

**Resources Department
7 Newington Barrow Way, London N7 7EP**

Report of: Corporate Director of Finance and Resources

Meeting of:	Date	Agenda item	Ward(s)
Policy and Performance Scrutiny Committee	20 th July, 2017		

Delete as appropriate	Exempt	Non-exempt
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Subject: Islington Council's use of Agency Workers

1 Synopsis

- 1.1 This report provides the Policy & Performance Scrutiny Committee with an update on the council's use of agency workers.

2. Recommendations

- 2.1 To note the information provided in this report.

3 Background

- 3.1 The Policy & Performance Scrutiny Committee undertook a review in 2013/14 of the council's use of agency workers. The Committee agreed a list of recommendations which were considered by the Executive. The Executive agreed that a bi-annual update be provided to the committee on the council's use of agency workers and its implementation of the actions agreed by the Executive in response to the Committee's recommendations. This is the sixth such report and provides an update on the progress being made.

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 significant reduction from the 12 months to October 2015 to the past 12 months (up to June 2017), equating to over £1m.

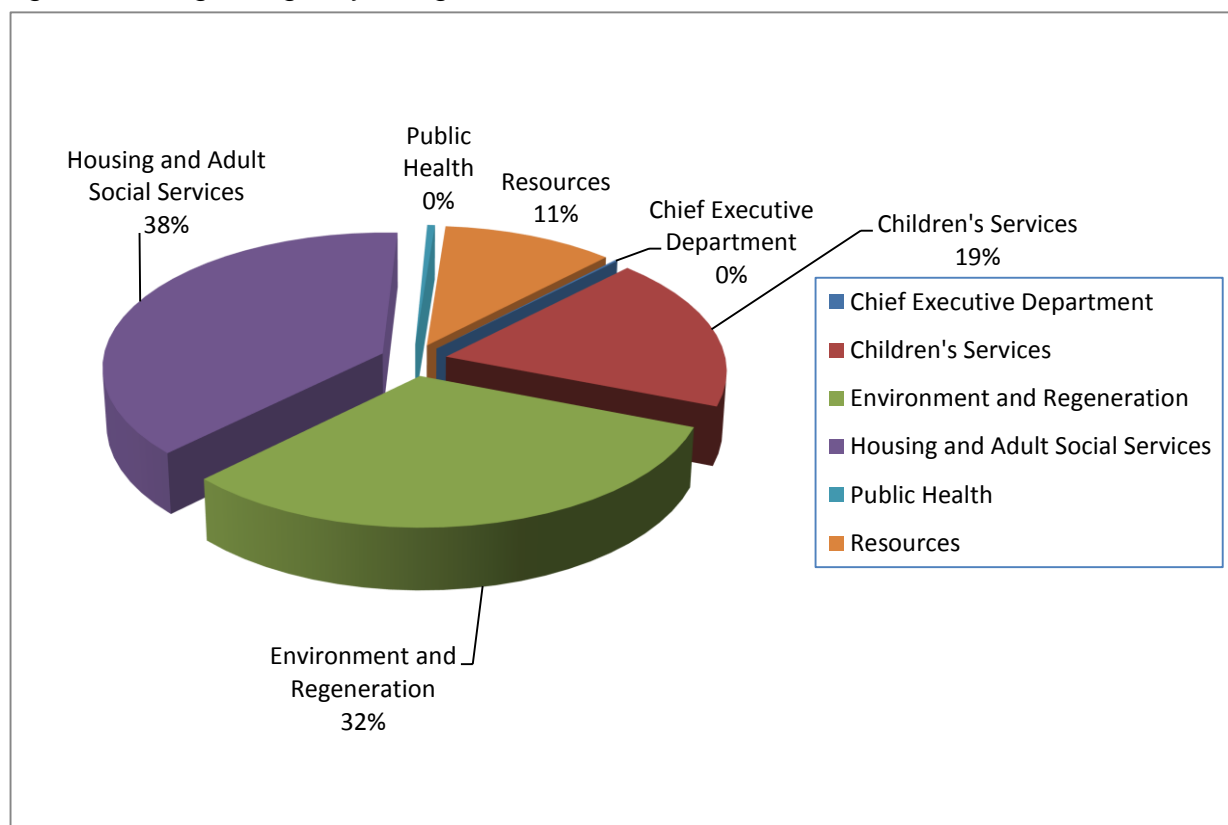
5 Use of agency workers

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
June 2017	611	559.17	12.94%	11.91%
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%

