CAPACITY AND COMPETENCY REQUIREMENTS IN LOCAL GOVERNMENT

RICHARD BOYLE
JOANNA O'RIORDAN

IPA

AN FORAS RIARACHÁIN
INSTITUTE OF PUBLIC
ADMINISTRATION

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Dr. Richard Boyle is head of research, publishing and corporate relations with the Institute of Public Administration.

Joanna O'Riordan is a research officer with the Institute of Public Administration

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1.

INTRODUCTION

1.1   STUDY BACKGROUND AND OBJECTIVES

The role and functions of local government have been evolving in recent years and will continue to change in the coming years. *Putting People First*, the action programme for local government reform, sets out a number of key objectives in relation to local government (Department of the Environment, Community and Local Government, 2012a). These objectives include reorganisation of political and executive structures; alignment of community and enterprise functions with the local government system; greater impact and involvement in local economic and community development; service efficiencies; and revised funding arrangements. In addition, the recommendations contained in the *Report of the Local Government Efficiency Review Group* (Department of the Environment, Community and Local Government, 2010) provide an important input and context to policy developments.

At the same time that the responsibilities, functions and roles of local government staff are changing, there are significant changes occurring in terms of local government personnel and demographics. Numbers are down by approximately a fifth between 2008 and 2012: there were just under 29,000 local government employees in early 2012 (including management, administrative, technical, craft and general operative grades) compared with approximately 37000 in mid-2008 (Department of the Environment Community and Local Government/CCMA, 2012: 4).

The moratorium on recruitment, while effective in reducing staff numbers, has been uneven in its effect as staffing reductions in local authorities and across grades and service areas have varied considerably. However, in many local authorities, because of the moratorium and early retirements, there is now significantly fewer staff both under the age of 30 and over 55. The diminishing cohort of senior experienced officials has limited opportunity for the transfer of knowledge to those who will succeed them. The restricted level of recruitment of younger staff raises concerns for the age profile in the future. The moratorium on staff numbers is requiring management to rebalance and redeploy resources in line with service demands.

The IPA's research report *Fit for Purpose?* (Boyle and MacCarthaigh, 2011) suggests that successful reform in the public service requires that the emphasis on reducing number is complemented by systematic planning for the management of the related loss of competence and knowledge in organisations. In addition, it concludes that greater capacity in areas such as working across organisational boundaries and collective leadership of change is needed.

Given this changing context, the County and City Managers Association (CCMA) decided that there is a need to examine the capacity and competency requirements of the local government sector, and requested the Institute of Public Administration (IPA) to undertake a study of the issue. As noted in the report on *Workforce Planning in the Local Government Sector* (Department of the Environment, Community and Local Government/CCMA, 2012: 9): 'it is recommended that the IPA be commissioned to produce a research paper on the present and future capacity issues within the Local Government sector'.

Capacity is a wide ranging and challenging concept. It asks the question of whether local authorities are fit for purpose, whether they have the ability to address challenges, adapt to new roles and demands, follow through on commitments, and achieve valued outcomes for citizens. The question of capacity can be applied to local government as a sector, to individual authorities and if desired to functions or sections within any local authority.

To a large degree capacity is achieved through the competencies of those individuals working in the organisation. Competencies focus on what people bring to the job, their inputs. If capacity challenges are identified in organisations, that is, examples of areas where organisations are not delivering optimally, the response in organisations is typically to assess whether and in what ways the skills, attributes and behaviours of staff might be lacking.

1.2 STUDY APPROACH AND REPORT STRUCTURE

This study, which was carried out between January and March 2013, provides information on capacity and competency requirements in local government. The terms of reference for the study are to provide:

a) an overview and analysis of the main changes in roles and functions that have occurred in local government in recent years and that are planned for the coming years

b) an analysis and assessment of the main demographic changes that have taken place in local government staffing arising from the moratorium on recruitment and staff departures

c) an assessment of the consequent main capacity and competency requirements in local government arising from developments outlined in (a) and (b)

The study is based on a number of sources, primarily:

a) an examination of relevant national policy documents and literature on local government capacity and reform

b) semi-structured interviews with senior managers from a number of local authorities. Interviews were held with 9 county and city managers and 13 directors of service from the following city and county councils: Cavan, Cork County, Donegal, Dublin City, Dun
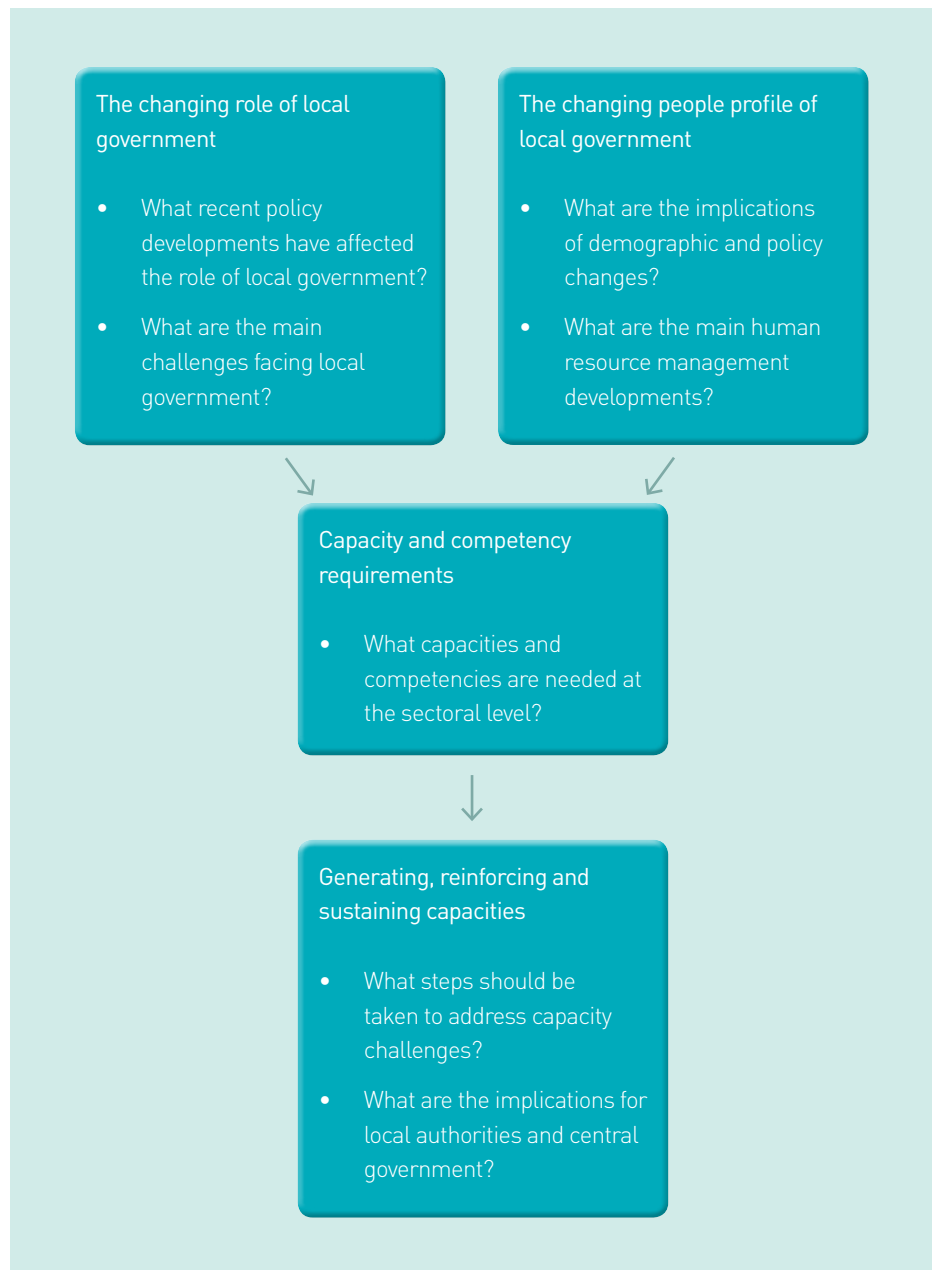
Laoghaire, Fingal, Galway City, Galway County, Kerry, Kildare, Kilkenny, Limerick City, Meath, Offaly, Sligo, Tipperary North, Tipperary South, Waterford County, Westmeath and Wicklow. Interviews were also held with the CCMA Programme Management Office, and Engineers Ireland. The intention was to ensure a reasonable geographic spread, and also to cover both urban and rural-oriented authorities. And to ensure a reasonable mix of generalists and professionals and gender. The interview guide for the interviews is set out in Appendix 1.

c) focus groups with local authority human resource (HR) managers. Two focus groups were held at IPA headquarters, to which all HR managers from city and county councils were invited to attend one or the other. Twenty-two managers attended, with a good spread of authorities represented. Three main questions were addressed in the focus groups: what challenges/opportunities do you see in the forthcoming local government changes; what are the current and future capacity and competence gaps; and what can local authorities do themselves to address the gaps.

