

Research Paper N°7

Workforce Planning in the Irish Public Service

Joanna O’Riordan



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Foreword

In the *State of the Public Service* research series, we seek to provide evidence-informed research and commentary on key aspects of contemporary Irish public administration, including its organisational form, systems, people and processes. The authors of these reports bring their considerable expertise and practical knowledge to the topics selected so as to provide evidence, insights and recommendations to support future development. Our aim is that these reports will not only inform, but also challenge current thinking about how the Irish public service performs. It is intended that these short research reports will be of relevance and use not only to public servants, but also to policy-makers and the wider public.

In this report the critically important issue of workforce planning is examined. Given the likely public sector environment for the next few years, where the number of people working in the public service is being reduced and redeployment of staff is now a key aspect of managing resources, it will be more important than ever for public service organisations to have a clear view on how to maximise the use of remaining capacity and talent. Drawing on international and national experience, this report looks at why workforce planning can be challenging to organisations, particularly in the public sector, and how they can best address these challenges to secure a more productive and motivated workforce. One of the heartening messages from the Irish case studies examined (the Courts Service and Dublin City Council) is that we have existing examples of good practice to learn from and to build upon. The report aims to help in a practical way by providing some direction to organisations trying to plan to make the best use of their people in the medium to longer-term, and thus to secure the productive, efficient and effective public service that is demanded by citizens.



Brian Cawley

Director General
Institute of Public Administration

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Executive Summary

Declining public service numbers and the need 'to do more with less'

Over 9,000 staff left the public service in the weeks approaching the end of February 2012, when new pension and retirement arrangements came into effect. More than half this number came from the health and education sectors, while over 1,200 civil servants retired. The balance was made up of personnel from local authorities, the defence forces and the Garda Síochána.

The incentivised retirement scheme together with a moratorium on the recruitment of replacements are part of an initiative to reduce overall public service numbers by 12 per cent from peak 2008 levels of 320,000 by 2015. A major reduction in the costs of the public service is one of the central requirements of the €85 billion financial support programme for Ireland overseen by the EU, ECB and IMF.

The reduction in employee numbers requires careful management by organisations to ensure that it doesn't impact unduly on service delivery. Departures are likely to be most acutely felt in the health sector, where the Minister for Health has stated that planned operations may have to be postponed as a result of the impact of the retirement of over 1,000 nurses and 80 doctors and dentists (Minihan, McGee and Wall, 2012).

Within the civil service, concern has been expressed at the departure of significant numbers from the Office of the Revenue Commissioners, the Department of Social Protection and the Courts Service, at a time when the work load of these organisations has increased significantly. Referring to the possibility that courts might not be able to sit due to reduced numbers of court staff, a senior judge has described 'the imposition of these shortages' as 'unacceptable for legal practitioners and the public' (Coulter, 2012).

In respect of the health sector the Minister for Health noted that a more targeted, voluntary scheme, open only to certain categories of employees might have been more advantageous (Minihan, McGee and Wall, 2012). However, in general the scheme has been defended, with ministers emphasising that contingency plans are in place throughout the system to deal with the impact of staff departures (Cullen, 2012; O'Halloran, 2012). According to the Department of Public Expenditure and Reform, 'in practice, this process involves departments and offices identifying emerging gaps and using a combination of internal redeployment of staff to critical areas, redistribution of work and streamlining of business processes' (Department of Public Expenditure and Reform, 2012a).

To support this process 'the Government has established strategic workforce planning groups in the civil service, education, health, local authority, defence and justice sectors. These workforce planning groups will ensure that sectoral employers are developing plans to deal with the operational and strategic consequences arising from the anticipated staff turnover in 2012' (Howlin, 2012). The sectoral groups will be required to work closely with a central strategic workforce planning forum established in the Department of Public Expenditure and Reform.

What is workforce planning?

Workforce planning is a systematic, proactive process, which aligns strategic planning, human capital and budgeting to meet organisational goals (State of Georgia Human Resource Service, 2012).

This definition points to important characteristics of workforce planning. Firstly, that it must be grounded in the overall strategic objectives of the organisation, its financial position and the competencies of the workforce. Secondly, workforce planning cannot be viewed as an end in itself. It is a tool to support organisations in building capacity in a structured and planned way (Improvement Service for Local Government, 2009).

A number of models and tools are available to help organisations conduct workforce planning. Despite variations in terminology and the order of processes, most models are very much alike. Models typically describe the workforce planning process as consecutive stages. However, in practice engaging in workforce planning may not be so clear-cut. Stages may not proceed at an even pace and organisations should not be constrained by blockages or barriers in one phase, for example data collection, from considering others. It is also possible to focus on key activities and key employee groups rather than the entire workforce. As noted by Bechet (2002), 'a complete solution to part of a problem is better than no solution at all'.

Finally, workforce planning does not take place in isolation. Maximising the use of the existing workforce has all sorts of implications for human resources (HR). Training, performance management, succession planning, knowledge management initiatives, redeployment, redundancies/retirements in some areas, with selective recruitment in others, employee engagement and motivation, are all means through which an organisation can seek to develop its workforce to meet future demands.

Workforce planning in a public sector environment

Across OECD countries, the streamlining of public administrations ranks highly among reforms proposed for restoring public finances. However, there is little tradition of planning workforce reductions or their aftermath in a strategic manner. The OECD (2007:35), speaking in the context of strategies to counteract ageing public services, comment that 'workforce planning across sectors remains a rather weak point'.

Drawing on experiences across member countries with previous downsizing initiatives, the OECD (2011:11) emphasise that it is 'essential that workforce adjustment measures be carried out within a sound framework of strategic workforce planning aimed at minimising adverse impacts and optimising decisions about the reduction and reallocation of staff'. They also emphasise that any strategy should play close attention to managing the human aspects of restructuring, for example through effective leadership, good communication and training and support for all involved. These steps are essential in order to maintain morale, trust and capacity and ultimately, to safeguard the sustainability of reforms and the ongoing quality of public services.

In Ireland, a workforce planning initiative has been put in place by the Department of Public Expenditure and Reform as part of its commitments under the Public Service Reform Plan (2011). However, in addressing the impact of significant employee reductions, it would seem that many Irish government departments and agencies are still in a 'coping' sphere. To the extent that workforce planning is considered, much of the thinking is around the need to fill vacancies in order to continue to do what the organisation has always done or, using workforce planning terminology, there is an operational and supply side focus.

Perspectives on workforce planning:



Source: IPA presentation 23-1-2012

Two cases we examined as part of this research where public service organisations have sought to implement workforce planning are the Courts Service and Dublin City Council. As part of a major restructuring programme and following staff consultation, the Courts Service in 2010 published its first workforce strategy. The purpose of the strategy is to support the achievement of the Service's corporate objectives by assigning the right people to the right job at the right time, ensuring necessary training is provided to staff, and supporting managers in effectively leading and managing.

In Dublin City Council, a newly established workforce planning team conducted extensive research across the organisation to determine as objectively as possible its core business areas and priorities. As a result it now has an evidence-based approach to the filling of vacancies and can use its reduced staff numbers to best effect.

These two case studies serve to highlight that although the depth of analysis required to implement workforce planning is considerable, it does have significant benefits. It can help to ensure, notwithstanding inevitable workforce reductions, 'the best possible outcome for service delivery, but also a sustainable workforce to carry the organisation into the future' (Robinson: 2010:1). Also, as is shown in the case of Dublin City Council, workforce planning can facilitate organisation restructuring through being perceived by employees and their representatives as a transparent and objective way of managing workforce reductions, and if required redeployment.

Challenges and recommendations

Workforce planning has come to the fore in the Irish public service at a time of huge economic crisis. Organisations are contending with reduced budgets, employee numbers down on average over 10 per cent, and there has been the loss due to retirement of many senior, experienced public servants. The challenge of trying to maintain and in some instances improve services while coping with cutbacks is significant.

Workforce planning affords organisations the possibility of better managing workforce reductions and coming to a more strategic and evidence based approach to staffing, thereby helping to address the 'doing more with less' conundrum. It also provides organisations with a framework to address the human aspects of restructuring and downsizing. There are a number of steps organisations can take to help ensure that their workforce planning efforts are successful:

- Workforce planning is complex and needs to be resourced. Typically this is from within HR though it is imperative that managers from across the organisation are involved in the process. Those managing the project should have an extensive knowledge and understanding of the organisation. Good IT skills within the team are also needed.
- Workforce planning models provide a sound framework for understanding and engaging with workforce planning and while progress won't always be straightforward and or linear, much is achieved through the process.
- There is a need to have consensus around the workforce plan. Senior management, managers across the organisation, employees in general and trade unions need to understand the rationale for workforce planning, engage with the process and be committed to the outcomes. Good communications is central to achieving engagement with and support from various stakeholders.
- Sometimes organisations direct all their energies towards identifying the issues or problems but lack clarity in relation to how these will be addressed. On other occasions, organisations are too ambitious and get side-tracked into developing one response initiative such as succession planning or skills audits.
- The culture of the public service in general, and of individual departments and offices impacts on the implementation of workforce planning. It is important that the workforce planning team have an understanding of the culture of the organisation which will impact on, for example, the level of leadership provided by the senior management team, the realistic engagement of managers with the workforce planning process and the receptiveness of people in general to think differently and accept change.
- Ongoing review and evaluation is a critical component of workforce planning but is something that often gets forgotten about. Evaluation occurs at two levels (Cotten, 2007). Firstly, organisations must monitor the implementation of strategies – are they being implemented as intended. Secondly, organisations must monitor outcomes – what results, intended or unintended, have been achieved as a result of these strategies.

