



Report of: Director of Human Resources

Meeting of:	Date	Ward(s)
Policy and Performance Scrutiny Committee	4 November 2021	All
Delete as appropriate		Non-exempt

Subject: Islington Council's use of Consultants, Interims and Agency Workers

1. Synopsis

- 1.1 This report provides the Policy and Performance Scrutiny Committee with an update report following the last report on 10 June 2021 on the Council's contract with Reed for the supply of consultants, interims and agency workers (collectively known as contingent workers) for the first half of the 2021/22 financial year.
- 1.2 The report also provides an update on contingent worker usage under the Local Government Resourcing Partnership contract and other contracts outside of the Reed contract.
- 1.3 Reporting is now under new departments following the senior level team restructure. Overall cost and staffing comparisons are still possible.
- 1.4 There has been a reduction in general spend on agency workers. Section 4 sets out the pressures that have resulted in an overall higher spend for the period, largely as a result of lateral flow testing capacity. Data for this year also includes the 2.75% pay award (£280k) which was paid in quarter 3 2020/21 and therefore is not reflected in that data as a comparison.

- 1.5 Spend on agencies workers (accounting for the new directorates created in April 2021) has fallen for all directorates except for Homes and Neighbourhoods.

2. Recommendations

- 2.1 To note the information provided in this report and the progress to:
 - a) Reduce the cost and use of contingent workers
 - b) Update on the strategies for monitoring and reducing usage and costs.

3. Background

- 3.1 Reed acts as a Managed Service Provider (MSP) for the supply of contingent workers for the Council. The Council also engages contingent workers through the Local Government Resourcing Partnership contract and other framework contracts for the supply of senior contingent worker roles.
- 3.2 Bids have recently closed for the re-procurement of this contract and evaluation is taking place during October. A new contract will present opportunities for improved social value and improved resource planning. A new post created in Human Resources will have responsibility for strategic resourcing, working with business managers on workforce planning to ensure plans are in place where necessary to recruit permanently to posts.
- 3.3 Contingent workers (interim, consultants, and agency workers) form a necessary part of our workforce where specialist skills or short-term, front-line cover for our services are required. It is recognised however, that this spend and thus the numbers of agency workers engaged needs to be effectively monitored and reduced if we are to reach our Council target of no more than 10% of the workforce (by FTE) being agency workers.
- 3.4 At the end of quarter 2, agency workers comprised 11.2% of the workforce by full time equivalent, which places Islington in the first quartile (top performance) for all London boroughs. There are four boroughs (all outer London) and the City of London with lower percentages. All are significantly smaller councils with more outsourced services.
- 3.5 The median for London is 13% from the latest London Councils Human Capital Metrics Report. Islington has a lower percentage by full time equivalent than Camden, Haringey, Westminster, Tower Hamlets, Lambeth, Hackney, Newham and Lewisham.

4. Update on the Reed Agency Contract spend and agency worker numbers

- 4.1 Table 1 below shows the spend for 2021/22 for quarters 1 and 2 (Reed Contract) broken down by department.

Table 1:

Directorate	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Total
People	£625,070	£666,591	£790,512	£657,826	£677,677	£855,908	£4,273,584
Environment	£404,377	£426,307	£519,480	£423,497	£439,397	£548,036	£2,761,093
Homes & Neighbourhoods	£390,855	£386,426	£475,776	£420,141	£400,499	£504,628	£2,578,326
Resources	£134,525	£152,096	£175,738	£181,061	£173,798	£212,826	£1,030,044
Public Health	£146,650	£89,916	£86,807	£90,426	£79,310	£99,476	£592,585
Community Wealth Building	£141,677	£130,375	£174,498	£122,462	£140,205	£183,644	£892,860
Fairer Together	£100,390	£124,756	£178,628	£127,761	£89,443	£99,032	£720,010
Chief Executive	£20,289	£20,076	£18,836	£13,376	£12,157	£8,890	£93,623
Agency Total	£1,963,831	£1,996,543	£2,420,275	£2,036,550	£2,012,486	£2,512,440	£12,942,125
Agency Total Excluding Public Health	£1,817,182	£1,906,627	£2,333,467	£1,946,124	£1,933,175	£2,412,964	£12,349,540

*The next report will show People data disaggregated following the decision to divide the portfolio into children's and adults'.

Table 2 below shows the agency worker spend for the quarters 1 and 2 of 2020/21 (Reed Contract).