The framework for the study, based on the terms of reference, is set out in Figure 1.1. The report structure follows the framework. Chapter 2 examines the changing role of local government. Chapter 3 looks at the changing people profile. Chapter 4 identifies the consequent key capacity and competency requirements at the sectoral level in local government. Chapter 5 sets out recommendations for generating, reinforcing and sustaining capacities in the medium to long-term.

The intention of the study is to provide guidance and evidence to promote an informed discussion on future capacity and competency requirements in local government and how these might be addressed.

FIGURE 1.1   FRAMEWORK FOR THE STUDY

The changing role of local government

- What recent policy developments have affected the role of local government?

- What are the main challenges facing local government?

The changing people profile of local government

- What are the implications of demographic and policy changes?

- What are the main human resource management developments?

Capacity and competency requirements

- What capacities and competencies are needed at the sectoral level?

Generating, reinforcing and sustaining capacities

- What steps should be taken to address capacity challenges?

- What are the implications for local authorities and central government?

2.

THE CHANGING ROLE OF LOCAL GOVERNMENT

2.1 RECENT DEVELOPMENTS IMPACTING ON LOCAL GOVERNMENT

Change is impacting on the local government system in different ways and from various sources. Since the publication of the OECD's report on the Irish public service in mid-2008 (OECD, 2008), a series of reports and programmes have been published which, directly or indirectly, have made recommendations affecting local government structures, functions and resource allocations. They include:

- The Report of the Task Force on the Public Service: Transforming Public Services (2008)

- The Report of the Special Group on Public Service Numbers and Expenditure Programmes (the McCarthy Report) (2009)

- Report of the Commission on Taxation (2009)

- The Report of the Local Government Efficiency Review Group (2010)

- The Public Service Agreement 2010-14 (the Croke Park Agreement) (2010)

- The National Recovery Plan 2011-14 (2010)

- Programme for Government (2011)

- Public Service Reform (2011)

- Report of the Steering Group for the Alignment of Local Government and Local Development (2012a)

- Putting People First: Action Programme for Effective Local Government (2012b)

The principal issues arising for local and regional public organisations in the published reports identified above are considered below.

2.1.1 The Report of the Task Force on the Public Service: Transforming Public Services

This report was published in 2008 and was the then Government's response to the report published earlier that year by the OECD (2008) *Ireland: Towards an Integrated Public Service*. The task force advocated a more joined-up approached to service delivery at all levels of government, enhanced performance by public organisations and greater engagement with citizens in service delivery. The report also advocated a much greater devolution of responsibility for the performance of functions to regional and local levels and a greater leadership role for local government: 'The position of Local Government, as

the level of government closest to the citizen, puts it in an effective position to provide this local leadership role' (p.16).

2.1.2 The Report of the Special Group on Public Service Numbers and Expenditure Programmes (2009)

This report, also known as the An Bord Snip Nua or the McCarthy report, was published in 2009 as the government sought to reduce public expenditure. Though primarily concerned with national government, the report did make a number of observations and recommendations in relation to local authorities. Chief amongst these was the recommendation to 'move to a single tier of local government through the abolition of regional authorities and town councils'. It also proposed a reduction in the number of city and county councils from 34 to a maximum number of 22. A similar reduction in 'corresponding local authority agencies/authorities' was also advocated, and it proposed that the number of organisation types and the number of individual bodies should initially be reduced by merging some functions into a single county/local authority level organisation.

2.1.3 Report of the Commission on Taxation (2009)

As part of its remit, the Commission on Taxation's report in 2009 contained a number of recommendations in relation to taxation and the autonomy of local authorities. The focus of these recommendations was on 'changing the balance between nationally provided and locally collected sources of income' (Commission on Taxation 2009: 15). They identified that local authorities secured approximately 55 per cent of their current income from their own sources (commercial rates, housing rents and receipts for goods and services) with the state providing the remaining 45 per cent. The report envisaged that by 'by the end of a five-year period, local authorities would source well over 75 per cent of their income from their own generated sources' (2009: 15). Specifically, the report recommended the introduction of a property tax before the local election due to fall in 2014, but also made suggestions in terms of charging for water, waste and other services provided at a local level.

2.1.4 The Report of the Local Government Efficiency Review Group (2010)

The *Report of the Local Government Efficiency Review Group* was published in 2010. Its remit was to 'review the cost base, expenditure of and numbers employed in local authorities' (Department of the Environment, Heritage and Local Government 2010). It identified areas for expenditure savings including through the sharing and in some cases full merging of staff complements between local authorities, with a consequent reduction of managers. Noting that the envisaged savings from shared service models do not always accrue, the group nonetheless advocated the use of a 'lead authority' model which would allow for greater sharing of fire, homelessness, higher education, building, internal audit and motor tax services. A uniform human resource and payroll system for local authorities was also recommended in the report, as well as centralised recruitment and promotion systems.

In relation to sub-national bodies other than local authorities, the report recommended more integration of back office supports between city and county councils and such bodies. It argued that the (then) organisational environment for local development involving 52 local

development companies (LDCs) and 165 community development projects (CDPs) - each with staff levels dependent on public funding - was leading to an 'unnecessarily crowded space'. It recommended that the 'consolidation of the local development bodies should be intensified' and that '[a]ll new local development programmes should be placed under the care and control of the relevant local authorities' (p.156).

The review group also recommended that city and county enterprise boards be integrated into county and city councils (and not Enterprise Ireland as the McCarthy report had suggested), and that other local development groups be transferred to local government after 2013. However, in relation to city and county development boards, the group recommended that they continue and that a small percentage of budget allocation to public bodies on the CDB be conditional on the delivery of agreed joint service initiatives, with a view to increasing co-ordination of service delivery.

2.1.5   The Public Service Agreement 2010-14 (2010)

The *Public Service Agreement* (commonly referred to as the Croke Park agreement) between the government and public sector trade unions identified a number of targets and changes to be met by the various sectors of the Irish public service over the period 2010-14. Several sectoral plans have emerged from the agreement. The *Local Government Sectoral Agreement* noted that:

A key element in reducing internal boundaries and simplifying the production of services will be the rationalisation of State agencies in the Local Government sector. These measures will help provide central corporate supports to a Local Government sector focused on the delivery of value for money services to the public.

It also committed the sector to engage in reforms designed to:

- [Achieve] more efficient delivery of services through a variety of organisational and delivery models
- [Restructure] service delivery to leverage the operational benefits available through regional delivery

Increased emphasis on greater sharing of functions, more online services and extra productivity measures (including shared services for finance, payroll, HR and other activities) are also identified as part of the programme for greater cost-savings.

2.1.6   The National Recovery Plan 2011-14 (2010)

In November 2010, the Irish government signed an agreement with the International Monetary Fund, the European Commission, and the European Central Bank for the provision of a total of €85 billion in financial support to Ireland. It repeated the objective of cutting public service costs through a reduction in numbers and reform of work practices as agreed in the *Public Service Agreement,* and also voiced support for the efficiencies identified in the *Report of the Local Government Efficiency Review Group.* The plan also

agreed that measures would be put in place to cap the contribution of the local government sector to general government borrowing at an acceptable level. The plan recognised the need to 'put the funding of locally delivered services on a sound financial footing, to improve accountability and to better align the cost of providing services with the demand for such services'. To this end a site value tax was announced, as well as the introduction of a 'household charge', both to begin in 2012.

