SURREY
COUNTY COUNCIL

Council Overview Board
1 March 2017

Report of the Agency Staff Task Group

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

This report contains the findings and recommendations of the Council Overview Board task group that investigated the use of agency staff at the council and in particular in the IT & Digital Service.

Introduction

1. The Council Overview Board (COB) has, over the course of 18 months, requested data on the cost, type and tenure of agency staff employed at the Council. The Council has entered into a new framework contract with Adecco with new monitoring arrangements and a new policy on the employment of agency staff. At its December 2016 meeting, COB found that there were anomalies in the use of staff in the Business Services directorate and that spend on agency staff remains significant.

2. At the December 2016 meeting the Board recommended the creation of a task group to investigate the use of agency staff at the council and in particular in the IT & Digital Service. Eber Kington and Colin Kemp served in the group and met with officers on two occasions in January and February 2017.

3. The task group outlined six questions it wished to answer:

    1. The current cost of agency staff in IT & Digital
    2. What is the process and structure of decision making in regard to the employment and continued use of agency staff in IT & Digital and across services
    3. Whether this is a planned use of agency staff within an agreed and published staffing policy
    4. What measures are being taken to reduce this (use of agency staff in IT & Digital) and how will the service work with HR in the future to control off-contract use of agency staff; and
    5. How will the service work with HR in the future to control off-contract use of agency staff
    6. What are the costs elsewhere in Business Services and how are these being managed

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1. The Current Cost of Agency Staff in IT & Digital

4. COB had been advised in December 2016 that IT & Digital was spending 33.9% of its budget on agency staffing. However the Agency Staff Task Group was told by the Chief Information Officer (CIO) that the spend on agency staff for 2016/17 was actually 7.5%. This has subsequently been revised to an 8.6% agency staffing spend in Q1 and 2 of financial year 2016/17. The task group is now confident that the data collected by HR is accurate (the table below now provides accurate data for all Council

	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	95.7%	0.48%	96.2%	1.3%	2.4%	3.7%
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	92.2%	3.2%	95.4%	0.8%	3.6%	4.4%

directorates in the first two quarters of 2016/17)

5. At the first task group meeting the CIO explained that the data had been cleansed; hence the data presented was different to what had been previously seen by COB. Subsequent to the first meeting, and after further research, HR Advisors have confirmed that the Orbis staffing spend had not been included in the Business Services permanent staff figure presented to COB in December 2016. That meant the temporary staff spend was being compared with a disproportionately low overall spend therefore giving the high percentage within Business Services which was attributed to IT & Digital based on the Adecco spend. This was due to the workforce information report figures used being extracted from SAP which did not include the Orbis accounting codes.

6. The group was informed that, in terms of number of employees, there are currently 16 agency staff working within IT & Digital at a current cost of £850K. Members acknowledged that £850K in the context of IT & Digital's overall budget was relatively small, and that a significant decrease of agency staff usage since 2014/15 had been demonstrated by the service. However, with the current financial situation facing the organisation, the task group pointed out that it was still relevant to question whether any of these posts currently occupied by agency staff could be filled by directly employed staff instead at a lower cost.

2. What is the process and structure of decision making in regard to the employment and continued use of agency staff in IT & Digital and across services?

7. The Task Group asked for details as to how and when agency staff are employed in IT & Digital. The CIO explained that there were two potential situations where the usage of agency staff was considered; namely to fill permanent vacancies (currently three positions are filled by agency staff) or to augment the staff base when project work was being undertaken in order to manage existing and additional workload (currently 13 agency staff).

8. Officers explained that the recruitment process varied, dependent on the vacant role. It was explained that wherever possible, the existing workforce would be considered as a first choice. The decision of whether to advertise a post would be based upon a number of factors including the skillset required, the urgency of filling the role and the timescale of the work/ proposed tenure. The CIO reassured Members that the roles were not filled by agency staff as a knee-jerk reaction or a panic, and that workforce planning was continually undertaken.

