

Committee: Standards and General Purposes

Date: 7 September 2017

Subject: Report on the use of temporary workers and consultants

Lead officer: Kim Brown, HR Lead

Lead member: Cllr Mark Allison, Cabinet Member for Finance and Deputy Leader

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Recommendations:

To note progress made to monitor and control the use of temporary workers and consultants

1. Purpose of report and executive summary

1.1. The Committee has received progress in relation to the number of interim appointments and the mechanisms in place to monitor the use of such workers.

2. Details

2.1 Appendix 1 attached to this report sets out the latest central monitoring database for all types of interim/temporary placement at a rate of £30 per hour or more across the Council, shown by department.

2.2 The database is updated on a monthly basis and double-checked with departments for accuracy.

2.3 The data about interim and consultancy placements is broken down by department and sent to each Department Management Team (DMT) on a monthly basis to review. HR attends monthly meetings of each DMT to review all the placements and to challenge on-going placements, especially where they are longer term. Every placement is reviewed with the respective DMT senior managers.

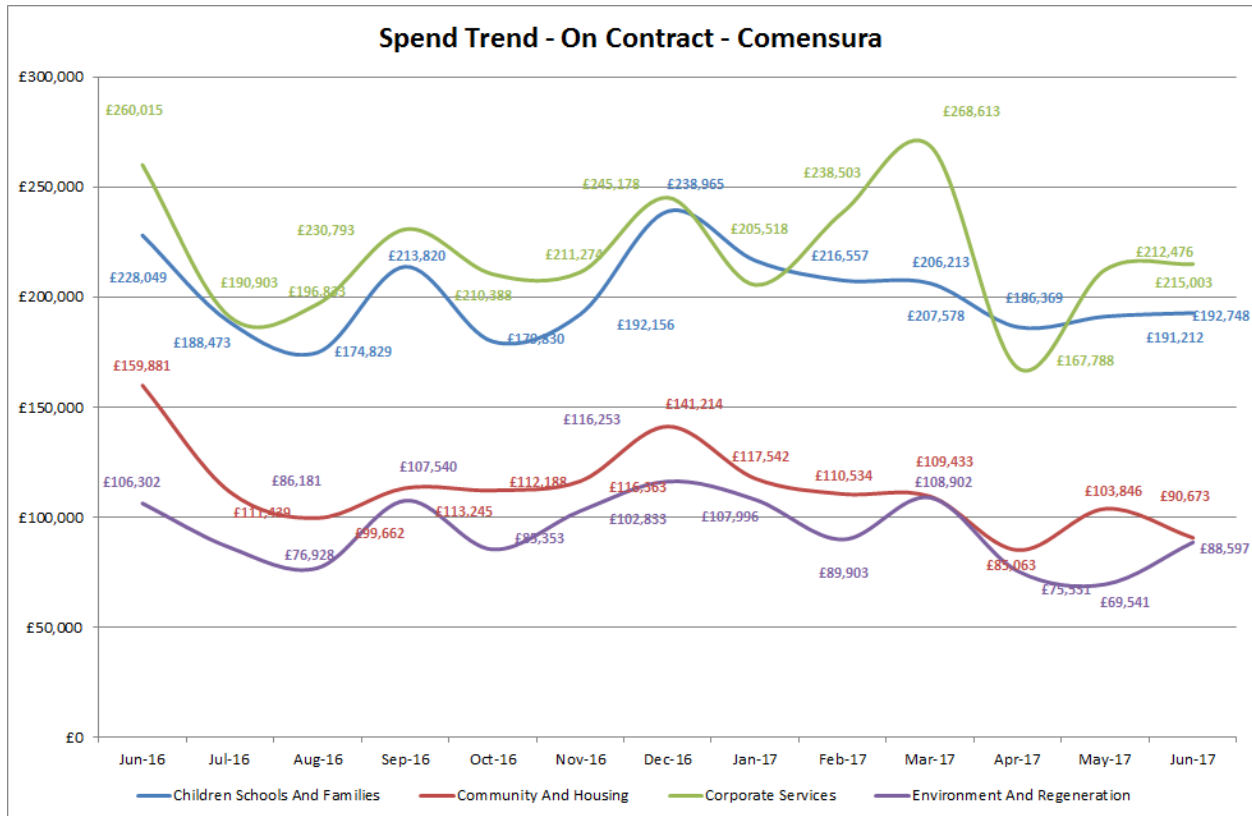
2.4 Arrangements are in place for HR to scrutinise all interim appointments and the single database provides a means of HR taking an overview of such appointments, together with the capability to ensure managerial compliance. In order to extend a placement, Comensura require written confirmation along with the signed Recruitment Authorisation form from the HR Contracts Manager. In recent months HR have actively challenged the completion of the ways the forms have been completed and have requested additional information.

