Local authorities are increasingly hit by shortages of professional staff. The problems have been most severe in London and the South East, but have now spread throughout the country. The professional groups affected include both those who serve the public directly and those who play key roles in internal management.

The problems vary significantly between authorities; so, therefore, do the appropriate responses. Each council needs to conduct its own analysis and develop its own solutions. For each shortage group it should know:

- *the extent of the problem*, measured by vacancy levels, staff turnover and recruitment delays and by the observed effects of shortages on service delivery and on the role played by management;

- *likely future trends*. What professional skills will be needed to implement service plans? Will they be available?

More or less radical solutions will be needed, depending on the gravity of the shortage, but most authorities will need to look carefully at:

- *contracting out* to see if services can be more cheaply or more effectively delivered by an outside agency;

- *work reorganisation* to make the best possible use of the skills available;

- *improved employment practices* to ensure that skilled staff are retained and motivated to give of their best, that new skills are developed through carefully directed training programmes and that capable staff are attracted into local government employment - whether from traditional or newer sources.

Where shortages are already critical, or where a shortage continues to worsen in spite of all steps having been taken to improve the balance of supply and demand, authorities may need to take immediate steps to ensure that essential services are maintained and obligations met. These steps may include contracting out functions it would otherwise be preferable to retain in-house, and even the discontinuance of some services.

The emphasis throughout must be on careful analysis and planning to ensure that the best use is made of scarce resources and on a flexible approach to pay, qualifications and recruitment. And in the long term there may be significant benefits to be gained from cooperation between councils, locally to pool expertise only needed from time to time and nationally to promote the advantages of a career in local government, which are greater than is now generally perceived.

### Summary

- Local authorities are increasingly hit by shortages of professional staff.
- The problems have been most severe in London and the South East, but have now spread throughout the country.
- Professional groups affected include both those who serve the public directly and those who play key roles in internal management.
- The problems vary significantly between authorities.
- Each council needs to conduct its own analysis and develop its own solutions.
- For each shortage group it should know:
  - The extent of the problem: measured by vacancy levels, staff turnover, and recruitment delays and by the observed effects of shortages on service delivery and on the role played by management.
  - Likely future trends: What professional skills will be needed to implement service plans? Will they be available?
- More or less radical solutions will be needed, depending on the gravity of the shortage.
- Authorities will need to look carefully at: contracting out to see if services can be more cheaply or more effectively delivered by an outside agency; work reorganisation to make the best possible use of the skills available; improved employment practices to ensure that skilled staff are retained and motivated to give of their best, that new skills are developed through carefully directed training programmes and that capable staff are attracted into local government employment - whether from traditional or newer sources.
- Where shortages are already critical, or where a shortage continues to worsen in spite of all steps having been taken to improve the balance of supply and demand, authorities may need to take immediate steps to ensure that essential services are maintained and obligations met.
- These steps may include contracting out functions it would otherwise be preferable to retain in-house, and even the discontinuance of some services.
- The emphasis throughout must be on careful analysis and planning to ensure that the best use is made of scarce resources and on a flexible approach to pay, qualifications, and recruitment.
1 The shortage of qualified staff has come to be seen as one of the most important problems facing local authorities. The roots of the problem lie in tight labour markets, inadequate investment in training and a shift in the relative pay of similar occupations in the public and private sector. For some skills and in some markets councils are finding it extremely difficult to compete.

2 The effects of shortages are evident both in the provision of inferior services to the public (compared with what had been planned) and in inadequate management and control systems. Some shortages, of computer programmers for example, can have both effects. And some have a direct influence on costs as councils buy, in a seller’s market, those services they need but cannot provide for themselves.

3 The most important shortages are in those categories of staff that can broadly be described as professional*. For this purpose professionals are not only the members of such long established bodies as the Law Society and CIPFA but all those whose specialist training has given them a recognisable qualification and a sense of professional identity that transcends passing attachments to particular employers, departments or teams.

4 Many managers - including some in local government - believe that life would be easier if they did not have to employ professionals. Professionals take years to train; their qualifications, when achieved, enable them to move easily from one employer to another, not only within the local or national labour market, but increasingly on an international scale; their primary commitment is often to their profession rather than to their employer; and they doubt the ability of ‘outsiders’ to judge the value of their work. While members of different professions display these characteristics to varying degrees, all professions are marked by some combination of them - and all can create management problems.

‘...In some markets councils are finding it extremely difficult to compete...’

5 But despite the change of emphasis in local government away from autonomous departments dominated by professionals towards a more corporate style of management, professional services are still needed. For some, indeed, demand is growing, and many of them cannot easily be provided unless professionals are directly employed. Some local government professionals have jobs of a regulatory nature, and operate in areas where public demand for regulation is increasing; others perform monitoring or advisory functions which are crucial to the central corporate management of their authorities; a third group comprises direct service providers in professions facing increasing demand where independent sources of supply are as yet undeveloped. The need for people in all three categories is highly unlikely to disappear in the foreseeable future.

6 In the last 12 months some non-professional groups, too, appear to have come into short supply. In London and the South East, and in a few other locations, shortages have developed of technicians, craftsmen, clerical and secretarial staff and even unskilled manual workers. These shortages are less marked than those of professional staff. And councils have easier remedies open to them to correct them. It is easier to put out to contract some of the less skilled activities. The shift of emphasis from the 'providing' to the 'enabling' council affects other groups far more than it does the professionals. But a combination of rising demand and a slow expansion in the workforce is likely to compel employers to consider some of the same approaches to shortages whether of professionals or non-professionals.