9. The CIO advised that there is a standing "Project Management Office" (PMO) in IT & Digital that captures the requirements of the project from a resource and capability perspective. The PMO was responsible for prioritising resource by project, dependent on the skillset required, and it co-ordinates staff movement within the service to ensure the right people were in the right place. If required, an (agency) specialist would be brought in to analyse the project and scope the needs from a technology perspective. Officers explained that throughout this process, in-house secondments were considered as a first choice, followed by fixed term contracts (agency if necessary due to requirement of expertise), with consultancy being the last choice due to the additional costs this would incur.

10. At its second meeting the task group reviewed the IT & Digital PMO's methodology for dealing with projects from the council's services and the potential impact on their use of agency staff as a result. The Head of Projects & Innovation explained that requests for IT project work were first reviewed by the Tech Board within the originating directorate and that IT & Digital were able to assess and prioritise these projects and organise their resources accordingly on receipt of a customer request form (CRF). IT & Digital reported that they were able to challenge timescales and assumptions contained in CRFs. Projects were funded in a number of ways including from IT or service budgets.

11. Following the assessment of a project by the PMO and a Solutions Architect (sector specialist) a case may be made for the use of agency staff. This is decided with the service's Resource Managers in accordance with HR's *Short Term Resourcing Needs* policy document. The HR Contract Manager with responsibility for the Adecco contract confirmed that they meet with the Senior Commercial & Contract Manager for IT & Digital on a monthly basis to discuss agency spend, length of tenure, current people issues and any supply chain issues.

12. Following these discussions the task group were satisfied that there is a process for assessing the resourcing required for a project within IT &

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Digital and that HR policies form a part of this process when deciding to engage agency staff and in the review of agency staff employment.

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3. Whether this is a planned use of agency staff within an agreed and published staffing policy

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13. In terms of agency staff generally, the HR Project Advisor explained that the recruitment process had been reviewed and tightened. A revised Waiver Process has been implemented, which now features the requirement for the Head of HR & OD to challenge and sign off any off-contract spend as it arose. The aim is to avoid officers employing off the Adecco contract.

14. In addition Members were advised that the introduction of the *Short Term Resourcing Needs* policy document , which was presented to COB in December 2016, had helped drive direct-recruitment and allowed for joined up communication rather than dealing with agency and permanent recruitment processes separately.

15. HR reported in a written statement that the policy has been created to aid managers to identify any risks involved when addressing short term resourcing needs and how to control and mitigate those risks; in particular the need for a stable workforce and minimising the resource costs of temporary workers. It reinforces the options that managers need to consider before engaging temporary staff to fill current vacancies.

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4. What measures are being taken to reduce this (use of agency staff in IT & Digital) and how will the service work with HR in the future to control off-contract use of agency staff?

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16. Members enquired that if an agency staff role was for a one year fixed term contract, would recruiting directly employed staff be considered as the next step. HR officers indicated that it would be dependent on the role, the expertise and skillset required, although they aimed to directly recruit wherever possible.

17. The HR Director indicated that shorter contracts (anything under a one year fixed term) were typically not as attractive to candidates, as they tended to want guaranteed work for a longer period of time, therefore shorter term roles were usually offered to agency staff.

18. Members identified a high cost post on a tabled spreadsheet for which the tenure had exceeded more than two years. The CIO explained that the vacancy was filled this way at the time as it was considered a critical position. Upon appointment in April 2016, the CIO was aware that this role was filled by an agency worker, however given the planned changes to the configuration of Orbis, putting the role out for advert would have been a risk as a new recruit could then have been put at risk of redundancy if the position was removed during the reconfiguration process.

19. Members noted that the aforementioned post was scheduled to end imminently. The CIO explained that the contract had now been extended by two further months. Members raised concern as to whether this would

provide enough time to directly recruit and mobilise a replacement, given that it was likely that a new recruit would have a notice period to honour. The CIO acknowledged these comments and agreed that it could be a challenge, however forward workforce planning should reduce scenarios like this going forward.

