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**Manchester City Council  
Report for Information**

**Report to:** Overview and Scrutiny Human Resources Subgroup – 5 October 2010

**Subject:** Workforce Analysis and Intelligence

**Report of:** Assistant Chief Executive (People)

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**Purpose of Report**

1. To provide an update to the Subgroup on the information, which is now systematically collected by the Council, on the size and demography of its workforce (excluding Schools) over the period April 2010 to August 2010.
2. To update the Group on key initiatives which have been put in place to utilise and improve upon workforce intelligence to better forecast future resource and skill requirements across the Council.

**1.0 Introduction**

- 1.1 Despite the current economic climate the Council is committed to achieving its vision for Manchester – namely, creating a city where people choose to live, and where they live healthier, longer, wealthier and happier lives.
- 1.2 The Council, along with its public sector partners, faces significant budgetary challenges over the next few years and in order to achieve this vision, we need to make more impact with less resource.
- 1.3 We intend to do this by transforming services in line with the transformation programme already underway and which has required a totally new approach to people management, one element of which is the way in which we utilise and develop workforce intelligence to identify and resolve current and future jobs and skills gaps, and subsequently develop and deploy our staff more flexibly to appropriate roles that meet both organisational and individual needs.
- 1.4 The Council in recognising the value of its workforce has pledged to aim for no compulsory redundancies. To achieve this aim, we will be investing in developing the skills of the current workforce to enable movement across the

Council and deployment of staff to services where there is the greatest requirement for skills. M people will be the way in which we do this.

## 2.0 Workforce Analysis April 2010 – August 2010

### 2.1 Employee numbers

<b>FTE Numbers April 2010 – August 2010</b>						
	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>YTD</b>
<b>FTE/No. Paid</b>						
<b>Core workforce</b>						
Permanent	9,798	9,791	9,780	9,744	9,705	<b>(93)</b>
Fixed term	483	486	480	467	461	<b>(22)</b>
	<b>10,281</b>	<b>10,277</b>	<b>10,260</b>	<b>10,211</b>	<b>10,166</b>	<b>(115)</b>
<b>Non permanent</b>						
Casuals	382	381	359	382	354	<b>(28)</b>
Agency workers	633	624	591	515	509	<b>(124)</b>
Temps	339	331	305	267	263	<b>(76)</b>
	<b>1,354</b>	<b>1,336</b>	<b>1,255</b>	<b>1,164</b>	<b>1,126</b>	<b>(228)</b>
<b>Movement</b>						
Core workforce	-	(4)	(17)	(49)	(45)	<b>(115)</b>
Non permanent	-	(18)	(81)	(91)	(38)	<b>(228)</b>
	-	<b>(22)</b>	<b>(98)</b>	<b>(140)</b>	<b>(83)</b>	<b>(343)</b>

- 2.1.1 This analysis is based on full time equivalent status (FTE) which allows full time and part time employees to be compared on the same basis.
- 2.1.2 The number of FTE's employed by the Council has reduced by 115 since April 2010. An analysis of FTE movement by directorate is included at Appendix 1.
- 2.1.3 The numbers of non-permanent workers paid each month has reduced by 228 since April 2010. An analysis of numbers of Casual and Agency Workers by directorate is included at Appendix 2
- 2.1.4 A strategy has been developed in year with Service Heads who are working with the newly appointed HR/OD Strategic Business Partners to consider alternative approaches to filling vacancies.
- 2.1.5 Vacancies are subject to consideration and authorisation by the corporate vacancy clearance panel, which has been strengthened to include the Deputy Chief Executive (Performance) and the Assistant Chief Executive (People). This process is producing internal demand and movement with internal only adverts analysis demonstrating a significant increase from 42 internal only adverts between April 2009 and August 2009 to 126 between April 2010 and August 2010.

## 2.2 Payroll Costs

<b>Payroll costs April 2010 – August 2010</b>						
	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>YTD</b>
<b>£'000</b>						
Core workforce	26,618	26,758	26,723	26,543 <sup>1</sup>	26,492	<b>(126)</b>
Non permanent						
Casuals	208	224	201	196	210	<b>2</b>
Agency workers	937	1,221	876	630	753	<b>(184)</b>
Temps	365	434	328	290	356	<b>(9)</b>
	<b>1,510</b>	<b>1,879</b>	<b>1,405</b>	<b>1,116</b>	<b>1,319</b>	<b>(191)</b>
	<b>28,128</b>	<b>28,637</b>	<b>28,128</b>	<b>27,659</b>	<b>27,811</b>	<b>(317)</b>
<b>Movement</b>						
Core workforce	-	140	(35)	(180)	(51)	<b>(126)</b>
Non permanent	-	369	(474)	(289)	203	<b>(191)</b>
	-	<b>509</b>	<b>(509)</b>	<b>(469)</b>	<b>152</b>	<b>(317)</b>

Note: <sup>1</sup>The July Core Workforce figure has been reduced by £0.587m being the one-off retrospective payment to Benefits Officers following a successful Job Evaluation appeal