7 This paper examines the scale of the problem and proposes some solutions. It is divided into four sections. First, the nature of the shortages is examined, and the ways in which they may be expected to develop in the future. Then questions are raised for individual authorities and departments to ask as they analyse the particular shortages they face. The third section suggests some practical approaches to tackling problems as - or before - they begin to affect service management. Finally, the scope for cooperation between authorities is examined and some roles suggested for bodies operating at national level.

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* This paper does not comment on teachers. Teacher shortages have been giving concern for rather longer than shortages of other professionals, and have received detailed attention from the DES and others. The complexities of the personnel processes within the education service are such as to prevent adequate treatment in this paper.
1. A NATIONAL PROBLEM

8 Local authorities find it difficult to recruit 12 main types of professional - according to the only comprehensive survey that has been carried out (Exhibit 1). The pattern of shortages varies greatly between regions, between types of authority and between individual authorities. The problems are most widespread in the South East (including London); overall, they are slightly more common in London than in the rest of the South East and more consistently common in the metropolitan authorities than in the rest of the Midlands, North and West. But while 74 per cent of authorities claimed to be affected by shortages in one group or another, no authority believed it had a general recruitment problem and the shortages were so widely distributed as to affect only 1.7 per cent of local government employment.

9 Since the survey on which Exhibit 1 is based, shortages everywhere have increased. The pace of increase has been fastest away from London, but authorities in the South East which were already suffering from high vacancy rates in certain categories have seen them increase further. There are still wide variations between the experiences of neighbouring authorities, but no authority or group of authorities stands out from the regional norm in all departments.

10 The market for professional staff is necessarily a national one because it is almost impossible for one authority to give all its ambitious professional employees the scope for career progression when it is needed. Local authorities do not have the limitless opportunities for organisational growth that are (at least theoretically) available to private corporations, so that the individual seeking rapid promotion is often obliged to change employers frequently. The system of transferable employment and pension rights (which substantially reduces the cost to the employee of a move between authorities) is a recognition that local government is one employer as well as 450 different ones.

11 The market does not operate perfectly. House price differences remain a strong deterrent to those contemplating a move into or out of the South East. Authorities in that region have found it difficult to attract incomers without increasing total staffing costs unduly or creating anomalies. So to some extent two separate pools of professional labour have developed, one supplying the South East and the other the Midlands, North and West. But the two pools overlap and both draw on much the same primary sources of supply in the national market for graduates.

12 Despite the barriers to movement between the South East and the rest of the country, the shortage of professional staff is a national problem. It is not confined to one region, to one profession or to one type of authority. There is great diversity at local level; but given the traditional departmental structure that in most authorities (certainly most large authorities) remains the strongest feature of the organisation, this is hardly surprising. Whatever the differences in their politics and corporate strategies, it is quite possible for one authority to enjoy the highest reputation amongst accountants while it is shunned by social workers and for its neighbour, a centre of excellence in social work, to be unable to recruit to its finance department.

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Exhibit 1
THE PATTERN OF RECRUITMENT DIFFICULTIES - AS AT MARCH 1987
The last national survey showed 12 professional groups in short supply - and London and the South East worst affected

Source: LACSAB
13 These variances between authorities, and between different departments within the same authority, are evident in the uneven distribution of vacancies. The more severe the shortage of a particular professional group, the wider the differences between authorities even within the same labour market. Exhibit 2 shows the vacancy levels for social workers in 21 London boroughs, which average 10 per cent but range from 4 to 28 per cent. Variations of this kind are likely to become still more marked as supply of most types of professional becomes further restricted.

14 And the causes of professional staff shortages are clearly national. Exhibit 3 shows the current trends in local government demand, external demand and supply for 12 different types of professional. In the three groups for which overall local government demand has been static or falling, shortages have been caused by an exceptionally high level of private sector demand combined with a lower rate of output from the professional training process.

15 On a national scale, the excess demand for professionals may not appear all that great. If all employers were equally affected by the shortages, one would expect to see vacancy rates in the order of 5 to 10 per cent for most of these categories of staff - not much above the 5.9 per cent national vacancy rate for all non-manual posts in local government. But the true picture is of a wide range of vacancy rates around this average, some of them extreme. Different local problems therefore require local analysis and local solutions.

16 Some believe that local government's demand for professional staff will contract over the next five years. If they are right, the slow rate of growth in the workforce as a whole may not present too great a problem. The whole of the projected increase will be available to the private sector, while local authorities will be able to afford to lose more staff and recruit fewer. The only significant change will be in the composition of the recruitment base, with more older recruits and more with previous work experience.

17 In some professions this may well be the pattern that emerges at national level. It is likely to become apparent that for some professional services (notably those required by the construction industry), local government demand is falling, while for others external sources of supply are increasingly seen as preferable to direct employment. Locally, changes may be more abrupt, as individual
authorities decide either to maintain their competence in a particular discipline or to cease the direct supply of all or a major part of the professional service involved.

18 The majority of scarce professionals, however, cannot so easily be detached from the local authorities which at present employ them. And staff shortages in the regulatory departments - almost wholly due to past cut-backs in professional training - are causing widespread concern.

