

Agency Staffing Update

Purpose of the report: Scrutiny of Services and Budgets; and Policy Development and Review

The report is a follow up to the agency staffing update report presented to the Board in July 2016.

Introduction

1. In July 2016, the Board were presented with a report on the progress of improvements to the council's agency worker arrangements.
2. Following this, the Board requested a policy on the appropriate use of agency workers and the first two quarterly monitoring reports for the Adecco contract.
3. Reference was also made to an HR project on flexible working arrangements that was commissioned to analyse the use of additional hours and was used to establish and inform the policy on the use of agency workers.

Developments in management and monitoring of agency workers

4. In September 2014, an internal audit of the council's agency worker arrangements noted that significant improvement was required both in the operation and use of the agency supply contract. A Management Action Plan (MAP) was developed and good progress was made at addressing the issues. Information on the MAP was provided to the Board in July 2016.
5. Subsequently, the following actions were taken:
 - A new framework provision for temporary workers was jointly procured and approved by Cabinet in September 2015
 - Adecco were awarded the contact for four years, with an option to extend year by year under an established procurement framework called MSTAR 2 which began in February 2016
 - The operational model adopted is called a 'hybrid' model, which means Adecco will fulfil general staffing roles, but 'hard to fill' roles will be sent immediately to the supply chain to fill
 - The strategic aims of the contract are now monitored through the quarterly strategic contract review meetings, chaired by the sponsors of the contracts across Surrey County Council and East Sussex County Council

Current approval processes for engaging temporary workers

6. We operate three ways in which services can engage temporary workers dependant on their needs
 - i. **Agency workers engaged via the Adecco contract**
Approval to engage agency workers via the Adecco contract is via locally agreed processes. A position number in the establishment is required along with a cost centre, length of assignment, pay rate (based on the Surrey pay structure) and the reason for vacancy prior to submitting an order through the online system hosted by Adecco. The first set of

monitoring reports (for quarters one and two of 2016-17) were available in November, analysis of which was presented at the quarterly strategic contract review meeting. Details on how HR intends to support and monitor this process further are contained within the rest of the report.

ii. Agency workers engaged directly

Approval to engage agency workers directly (off contract) are subject to a finance waiver process and Head of HR&OD approval. There is a requirement to show that the Adecco contract cannot supply the workers needed. Permission from the Head of HR has not previously been built into the waiver process. This process has been adjusted with immediate effect to ensure that the Head of HR&OD is provided with these requests for approval in order to challenge and scrutinise where necessary.

iii. Contractors, consultants and consultancy services

Approval to engage contractors, consultants or consultancy services are in accordance with Procurement and HR guidelines and a business case is required. Every request is sourced individually and will have a contract that will be issued and signed prior to the commencement of the individual. Reasons for using this process include the need for professional, specialist or technical expertise on a fixed term project basis. This process is being adjusted to ensure that the Head of HR&OD is provided with these requests prior to the relevant approval level being sought in order to challenge and scrutinise where necessary and verify that the contractor cannot be provided via the Adecco contract. Approval level is dependent on proposed spend with Leader approval required for any spend over £50,000 and an EU compliant tender process required for any spend over £100,000 in addition to Leader approval.

Analysis of temporary staff spend

7. Analysis has been conducted into the amount spent on temporary staff in relation to the Adecco contract, direct spend and comparing this with the overall staffing spend for each directorate.
8. The table below shows a high level analysis of permanent and temporary staffing spend (£M) which includes; the first two quarters of the year 2016-17, across different employment types:
 - Employed staff (includes permanent, fixed term, bank and casual)
 - Temporary staff (includes agency workers engaged via the Adecco contract and agency workers and contractors directly engaged by services)

	Employed staff (£M)			Temporary staff (£M)			OVERALL TOTAL SPEND
	Permanent & Fixed term	Bank & Casual	TOTAL	Direct agency	Agency via Adecco contract	TOTAL	
ASC	29.70	1.00	30.70	0.06	1.30	1.36	32.06
BUS	1.40	0.10	1.50	0.27	0.50	0.77	2.27
CEX	13.20	0.80	14.00	0.17	0.10	0.27	14.27
CSF	52.50	2.30	54.80	0.50	3.60	4.10	58.90
C&C	4.30	0.00	4.30	0.12	0.11	0.23	4.53
E&I	24.80	0.90	25.70	0.16	0.08	0.24	25.94
SCC	125.90	5.10	131.00	1.28	5.69	6.97	137.97

