



Report of: **Corporate Director of Finance and Resources**

| Meeting of: | Date | Agenda item | Ward(s) |
|------------------------|------------------|-------------|---------|
| Audit Committee | 24 January, 2017 | | |

Subject: Islington Council's use of Agency Workers

1 Synopsis

- 1.1 This report provides the Audit Committee with an up-date on the council's use of agency workers.

2. Recommendations

- 2.1 To note the information provided in this report.

3 Background

- 3.1 In 2013/14 a review was undertaken of the council's use of agency workers. A list of recommendations were agreed and considered by the Executive. The Executive agreed that a bi-annual update be provided on the council's use of agency workers and its implementation of the actions agreed by the Executive. This is the fifth such report.
- 3.2 In the fourth report it was noted that an analysis has been undertaken of the use of agency workers in all departments to identify how the long term annual average 10% target could be broken down between services which may have very different needs to use agency workers. This report provides a general update on agency use and on progress in respect of departmental targets.
- 3.3 In the fourth report it was established that the actions agreed by the Executive had been either completed or embedded on an on-going basis. This report therefore only provides a further update.

4 Spend on agency workers

4.1 Appendix 1 shows the spend on agency workers by department for the past 3 years and demonstrates a reduction between the period 2014/5 and 2015/16 of slightly less than £3/4m

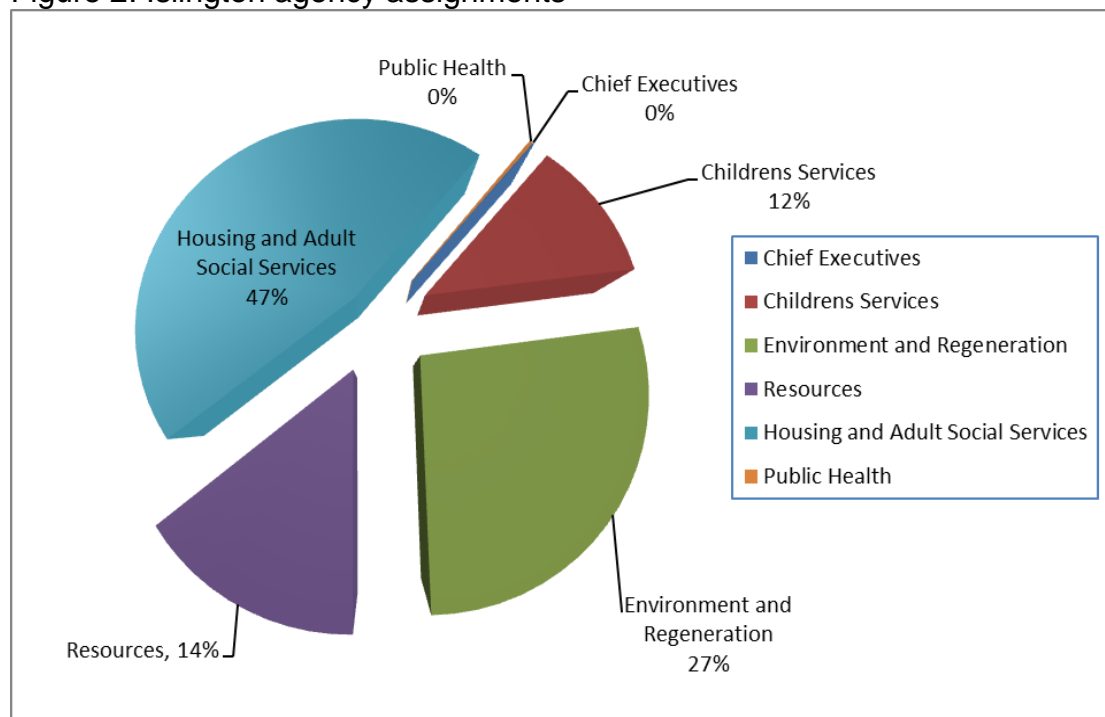
5 Use of agency workers

5.1 Figure 1: Use of agency workers compared to council employees

| | Live agency assignments through Comensura | Use of agency workers by full time equivalent | Agency workers as a percentage of the workforce | Agency workers as a percentage of the workforce based on fte |
|----------------|---|---|---|--|
| October 2016 | 763 | 689.32 | 14.04% | 13.75% |
| May 2016 | 720 | 666.37 | 13.6% | 12.48% |
| September 2015 | 807 | 719.91 | 14.7% | 13.09% |
| June 2015 | 972 | 900.46 | 17.39% | 17.00% |