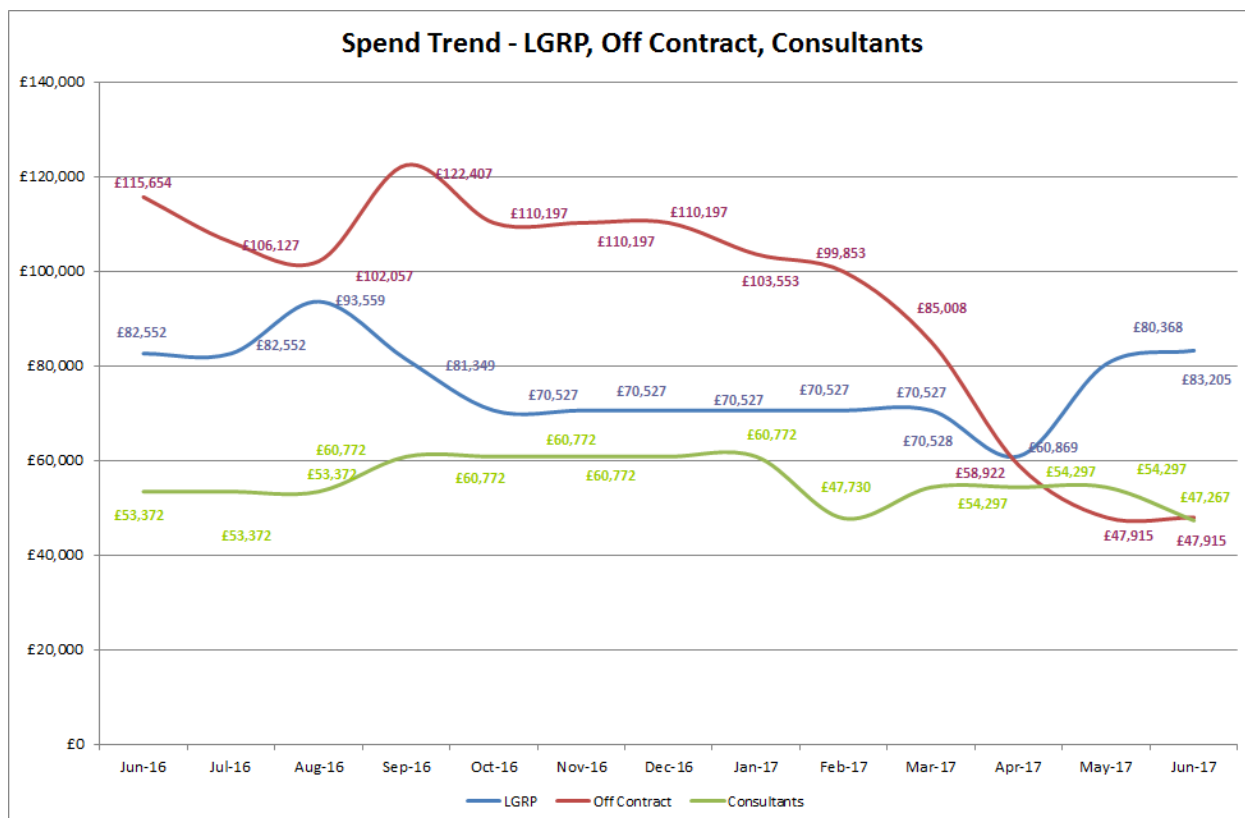
- 2.5 The engaging of most interim workers is via Comensura or the LGRP, which is a London wide contract for interim appointments. There have been instances due to market supply issues, although very few, when the Council has not used either of these contracts and has had to go 'off contract'. There are robust processes in place to manage this process, which require a business case and financial checks to ensure there is a budget to pay for the assignment, as well as sign off by the Director of Corporate Services.
- 2.6 The previously reported situation continues with by far the largest group of temporary workers being "on contract" agency and temporary staff appointed through the Council's corporate contract with Comensura for the supply of agency staff. These are all engaged with the involvement and oversight of the HR function with a database that supplies monthly spend and usage reports to Council managers.
- 2.7 As at the end of June 2017, the Council employed 152 interim/temporary workers at £30 per hour (or more) compared to 156 a decrease of 3.2% since March 2017. **Appendix 1** refers to the detail and composition of the interim workforce. Where possible, corporate contracts are used as they provide better value for the Council.
- 2.8 Running concurrently with the work to monitor and control interim placements has been a Council-wide staffing establishment exercise completed within iTrent to provide a comprehensive view of a fully budgeted workforce. This provides a clear picture of the workforce, including vacancies and reconciliation with temporary worker appointments. The quarterly position will be reported to the next Financial Monitoring Task Group.
- 2.9 The new "temp to perm" guidance has been agreed and implemented. This guidance enables managers to convert longer-term agency workers into "perm" directly employed staff. The conversion process is subject to safeguards, which check that a competitive recruitment process was followed when the worker(s) were first commissioned and establishment control procedures are followed.
- Agency workers, working via the Comensura are able to move to perm contracts after 12 weeks free of charge and we are proactively trying to convert the longer working candidates onto perm contracts.
- Whilst there have been some conversions from agency workers over to permanent contracts with Merton this number has remained static with only 10 converted from 1st April 2017; there will be a verbal update at the meeting if this position has changed.
- 2.10 Where difficulty in recruiting has been cited as a reason of long-term cover, HR will continue to work with client managers to identify what recruitment and retention measures are necessary, if any, to improve the recruitment offer.