Note

- i. Employed staff figures are taken from the September 2016 workforce information report provided by finance.
 - ii. Temporary staff figures are taken from the quarterly report provided by Adecco (see annex 1) and the paid invoices analysis completed by Procurement that has been provided to the board.
9. The E&I spend of £204,000 in the Adecco report looked anomalous. The figure was cross referenced with the paid invoices analysis from Procurement which suggested that approximately £100,000 needs to be re-coded to the Contact Centre. The above table reflects the Adecco spend figures as per the analysis of the paid invoices. The potential miscoding is being reviewed and will be adjusted where necessary to ensure accurate future reporting.
10. The table below shows the total spend across the directorates as percentages of overall spend by type of worker for first two quarters of the year 2016-17.

	Employed staff %			Temporary staff %		
	Permanent & Fixed term	Bank & Casual	% of TOTAL SPEND	Direct agency	Agency via Adecco contract	% of TOTAL SPEND
ASC	92.6%	3.1%	95.8%	0.2%	4.1%	4.2%
BUS	61.7%	4.4%	66.1%	11.9%	22.0%	33.9%
CEX	92.5%	5.6%	98.1%	1.2%	0.7%	1.9%
CSF	89.1%	3.9%	93.0%	0.8%	6.1%	7.0%
C&C	94.9%	0.0%	94.9%	2.6%	2.4%	5.1%
E&I	95.6%	3.5%	99.1%	0.6%	0.3%	0.9%
SCC	91.3%	3.7%	95%	0.9%	4.1%	5.0%

Note

- i. The high usage of temporary staff within Business Services is attributed to the IMT service. This accounts for approximately 85% of the non-permanent spend within Business services (£0.5m via the Adecco contract and £0.2m via direct agency). Further information behind this spend is detailed below.

11. During the last 12 months the council has been undergoing a step-change in IT and digital capability. This change has been underpinned by the migration to an integrated Microsoft technology stack. Due to the scale and complexity of this change it has been necessary to temporarily augment the IT & Digital resource base with specialist agency resource. The use of temporary specialist resource has enabled delivery at relative pace, securely and without prolonged periods of service interruption. The temporary resource has provided expertise and experience that has accelerated design and delivery activities along with a responsive resolution of issues encountered during the course of the implementation. The deployment of new devices and O365 are now well underway and there will be a planned tapering down of specialist interim resource as the legacy solutions are retired and knowledge transfer is undertaken to establishment resources.

12. The table below shows the trend of temporary worker spend from the past three years. This includes agency workers engaged via the Adecco contract and agency workers and contractors directly engaged by services.

	2014-15	2015-16	2016-17 Q1&2
Temporary worker spend	£ 13,870,649	£ 14,628,773	£ 6,627,658

Note

- i. These figures were produced by Procurement based on paid invoices.

13. This shows that we are on course for a 2016/17 temporary worker spend of approximately £13.2 million, a reduction in overall use compared with previous years.

14. The table below shows the trend of permanent and temporary staffing spend (£M) which includes; the past two financial years and the first two quarters of the year 2016-17, across different employment types:

Year	Employed staff (£M)		Temporary staff (£M)	Overall total spend
	Permanent & Fixed term	Bank & Casual	includes direct agency and via Adecco contract	
2016-17 Q1 and Q2	125.9	5.1	6.9	137.9
2015-16	275.3	10.5	14.9	300.7
2014-15	277.7	10.7	13.4	301.5

Note

- i. Figures are taken from the workforce information reports provided by finance.

15. This shows that we are on course for a 2016/17 staffing spend of approximately £275 million, a reduction compared with previous years.