As at 31st October 2016 there were 763 live agency assignments via the Comensura contract compared to the 720 in May 2016 and 807 reported to this committee in December 2015. It should be noted that an assignment does not equate to a full-time post, and can be as short as one day's work. The full time equivalent (fte) figure for these 763 assignments is 689.32 agency workers, which demonstrates a small increase from May this year. Based on headcount, agency workers made up 14.04% of Islington Council's workforce, as at 31st October 2016, (based on fte, it is 13.75%) compared to 17.39% reported in June 2015. This compares to an average figure of 14.7% (based on headcount) across all London councils. This London-wide figure relates to 2015/16.

Figure 2: Islington agency assignments



Source: Comensura: October 2016

On 31st October 2016, HASS had the highest number of live assignments, with 356 (compared with 363 in the last report to this committee), followed by Environment and Regeneration, with 205 (compared with 163 in the last report to this committee), Resources with 110, Children's Services with 89, Public Health with 2 and Chief Executive's Department with 1.

5.2 Use of agency workers by service

Figures for use of agency assignments by particular services as at the end of October 2016 are contained at Appendix 2. As explained above, this figure relates to the number of occasions on which agency workers have been engaged, not the full-time equivalent figure

5.3 Average length of assignment

The average agency worker has been at the council for 368 days (12 months). 250 agency workers have been at the council for longer than 12 months, which equates to 32.76% of assignments. This is a major improvement from the last time this was reported to this committee, when the figure was 411 agency workers, which equated to 35.69% of assignments.

5.4 Types of assignments undertaken

Appendix 3 sets out the roles undertaken by agency workers, shown by department, based on the October snapshot report. The categories of roles are those available for selection when entering an assignment in the Comensura system.

- In the Public Health and Chief Executive's Department, agency workers are used mostly to cover professional staff.
- In Children's Services the majority of cover is for qualified or unqualified social care staff, who also make up a substantial part of the contingent labour in HASS.
- In HASS, organisational changes are planned and agency workers are being engaged until there is clarity around staffing needs, at which point the number of agency workers is expected to reduce. This may account for the relatively high number of agency workers categorised as administrative and clerical workers in that department at present.
- In December 2015, in E&R the most common category of agency assignment, manual labour, stood at 183, which has reduced to 154 in October 2016. E&R reports that the fte equivalent for this type of worker represents 118, with the overall number standing at 165. The position has remained relatively stable following the reductions seen in the previous reporting period, and the number of agency staff is expected to further reduce after February 2017, when the Village Principle is phased in.
- In Resources, agency workers are most commonly used in technical roles and there is a focus on reducing the use of these agency workers, with campaigns currently under way to recruit to permanent and fixed-term contracts. Once this recruitment has been completed, the use of agency workers is also expected to reduce.

5.5 Progress towards meeting departmental targets

The analysis of service requirements for agency workers has led to the following departmental targets for use of agency workers to enable the long-term annual average 10% target to be achieved. The agency worker strategy identifies a medium term target of 11.7% based on departmental use figures and actions underway to reduce use. Current progress on these targets is set out below.

| Department | Target % | Current Performance % |
|--|-----------------|------------------------------|
| Chief Executive's | 2.5 | 1.92 |
| Children's Services | 9.5 | 7.9 |
| E&R | 12 | 14.62 |
| Resources | 10 | 10.76 |
| HASS | 16 | 19.93 |
| Public Health | 3 | 4.44 |
| Medium term annual average target | 11.7 | 14.04 |

As the Public Health department is small, use of a small number of agency workers can amount to a quite high percentage. The department regularly has no agency workers at all so the significant discrepancy shown in the table does not represent the typical use of agency workers. In addition, both of the current agency assignments in Public Health are funded entirely from the Camden budget to deliver Camden-specific projects.