- 2.2.1 This analysis is based on costs that include employers national insurance and pension on-costs and all payments paid through payroll to core workers i.e. those with employment contracts directly with the Council (including fixed term).
- 2.2.2 These costs exclude all School's employees (i.e. individuals directly employed by schools), however casual workers, Manchester Temps and Agency Workers are included. The cost of consultants is discussed separately at section 2.3 below.
- 2.2.3 In August 2010, the monthly cost of the core workforce was £26.492m and the non permanent workforce, excluding consultants, was £1.319m, an overall reduction of £0.317m since April 2010. A one-off increase in cost of the core workforce in July of £0.587m, resulting from the back-dating of a successful Job Evaluation appeal by Benefits Officers within the Corporate Services, has been removed from the figures. An analysis of payroll expenditure by directorate is included at Appendix 1
- 2.2.4 The increase in expenditure on the non-permanent workforce in August is principally the result of seasonal requirements during the summer holidays by Children's Services e.g. playscheme workers. An analysis of monthly spend on Casual and Agency Workers by directorate is included at Appendix 2
- 2.2.5 The above table does not illustrate the full year financial impact of the reduction in employees experienced in the year to date. The current impact of reduced external recruitment and internal movement at the 31 August is that annual salaries of starters for the year to date are around £4.6m, versus those for leavers of £6.8m, an annualised saving of £2.2m. As the starters were

more skewed to the start of the financial year the impact of the overall reduction in salaries will not yet be seen in the monthly payroll figures, although it should become more pronounced over the coming months assuming leavers continue to exceed starters, marking a sustained reduction in the overall MCC payroll spend.

- 2.2.6 In relation to average salaries it would appear that those (grades) of starters are broadly consistent with leavers. Over time it is expected that the average salary for leavers will increase as a result of transformation activity i.e. management de-layering activity.

### **2.3 Consultant Expenditure**

- 2.3.1 The use of consultants in the Council has been monitored since 2006/7 when the annual spend was £10.1 million. Since then there have been year on year reductions in spend and the outturn for 2009/10 was £6.7 million.

- 2.3.2 Based upon expenditure to date the forecast full year outturn is estimated to be in excess of last year's figure, principally due to increased spend within ICT for strategic and operational support which has been necessary to ensure availability of essential services and critical systems.

- 2.3.3 If the expenditure on ICT consultancy is excluded, overall spend across other areas is forecast to reduce in 2010/11, for example consultant spend on the capital programme is expected to be £0.6m less and will continue to reduce over the next three years as projects such as Building Schools for the Future are completed and exit strategies and skills transfer plans are implemented enabling the Council to deliver on the commitment to deliver real development opportunities for existing staff.

### **3.0 Further Development of Workforce Intelligence**

#### **3.1 Workforce Performance Board**

- 3.1.1 The future organisation will be a very different place to that currently experienced, redeployment will not be part of the dialogue as more people are deployed positively and proactively.

- 3.1.2 Creating this flexible organisation will require a completely new mind set and new way of deployment. We are aiming to develop a new internal market created by internal recruitment to vacancies and significantly reducing external resources (agency/temps/consultants).

- 3.1.3 This approach is contingent on having excellent workforce intelligence on which to track and monitor resource requirements and service needs cognisant of the overall organisational direction through service redesign and transformation.

- 3.1.4 A Workforce Performance Board was established earlier in the year which considers People expenditure as a whole on a monthly basis and ensures that

we make best use of our intelligence to forecast and anticipate resource requirements going forward. The Board provides the monthly payroll and workforce numbers which are reported to the Improvement Board.

#### **4.0 Summary**

- 4.1 Workforce numbers have reduced over the period April 2010 to August 2010 generating an annualised saving to the Council of £2.2m. Arrangements are in place to control and monitor supply and demand for resources through a new Workforce Planning approach and the development of M people.
- 4.2 As we transform services and create flatter and integrated structures, a smaller and skilled workforce will be required with more generic roles to enable flexibility and movement.
- 4.3 Through the increased focus on workforce intelligence and collaborative working across services, support will be provided to up skill staff to participate effectively in transformational change and create the workforce of the future.

## Appendix 1: Analysis of FTE Numbers and Payroll Spend by Directorate

Set out below is an analysis by directorate for the movements in total payroll spend and FTE numbers in the period between April 2010 and August 2010

### Analysis of FTE movement by Directorate

Analysis of FTE Movement by Directorate						
	April	May	June	July	August	YTD
<b>FTE</b>						
Neighbourhoods	2,804	2,737	2,722	2,704	2,691	(113)
Children's	2,273	2,270	2,262	2,257	2,244	(29)
Adults	2,267	2,237	2,237	2,216	2,207	(60)
Corp Services	1,226	1,274	1,244	1,250	1,248	22
Chief Executives	1,711	1,759	1,795	1,784	1,776	65
	<b>10,281</b>	<b>10,277</b>	<b>10,260</b>	<b>10,211</b>	<b>10,166</b>	<b>(115)</b>

