

Workforce Planning Guide

Introduction

What is Workforce planning?

At its simplest, Workforce Planning is an organised way of:

- Identifying the number of employees and the types of employee skill sets required to meet your organisation's goals, strategic objectives and service delivery requirements.
- Developing a plan of action to ensure that the appropriate workforce will be available to provide quality services

Why is it important?

The Highland Council can expect to see:

- A growing number of retirements from an aging workforce.
- Increased competition for skilled employees.
- An increasing demand for Services.
- A requirement to provide Services in different ways and at different times
- Continuing financial challenges.
- Changes in the political landscape

To address these factors, the Highland Council must take the time to develop useful workforce plans to ensure we have the right number of people in the right jobs at the right time to meet our goals and objectives, and to plan for future growth and challenges.

The Workforce Planning Model is a reference for that purpose. It is designed to assist Services with their workforce planning processes and in developing their workforce plans.

The model is designed to support the particular operating cultures and needs of the Council's Services. It is simple, flexible and can be modified to address our Services specific and distinctive needs.

Purpose

Our most important asset is our people. Without the right people, it is unlikely that even the most comprehensive financial and Service plans will deliver the step change in performance.

Improvement will come when we have the right people with the right knowledge, skills and behaviour deployed appropriately throughout the workforce.

Workforce planning links the Service plan and workforce plan for recruitment, retention and employee development. It is about how we get to where we want to be.

It also provides the opportunity for longer term thinking about future Service pressures and what we need to do to get workable strategies in place for people development and budget management.

Workforce planning will help Services:

- Review how many employees are needed
- Ensure that sufficient and appropriate learning and development is provided
- Cope with peaks and troughs in supply and demand for different skills
- Deliver improved service by linking Service Plans to people plans
- Retain employees and identify longer term workplace accommodation requirements
- Support the partnership working approach
- Manage employment budgets

Timescales and Scope

The first step is to agree the timescales and scope of the planning process. The workforce plan should plan ahead between 12 months to 4 years depending on Service requirements.

An objective of workforce planning is to build longer term context within which shorter term staffing decisions are made. Workforce planning cannot predict the future. It is a living document that will need to be reviewed and updated in order to respond to changing circumstances. Regular monitoring will avoid drift and ensure that plans remain current.

Managers can determine whether the workforce plan will cover the entire workforce initially or a more limited scope e.g. focusing on roles that deliver key services, difficult to recruit areas or retain key skills.

Ownership

The Workforce Plan is owned by the Service Director and driven by the Service HR Business Partner.

It is also important to consider who needs to be involved in the process of developing the plan, delivering the plan or because their work will be affected by it. Possible partners could include managers, Union representatives, team leaders and supervisors

1. Workforce Planning Model



Step	What the Step Involves
Step 1 Context & Environmental Analysis	Identifies the internal and external factors that may affect the Council's workforce now and in the future.
Step 2 Future Workforce Profile	Identifying the number and type of workforce required to deliver the Service in the future
Step 3 Current Workforce Profile	Identifying the number of employees and skill types currently available
Step 4 Workforce Implications/ Gap Analysis	Comparing the current workforce profile (Step 3) with the future workforce required (Step 2) and identifying the critical gaps
Step 5 Action Plan	Developing appropriate strategies to fill identified gaps.
Step 6 Review & Evaluation	On-going task to review success of previous strategies and highlighting emerging issues that require development

Step 1 Context and Environmental Analysis

What the step involves?

Identifies the internal and external factors that may affect the Council's workforce now and in the future.

The planning period is determined by a judgment of how far into the future predictions can be made, with some acceptable level of uncertainty. Typically, staffing plans include a variety of planning horizons, with some immediate concerns addressed more quickly (e.g., within 1 year), and others over the long term (4 years).

More detailed planning can go into more immediate items, and more general plans with contingencies for environmental uncertainties can be used for long-term planning. Plans will be updated annually or after a substantial change occurs within an organisation.

