

Committee: Standards and General Purposes Committee

Date: Wards: All

Subject: Report on the use of temporary workers and consultants

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Recommendations:

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

Purpose of report and executive summary

1.1. The Committee has received progressed 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.

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.

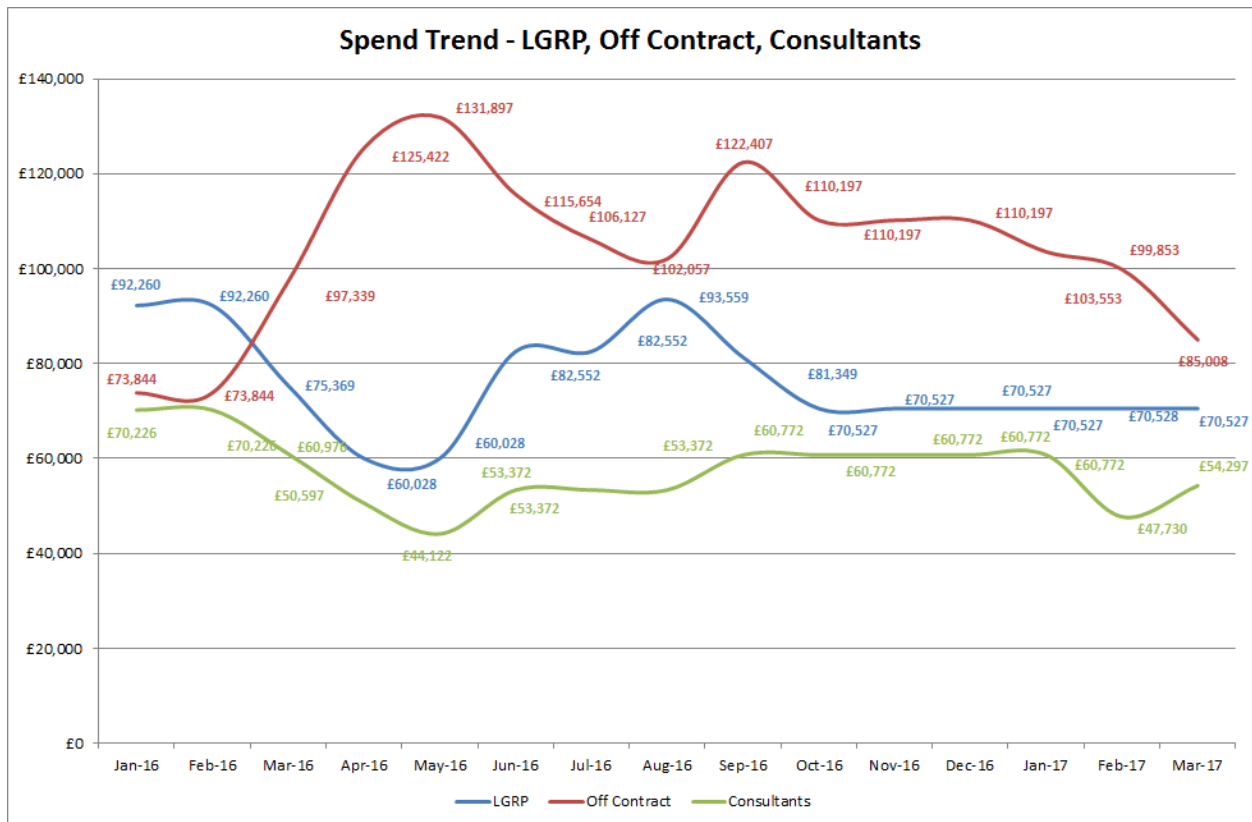
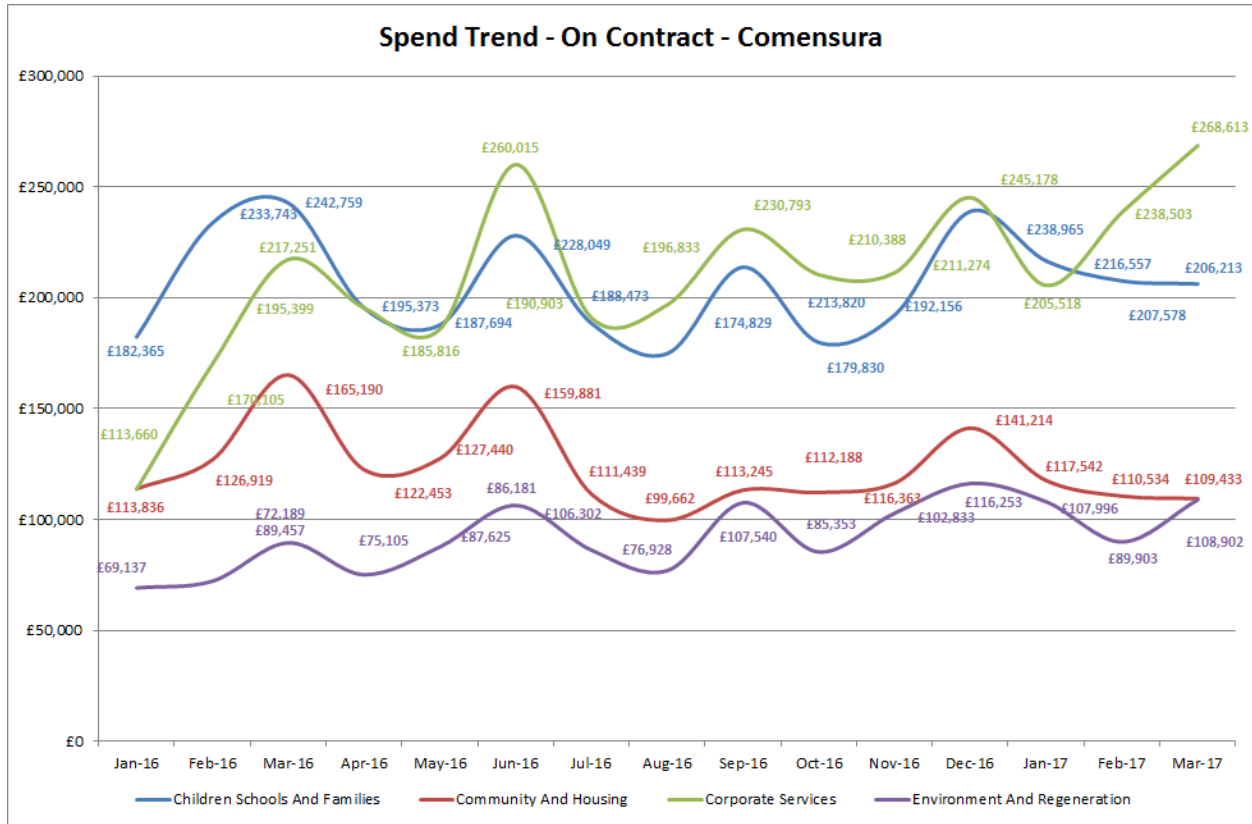
- 2.5 The previously reported situation continues with by far the largest group of temporary workers being "on contract" agency and temporary staff appointed through the Council's corporate contract with Comensura for the supply of agency staff. These are all engaged with the involvement and oversight of the HR function with a database that supplies monthly spend and usage reports to Council managers.
- 2.6 As at the end of March 2017, the Council employed 156 interim/temporary workers at £30 per hour (or more) compared to 174 a decrease of 10.3% since January 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.
- 2.7 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 as at 31st March will be reported to the Financial Monitoring Task Group on 25th July 2017.
- 2.8 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.