2.1.7 Programme for Government (2011)

The *Programme for Government* published in March 2011 identified a number of commitments relating to reform of local government. As well as specific plans in relation to such issues as planning, the arts and older people at local level, a number of more general issues were identified as follows:

- Moving 'many of the functions currently being performed by agencies – such as community employment and enterprise supports – back to local government and ensure that all property-related revenues are part of the income stream of local government'

- Merging 'local enterprise and job support functions of local, regional and national agencies into a single business and enterprise unit within Local Authorities'

- Reviewing 'the Local Government Efficiency Review as part of our Comprehensive Spending Review'

2.1.8 Public Service Reform (2011)

In November 2011, the Government published its plan and related statement on public service reform. While the plan was concentrated at the national level, and envisaged greater integration of structures and services across all levels of government, specific reference was made to the 'implementation of structural reform and rationalisation initiatives in the Local Government sector'.

2.1.9 Report of the Steering Group for the Alignment of Local Government and Local Development (2012)

In 2011 the Minister for the Environment, Community and Local Government established a steering group to review the role played by local authorities in local and community development (LCD), and of LCD programmes more generally, and to make recommendations to better align them in light of the changed economic circumstances. The final report was published in 2012 (Department of the Environment, Community and Local Government 2012b). The report proposed a number of recommendations to be introduced over the 2012-14 period:

- The development of a national Local and Community Development Policy, supported by an inter-departmental group

- The development of complementary 5-year county/city local and community plans, with a socio-economic committee (SEC) being established in each local authority to progress their plan

- That all strategic planning for local and community development programmes be based around county/city boundary lines, and the 2014-20 LEADER programme be implemented via the SEC

- Greater emphasis on shared services in local and community development programmes, and defined spending limits

- Greater use of impact measurement and assessment systems, and greater use of data sharing

2.1.10 Putting People First: Action Programme for Effective Local Government (2012)

In October 2012, the Minister for the Environment, Community and Local Government published *Putting People First: An Action Plan for Effective Local Government*. The action plan covers functions, structures, funding, operational arrangements, governance, the role of the executive and the elected council, and engagement with local communities. Some of the highlights include:

- The structural reform of local authorities, including the abolition of all 80 town councils and the merger of Waterford City and County Councils, Tipperary North and South County Councils, and Limerick City and County Councils. The total number of elected local councillors will commensurately be reduced from 1627 to around 950. A new model of municipal governance within counties is to be introduced. The eight regional authorities and two regional assemblies are to be replaced by three regional assemblies

- New funding, accountability and governance arrangements including the introduction of a local property tax to fund local services, which could be varied by local authorities. More robust performance monitoring of local authorities by the establishment of a new National Oversight and Audit Commission. Reserved functions of elected members to be strengthened and local authority managers to be re-designated as chief executives

- Expanding the role of local authorities in economic development and job creation, and closer alignment of local and community development supports with local government. A socio-economic committee (SEC) to be created in each city and county for planning and oversight of all local and community development programmes. New local enterprise offices (LEOs) are to be integrated with local authority business support units to create a one stop shop for business support

- New service efficiency arrangements including workforce planning, more use of performance information, and the development of service level agreements between government departments and local authorities

2.1.11 Other developments

Apart from these reports and programmes for reform, local government has been affected by a number of public service wide developments including the general moratorium on recruitment and promotion, and the implementation of incentivised early retirement and

career break schemes. The *Haddington Road Agreement* (Labour Relations Commission, 2013) introduces further changes to the terms and conditions of staff, including pay reductions and additional working hours.

2.2   CHALLENGES FACING LOCAL GOVERNMENT

These developments, and in particular the agenda for change set out in *Putting People First*, present significant challenges for local government management and staff. In the interviews and focus group sessions carried out for this study, respondents were asked to identify the main challenges they saw facing local government in this context. A range of issues were identified, with many issues being referred to by several respondents. The main common challenges identified are outlined below.

However, before outlining the challenges it is of note that many of the interviewees referred to the strengths of local government in the context of addressing challenges. They highlighted the ability of the sector to adapt to change and to take on major projects and make them happen. The reduction in staff numbers that has been achieved in recent years with limited impact on service delivery was cited as an example of such change being managed across all authorities. Similarly the ability of local government to adapt to the loss of functions or take on new functions and maintain resilience was noted as a key strength.

2.2.1   Loss of and reduction of service delivery functions

The most frequently mentioned challenge, referred to by nearly all respondents, was the impact of the loss of functions to local government. Examples cited were decisions to establish Irish Water and transfer water responsibilities from local government, the transfer of student grant applications to Student Universal Support Ireland (SUSI), and the planned transfer of driver license issue and renewal to the National Driver License Service. When combined with a reduction in service delivery in the traditional functional areas of local government such as housing, roads and environment (driven in large part by the economic downturn), and a growing use of outsourcing and shared services, local authorities are seen as less and less engaged in direct service delivery to local citizens. As one director noted, this presents challenges for 'maintaining core identity and functions as local democratic organisations and local service providers'.

2.2.2   Promoting local economic development and community development

Also mentioned by the vast majority of respondents was the challenge associated with taking on more responsibility for local economic development and community development. The enhanced role for local government in these areas was universally welcomed. One manager referred to local government 'going back to its roots'. However it was notable that in general, county and city managers were more positive on this theme than other grades. Managers tended to express a strong vision for the future; as one noted: 'local government is about building communities and quality of life...local leaders, not players'.

Challenges were outlined primarily with regard to ensuring cooperation amongst the various agencies with a role in economic and community development, both national and local. One respondent, for example, referred to the 'confused landscape' and felt that the form 'alignment' of community development would take is unclear. As part of the broad approach needed to economic development, the notion of a stronger economic role also needs to be fleshed out. Both IDA Ireland and Enterprise Ireland, key players in jobs promotion, report to central government departments and have their own priorities and responsibilities. There was a strong perception that local government needs the authority to get organisations working together if effective coordination is to be achieved. In delivering these objectives, a need to develop capacity in an area broadly described as 'getting things done through others' was identified. More specifically, promoting entrepreneurship and innovation is vital here.

2.2.3   Maintaining services, motivation and morale.

Several respondents referred to the challenge of keeping service provision going in the context of the staffing embargo, impact of early retirements, the changing age profile of staff etc. (see Chapter 3 for more details on this issue). One manager referred to what they saw as the 'micro-management' from the centre with regard to recruitment, driven by the requirements imposed by the support programme from the European Commission, European Central Bank and International Monetary Fund troika, rather than an emphasis on keeping within overall limits. Related to these staffing challenges were challenges around maintaining motivation and morale. Ensuring the continuing commitment and performance of staff was identified by many respondents as an important but difficult issue to address. However, on the positive side, several respondents referred to the 'can-do' attitude of staff and their ability to respond positively to change. Dealing with employee morale needs to be a top priority for both HR and line managers at all levels in local authorities.

2.2.4   Maintaining the trust and confidence of local communities

Some respondents noted challenges ahead in maintaining the trust and confidence of citizens. A manager noted that the citizen can often be more 'demanding, cynical and angry' than in previous years and that 'respect for politicians and administrators is very low'. Another respondent noted that as authorities increasingly stop calling to people's doorsteps (due to reduction in their service delivery role) but also increasingly are involved in the collection of local taxes, people are more likely to see local authorities in a negative light. While, many respondents did point out the good current relationship that local authorities have with the communities they serve, there is a need for local authorities to be innovative in thinking of new models of service delivery and ways of interacting with customers and citizens.

2.2.5   Managing political change

Several respondents referred to the changing numbers and functions of councillors associated with the *Putting People First* action programme. In most instances there is a planned reduction in councillors, but in some authorities an increase will be required. There are also to be changes in the powers associated with councillors and the executive.

There are capacity implications in managing the associated political/administrative interface issues arising. This is particularly the case in the context of the abolition of town councils and the introduction of municipal districts.

2.2.6 Operating shared services / procurement / outsourcing / service level agreements

A number of capacity challenges were identified associated with the move to more use of shared services and developments in outsourcing and procurement. One respondent noted that it was being assumed that savings would arise from these developments, but that international experience presented a mixed picture. One particular issue mentioned by several respondents was the challenge of developing and monitoring appropriate service level agreements (SLAs) which will be a growing feature of the work, for example with Irish Water, the local enterprise offices (LEOs) and for shared services.

