

Committee: Standards and General Purposes Committee

Date: May 2020

Subject: Report on the use of temporary workers and consultants

Lead officer: Liz Hammond, HR Lead

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

Contact officer: Liz Hammond, HR Lead, 0208 545 3152

Recommendations:

- A. To note progress made to monitor and control the use of temporary workers and consultants
 - B. To review the frequency with which this Committee should receive this report
-

1. Purpose of report and executive summary

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. At the meeting in July 2019 the Committee agreed to review the frequency of the report coming to this Committee which is currently every other meeting.

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 October, November, December, January, February, March, April and May being reported to this committee.
- 2.3 As at the end of May 2020, the Council employed 162 interim/temporary workers at £30 per hour (or more) compared to 139 in September 19, which is an increase of 23 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. Even within the aforesaid existing contracts the Council has sought to get the best ‘price’ and in doing so have attracted high quality interims at 10% of the mark-up price. 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 Council is currently exploring a framework agreement with a designated supplier for the provision of Professional services for project related work. Each project will be evaluated on an individual basis to determine its needs, establish key milestones and deliverables upon which payments will be made on successfully meeting these targets. Adopting this approach to managing projects would generate greater Value for Money and deliver on project objectives. It is recognised that this is a skill set that we do not have sufficient resources of in the organisation because of the technical skills required. We have met with Comensura and Matrix who both offer the Statement of Works service. We will be including this into the new Agency Tender in June 2021
- 2.7 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.
- 2.8 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.
- 2.9 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. One hundred and sixteen (116) agency workers have transferred to permanent employment from September 2017 to May 2020. From October 2019 to May 2020 we have transferred twenty (20)

2.10 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.

2.11 The total spend for interim and temporary workers from 2017 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 17/18, 18/19, 19/20 and year to date for interim and temporary workers – Comensura

