

Committee: Standards and General Purposes Committee

Date: 8 November 2018

Subject: Report on the use of temporary workers and consultants

Lead officer: Kim Brown, HR Lead

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

Contact officer: Kim Brown, HR Lead, 0208 545 3152

Recommendations:

- A. To note progress made to monitor and control the use of temporary workers and consultants
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1. Purpose of report and executive summary

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

2. Details

- 2.1 The central monitoring database consists of all types of interim/temporary placement (over £30 pounds per hour).
- 2.2 The database is updated on a monthly basis and double-checked with departmental management teams (DMTs) for accuracy, with quarterly reports as at the end of June, September, December and March being reported to this committee.
- 2.3 As at the end of September 2018, the Council employed 132 interim/temporary workers at £30 per hour (or more) compared to 153 in September 17 which is a decrease of 21 workers. 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.
- 2.4 The committee on 30th July 2018 requested additional information for interims/temporary worker placements (as defined in para 2.1):
- the costs and numbers over a three year period

- the number of temporary workers who have converted to permanent roles with the Council also know as 'temp to perm'.
- 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 requires 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. Whilst there is an increase in the costs of interims via Comensura this represents a reduction in appointments, which are off contract or through LGRP. Interims are engaged with the involvement and oversight of the HR function by way of a database that supplies monthly spend and usage reports to Council managers, DMTs and the Corporate Management Team.
 - 2.7 The Council has different delivery models to ensure services are able to realise efficiencies, become more resilient and effective by sharing services with other London Boroughs. In October 2016, the Legal shared services expanded to include Wandsworth and a year later Regulatory Services followed. As a result of the expansions a number of interims with pay rates over £30 per an hour transferred to Merton – the costs of these appointments are shared across the service and rechargeable to partner boroughs.
 - 2.8 The Council introduced a temp to perm procedure to reduce the reliance on agency workers and allowed conversions from agency to permanent staff when certain conditions were met. Forty -nine (49) agency workers have transferred to permanent employment from September 2017 to 30th September of this number, eight (8) alone in the quarter from July to September. Temp to perm conversion rates will continued to be reported to this Committee on a quarterly basis.
 - 2.9 Within the services career pathways are being developed through the creation of apprenticeships schemes (where standards are available) and ensuring that that the apprenticeship levy is used to meet the development element.
 - 2.10 The total spend for interim and temporary workers from 2015 to date are listed below: interims via Comensura Graph 1 and Table 1, LGRP and off contract Graph 2 and Table 2

Graph 1 – List totals for 15/16, 16/17, 17/18 and year to date for interim and temporary workers – Comensura