Context

The most valuable workforce planning information can be found in your Service plan, operational plans and budgets.

Actions Place	Actions to consider
Service Plan and Operational plans	<ul style="list-style-type: none"> • Review /analyse the Service & Operational Plan • Identify key strategies, goals and workforce issues • Determine if there are pending changes that would affect the workforce now or in the future
Budget Information	<ul style="list-style-type: none"> • Analyse budgets and forecasts • Determine if there will be budget issues affecting your current workforce or future workforce
Decide scope for Service	<p>Determine whether your workforce plan will cover your entire workforce or a limited scope, such as one of the following:</p> <ul style="list-style-type: none"> • Focusing on only occupations delivering key services • Focusing only on occupations that are difficult to recruit to or retain people • Focus on a particular strategy outlined in the service plan to ensure that the right people are available

1.2 Drivers for Change

There may be a number of drivers for workforce changes and the first task is to clearly articulate the shape and scope of the Service.

There will be obvious drivers that led you to start considering service change in the first place, but there will be a wide range of drivers which will also impact on future services and an understanding of these is critical if you are to fully understand what is required.

Different sections of a Service merit different levels of planning and analysis; some may not merit any planning or analysis. For example, jobs that can be filled quickly with known resources do not require staff planning.

Staff planning efforts should only be focused on those areas of the Service that require advance planning (e.g., jobs that are critical to the Service, jobs that are difficult to staff). Parts of the Service that undergo change may require staff planning or a revision of an older staffing plan.

The purpose of focusing planning efforts on key workforce is to ensure that staff planning resource is used where they are needed most and will have the most impact.

1.3 Scenario Options

Once we have determined the context and drivers for change a range of potential scenarios can be created. Some scenarios may be better at achieving certain benefits; others might have more realistic chance of success because they are less likely to meet resistance.

These scenarios can then be used to discuss further with wider stakeholders including partnership working with staff and the Unions.

Step 2 Future Workforce Profile

What the step involves?

Identifying the number and type of workforce required to deliver the Service in the future.
--

Using information and discussion outputs from Step 1 we can identify the number and types of staff required which may lead to consideration of new roles or new ways of working.

Planning workforce demand needs to be completed in conjunction with service and financial planning process.

Forecasting demand is the process of estimating future workforce requirements based on the right quality and right number. Potential workforce requirement is to be estimated keeping in view the Services plans over the next 6 months to 4 years.

The purpose of a demand analysis, in the context of long-term staff planning, is to forecast future staffing needs that will be required to operate and fulfil the requirements of the service. Demand analysis predicts the number of employees required to fill different positions throughout the Service and the characteristics the employees need to successfully perform in those positions. Predictions should also attempt to account for any changes in work, workload, or functions as per Step 1.

For example, if a Service is going to introduce a new IT system in the next two years, then existing employees may need to be trained or new employees hired to operate and maintain the system, and fewer employees may be required if the system adds a level of automation

2.1 Techniques of estimating demand:

- (a) Managerial Judgement
- (b) Activity Analysis
- (c) Ratio-trend Analysis

(a) Managerial Judgement: Management forecasts the workforce requirement for the Service, Directors and Head of service meet and decide about the future workforce requirement.

(b) Activity Analysis: This technique is suitable where the estimated work-load is easily measurable. Under this method, estimated total activities for a specific future period are predicted. Information on how long tasks take and how they relate to other activities is generally collected through observation, diaries or similar approaches. This information is translated into number of hours required taking into consideration the capability of the workforce. Past-experience of the management can help in translating the work-loads into number of hours required. Thus, demand of workforce is forecasted on the basis of estimated total output and contribution of each employee in producing the output.

In reviewing how many staff is required, we also have to build in time for training, planning, communicating, administration and absence which can take up a significant amount of an individual's time.

(c) Ratio-Trend Analysis (relevant to Services where productivity can be accurately assessed):

Demand for manpower is also estimated on the basis of ratio of production level and number of workers available. This ratio will be used to estimate demand for workforce. The following example will help in clearly understanding this technique.