2.2.7 Funding

Challenges associated with the funding of local government were mentioned by many respondents. On the one hand, there was uncertainty as to how the new property tax would operate, and an awareness that the likelihood is of continued reduction in exchequer funds. Allied with this, sources of local income such as the development levy and planning fees have reduced dramatically because of the economic downturn, and it is increasingly difficult to collect rent and rates. As one manager noted 'matching resources to services' will be increasingly difficult. For some local authorities the problem is particularly stark, and it was noted for example that even if they were allowed to recruit they wouldn't do so. More generally, there is what one respondent referred to as the 'management of scarcity' and getting staff to use money efficiently and ensuring they know how best to leverage what money there is. This raises the requirement for staff competent in resource management and achieving value for money.

2.2.8 Diversity of the local government landscape

A point made by several respondents is that it is difficult to view the local government sector in a coherent way, when in reality there is great diversity within local authorities, particularly in terms of the size and scale of local authorities. Some authorities have prioritised economic development, others community or heritage, depending on factors such as local priorities and size of authority. The size issue was raised by a manager, who noted the capacity challenge for individual authorities, for example to bid for the hosting of shared services, which would be very difficult for a small authority.

2.3 OVERARCHING THEMES

Drawing from the developments and challenges set out, it is possible to identify three principal over-arching themes that emerge as of particular concern.

2.3.1 Establishing a shared and agreed vision for local government

A vision for local government is set out in *Putting People First*:

Local government will be the main vehicle of governance and public service at local level – leading economic, social and community development, delivering efficient and good value services, and representing citizens and local communities effectively and accountably (Department of the Environment, Community and Local Government, 2012a: iii)

However, from the interviews it was clear that there was a sense from most of the respondents that they recognised the challenge of building commitment to the vision across the public service. The removal of functions such as Irish Water and student grants from local government has left many in the system wondering what type of local government is really wanted and what its scope and remit will be. State agencies have their own priorities and report to central government departments which also may have priorities that do not always match those of local authorities. In this context there was uncertainty that the vision articulated in *Putting People First* is really the way local government is headed.

There is a need both for the local government system itself, and more widely the broader public service including central departments and relevant national agencies, to develop a shared, agreed, coherent view of local government and its role and to use this to drive change. The local government sector should play a more prominent role in articulating and promoting the vision and the practicalities that flow from this.

2.3.2 Enhancing the local leadership and coordination role

There is an increasing recognition that local authorities must work with the community and other organisations to address local issues and problems. In this respect they act as leaders and facilitators of change. Local authorities need to further develop their community leadership role. This role is broader than the direct service provision role, recognising the need to act in partnership with others for the development of the county or city. In many respects, under this guise the local authority can be seen as the *catalyst* for change and development, bringing together local and national interests and making things happen. Economic development, sustainable transport, 'smart cities' and environmental management are examples where local authorities have a leadership role to play.

Several respondents noted that local government needs to be the pre-eminent enabler of services locally. In this context, it doesn't so much matter who delivers the service as ensuring it is done in an effective manner. As one respondent noted, it is about building capacity in community governance, and getting people to work together.

Very much linked to the leadership issue is that of the local authority as coordinator of the various agencies and organisations (public, voluntary and private) at the local level. Many of the issues faced by local government, as with all public services, are complex, multi-faceted problems (economic development, environment, housing etc.) that cannot be solved by straight-forward, traditional solutions. They often require a capacity for leadership and innovation, focused on cooperation and coordination at local, regional, national and international levels. Local government must establish effective working

relationships at all these levels and identify and facilitate new ways of working to ensure effective coordination between the key players.

Much of this work is about trying to build capacity to enable local authorities to get people out of their silos and working together on projects at the local level. A difficulty here is that to coordinate effectively, ultimately the local authority needs to be able to take a lead role, and national agencies involved in local planning have to be more responsive to local needs. In a context of centralised decision-making this can present particular challenges. As a director noted, generally joint projects need a clear leader if they are to be successful, and can take longer than expected as organisations are reluctant to commit without first going back to their centre to check the formal position. More formal agreements between organisations are likely to be an increasing feature of coordination.

2.3.3   The volume and scale of change
Several respondents referred to the challenge associated with trying to manage the level of change that is being experienced at present. This scale of change was described by some respondents as 'unprecedented'. There is a particular capacity challenge here for human resource management (HRM) in terms of enhancing the HRM competence within local authorities to lead and support the required changes, and help management prioritise and adapt a structured approach to change.

3.

THE CHANGING PEOPLE PROFILE OF LOCAL GOVERNMENT

3.1   BACKGROUND AND CONTEXT

In response to the economic downturn, a process of reductions in public service numbers had been in place since 2008 with a target of a 12 per cent reduction over the five-year period to 2015. A moratorium on recruitment and the vast majority of promotions has also been in place and public service salaries have been cut, both directly and through the introduction of a pension levy, whereby all public servants contribute to their retirement pensions.

In addition to the reductions in numbers, an extensive public service reform programme has been in place since 2011 under the auspices of the newly established Department of Public Expenditure and Reform. The *Public Service Reform Plan* (Department of Public Expenditure and Reform, 2011) sets out a range of commitments including initiatives aimed at improving customer service, reducing costs through the introduction of shared services for HR, payroll and pensions, reform of procurement processes, reform of organisation structures, and new ways of working. For example, the performance management and assessment aspect of the Performance Management and Development System (PMDS) has been strengthened, initiatives such as workforce planning have been introduced and commitments remain in place around grading reform.

Reform in the public service has been underpinned by The *Public Service (Croke Park) Agreement*, negotiated in 2010, and more recently the *Haddington Road Agreement* of 2013. Contingent on delivery of the savings and compliance with the current agreement, the government has given certain commitments to serving public servants, in particular that there would be no further reductions in their pay and no compulsory redundancies as long as public servants remained flexible about redeployment.

3.2   LOCAL GOVERNMENT CONTEXT

3.2.1   Reduction in numbers

The agreed government numbers target for the local government sector, known as the employment control framework (ECF), requires a 20 per cent reduction in personnel from 37,243 to 29,480 over the five year period ending in 2015. This target was, in fact, met by early 2012, with numbers employed in the local government sector standing at 28,811, representing a reduction of 22.6 per cent from the 2008 figure (Department of the Environment. Community and Local Government/CCMA, 2012: 4). The implications of this reduction have been managed at local level through restructuring and reassignment.

In particular staff working in planning, where the demand for services is significantly diminished, have taken on other duties.

In fact, the local government sector has one of the highest levels of staff reductions across the public service between 2008 and 2012, as Figure 3.1 shows. Based on whole-time equivalents (WTE) figures produced by the Department of Finance, only the non-commercial state sector has had a higher percentage reduction in numbers employed than local authorities.

FIGURE 3.1   PERCENTAGE REDUCTION IN NUMBERS EMPLOYED 2008-2012
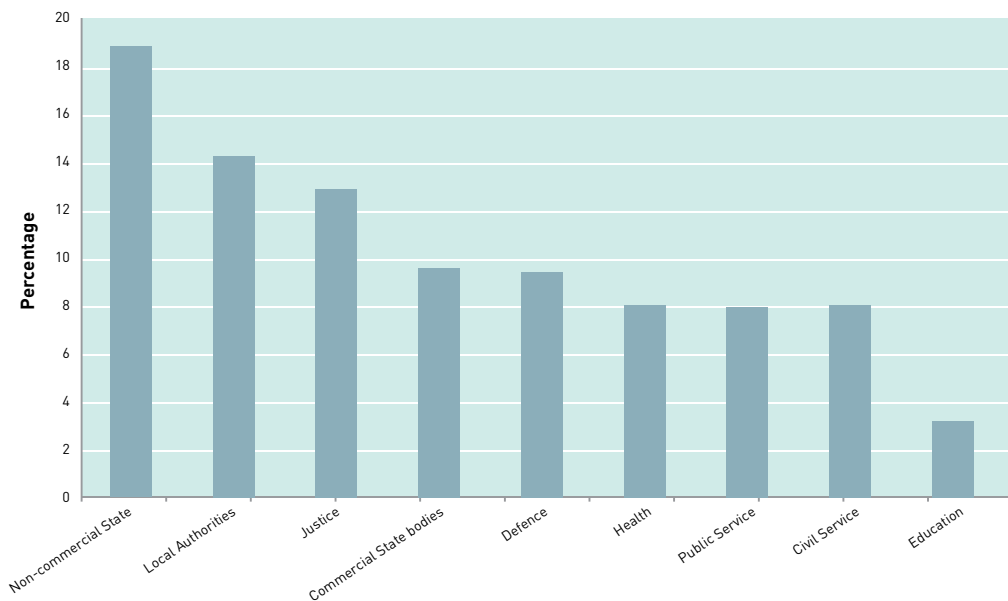
Source: Department of Finance Budgetary and Economic Statistics 2012. 2012 figures are estimates.