Concluding comments

Cost cutting and reform in the Irish public service are necessary. However, achieving this double objective of efficiency gains while also reducing costs is particularly challenging. Retiring staff because of their seniority typically represent a loss in terms of their knowledge and expertise. Added to this, remaining staff will face increased work pressure. In such a context, morale, trust and capacity, all critical to delivering an enhanced level of service can suffer. Workforce planning provides a framework and context to help organisations address these critical issues.

1. | Introduction

1.1 Background

The purpose of this report is to support the introduction of workforce planning in the Irish public service. Workforce planning is about helping organisations make the best use of their employees' knowledge, skills and experience. A simple, often quoted definition is that workforce planning involves ensuring that there is the right number of people, with the right skills, in the right place, at the right time.

Conceptually workforce planning is simple. Essentially it is about reviewing the organisation's objectives and priorities and making a judgement about the workforce structure and skills that will help you best address these requirements, matching this to the current workforce, and putting in place strategies and changes that will help you address any shortcomings.

However, actually doing workforce planning is harder than it sounds. It can be difficult to look beyond the immediate at future priorities and identify the sort of skills you are likely to need; it can be difficult to obtain comprehensive data about the workforce, and it can be very difficult to extract realistic assessments of workforce needs from managers. In the public service these difficulties can be exacerbated by the size and range of organisations, changes in political priorities, and, sometimes, lack of HR capacity.

Over three-quarters of the member countries that responded to a 2010 OECD survey (OECD, 2011) indicated that they are engaged in or are planning reforms that will decrease the size of the public workforce. At the same time as these cost-cutting measures, several countries are also implementing reforms aimed at making public service organisations more efficient and productive, for example, shifting more staff to front-line services, the setting up of shared services, and reforms that make changes in working practices and redeployments easier to achieve. However, achieving these double objectives of efficiency gains while also reducing costs is particularly challenging.

Drawing on the outcome of previous downsizing initiatives, the OECD (2011:11) emphasise that it is 'essential that workforce adjustment measures be carried out within a sound framework of strategic workforce planning aimed at minimising adverse impacts and optimising decisions about the reduction and reallocation of staff'.

1.2 Policy context in Ireland: Declining public service numbers and the need 'to do more with less'

The incentivised retirement scheme, together with a moratorium on the recruitment of replacements will result in a 12 per cent reduction in public service numbers by 2015. The reduction in employee numbers requires careful management by organisations to ensure that it doesn't impact unduly on service delivery. According to the Department of Public Expenditure and Reform, 'in practice, this process involves departments and offices identifying emerging gaps and using a combination of internal redeployment of staff to critical areas, redistribution of work and streamlining of business processes' (Department of Public Expenditure and Reform, 2012a).

Workforce planning is an essential mechanism for ensuring that organisation objectives are achieved, that declining staff numbers are used to best effect across the organisation, and that civil servants are developing the right skills and knowledge.

1.3 Report structure

Following this introductory chapter, *Chapter Two* reviews the literature around workforce planning in particular addressing workforce planning models, the benefits of workforce planning and the challenge of implementation. Chapter Three looks at workforce planning in a public sector context, highlighting the challenge faced by many OECD countries to reduce the cost of public administration while at the same time improving the efficiency and effectiveness of services. It also looks specifically at the history of workforce planning in the Irish public service. Chapter Four presents case-studies of two Irish public service organisations that have tried to address the challenge of reduced numbers through implementing workforce planning. Chapter Five presents the report's conclusions.

2. | An overview of workforce planning

2.1 What is workforce planning?

The term workforce planning is a relatively new one but can be used interchangeably with older terms such as ‘human resource planning’, the latter term often being more common in the private sector (CIPD, 2010a). In the past workforce planning was predominantly known as ‘manpower planning’. Although still used occasionally, there has been a move away from this latter term due to its gender-unequal connotation and because it suggests a mechanistic quantitative approach to thinking about the workforce (Reilly, 1996). Whereas manpower planning focused in the main on headcount, workforce planning also incorporates consideration of the organisation and competencies of employees.

The literature provides a range of definitions of workforce planning including:

A process in which an organisation attempts to estimate the demand for labour and evaluate the size, nature and sources of supply which will be required to meet that demand’ (Reilly, 1996)

A core process of human resource management that is shaped by the organisational strategy and ensures the right number of people with the right skills, in the right place at the right time to deliver short and long-term organisation objectives (CIPD, 2010a)

Workforce planning is a systematic, proactive process, which aligns strategic planning, human capital and budgeting to meet organisational goals (State of Georgia, Human Resource Service, 2012)

These definitions point to a number of characteristics of workforce planning. Firstly, that it must be grounded in the overall strategic objectives of the organisation. Workforce planning is meaningless unless it reflects the nature of the business the organisation is engaged in, the types of people who are its customers, any planned business developments, relationships with partner organisations, the financial situation of the organisation and so on (Robinson and Hirsh, 2008). Secondly, that workforce planning is not an end in itself. It is a tool to support organisations in building capacity in a structured and planned way (Improvement Service for Local Government, 2009), and lastly, that it’s a practical activity. It involves finding things out, talking to people, understanding and manipulating data, presenting workforce analyses clearly, and translating findings into action plans (Robinson and Hirsh, 2008).

Workforce planning in quotes

‘If you only look at what is, you might never attain what could be’

‘If you fail to plan, you plan to fail’

‘The best preparation for good work tomorrow is to do good work today’

‘It’s not the plan that is important, it’s the planning’

‘Planning without action is futile, action without planning is fatal’

Source: County of Fairfax, Virginia, ‘Strategic Workforce Planning’, Aug. 2003
<http://www.fairfaxcounty.gov/hr/pdf/workforceplanningmanual.pdf>

2.2 The rise and fall and rise again of workforce planning¹

Writing in mid-2010, the Chartered Institute of Personnel and Development referred to workforce planning as ‘one of the hottest disciplines in town’ (Syedain, 2010). Renewed interest in the practice has largely been occasioned by the global recession and the need to up-skill existing workforces as the option of bringing in needed skills from the external market may no longer be available.

Turner (CIPD, 2010b) describes the history of workforce planning. It was first formally recognised in the 1960s that the recruitment, retention and training of workers should not be left to chance. Instead it should be a systematic, deliberate process. However, doubts about the merits of planning emerged in the 1970s. Flawed economic forecasts which had predicted economic growth and low inflation, when in fact the opposite happened, brought the whole subject of planning and forecasting into question. Things were made worse by waves of industrial restructuring including extensive redundancies in the 1980s. The failure to get economic forecasts right and negative experiences with restructuring led to the view that longer-term forecasting was a futile exercise. Sinclair (2004) quotes Mintzberg, writing in the early 1990s as evidence of the attitude that prevailed at the time towards planning:

Those that say they make plans and that they work are liars. The term planning is imbecilic; everything can change tomorrow.

As a result manpower planning almost disappeared as a personnel management activity.

During the late 1990s and early 2000s as labour markets tightened there was renewed interest in the importance of developing staff. Talent management and succession planning initiatives emerged as important HR practices but forecasting labour supply and demand only took place exceptionally. However, by 2008 ‘the worst economic crisis for a generation forced organisations to rethink their demand for labour’ (CIPD, 2010b). Turnover was low as people stayed in their jobs rather than risk moving to another organisation and a new set of challenges faced HR professionals including organisation restructuring, downsizing, crisis management and consequently issues around employee engagement and morale.

Contrary to the response to recession in the 1970s, recession in the late 2000s led to increased interest in workforce planning in many organisations including those in the public sector, no longer immune from the consequences of rising budget deficits. It was recognised that the unpredictable nature of the global economy necessitated thinking about the future. There was also a growing awareness of the risk ‘of throwing the baby out with the bath water’ and losing competitive advantage because of a failure to protect core strategic areas of the organisation, competencies or key employees. While it was acknowledged that it was not possible to predict all changes in times of major economic uncertainty, it was recognised that it was possible to have a degree of medium-term certainty in some areas, including those related to the workforce. A revival in workforce planning was prompted by a recognition that some planning, even if based on incomplete information, was far better than no planning at all (Bechet 2002).

2.3 Drivers of workforce planning

Turner (CIPD, 2010b) argues that no single issue can account for the renewed interest in workforce planning and that its revival can be attributed to a convergence of forces. These forces are summarised as:

A compelling need to be able to shape the organisation to deal with both expected and unexpected events: Organisations have gone back to basics and are trying to get better workforce data to identify the optimum structure of the organisation and the development needs of those working there.

¹ Turner P in CIPD, (2010b)

The need to control costs without damaging competitiveness: A workforce plan by providing an overview of workforce patterns, trends and requirements can inform the choices that the organisation needs to make.

The need to up-skill organisation: The need to develop the organisation and its people for the new environment created by economic uncertainty is a further consideration in workforce planning.

The growing influence of the HR function: Growing awareness of workforce planning as appropriately encompassing both operational and strategic objectives mirrors the now widely accepted belief that HR should have a similar spread of objectives within the organisation.

The benefits of workforce planning:

- Having a strategy for the allocation of resources in a manner that will allow the organisation to meet its goals
- Prepare for contingencies that could prevent the organisation from meeting its goals
- Prepare a framework for the organisation's orderly growth and progress
- Have a strategic basis for making business decisions
- Be proactive versus reactive in anticipating workforce needs
- Maximise organisational effectiveness by integrating the organisation's mission, strategic plan, budget, technology and human resource needs

Source: County of Fairfax, Virginia (2003), 'Strategic Workforce Planning'
<http://www.fairfaxcounty.gov/hr/pdf/workforceplanningmanual.pdf>

In discussing what motivates organisations to commit to workforce planning, the CIPD (2010a) note that while there are variations in the specific drivers, depending on the sector, industry and individual organisation, there are a number of common themes. They categorise these on the basis of whether they are internal or external to the organisation.