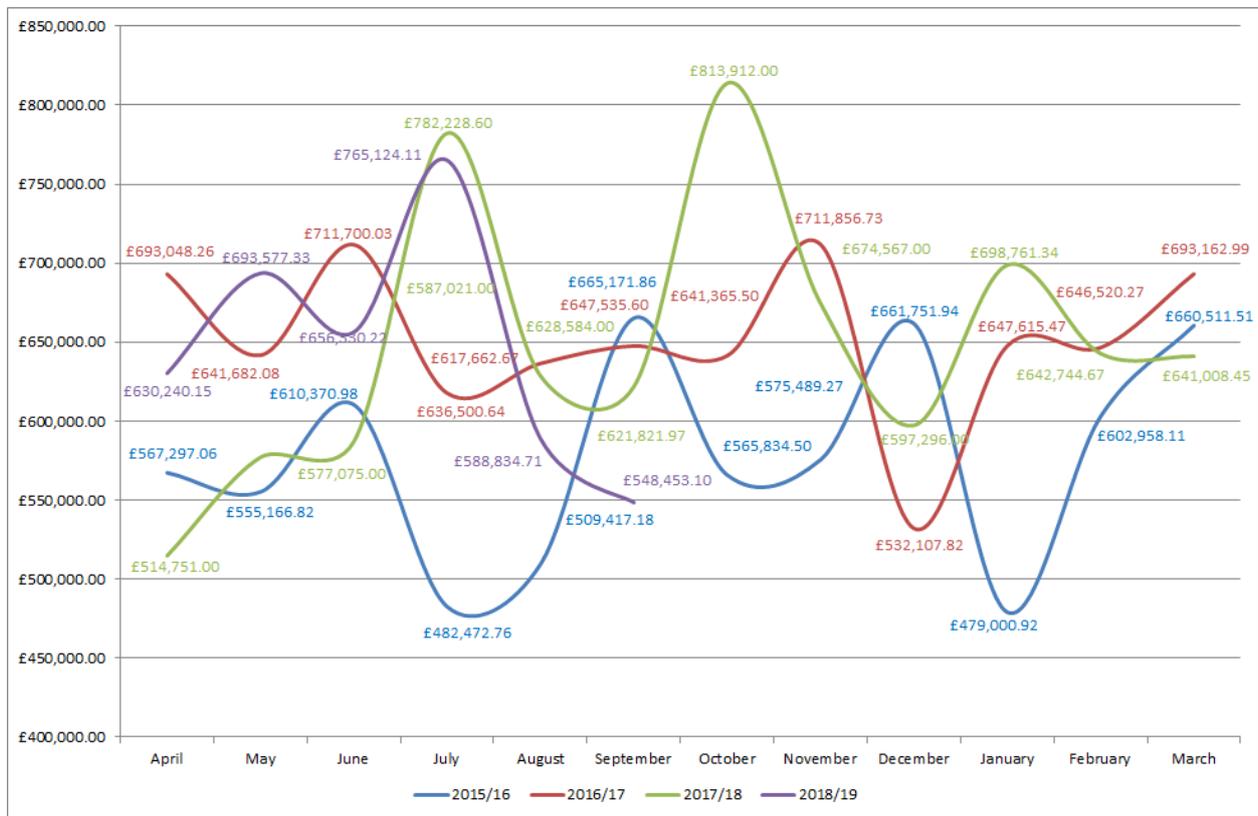


Table 1 - List totals for 15/16, 16/17, 17/18 and year to date for Interim and temporary workers – Comensura

	2015/16	2016/17	2017/18	2018/19
April	£567,297.06	£693,048.26	£514,751.00	£630,240.15
May	£555,166.82	£641,682.08	£577,075.00	£693,577.33
June	£610,370.98	£711,700.03	£587,021.00	£656,330.22
July	£482,472.76	£617,662.67	£782,228.60	£765,124.11
August	£509,417.18	£636,500.64	£628,584.00	£588,834.71
September	£665,171.86	£647,535.60	£621,821.97	£548,453.10
October	£565,834.50	£641,365.50	£813,912.00	
November	£575,489.27	£711,856.73	£674,567.00	
December	£661,751.94	£532,107.82	£597,296.00	
January	£479,000.92	£647,615.47	£698,761.34	
February	£602,958.11	£646,520.27	£642,744.67	
March	£660,511.51	£693,162.99	£641,008.45	

Graph 2 - Total of LGRP and Off Contract assignments over £30 for each financial year