6 Factors expected to impact the use of agency workers

- 6.1 In the Autumn Statement, the much anticipated reforms to the IR35 legislation were confirmed. These provide for shifting the responsibility of applying IR35 from Personal Service Companies to the party who pays the Personal Service Company. IR35 is a set of rules designed to ensure that individuals working for a client through an intermediary (such as a personal service company) pay roughly the same amount of tax and National Insurance contributions, as if they had been directly employed. This change is designed to move as many public sector contractors as possible to be 'on payroll' and therefore considered for tax purposes to be the same as an employee. In the case of contractors who, applying the IR35 criteria, are not deemed to be 'on payroll', and who can therefore still operate as contractors, the 5% tax-free allowance will be removed. These reforms may result in a reduction in the number of agency workers.

ACTION: Monitor the impact of reforms to IR35 legislation on the number of agency workers.

7 Proposal for further work to reduce the use of agency workers

- 7.1 A list of the agency workers in each department is sent to the relevant Corporate Director every month, to give them the opportunity to review the use of agency workers regularly. This month, this list has been accompanied by some narrative which highlights the length of some of the contracts and the nature of some of the roles being undertaken by agency workers. HR Business Partners have been asked to engage directly with senior managers to assess whether the most appropriate resourcing route is being followed, starting with the longest contracts and Corporate Directors have been asked to encourage managers to consider whether fixed-term or permanent contracts may be more relevant, particularly where the need for the skills or capacity is longer-term.

ACTION: Human Resources to continue to engage constructively with senior managers to assist them in reviewing their approach to the use of agency workers.

- 7.2 Agency workers are often used to fill gaps until recruitment to permanent or fixed-term contracts bears fruit.

ACTION: It is proposed to carry out analysis of the timescales of the various stages of recruitment campaigns to identify if any delays are occurring. If delays are affecting the time taken to appoint to permanent or fixed-term roles, appropriate action should be taken to reduce them. This may include providing additional training for managers or reviewing procedures.

8 Recommendation

As the actions agreed by the Executive in 2013 have now either been completed or are embedded on an on-going basis, and the actions proposed above form part of the on-going work in Human Resources, the committee may wish to consider whether the council's use of agency workers still merits monitoring by the Policy and Performance Scrutiny Committee.

9 Implications

Financial implications:

None arising directly from this report.

Legal Implications:

None arising directly from this report.

Environmental Implications:

None

Resident Impact Assessment:

No resident impacts arise directly from this report. An equalities analysis of agency workers as at 31st October 2016 is set out below:

Gender

The gender balance of the agency workforce closely matches the directly employed workforce: 53.2% of agency workers are male, compared to 48.3% of council employees.

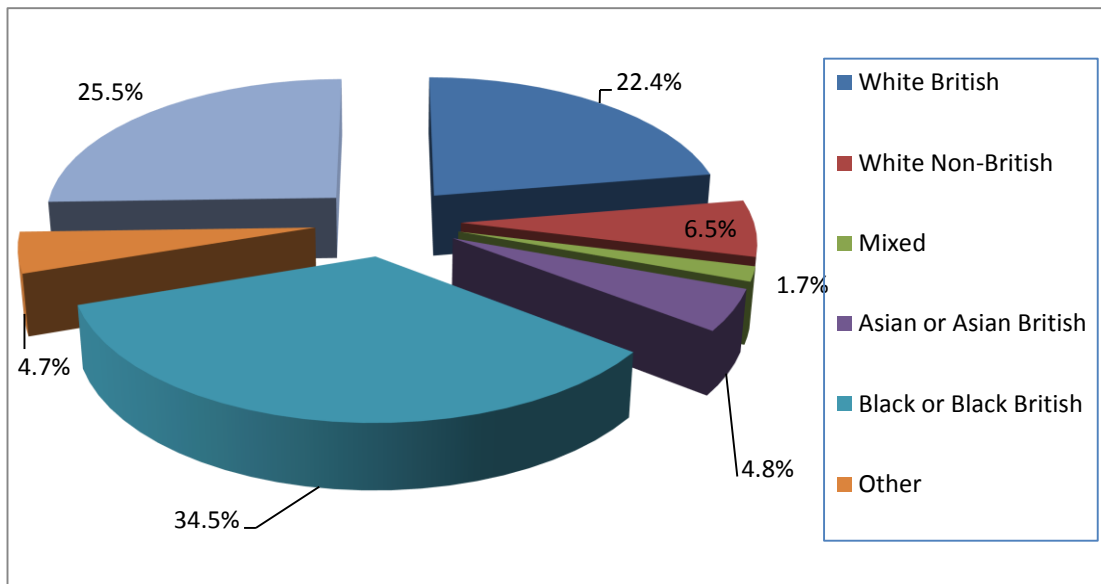
Disability

The percentage of agency workers declaring a disability is 1.00%, which is significantly lower than the figure for directly employed staff, which is 7.69%.