Internal drivers encompass organisational strategy and operational requirements. The overall strategy or mission of the organisation must be the starting point for workforce planning. Decisions, for example to expand, contract or change direction all have a major impact on the workforce. However, on a day-to-day basis, managing the delivery of a service is also done better where workforce planning is a feature of the organisation. Where budgets are tight and there is no possibility of recruiting staff on a temporary basis to cover gaps, workforce planning is imperative.

By way of highlighting the importance of workforce planning to the effective management of an organisation, the CIPD (2010a) quote Graham Smith, Director of Human Resources at Dorset police:

...we have to make sure that we have got sufficient people turning up for work every day in the right locations and with the right skill sets to be able to cover everything – from patrol activity and work within safer neighbourhood teams through to major crime investigation and firearms support. The degree of professionalism and specialisation involved in policing today is significant and, given the resource limitations, effective workforce planning is essential for the force.

However, workforce planning is also prompted and informed by external events. Depending on the sector, different stakeholders including shareholders, the government, customers, partner organisations, employee representative

organisations or public opinion, can influence the planning process. Furthermore, there can often be tension between the objectives and level of influence of various stakeholders that must be reconciled.

Lastly social, demographic and labour market trends will impact on workforce planning through their influence on labour demand and supply and the demand for products and services. While market forces are relevant for private sector firms, in the public sector there is a vast array of social and demographic trends, which are difficult to measure, but which must be factored in to workforce decisions.

Why do workforce planning? Response to a reduction in numbers

As part of a public sector wide cost-cutting initiative, the Office of the Revenue Commissioners of Ireland must reduce staff numbers to 5,686 by 2014. This represents a reduction of 14 per cent from peak numbers in 2008. Furthermore, the organisation will lose many experienced, long-serving personnel through incentivised retirement schemes. It is intended to replace lost skills through adjusting structures, redeployment and capability building. Workforce planning is seen as 'the key business process to ensure this happens'.

Source: Presentation to IPA Seminar on Workforce Planning, 3 June 2011

Why do workforce planning? Preparation for a retirement boom

The Social Security Administration (SSA) in the US predicted a retirement boom among its own workforce. It estimated that from 2000 to 2010 the agency would lose more than half its employees, including a large number of leaders.

Having been made aware of the extent of its ageing problem and the consequent loss of organisation knowledge and know-how this would entail, the SSA set about developing a more strategic approach to managing its workforce. The programme, Future Workforce Transition Planning, provided agency leaders with a framework for identifying the key trends likely to affect its workforce as well as the strategies they should pursue to address these challenges.

Using this strategic workforce planning process, the SSA has turned crisis into opportunity. By aggressively recruiting new talent and reshaping its workforce, while improving the skills of employees through training and development, the SSA's productivity and service to its customers has continuously improved each year.

The US think-tank, Partnership for Public Service, who analysed the SSA experience noted that collecting and analysing workforce data, to support fact-based decisions by agency leaders, has been a hallmark of SSA's human capital management.

Source: Partnership for Public Service

www.ourpublicservice.org/OPS/publications/download.php?id=84

2.4 Models of workforce planning

A number of models and tools are available to help organisations conduct workforce planning (CIPD, 2010a, Robinson and Hirsh, 2008, Health Service Executive, 2009). Despite variations in terminology and the order of processes, most models are very much alike. Indeed referring to a model at all can perhaps be off-putting for some HR practitioners. According to Stephen Moir, Director, Cambridgeshire County Council (quoted in CIPD, 2010a):

I sometimes think the HR profession believes workforce planning is more elaborate and sophisticated than it needs to be. Essentially it is about forecasting both the demand and supply of labour, understanding what you have got now and what you might need in the future.

Models typically describe the workforce planning process as consecutive stages. However, in practice engaging in workforce planning may not be so clear-cut. Stages may not proceed at an even pace and organisations should not be constrained by blockages or barriers in one phase, for example data collection, from considering others. It is also possible to focus on key activities and key employee groups rather than the entire workforce. The Institute for Employment Studies (2010:5) comment that 'to make an impact, it is best not to dissipate workforce planning energies too widely'. While this doesn't mean ignoring other areas of the organisation, as a good overview is always necessary, helping the organisation to 'effectively staff its areas of highest risk (or greatest pain) is probably the most efficient way of using workforce planning resources'.

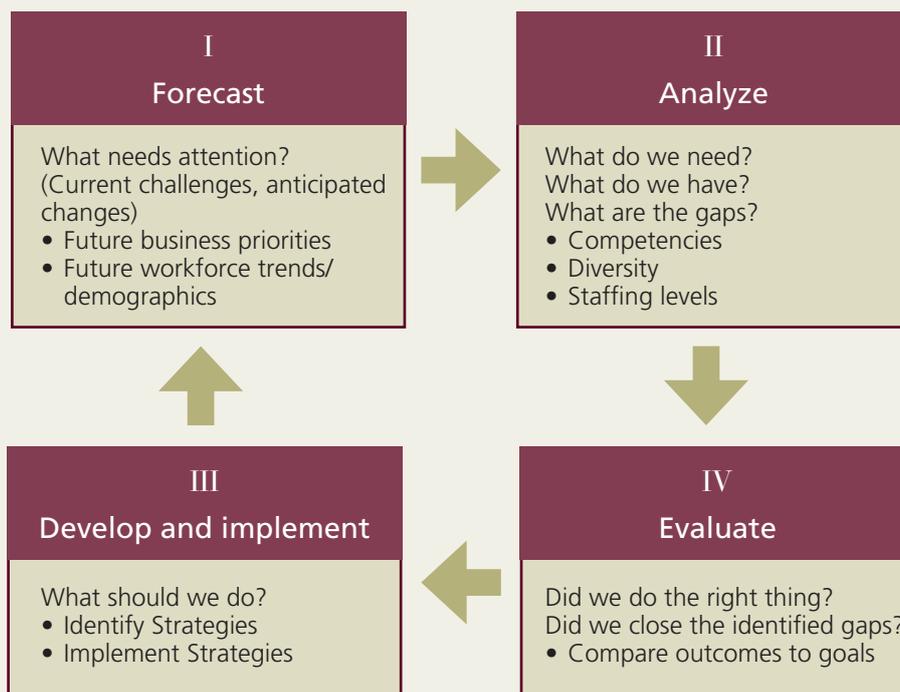
The workforce planning process in the State of Georgia

The State of Georgia has been engaged in workforce planning since the early 2000s. Agencies across the state designed, and now operate the following four step model:

- Forecast mission critical talent needs
- Analyse current workforce and talent supply
- Develop and implement strategies
- Evaluate strategies to close staffing, competency and diversity gaps

The components of the model are set out below. The 2011 state workforce plan is available at:

<http://www.spa.ga.gov/agencysservices/pdf/EnterpriseReportExeSum2011.pdf>



A concise workforce planning framework has been developed by Cotten (2007:13) in a report aimed at government employees in the US. The model is based around seven steps. However, consistent with the comments above it is noted that it's not a 'rigid system' that must be implemented in the 'right' way in order to reap benefits. The following summary of a workforce planning process is largely based around Cotten's approach.

Step 1: Define the organisation's strategic direction

The workforce planning cycle starts by reviewing the strategic plan (mission, vision, goals and objectives) of an organisation and considering the resource (people and financial) implications. For public sector organisations the strategy will be derived from government objectives.

Step 2: Scan the internal and external environments

Organisations don't operate in a vacuum and a range of external factors may impinge on how an organisation provides services, who it serves or who it employs. In particular for public sector organisations there is a need to review external information likely to impact on services. A PESTLE review (political, economic, social, technological, legal and environmental issues) may be useful in promoting and organising thinking about the external issues that might affect the organisation. An example of the issues that might be considered under such a review is shown below.

A PESTLE review for workforce planning

Political issues	Economic Issues
<ul style="list-style-type: none"> • Accountability • Transparency • Equal opportunity • Diversity • Partnership working • E-government • Public Private Finance 	<ul style="list-style-type: none"> • Pay rates • Skill shortages • Economic development plans • Cost of living • Housing costs • Corporate risk
Social Issues	Technological Change
<ul style="list-style-type: none"> • Changing customer expectations and needs • More sophisticated market • Changing demographics • Changing employee expectations and need i.e. work life balance issues • Inequalities and deprivation • Qualifications, skills and competencies • Flexible working opportunities 	<ul style="list-style-type: none"> • Innovation – new equipment, new techniques, new methodologies • Information technology • Communication • Improved transport/increased mobility • New ways of working
Legislation	Environmental Issues
<ul style="list-style-type: none"> • Service obligations • Employment legislation • Environmental legislation • European directives 	<ul style="list-style-type: none"> • Increased awareness and expectations • Local markets • Stricter controls • Pressure groups

Source: Adapted from Employers Organisation for Local Government, 2003

<http://www.improvementservice.org.uk/library/download-document/2327-guide-to-workforce-planning-in-local-authorities/>

For a public sector organisation external analysis would certainly encompass demographics (e.g. population growth, an ageing society), labour market forecasts and trends (e.g. the competitiveness or otherwise of the market), economic considerations, the political context and changes in how people access and use information. However, as Cotten (2007) emphasises, the external analysis need not be exhaustive or incredibly time-consuming. Rather it is meant to highlight for the planning team how actual or potential changes in the environment will impact on what they do and for whom they do it.

The internal analysis will focus on general workforce trends and structures. Knowledge of the organisation culture and employee morale is also helpful at this initial review stage. Information from clients, managers and employees may also inform the planning team's analysis. For example, in many public organisations there are employees who have spent their entire career in the organisation. These employees possess a wealth of knowledge about their jobs, their contacts and the organisation in general which it is critical to capture, in particular if the employee is approaching retirement.