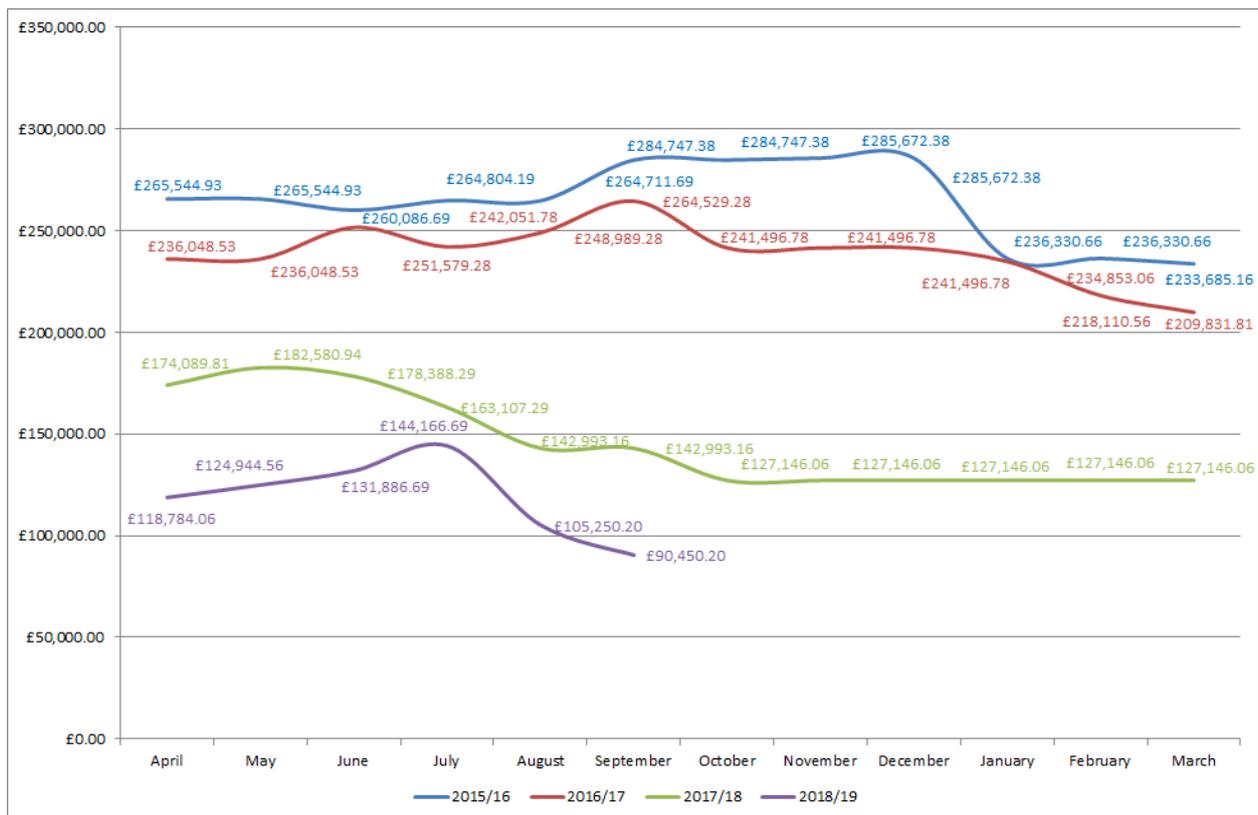


Table 2 - Total of LGRP and Off Contract assignments over £30 for each financial year

2015/16				2016/17			
	LGRP	Off Contract	Total		LGRP	Off Contract	Total
Apr-15	£100,325.50	£165,219.43	£265,544.93	Apr-16	£60,027.88	£176,020.66	£236,048.53
May-15	£100,325.50	£165,219.43	£265,544.93	May-16	£60,027.88	£176,020.66	£236,048.53
Jun-15	£100,325.50	£159,761.19	£260,086.69	Jun-16	£82,551.63	£169,027.66	£251,579.28
Jul-15	£107,633.00	£157,171.19	£264,804.19	Jul-16	£82,551.63	£159,500.16	£242,051.78
Aug-15	£107,540.50	£157,171.19	£264,711.69	Aug-16	£93,559.13	£155,430.16	£248,989.28
Sep-15	£115,902.50	£168,844.88	£284,747.38	Sep-16	£81,349.13	£183,180.16	£264,529.28
Oct-15	£115,902.50	£168,844.88	£284,747.38	Oct-16	£70,526.63	£170,970.16	£241,496.78
Nov-15	£115,902.50	£169,769.88	£285,672.38	Nov-16	£70,526.63	£170,970.16	£241,496.78
Dec-15	£115,902.50	£169,769.88	£285,672.38	Dec-16	£70,526.63	£170,970.16	£241,496.78
Jan-16	£92,259.50	£144,071.16	£236,330.66	Jan-17	£70,526.63	£164,326.44	£234,853.06
Feb-16	£92,259.50	£144,071.16	£236,330.66	Feb-17	£70,526.63	£147,583.94	£218,110.56
Mar-16	£75,369.00	£158,316.16	£233,685.16	Mar-17	£70,526.63	£139,305.19	£209,831.81
2017/18				2018/19			
	LGRP	Off Contract	Total		LGRP	Off Contract	Total
Apr-17	£60,869.63	£113,220.19	£174,089.81	Apr-18	£33,961.38	£84,822.69	£118,784.06
May-17	£80,368.26	£102,212.69	£182,580.94	May-18	£49,371.88	£75,572.69	£124,944.56
Jun-17	£83,205.60	£95,182.69	£178,388.29	Jun-18	£56,314.00	£75,572.69	£131,886.69
Jul-17	£67,924.60	£95,182.69	£163,107.29	Jul-18	£72,594.00	£75,572.69	£148,166.69
Aug-17	£58,170.48	£84,822.69	£142,993.16	Aug-18	£71,950.20	£33,300.00	£105,250.20
Sep-17	£58,170.48	£84,822.69	£142,993.16	Sep-18	£71,950.20	£18,500.00	£90,450.20
Oct-17	£42,323.38	£84,822.69	£127,146.06	Oct-18			
Nov-17	£42,323.38	£84,822.69	£127,146.06	Nov-18			
Dec-17	£42,323.38	£84,822.69	£127,146.06	Dec-18			
Jan-18	£42,323.38	£84,822.69	£127,146.06	Jan-19			
Feb-18	£42,323.38	£84,822.69	£127,146.06	Feb-19			
Mar-18	£42,323.38	£84,822.69	£127,146.06	Mar-19			

2.11 Year on year since 2015/16 there has been a reduction in the number of staff paid £30 per hour and above (Graph 3/Table 3). There are a number of factors such as the scrutiny of interim appointments by senior officers and elected members (DMTs, CMT and this committee); associated checks/authorisation levels in the recruitment process as well as the reasons already detailed in paras 2.4, 2.5 and 2.7.