19 In the past, government and employers have responded to skill shortages by increasing the number of places available in universities and polytechnics to enable more school leavers to obtain the necessary qualifications. And employers have taken on more school leavers to be trained by a variety of methods while in employment. Today, however, neither of those options is available. With the number of school leavers projected to decline by 26 per cent between 1987 and 1993 there simply will not be the trainees available. Increasingly, all employers will be looking to the existing workforce to meet their requirements. The workforce as a whole is expected to grow over the next decade, as joiners (many of them women returning to employment after a break) slightly outnumber those retiring, but the rate of growth will be far slower than that to which employers have become accustomed. Unless demand for professionals declines, or can in some way be suppressed, a further tightening of the labour market appears inevitable.

20 This means that in all those professional groups where local government demand outsteps supply, authorities will need to become more effective both at retention and at recruitment, as well as ensuring that they obtain the maximum value from the skills on which they are able to draw. And some will - whatever the legislative position - need to contract out on a much larger scale than before.

21 The pressure will be all the greater if turnover rates continue to rise: the turnover of non-manual staff in local government has risen by a quarter over the last decade from 12 to 15 per cent a year. Greater competition for new entrants to the labour market and increased dependence on the riskier process of recruiting established professionals will bring into sharp focus the varying levels of marketing and motivation skills of different employers.

22 There are no easy solutions to the problems caused by professional staff shortages. In some cases, authorities will be forced to choose between what may appear as greater and lesser evils. But the number of hard decisions will be minimised if every authority adopts a systematic approach to analysing the present and likely future shortages and develops an appropriate range of responses. There is some scope for national coordinated action but the most important and effective work needs to be done at local level.

23 Given the variety of local circumstances, each authority and each department needs to understand its own problems. Every departmental manager needs to make an assessment of the scarcity of relevant professionals and ensure that both corporate management and service committees are aware of actual and likely future shortages and take them into account in planning the levels of service to be provided and the means by which services are to be delivered.

HOW BAD IS THE PROBLEM?
24 Where there is a critical shortage, it is normally obvious - certainly within the department affected and probably, at least in smaller authorities, at corporate level too. But developing shortages may be harder to detect, unless a careful examination is made of five principal indicators:

Direct indicators
— vacancy level
— turnover
— recruitment delays

Observed effects
— service deterioration
— management overload

VACANCY LEVEL
25 This is the simplest indicator of shortage. If records of vacancies are maintained they can give clear evidence of underlying trends; but to be of any use the records must be maintained on a consistent basis and the number of established posts requiring a professional qualification kept under continual review. In the past, few
authorities have recorded levels of vacancy systematically; and some calculations have been misleading because they have been based on a theoretical size of establishment that the authority has no intention of filling. More accurate recording will help authorities to review their vacancy levels for particular professional groups against the experience of their counterparts elsewhere.

**TURNOVER**

26 Turnover rates can also be revealing. Changes in the turnover rate are often a better indicator of worsening shortages than the rate itself. But where shortages are critical and vacancy levels are over 20 per cent a decrease in the turnover rate may indicate that only the least mobile and least ambitious staff are left.

27 While turnover rates can provide a useful basis for comparison between authorities, they need to be treated with some caution. Some professionals tend to change jobs more frequently than others; computer analysts and programmers, for example, who typically focus on the limited horizon of the project on which they are engaged, move nearly twice as often as engineers. Differences in turnover rates can also result from the differing sizes of local labour markets; although the labour market for professionals is ultimately a national market, moves are more likely in areas where the cost of a job move is low than where a change of house or a major shift in travel routine is required. And there are regional differences reflecting local employment cultures that make staff in some areas readier to change jobs for less additional reward than elsewhere.

**RECRUITMENT DELAYS**

28 Ease of recruitment can in most circumstances be measured by the length of time vacancies remain unfilled. Even if the turnover and vacancy level are low, delays in recruiting to individual posts may be evidence of a shortage. It is, however, necessary to distinguish between posts that are not being advertised because no suitable applications are thought likely to result and those which the authority has decided not to fill in any case. Regular reviews of the establishment required to provide a particular service, and in particular of the number of posts for which a full professional qualification is indispensable, should enable the second category of vacancies to be eliminated, and a more accurate picture of recruitment delays to emerge.

‘...Staff shortages divert the manager's attention from the longer to the shorter term...' 

**SERVICE DETERIORATION**

29 The effects of shortages on service delivery provide the clearest indicator of problems. Indicators based on the staff an authority would like to have may be misleading, since the establishment may be unnecessarily inflated. The effects will be very different according to the professional group in shortage, and whether the customers are inside or outside the authority. In some cases, they are easy to monitor - the length of time taken to process planning applications, for example. When the authority is itself the customer (as it is for many of the services provided by the shortage groups), the immediate consequences of shortages will be cuts in programmes rather than in facilities provided to the public. In these cases the longer-term effects of programme reductions need also to be taken into account.

**MANAGEMENT OVERLOAD**

30 The final test of the gravity of any professional staff shortage is the role played by departmental management. The manager may or may not be a member of the same profession as the staff of the department, but the effect of staff shortages is almost always to divert the manager's attention from external to internal issues and from the longer to the shorter term. The manager's job becomes more stressful; and it is hardly surprising that departments with high vacancy levels for professionals also suffer from high rates of turnover among senior management and difficulty in recruiting managers of adequate calibre.

