

Leicester  
City Council

**WARDS AFFECTED ALL**

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet**

**11 April 2011**

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**Reducing the Cost and Use of Agency Staff  
(Vacancy Management Service)**

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**Report of the Director of Human Resources**

**1. Purpose of the Report**

- 1.1 The purpose of this report is to provide Cabinet members with an update on the drive to reduce the cost and use of agency staff throughout the authority during 2010/2011.
- 1.2 To inform Cabinet members that the same approach has been adopted to manage the cost and use of consultants.

**2. Recommendation**

- 2.1 It is recommended that Cabinet note the content of this report and acknowledge the work of the Vacancy Management Service within Human Resources in leading on reducing the reliance on agency workers and the associated costs over the past 12 months
- 2.2 To inform Cabinet members that a reduced spend of £3.8 million has been achieved in the financial year 2010/2011 compared to the previous year

**3. Background Information**

- 3.1 The cost and reliance on using agency staff has been high over the past 3 years and last year( financial year 2009/10) the cost of hiring agency workers was £18 million. In March, 2010, a Vacancy Management Service (VMS) was created in Human Resources. The VMS is now a gateway for the procurement of all temporary staff, ensuring robust governance and monitoring arrangements are in place and adhered to when managers require temporary workers. It seeks to challenge, control and reduce agency workers costs by exploring alternative options to agency procurement.

- 3.2 The VMS has brought together the procurement of all temporary staffing resource across the authority and resides in the Employment Service Centre along side the Recruitment service. This now includes the agency vendor neutral contract client management function (Beeline), the internal temporary staffing agency (TSA) and from November 2010 the control and procurement of consultants. This ensures these services continue to make the necessary improvements, including adherence to the new agency staff governance arrangements.
- 3.3 With the introduction of a VMS a spend reduction of £1m was set for 2010/11 and 2011/12. This has already been significantly exceeded with a reduction in agency spending of £3.8 million achieved through these governance arrangements. Not all of this money results in cash savings: it is an indication of reduced agency spend only.
- 3.4 In September 2009, the Council undertook a review of its agency worker procurement process. The review revealed a number of areas for improvement, in particular the need for tighter control and governance arrangements in relation to the procurement of agency workers. The vacancy management process is linked to the new governance arrangements for agency staff under which there is a challenge process before managers are allowed to engage agency staff and the duration of approval is limited and subject to review.
- 3.5 To address and deliver the above areas for improvement, the new VMS has established effective and efficient control measures. The service has brought together, in one location, the management of all vacancies – temporary, permanent, agency and the TSA (Temporary Staffing Agency) and latterly consultants into a single function, overseen by the Vacancy Management Officer

#### **4. Governance Arrangements**

- 4.1 The Vacancy Management Service (VMS) has introduced new governance arrangements which have brought clarity, consistency, challenge and control to the procurement of temporary staff. These arrangements were critical to the success of the new service and include:
- Tight control of temporary staffing costs to ensure value for money and to achieve reduction in spend.
  - Establishing clear lines of responsibility and accountability by developing and implementing a tight approval procedure for staffing requests, which will include the need for a business case to justify requests for non 24/7? statutory staff cover.
  - Established a regular reporting pattern to the ODI board and the provision of monthly management information to divisional directors to aid management decisions.

- Developing cost-effective alternative recruitment and staffing options to fill vacancies eg.
  - Use of graduates on the Council's Graduate Trainee Scheme and the Graduate Talent Pool
  - Establishing casual staff pools for various services within the authority, eg operational transport, craft operatives, care workers.
  - Sharing resources
  - Offering short, time limited temporary contracts to existing staff, particularly staff who are currently on redeployment
- Prompt escalation of concerns to Divisional Director level and/or the ODI board where necessary.

4.2 The current internal Temporary Staffing Agency (TSA) provision has been incorporated into the new VMS and this service will be reviewed to assess its effectiveness with a view to restructuring it to ensure a more streamlined service.

4.3 It is important to note that although the remit of the VMS is primarily to control temporary worker procurement it is also the intention to deliver a flexible non-bureaucratic service to meet the varying needs of the divisions e.g. 24/7 and frontline statutory services to ensure staffing levels are maintained at an appropriate level.

## 5. The Benefits of the Vacancy Management Service (VMS)

5.1 The controls and governance arrangements put in place by the VMS has now been adopted across the authority for procuring consultants.

5.2 Details of the success of the VMS over the last 12 months can be found on the following appendices

- **Appendix 1** - Agency worker spend for financial years 2009/10, 2010/11 and a projected spend for 2011/2012
- **Appendix 2** - Agency worker headcount for financial years 2009/10, 2010/11 and the projected numbers for 2011/12

5.3 Managers now have one central point of contact for advice and guidance on temporary resources. Hiring managers and divisional directors are accountable and where necessary challenged where necessary.

5.4 The VMS works with some service manager to ensure the governance arrangement put in place do not impact on statutory services to ensure service delivery is not put at risk.