Knowledge exchange/exit interviews

A knowledge exchange should take place when someone is moving on from their current position. It aims to recover unique and valuable information from them before they leave. An exit interview more specifically relates to why an employee is actually leaving the organisation, either due to retirement or to work elsewhere. Exit interviews have evolved from human resource management feedback interviews to become a knowledge management tool, as a means of capturing the experience and know-how of a departing employee.

Knowledge exchanges enable an organisation to ascertain the skills and experience they are about to lose and to determine if further action, for example coaching or mentoring of the person's replacement, is required. For the departing employee there is the opportunity to articulate their contributions to the organisation and to 'leave their mark'. The greatest benefit arises where knowledge exchange is a formalised and structured process, prepared by all parties.

Source: Efficiency Unit of the Hong Kong Special Administrative Region, 2010
http://www.eu.gov.hk/english/publication/pub_bp/files/ageing_in_public_service.pdf

Step 3: Model the current workforce

A strong understanding of the characteristics of the current workforce is necessary to project how the workforce will change during the planning horizon. In essence this involves a comprehensive profile of the current workforce. It is important to access quantitative data in respect of the age, gender, grade and status (permanent, temporary, contract) of the workforce, turnover rates, recruitment rates, retirement eligibility dates, absence data and working patterns. In addition to this basic HR information, it's also essential to be as up-to-date as possible in respect of the educational attainment and skills of your employees. A comprehensive skills inventory will also incorporate information in relation to the capacity or interest of employees to learn new skills, where they aspire to move in the organisation and how long they plan to stay.

Step 4: Assess future workforce needs and project future workforce supply

Workforce need is often referred to as the demand side of the model. The demand forecast is an estimate of the number and mix of employees that an organisation will need in the future. It is based on projections in relation to future workload and the likely competencies and skills sets needed to meet those requirements. Particular attention should be paid to identifying and projecting key roles and functions.

Projections in relation to the type of work and to some extent the volume of work is grounded in the direction provided by the environmental scan and strategic plan. For example, if the organisation is going to engage in restructuring, outsourcing or partnering, any of these could have a major impact on future work-load. Similarly, commitments in respect of new projects and processes will impact on projections. Some organisations engage in quantitative and qualitative analysis to assess future workloads. High volume tasks that are mostly standardised are more suited to quantitative analysis and computer modelling. Scenario planning can be useful in situations where there is uncertainty about the future. It involves considering a range of future scenarios (e.g. tight or loose labour market conditions), in order to maximise flexibility in planning.

Understanding future workforce demand

The Institute for Employment Studies (2010:6) describe understanding workforce demand as 'notoriously difficult'. They note that common problems include assuming the future will be the same as the past; failure to think through the implications of change, both internal and in the external environment; and not factoring in productivity improvement. The end result is that workforce forecasts often look remarkably similar to the existing picture – even though managers, if pressed, often admit that their existing workforce profile is far from ideal.

In many organisations, an assessment of future work and workload, if done at all, tends to use a variety of approaches: financially derived (what the budget can afford), trend analysis (follow the direction of the trend), benchmarking (see what others are doing) and professional judgment.

In practice, demand setting also needs to involve line managers who have a better understanding of their workforce and area of activity than a centrally-based workforce planner. However, involving managers has its own challenges. There are all sorts of reasons why managers may be reluctant to commit themselves to workforce forecasts – including fear of losing part of their budget, difficulties in thinking longer-term, being too busy with day-to-day activities, and reluctance to admit that they need help with a difficult task. In practice, two or three meetings with a manager and perhaps their senior staff may be necessary to arrive at a workforce forecast. Exercises such as a SWOT analysis and probing questions from the workforce planner can help. For example:

- Are there roles we can't do or jobs we can't fill, what do internal candidates lack?
- Are there better ways of working? What might be inhibiting these?
- What items come up regularly in appraisals as weaknesses or development needs?

Source: Institute for Employment Studies (2010)

When considering supply, the starting point is your current workforce, most of who will be still with you in five and maybe even ten years if the work environment is stable as in the public sector. From this it is necessary to consider those likely to retire or leave the organisation and make a projection in relation to future recruitment. Some organisations use mathematical models to calculate workforce supply, for others it's an educated guess based on the information collected in steps one to three.

Some important points for consideration include which employees are going to retire and when; and whether employees in specific occupations or at certain leadership levels are likely to leave the organisation for another position, though this of course is influenced by the external labour market. Robinson and Hirsh (2008) emphasise that it's worthwhile to consider what might happen using different scenarios of the future.

Decisions in respect of new recruits will be grounded in the type of skills and abilities the organisation will need in the future and the capacity of the organisation to 'grow its own', that is, develop its own workforce to meet these demands. If a decision is made to recruit outside the organisation, the capacity of the organisation to be successful will depend on economic conditions and the local labour market.

Reviewing future workforce supply

Like many Australian public sector agencies, the Department of Natural Resources and Water (NRW) has recognised that an ageing workforce presents a significant risk to the delivery of services. With this in mind the department developed the 'Experienced Workforce Project' which emphasises the importance of understanding the workforce environment to inform necessary workforce planning for the future.

The starting point for NRW was to develop a better understanding of their workforce. They found that with 30 per cent of staff over 50 years old, a high proportion would be due to retire over the next five years. It was further found that a high proportion of those retirees were critical senior, executive and technically-skilled staff. In some cases, over 80 per cent of employees in a particular group belonged to this ageing category, presenting significant risks to the organisation. From this initial review of the organisation it was clear there were a number of key pressure points. However, more information was required in order to strategically position NRW to address the challenges associated with an ageing workforce.

To enable the department to better understand its ageing workforce profile, NRW undertook a project, seeking to collate and critically analyse ageing workforce data and the work and retirement intentions of staff aged 45 and over. To gain broad input from experienced workers an anonymous *Workforce Intentions Survey* was administered to all staff aged over 50. The survey, together with other human resource information, proved a rich source of knowledge. The project team then engaged with key NRW stakeholders to develop strategies to enhance the retention of experienced workers and retain corporate knowledge. Some of the specific actions recommended include:

- Putting in place mentoring, coaching and other systems of knowledge capture
 - Focussing retention strategies on areas identified by staff in the survey under 'key influences to stay'
 - Undertaking awareness campaigns to inform staff of existing flexible working options
 - Undertaking information sessions with management teams to discuss group-specific results and possible strategies
- Overall the project has led to improved linkages between human resource data and workforce planning, with developmental strategies better supported by 'hard' evidence to measure progress and achievements.

Source: Public Service Commission, University of Queensland, 2008

<http://www.psc.qld.gov.au/library/document/catalogue/mature-age/experienced-workforce-case-study-one-nrw.pdf>

Step 5: Identify gaps and develop gap closing strategies

Gap analysis identifies the deficit or surplus between the projected workforce supply and the projected workforce demand. How the organisation will reduce the surplus and overcome deficiencies provide the substance of the workforce plan. In this regard Cotten (2007:18) notes that most of the emphasis in gap analysis is on identifying and correcting deficits with 'much less attention paid to identifying any surpluses'. Yet for any organisation taking advantage of improvements

in technology or making changes in the way they do their business, there will be people who are no longer needed in their current area of work.

Gap closing strategies will typically include the following:

1. Retaining good employees with needed skills
2. Recruiting good employees with needed skills
3. Developing existing employees
4. Retaining organisational knowledge and building employee skills
5. Reducing overstaffing

Some of the particular initiatives that might be developed to achieve these workforce goals include phased retirements, work-life balance opportunities, employee development opportunities, knowledge management initiatives, succession planning and redeployment.

Retaining organisational knowledge

The UK National Savings and Investment Bank, formerly the Post Office Savings Bank, faced a significant problem when a long-serving and key member of staff requested early retirement. The bank realised that it needed to act consciously and deliberately to capture the knowledge that it was about to lose.

John, the employee in question, had been with the Treasury before joining the bank in the early 1970s. Since then he had built up an impressive knowledge base of relevant statutes, key processes and protocols. His career had been built on the accumulation of important knowledge. However, he was not prone to communicate that knowledge proactively, though when asked he would always share his know-how. He revelled in the mystique about what he did and what he knew and tried to maintain his reputation as an organisation guru. 'Ask John' became a habit and a phrase that reinforced the situation. Not surprisingly then, the Bank and in particular John's division were thrown into turmoil when he announced that he had applied for early retirement.

John had no wish to see the organisation suffer through his immediate departure and agreed to work for a further nine months and in return the Bank agreed to a reduced working week. Some of John's tasks and responsibilities were shared out to other colleagues, thereby reducing the pressure of losing such a significant volume of knowledge in the future. In addition, John was actively involved in recruiting his successor who worked alongside him for three months until his retirement. In this way John's unique knowledge base was captured through a process known as 'guided experience'.

John's retirement acted as a catalyst for the bank in implementing an improved process of KM, which they had been aware was required in order to meet Freedom of Information and compliance requirements. The new system supported improved record keeping and the documentation of know-how etc.

Source: DNV-CIBIT

http://www.dnv.com/binaries/knowledge%20retention%20at%20ns_tcm4-365369.pdf

Step 6: Implement gap closing strategies

Cotten (2007) notes that ‘with critical thought and reasonable data, workforce planning teams are able to develop sound strategies to address the most significant workforce challenges’. However, frequently the real challenges emerge around the implementation of these plans. Leadership, communication and supporting resources are all critical to successful implementation.

As with any change initiative, good leadership is necessary to communicate to staff the importance of implementing the proposed strategies and engaging and motivating them in respect of the change process. Communication with all stakeholders is an imperative. In particular, managers need to understand their roles and responsibilities. Appropriate levels of staff and financial resources and strong IT systems are also an important determinant of success.