In addition to targets in respect of the overall reduction in numbers, the *Report of the Local Government Efficiency Review Group* (Department of the Environment, Community and Local Government, 2010) (the LGERG report) made specific recommendations in respect of reductions in the numbers of directors of service, the number of senior managers, and staff working in the specific areas of corporate services and planning. The LGERG report recommended a reduction in the number of directors of service (including some analogous grades, for example head of finance) of 20 per cent to 190. By 2012 the number had reduced to 203. This reduction has been achieved through the non-replacement of directors and the consolidation of local authority organisational structures, i.e. fewer directorates. *Workforce Planning in the Local Government Sector* (Department of the Environment Community and Local Government/CCMA, 2012) made further recommendations in respect of the numbers of directors appropriate for each local authority category. The report concluded that at a minimum local authorities required two directors plus a head of finance.

In respect of senior and middle managers the LGERG report recommended reductions of 15 per cent in numbers for each. Numbers at both grades have declined in recent years. While acknowledging that particular local circumstances may dictate exceptions, *Workforce Planning in the Local Government Sector* (Department of the Environment Community and Local Government/CCMA, 2012) gives an indication of the appropriate numbers of senior executive officers, administrative officers and their analogous engineering and other posts. Achieving these targets will require significant reductions for most local authorities. However, the report regarded the reductions as necessary 'in arriving at a sustainable level of employment' (2012:19) within the sector. Furthermore, it is intended that the reductions in the number of staff at management level will be facilitated by the transition to shared services and the abolition of town councils and introduction of new municipal government arrangements. In delivering the reductions *Workforce Planning in the Local Government Sector* (2012:21) recognised that both redeployment and a targeted voluntary redundancy scheme may need to be considered, as waiting for natural departures primarily through retirement represents a very long-term and potentially very uneven solution. Ultimately, the report concludes that 'each local authority will in discussion with the DOECLG determine how best to meet the targets set out in this plan in the shortest possible timeframe'.

3.2.2   Age profile of local authority staff

Irish public servants are ageing, and at a more rapid rate than the wider labour market. In addition, the age profile of the public service shows less variation than the age profile of the corresponding wider labour market. Looked at by age group the largest cohorts in the various sectors of the public service are around 40-49 years, with a significant proportion in the age band 50-59 depending on the standard retirement age. Overall the proportion of young employees is far smaller in the public service than in the private sector.

The roots of this demographic profile lie in the rapid expansion of public services from the 1970s until the mid-1980s and the considerable hiring that took place during this time. This was followed by a period up to the 1990s when the numbers in the workforce were stabilised and hiring freezes occurred. The public service again expanded during the boom years, from about 2000 on. However, since 2008 a strict recruitment moratorium has been in place. Reinforcing the trends to emerge as a result of recruitment restrictions is that the age of entry of public servants has increased, while the retirement age is also typically lower than for the general labour force, due to tradition, pension arrangements and incentivised retirement schemes.

Age trends within the local government sector are similar to those in other areas of the public service, with 6 per cent of staff across all local authorities under the age of 30 though in some local authorities the numbers are negligible or non-existent. Approximately 30 per cent of employees come within each of the age cohorts of 31-40, 41-50 and 50-59, with very small numbers over 60 (Table 3.1). The implication of these figures is that up to a third of local authority staff are likely to retire over the next decade. Of particular significance is that presently 58 per cent of managers are in this pre-retirement cohort of 50-59 years, with only 3 per cent of managers under the age of 50.

TABLE 3.1   AGE PROFILE OF ALL LOCAL AUTHORITY STAFF AND OF MANAGERS

	←30	31-40	41-50	51-60	→61
All staff	6%	28%	31%	30%	7%
Managers	0%	3%	34%	58%	6%

Source: Report on Workforce Planning in the Local Government Sector (Department of the Environment Community and Local Government/CCMA, 2012)
Figures don't add exactly to 100% due to rounding-off

Outdoor staff represent a further category of local government staff where the ageing profile is acute, with more than half of staff over 50. While numbers in this category have declined considerably over recent years with the outsourcing of much of the work previously carried out by local authority staff, for some authorities, in particular those with large urban areas numbers remain significant. In *Workforce Planning in the Local Government Sector* (Department of the Environment Community and Local Government/CCMA, 2012) it is noted that that at a time when local charges are being introduced that the services performed by outdoor workers, for example road maintenance, parks and sanitation, need to be maintained, albeit delivered in the most efficient manner possible. The report therefore recommends that all local authorities prepare a workforce plan in respect of outdoor staff which is to consider a range of options for bridging the gap between services required to be delivered and available staff including workforce redeployment, organisation restructuring, and if required, selective relaxation of the redeployment moratorium.

3.2.3   Retirements

The large number of recent and imminent retirements from local government presents a number of challenges for the sector. Between 2009 and 2012, 8,000 staff left the sector, with those retiring as a matter of course added to by large numbers departing on 29 February 2012, the final day of the 'grace period' available to those wishing to receive pre-salary cut pensions.

Maintaining the capacity of local government to deliver the same level and quality of public services cannot be regarded as automatic, with the OECD (2007) referring to the importance of public sector organisations developing a sustainable and managed ageing strategy. In particular, regard needs to be had for the extensive loss of corporate knowledge as a result of large-scale departures. However, the OECD also notes that large scale departures do present organisations with the opportunity to rethink the delivery of public services, with the possibility of doing things more efficiently in the future.

3.2.4   The recruitment moratorium

Combined with the large number of retirements from the local government sector, the recruitment moratorium, in place across the public service for the past five years is having a marked effect on local government. *Workforce Planning in the Local Government Sector* (Department of the Environment Community and Local Government/CCMA, 2012: 26) comments that 'there is little doubt that graduates of the last decade have a whole range of skills, outlooks and attitudes which are new and current and are unlikely to be replicated

through re-skilling or re-training programmes for existing staff'. Furthermore, they note the more subtle impacts of a complete absence of recruitment on organisational diversity, and potentially, if the gap becomes sufficiently large on intergenerational understanding, learning and knowledge transfer. On this basis the workforce planning report recommends some limited graduate recruitment, with an indicative figure of 200 graduates.

3.3   SECTORAL RESPONSES TO CHANGES

During the research phase of this report, interviewees were asked their views on the impact of the numbers reductions on service delivery and management of their organisations. There was a range of views. Some respondents suggested that local authority staff numbers were now at critical levels with vulnerabilities around the sector's continuing capacity to deliver services, with one manager stating that 'getting the work done is a challenge', while a director of service commented that 'there is a risk of local authorities not being able to manage all of the challenges [confronting them]'. But according to another manager, 'we have been reducing staff since before 2008 in some areas, so it has been continuous rather than being hit with a big bang'. And a further small number of respondents, representing local authorities where the financial situation is more challenged, indicated that even if the moratorium were lifted it was seen as unlikely that they would be in a position to recruit staff in the short term.

In respect of the age profile of local authorities there was greater consistency across interviewees with the low numbers of young staff being described as 'just not healthy'. As one manager commented, 'there's a gap under forty and under thirty there's just no one'. The moratorium was described on several occasions as 'a blunt instrument' and the importance of bringing 'new blood' into an organisation to avoid 'stagnation'. However, according to one manager the age profile issue doesn't bother him as much as 'the need for talent'. The importance of being able to recruit 'the brightest and best' was echoed by other respondents. Several respondents noted that it was challenging to recruit the most talented individuals during the late 1990s and early 2000s when the economy was booming, and that now when there is more choice available in the market, the opportunity for recruitment is constrained.