31 Some shortages - notably those of accountants and computer staff - are likely to lead directly to a decline in the standard of performance monitoring, but all shortages have this effect as senior professionals concentrate their efforts on the most pressing cases requiring their expertise and give lower priority to management tasks. Like poor service delivery, inadequate monitoring of results does not always indicate a professional staff shortage - it may result from a failure to define and implement central management processes - but is frequently seen to be one of the first effects of a worsening supply/demand balance.
Having identified the location and the gravity of any shortages, each authority should consider what action can be taken to improve the situation. No one measure is likely to be sufficient. A combination of measures, however, appropriately selected and vigorously pursued, can enable authorities both to hold their own in a competitive market for scarce skills and to make better use of the limited number of professionals whose services they can acquire.

Exhibit 4

HOW BAD IS THE PROBLEM?
A combination of symptoms reveals the gravity of the situation, and how it is developing

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>Slight</th>
<th>Significant</th>
<th>Severe</th>
<th>Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacancy level</td>
<td>0-5%</td>
<td>5-10%</td>
<td>10-20%</td>
<td>20% plus</td>
</tr>
<tr>
<td>Turnover</td>
<td>5-15%; static or falling</td>
<td>10-20%; tending to increase</td>
<td>20-30%; rising fast</td>
<td>30% plus; but may start to fall as staff quality deteriorates</td>
</tr>
<tr>
<td>Recruitment delays</td>
<td>most jobs can be filled without delay</td>
<td>some jobs need to be re-advertised</td>
<td>some jobs vacant six months or more</td>
<td>many long-term vacancies; some appear unfillable</td>
</tr>
</tbody>
</table>

EFFECT

| Service deterioration       | services delivered in accordance with plans | some delays for customers; service quality below desired standard | backlogs mounting; facilities closed for part of day or week; numerous complaints | whole services cut; permanent closures of facilities; breach of statutory obligations; litigation |
| Management overload         | giving strategic direction to department | focused on maintenance of existing services | giving priority to short-term needs over long-term development | continually coping with emergencies |

LOOKING AHEAD

Once professional staff shortages become significant, it is hard to reverse the spiral of decline. Lack of resources or uncertainty as to their availability lowers the priority given to forward planning; recruitment processes become slower and selection less thorough; the accumulation of backlogs destroys the immediacy of the relationship with the ultimate customer; more complaints have to be answered, to the detriment of more constructive activities; morale suffers and more staff, particularly the most able, leave. The initial cause may not always be a staff shortage. Poor management can have devastating effects even where labour is in plentiful supply. But it is clear that the national shortages of certain types of professional make the spiral of decline much easier to enter, and place a higher premium on effective management - individuals and processes.

Even those authorities whose shortage problems are slight need to think carefully about the future. Prevention is better than cure. None of today's national shortages is likely to disappear in the next few years; some may get very much worse. The projected fall in young entrants to the labour force will be very much steeper in some areas than in others. And where demand for entry to a profession exceeds the supply of training places, some professions will be able to make more rapid adjustments than others. So all authorities would do well at least to consider the following questions before determining how to cope with the local situation:

- Has each department examined its likely future workload and the services it expects to be able to provide?
- Are these plans consistent with the projected availability of professional skills?
- How will demand for these skills from other employers in the area alter?
- What competitive advantages does the authority enjoy as an employer of professionals and can these be sustained?

Having identified the location and the gravity of any shortages, each authority should consider what action can be taken to improve the situation. No one measure is likely to be sufficient. A combination of measures, however, appropriately selected and vigorously pursued, can enable authorities both to hold their own in a competitive market for scarce skills and to make better use of the limited number of professionals whose services they can acquire.
3. COPING WITH THE SHORTAGES

Exhibit 5 sets out the responses that are likely to be necessary to address actual or foreseen staff shortages. If the shortage is, or seems likely to become, critical, radical action will need to be taken; less grave shortages may be alleviated by better employment practices. But these are unlikely to have any rapid effect, and more immediate benefits may be obtained from contracting out and reorganising so as to use scarce skills more sparingly. So most authorities will need to consider:

- reviewing the sources of supply, to see if contracting out is feasible and economic;
- reorganising work to achieve the best match of skills available to tasks needing to be performed;
- improving employment practices to ensure that those scarce staff who are really indispensable are located, recruited, trained, retained and motivated;
- and if all these fail, or if shortages are critical
- getting out of the business by contracting out functions that would be better performed in-house, or by cutting services.

REVIEWING THE SOURCES OF SUPPLY

The recent development of professional staff shortages, combined with the long recognised difficulty of harnessing professional aspirations to corporate objectives, has been seen by a number of authorities as an additional argument for contracting out certain specialised services. An increasingly competitive environment has already persuaded many councils, like other organisations, to define their core competences and to buy in those services that are more economically provided by third parties. Experiments to date have included the placing of legal work with private firms, contracts with other local authorities for engineering services and the encouragement of ‘management buy-outs’ by computer departments. Organisations have come into being, or have expanded, specifically to meet the increased demand from local government for professional services that councils can ‘buy’ rather than ‘make’.

Some authorities have pursued the possibilities of contracting out more vigorously than others; some, indeed, have made a reduction in their role as a direct supplier of services an important strategic objective. In other cases, there has been a reluctance to consider external supply. It may be that legislation extending the scope of compulsory competitive tendering will oblige these authorities to widen their horizons.