Step 7: Evaluate the effectiveness of gap closing strategies and revise strategies as needed

The final step in the seven-step workforce planning model involves evaluation and revision. Monitoring implementation and evaluating results provide the early warning system that organisations need to ensure that their workforce planning assumptions are valid, their strategies are being implemented as planned, and most importantly, the strategies are having the desired impact. Reasons why strategies may not be implemented include employee resistance, lack of awareness of the strategy, lack of knowledge about how to implement the strategy, insufficient resources, or intervening external events.

Evaluation of whether strategies have made a difference in addressing the supply/demand gap involves an assessment of whether any environmental factors and related assumptions have changed and a review of evaluation indicators such as retention rates, employee climate surveys and the workforce profile in mission critical functions.

2.5 Links to other HR practices

Workforce planning does not take place in isolation. In a poll conducted by the CIPD (2010a) a wide range of initiatives including knowledge management, work-life balance arrangements, role design, talent management and career planning, were identified by organisations as taking place under the workforce planning umbrella. However, a number of HR initiatives are more centrally a part of workforce planning. The CIPD list these as succession planning, employee development, organisation design and employee engagement. Ongoing review is required to ensure that information obtained through workforce planning is used to best effect and to inform activities in these areas.

Succession planning

A HR manager quoted in the CIPD guide to workforce planning (2010a:15) makes the point that ‘if talent management and development is happening without a workforce plan you can be busy developing people – but for what?’ This comment draws attention to the central role of workforce planning in succession planning. Succession planning relates to the process whereby one or more successors are identified for key posts and development activities are planned for these successors. However, as noted by Hirsh (2000) it is about more than putting names in boxes on organisation charts but involves the pro-active development of people.

Traditionally succession planning has only applied to the most senior jobs. However, more recently many organisations are adopting a devolved model whereby the same processes are applied to a much larger proportion of the workforce.

Case study: Succession planning as a response to large scale departures

The Commonwealth of Pennsylvania provides services to over 12 million citizens and has a governmental workforce of approximately 82,000 permanent staff. While government departments have been involved in workforce planning since the mid-1990s, the topic has received increased attention in recent years due to changing demographics. In 2007, 13 per cent of employees became eligible to retire, with this figure due to rise to 28 per cent by 2011.

To address the needs identified through workforce projections, Pennsylvania developed a succession planning model, encompassing six primary steps:

- Identify functions where positions are expected to be available
- Identify initial competencies for each position
- Conduct a competency gap analysis
- Design developmental competencies for each set of competencies
- Develop and maintain a talent pool
- Reassess and track overall progress and maintain a skills inventory

In addition to the succession planning model, a retirement projection tool and an enhanced employee mobility programme were developed to assist the state with its workforce and succession planning efforts.

Source: Helton and Jackson (2007)

Employee learning and development

Workforce planning should inform decisions about development, particularly about the kind of skills that organisations need to develop for the future, and the kind of people they need to retain and or attract to address gaps in organisation capacity. A variety of resources and development activities are available to address skills gaps, with on the job learning often proving more beneficial than formal class based training. Interventions organisations should consider to address skills gaps include mentoring, on the job coaching, job rotations, 'acting' assignments, shadowing, training, self study etc.

Graduate development and mentoring at ARUP Consulting Engineers

The graduate programme encompasses the support of a mentor assigned to each graduate; a graduate folder providing a breakdown of competencies considered to be key in developing towards chartered engineer status; continuous professional development activities, which include classroom-based training, lunch-time seminars, presentations and weekly team reviews; and lastly, support in maintaining a learning log, which helps new recruits to identify what they have learnt and areas for improvement, while also encouraging participants to take ownership for their own development.

The purpose of the mentoring programme is to provide ongoing personal support for those participating in the graduate development programme. Mentors are experienced, senior members of staff, though usually not from the same team as the person they are mentoring. Participants are required to complete a progress form every three months indicating their current work, any gaps in their development and their objectives for the next three months. This is reviewed by the mentor, who also talks to the person's line manager, before meeting with the participant to discuss their development

on a confidential basis. It is explained to all participants that the onus is on them to drive the process, schedule the meetings and send their reports in a timely manner. If they fail to follow-up, their manager may choose to dissolve their relationship. Similarly, if the mentor does not provide the level of support with the company has committed to, another mentor will be appointed.

Source: O’Riordan J (2006)

Organisation design

Workforce planning can also be used to inform organisation design; that is the future structure or shape of the organisation including the content of jobs or reporting relationships and communication lines. Organisations consulted by the CIPD (2010a) note that workforce planning generates better insights into the mechanics of the organisation and that it results in more informed decision making in relation to restructuring, job evaluation and job categorisation.²

Employee motivation

The CIPD guide to workforce planning (2010a:16) suggests that the linkage between workforce planning and motivation may not be immediately obvious but in the words of one of their members: ‘We sometimes forget that we have to recruit our own people every day and employee engagement is a huge part of resource planning’. It is a point of particular relevance for public sector organisations where staff turnover tends to be lower than in the private sector, with many employees who value the security their employment affords them remaining with their organisation for their entire career. However, with ongoing pressure to increase productivity employee motivation has emerged as critical. In this respect, research (Purcell et al, 2003) that point to the positive impact on performance of a number of HR initiatives, including career advancement, having influence over one’s job, opportunities for training and good leadership, is significant. Workforce planning will inform all of these activities.

Improving employee motivation through development opportunities

Siemens AG is one of Germany’s leading technology companies. As a company of long-standing tradition, Siemens has always endeavoured to retain its staff.

However during the early 2000s it became apparent that older staff members were annoyed that they were not being given sufficient development opportunities. They often felt trapped in a career dead-end, despite the fact that many of them were highly qualified. Indeed there was a widespread perception that the company’s overall personal development processes were primarily focussed on younger employees.

A survey of 2,000 employees in one of the main technology centres substantiated this, indicating that employees over 40 were dissatisfied with the limited development opportunities and insufficient regard for their individual capabilities. This situation represented a problem in financial terms for the company due to employees’ lack of motivation and the less than optimal development of older workers.

² A detailed overview of the civil service grading system can be found in O’Riordan J (2008), *A review of the Civil Service Grading and Pay System*, CPMR Discussion Paper No. 38, IPA: Dublin, www.cpmr.gov.ie

In response the company developed a specific development initiative for older workers. The overall objectives are to make the employee the driver of his/her own development, to establish an individual competence profile and concrete decision and actions to address any gaps. The process is supported by workshops and 360 degree feedback. On an organisation level, the company's human resource strategy will concentrate more on facilitating horizontal career moves. It is hoped that measures such as job rotation and systematic job changes will keep employees motivated.

Source: <http://www.eurofound.europa.eu/areas/populationandsociety/cases/de010.htm>

2.6 Challenge of implementation and why workforce planning fails

Among the organisations consulted with for this and other studies it would seem that while many organisations are interested in workforce planning and particularly in times of recession see it as a way of increasing productivity, not many organisations are systematically and successfully implementing it. Writing in the early 2000s, Sullivan (2002) refers to the track record of workforce planning as 'dismal'. More recently, Robinson (2010:5) cites a whole range of reasons that get in the way of effective workforce planning: 'lack of strategic direction, poor quality data, or data not in the right format, getting workforce planning on the senior management agenda, choosing where to put workforce planning energies, getting the organisation to think long-term, and extracting sensible demand forecasts from managers'.

It would seem that while conceptually workforce planning is straightforward - matching employee demand to supply - implementing it is challenging. Robinson (2010:5) comments that it is made complex by the fact that it involves a lot of different activities: 'understanding the strategic direction of the organisation, finding out about things, talking to people, understanding the existing workforce and the labour market, manipulating data, presenting analyses and their implications clearly to the organisation, and helping to translate workforce plans and forecasts into action plans.'

In order to overcome these potential pitfalls Robinson (2010) suggests not 'dissipating workforce planning energies too widely', but instead focusing on key activities and key employee groups. Prioritising certain business units, customers, services or jobs doesn't mean ignoring the rest of the organisation, as a good understanding of the workforce as a whole is essential, however, it does mean giving more attention to areas of highest risk (or greatest pain) (Robinson, 2010:5). Failure to prioritise is described by Sullivan (2002:3) as one of the main 'catastrophic mistakes in workforce planning' with much of the blame for this lying with HR who 'are unwilling or unable to stop treating all business units and positions equally'.

A further aspect to the 'keep things simple' recommendation is also made by Sullivan (2002) who notes that many workforce plans fail because they are too ambitious. Limiting the scope and extent of skills audits and succession plans is very important as otherwise there is a danger of becoming 'bogged down' in these initiatives and never completing the actual plan. Similarly it needs to be accepted that 'a well defined complete data set will never be available' (Sinclair, 2004:16)

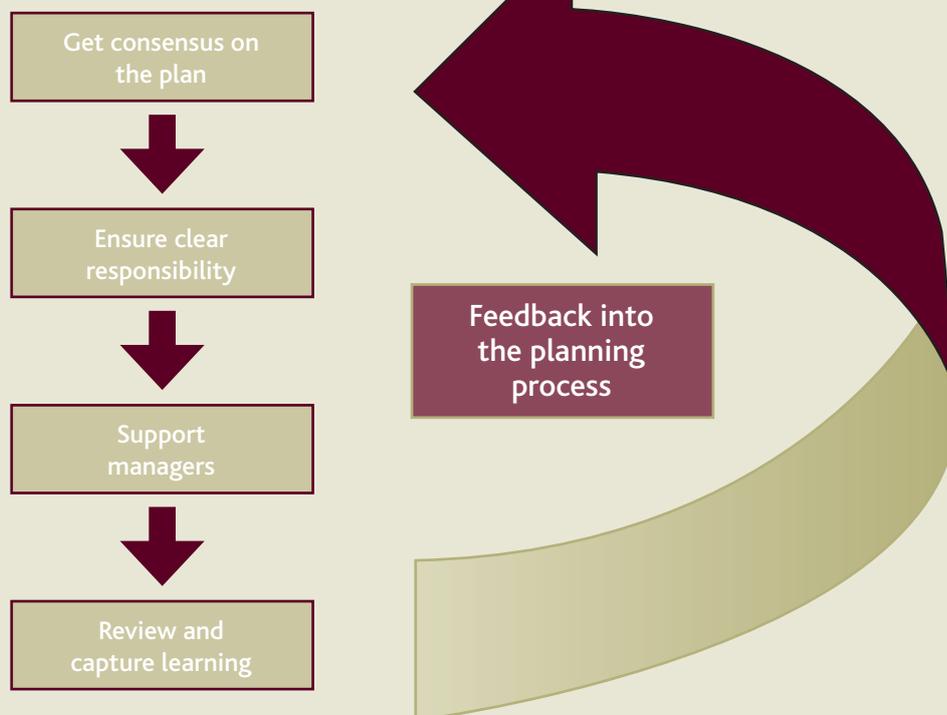
A further reason why many plans fail according to Sullivan (2002:3) is their lack of flexibility. They are narrowly defined around 'a single bull's eye target' where a precise growth rate or headcount target is defined. However, trying to accurately forecast or aim for a single number is impossible and when the forecast fails the credibility of the whole planning process is undermined. A more effective approach is to identify a reasonable range of possible targets and then to prepare for all eventualities in that range.