Example: Estimated production for next year = 1,40,000 units

Estimated no. of workers needed (on the basis of ratio-trend of 1: 200) will be = 700

Step 3 Current Workforce Profile

What the step involves?
Identifying the number of employees and skill types currently available

Use supply analysis to identify the number of employees in each job, the knowledge, skills, and abilities possessed by those employees, and the characteristics of hiring sources.

Supply analysis involves an audit of the workforce within the Service conducted in the present, and projected into the future over a selected planning period (maximum 4 years). The results from a supply analysis provide a baseline from which the results of the demand analysis can be compared. The purpose of supply analysis is to determine whether sources of workforce will fall short of, meet, or exceed demand in terms of the number of employees required and the knowledge, skills, and abilities required.

For example, the introduction of a new system may increase the automation of a function, which would reduce the number of employees required, but also increase the level of knowledge, skills, and abilities needed by the remaining employees.

It is important to understand the impact of the age profile of the current workforce and levels of staff turnover in order to understand what workforce is likely to be available in the future if no changes to roles take place.

Whilst there is always potential opportunity to reshape the workforce to better support redesigned services, consideration should also be given to the practicalities and cost of any retraining, redeployment and or recruitment activities that might be needed.

3.1 Current Workforce

The largest component of the future workforce is the current workforce, the reason for reviewing future demand first is that it helps us focus on what we need to know about our current workforce.

Key data (table 1) will be provided via the Service Business Partner by the Organisational Development team. This data will provide an overview of key characteristics.

Table 1 – Service Profile

Workforce Data	Workforce Analysis(based on the last 12 months data)
Job title Location Headcount (includes multiple post data) Contracted hours Length of service Age Gender	Agency costs Absence stats – (sickness) Number of leavers Number of new starts Number of movers Turnover rates Number of retirements Job family ratio <i>Job family analysis – further breakdown of data related to a specific job family can be requested</i>

There will be a requirement for specific data collection once the demand assessment has been completed which will require specific service knowledge. Table 2 outlines some areas that may be required and further analysis by the service or further data from the Organisational Development team in HR.

Table 2– Additional Service data

Exit interview / Reasons for Leaving Employee Survey data Hard to fill posts within the Service Review of current ratios/guidelines in place within the Service Skills, training and qualifications – specialist skills

3.2 Workforce Trends

To forecast the future workforce and control supply so it meets demand we need to understand the flow into and out of the workforce.

For example, competition from other employers might increase for a particular skill i.e. graduates or retirement rates will depend primarily on the age profile of your existing workforce

Younger employees typically have a higher turnover rate as they are likely to be more mobile. Turnover rates also peak when people start new jobs, therefore staffing a new unit may initially have higher turnover rates.

3.3 Influencing workforce supply

Having established the existing workforce and the likely changes as a result of flows in and out, we need to understand what we can do to influence future supply so that it meets demand.

We can also explore ways to optimise the contribution of our current staff. Increasing the skills of the existing workforce not only makes them more effective in their current jobs but also creates a potential pool of staff for promoted, enhanced or more flexible roles. Even where formal training is not provided on promotion, there is effectively a cost associated with their development as individuals become more proficient at the job.

If absence levels are high, efforts to reduce absence can increase the time available from existing staff. Reductions in turnover will mean fewer recruits are needed. However, some turnover is inevitable and desirable to enable people to progress and widen their experience.

Developing new roles can enhance supply in a number of ways:

- Tapping new pools of potential recruits
- Maximising the potential of the existing workforce: current staff are generally more committed to the organisation, so developing their skills to enable them take on enhanced roles is often more cost effective than recruiting from outside
- Improving the intrinsic rewards of the job: many staff feel that their skills or potential are underutilised. Enabling them to take on enhanced roles can be an effective way of retaining them
- Offering flexible working patterns can also be very attractive for new recruits and potential returners.

Step 4 Workforce Implications/ Gap Analysis

What the step involves?

