

Welcome to Penna Perspectives

Every year we update you on the talent issues of the day, and what we see as the future challenges and opportunities for the sector. 2016 was a busy year for three main reasons: we were acquired by The Adecco Group; secondly we had sweeping legislation changes to navigate due to the Apprenticeship Levy and IR35 and lastly Brexit.



Whilst being acquired was actually the most painless and positive of the three, it did remind me about the importance of organisational leadership, brand values and culture. With more needing to be done with less in the public sector, the value of an employee's discretionary effort towards organisational success is paramount. Leaders need to drive culture and ambition from the front, and hold onto the values and brand of the organisation. That way, it doesn't get knocked off course when change arrives.

For Penna, the arrival of a new owner was naturally mildly worrying, but in truth it's been a positive change. Initially worrying, because our invaluable 'We are Family' culture could have been eroded and changed who we are for our clients. And positive in the reality as we are now part of the world's largest recruitment company and have access to greater resources and talent solutions. Leadership has been essential throughout, and we've been lucky that The Adecco Group have respected who we are, what we do, and recognise that it's our values that make us so special.

But it's reminded me of the importance of organisations understanding what they stand for, investing in culture and environment and being unwavering about their values and brand. We've always been and will always be focused on finding, exciting and securing the very best talent for our clients, be that students choosing a university, graduates starting out on their career or executives making it to the top. And our brand is our personality - it's what makes us unique and I'm delighted that ownership by Adecco will only enhance it further.

Our supplement is designed to help our clients and candidates navigate the talent issues of the day, and this year there are many, so we hope you'll enjoy hearing from the Penna team and reading their insights and experiences. We'd love to hear yours too - so please send any comments or feedback to info@penna.com

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The employer brand has to be a priority.

Local government continues to have it hard. Ongoing negative perceptions of the sector, relentless cuts driven by central government and daily some heart wrenching media headlines are taking their toll on the sector's ability to recruit best talent. I am in awe of many of my local government colleagues and friends - who continue to work tirelessly to try to counteract some of the criticism aimed at them, whilst proactively designing and developing workforce strategies which they hope will get them out of the unfortunate situation they find themselves in.

At Penna we are having more and more conversations with our local government clients as to how the overall employer brand has to be a major contribution in assisting them with their quest. How else are they able to counteract these challenges if they don't project what is actually the positive reality of what a job in local government could mean - to someone like me for instance? If I were to consider a career in Social Care, or Planning or Environmental Health (just examples) the reality is that I could potentially make an enormous impact. And not just to that local authority and the communities they serve - but also to my own longer-term career.

Encouragingly our local government colleagues are starting to consider their current employees - many of whom are as brown beaten as anyone else highly and potentially multi-skilled and already committed. So finding ways of embracing them in any brand identification (or re-identification) is fundamental to any such strategy being a success.

I think that until recently we have forgotten that old saying - what people say about you is the most powerful route to any positive profile in the marketplace. And that this is valid - whether I am a new employee, or a current one. Do you know what people say about your organisation? Is it enhancing or damaging your employer brand?

Your employer brand is becoming far more integral than it has ever been to ongoing resourcing strategies - both externally and internally. If you'd like to talk more or see some of our work don't hesitate to contact me.

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We're your expert global partner who'll find, excite and secure the people (from students to executives), who will bring you success.

For growth, Social Housing needs a commercial edge

So, what does 2017 have in store for Social Housing? For starters, we'll be seeing the impact of the government's white paper. This sets out plans to fix a broken housing market. Its focus is on accelerating the construction of new affordable homes. The paper recognises that the pace of change is far too slow and introduces measures to kickstart building and galvanise developers. At the same time, £25 billion has been earmarked for housing investment. All of this means greater activity in the Social Housing sector and a growing need for both permanent and interim professionals.

2017's activity comes on the back of a rising need for certain key roles. Over the last 18 months, Penna has noted that local authorities are increasingly seeking talented Housing Executives. The end of 2016 also saw greater demand for Asset and Property professionals. The main request? A strong commercial background. In the case of housing associations, this need is often down to mergers and acquisitions. Both are becoming more prevalent, with many organisations and consortia requiring private sector expertise to support takeovers or transitions.