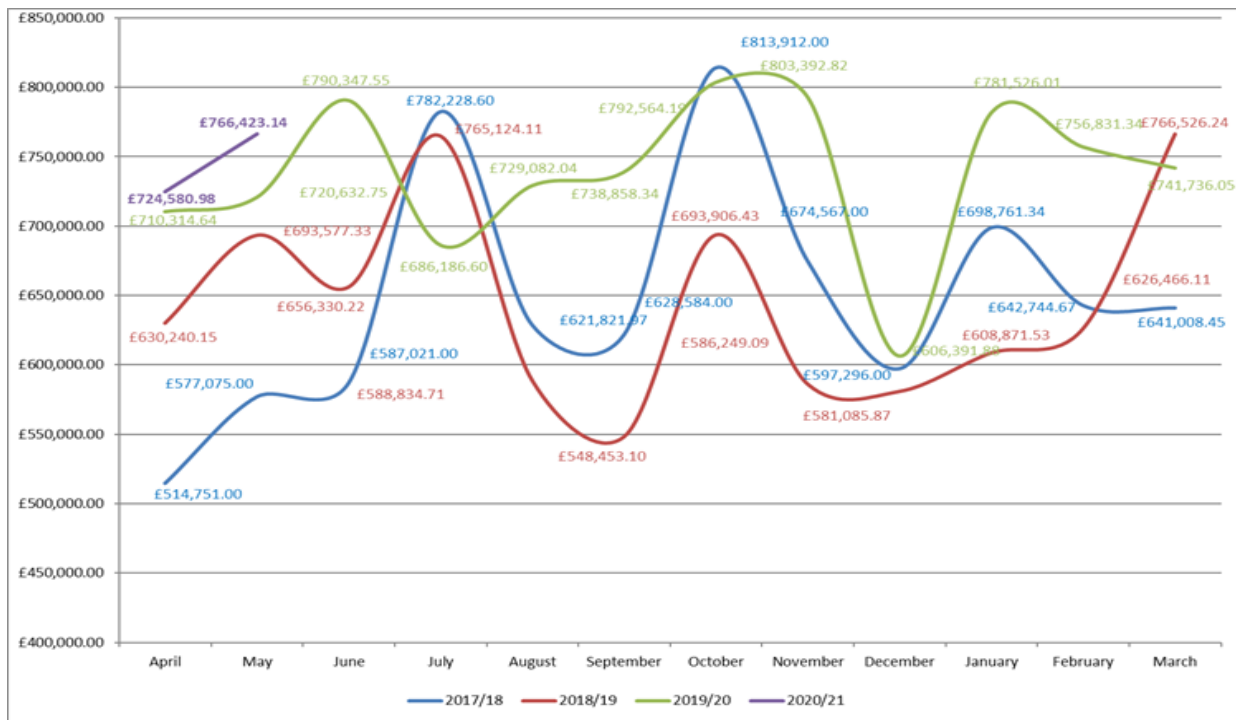


Table 1 - List totals for 17/18, 18/19, 19/20 and year to date for Interim and temporary workers – Comensura

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--------------|----------------------|----------------------|----------------------|----------------------|
| April | £514,751.00 | £630,240.15 | £710,314.64 | £724,580.98 |
| May | £577,075.00 | £693,577.33 | £720,632.75 | £766,423.14 |
| June | £587,021.00 | £656,330.22 | £790,347.55 | |
| July | £782,228.60 | £765,124.11 | £686,186.60 | |
| August | £628,584.00 | £588,834.71 | £729,082.04 | |
| September | £621,821.97 | £548,453.10 | £738,858.34 | |
| October | £813,912.00 | £693,906.43 | £803,392.82 | |
| November | £674,567.00 | £586,249.09 | £792,564.19 | |
| December | £597,296.00 | £581,085.87 | £606,391.88 | |
| January | £698,761.34 | £608,871.53 | £781,526.01 | |
| February | £642,744.67 | £626,466.11 | £756,831.34 | |
| March | £641,008.45 | £766,526.24 | £741,736.05 | |
| Total | £7,779,771.03 | £7,745,664.88 | £8,857,864.21 | £1,491,004.12 |

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

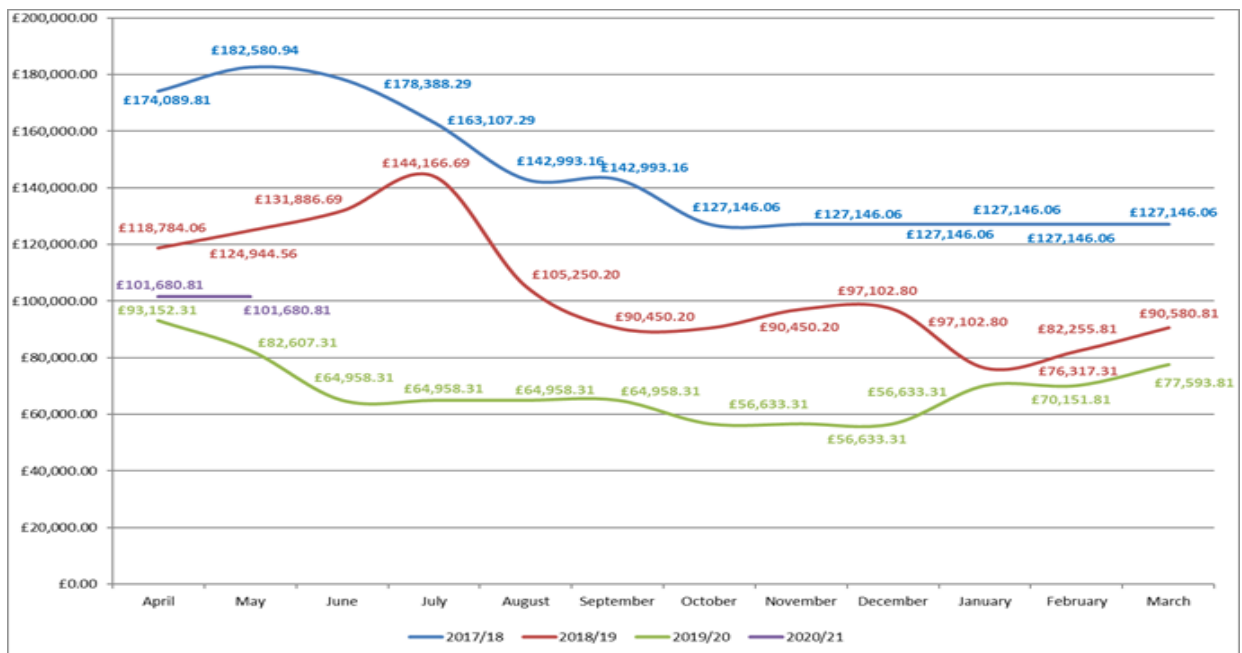


Table 2 - Total of LGRP and Off Contract assignments over £30 for each financial year