20. Members enquired as to whether business cases for IT projects are reviewed for necessity or added-value, given the amount spent on projects is significant. The CIO explained that a lot of project work was demand-led and there was also a constant natural refresh cycle as technology reached the end of its life-span. Members were critical of the rationale behind some IT transformation work questioning the value they added and pointing out some occasionally detrimental impacts. This was exemplified, in their experience, by the switch from Good and Mobile-Iron to Office 365.

5. How will the service work with HR in the future to control off-contract use of agency staff?

21. Members explored the role of HR in the employment of Agency staff and whether their role had been too distant or ineffective in the past. At the initial witness session HR officers giving evidence were fairly recent employees and unable to provide an opinion about past practice. However they were clear that HR had recently been given a more prominent role in several ways (as outlined above in **3.**) stating that HR engagement had improved, particularly at an operational level, allowing for HR to act as a support function as part of joined up working with services.

22. In a written response HR further commented that the management of the Adecco contract for temporary staff was being improved with a number of initiatives and that these will provide longer term engagement between HR and council services to reduce agency staff usage:

   - The reporting capabilities and data provision now available from Adecco on agency spend and tenure helps services with work force planning and monitoring usage along with the HR Contracts Team.
   - As of November 2016, HR was reviewing all temporary worker spend and tenure which will include agency workers via the Adecco contract, directly engaged workers and consultants on a quarterly basis.
   - As part of work to improve workforce planning, HR was working with service leads to ensure we are using agency workers appropriately. Alongside this, HR Contracts Manager is meeting with Service Leads on a monthly basis to discuss reports on spend and tenure. HR will be circulating reports to Heads of Services on a quarterly basis, of temporary worker spend and tenure highlighting any excessive spend and tenure above 6 months for their review and action.

23. Members enquired at what point into a one year fixed term contract it would be decided to renew or extend the contract, or to allow it to come to a natural end. Officers clarified that for directly employed staff, the Employee Services team flag this up to the relevant service team when there was three months left on a contract to allow for a timely decision to

be made. For agency staff however, tenure was reviewed monthly at the monitoring meetings (between HR Contract Manager and the Senior Commercial & Contract Manager), acknowledging the fact that they would need enough time to decide if an agency staff member was required for a longer period of time due to project continuity. This monthly review also allowed for considerations to be made as to whether to advertise the post externally.

6. What are the costs elsewhere in Business Services and how are these being managed?

24. There are also a further 11 agency staff working within Business Services. All of these are Surrey County Council based and were sourced via the Adecco contract.

25. Referencing the points made above the task group were confident that the need for, tenure and cost of agency staff were closely monitored and reviewed. It has been previously reported to COB that the council was projected to spend less on agency staff in 2016/17 than in previous years.

Findings

a) The task group wishes to thank the officers involved in this investigation for their participation and for the evidence they have provided

b) The group acknowledges that much has changed in the council's use and management of agency staff following COB's on-going scrutiny of the issue and there was recognition from officers at the witness sessions of the financial pressures faced by the council

c) Following a request from COB in 2016 HR now have in place a written policy on the use of the agency staff (the *Short Term Resourcing Needs* document) and alongside a reinforced waiver process this aims to ensure consistent practice across the council

d) From the testimony of officers from HR and IT & Digital the group can observe increased and earlier involvement of HR in workforce planning with council services and noted the example of the monthly and quarterly monitoring meetings of the HR Contract Manager with service officers

e) As a result of the Council Overview Board and task group's scrutiny, more secure data has been provided on the number of agency staff employed by the council, their tenure, position and how much this costs as evidenced by the table at paragraph 4 and shows that data provided to COB showing a high level of agency spend in IT & Digital was incorrect

f) The group notes that the new policy framework and monitoring regime has been addressing COB's concerns and that today there are more efficient processes in place

Recommendations

- The CIO be asked to review the priority level of certain IT projects and if a project is considered to be non-urgent reduce the need for some agency roles going forward.

Next steps

- Ascertain whether staff in the council's redeployment pool can be considered for resourcing projects in non-specialist roles

- That the Council Overview Board receive an update on the use of agency staff in 2017/18

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Sources/background papers:
Task Group Scoping document
COB agenda papers 14 December 2016,
https://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?CId=432&MId=4528&Ver=4

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