Ethnicity

Agency workers are more ethnically diverse than the permanent workforce, with 45.7% of agency workers coming from BME groups compared to 41.00% of directly employed staff. There is a large percentage (25.5%) of Agency staff who prefer not to declare their ethnicity.

Figure 3: Ethnic breakdown of agency workers



Source: Comensura: October 2016

Age

The age distribution of the agency workforce is set out in the table below. The agency workforce is younger than the Council's: 6.6% of agency workers are under 25 compared to 3.64% of directly employed staff.

Figure 3: Age profile of agency workers

| 16-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ |
|-------|-------|-------|-------|-------|------|
| 6.6% | 24.9% | 26.8% | 29.3% | 10.9% | 1.5% |

Source Comensura: October 2016

9 Conclusion

Use of agency workers is stable and below the average across London councils. Scrutiny of the number of agency workers continues and efforts are on-going to reduce their use, which has resulted in a significant reduction in spend.

The actions agreed by the Executive have been completed and/or embedded, and further actions have been proposed as part of the on-going work of the Human Resources function, working alongside service managers.

Final report clearance:



Signed by:

Director of Human Resources

Date 9th January,
2017

Received by:

Head of Democratic Services

Date

**Report
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Appendix 1

Spend on agency workers from November 2015 to October 2016

| Year Period | Spend by Directorate | | | | | | Total Spend |
|--------------------------|----------------------|--------------------|------------------------------|---------------------|-----------------------------------|-----------------|--------------------|
| | Chief Executives | Childrens Services | Environment and Regeneration | Finance & Resources | Housing and Adult Social Services | Public Health | |
| November 15 - October 16 | £526,101 | £3,845,127 | £5,506,032 | £5,078,407 | £12,001,568 | £107,836 | £27,065,071 |
| November 14 - October 15 | £415,499 | £4,200,612 | £6,262,262 | £4,531,437 | £12,311,011 | £76,953 | £27,797,773 |
| November 13 - October 14 | £527,575 | £3,503,109 | £6,703,345 | £4,111,210 | £9,831,405 | £173,995 | £24,850,639 |
| Total | £1,469,175 | £11,548,848 | £18,471,639 | £13,721,054 | £34,143,984 | £358,784 | £79,713,483 |

Appendix 2:

Number of agency worker assignments by council service

| | | |
|-------------------------------------|--|------------|
| Chief Executives | | 1 |
| | Business Support Unit | 1 |
| Childrens Services | | 89 |
| | Business Support Services | 1 |
| | Children and Families | 1 |
| | Children In Need | 29 |
| | Children Looked After | 11 |
| | Childrens Services | 2 |
| | Commissioning and Business Support | 18 |
| | Partnerships and Employability | 1 |
| | Play and Youth Service | 3 |
| | Project Team | 4 |
| | Pupil Services | 6 |
| | Safeguarding and Quality Assurance | 1 |
| | School Improvement Alternative Provision | 1 |
| | Strategy and Commissioning | 6 |
| | Targeted and Specialist Children and Family Services | 2 |
| | Targeted Youth Support and Youth Offending | 2 |
| | Workforce Development | 1 |
| Environment and Regeneration | | 205 |
| | Building Control | 3 |
| | Cemetery Service | 1 |
| | Development Control | 15 |
| | Development Management | 1 |
| | Education Library Service | 1 |
| | Environmental Services | 1 |
| | Greenspace and Leisure | 3 |
| | Library and Heritage Service | 2 |
| | Planning and Development | 1 |
| | Public Realm | 2 |
| | Street Environmental Services | 158 |
| | Street Management | 12 |
| | Street Works | 1 |
| | Trading Standards | 1 |
| | Traffic and Engineering | 2 |
| | Waste Management and Enforcement | 1 |
| Resources | | 110 |
| | Accommodation and Facilities | 33 |
| | Corporate Health and Safety | 1 |
| | Customer Services | 15 |
| | Customer Services Unit | 1 |
| | Digital Services | 37 |