Further interviewees referred to the impact of the moratorium on their ability to recruit what they described as much needed specialist skills for example in the area of procurement or managing shared services, while another manager mentioned the impact the moratorium would have in future years because they were 'not building up the middle management structures in particular'.

However, in defence of the moratorium, one manager argued that 'it was needed because local government was/is in a financial crunch' and that the moratorium was presenting local authorities with the opportunity to restructure.

In the area of retirements most local authorities were of the view that they had 'coped quite well', though one manager did add that 'certainly there are things they are probably not doing as well [and that] often it is only when something goes wrong that the loss comes to light'. However, many interviewees did emphasise the loss of knowledge and skills with regard to specific areas, for example the political system, local government legislation, the local area, IT systems. Ineffective knowledge management and record keeping approaches were also cited, with one director of services commenting that they had 'lost some very capable administrative skill sets and corporate knowledge'.

In all, there was a degree of resilience expressed by managers and directors of service in the face of the significant staff changes that have taken place in recent years. But a general sense that reforms have had a significant impact on capacity and that the challenges of coming years will require additional solutions to those in existence at the moment.

4.

SECTORAL CAPACITY AND COMPETENCY REQUIREMENTS

4.1   BACKGROUND AND CONTEXT

The capacity of any public service organisation relates to their ability to get things done, to address challenges, follow through on commitments and ultimately to achieve valued outcomes for citizens (O'Riordan, 2011). Murray (2007:1) expresses this more starkly when noting that, 'without the capacity to make good decisions and to implement them well, ineffective government is the best expectation one might have; the worst expectation is a failed state'.

However, while stating that the importance of capacity is 'obvious', Murray quickly adds that its development is 'infinitely complex' and further complicated by the fact that the answer to the question 'capacity for what? will change over time'. Nonetheless, the stewardship of capacity must be a central responsibility of management at all levels, with Murray concluding that 'every public manager must be bothered and should devote effort, as a priority, to understand, building and deploying capacity to perform effectively'(Murray, 2007:3).

Therefore central to capacity building is management's responsibility to ensure that staff of the organisation have the right skills to perform their jobs effectively. According to the OECD (2012): 'as with any organisation, good public sector performance rests with its staff: their capacities and skills, as well as the ability of the leadership to motivate staff to do their best in achieving organisational objectives'.

Governments are increasingly adopting competency management as a system for both clarifying the specific knowledge, skills and behaviours needed for a given job, and ensuring effective performance from employees. According to the OECD (2011:125) 'competency management is seen as a vehicle for bringing about cultural change and injecting more flexibility, adaptability and entrepreneurship into organisations'. They add that competency management is often introduced as part of a broader programme of cultural and organisational reform and can have multiple associated objectives including creating a more flexible organisation that easily adapts to challenges confronting government, increasing efficiency and consistency in HR policies, and ensuring better strategic alignment between the individual and the organisation. Table 4.1 outlines some of the main perceived benefits of competency management.

TABLE 4.1 BENEFITS OF COMPETENCY MANAGEMENT

For employees	• A fair people management system • Greater encouragement of personal development • Better understanding of what is necessary to achieve high performance at work • Better understanding of the organisation's mission and the role staff plays in the organisation
For managers	• An additional instrument for motivating collaborators • A common language for people management • More transparent and appropriate criteria to make selection, performance evaluation, or training and development decisions
For organisations and the state in general	• A means of identifying the organisational activities that need the most improvement • A clear view of the objectives to be met and the way to meet them • Better integration of the organisation's requirements with people's characteristics • A basis for developing a global approach to HRM

Source: OECD (2011:127)

4.2 CAPACITY AND COMPETENCY IN IRISH LOCAL GOVERNMENT

The capacity of local government in Ireland matters because the functions it carries out matter, both to the citizen and the state. Against a backdrop of severe economic recession, local government is changing in ways not previously envisaged and at an unprecedented pace. This has resulted in wide-ranging challenges, as documented in Chapter 2, which have implications for the type of capacity needed in local authorities. For example, in the future, local government will be engaged in far less direct service delivery, yet in many cases will still have responsibility for safeguarding the quality and efficiency of services.

A competency framework has been developed for the local government sector and is being piloted in six local authorities under the direction of the HR strategic group established by the CCMA. The framework sets out and defines the competencies (for example political awareness or strategic ability) required at the level of the individual by senior managers working in local government. It is intended over time to develop competencies for all grades. The aim of the research presented here is to complement this work by identifying capacity and competency needs at a sectoral level, that is, the knowledge, skills and behaviours required by local authorities in general in order to manage change effectively, address current challenges and deliver strong performance.

4.3 CAPACITY NEEDS IN IRISH LOCAL GOVERNMENT

4.3.1 Getting things done through others/entrepreneurship

Particular capacity requirements highlighted by the study are those associated with the increasing trend for local authorities to manage services that are delivered by other organisations. This includes the private sector (as a result of outsourcing for example); state agencies (such as Irish Water, IDA Ireland and Enterprise Ireland); the voluntary and community sector (through enterprise and community development initiatives for example); and with other local authorities (through shared services and other collaborative initiatives).

In the area of contract management and service level agreements it is recognised that some very specific competencies are needed to a very high level.

- The development, management and monitoring of service level agreements (SLAs)

- Contract management including writing tender documents, procurement, project management and contract supervision

- Associated financial management and contract management skills

- Risk management and corporate governance

While the vast majority of interviewees identified these as areas where the skills of local authority personnel needed to be enhanced, a small number went further by emphasising the urgency around acquiring these skills due to the risks associated with failure to develop these competencies.

At the same time, local authorities also need to develop a different set of competencies that will enable them to expand on responsibilities in respect of economic and community development. More of an emphasis on entrepreneurship and the enablement of entrepreneurs is needed. In the context of local authorities being custodians of micro-enterprise, there is a need for staff to further develop the competence to deal with business people and promote small and medium sized enterprises. But an increased emphasis on partnering, risk taking and an entrepreneurial culture while maintaining a strong public service ethos requires particular skill. There will also be a need for a close working relationship with bodies such as Enterprise Ireland and IDA Ireland with regard to economic development and job creation. In the area of community development there will be a need for greater alignment with local and community development organisations.

4.3.2 Innovation/change management/project management

As noted in Chapter 2, the level and pace of change currently confronting local authorities is significant. Consequently a high level of competence is required in the area of innovation, change management and project management. From a technical or skills perspective, project management, business process re-engineering and strong IT skills are needed to manage the workplace implications of change. However, fundamental attitudes and responses to change are also important. This is associated (though not exclusively) with

the capacity challenge of getting things done through others identified above. In particular there is a need for more capacity in the area of innovation. Innovation has been defined by Howard (2012: 5) as '…the successful application of new ideas…in the domains of ideas driven innovation (relating to new products and services), demand driven innovation (meeting community expectations in new ways) and transformational innovation (using the assets of the organisation in new ways to deliver value)'. Transformational innovation is a particular competence required in local government as it attempts to find new ways of working and new thinking around how activities are delivered.

A need to manage change and respond positively to change rather than react, perhaps negatively, and have change foisted upon them was mentioned by several interviewees. In general, managers and some directors of service were more positive about the changes confronting local authorities, seeing the potential for an 'expansionary role' for local authorities, than the HR managers who attended the working groups. While this is perhaps understandable as HR managers will often reflect the views of staff across the organisation, it is also a matter of concern, as a positive response to change is dependent on the contribution of all local authority staff. As one director of service expressed it, 'performance is compelling', in other words if local authorities respond well to current changes of function they will in all likelihood be given new areas of responsibility. A manager summarised this potential well when concluding that 'local government should be about building communities and quality of life. They should be local leaders, not players. This means trying to proactively lead, develop and network'.

It should also be noted that for the six local authorities in the process of merging (Limerick City and County; Waterford City and County; and North and South Tipperary) the competencies required at present in order to support the merger process to a very high degree fall within the realm of change management and 'getting things done through others'.

4.3.3   Research, analytical and ICT capacity
Given the need to be more pro-active in fields such as enterprise and community development, and the need for more critical review of services (as noted under change management), there is a requirement for enhancing research, analytical and ICT capacity in local authorities.