| 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 | £144,166.69 |
| 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 | £71,950.20 | £18,500.00 | £90,450.20 |
| Nov-17 | £42,323.38 | £84,822.69 | £127,146.06 | Nov-18 | £78,602.80 | £18,500.00 | £97,102.80 |
| Dec-17 | £42,323.38 | £84,822.69 | £127,146.06 | Dec-18 | £78,602.80 | £18,500.00 | £97,102.80 |
| Jan-18 | £42,323.38 | £84,822.69 | £127,146.06 | Jan-19 | £67,067.31 | £9,250.00 | £76,317.31 |
| Feb-18 | £42,323.38 | £84,822.69 | £127,146.06 | Feb-19 | £73,005.81 | £9,250.00 | £82,255.81 |
| Mar-18 | £42,323.38 | £84,822.69 | £127,146.06 | Mar-19 | £81,330.81 | £9,250.00 | £90,580.81 |

| 2019/20 | | | | 2020/21 | | | |
|---------|------------|--------------|------------|---------|------------|--------------|-------------|
| | LGRP | Off Contract | Total | | LGRP | Off Contract | Total |
| Apr-19 | £83,902.31 | £9,250.00 | £93,152.31 | Apr-20 | £94,650.81 | £7,030.00 | £101,680.81 |
| May-19 | £75,577.31 | £7,030.00 | £82,607.31 | May-20 | £94,650.81 | £7,030.00 | £101,680.81 |
| Jun-19 | £57,928.31 | £7,030.00 | £64,958.31 | Jun-20 | | | |
| Jul-19 | £57,928.31 | £7,030.00 | £64,958.31 | Jul-20 | | | |
| Aug-19 | £57,928.31 | £7,030.00 | £64,958.31 | Aug-20 | | | |
| Sep-19 | £57,928.31 | £7,030.00 | £64,958.31 | Sep-20 | | | |
| Oct-19 | £49,603.31 | £7,030.00 | £56,633.31 | Oct-20 | | | |
| Nov-19 | £49,603.31 | £7,030.00 | £56,633.31 | Nov-20 | | | |
| Dec-19 | £49,603.31 | £7,030.00 | £56,633.31 | Dec-20 | | | |
| Jan-20 | £63,121.81 | £7,030.00 | £70,151.81 | Jan-21 | | | |
| Feb-20 | £63,121.81 | £7,030.00 | £70,151.81 | Feb-21 | | | |
| Mar-20 | £70,563.81 | £7,030.00 | £77,593.81 | Mar-21 | | | |

2.12 From October 19 to May 20 we have increased the number of staff paid £30 per hour and above (Graph 3 / Table 3) by 15. Due to covid-19 we saw an increase from April to May as Merton Council begin to implement Recovery Projects to be able to get the workforce back to work