Comparing the current workforce profile (Step 3) with the future workforce required (Step 2) and identifying the critical gaps

4.1 Gap analysis

This involves reconciling the differences between the required analysis results and the supply analysis results. The results of a gap analysis identify the differences between staff characteristics (i.e., the number and characteristics of the employees) and the projected future needs.

The Service will establish workforce strategies based on the results of this analysis.

Analysis results may show one of the following:

- A gap (when projected supply is less than forecast demand), which indicates a future shortage of workers or skills. It is important to know what critical jobs will have gaps so the necessary training or recruiting can be anticipated.
- A surplus (when projected supply is greater than forecast demand), which indicates a future excess in some categories of workers and may require action. The surplus data may represent occupations or skills that will not be needed in the future or at least will not be needed to the same extent. It is not always possible to produce very detailed workforce plans for every group of staff in the Service. It is therefore important to prioritise in Step One – Context & Environmental Analysis those drivers that have the highest impact on the Service.

4.2 Priority Planning

We must identify what are the most significant areas for change. You must consider the likely impact of each option under consideration and how much it will cost.

The list of options for increasing supply or reducing demand needs to be moderated by assessing what each solution is likely to achieve in terms of its impact. Some solutions may incur additional costs while some may avoid wasting investments already made in the workforce.

Training courses and backfill can be expensive and of course, large scale recruitment will have numerous direct and indirect costs. Retention measures on the other hand may be demonstrated to be saving the past investment made in training of staff, by avoiding the recruitment and induction costs for new staff, as well as retaining the 'intellectual capital' of our current employees.

Some solutions will have an immediate effect while others may take years to be realised.

You cannot possibly get the plan absolutely right because there are too many variables and the environment is always dynamic. Thus we have to focus on key decisions and build in flexibility and review.

Step 5 Action Plan

What the step involves?
Developing appropriate strategies to fill identified gaps.

5.1 Plan

This step will outline the key areas of need/action to move from where the Service is now to where it wants to be and prioritise the 'issues' and develop an action plan to address the gap.

Strategies to be considered may fall into the following areas:

- Attraction and Selection – ways to attract the right people, from the widest possible sources. This strategy will include attracting qualified candidates, trainees and apprentices and ensure we recognise and select the best possible candidates.
- Learning & Development – building capacity by shaping and developing employee capabilities and prepare employees for new roles or responsibilities. This will involve looking at ways to get people working most productively which could include reviewing the training, developing our talented people, regularly reviewing how we deploy people, and managing and improving performance.
- Engagement /Retention – ways to encourage employees to stay in the organisation and ensure that we meet a diverse range of employees' needs and have a productive culture in which people want to work. Ways to keep talented, valued employees, even during a downturn.
- Succession Planning – ensure that there are qualified people capable of filling critical positions and knowledge transfer strategies to capture the knowledge of experienced employees before they leave our organisation.
- Staffing budget realisation – reviewing the impact on the staffing budget due to the ongoing savings requirement. Any action would involve adhering to Council Policy and Procedures

The workforce plan should be implemented in connection with the requirements of the Service and Councils strategic plan. If the Service plan changes due to unanticipated funding, leadership or even legislative changes then adjustments to workforce plans may be necessary.

Actions should be kept at a manageable number so they can be achievable, and they should be prioritised to allow the Service to focus its resources on the most important actions

Step 6 Review & Evaluation

What the step involves?

On-going task to review success of previous strategies and highlighting emerging issues that require development

Ongoing evaluation and adjustments are important in workforce planning and are key to providing a usable process that works for the Service. Workforce plans should be reviewed at least annually. If a Service does not regularly review its workforce planning efforts, it risks failing to respond to unanticipated changes and challenges.

Consequently, Services should establish a process that allows for a regular review of the workforce planning efforts to:

- Review performance measurement information.
- Assess what is working and what is not working.
- Adjust the plan and strategies as necessary.
- Address new workforce and organisational issues that occur.