A related difficulty is that many plans fail to consider to a significant degree negative developments or scenarios. Sullivan (2002:1) argues that it is much more likely that negative events will sneak up on management than that surprise growth and other positive events will. By way of counteracting this outcome, workforce planners should 'go out of their way' to consider future negative scenarios.

The CIPD (2010a) refer to the importance of managing relationships around the workforce planning process: ensuring senior management is engaged and supportive, proactively working with line managers to ensure accurate information is obtained and ensuring responsibilities are clearly assigned. In general, plans that are designed exclusively and 'owned' by HR are destined to fail. While the skills and the basic employee data may lie within HR, it is function heads, directors and managers who have the required understanding of the business, its products or services and customers, and the capabilities and characteristics of the staff (Robinson and Hirsh, 2008).

A final reason for failure which Sullivan (2002) associates with poor HR skills, is ineffective internal movement and or inadequate staff development. Most workforce plans require internal mobility or redeployment of staff. However, in many organisations this is dependent on individual workers seeking out new positions. Instead management needs to adopt a position whereby, rather than being left to chance, internal movement is proactively managed, with workers moved to areas in the organisation where they will have best impact.

Implementing workforce planning



Source: CIPD: 2010a

2.7 How you know you've succeeded

Workforce planning is a practical activity that exists in the real world so inevitably progress won't always be smooth. As highlighted by the Institute for Employment Studies (2010), 'priorities shift, managers get distracted, politicians change direction, and the economy does unexpected things'. Yet in most cases organisations should forge ahead with workforce planning and do the best they can with what they have.

Furthermore, workforce planning is not something that can be done once and then allowed to sit unchanged. Plans need continual revisiting to assess their ongoing relevance and to make revisions. Actions taken as a result of workforce planning need to be monitored to see they are having the desired results. Thus, while workforce planning is never completed, you'll know you're succeeding when 'businesses are running smoothly, with no staffing crises; you have a good age, gender and ethnicity balance in the workforce; your staff have clearly understood career progression routes without any blockages or shortfalls; and your customers are happy' (Robinson and Hirsh, 2008:4).

3. | Workforce planning in a public service context

3.1 Public sector rationalisation

The recent economic crisis inflicted substantial damage on the public finances of many countries around the world. Enormous stimulus programmes, bank bail-outs, increased welfare and unemployment payments, and depressed tax receipts weigh heavily on government balance sheets. With budget deficits stretched and public debt at historical highs, governments are faced with difficult decisions. How can they restore public finances while at the same time preserve the quality of vital but expensive public services such as healthcare and education and promote sound economic growth?

The streamlining of public administrations typically ranks high among reforms proposed for addressing this conundrum (OECD, 2011). Thus the challenge across many public sectors over the short to medium term is 'to plan workforce reductions to get the best possible outcome for service delivery, but also a sustainable workforce to carry the organisation in to the future' (Robinson, 2010).

In order to support member countries with the double objective of cost-cutting measures while also introducing initiatives aimed at making the public service more efficient, the OECD reviewed the impact across a number of countries of previous downsizing initiatives. On the basis of this research (2011:11) they emphasise that it is 'essential that workforce adjustment measures be carried out within a sound framework of strategic workforce planning aimed at minimising adverse impacts and optimising decisions about the reduction and reallocation of staff'.

The OECD research also draws attention to the importance of managing the human aspects of any restructuring. While retirements as the vehicle for achieving staff cuts 'can be less disruptive than across the board cuts' (OECD, 2011:82), nevertheless it's important to give due attention to areas such as effective leadership, good communication and training and support for all involved. These steps are essential in order to safeguard morale, trust and capacity, and ultimately, to safeguard the sustainability of reforms and the ongoing quality of public services.

The impact of downsizing: international experience

In Canada, in the 1990s, the human resource aspects of cutbacks were not given sufficient attention and significant efforts were needed to restore morale and capacity. Similarly, in Australia in the 1990s, large-scale staff reductions were assessed to have had negative effects on the surviving labour force in terms of low morale and loss of expertise.

This was also the experience in the United States, where a number of factors including workforce reductions in the federal public service led to concerns in the 1990s and 2000s about loss of human capital. One of the assessments in this context was that many agencies did not strategically assess their HR requirements before downsizing and lost some of their best talent. Another review found that a lack of strategic and workforce planning during initial rounds of downsizing by some agencies may have affected their ability to achieve organisational mission.

The Swedish experience of carrying out major staff reduction and restructuring programmes in the 1990s was more positive and shows how having regard for the human aspects of these initiatives can improve outcomes. In particular the leadership, visibility and availability of senior management, the provision of continuous information, training and support for managers, and support and counselling for staff in general, are cited.

Source: OECD, (2011: 81-83)

3.2 Workforce planning in the public sector

In an exploration of public sector workforce planning in Australia, Colley and Price (2010), consistent with the findings of the OECD, note that public services have very little experience of workforce planning. The original planning wave in the private sector in the 1960s bypassed the public service and then in the 2000s when there was something of a revival of interest in the topic in the private sector, the focus in the public sector was on other New Public Management inspired HR reforms such as the devolution of responsibility for HR to individual departments and agencies and changes to recruitment and tenure arrangements. It is only now, with pressure on public service numbers due to the global recession that public service organisations are turning to workforce planning.

There are also particular challenges associated with implementing workforce planning in a public sector context. Colley and Price (2010:204) refer to a number of 'contextual factors that make workforce planning more complex within the public sector'. They summarise these as: the complex and somewhat contradictory environment that pertains in the public sector; the greater accountability to a wider range of stakeholders than the private sector; regulation to eliminate corruption and partisan abuses which creates inefficient and cumbersome processes; the size and diversity of the public sector; lack of centralised workforce data; limited HR skills; and 'government control over priorities, resources and machinery of government structure'. Robinson and Hirsh (2010:2) make a similar point commenting that, in the public sector 'priorities shift, managers get distracted by short-term crises, politicians change directions, and the economy does unexpected things'.

This analysis may help to explain why Cotten, writing in 2007 found that despite then President George W Bush prioritising strategic human capital management, only eight states had 'embraced strategic workforce planning as an integral component of their government management model'. Similarly, the OECD (2011:77) commented that 'only a minority [of countries] appear to have reached the stage of integrated frameworks capable of bringing together budgeting, business and workforce planning'. In Ireland, the reports of Organisation Review Programme (Government of Ireland 2010c) have identified very limited workforce planning, even in organisations that in other respects are well placed to address capacity challenges.

3.3 Managing restructuring

The prevalence of a large cohort of ageing 'baby-boomers' among public service workers in many countries means that head-count can be reduced without recourse to compulsory redundancies. While this is a somewhat easier approach to adopt compared to compulsory redundancies, the reality for those who remain is similar. With more work having to be done by fewer people, maintaining performance and morale requires careful management.

A further issue identified by Robinson (2010:1) is that labour turnover already low in much of the public sector comes to a near standstill during a recession with few people willing to risk a job move unless absolutely necessary or extremely safe. 'People staying put always present difficulties: no injection of fresh blood, promotion blockages leading to frustration and disenchantment, and less scope for restructuring'.

The conditions described above have important implications for HR. Delivering the same or extended services with reduced numbers, motivating employees in an environment of ongoing pressure and uncertainty, and ensuring that capacity is maintained despite the loss of the competencies of experienced retiring employees, all require careful and active management by a skilled HR team. Workforce planning, long neglected in the public sector, is an essential tool for delivering on this agenda and ensuring that organisations have a well structured, capable and engaged workforce.

3.4 Towards workforce planning in the Irish public service

In 2008, the OECD conducted a high level but comprehensive review of public management reform in Ireland (OECD, 2008). One of the areas examined was the capacity of the public service. This is broadly defined as the totality of the strengths and resources available within the machinery of government. The OECD review (2008:93) points to the importance of employee numbers and structure to capacity: 'it is crucial for government not only to have the right number of employees but also to ensure that staff are allocated properly across government organisations. This is especially significant as priorities change over time.'

Decision making autonomy in respect of staff numbers is regarded as important for workforce planning by the OECD. For example, that it is possible to recruit additional staff with specialist skills, even on a short-term, contractual basis, or that it is possible to match staff resources to changing policy priorities. However, this is difficult, in particular in the civil service, as traditionally the Department of Finance and more recently the Department of Public Expenditure and Reform³ exert strict control over the numbers employed in government departments.