The need for commercial thinkers is also being driven by the government's white paper. Councils need people who can negotiate hard with developers who fail to build after receiving planning permission. Without this expertise, local authorities face an ongoing housing challenge. They therefore need to look beyond interim management and recruit permanent staff with private sector acumen.

Some believe that the sluggish rate of progress is due to a lack of robust local plans. The solution? Greater investment in the planning system.

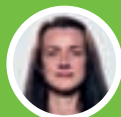
The problem is that Planners are in short supply within interim management. New IR35 proposals could further deplete their numbers. With housing associations exempt from current legislation, there could be an exodus from local authorities towards the private sector. Some may even prefer to return to a permanent role. However, IR35 may still be subject to change.

These issues mean new build homes won't be appearing overnight. So, in the meantime, there needs to be a strong focus on dealing with homelessness. Through the Homelessness Prevention Programme, the Government has pledged £20million to help local authorities tackle issues in their regions. This is a fantastic opportunity for local authorities and Housing Associations to really come together. Over the next four years, central funding will be increased to £139 million, providing £100million for at least 2,000 low-cost accommodation places. This may well generate a larger workload, meaning interim managers could be in demand.

In many ways, Social Housing is going through a challenging time. There's a drive for new builds and recognition that the housing crisis is more acute than ever. What's more, there's growing interest in achieving cost efficiency through more joined-up services: in other words, integrating housing, health and social care to create cost savings. Together, these factors mean 2017 will be interesting in terms of recruitment for the sector.

Penna currently supports many Councils and Social Housing providers. We're happy to advise on the Social Housing landscape and assist you with your resourcing needs.

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Transform your Organisation

Local Authorities remain under pressure to reduce cost but the need to maintain and improve services is ever present. Most already have ambitious programmes to radically transform how they need to operate in order to deliver new cost effective solutions. Alternative service delivery models we know are now required with off-the-shelf and one size fits all simply no longer viable options. The need to be truly innovative, to be creative and embrace modern practices, thinking beyond just incremental change, is the order of the day.

True transformation is a planned journey that needs to be understood from the beginning by all involved, including employees. Ask any public servant and many will say they've been in an almost constant change environment for years and they are tired. The impact that skilled HR practitioners have had is evident, staff engagement and communication is better than it was, with people understanding the why, how it affects them and the need for the organisation to evolve and transform.

HR should no longer be seen as merely a support function, it has a critical role to play both strategically and tactically standing side by side and leading organisational development (OD) and transformation, working with senior leaders as an effective enabler and critical friend for change. A key part is bringing to life the architecture of OD increasing organisational effectiveness and capability through alignment of strategy, structure, culture, behaviour, processes, reward, metrics and people.

Talking to clients as I do on a regular basis, I hear the same messages that consistent barriers and obstacles to transformation are lack of understanding of the state, capacity issues, capability, inefficient processes, poor technology and little or no meaningful data and metrics. I could take each of those points in turn and indeed add more, but this isn't a post mortem article.

Clients need help and support in understanding the landscape they have and therefore need expertise and resource in making this happen effectively and at pace.

In the past organisations have either used expensive large scale consultancy, one off interims or existing HR teams to deliver change and transformation. Penna, as a market leading HR services company, has developed an alternative cost effective consultancy service in response to the needs of our clients. This offer provides tailored solutions designed and delivered through our network of employed and associate public and private sector consultants. We are able to work with a client to build a specific team of specialists and subject matter experts to deploy critical skills as and when required at key points during a consultancy assignment, that way ensuring maximum value for money. This can be from specific pieces of project work to a full HR audit and re-organisation. The flexibility of the model means we can provide targeted solutions, services and capacity on a short or long term basis.

If you would like to know more about how Penna can support your organisation to deliver HR, Organisational Development and transformation, please contact me on 07917 581959.

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20% of LG CEO's say they will not be in the public sector in 28 months (2020).

What does this mean for the sector? Find out more from the 2017 LG CEO survey results in a future copy of The MJ.