16. The table below shows the trend of spend across the council as percentages of overall spend by type of worker which includes; the past two financial years and the first two quarters of the year 2016-17, across different employment types:

Year	Employed staff		Temporary staff
	Permanent & Fixed term	Bank & Casual	includes direct agency and via Adecco contract
2016-17 Q1 and Q2	91.30%	3.70%	5.00%
2015-16	91.55%	3.50%	4.95%
2014-15	92.01%	3.55%	4.44%

Flexible working arrangements project – A summary

17. A review of the use of additional hours was carried out following a concern from the Statutory Responsibility Network that additional hours are not paid at the rate that includes holiday pay as regular additional hours can constitute contractual hours depending on the consistency.
18. Three teams (from Adults services; residential services for people with learning disability and the Reablement teams and the Children's Residential services) were identified as having claimed the most additional hours during 2014/15 and were approached for further information.
19. Findings from the project highlighted that the percentage of establishment based on additional hours and overtime is small (a range of 3-7% across the teams reviewed). The risks associated with the use of additional hours were identified and controls put in place to address them.
20. Feedback from the managers was that the use of additional hours and overtime is a good use of a flexible workforce and a sensible use of the available budget to meet the needs of the service users. Agency workers are rarely used by these teams.
21. The order of preference when addressing resourcing needs is to look at offering additional hours to current staff first whilst monitoring and controlling any risks. The use of bank workers is the next option and using agency workers should be seen as the final choice once all other options have been exhausted. This is reflected in the draft policy and guidance.

Draft policy and guidance

22. A draft policy and guidance document has been written (see annex 2) to support managers to determine the most appropriate and cost effective means to meet a short term need. The document details the options a manager must consider prior to the use of agency workers.
23. Information on the different options is already available on s:net and the policy will link to these sources.
24. The policy also details the implications and risks involved when using regular additional hours (overtime) for permanent staff. These hours could become contractual depending on their consistency and therefore this option requires careful consideration. Examples of controls that should be put in place to mitigate any risk are also included.
25. The document will be available to managers as part of the recruitment s:net pages and will be cascaded via leadership meetings.
26. Further feedback will be sought from service representatives via the Continuous Improvement and Productivity Network HR (CIPN HR) prior to finalisation and publishing.

Service workforce plans and agency worker scrutiny – What we are doing to improve monitoring

27. Work is continuing on the creation of service plans with workforce leads to achieve the appropriate use of agency workers and workforce planning. Alongside this, HR will be circulating to Heads of Services on a quarterly basis, reports of temporary worker spend and tenure highlighting any excessive spend and tenure above 6 months for their review and action.
28. Target spends will be proposed, based on the data analysis, to individual services that will take into account flexibility, recruitment challenges, peaks in demand, unexpected turnover and current development work. HR will work with services to support these plans with the aim of reducing agency worker usage and tenure of individuals.
29. The monthly dashboard reporting that is being established with Adecco will provide data on agency spend and tenure to help services with work force planning and monitoring usage.
30. HR will schedule a quarterly monitoring report on all temporary worker spend and tenure which will include agency workers via the Adecco contract, directly engaged workers and consultants for the boards review.

Audit of Adecco contract

31. The terms of reference for a review of the Adecco agency contract have been agreed with Internal Audit. The purpose of this audit is to consider the effectiveness of Adecco in providing suitable temporary staff and to ensure the use of temporary staff is monitored and controlled by HR management.
32. Audit fieldwork will commence in November 2016. It is anticipated that the findings and recommendations arising from this review will be reported to the Audit and Governance Committee in February 2017.

Recommendations

33. Officers ask that the Board:

- Note the data analysis and monitoring reports
- Note the policy and guidance
- Identify what data should be included in the quarterly monitoring report

34. Schedule an item on the Board's forward plan for the quarterly monitoring report to be presented that will detail the temporary worker spend and tenure by directorate.

Next steps

35. Officers will:

- Publish and cascade the policy and guidance following consultation with service representatives
- Continue to work closely with and support the services to monitor their temporary worker usage.
- Share monitoring reports and data analysis with Directors and Heads of Service to highlight usage and inform Service plans
- Agree target usage figures with services

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Sources/background papers: *Council Overview Board minutes from meeting on 6 July 2016 item 52/16*

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