Legislation should not, however, be the only factor influencing the approach to contracting out. In the Commission’s view it should be part of the normal management process in every council to review the services it wishes to see provided and to assess whether these can be more cheaply or more effectively delivered inside or outside the local authority organisation. The outcome of this assessment will depend on a number of factors, of which direct cost is only one. The advantages of access to a wider range of professional skills, of professional indemnity and of payment only when service has been satisfactorily delivered need also to be taken into account.
Contract terms and monitoring their performance exceed the savings to be derived from the use of external sources of supply. These costs can be high where services are provided direct to the public and professional judgement needs to be exercised at the point of service delivery, or where (in the cases of services for which the authority is the client) the exercise of that judgement is itself the service. The effectiveness of lawyers at assessing the likely consequences of litigation, of accountants or computer staff at devising new methods of analysing information or of social workers at dealing with unique sets of circumstances can never be easy to measure by the criteria managers normally use.

Exhibit 6 analyses the factors that may make contracting out difficult for each of the 12 shortage groups. In some cases there are no significant barriers. In others, part of the work is normally best kept in-house. Which part is a matter for individual authorities to decide. Where the barriers to contracting out are generally low, it is likely that many authorities will take an early opportunity to review this option. Where they are high, contracting out may not be an immediate possibility.

40 Most employers recognise that not all professional services are equally suitable for contracting out: where local government is the only buyer (so that alternative suppliers are not attracted into the market); where the work is regulatory in nature and can only be performed by a qualified officer of the local authority; or where the service provided forms an essential part of the central management processes of the authority, contracting out may not be advisable. But it is important to distinguish between the different services that may, under existing arrangements, be provided by members of the same professional group. In most authorities there are tasks at present carried out by social workers which require limited professional expertise and are within the scope of outside contractors; not all the activities of planning departments involve the use of regulatory powers, and some could be performed by consultants; much valuation work can be separated from the central role of corporate property management. Careful analysis may reveal more opportunities for cost-effective contracting out than are immediately apparent.

41 Some services, however, will be less susceptible than others to this approach because the costs of specifying contract terms and monitoring their performance exceed the savings to be derived from the use of external sources of supply. These costs can be high where services are provided direct to the public and professional judgement needs to be exercised at the point of service delivery, or where (in the cases of services for which the authority is the client) the exercise of that judgement is itself the service. The effectiveness of lawyers at assessing the likely consequences of litigation, of accountants or computer staff at devising new methods of analysing information or of social workers at dealing with unique sets of circumstances can never be easy to measure by the criteria managers normally use.

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Exhibit 6

**BARRIERS TO CONTRACTING OUT**

Where barriers are low, many authorities will take an early opportunity to review this option.

- Has the authority reviewed its sources of supply for services and determined which it will buy in rather than supply in-house?
- Which services have significant buy-in barriers and which have few?
- Has it distinguished between these supply elements that are of a client or regulatory nature from those that are more service specific?

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**REORGANISING WORK**

43 Once a decision has been taken to supply a particular service in-house - either because that is the optimum solution or for lack of an alternative - the means by which the service is provided need to be considered. No profession is without its restrictive practices, and most authorities will be able to find tasks that are currently carried out by professionals that could be delegated to someone less qualified, or qualified in another profession for which demand is lower. Some processes are susceptible to a team approach using trainees, technicians and some unqualified staff under professional leadership. And by combining certain functions with other authorities or with private sector organisations and contracting out others a limited supply of professional skills can be made to go further.

44 Some authorities have succeeded in alleviating the problems caused by severe shortages of professionals by major restructuring of the affected departments. A management buy-out can sometimes revive a depleted organisation by allowing it to become more competitive in the marketplace and so provide a better standard of service back to the authority. If working
methods are reformed at the same time this need not be a more costly option.

- Do all the tasks carried out by professionals at present require a professional's expertise?
- What is the scope for concentrating professional skills within the organisation?
- What is the scope for sharing skills with other authorities - e.g. within the same county?
- Should the authority take the initiative with its remaining professionals to restructure them into a private sector company from which services may be bought?

**IMPROVING EMPLOYMENT PRACTICES**

45 By reviewing sources of supply and reorganising work, an authority may be able to keep to a minimum its demand for scarce skills. But if shortages are significant, this will probably not be enough in the long term. Action needs also to be taken to improve the supply of those skills through a variety of measures: increased retention; improved motivation; better training; more effective recruitment; and widening the employment base.

**RETENTION**

46 Although some turnover of employees is inevitable, and the introduction of new blood often desirable, most authorities want to keep more of their existing staff. Of particular concern are losses to the private sector (particularly of computer staff, accountants and the various property professionals) and moves out of employment altogether (common amongst social workers, and likely to become a more significant feature in all professions as the proportion of female staff grows). Exit interviews are far from a universal practice in local government, and where they are carried out often concentrate too heavily on the perceived attractions of other employers rather than on the dissatisfaction that may have caused the employee to consider a move in the first place. But it appears likely that the causes of dissatisfaction are much the same in local authorities as in other organisations.

47 Studies of organisations in the private sector have distinguished those aspects of work which give intrinsic satisfaction, and so motivate staff to better performance, from those which are only noticed if they are unsatisfactory. The latter are commonly described by management scientists as maintenance factors, the former as motivators. On their own maintenance factors may not create job satisfaction, but they can be potent causes of dissatisfaction where they are not given adequate attention, as a recent LGTBMORI survey of former local government employees demonstrated. Exhibit 7 contrasts some of the most important maintenance and motivation factors.