Several respondents noted a gap here exacerbated by the early retirements and lack of recruitment of staff. One director of service commented that there are lots of data sets available, for example from the Central Statistics Office, but the competence to make use of this data is limited. A manager referred to the loss of 'deliberative capacity' – the ability to take evidence and assess and weigh its importance and relevance to the issues they are facing.

A number of interviewees also referred to ICT skills among staff in general: 'not IT specialists, but being computer literate is a huge asset, having staff with complete competence in the full suite of Microsoft Office software'. Social media was also mentioned in particular in

the context of 'finding the most appropriate ways of interacting with the public'. More generally, the ability to deal with the emergence of new technologies can be a means of promoting the kind of transformative innovation cited earlier as a capacity challenge. With the right competencies, ICT can be used to help transform sectors, giving rise to new workforce structures, new types of organisation, new relationships between organisations and can help drive changes in overall performance.

4.3.4 Resource management/financial management/risk management

The financial pressures on local government will continue to be significant in the coming years. A number of managers referred to the importance of 'managing contraction' and 'the management of scarcity'. The implications of this environment mean that generating efficiency savings and value for money will continue to be of growing importance. In other areas it means getting staff to use budgets efficiently or in some cases work with no budget at all and learn to leverage funding. In addition, changes to taxation will require new arrangements for local government financing.

Greater use of other organisations in service provision, whether through outsourcing, shared services or community involvement, produces a changed risk environment. There is a consequent need for enhanced capacity in the related areas of resource management, financial management and risk management.

4.3.5 Human resource management

For public services in general, challenges around the management of staff is a perennial issue. However, as emphasised by the local authority HR managers who attended the focus groups held as part of this research, in an environment of scarce staff resources it emerges as especially pertinent. Some of the specific HR challenges identified by the HR managers were:

- Shortcomings in the area of people management

- Diminished development opportunities for staff

- Difficulties with regard to staff morale and the motivation of staff

- Concern around the attractiveness of local authorities as a place of employment for bright, ambitious, future employees

- Issues in respect of the management of outdoor staff

A number of interviewees referred to the importance of line managers taking on full responsibility for managing the performance of staff reporting to them. In this regard, the new phase of PMDS is perceived to be useful and will require managers to 'be more rigorous in dealing with underperformance'. However, it was also recognised that in many instances managers need coaching and mentoring in order to develop the requisite people management skills. According to one respondent, 'management skills are needed at all levels [in local authorities]'.

Addressing these challenges requires wide ranging HR and management responses. In many cases HR initiatives such as workforce planning, succession planning, management development and coaching and mentoring programmes need further development in local authorities.

Strong, visionary leadership is also required in order to address issues of morale and ensure that the opportunities presented by the changing roles of local government are communicated to all staff. Investment is also required in building a positive and credible image of local government work and working conditions.

4.3.6   Ensuring traditional local government skills are maintained

While it is recognised that the world of local government is changing rapidly and new competencies are required, a concern expressed in many of the interviews for this study was the importance of maintaining the 'traditional' skills base of local authorities. Concern about possible shortcomings in this area have been further prompted by ageing workforces, high level of retirements and associated loss of corporate knowledge.

When discussing 'traditional' local authority competencies, within the broad context of the need for an understanding of local authority governance requirements, two areas were particularly stressed:

- Managing the political interface. There are particular competences needed in working with politicians, many of which come with experience and understanding of the system. One of the most important functions of local government is providing for local democracy. It is therefore important that local authority staff understand the respective roles and responsibilities of councillors and executive, and have the associated inter-personal skills to manage the relationship.

- Legislative knowledge. There was seen to be a pressing concern that staff should be aware of the legislative basis for their actions, and the constraints and opportunities this provides. As the vast majority of legal acts that local authorities implement are regulatory in nature, staff need to know what enabling powers are available to benefit the community, and also what options are ruled out. Due to early retirement and other personnel changes, there is seen to be a weakening of the level of institutional knowledge of both national and EU legislation with existing staff.

4.4   CONCLUSION

A number of critical sectoral level capacity and competency priorities have been set out under a number of themes, namely:
- Getting things done through others/entrepreneurship

- Innovation/change management/project management

- Research and analytical capacity and ICT requirements

- Resource management/financial management/risk management

- Human resource management

- Ensuring traditional local government skills are maintained

How these capacities and associated competencies might best be developed in the coming years is addressed in the next chapter.

5.

GENERATING, REINFORCING AND SUSTAINING CAPACITY

5.1 INTRODUCTION

In this concluding chapter we outline a number of recommended actions for local and central government to address the capacity challenges identified in the report. It is clear that local government is at a critical juncture in terms of its future development in Ireland. In looking at the capacity issue, suggestions are made both for generating capacity, and for reinforcing and sustaining capacity over time. However, before looking at the capacity challenges in detail, it is clear from the study that three over-arching issues need to be addressed to set a context for future capacity development in the sector. These are (a) generating a shared vision for local government; (b) moving to more sustainable employment control; and (c) developing a more structured sharing of experience across local authorities.

5.1.1 Establishing agreement on a shared vision for local government

As noted in Chapter 2, there is a need both for the local government system itself, and more widely the broader public service including central departments and relevant national agencies, to develop a shared, agreed, coherent view of local government and its role, based around the vision set out in *Putting People First,* and to use this to drive change. The local government sector should play a more prominent role in articulating and promoting the vision and the practicalities that flow from this.

5.1.2 Moving to sustainable employment control

The embargo on public service recruitment and use of employment control frameworks has been effective in facilitating the reduction in public service numbers in recent years, alongside initiatives such as the incentivised scheme for early retirement. However, respondents in the interviews noted that there was an over-emphasis on the micro-management of posts from central government and that, in addition to being deeply time-consuming, in the longer-term such number reduction measures can lead to problems building up in the system. The OECD (2011:80) highlight the problems that can arise based on the experience across a number of member countries:

> ...recruitment freezes tend to create problems with the structure, allocation and skills base that can take a long time to repair. And like job cuts, they tend to depress the morale of remaining employees who have to take on additional work; indeed, because they are long-drawn-out, they may have a more detrimental effect on efficiency and morale than staff cuts, which are accomplished more rapidly. The nature of attrition and non-replacement of departing staff is such that organisations cannot

control which posts will be left vacant and which organisations will be most affected. That depends largely on the organisations' age structure and previous recruitment patterns...As there is also generally a restriction on internal promotions to vacant posts, management structures may be affected. Finally, total or partial recruitment freezes restrict the injection of new skills into the workforce and so create skills gaps that will have effects elsewhere unless remedial action is taken sooner.

In this context, there is a need to look at alternative approaches to employment control that are sustainable in the longer-term, that maintain spending limits, but at the same time allow some discretion at the local level. In several countries, the use of automatic productivity cuts is being promoted as a more sustainable way of maintaining pressure on organisations to control staff numbers while at the same time allowing some discretion as to the management of resources. Automatic productivity cuts (APCs), also sometimes called efficiency dividends, take the form of across-the-board reductions in operational expenses based on estimated productivity gains. The intention is to put pressure on public sector organisations to operate efficiently. When combined with greater flexibility and autonomy for managers, APCs appear to be useful in managing the size of the workforce in a more sustainable, orderly and cost-effective manner over the longer term (OECD, 2011: 90). Approximately half of the countries participating in an OECD Value for Money study have automatic productivity cuts in place, including Australia, Denmark, Finland, New Zealand and Sweden.

5.1.3   More structured sharing of experience

Within the local government sector there are significant examples of pooling of expertise and sharing of experience that have emerged in recent years. For example the establishment of the Programme Office to oversee the management of data for the sector and direct certain key projects such as shared services is widely perceived as a successful initiative. The bringing together of expertise in respect of procurement under the auspices of Kerry County Council is another example. However, these initiatives are related to projects that are part of the national public service reform agenda. On a day-to-day basis, across local authorities, the degree of cooperation varies.

Managers interviewed during this research referred to a high degree of support and sharing of experiences within the CCMA. However, there is scope for this to be done in a more structured way. The current pace of change makes it likely that some initiatives are simply missed, for example not all managers appeared aware of the competency framework currently being piloted by six local authorities. Also, cooperation among managers is not always replicated at all levels throughout the organisation.