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

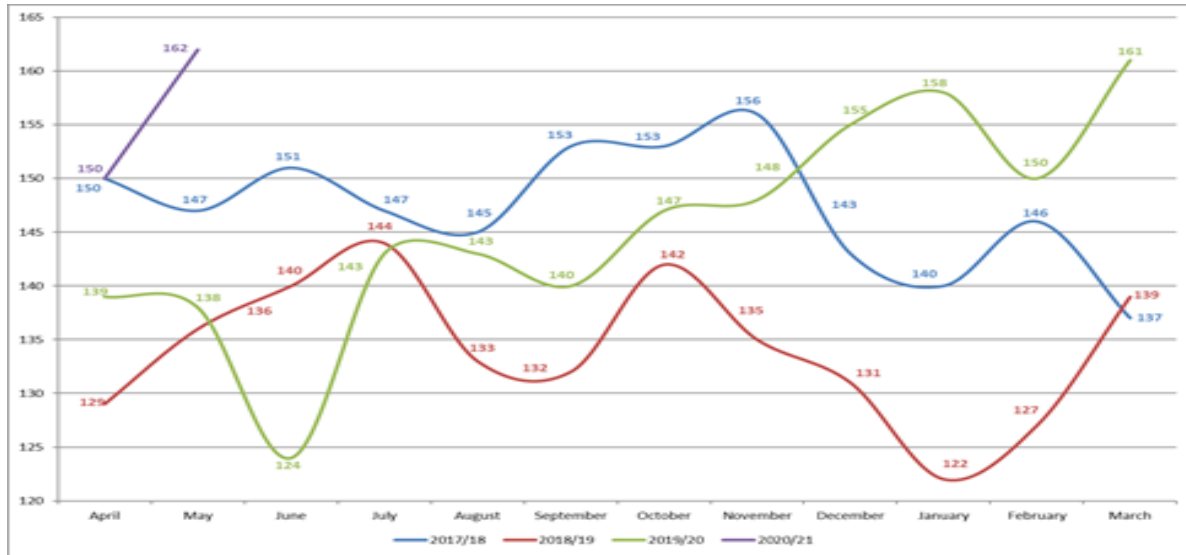


Table 3 - Total no. of interim workers over £30 in each financial year

| 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-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 | Oct-18 | 130 | 7 | 5 | 142 |
| Nov-17 | 135 | 5 | 16 | 156 | Nov-18 | 122 | 8 | 5 | 135 |
| Dec-17 | 122 | 5 | 16 | 143 | Dec-18 | 118 | 8 | 5 | 131 |
| Jan-18 | 120 | 4 | 16 | 140 | Jan-19 | 112 | 6 | 4 | 122 |
| Feb-18 | 127 | 4 | 15 | 146 | Feb-19 | 115 | 7 | 5 | 127 |
| Mar-18 | 118 | 4 | 15 | 137 | Mar-19 | 127 | 8 | 4 | 139 |
| 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-19 | 127 | 7 | 5 | 139 | Apr-20 | 140 | 9 | 1 | 150 |
| May-19 | 128 | 7 | 3 | 138 | May-20 | 152 | 9 | 1 | 162 |
| Jun-19 | 118 | 5 | 1 | 124 | Jun-20 | | | | |
| Jul-19 | 137 | 5 | 1 | 143 | Jul-20 | | | | |
| Aug-19 | 137 | 5 | 1 | 143 | Aug-20 | | | | |
| Sep-19 | 134 | 5 | 1 | 140 | Sep-20 | | | | |
| Oct-19 | 141 | 5 | 1 | 147 | Oct-20 | | | | |
| Nov-19 | 142 | 5 | 1 | 148 | Nov-20 | | | | |
| Dec-19 | 149 | 5 | 1 | 155 | Dec-20 | | | | |
| Jan-20 | 149 | 8 | 1 | 158 | Jan-21 | | | | |
| Feb-20 | 141 | 8 | 1 | 150 | Feb-21 | | | | |
| Mar-20 | 151 | 9 | 1 | 161 | Mar-21 | | | | |

- 2.13 Most Interims are on a day rate which is a specified rate for the job no matter how many hours the interim works. This is often cost effective for the Council as many of our interims work well in excess of what would be considered a normal working day. Agency workers tend to be paid by the hour and we closely monitor actual hours worked so that we can measure actual cost against expected cost. Any hours worked over 35 hours must be agreed in advance by the Manager. Where this affects the over £30 per hour workers they have been highlighted in yellow on the appendix and the actual hours worked shown.
- 2.14 There has been a reduction in the use of off contract appointments due to monitoring and the introduction of IR35 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.
- 2.15 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 has been scheduled for 1st April 2020 but has been delayed until April 2021 due to COVID-19..
- 2.16 HR monitors suppliers and contractors to ensure they are IR35 compliant and the IR35 process for off payroll workers was recently audited and received a substantial assurance.

