regards to provision for schools and health visitors. It is also recognised that the Council has an aging workforce, with a substantial outflow of experienced staff in the next 5 to 10 years. A specific requirement is the increase in Early Years Provision from 600 to 1,140 hours per child, requiring a significant uplift in staff in this sector by 2020.

5. Brexit

5.1 Currently about 3.2 Million EU nationals live in the UK. In the Highlands the estimate is that about 10% of the population are EU nationals. The government is looking to secure the status of British nationals living in other member states and EU nationals already living in the UK, as early as possible, but no guarantees have been given yet. Uncertainty is intensified by a very real concern about the potential number of highly qualified EU staff currently working in the UK and the Highlands who might decide to leave or be deterred from coming here at all.

5.2 The Highland Council has to prepare for the impact of Brexit on its workforce and develop a strategy and action plan to deal with challenges to consider direct and indirect risks associated with Brexit from an HR, procurement, financial and legal perspective. The most likely deadline for registration of EU Nationals in employment is March 2021, when a new system will be in place. The main issues to be addressed are:

- The requirement to identify EU nationals working for the Highland Council
- Provide re-assurance, guidance and support to employees during the Brexit Implementation period, and help them to obtain the correct status in order to continue their right to work in the UK
- Identify potential areas of unplanned vacancies and future recruitment difficulties of EU nationals due to Brexit.
- Prepare for impacts from a procurement, financial and employment law perspective

5.3 The upcoming Corporate Workforce Plan will present options for dealing with the challenges associated with Brexit that the Council faces as an employer.

6. Council Future Workforce

6.1 The financial challenges facing the Council will inevitably require downsizing in terms of staff numbers. Consideration will also have potentially to be given to terms and conditions of service in order to create a more flexible, agile and affordable workforce profile. It is therefore expected that the Council will need to consider a range of innovative and far-reaching options and that members are likely to be asked to give consideration to these in due course due to the scale of the fiscal constraints being faced by the Council over the course of the next few years. The Council will continue to place great value in our partnership agreement with Trade Unions and priority will always be given to meaningful and constructive consultation prior to any major decisions.

6.2 The complex and diverse nature of the Council's workforce makes planning for future

skills requirements challenging. Discussions with UHI have highlighted that private sector organisations tend to have a more focused approach to future sector skills requirements and are thus able to secure future apprenticeship, further and higher education places. Although there are areas of good practice, such as recent engagement by council staff with UHI to discuss EYP opportunities, the approach that the Council has traditionally adopted has tended to be disjointed, with no real single point of contact with respect to future skills requirements.

7. Summary

- 7.1 Many of the workforce challenges that the council faces are common across the Public Sector, the NHS in particular. Developing innovative ways to attract skilled workers to the region is one area where increased collaboration should deliver economies of scale. Collaboration with public sector partners will also allow the Council to influence the UHI offer. This approach will support the concept of 'growing our own', the aim of which should be to target the 40% of committed stayers and 15% of reluctant leavers amongst young people to meet future skill requirements.
- 7.2 The importance of conducting work to mitigate against out-migration due to Brexit and supporting EU nationals within our workforce is an important emergent task that will require initiation in early 2018.

8. Implications

- 8.1 Resource - Collation of details for EU nationals within the Workforce may require extra resource.

Legal – Nil.

Community (Equality, Poverty and Rural) – Equalities Impact Assessments will be conducted as work emerges on the Talent Attraction Retention and Returns action plan and Brexit mitigation.

Climate Change/Carbon Clever – Nil

Risk – Workforce sustainability is a Corporate Risk.

Gaelic – Nil.

Designation: Depute Chief Executive/Director of Corporate Resources

Date: 14 December 2017

Authors: Steve Walsh, Head of People & ICT and Andy McCann, Economy & Regeneration Manager