48 Dissatisfaction cannot always be prevented. An aspect of an organisation's policy and administration which upsets one employee may not be able to be changed without equal dissatisfaction being produced for another. Inter-personal problems are frequently difficult to resolve. And the cost of improving some aspects of pay and conditions may be prohibitive. But retention can be maximised if departmental managers and personnel specialists work together to achieve the right balance between the different maintenance factors, with due regard to their relative costs. More flexible hours and greater freedom from supervision - the latter especially important to professionals - may be cost-free if properly executed. A better working environment need not be expensive in relation to the dissatisfaction it can eliminate, and when measured against the cost of hiring new staff.

49 Even some features of remuneration can be enhanced without additional cost to the employer; car leasing schemes are still less common in local government than in the private sector, and flexibility for the
employee to choose from a range of benefits within a ceiling determined by the total cost to the employer is only slowly making an appearance. Security, on the other hand - identified in a recent survey of computer staff as the only factor in respect of which local government was perceived as a relatively satisfactory employer - may entail high costs in the long run.

50 Traditionally, the local government formula for retaining professionals has balanced relatively low pay against high security and high status. Supervision levels have been high for junior staff, but the accountability of professional heads of department has been very limited. Policy and administration have also been (until recently) in the hands of senior professionals. But changing expectations of local government may mean that the formula will need to change; in some cases conditions already have changed sufficiently to make job dissatisfaction a real problem.

51 In a large number of authorities - particularly those serving heterogeneous and politically volatile local communities - both security and status are perceived to have diminished: the borough treasurer, county surveyor and city planning officer can no longer always expect to occupy the same positions in society as of old, nor to hold their posts for as long. Within a local authority organisation, greater freedom may be given to the individual professional to exercise his or her own judgement, but the professional group is likely to be held more accountable by corporate management. Working conditions have, in general, shown little improvement. Yet what many would see as the natural accompaniment of riskier, more stressful work - higher pay, at least at the higher professional levels - does not seem generally to have been put in place. In consequence, the balance of the traditional maintenance formula has been upset and dissatisfaction has been allowed to surface.

52 In a few of the shortage professions, pay in local government is now well below the levels obtaining in the private sector, and even in other parts of the public sector. Lawyers provide a striking example of a profession in which local government is finding it difficult to prevent dissatisfaction, particularly at a time when salaries in private practice are rising at over 20 per cent a year and those in the public sector as a whole at less than eight per cent. At a critical stage of career progression the successful local government solicitor with 10 years' experience can expect a salary of under £20,000 while his or her counterparts in industry or even in the government legal service are earning 30 per cent more, and commercial practitioners below partner level probably double. Central government has acknowledged the need to reduce dissatisfaction within its legal service by accepting the recommendations of the Andrew report for substantial pay increases, and a number of local authorities have reached the same conclusion, particularly in the South East where competition for lawyers is most intense. But the cost of retaining lawyers is becoming high, and many authorities will wish to take a hard look at their requirements for legal services and the most economic means by which these may be met.

53 Naturally, much attention has focused on those professions in which competition is most acute and in particular on the relatively small number of cases where staff have left local government (or other public sector employers) for very much more highly rewarded jobs in the private sector. For most professional occupations, the differences between local government salaries and those paid in the private sector are quite small. But small differences can cause dissatisfaction if they are seen as reflecting an under valuation of the professional's experience and qualification. This dissatisfaction will be all the greater if relative pay movements are adverse, as in the case of civil engineers (Exhibit 8). And the prospects of salary progression are as important as the
The extent to which local government pay causes dissatisfaction varies between professions and between authorities. In some cases, pay increases would do little to affect retention; in others there is scope to reduce dissatisfaction by more economical means. For junior professionals, pay rates in local government are generally in line with those outside. If pay is a factor, the pay scales need to be designed with care if they are to improve retention and encourage better performance and not merely increase total employment costs.

Even modest pay increases and changes in grade can become expensive when applied across the board. That is why it is essential for authorities to target their remuneration policies on those professionals they are most anxious to retain. Contracts for senior professional staff can be a way of achieving this, as can performance-related pay. But performance-related pay schemes need to be designed with care if they are to improve retention and encourage better performance and not merely increase total employment costs.

The extent to which local government pay causes dissatisfaction varies between professions and between authorities. In some cases, pay increases would do little to affect retention; in others there is scope to reduce dissatisfaction by more economical means. For junior professionals, pay rates in local government are generally in line with those outside. If pay is a factor, the pay scales that dissatisfy are normally those of the more senior officers. These higher-paid employees will need to be fewer in number, and more efficiently utilised, if total costs are to be kept within bounds. This may mean a lower ratio of supervisors to front-line professionals, or a more careful allocation of time by a smaller professional group.

Motivation is a complex subject: each individual is motivated in a different way. Nevertheless, it is characteristic of professionals to attach a high importance to the intrinsic features of their work, and the motivation factors identified in Exhibit 7 can have a strong influence on their satisfaction and so on their performance.

MOTIVATION

Where shortages persist, however, and particularly where they are severe, retention of skilled staff may not be enough. Since the professionals are fewer in number, it is all the more important to ensure that each of them performs to the best of his or her ability. This means that ways have to be found of motivating them; and the factors that motivate are often very different from those that retain.

Motivation is a complex subject: each individual is motivated in a different way. Nevertheless, it is characteristic of professionals to attach a high importance to the intrinsic features of their work, and the motivation factors identified in Exhibit 7 can have a strong influence on their satisfaction and so on their performance.

