



Overview and Scrutiny Committee
17 April 2012

Staff Vacancies and Costs

Purpose of the report: Scrutiny of the Council's staffing budget and vacancies

Introduction:

1. The council has a staffing budget for 2012/13 of £288 million and this is to employ a total of 7,700 full time equivalent (FTE) employees. At any one point in time not all of these budgeted posts will be occupied by a permanent employee.
2. The standard contract for a council employee is 36 hours per week. This is classed as one FTE. The council do employ a large number of part time staff, and these are classed as a proportion of an FTE. For example, an employee contracted to work for 18 hours per week would be 0.5FTE.

Vacancies will occur when an employee leaves and a replacement has not been recruited. On some occasions these vacancies are covered by temporary employees who are referred to as complementary staff. These could be employed through an agency, or are bank staff who have a Surrey County Council contract with no guaranteed hours.

The Staffing Budget:

3. Within the 2012/13 budget, there are resources to employ 7,700 full time equivalent (FTE) staff. This is an average for the whole year, as different services will have different plans to alter their staffing levels during the year.
4. In cash terms this represents £288m and is based upon the number of FTEs on each grade within a service. This budget also covers any additional costs incurred for the employment of temporary workers to cover for sickness, maternity and vacancies.
5. In some services, where demand for services fluctuates on a seasonal basis, managers will plan to use complementary staff and the estimated cost for this is included in the budget.
6. The budget represents a cash envelope within which managers plan and fund their staffing levels.

Occupied FTEs:

7. The council's OM system records the number of occupied posts. At any one time it is very unlikely that all the funded posts will be occupied in all services. There will be vacancies caused by staff leaving the council's employment and replacements not having started.
8. The new Medium Term Financial Plan (MTFP) has set a target of £206m of savings over the next five years, 2012 to 2017. For the next financial year, the council needs to find savings of £71.3m. All services are looking at how to make these savings, and many will be reviewing their structures and staffing levels in the context of meeting these targets.
9. In these circumstances many managers will consider holding a vacancy when an employee leaves, rather than have to make a post redundant later on in the year. In some instances, the post may be filled temporarily by complementary staff to ensure service delivery. In other instances the manager will maintain the vacancy.
10. Table 1 below shows the number of occupied posts at the end of January 2012 for each directorate compared to the number of budgeted FTEs in the MTFP.

Table 1 – Comparison of 2012/13 Budgeted FTEs against occupied posts at 31 January 2012

Directorate	Occupied FTE Jan 2012	Budgeted FTE 2012/13	Variance to budget
ASC	1,773	2,116	343
CSF	2,399	2,663	264
C&C	1,476	1,474	-2
E&I	475	516	41
CEO	180	164	-16
C&E	783	767	-16
Total	7,086	7,700	614

11. This variance of 614 posts can be analysed into vacancies and budget changes. Table 2 shows the reason for the variance by directorate.

Table 2 – Analysis of FTE posts variance

Directorate	Vacancies	Reductions in Posts	Increase in posts	Other	Variance
ASC	399	-81		25	343
CSF	150	0	20	94	264
C&C	6	-8		0	-2
E&I	43	0		-2	41
CEO	1	-17		0	-16
C&E	40	-33		-23	-16
Total	639	-139	20	94	614

12. In January 2012 there were 639 vacancies across the directorates. In setting the budget and to achieve the savings targets, 139 posts have been removed.
13. Within Adult Social Care (ASC) the transfer of the Financial Assessments and Benefits Team from the Change & Efficiency Directorate (C&E), has increased the number of FTEs by 25.
14. Within Children's, Schools and Families (CSF) the ending of external contracts has led to 20 staff being transferred back to Surrey County Council. The budget for these was within the 'supplies and services' category in 2011/12, but becomes part of the staffing budget from 2012/13.

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15. Commercial Services are included within CSF. This is a service that uses complementary staff, such as bank staff, to manage changes in demand. Bank Staff are staff who have a contract with the council, but with no guaranteed hours. The hours they do work are irregular, so are therefore not included as the Occupied Posts. The budget for CSF includes funding for such staff, and is the equivalent of 94 FTEs.
16. Two insurance related posts have transferred from Environment & Infrastructure (E&I) to C&E.
17. The reduction of 23 posts for C&E is due to the transfer of 25 staff to ASC, and two staff from E&I.

Staffing Costs

18. The cost of permanent staff in the financial year to February 2012 (eleven months) was £232.3 million compared to £238.6 million for the same period during 2010/11 – a reduction of £6.3 million.
19. Over the same period (April 2011 to February 2012), the overall expenditure on complementary workforce (variable) costs was £22.5 million compared to £17.8 million for the same period during 2010. This is an increase of £4.7 million.
20. Overall the Council has achieved a total reduction of £1.6 million in the cost of staff between April 2011 and February 2012 compared to the same period during 2010/11.
21. Permanent staff are a fixed cost in the short term, and the use of complementary staff is a variable cost. The increased use of complementary staff provides managers with flexibility to manage their budgets and to deliver service outcomes in a period of financial restraint.

Conclusions:

22. The council makes provision in its budget for staffing costs, both permanent and complementary. The cash budget for each service is based upon the number of posts and set grades required.
23. Service managers are required to stay within the cash limit budget for their staffing. This includes the employment of complementary staff to cover for vacancies, other absences and changes in demand for services.
24. Complementary staff offer managers a flexible alternative to permanent staff.

Financial and value for money implications

25. None

Equalities Implications

26. None

Risk Management Implications

27. None

Implications for the Council's Priorities or Community Strategy

28. None.

Recommendations:

29. That the Committee notes and comments on the report.

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Sources/background papers: 2012/17 Medium Term Financial Plan