Social care: an ever spinning wheel

There's never a dull moment in the social care world, and the past twelve months has been no exception. There are still significant number of vacancies across children's and adult services. And supply for both areas hasn't improved by any miracle of people emerging from other sectors to step into statutory and high-risk roles. But somehow the noise has died down, perhaps because authorities are finding intermediate ways of filling gaps. Whether that's by arm twisting interims to stay longer, offering fixed-term contracts, acting up, or secondments. And if all else fails - simple old-fashioned flattery. But the cliff edge is still there at all levels, including Director, Assistant Directors and Heads of Service/Service Managers.

The focus has changed however, with the Adult Social Care agenda dominating national, as well as local, discussions. Surprisingly, the NHS added their weight to the call for extra cash in the system, after many years of apportioning blame to social care partners for a lack of out-of-hospital care, and contributing to bed-blocking. Despite the cries for help, no extra money has been forthcoming. So yet again, local authorities will attempt to find local solutions, while arguing their case in Westminster and Whitehall. Hence the Surrey County Council coverage around holding a referendum, seeking agreement to a 15% increase in council tax to fund social care - but then reverting to a figure below 5% following discussions with government. But there's no such thing as bad publicity, as they say.

What's heartening to see is a shift in public opinion about protection, and providing services to vulnerable adults. This is the prelude to policy change, and can't come quickly enough. We're all still getting to grips with Sustainability and Transformation Plans - 44 geographical footprints across the country, whose purpose it is to help ensure health and social care services in England are built around the needs of local populations. Most are led by Clinical Commissioning Group or NHS trusts/foundation trusts, with a handful led by local authorities.

That's an interesting balance, although understandable in light of these Sustainability and Transformation Plans being the route to NHS financial balancing and access to NHS transformation funding.

Lastly, the National Audit Office has recently published their view that BCF is not achieving its objectives - but give them a chance! This does nothing to help build confidence around integration and pooled budgets, and will add fuel to the fire of the detractors.

Now let's turn to Children's Services. No less interesting, but less publicity if you don't count the recent Birmingham Keegan Downer Serious Case Review findings. But we really should count them - a child's life was lost. The government's answer has been to change the system, and push for delivery of children's social care through Children's Trusts, which are now on the increase - some statutory direction, and others voluntary. These are arms-length bodies independent of local authorities, but funded by them.

Many professionals question how these separate bodies fulfil the spirit of the Children Act (aimed at encouraging better cross-organisational and professional working), while others advocate that they'll drive up the quality of social work, and ensure better outcomes for children and their carers/families. Tensions are inherent in the system - particularly around governance and accountability - with the local authority retaining a DCS statutory role.

It's been an interesting year, and here at Penna we work in partnership with our clients to help develop solutions - and not merely comment on the issues. We're truly part of the debate. One example is assessing the impact of IR35, covered earlier in this supplement. Clients ask us if this will prompt interims to revert to permanent contracts, helping to fill difficult posts in children's and adult services - it might. Or will it drive people out of the sector? Possibly. Will it keep us all engaged and busy? Most definitely. So watch this space.

Maggie Hennessy
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Penna and PPMA in partnership

To shape the future, you need to be at the very edge of what's going on. Discovering the latest ideas. Speaking to visionaries, revolutionaries. Not getting it second-hand on your mobile. But, as a current or aspiring HR Director, when can you find the time? Now.

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Is this the end of public sector ethos?

Public sector ethos is arguably a set of values or an orientation that means that one individual will work for less or be motivated to work more for their community than say someone without this ethic. People are 'driven to make a difference' and are less concerned about the pay difference that exists between the sectors. Across the public sector and more specifically in the local government world we have seen a significant increase in the number of merged/combined or restructured authorities and the significant reduction in the number of staff employed by Councils up and down the Country. As we lose the jobs, are we also in danger of losing the ethos... or are we seeing the beginning of a change in how we define it?

In recent years, as a result of the financial crisis and particularly since 2010 in the public sector, there has been a clear decline in available government funding for services to the community and a commensurate increase in the desire to commercialise the delivery of those services to the public. In fact digitalisation has opened up the opportunity for greater efficiency but has also

meant a reduction in the personal touch that so many customers of these services say they value. Historically there has been a long trend towards outsourcing of services to major commercial companies in the belief that these services can be offered more cost effectively through the private sector - we have seen many UK providers such as FTSE 250 UK businesses including Serco, FTSE 100 Capita and MITIE grow substantially off the back of that.