On 30th June, 2017 there were 611 live agency assignments via the Comensura contract compared to 763 on 31st October, 2016 and 720 on 31st May, 2016. It should be noted that an assignment does not equate to a full-time post. The full time equivalent (fte) figure for these 611 assignments is 559.17 agency workers, which demonstrates a significant reduction since the last report to this committee, showing the figures from 31st October 2016. Based on headcount, agency workers made up 12.94% of Islington Council's workforce as at 30th June, 2017 (based on fte, it was 11.91%) compared to 14.04% of Islington Council's workforce as at 31st October 2016. This compares to an average figure of 14.47% (based on headcount) across all London councils in 2016/17.

Figure 2: Islington agency assignments for June



Source: Comensura: June 2017

On 30th June, 2017, HASS had the highest number of live assignments, with 299 (compared with 356 in the last report to this committee), followed by Environment and Regeneration, with 212 (compared with 205 in the last report to this committee), Children's Services with 121, Resources with 89, Public Health with 3 and the Chief Executive's Department with 1. Clearly HASS and E&R are the council's largest departments and provide many services which must be highly responsive to residents' needs.

5.2 Use of agency workers by service

Figures for use of agency assignments by particular services as at the end of June 2017 are shown 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 length of agency worker assignment is 404 days (13 months). 237 agency workers have been engaged for longer than 12 months, which equates to 35.70% of assignments. This is comparable to the level last reported to this committee, when the figure was 250 agency workers, equating to 32.76% of assignments.

5.4 Types of assignments undertaken

There is a concerted effort on the part of managers across all departments to adopt alternative resourcing options, in order to reduce the number of agency workers engaged. This has already borne fruit, as can be seen by the reduction in the use of agency workers. It should be noted that levels of recruitment have reached an unprecedented level and there will be a need to stagger the campaigns, as the resources do not exist in the council's Recruitment Team to manage all of them at once.

Appendix 3 sets out the roles undertaken by agency workers, shown by department, based on the June 2017 snapshot report. The categories of roles are those available for selection when entering an assignment in the Comensura system.

- In the Public Health and the Chief Executive's Department, agency workers are used mostly to cover professional staff, such as the current communications role in the Chief Executive's Department.
- 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 on-going 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 even further. 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 159 in June 2017. The position has remained relatively stable following the reductions seen in the

previous reporting period. Managers continue to seek to reduce the use of agency workers by pursuing alternative resourcing options and by focusing on reducing sickness absence.

- In Resources, the highest use of agency workers is also in the category of manual labour. There is a focus on reducing their use, with campaigns currently under way to recruit to permanent and fixed-term contracts, and projects to explore different ways of working.

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	2.08
Children's Services	9.5	9.44
E&R	12	16.92
Resources	10	8.62
HASS	16	17.08
Public Health	3	5.55
Medium term annual average target	11.7	13.38

As the Public Health department is small, use of a small number of agency workers amounts to a quite high percentage. In addition, both of the current agency assignments in Public Health are funded entirely from the Camden budget to deliver Camden-specific projects.

6 Reducing the use of agency workers

6.1 IR35

In April, the much anticipated reforms to the IR35 legislation were introduced. These shifted the responsibility of paying tax and National Insurance contributions from agency workers engaged through Personal Service Companies to the party contracting with the Personal Service Company in circumstances where the worker's engagement resembled that of an employee. This change was 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. The reforms put some strain on service delivery but, as anticipated, also contributed to a reduction in the number of agency workers, as

they prompted managers to think a little more creatively about resourcing options.

6.2 Management Information

Considerable work has been done to provide management information that will give managers a clear picture of their use of agency workers. The information made available by the provider, Comensura, historically has been in the form of 'snapshot' reports, which showed the use of agency workers only on the final day of every month. In addition, the business structure on the provider's system was out of date. Now managers are receiving monthly reports which reflect the use of agency workers (both in the format of the number of assignments and the number of full-time equivalent workers) throughout the course of the month, and structures have been amended so they are accurate.