Graph 3 - Total no. of interim workers over £30 in each financial year

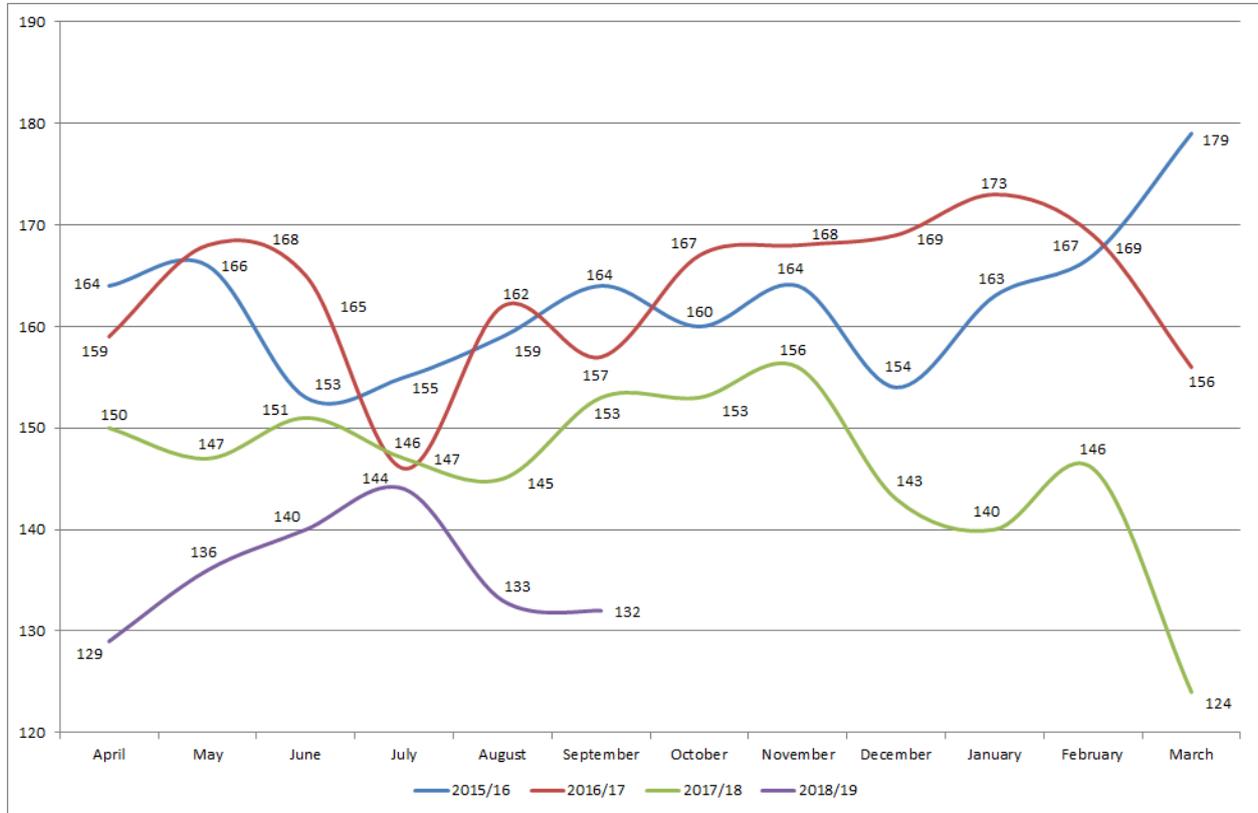


Table 3 - Total no. of interim workers over £30 in each financial year

No. of workers over £30/hr					No. of workers over £30/hr				
Month	Comensura	LGRP	Off Contract	Total	Month	Comensura	LGRP	Off Contract	Total
Apr-15	122	10	32	164	Apr-16	125	8	26	159
May-15	123	10	33	166	May-16	134	8	26	168
Jun-15	110	10	33	153	Jun-16	129	8	28	165
Jul-15	111	10	34	155	Jul-16	108	8	30	146
Aug-15	115	12	32	159	Aug-16	124	9	29	162
Sep-15	118	12	34	164	Sep-16	119	9	29	157
Oct-15	114	12	34	160	Oct-16	131	7	29	167
Nov-15	117	12	35	164	Nov-16	132	7	29	168
Dec-15	107	12	35	154	Dec-16	133	7	29	169
Jan-16	123	10	30	163	Jan-17	138	7	28	173
Feb-16	128	9	30	167	Feb-17	135	7	27	169
Mar-16	141	7	31	179	Mar-17	128	7	21	156