| | | |
|--|--|------------|
| | Facilities | 1 |
| | Human Resources (HR) | 5 |
| | Legal Services | 2 |
| | Networks | 2 |
| | Property and Procurement | 2 |
| | Property Services | 3 |
| | Revenues - Council Tax and Business Rate | 6 |
| | Scrutiny and Democratic Services | 1 |
| | Service Finance | 1 |
| Housing and Adult Social Services | | 356 |
| | Administration Drayton | 1 |
| | Adult Social Care | 1 |
| | Allocation | 1 |
| | Camden and Islington Mental Health | 1 |
| | Capital Programme Delivery (HASC) | 26 |
| | Central Admin (HASC) | 4 |
| | Central Services (HASC) | 2 |
| | Community Services | 126 |
| | DLO | 17 |
| | HFI Legal Disrepair (HASC) | 13 |
| | Highbury House Area Office | 1 |
| | Holland Walk (Caretakers) (HASC) | 3 |
| | Holland Walk (HASC) | 3 |
| | Home Ownership Unit (HASC) | 2 |
| | Housing Direct | 10 |
| | Housing Needs and Strategy | 6 |
| | Housing Operations | 19 |
| | Housing Property Services | 4 |
| | Human Resources | 1 |
| | Investigations And Interventions | 1 |
| | Islington Adult Integrated Community Service | 3 |
| | Islington Re-Hab Team | 1 |
| | Joint Services | 58 |
| | Learning Disabilities | 3 |
| | Mental Health | 5 |
| | Mental Health Service | 1 |
| | Mental Health Trust | 1 |
| | Old ST AO (HASC) | 2 |
| | Old St Ao Caretakers (HASC) | 1 |
| | Partnerships | 2 |
| | Planned Maintenance Repairs (HASC) | 5 |
| | Productivity and Compliance | 15 |
| | Property Services | 2 |
| | Property Services Repairs | 4 |
| | Rent Arrears (HASC) | 1 |
| | Repairs and Maintenance | 4 |

| | | |
|----------------------|--------------------------|------------|
| | Senior Management Team | 2 |
| | Sensory Team | 3 |
| | Transformation Programme | 1 |
| Public Health | | 2 |
| Public Health | | 2 |
| Grand Total | | 763 |

Appendix 3 - Agency worker roles

| | Chief Executives | Childrens Services | Environment and Regeneration | Resources | Housing and Adult Social Services | Public Health | Grand Total |
|---------------------------------------|------------------|--------------------|------------------------------|------------|-----------------------------------|---------------|-------------|
| Admin and Clerical | 1 | 24 | 13 | 6 | 25 | 1 | 70 |
| Education | 0 | 9 | 0 | 0 | 0 | 0 | 9 |
| Engineering and Surveying | 0 | 0 | 6 | 3 | 41 | 0 | 50 |
| Facilities and Environmental Services | 0 | 0 | 13 | 1 | 4 | 0 | 18 |
| Financial | 0 | 3 | 0 | 1 | 2 | 0 | 6 |
| Housing Benefits and Planning | 0 | 0 | 3 | 19 | 46 | 0 | 68 |
| Human Resources | 0 | 0 | 0 | 4 | 1 | 0 | 5 |
| Information Technology | 0 | 1 | 0 | 6 | 1 | 0 | 8 |
| Interim Executive | 0 | 0 | 0 | 32 | 4 | 0 | 36 |
| Legal | 0 | 2 | 0 | 2 | 2 | 0 | 6 |
| Management | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Manual Labour | 0 | 0 | 154 | 33 | 11 | 0 | 198 |
| Marketing | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Social and Healthcare Qualified | 0 | 43 | 0 | 0 | 70 | 1 | 114 |
| Social and Healthcare Unqualified | 0 | 7 | 0 | 2 | 116 | 0 | 125 |
| Trades and Operatives | 0 | 0 | 16 | 0 | 32 | 0 | 48 |
| Grand Total | 1 | 89 | 205 | 110 | 356 | 2 | 763 |