5.5 The reduction in the use of agency workers has been acknowledge by Trade Unions, especially by creating opportunities for redeployees' and offering temporary contracts where ever possible .In some circumstances this also reduces and or delays the need for redundancy payments and helps to create a more flexible workforce.

## 6. Financial Implication

- 6.1 The cost of establishing the Vacancy Management Service is £42k per annum. This covers the salary cost of the post of Vacancy Management Officer. This post holder oversees the service outlined in the report.
- 6.2 In the first year the VMS has achieved, with the co-operation of managers and directors a reduction in spend of £3.8 million.

## 7. Legal Implication

Legal Services have been involved in advising the VMS on individual agency workers claims that due to employment practise they could have accrued employment rights with the authority. This has meant assessing each claim separately and due to the complex nature has taken time to complete, but this has resulted in no agency workers been given a automatic right to a job.

## 9. Author

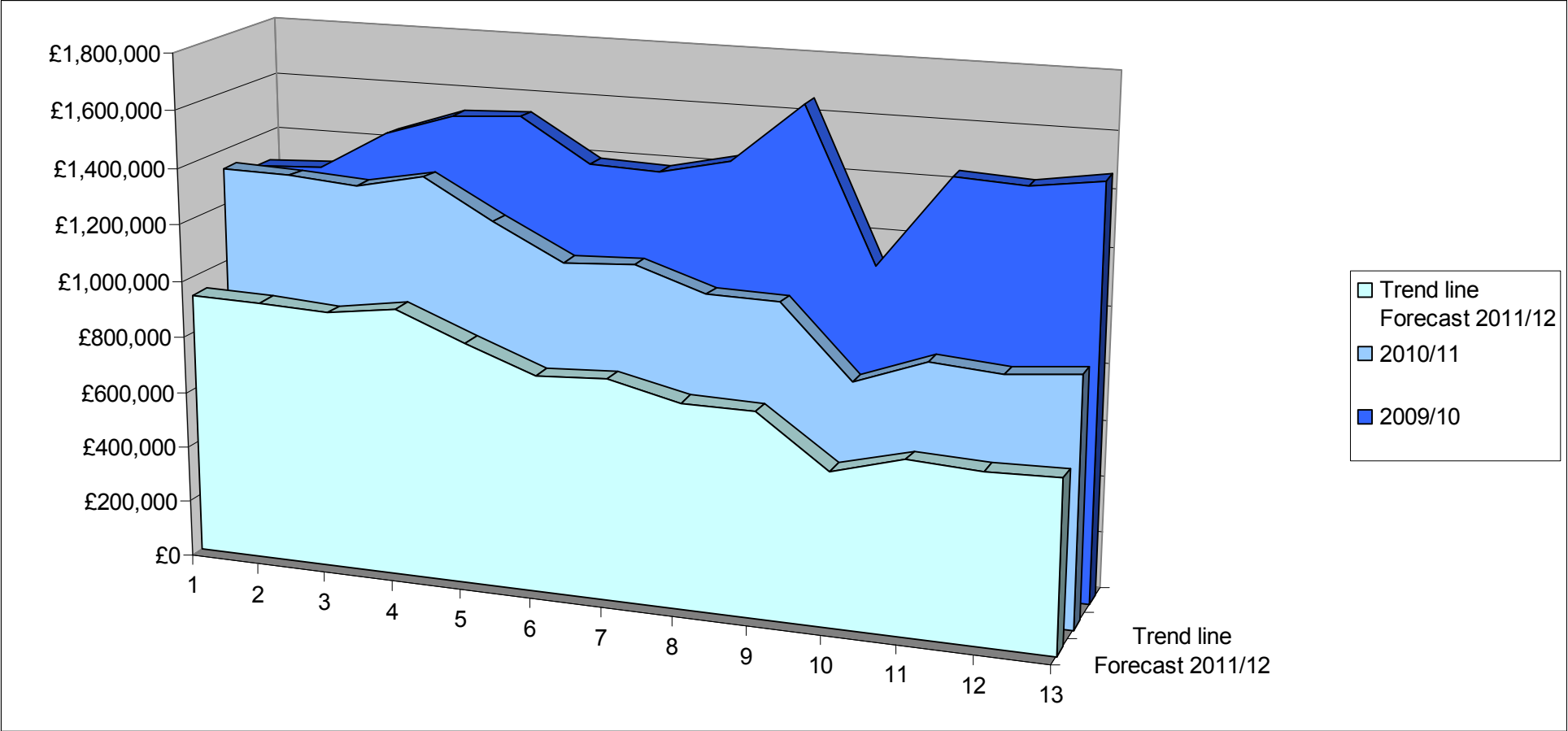
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<b>Key Decision</b>	No
<b>Reason</b>	N/A
<b>Appeared in Forward Plan</b>	N/A
<b>Executive or Council Decision</b>	Executive (Cabinet)



Agency Spend per year, included estimated spend for 2011/2012



Agency workers – Headcount, including estimate for 2011/2012