6.3 Principles and scrutiny

The Director of Human Resources is currently working with the Chief Executive, Corporate Directors and the Executive Member for Finance, Performance and Community Safety to develop a set of principles to act as parameters for the use of agency workers. These principles will provide guidelines and, coupled with increasing scrutiny of the deployment of agency workers, will be used to reduce their numbers.

6.4 Improving recruitment

As agency workers are often used to fill gaps until recruitment to permanent or fixed-term contracts bears fruit, HR has been working closely with service managers to support more effective recruitment processes. This includes :

- Introducing a streamlined recruitment process, which will also allow for establishment records to be accurately maintained and budgets to be monitored. This process has been developed into an e-form to make the process even more user-friendly, which it will be possible to implement as soon as resources in Digital Services are available (at present that timeframe is unknown);
- Developing a 'People Dashboard' so that at all times managers have at their fingertips access to accurate, up-to-date information on progress with recruitment campaigns, the number of agency workers engaged and levels of sickness absence. The Dashboard is ready to be implemented as soon as resources in Digital Services are available (at present that timeframe is unknown);
- Holding regular 'recruitment roundtable' meetings with managers in services where there are high levels of recruitment, to ensure there are no obstacles to recruitment campaigns;
- Bringing Finance colleagues into meetings with managers to clarify budget issues;
- Working with managers to develop alternative approaches to recruitment, to reflect different sectors of the employment market and make jobs accessible to the right candidates.

6.5 Other measures to reduce the use of agency workers

A number of other issues can have an impact on the use of agency workers, including the salaries and benefits offered, ways of working and absence levels. Work currently underway to address these issues include :

- Providing advice to ensure that remuneration levels do not form a barrier to permanent recruitment, recommending the appropriate use of job evaluations and market supplements;
- Developing a compendium of the benefits offered by the council to assist in attracting the talent required to deliver services;
- Researching how different ways of working, such as annualised hours, may meet resourcing needs and reduce the use of agency workers;
- Working with managers to reduce sickness absence, including a project to provide focused support in a particular service, and a review of the Managing Attendance policy, to make it more user-friendly. In addition to this, a spotlight has been shone on the provision of the Occupational Health service, and this scrutiny is greatly improving the service received.

7. Improved management of the agency workers contract

7.1 The Director of Human Resources has been increasing the focus on the management of the current contract to reduce the dependence on temporary labour, as well as to deliver cost savings and efficiencies. This work has recently provided the following information to aid decision-making :

- Assignments in each department exceeding 3 year's duration;
- Hours worked for each assignment over the standard Islington 35 hour week;
- List of rates paid by assignment in excess of the rate card charge for the role.

The proposal has been made that departments should seek to reduce the long term reliance (over 12 months) on agency workers by first reviewing those that have been on assignments for more than 3 years, followed by assignments over 2 years and then 1 year. There are also potential savings in the region of £1.6m per annum to be achieved from reducing the hours of all agency workers to 35 per week. There is an additional potential saving of £1.1m per annum arising from reducing the rates to standard rates for the role or reducing the hours worked, to bring the cost of the assignment within the budget for the role. In certain instances there will be reasons why agency workers are required to work in excess of 35 hours per week or why it is necessary to pay an hourly rate in excess of the rate for the job, but even achieving 50% of the savings identified would deliver in the region of £1.35m per annum.

7.2 HR colleagues are working with the provider to manage extensions to assignments more effectively. From September, all assignments will have a single quarterly end date. This will provide sufficient time to circulate, with four weeks' notice, the list of all assignments ending in the quarter, and to review progress with permanent recruitment requests. The quarterly end date will be aligned to the quarterly review report and the provision of management information from the provider.