3. Directorate feedback

Directors have been invited to provide short overall summary comments on agency/consultant usage and action being taken in their area and these are:

3.1 Children, Schools and Families

CSF currently have 2 agency workers via Comensura, which have been here over 24 months

Positive action continues to be taken to reduce the CSF reliance on agency workers and agency costs continue to be relatively low for this service. CSF actively recruits to permanent roles, reducing the use and duration of agency workers. In particular, the use of consultants has decreased significantly.

In all but a few exceptions, the CSF agency workers and consultant are covering management and frontline posts discharging statutory functions which require a qualified social worker. To safely and effectively discharge the

Council's statutory duties social worker's must have appropriate management supervision and manageable caseloads. This requires interim agency social worker cover for vacancies pending permanent recruitment.

However, we anticipate that as 'lockdown' ends and children become more visible to schools and other agencies outside their families, there may be a surge in children's social care activity, which may need additional temporary staffing to respond within children's timescales.

The other agency workers are for specialist posts such as speech and language therapy which is also a statutory requirement as part of children's Education, Health and Care Plans. Because of growth funding applied to this area in the 2020/21 budget, we anticipate more permanent recruitment in this area, which should assist in reducing the reliance on agency workers in SEND services.

HR works closely with the social care leadership team to review vacancies and use of agency social workers. This financial year, we have been successful in transferring agency social workers and senior social work managers onto permanent contracts. Our involvement in regional programmes to offer student and newly qualified social workers training placements has continued providing a pipeline of newly qualified social workers seeking permanent contracts with Merton.

A contract with the national Guardian online for recruitment advertising is now in place to raise Merton's profile and awareness of social work opportunities. Retention packages continue as part of the recruitment strategy, to retain existing permanent social workers and to provide continuity of service to some of our most vulnerable clients.

3.2 Community and Housing

C&H currently have 4 agency workers via Comensura, which have 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. A high number of agency staff have been in post covering permanent vacancies due to the service restructure in adult social care which was delayed due to Covid 19 but is now near completion. We will be undertaking a large recruitment campaign to fill these vacancies shortly. In addition there are service redesigns being conducted for the Mental Health and Learning Disability service which will establish the final permanent staffing requirement. Covid 19 and the revised working practices has necessitated the need for extra resources.

C&H currently have 4 agency workers via Comensura, which have been here over 24 months. A number of initiatives have been implemented to focus on recruiting and retaining staff. We have implemented an apprenticeship scheme and offered enhanced training and development opportunities to attract and retain staff. We are working with the Teaching Partnership to get Assessed and supported year in employment (ASYE) social work applicants who can convert to permanent staff. We expect to significantly reduce our reliance on agency staff by October 2020.

3.3 Corporate Services

CS currently have 11 agency workers via Comensura, which have been here over 24 months and 1 from LGRP

Of the 11 agency workers, 10 are lawyers in the Shared Legal Service (SLLP) paid for by the five participatory boroughs; mainly in the property and procurement team where we compete with the private sector. We have an ongoing recruitment campaign but still have limited success in attracting permanent staff. We are looking at further temp to perm within SLLP and there is one in the pipeline. For the other Comensura agency worker, the work is demand based on the schools capital programme. For the LGRP interim, there have been difficulties in recruiting to vacant posts and whilst there has been some relaxation in government timescales for the accounts, we have worked closely with our External Auditor to ensure original deadlines are kept.

3.4 Environment and Regeneration

E&R currently have 11 agency workers via Comensura, which have been here over 24 months, 1 consultant and 1 from LGRP

Numbers have not reduced as much as anticipated because of the impact of Covid 19. This reflects Government advice and support for staff on interim / agency contracts. We shall be reviewing all positions as we move out of Lockdown and into recovery

Others are providing specialist skills or are covering [often short term] externally funded roles including capital schemes. 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.

4 Timetable

- 4.1 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.
- 4.2 We will endeavour to give the most up to date information we have available.

5 Financial, resource and property implications

- 5.1 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.

6 Legal and statutory implications

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

7 Human rights, equalities and community cohesion implications

- 7.1 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.

8 Crime and Disorder implications

- 8.1 None

9 Risk management and health and safety implications

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

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

- 10.1 Temporary Worker Register – May 2020

11 Background papers

- 11.1 None

This page is intentionally left blank