There is also a need for a more structured exchange of information and expertise between local government and central government, More structured exchange of personnel between central and local government, perhaps in the context of the Senior Public Service (SPS), while also developing a programme for secondment of staff at other levels, would do much to facilitate mutual learning and understanding.

5.2   GENERATING CAPACITY

5.2.1   Developing HR initiatives

Local authorities need to use HR practices in a coherent and structured way in order to ensure that the capacity needs identified in this report are addressed. Significantly, evidence from this research suggests that local authorities could use HR practices to greater effect in order to develop their staff and help achieve higher levels of performance. In some cases there is a lack of understanding of the potential of initiatives like workforce planning or succession planning, which are sometimes seen as 'luxuries' or only useful in an environment where staff resources are stable, rather than regarded as an integral management tool.

According to the OECD (2011:11) within public services internationally there is little tradition of planning workforce reductions or their aftermath in a strategic manner. For local government in Ireland, workforce planning has come to the fore at a time of huge economic crisis. Local authorities are contending with reduced budgets, employee numbers down in some places over 20 per cent, and there has been the loss due to retirement of many senior, experienced employees. The challenge of trying to maintain services in this environment 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 involves coming to an objective assessment of the work demands confronting different areas of an organisation and consequently the number of staff and sort of skills required to address those demands.

The approach within local authorities to what can broadly be referred to as training and development is critical. Training and development is necessary to address capacity issues in local authorities and also because it has a positive impact on the engagement and commitment of employees. Employees who see that their job has 'grown' in some way, albeit at the same level are generally happier. In an environment where promotion opportunities are limited, opportunities for development through greater autonomy, varied work or opportunities to acquire new skills are essential.

Some of the competency gaps identified in this research, such as legislative knowledge, certain IT software, business process skills, and analytical skills can be 'taught' to some degree, and basic information provided through training and development opportunities. But a lot of the expertise required by local authority staff, managing the political interface, managing diverse teams and people management only comes from on-the-job learning, mentoring and coaching from colleagues with relevant experience. Local authorities in general need to do more to develop initiatives in these areas. Evidence from programmes that have been put in place is that they are very useful, empowering staff and resulting in improved performance. As one county manager who had instigated a leadership development programme for staff at all levels commented, 'I notice a difference in the capacity and confidence of staff who have been through the programme – you ask them to do something and they'll run with it.'

Improving performance management emerged as a priority area for local government and an area where there are particular capacity gaps. Performance management is not widely perceived as part of the natural process of managing local authorities but rather is seen as a system or technique (PMDS). In order for local government to evolve to a situation where performance management is seen as part of day to day business, there is a need for further training and development of line managers throughout local authorities.

5.2.2   Graduate and specialist recruitment

The report on *Workforce Planning in the Local Government Sector* (Department of the Environment, Community and Local Government/CCMA, 2012: 26) noted that:

> ...it is the recommendation of the Workforce Planning Group that an immediate assessment be undertaken, and agreement reached, on a level of new recruitment at graduate level to reinforce the skill requirements of the sector, address intergenerational issues, and help cope with the ongoing unequal workforce demographics and the continuing departures from the sector. The group recommends that the initial duration of these recruitments be on a two year basis. The assessment will identify the number of graduates required but an indicative figure of 200 would be recommended by the Group.

The findings from this study would strongly support this conclusion on the need for graduate level recruitment in order to address issues in respect of the age profile of local authorities and because of the benefits young people bring to organisations in terms of new skills. Particularly in competency areas such as project management (the ability to participate in cross-functional and cross-organisational project teams) and analysis and research (engaging in critical scrutiny of services, use data to identify options for change, and take a fresh look at business processes), graduate recruitment has an important role to play. However, in certain cases, it may be that recruiting professional staff – 'specialists' – may be warranted.

There are mixed views within local authorities with regards to specialists. Some of those interviewed for this research consider the recruitment of experts in areas such as financial management, procurement, economics, IT and HR as an integral part of the sector-wide response to the challenges confronting local authorities. However, other interviewees suggested that while these skills can be acquired by local authority generalists, what cannot be 'bought in' is wide-ranging local authority experience and a deep and thorough knowledge of local authority work.

Overall, this report concludes that a limited amount of specialist recruitment in conjunction with graduate recruitment is warranted. However, in respect of many of the competencies identified in Chapter 4 as needed by the sector, there is considerable potential for local authorities to develop these if the right HR practices are put in place.

It should also be noted, however, that for some local authorities, their financial situation is so challenged that recruitment of any kind is not an option and is unlikely to be in the medium term even if employment controls are modified to allow more flexibility.

5.2.3   Addressing issues around morale and motivation

While some of the issues impacting on the morale of local authority staff are outside of the control of local authority management, in other areas there is potential for management actions to improve engagement and commitment. It was striking in this research that interviewees at manager level, while not underestimating the challenges, were generally positive about the evolving role of local government. In contrast, as reported by HR managers, there is a significant sense of loss experienced by local government staff in general at what is perceived to be a diminution of the role of local government.

Good communication is an essential part of effective leadership. Where good communication pertains in organisations, employees have been shown to experience greater confidence, trust and commitment in their organisation. Improving levels of engagement among staff is also dependent on good people management and development policies and the active support of line managers, capacity needs identified in 5.2.1.

5.3   CONCLUSIONS - REINFORCING AND SUSTAINING CAPACITY

The aim of this study has been to examine the capacity and competency requirements of the local government sector. The changing role and functions of local government, combined with the changing people profile of the local government sector, provides the context within which capacity and competency requirements are framed.

In order to cope with the changing environment, new capacity is required in the local government sector to address the challenges identified. At a broad, public service wide level, decisions need to be made on agreeing and committing to a shared view of the future of local government and moving towards a more sustainable employment control framework that maintains limits on totals but allows some flexibility and discretion within those totals at the level of the local authority.

Within the local government sector, local leadership of actions that involve an array of organisations, (national and local; public, private and voluntary) and the associated variety of working arrangements (from formal contracts to management by influence) brings with it new challenges. There is a need to significantly improve HR practices with the specific objective of ensuring that staff acquire the competencies needed to ensure the local government sector delivers on government objectives.

Furthermore, despite the diversity that exists within and between local authorities, as one manager noted 'there is more that unites us than divides us'. There is also the motivation that, as another respondent noted, 'performance is compelling' and that if local authorities are shown to do well what they're being asked to take on, it increases the likelihood of being asked to do more.

This change will not happen overnight however. The emphasis is on establishing an evolutionary process whereby the issues are tackled on an incremental, step-by-step basis. This study provides a framework for enhancing the capacity of local government employees in a changing and turbulent environment.

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Local Government Capacity Study
Interview Guide

Part 1: Context

1.   What do you see as the main challenges/issues facing local government at present?

2.   If we were starting with a blank sheet tomorrow, what would be the key things that would be different about your LA / the LA sector in general and what it does?

3.   What do you think your LA / the LA sector in general should be doing more of / less of / differently

Part 2: Competencies

4.   In order to effectively address the changes and challenges you have described, what are the main competency (skills, attitudes, behaviours) or capacity gaps you see?

5.   What immediate *and* longer-term steps would you take to address the challenges/gaps you have identified?

6.   What competencies has your LA lost due to retirements?

7.   What do you regard as the key implications of the recruitment moratorium?

8.   If you were interviewing new recruits tomorrow what competencies would you look for?

Part 3: Organisation structure

9.   Does the structure of this and other local authorities make sense?

-   Is the level of staffing appropriate?

-   Is the mix of grades appropriate?

-   Is the span of control appropriate?

-   Is the age profile of the organisation appropriate?

-   Does the management structure facilitate effective working?

Part 4: HR Practices

10. Has the organisation done any workforce planning?

11. Has the organisation done any succession planning?

12. Has the organisation implemented any initiatives around knowledge management?

13. Does the organisation have any initiatives in place around reward and recognition?

14. What about training and development? How are training needs identified? How is training delivered? How could it be done better? Is the organisation getting a good return from training and development?

15. Have you used the Job-Bridge initiative? In respect of which positions?

16. Any other general comments?