This may include review of recruitment efforts, pay market data and turnover statistics as well as a supporting business case.

2.11 The committee requested that the interim monitoring data be provided on a quarterly basis. The period considered for this report is April 2017 to June 2017 and details of the spend both on and off contract year on year is detailed below:

April 2017 – June 2017





- 2.12 HR has been monitoring the off contracts closely and there has been a fall in the use of these contracts. The council will seek to permanently recruit, however there are instances where agency/temporary/interim workers if managed appropriately can assist in delivering key projects and covering vacant posts.
- 2.13 Directors have been invited to provide short overall summary comments on agency/consultant usage and action being taken in their area and these are:

Children, Schools and Families

In all but a few exceptions, the CSF agency workers and consultants are covering social work posts including frontline social workers and other regulatory posts such as Independent Reviewing Officers (IROs) and our Adoption Manager. The others are for specialist posts such as speech and language therapy which are also statutorily required as part of children's Education, Health and Care Plans. 17% of our agency SW are covering maternity leave or other long-term absence. Social workers have to have professionally manageable caseloads currently caseload of c15 children per social worker. This is in line with the London average.

We plan to recruit 8 social workers in August which will mean that we will have only 16 frontline workers to recruit and 5 managers. We anticipate that there will be further reductions in these in autumn.