However only last month we hear news that Capita has announced another trade warning and its share price fell to its lowest value for 2 years. Perhaps outsourcing to the private sector is not always the panacea after all. In fact at Penna we have witnessed an increase in creation of trading entities - although not a new phenomenon, changing legislation and the need to act more commercially has resulted in a wellspring of commercial vehicles partly or wholly owned by the local authority. This has meant the transformation of local Councils has had a cultural knock on effect for the staff in those authorities.

For the staff who have been TUPE transferred into these new trading vehicles it has meant a change in culture with an even greater emphasis on efficiency and commercial thinking, two characteristics it's often been argued, are not a natural part of the public sector mind-set.

In our experience recruiting people with purely private sector or public sector attributes is not ideal as the new vehicle is often a hybrid of both - this is often one of the key reasons for the failure of these enterprises. What is required is an ethos that means commercial nous is not sacrificed for public sector ideals. Surely commerciality is not solely a characteristic held by people in the private sector?

Penna is holding an event in June to explore the challenges and opportunities faced by these new trading vehicles to which you are welcome. Please email events@penna.com to register your interest.

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Career Chess is the new game in town!

Reflecting on your future career choices is something future leaders take time out to consider every now and again to avoid getting totally locked in the day to day content of the current job.

How you manage your career aspirations has a new look - more aligned to Chess positioning rather than working your way around the Monopoly board (avoiding Jail!) in a clear and methodical way.

No longer can we look at a traditional organisational design/model and say 'my bosses job is the next role for me' - 'I've been waiting for this one to come up'. Who knows if the role will be there in the future design as the sectors changes.

If you are actively looking for the next role, it's time to think through the labyrinth of passages you might walk down or test out to see if it's the right route for you.

Thinking about the skill set and expertise you have and your sector experience may help you focus on the next step for you - but there is a good chance it might be a more flexibility contractual arrangement.

So what do we know about the market place. For Penna, there is more of a focus on Non Executive Director roles, particularly for new commercial organisations. We can see a pattern of ex or current Chief Executives and Directors across the sectors looking at how they develop

a portfolio career sometimes taking the best of public and private sector practice. In late 2016, we helped a Council attract two NED's to act as Shareholder Advisors to support the Mayor working with a Holding Company - something new and innovative and really interesting.

If your expertise has a commercial/business feel or approach to it, then operating in one of the trading arms might be your next move. We are regularly working on Managing Directors, Group Financial Directors and Business Development Directors for joint ventures, community interest companies and mutuals.

The impact of IR35 means that interim roles might move into a more consultancy style approach or focus on a project so the style of the arrangement may change as we get more informed about what's possible or not under the legislation. For some, a combination of the Non Executive Director role with consultancy work seems to work well.

There is a critical career point when you move from being a technical manager to a leader of a range of services. There is now doubt that spending some time on how you make this transition is time well spent. You need to focus on the skills and expertise you have, be able to get away from the 'technical detail' and move into a leadership role.

Operating in the public sector means you need to be aware of the leadership skills for modern operators - nuancing the commercial and political interactions and interventions with senior stakeholders; operating in the partnership arena to ensure you show results and being strong on corporate interaction and working with your colleagues.

I hope this helps you to rethink the breadth of your career plan and focus on, where you will have most impact.

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Upcoming events

MARCH

- 28th March Penna Public Sector Advisory Board meeting
- 29th March Peer into the Future Module 5
- 30th/31st March The MJ Future Forum - Hanbury Manor

APRIL

- 11th April HR/OD Associate Evening
- 21st - 22nd April CIPFA Regional Forum
- 26th April Peer into the Future Module 6
- 26th April Penna's PPMA Conference Dinner

MAY

- 9th May Aspiring Chief Executives Networking session

JUNE

- 8th June Peer into the Future Showcase Event
- 15th June LATC seminar
- 15th June Penna attendance at The MJ Awards
- 29th June Regional Chief Executive Dinner
- 30th June Penna Public Sector Advisory Board meeting

JULY

- 5th July Penna and EY Dinner at the LGA Conference in Birmingham

For more information about these events please email events@penna.com