We have successfully converted 10 agency workers over to permanent contracts with Merton from 1st April 2017
- 2.9 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.
- 2.10 At the last SGPC the committee requested that the interim monitoring data be provided to the committee on a quarterly basis. The period considered for this

report is January 2017 to March 2017 and details of the spend both on and off contract year on year is detailed below

January 2017 – March 2017 – Quarter 1



- 2.11 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.
- 2.12 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

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 and the authority is funding 8-10 additional frontline posts currently to be able to deliver a caseload of c15 children per social worker. This is in line with the London average.

Recruitment has continued strongly with 27 new starters during October-December 2016. Our vacancy rates and turnover rates have reduced from our 2015 peaks and as at December we had a rolling annual vacancy rate of 23% and turnover of 26% compared to 26% and 32% in September 2015. We now have a good flow of newly qualified social workers. 6 started in October, but have to carefully manage the balance of experienced and inexperienced workers given the nature of our work.

Community and Housing

Within Community and Housing, use of agency staff is now predominantly within adult social care, and in specialist, hard to recruit to posts, including mental health. Recruitment is underway to appoint to vacant posts and therefore reduce our usage of agency staff. A new recruitment webpage has been developed to better target the recruitment of social workers for adults and mental health, promoting the benefits of working at Merton.

A restructure is currently in development for Public Health and recruitment is underway for the Assistant Director of Adult Social Care, which will replace the Head of Access and Assessment and Head of Commissioning posts, which are currently covered by interim staff

Corporate Services

For Corporate Services, we have now gone live with two of our major new systems, which should result in the reduction in interims to support the projects over the next few months as we transition to business as usual support. The new expanded South London Partnership with Wandsworth went live on the 3rd April and we expect as the restructure takes place there will be a reduction in the number of interims. However, some boroughs are experiencing increased workload, so there may be a requirement to cover this, although with hard charging, we would be reimbursed. We are also now experiencing difficulties in social Care recruitment as well as areas where there is also demand for services in the private sector.

Environment and Regeneration

Usage is relatively low in E&R. A number of workers are covering positions, which are subject to a service review, and others are providing specialist skills or are covering 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 has changed employment patterns.

We have now concluded phase C and this has led to a significant reduction in agency staff where these were previously employed in waste and street cleansing as well as to a lesser extent in parks maintenance

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

The new IR35 legislation came into effect on the 6th April 2017

Merton Council adhered to the legislation set by HMRC and the strict HMRC tests. The tests have been undertaken and as a result, there are very few instances where roles have been deemed out of scope. This means that all agency workers, interims and consultants engaged by the Council who are deemed to be in scope of IR35 have to be paid through PAYE or LTD Umbrella (typically via an agency, rather than directly through the Council's payroll).

In light of the IR35, Merton Council is proactively seeking to reduce the number of off contract agencies and this will be taken into consideration when the agency contract is reviewed.

Please see leavers breakdown below

Total LTD Contractors (on contract, off Contract, LGRP, Direct) – 222

Total Leavers – 13

6% of workforce left due to IR35

The majority of the above leavers have since been replaced so there has not been a negative impact on the service delivery.

The benefit of the new legislation to the Council is that some agency staff may be converted from temp to perm on Merton's Term and Conditions; this will establish a more resilient workforce in areas where it has been hard to recruit these positions.

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.

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

- 6.1 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 - Summary data of the Council's current interim positions

12.0 Background papers

- 12.1 None

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