8. Procurement of a new agency workers' contract

8.1 The current agency workers' contract expires at the end of January 2018. Committee agreement was given to a mini tender under the YPO framework, Lot 1 for managed labour. The Corporate Director for Resources has delegated authority to award a new contract, in consultation with the Executive Member for Finance, Performance and Community Safety. The reasons for choosing this procurement route are that it provides:

- A framework of pre-assessed providers that includes the current provider;
- It enables the council to bring into the contract the current approximate £1.5m spend on senior interims that is currently off-contract;
- There is an option to use the contract for permanent recruitment;
- The contractor will partner with the Council to deliver its social value aims to help more local people into employment;
- There is a financial incentive for using this framework in the form of an annual dividend, which will provide approximately £54K on the current level of spend on agency workers.

8.2 The invitation to tender will be released in July and the contract will be awarded at the end of September, with the new contract will starting on 1st February, 2018. HR colleagues have engaged with managers to identify their requirements of a future contract. The results of focus groups and an on-line survey have informed the supplier engagement events and the preparation of the tender document. Suppliers were invited to engagement events in June and were asked to make presentations setting out their view of the current market, including how they are delivering social value, and how they can deliver a diverse range of temporary skills. Service managers were also invited to attend to ask questions of the prospective suppliers. The discussions and questions and answers from these events have informed the service specification that is being drafted.

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 30th June, 2017 is set out below:

Gender

The gender balance of the agency workforce closely matches the directly employed workforce: 48.6% of agency workers are male, compared to 48.5% of council employees.

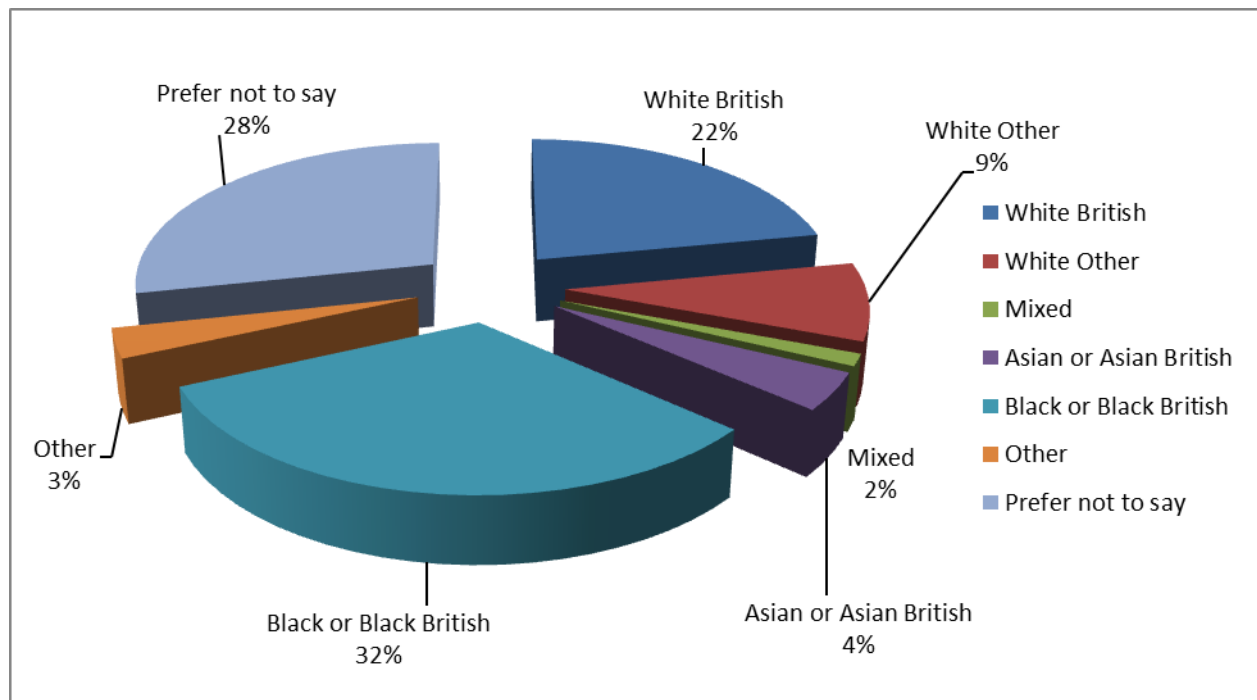
Disability

The percentage of agency workers declaring a disability is less than 1.00%, which is significantly lower than the figure for directly employed staff, which is 8.26%.

