



WARDS AFFECTED: ALL

Audit and Risk Committee

28 June 2017

AGENCY STAFF

Report of the Director of Finance

1. Purpose of Report

The purpose of this report is to brief the Audit and Risk Committee on the use of agency staff and the associated procedures as requested at the Audit and Risk Committee held on 22nd March 2017, following the presentation of the procurement plan advising of the contract value for agency staff.

2. Background

Due to the diverse nature of our temporary staffing requirements, working across a wide range of job roles to strict timescales, we require a provider who is present and takes proactive measures on resourcing issues. We require our provider to be based locally, to recruit local people and who are personally contactable to provide a “high touch” service. The service provider will be working with the Vacancy Management Team/Hiring Managers to provide temporary resources defined by existing Key Performance Indicators and (KPIs) and Service Level Agreements (SLA).

Agency staff spend accounted for only 5% of the council’s overall pay bill in 2016/17, with permanent salaries (excluding schools) accounting for 95% of our spend.

Resource Type	Total	% of overall salary costs
LCC Perm salaries incl on cost (excl. schools)	£203.1m	95%
Agency Workers	£10.9m	5%
Total	£214.0m	

Reviews and the management issues surrounding the categories of staff we currently use and forecast to continue to use over the next contracting period (Qualified Social Care/Management Professionals/Interims account for 67% of our usage) require a ‘high touch supplier’. In addition,

due to the high usage of qualified Social Care roles both now and ongoing, the supplier needs to be fully conversant with providing qualified social care staff into an authority with similar demographics to Leicester City Council.

The current breakdown of temporary staff by Job Category within the authority is as follows:

Job Category	Percentage
Admin & Clerical	4%
Professional & Management	28%
Care – Adults Non-Qualified	2%
Care – Children’s Non-Qualified	5%
Care – Adults Qualified	2%
Care – Children’s Qualified	37%
Manual Labour	10%
Trade Operatives	11%
Others	1%

Re-procurement is unlikely to achieve any contract savings on the current prices due to increased costs (Statutory), IR35 legislation, Apprenticeship Levy and voluntary costs i.e. Living wage. Savings on agency staff will continue to be made using effective demand management and governance measures currently in place.

3. Performance Management & Governance

Establishing and utilising a broader workforce including temporary agency workers is a cost effective option if used effectively when it comes to addressing skill / capability gaps when it does not make financial sense to retain within the substantive workforce, addressing surge requirements and offsetting future redundancy / outsourcing costs.

However, it is vital that the use of all resource groups is properly controlled and managed to ensure best value for money is achieved in the delivery of corporate objectives and that the strategic workforce plan is delivered within the set budget (both corporately and at service level).

Spend has been controlled via demand management and spend on agency workers reduced by **10%** compared with the previous year (2015/16). This cost reduction was achieved despite increases in Living wage costs (3%) and worker pay rates (1%).

Year	Total
2014/15	£11.0m
2015/16	£12.2m
2016/17	£10.9m
Variance 2015/16 & 2016/17	-£1.3m

More specifically, the following controls and governance are in place:

- All requests for temporary agency workers pass through the Vacancy Management Team via a Business case where a review is completed to ensure the temporary worker is the most appropriate and best value to the authority. The Vacancy Management Team work with the hiring manager to make arrangements that provide the best value for money. This process is also undertaken for any extensions to existing temporary staff requirements.
- Governance arrangements exist for length of original assignments to a maximum of 12 weeks
- Hiring managers work with the Vacancy Management team if extensions are required beyond this 12 week period. There is a business case required for extensions up to a maximum of 3 x 4 week periods.
- Benchmarking data is provided from the supplier to inform rates of pay and ensure these represent value for money and a fair, competitive market value.
- Monthly Management Information is shared with the authority regarding agency usage in terms of overall value and usage broken down by job category.

4. Business Requirements

There is an increasing requirement across the authority for a flexible workforce both in terms of capacity and capability in order to meet our internal and external demands, set against a complex budget and changing landscape. The authority has been charged with significantly reducing its revenue budget which has resulted in a series of organisational reviews, voluntary redundancy periods and recruitment freezes, all of which play a part in our temporary staffing requirements.

Temporary agency workers continue to provide valuable support as part of the authority's overall resourcing strategy in a number of ways:

- Covering roles pending permanent recruitment activity (**Vacancy Cover**)
- Covering posts that are required statutorily due to vacancies/shortage (**Statutory provision**)
- Covering posts where change will impact in the short to medium term, either via redundancy or TUPE processes, and therefore helping the authority offset future financial pressure. (**Review-Recruitment freeze**)
- Backfilling posts to allow the substantive post holder to be released for other activity on a temporary basis or accessing skills where it does not make financial sense to retain as part of the substantive workforce or where an independent status is required. (e.g. supporting other activity). (**Specialist short term**)
- Delivery 'surge' capacity to meet short-term demand. (**Additional capacity**)
- Part of resourcing model due to cost/service delivery requirements for front line services. (**Front line service**)
- Covering ad hoc shifts in front line services due to an urgent service shortfall (**Ad hoc shift cover**)

]

The reasons we use agency staff can be quickly summarised as follows:

Reason for Use of Agency	% of Spend
Ad Hoc Shift Cover	1%
Additional capacity 'surge'	11%
Front Line service	20%
Ofsted Improvement	5%
Review - Recruitment freeze	6%
Specialist short term	2%
Statutory Provision	44%
Vacancy Cover	11%

5. Legal Implications

There are no legal implications arising from this report

Paul Atreides, Head of Law, ext. 37 1428

6. Financial Implications

This report provides details about the usage of agency staff and the governance arrangements. The costs are charged to the service concerned.

Colin Sharpe, Head of Finance, ext. 37 4081.

7. Report Author/Officer to contact:

Caroline Deane, BSC Service Manager
Date 19 May 2017