According to the OECD (2008:100), 'Ireland's level of ex-ante controls on personnel numbers and costs are exceptional within the group of advanced OECD countries...While ex-ante budget controls remain in most cases, the delegation of control for staffing levels has taken place in most countries, albeit to varying degrees.' Furthermore, since the OECD review, against a background of the need to reduce public sector numbers, practices have become even stricter, with all civil service recruitment and re-grading requests requiring the sanction of the Department of Public Expenditure and Reform. While organisations in other sectors may on occasion have some limited discretion it is still imperative that they remain within their target numbers.

Against a background of rapidly deteriorating public finances, successive governments have since 2009 sought to reduce public service numbers. Incentivised early retirement (available to staff over 50 years) and career break schemes were introduced in 2009, with staff availing of these programmes not being replaced.

In December 2009, a further decision imposed new ceilings on total public service numbers which are to be achieved through the implementation of Employment Control Frameworks (ECFs) in respect of each sector. These specify staffing reductions and in some cases, the distribution of posts. A moratorium on the filling of vacancies by either recruitment or promotion will remain in place until the ECF is shown to be operating effectively to bring about the permanent reduction in staff numbers required. In order to further reinforce the need to reduce staffing levels, administrative budgets for all organisations have been cut.

The Public Service (Croke Park) Agreement, ratified in June 2010 gave employees assurances that there would be no compulsory redundancies from the public service and in as far as could be foreseen, no further pay-cuts. In return, the government obtained agreement on significant restructuring and reorganisation of the public service. This would include a continuation of the moratorium on recruitment and promotion, the recruitment of appropriately skilled personnel from outside the public service, at all grades if required, co-operation in respect of processes and systems to allow for shared services and e-government initiatives, commitment to the redesign of work processes and the dismantling of barriers to a unified public service. The latter would be achieved through progress towards standardised terms and conditions of employment across the public service.

The Croke Park agreement also sets out the precise arrangements in respect of the redeployment of staff across the different sectors of the public service. In general organisations will be expected to manage with the reduced numbers occasioned

³ The Department of Public Expenditure and Reform was established in March 2011 by the government to manage the public service and direct reform.

by staff departures. However, where specific sanction is received from the Department of Public Expenditure and Reform to replace a departing employee or where new areas of work are acquired by a department/office, these positions will need in the main to be filled from public servants being redeployed due to a surplus in their own organisation. In order to manage this process, the Public Appointments Service (PAS) has established resource panels for each general service and professional and technical grade. It is the responsibility of each organisation to supply the PAS with details of staff for redeployment.

Revised targets for reductions in public sector numbers were set out by the government in the Public Service Reform Plan (Department of Public Expenditure and Reform, 2011). It is anticipated that public service numbers will be reduced by 37,500 from peak 2008 figures to 282,500 by 2015. These reductions will be accommodated through retirements and voluntary departures. A commitment is made to 'ensure workforce planning arrangements and resourcing policies to support departments in maintaining and developing organisational capability, having regard to the overall policy on numbers and payroll targets'. In order to act on this commitment, a steering group has been established by the Department of Public Expenditure and Reform which will provide guidance to departments in respect of their individual workforce plans.

3.5 Recent initiatives

Over 9,000 staff left the public service in the weeks approaching the end of February 2012, when new pension and retirement arrangements came into effect. More than half this number was from the health and education sectors, while over 1,200 civil servants retired. The balance was made up of personnel from local authorities, the defence forces and the Garda Síochána.

The reduction in employee numbers requires careful management by organisations to ensure that it doesn't impact unduly on service delivery. Departures are likely to be most acutely felt in the health sector. However, concern has also been expressed at the departure of significant numbers from the Office of the Revenue Commissioners, the Department of Social Protection and the Courts Service, at a time when the work load of these organisations has increased significantly.

In respect of the health sector the Minister for Health noted that a more targeted, voluntary scheme, open only to certain categories of employees might have been more advantageous (Minihan, McGee and Wall, 2012). However, in general the scheme has been defended, with ministers and the Taoiseach variously commenting that a significant number of retirements happen every year from the public service and are managed effectively, that targeted investment and recruitment would be undertaken in key areas, and that contingency plans are in place throughout the system to deal with the impact of staff departures (Cullen, 2012; O'Halloran, 2012). According to the Department of Public Expenditure and Reform, 'in practice, this process involves departments and offices identifying emerging gaps and using a combination of internal redeployment of staff to critical areas, redistribution of work and streamlining of business processes' (Department of Public Expenditure and Reform, 2012a).

To support this process 'the Government has established Strategic Workforce Planning groups in the Civil Service, Education, Health, Local Authority, Defence and Justice Sectors. These Workforce Planning Groups will ensure that sectoral employers are developing plans to deal with the operational and strategic consequences arising from the anticipated staff turnover in 2012' (Howlin, 2012). The sectoral groups will be required to work closely with a central strategic workforce planning forum established in the Department of Public Expenditure and Reform.

Within the civil service, a workforce planning group has been established. In March 2012 the group published a workforce planning framework for the civil service (Department of Public Expenditure and Reform, 2012b). The intention is that all departments and agencies will develop workforce plans based on the framework by June 2012.

4. | Developing workforce planning in a public service organisation – Case Studies

4.1 Ensuring that courts sit while coping with reduced staff numbers in a decentralised service: The Courts Service of Ireland

The Courts Service of Ireland was established as an independent corporate organisation in 1999. Its functions are:

- to manage the courts
- to provide support services for the judges
- to provide information on the courts system to the public
- to provide, manage and maintain court buildings
- to provide facilities for users of the courts

The Courts Service is highly decentralised with administrative responsibility for approximately 130 courthouses and offices, including 68 district and circuit court offices. Over 80 per cent of staff work in court operational areas, and almost half are based outside of Dublin. The Employment Control Framework requires the Courts Service to reduce its staffing numbers from a high of 1081 in 2008 to 870 by the end of 2015.

The Courts Service is currently engaged in a process of restructuring. This involves a major reorganisation of personnel around work streams (civil, criminal, family etc.) rather than jurisdiction (district, circuit etc.). The process will also result in a halving of the number of Courts Service locations to approximately 60, with an objective of having one combined court office in each county town outside of the major cities. The restructuring has been piloted in three locations with lessons learnt incorporated into the overall project.

In late 2009 the HR team began a process of consultation with staff. A staff survey was carried out and interviews and focus groups were held with a representative sample of staff from across the organisation. The information that emerged from this engagement process informed the preparation of the first Courts Service workforce strategy in 2010. The purpose of the strategy is to support the achievement of the service's corporate objectives by:

- assigning the right people to the right job at the right time
- supporting staff by the provision of the necessary training to carry out their tasks and enabling their development
- providing support, structures, policies and procedures for managers to effectively lead and manage

The strategy includes a profile of staff by location, work function, age, gender, grade, length of service and nature of contract (i.e. if working flexibly). Due to the organisation's ageing profile information in relation to future retirements was also mapped out in order to highlight locations where problems will arise due to significant staff departures and the related loss of knowledge and expertise. The inability to replace the vast majority of these retirees due to recruitment embargoes and difficulties in finding staff willing to transfer to some locations are problems which the Service is now grappling with.

As part of its workforce strategy the Courts Service has also addressed the area of absenteeism. In the past this was on average 6 per cent but is now less than 3 per cent. Employee absence is managed centrally by HR. Very close monitoring of the figures, coaching of managers in respect of absence issues, promoting the confidential employee assistance service and early referral to the Chief Medical Officer, have all facilitated the reduction in absenteeism.

Reasons for success:

- Leadership from the top – The chief executive officer of the Courts Service has made it clear that the Courts Service must protect front line services and that all steps will be taken to ensure that courts will sit. Awareness of this as a clear mission of the organisation has facilitated understanding for the need for change and has resulted in a good level of employee commitment for changes in work location and roles and the resulting need to acquire new knowledge and skills.
- The Croke Park agreement – The restructuring, workforce planning and absenteeism initiatives are being implemented under the banner of the Croke Park agreement

Learning points:

- The importance of employee consultation
- The importance of providing training to staff who are either being given management responsibilities for the first time or being asked to expand their role in respect of the management of staff

4.2 An evidence-based approach to identifying and prioritising employee vacancies: Dublin City Council

Dublin City Council is the largest local authority in Ireland serving a population of over half a million people. Like other Irish public organisations, the council has seen significant reductions in employee numbers in recent years due to an ageing workforce, incentivised retirement and the moratorium on recruitment and replacement. Over the three years from 2008 to 2011 employee numbers declined by 804 or 12 per cent of the workforce. Among managers and professional/technical grades, the reduction in numbers was higher. In addition, a profile of the organisation's workforce has shown that there is potential for further significant departures up until 2014.

In 2011, the HR team established a workforce analysis project in order to introduce a systematic process to identify and address the gaps in personnel across the organisation, combined with a business priority assessment. The team developed templates (Appendix 1 and 2) to assess the relative importance of a service and issues related to staffing in the unit providing the service. The templates were agreed with senior management and each division identified a liaison person for the project team to work with to ensure the review was completed efficiently.

The assessment is based around two questionnaires to be completed by the unit manager. The service assessment questionnaire asks questions such as whether the service is a statutory function and whether service disruption would cause inconvenience to the general public and/or loss of income to the council. Where a manager indicates that their workload has increased evidence is sought. A weighting is given to responses and from this an overall score is determined. Depending on the score a unit is categorised as high, medium or low priority.

The related staffing questionnaire asks questions including reductions in numbers, loss of experience, succession planning and increases in workload in respect of each grade represented in the unit. Again a weighting is given to responses and this, combined with further information from the HR unit around issues such as absenteeism and scale of future retirements, gives an aggregate score which enables a unit to be categorised as having insufficient staff levels at that grade, adequate staffing or capacity staffing.