Ethnicity

The diversity of agency workers and the directly employed workforce is identical in respect of BME groups with 41% in each. There is a large percentage (28.3%) of agency staff who prefer not to declare their ethnicity.

Figure 3: Ethnic breakdown of agency workers



Source: Comensura June 2017

Age

The age distribution of the agency workforce is set out in the table below. The agency workforce is younger than the Council's: 4.8% of agency workers are under 25 compared to 3.49% of directly employed staff.

Figure 3: Age profile of agency workers

16-24	25-34	35-44	45-54	55-64	65+
4.8%	25.3%	26.1%	30.6%	11.4%	1.7%

Source Comensura: June2017

10 Conclusion

Use of agency workers is reducing and below the average across London councils. As this report demonstrates, efforts are increasingly being made to reduce the engagement of agency workers, which have resulted in significant reductions in deployment and spend.

The actions agreed by the Executive have been completed and/or embedded, and further actions are planned.

Final report clearance:

Signed by:

Corporate Director of Resources

Date

Received by:

Head of Democratic Services

Date

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Appendix 1

Spend on agency workers from November 2015 to June 2017

Spend by Directorate							
Year Period	Chief Executive's	Children's Services	Environment and Regeneration	Resources	Housing and Adult Social Services	Public Health	Total Spend
July 2016 - June 2017	108,441	4,445,748	6,083,453	5,053,308	10,827,034	263,679	26,781,664
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	£1,577,616	£15,994,596	£24,555,092	£18,774,362	£44,971,018	£622,463	£106,495,147

Appendix 2: Number of agency worker assignments by council service

Agency worker assignments by service for June 2017

Chief Executive Department		1
	Communications and Change	1
Children's Services		121
	Employment, Skills and Culture	8
	Learning and Schools	10
	Partnerships and Support Services	2
	Safeguarding and Family Support	91
	Targeted, Specialist Children and Family Services	4
	Youth and Community	6
Environment and Regeneration		212
	Planning and Development	22
	Public Protection	3
	Public Realm	187
Housing and Adult Social Services		299
	Adult Social Care	108
	Community Services	58
	Directors Support Unit	2
	Housing Needs and Strategy	8
	Housing Operations	33
	Housing Property Services	90
Public Health		3
	Public Health	3
Resources		89
	Digital Services	23
	Financial Management	2
	Financial Operations and Customer Service	51
	Human Resources	2
	Law and Governance	10
	Service Finance	1
Grand Total		725

Appendix 3 - Agency worker roles

Job Categories of staff during June 2017 at
30th June

	Chief Executive's Department	Children's Services	Environment and Regeneration	Housing and Adult Social Services	Public Health	Resources	Grand Total
Admin and Clerical	1	29	6	25	0	5	66
Education	0	8	0	0	0	0	8
Engineering and Surveying	0	0	5	35	0	0	40
Facilities and Environmental Services	0	0	20	2	0	4	26
Financial	0	3	0	0	0	0	3
Housing Benefits and Planning	0	0	5	38	0	14	57
Human Resources	0	0	0	1	0	2	3
Information Technology	0	0	0	1	0	1	2
Interim Executive	0	3	0	3	0	22	28
Legal	0	0	0	3	0	8	11
Manual Labour	0	0	159	8	0	31	198
Procurement	0	0	0	0	0	2	2
Social and Healthcare Qualified	0	66	0	63	3	0	132
Social and Healthcare Unqualified	0	12	0	86	0	0	98
Trades and Operatives	0	0	17	34	0	0	51
Grand Total	1	121	212	299	3	89	725

Appendix 4: List of FTEs and Active assignments throughout June 2017

		Jun-17
Chief Executive's Department	FTE (35 hr week)	1
	# Active Assignments	1
Children's Services	FTE (35 hr week)	89.4
	# Active Assignments	139
Environment and Regeneration	FTE (35 hr week)	182.7
	# Active Assignments	216
Housing and Adult Social Services	FTE (35 hr week)	221
	# Active Assignments	350
Public Health	FTE (35 hr week)	0.7
	# Active Assignments	6
Resources	FTE (35 hr week)	60.9
	# Active Assignments	93
LBI Total	FTE (35 hr week)	556
	# Active Assignments	805