Some of the changes of recent years have reduced rather than increased the job satisfaction available to professionals in local government service. The standstill in spending and staff numbers has reduced opportunities for advancement and growth; contracting out in response to staff shortages has sometimes taken away the most interesting parts of the professional's job, and affected the sense of achievement; the discrediting of professional omniscience has often left responsibilities unclear; and, in different ways, both central government and local politicians have tended to begrudge local government professionals recognition for their achievements.

These tendencies are not, however, irreversible, and there is much that authorities can do to improve the motivation of their professional staff. Growth - particularly for professionals - need not necessarily mean larger budgets and increased staffs; it can just as well be seen in terms of improved quality of service. The allocation of clear responsibilities and the recognition of good performance are among the most important functions of general management, whether at corporate or departmental level. Member interference - particularly inconsistent interference - in day-to-day decision-making can be reduced by clear policy planning and performance review. And contracting out can be seen as an opportunity to replace the day-to-day management of routine work with the greater challenge of specifying and monitoring contract performance, while having more time available for tasks which require a higher level of professional skill.
Exhibit 9
GROWTH IN NUMBER AND SIZE OF LOCAL GOVERNMENT CHRONICLE JOB ADVERTISEMENTS

Authorities are placing larger and more informative advertisements as well as advertising more jobs increasing difficulty in recruiting. But if the full benefit is to be obtained from investment in training it must be accompanied by measures to improve retention and motivation.

62 In the past, the training provided by local authorities has tended to concentrate on the obtaining of professional qualifications. Much of the most valuable training, however, is that given to non-professionals to enable them to take on those aspects of a professional’s job that can be detached from the traditional package. The extension of training of this type requires a recognition by professionals that some of their roles can appropriately be filled by ancillary staff, and the professionals themselves left free to concentrate on those tasks for which their professional expertise is indispensable. Authorities and departments that take a flexible approach to training can start to solve their shortage problems much more rapidly than those that continue to base their training programmes largely around professional examinations.

63 Training programmes also need to be targeted so that they respond to actual and projected skill shortages and to the needs and potential of the individuals being trained, as assessed by regular appraisal. Without careful analysis of both skill requirements and human resources an expanded training budget may not provide value for money.

- Is the authority taking positive steps to recruit a sufficient number of new trainees?
- Has each department a training programme designed to meet likely skill shortages?
- Are the training needs of individuals reviewed on a regular basis?

RECRUITMENT

64 The fourth set of measures to combat significant shortages of professional staff concern improvements in the recruitment process. Effective recruitment is a skilled activity demanding high standards of both analysis and presentation. If it is not handled in a professional manner suitable staff can be deterred, posts left vacant and bad appointments made.

65 Local government spending on recruitment advertising has risen sharply in the last five years (Exhibit 9). As
much of the increase has been due to authorities placing larger and more informative advertisements as to more jobs being advertised. This reflects a growing awareness among employers of the need to sell themselves to the various groups from which they are seeking to recruit. But the approach is still too often to react to individual vacancies rather than to seek out opportunities in the labour market. This is one market in which local government is in direct competition with the private sector. There may be something for local authorities to learn from the best practice of those private sector employers (and a few in the public sector, too) who recruit on a systematic basis. That will mean fewer single-job advertisements and a growing use of regular campaigns to attract needed categories of staff; of display advertising and promotional literature; of open days and presentations.

In particular, universities and colleges need to be targeted as the main primary sources of recruits to the professions. Local government should be particularly well placed in the graduate market, since it can offer the opportunities and challenges both of the professional career and of general management. But in practice little effort is made either by individual authorities or by local government as a whole to capture an adequate share of this market. If local authorities decline to participate in milk rounds and job fairs or to present their attractions as employers even to students within their own areas they can hardly expect to be sought out by potential recruits. And they will lose out to their more image-conscious competitors in the battle for an increasingly limited number of potential high achievers.

Attracting high-calibre applicants is half the recruitment battle; the other half is obtaining the best person for the job. Skill requirements must be clearly specified and interviewers trained to elicit the maximum relevant information. The recruitment process as a whole must be managed so that the right impression is conveyed at every stage. Recent research carried out for the Society of Local Authority Chief Executives painted a disturbing picture of the selection processes operated by many authorities for top level appointments.

What is the authority's image as an employer of professional staff?
What is the relevant department's image in the profession(s) on which it draws?
How effectively does the authority present itself to the graduate market in general?
Have all those involved in recruitment received suitable training?
Is there scope to make the recruitment process faster or more thorough, e.g. attractive information packages, quick responses to applicants?

THE EMPLOYMENT BASE

More effective recruitment will help authorities facing significant skill shortages, but it may not be sufficient if it continues to be aimed only at those markets from which recruits have traditionally been drawn. Closer links with schools and colleges may enable local government to increase its share of those entering the labour market for the first time, but supply from this source is set to decline overall. Local government should be in a position to benefit from links with local educational institutions, but there is little evidence that these are exploited systematically.

The most fruitful efforts are likely to be those devoted to the growing sector of the labour market that has worked in the past - not necessarily in local government - and might now be persuaded to re-enter employment. For many authorities this will mean a re-thinking of the way in which jobs are carried out. Job-sharing, flexible hours and homeworking are already becoming common features in some places. Local government, operating without some of the commercial pressures which cause many private sector employers to adopt a cautious approach to innovative working, should be well placed to exploit the opportunities offered by, for example, the growing pool of professionally qualified women who wish to re-enter the workforce. And the employment base should become more diverse as positive recruitment efforts are targeted not only on women but also on ethnic minorities, the disabled and retired people who may want part-time work.