No. of workers over £30/hr					No. of workers over £30/hr				
Month	Comensura	LGRP	Off Contract	Total	Month	Comensura	LGRP	Off Contract	Total
Apr-17	124	8	18	150	Apr-18	112	2	15	129
May-17	123	8	16	147	May-18	119	3	14	136
Jun-17	128	7	16	151	Jun-18	122	4	14	140
Jul-17	126	5	16	147	Jul-18	129	5	10	144
Aug-17	124	5	16	145	Aug-18	117	7	9	133
Sep-17	131	6	16	153	Sep-18	120	7	5	132
Oct-17	132	5	16	153					
Nov-17	135	5	16	156					
Dec-17	122	5	16	143					
Jan-18	120	4	16	140					
Feb-18	127	4	15	146					
Mar-18	105	4	15	124					

2.12 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

CSF currently have 3 agency workers via Comensura which have been here over 24 months and 3 off-contract workers which have been here over 24 months.

Positive action has been taken to reduce the CSF reliance on agency workers. The spend in CSF has decreased this year, because 17 agency workers have been converted onto permanent Contracts. This reflects the “good” Ofsted judgement acting as an attraction for social workers and other staff.

Agency costs since April 2018 have been consistently lower than at any time in the previous two years.

CSF continues to actively recruit to permanent roles, with over 30 roles currently being recruited to.

In all but a few exceptions, the CSF agency workers and consultants are covering social work posts including frontline social workers and other social workers have to have professionally manageable caseloads, currently of c15 children per social worker, is in line with the London average. 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.

Information is provided monthly to DMT on the usage, costs, hourly rates and length of engagement of agency workers so that management action can be taken in any case where the use of an agency worker can no longer be justified.

HR has worked closely with the social care management team to review and update the retention packages to ensure that we are able to recruit the right talent but also being able to retain them to provide continuity of service to some of our most vulnerable clients. Our retention measures have been submitted for benchmarking against other London boroughs..

We expect the reduction in the use of interim and temporary workers to continue

Community and Housing

C&H currently have 5 agency workers via Comensura which have been here over 24 months, 1 of which has been here over 5 years and 1 off-contract worker which has been here over 24 months

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 and this is outlined in detail in the appendix. 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. We have recruited to a principal social worker post who is due to start in January. Her role will focus on recruiting new staff, retention and developing new opportunities for career development

Corporate Services

CS currently have 10 agency workers via Comensura which have been here over 24 months, 2 of which have been here over 5 years.

Of the 10 agency workers, 6 are lawyers in the Shared Legal Service paid for by the five participatory boroughs; mainly in the property and procurement team where we compete with the private sector. One of the lawyers works for Children's services where there has been an increase in workload due to Ofsted

outcomes. There are a number of posts that are in the process of being recruited to in the Legal Shared Service; we await to see if we are successful in attracting permanent staff. Two agency workers are linked to a project and therefore no permanent roles exist. One agency worker has gone “temp to perm” at the end of October. For the final agency worker, there will be a make or buy review to determine the future provision of the service and therefore resources required

Environment and Regeneration

E&R currently have 19 agency workers via Comensura which have been here over 24 months, 4 of which have been here over 5 years and also 1 off contract worker who has been here above 24 months

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 a new management structure comes into effect from 1st November. This has temporarily increased the number of agency staff whilst the consultation and reorganisation was concluded. Further work will be undertaken to review the non-management staff over the coming months and this again may temporarily increase agency staff use

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.

- 2.13 There has been a reduction in the use of off contract appointments due to monitoring and the introduction of IR 35 tax legislation in April 2017. IR35 is tax legislation designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used.
- 2.14 The purpose of IR35 is to prevent contractors, consultants and freelancers from trading via their own limited company in order to pay less tax and national insurance contributions (NIC) than if they were employed directly by their end client or agency. This has only been rolled out to the Public sector; the rollout to the Private sector has been delayed.
- 2.15 HR monitors suppliers and contractors to ensure they are IR35 compliant.

3 Timetable

- 3.1 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.
- 3.2 Quarterly updates will be provided to this committee. September information (Quarter 2) will be reported to 8th November meeting.

4 Financial, resource and property implications

- 4.1 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.

5 Legal and statutory implications

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

6 Human rights, equalities and community cohesion implications

- 6.1 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.

7 Crime and Disorder implications

- 7.1 None

8 Risk management and health and safety implications

- 8.1 These are detailed in the Ernst and Young report of 12 March 2014 and subsequent reports.

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

- 9.1 None

10 Background papers

- 10.1 None