The workforce analysis project was initially carried out on a pilot basis in the roads and traffic division but since then has been rolled out to 16 departments encompassing over 4,000 staff at all grades up to senior management. A separate staffing review has been carried out in respect of top management.

The information to emerge from the workforce analysis project enables the council to prioritise critical and or high priority services and to have an evidence base for restructuring teams and personnel. Negotiations with the trade unions are ongoing in respect of these proposals. However, to date the unions have broadly welcomed the objectivity and transparency which the project brings to staffing decisions. Strategies to address staffing deficits or surpluses include:

- Reassign employees and workload
- Review supervisory ratios and numbers
- Rationalise business objectives
- Consolidate functions/locations/sections
- Streamline workflows and procedures

Reasons for success:

- Very careful consideration in to the development of straightforward templates that can be used as an objective tool to compare relative work loads and staff profiles
- The objective assessments of their workload and staff profile made by unit managers even where this may result in a reduction in their numbers
- The support of senior management
- The extensive knowledge of the organisation and technical capacity among the members of the project team

Learning points:

- Discuss the project at an early stage with elected members
- The importance of maintaining excellent HR systems in order to facilitate staff analysis

5. | Conclusions and Recommendations

5.1 Why workforce planning helps in times of economic uncertainty

Workforce planning has come to the fore in the Irish public service at a time of huge economic crisis. Organisations are contending with reduced budgets, employee numbers down on average over 10 per cent from peak, pre-recession figures and there has been the loss, due to retirement, of many senior, experienced public servants. The challenge of trying to maintain services and increase productivity while coping with cutbacks is significant.

Workforce planning affords organisations the possibility of better managing workforce reductions and coming to a more strategic and evidence based approach to staffing, thereby helping to address the 'doing more with less' conundrum. In reviewing the impact of previous downsizing programmes, the OECD (2011:77) come to a number of conclusions, summarised below, that help to ensure that the impact on performance is mitigated:

- It is essential that workforce adjustment measures be carried out within a sound framework of strategic workforce planning
- The human aspects of restructuring should be treated as an integral part of any reform initiative and planned from the outset
- Regard must be had for the capacity of the public service to meet current and future challenges. Engaging in the process of workforce planning will help identify any issues in this regard.
- Specific measures should be put in place to support mobility and the reallocation of staff, and assessments should be made of the successes in reallocating staff
- Regard should be had for the potential of the performance management process to yield benefits in respect of productivity and engagement
- Particular attention should be paid to the impact of reforms on the morale of public servants

5.2 Responding to public service reform in the Irish public service

In responding to the economic crisis and the consequent need to reform the public service, it would seem that many Irish government departments and agencies are still in a coping sphere. To the extent that workforce planning is considered, much of the thinking is around the need to fill vacancies in order to continue to do what the organisation has always done or, using workforce planning terminology, there is an operational and supply side focus. There is still a lot of potential in organisations to look at staffing from a more strategic perspective. In other words, how the organisation's objectives and financial position impact on the structure of the workforce, the allocation of staff, training and development and other HR initiatives.

While this depth of analysis is challenging, it does have significant benefits. It can help to ensure, notwithstanding inevitable workforce reductions, 'the best possible outcome for service delivery, but also a sustainable workforce to carry the organisation into the future' (Robinson: 2010:1). Also, as is shown in the case of Dublin City Council, workforce planning can facilitate organisation restructuring through being perceived by employees and their representatives as transparent and objective.

Perspectives on workforce planning:



Source: IPA presentation 23-1-2012

5.3 Recommendations

Workforce planning is an essential initiative in addressing the challenge faced by the Irish public services of needing 'to do more with less'. However, organisations have little experience of workforce planning. There are a number of steps they can take to help ensure that their workforce planning efforts are successful:

- Workforce planning is complex and needs to be resourced. Typically this is from within HR though it is imperative that managers from across the organisation are involved in the process. Those managing the project should have an extensive knowledge and understanding of the organisation. Good IT skills within the team are also needed.
- Workforce planning models provide a sound framework for understanding and engaging with workforce planning and while progress won't always be straightforward and or linear, much is achieved through the process.
- There is a need to have consensus around the workforce plan. Senior management, managers across the organisation, employees in general and trade unions need to understand the rationale for workforce planning, engage with the process and be committed to the outcomes. Good communications is central to achieving engagement with and support from various stakeholders.
- Sometimes organisations direct all their energies towards identifying the issues or problems but lack clarity in relation to how these will be addressed. On other occasions, organisations are too ambitious and get side-tracked into developing one response initiative such as succession planning or skills audits.
- The culture of the public service in general, and of individual departments and offices impacts on the implementation of workforce planning. It is important that the workforce planning team have an understanding of the culture of the organisation which will impact on, for example, the level of leadership provided by the senior management team, the realistic engagement of managers with the workforce planning process and the receptiveness of people in general to think differently and accept change.
- Ongoing review and evaluation is a critical component of workforce planning but is something that often gets forgotten about. Evaluation occurs at two levels (Cotten, 2007). Firstly, organisations must monitor the implementation of strategies – are they being implemented as intended. Secondly, organisations must monitor outcomes – what results, intended or unintended, have been achieved as a result of these strategies.

5.4 Concluding comments

Cost cutting and reform in the Irish public service are necessary. However, achieving this double objective of efficiency gains while also reducing costs is particularly challenging. Retiring staff because of their seniority typically represent a loss in terms of their knowledge and expertise. Added to this, remaining staff will face increased work pressure. In such a context, morale, trust and capacity, all critical to delivering an enhanced level of service, can suffer.

In discussing public service reform, the OECD (2011:11) emphasise that it is 'essential that workforce adjustment measures be carried out within a sound framework of strategic workforce planning aimed at minimising adverse impacts and optimising decisions about the reduction and reallocation of staff'. Initiatives should also pay close attention to managing the human aspects of any restructuring, for example through effective leadership, good communication and training and support for all involved. These steps are essential in order to safeguard morale, trust and capacity and ultimately, to safeguard the sustainability of reforms and the ongoing quality of public services.

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Appendix 1: Dublin City Council Service Assessment Questionnaire

Department:

Unit:

1. Is the service a statutory function?			(Tick one box and mark score)
No 1	Partial 2	Fully 3	Score
2. Is there a risk to the Health & Safety of the public and/or employees?			(Tick one box and mark score)
No/Miminal 1	Slight 2	Significant 3	Score
3. Is there a potential for loss of income to Dublin City Council?			(Tick one box and mark score)
Minor 1	Marginal 2	Significant 3	Score
4. Is there potential for increased liability to fines, penalties, compensation?			(Tick one box and mark score)
No 1	Slight 2	Significant 3	Score
5. Is there a risk of Environmental Damage?			(Tick one box and mark score)
No 1	Potential 2	Significant 3	Score
6. Rate the Unit's contribution to the Business Environment of Dublin			(Tick one box and mark score)
None 1	Partial 2	Significant 3	Score
7. Would service disruption cause inconvenience to the General Public?			(Tick one box and mark score)
No 1	Minor 2	Major 3	Score
8. Is there a risk to Social Cohesion/Development and Public Order?			(Tick one box and mark score)
No 1	Slight 2	Significant 3	Score
9. Are there National Service Indicators for your Unit?			(Tick one box and mark score)
No 1		Yes 2	Score
10. Would service disruption cause negative political consequences or damage to the City's reputation?			(Tick one box and mark score)
No 1	Local 2	Significant 3	Score
			Total Score

Date Completed:

Service Level Ratings:

10 to 17 = 'Low'

18 to 22 = 'Medium'

23 to 29 = 'High'

Appendix 2: Grade Level Survey (HR Assessment Questionnaire)

Department:

Unit:

Employee Grade Title:

No of Staff at this Grade (FTE):

QUESTIONS TO BE ANSWERED BY UNIT MANAGER

11. Estimate the % reduction in HR levels over the next 18 months			(Tick one box and mark score)
Less than 5%	Over 5% less than 10%	Over 10%	Score
1	3	6	
12. Estimate the loss of valuable experience resulting from Q.1			(Tick one box and mark score)
Minimal	Moderate	Significant	Score
1	2	3	
13. Have you introduced measures to improve operational efficiency			(Tick one box and mark score)
No	Review only	Change implemented	Score
1	2	3	
14. Have you succession planning measures in place?			(Tick one box and mark score)
No	Partial	Fully	Score
1	2	3	
15. Has your verifiable workload increased or decreased since 1/1/08?			(Tick one box and mark score) (e.g. applications, service requests,)
Reduced	No change or Increase < 10%	Increase > 10%	Score
-2	2	4	
16. Estimate your staffing levels (at this grade) over the next 18 months			(Tick appropriate box only)
Surplus	Adequate	Insufficient	
17. If your answer to Q6 is either 'Surplus' or 'Insufficient', enter the number of staff concerned (FTE)			
SURPLUS		DEFICIT	

Signed:
(Head of Unit)

Date Completed:

QUESTIONS TO BE ANSWERED BY HUMAN RESOURCES (WFP Team) ONLY

18. % reduction in HR levels at this grade from 01/01/08 to present			(Tick one box and mark score)
Less than 5%	Over 5% less than 10%	Over 10%	Score
1	3	6	
19. Dept % Sick Leave rate in the last year			(Tick one box and mark score)
Over 6%	Over 4% less than 6%	Less than 4%	Score
1	3	6	
20. Percentage of employees in this grade by Age Profile			(Tick one box and mark score)
0 to 10% – over 55	10 to 30% – Over 55	30% plus – Over 55	Score
1	3	6	
			Total Score

HR Level Ratings:5 to 16 = **'Capacity'** 17 to 28 = **'Adequate'** 29 to 37 = **'Insufficient'**