Nor can the search for unrealised potential take place only outside the organisation. Most local authorities have employees in post who could be trained to fill some of the gaps left by professional shortages. This will require a corporate approach in each authority as the attempt is made to deploy staff most efficiently across departmental boundaries.
Are recruitment efforts targeted at the right labour markets - particularly those that are under-exploited at present?
What efforts are being made to recruit those with under-utilised potential?
How flexible are the work arrangements? Could they be made more flexible, to attract different types of applicant?
Are the skills of existing employees being used to the best advantage of the authority as a whole?

GETTING OUT OF THE BUSINESS
71 There may, however, be authorities in which all these measures are inadequate to prevent shortages from worsening. And there certainly exist cases of critical shortage, in which the need to purchase an immediate improvement in service standards rules out recourse to the relatively slow working remedies that have been suggested. In these instances, ideal solutions must take second place to the maintenance of services or such services as the authority can afford to maintain.

CONTRACTING OUT
72 Contracting out complete functions, rather than individual tasks and projects, may be one extreme solution. It is often an unsatisfactory solution where professionals are concerned, particularly those professionals who play a warning or advisory role and whose outputs are hard to measure. And it can be expensive. But an authority which has lost and been unable to replace 20 per cent or more of its staff in any professional group must seriously question whether or not it has a core competence in the work of that profession or the right image to attract new employees; and if it has neither, whether a time of skill shortage is appropriate for an attempt to build such a competence up, or whether buying in from another authority or from the private sector is a better option.

CUTS IN SERVICES
73 If contracting out is not a possibility - and in some professions direct employment is the only source of supply - still harder decisions may have to be made. It may simply not be possible for an authority to carry out its service strategy in full, and cuts may have to be instituted. What is important is that cuts in services brought about by staff shortages should be planned so that priority is given to those services the authority considers most important. Unplanned reductions across a range of services are only likely to reduce staff morale and aggravate a shortage that is already critical.

4. COOPERATING FOR THE FUTURE
74 Professional staff shortages will require many hard decisions over the next few years. In almost all cases, those decisions will need to be taken at the level of the individual authority in the light of its strategic objectives and the resources likely to be available to meet them. The Commission sees little scope for centralisation on a national or regional basis of personnel processes that need to be managed as directly as possible by their users.

75 There are, however, areas of expertise which not every authority can be expected to possess in depth, but to which all need access from time to time. The most conspicuous requirements are for information on national labour markets and on training opportunities, neither of which can always be economically provided at local level.

76 The bodies that exist to advise authorities in these two areas have performed much valuable work, not least on issues surrounding recruitment and retention. As yet, however, there is a lack of information - more acute in some professions than in others - about individual professions within which local government is trying to recruit and train staff. The professional in local government has three dimensions to his or her job - the profession, the local government service as a whole and the individual employing authority - and may move in any of them. Yet far less is known about the professional dimension than about either of the other two.
By contrast, local authorities feel that they are held in low regard by central government; at best they receive only grudging approval for their achievements and this in turn affects both existing staff and potential recruits, who see local government as a declining business. There are recent signs that the Department of the Environment has recognised this danger, with the Minister for Local Government referring to the need to re-establish the ‘primacy of competence’ in local government. This development is welcome, but central government could still do more to acknowledge the contribution of local authority managers and professionals to the provision of important public services.

77 Some professional associations - mostly those with a substantial local government membership, but not necessarily all of these - are beginning to develop the sort of information services that local government employers need. But a lot more will be required if professional staff shortages are to be tackled with appropriate, specific measures by the authorities that are feeling their effects. Professions in which the professional association is weak, and which rely for exchange of information more on the voluntary efforts of chief officer societies, will find the collection and maintenance of relevant data particularly difficult.

78 And there is a second role which needs to be carried out by central as well as local organisations - the marketing of local government as an employer. While it is clearly important that individual authorities should compete with each other in the national labour market, and so improve the quality of local government employment overall, the attractions to professionals of a career in local government in the past have been seriously undersold. The information hitherto available to graduates about career prospects in local government have been sketchy, unininformative and off-putting. The Blacker Report on the central bodies (LGTB, LAMSAC and LACSAB) drew attention to these weaknesses and argued that a new structure, bringing the three together into a Local Government Management Board, would help. Certainly, there is a case for restructuring priorities at a national level. The LGTB has recently announced a welcome initiative to upgrade its efforts to market local government as an employer.

79 Professional associations enjoy a unique position in relation both to the professions nationally and to the local government service. They are the most appropriate channel for ensuring that the voice of local government as an employer is heard within the professions. But they are not the only bodies that should be concerned with improving the image of local government in the labour market. The local authority associations - particularly if they acted in concert - could play a useful part. The AMA has recently launched an initiative, known as METRA, to raise the profile of metropolitan authorities in universities and colleges. It is too early to judge its impact, but the analysis which led the AMA to conclude that an initiative was needed must surely be correct.

80 Central government has shown itself willing to try to ease the recruitment problems of the teaching and nursing professions by participating in joint initiatives and publicly expressing a positive view of the future of these professions within the public sector.

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