Community and Housing

Within Community and Housing, use of agency staff is predominantly within adult social care and in specialist, hard to recruit to posts. Targeted recruitment is in progress. Work has been undertaken with London Councils and ADASS to implement a Memorandum of Understanding for Adult Social Care Workers so that Councils do not compete with each other and in doing so stabilise the market. There has been a successful recruitment to the AD of ASC which will replace the Head of Access & Assessment and Head of Commissioning posts.

Corporate Services

There have been some delays in the recruitment plan for the Legal Shared Service, which has meant there was limited progress with reducing the number of interims. We are also seeing an increase in recruiting difficulties in areas where there is no demand in the private sector i.e. children's social care.

Environment and Regeneration

Usage is relatively low in E&R and reducing. A number of workers are covering positions, which are subject to a service review in particular the Regulatory Service Partnership where the tri-borough service with Wandsworth has recently been agreed and where a staffing review and restructure will now follow. Others are providing specialist skills or are covering [often short term] externally funded roles. There are a number of professional areas where there is an extremely competitive market in which all London boroughs are struggling to recruit and retain permanent staff. This includes Traffic engineers, Planning officers and Building control surveyors where the emergence of a strong interim market as well as private sector competition [in building control particularly] has changed employment patterns and our ability to recruit and retain staff.

E&R DMT reviews this matter on a regular basis in order to manage risk including the financial impact.

3.0 The impact of IR35 on interim workers

This is an on-going process, we are actively going out to speak to Managers to assist with any questions or queries and we are also providing assistance when Managers are completing the IR35 Employment Status Test.

We have provided a payroll only service via Comensura so we are able to payroll any worker where an outcome is classed as PAYE or In Scope. This payroll will be monitored on a quarterly basis to ensure that regular payments

are not made, as they will not be registered for Pensions deductions as per automatic enrolment – the criteria is set out below:

If all the following criteria apply, the employer must automatically enrol the worker into a pension scheme and make contributions to their pension:

- they are classed as a ‘worker’
- they are aged between 22 and State Pension age
- they earn at least £10,000 per year
- they usually (‘ordinarily’) work in the UK

4. Consultation undertaken or proposed

4.1 CMT receives monthly updates on agency usage and activity. Detailed below is a synopsis of the current themes on which CMT have requested assurance:

- The need for hiring manager compliance to complete agency placement extension arrangements and to seek proper authorisation. HR has put in place measures to improve such compliance with tighter authorisation controls.
- The trend for overall decreased usage of agency staff but rising costs due to the type of worker that we need to source e.g. specialist technical or niche professional skills such as children's social workers, project managers, IT specialists and business analysts. The marketplace for such posts is competitive and supply and demand dictate increased charge rates.
- An increasing trend of agency workers working for longer periods of time - in particular covering essential services. This reflects service demands and the need to cover statutory functions, and remains under regular review.
- Use of the Apprenticeship Levy for current staff to achieve higher level/professional qualifications for these hard to recruit areas.

5. Timetable

5.1 Regular monthly reports of all interim/temporary placements are sent to departments and suitable “challenge” meetings are held with DMTs on a monthly basis. Agency spend and number of agency staff forming part of the workforce are reported to CMT on a monthly basis as part of the HR Metrics.

6. Financial, resource and property implications

- 6.1 The aim is to challenge hiring managers' interim/temporary placements and reduce overall costs associated with interim workers where possible, noting that in many cases the Council has to cover statutory functions.

7. Legal and statutory implications

- 7.1 There are no specific legal implications arising from the report

8. Human rights, equalities and community cohesion implications

- 8.1 The amendments that have been made to the Council's HR policies and processes will improve confidence in the Council's HR recruitment procedure and the maintenance of the interim position database to provide the means to ensure compliance with Members' requirements.

9.0 Crime and Disorder implications

- 9.1 None

10.0 Risk management and health and safety implications

- 10.1 These are detailed in the Ernst and Young report of 12 March 2014.

11.0 Appendices – the following documents are to be published with this report and form part of the report

- 11.1 Appendix 1 (Exempt) - Summary data of the Council's current interim positions

12.0 Background papers

- 12.1 None

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