### Analysis of Payroll Cost by Directorate

Analysis of Payroll Cost by Directorate						
	April	May	June	July	August	YTD
<b>£'000</b>						
Neighbourhoods	6,456	6,439	6,387	6,388	6,369	(87)
Children's	6,202	6,231	6,254	6,151	6,125	(77)
Adults	5,413	5,511	5,525	5,479	5,450	37
Corp Services	3,296	3,292	3,293	3,262 <sup>1</sup>	3,336	40
Chief Executives	5,251	5,285	5,264	5,263	5,212	(39)
	<b>26,618</b>	<b>26,758</b>	<b>26,723</b>	<b>26,543</b>	<b>26,492</b>	<b>(126)</b>

Note: <sup>1</sup>The July Corporate Services figure has been reduced by £0.587m being the one-off retrospective payment to Benefits Officers following a successful Job Evaluation appeal

### Neighbourhoods

The downwards trend in FTE within Neighbourhood Services is reflected in the reduction in payroll cost. This is being achieved through effective workforce planning processes, combined with tighter control on resource requests. Neighbourhood Services' management team is actively challenging all requests for resources, decreasing the dependence on external recruitment and where reductions are derived through natural turnover, taking the opportunity to change the way the service is delivered making more effective use of current resources. Given the forward plan, the Target Operating Model and the age profile of the workforce, it is envisaged the current trend in reductions will continue.

### Children's

There is a steady downward trend in staff numbers over the period April to August. Employees who have left over the period have been mainly from the lower graded posts or social workers. Qualified social workers who have left have been replaced.

The Directorate has implemented new processes to ensure close scrutiny of resourcing requests at its management team.

### **Adults**

The Directorate's staffing level has fallen in the period since April 2010. Leavers have mainly been from administrative and support worker roles. Resourcing requests are scrutinised by the Strategic Director and Assistant Directors, which has resulted in only 2.2 FTE starters in July and August. Payroll costs have also been reducing since June.

### **Corporate Services**

Corporate Services' FTE increased in May 2010 as a result of the Adults Finance team moving into Financial Management as agreed as part of the Finance SIP. In June there was movement out of Corporate Services as teams moved from Revenues and Benefits to form the new Customer Service Centre in Chief Executives. There have been 3 external appointments within Corporate Services in August, however in each case these appointments have replaced consultants. The City Treasurer scrutinises all requests for additional resources.

A one-off increase in the monthly payroll spend in July of £0.587m, the result of the Benefits Officer roles being re-graded, has been adjusted within the figures.

### **Chief Executive's**

The increase in FTEs in May was linked to the transfer of existing staff from other Directorates into the new Customer Service Centre at First Street.

The month on month payroll spend in Chief Executives has decreased since May linked to the reduction in the permanent workforce.

## Appendix 2: Analysis of Non Permanent Workforce by Directorate

Set out below is an analysis by directorate for the movements in spend and numbers paid for casual and agency staff by directorate in the period between April 2010 and August 2010. The information relating to Temps is currently only available at an organisation wide level

<b>Analysis of Non Permanent Workforce by Directorate</b>						
	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>YTD</b>
<b>Casuals</b>						
<b>No Paid</b>						
Neighbourhoods	244	249	222	241	195	<b>(49)</b>
Children's	121	113	114	126	141	<b>20</b>
Adults	0	0	0	0	0	<b>0</b>
Corp Services	0	0	0	0	0	<b>0</b>
Chief Executives	17	19	23	15	18	<b>1</b>
	<b>382</b>	<b>381</b>	<b>359</b>	<b>382</b>	<b>354</b>	<b>(28)</b>
<b>£'000</b>						
Neighbourhoods	108	134	111	94	92	<b>(16)</b>
Children's	86	79	72	89	103	<b>17</b>
Adults	0	0	0	0	0	<b>0</b>
Corp Services	0	0	0	0	0	<b>0</b>
Chief Executives	14	11	18	13	15	<b>1</b>
	<b>208</b>	<b>224</b>	<b>201</b>	<b>196</b>	<b>210</b>	<b>2</b>

### Children's

The Directorate uses casual staff on a seasonal basis over the summer months (e.g. playscheme workers), which will have impacted on payroll costs in July and August.

<b>Analysis of Non Permanent Workforce by Directorate</b>						
	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>YTD</b>
<b>Agency</b>						
<b>No Paid</b>						
Neighbourhoods	138	129	152	141	129	<b>(9)</b>
Children's	276	280	276	257	245	<b>(31)</b>
Adults	107	95	87	62	76	<b>(31)</b>
Corp Services	25	31	28	17	16	<b>(9)</b>
Chief Executives	87	89	48	38	43	<b>(44)</b>
	<b>633</b>	<b>624</b>	<b>591</b>	<b>515</b>	<b>509</b>	<b>(124)</b>
<b>£'000</b>						
Neighbourhoods	95	128	118	82	100	<b>5</b>
Children's	415	560	442	355	421	<b>6</b>
Adults	148	143	103	58	69	<b>(79)</b>
Corp Services	80	141	77	37	46	<b>(34)</b>
Chief Executives	199	249	136	98	117	<b>(82)</b>
	<b>937</b>	<b>1,221</b>	<b>876</b>	<b>630</b>	<b>753</b>	<b>(184)</b>