Table 2:

Directorate	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Total
People	£720,001	£786,600	£913,230	£737,944	£706,588	£876,725	£4,741,088
Environment & Regeneration	£682,011	£760,342	£913,888	£731,881	£660,007	£639,698	£4,387,827
Housing	£273,821	£311,229	£374,811	£280,096	£273,876	£411,957	£1,925,790
Resources	£273,685	£282,785	£318,038	£253,378	£284,137	£321,914	£1,733,937
Chief Executive	£16,067	£16,779	£14,411	£12,682	£17,765	£8,673	£86,378
Public Health							£0
Total	£1,965,586	£2,157,735	£2,534,378	£2,015,981	£1,942,374	£2,258,967	£12,875,019

4.2 The agency spend for 2021/22 has increased by £67k for the first two quarters compared to the first two quarters of 2020/21. The reason for this increase is:

- £592k spent in Public Health on lateral flow testing. If the spend on lateral flow testing is excluded, the spend has fallen by £525k.

Also the spend for 2021/22 includes additional spend arising from:

- the effect of the 2.75% pay award applied to the majority of agency workers
- the transfer of 'off contract' agency workers to the Reed contract

so the comparative reduction in spend is higher than £525k.

4.3 The number of agency staff by full time equivalent at a departmental level is at Table 3 below for 2021/22. The numbers of agency staff by FTE over the period has

averaged 500. The average for the last 12 months was 490. The numbers are higher than anticipated due to the continuing use of agency staff in Public Health for lateral flow testing.

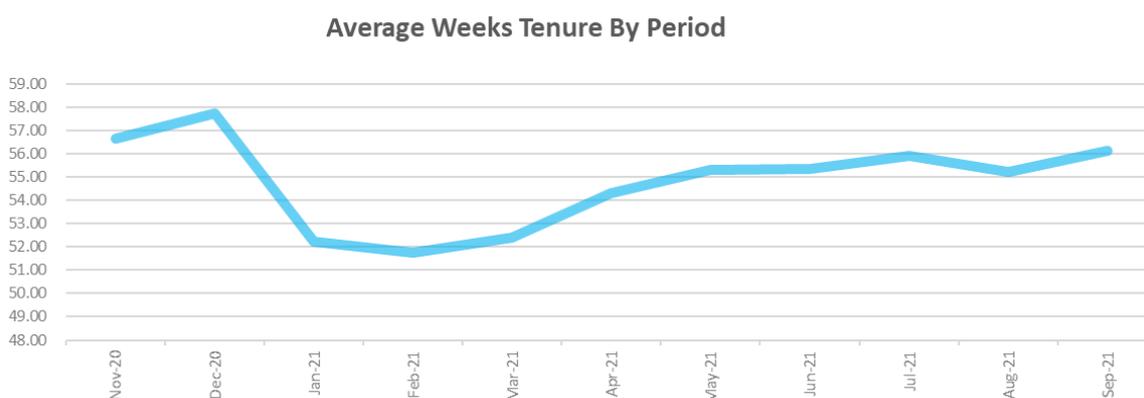
Table 3

	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
FTE based on 35 hours (5 days) per Week						
People	147.26	155.35	149.00	154.65	152.53	156.46
Environment	126.95	133.56	131.66	133.38	140.15	134.70
Homes & Neighbourhoods	93.06	96.27	94.17	101.69	94.76	92.92
Resources	23.92	24.87	24.42	28.12	30.32	29.61
Public Health	41.52	25.37	20.52	27.63	23.44	22.64
Community Wealth Building	32.37	29.42	33.55	28.23	31.50	32.22
Fairer Together	26.29	32.49	39.15	34.70	23.05	20.73
Chief Executive	5.20	5.12	3.88	3.89	2.96	2.32
Total	496.58	502.45	496.35	512.29	498.70	491.58

4.4 Average Reed agency worker tenure by weeks

The average tenure of agency workers over the last 12 months has varied between 58 and 52 weeks. It has been rising since April 2021 except for the Resources and Chief Executives directorates. The average tenure should be reduced through increasing recruitment activity to replace agency workers with permanent employees.

4.5 The Council has agreed a principle that the tenure for agency workers should not exceed a year. As at 30 September there were 242 agency workers engaged for more than a year with 116 of these engaged for more than 2 years. These are the priority assignments for reconsideration by the new resourcing lead working with the hiring managers responsible.



5. Update on contingent worker spend outside of the Reed MSP contract

5.1 The Council also engages contingent workers outside of the Reed framework. This can be through the Local Government Resourcing Partnership (LGRP) or other direct

contracts. These contracts are paid through the council's invoice payment processes and tend to be for the higher paid specialist roles.

- 5.2 Table 4 shows the spend on contingent workers outside of the Reed contract for 2019/20, 2020/21 and 2021/22 to date.

Table 4

Contingent worker spend outside of Reed MSP contract				
Financial year	19/20	20/21	21/22 (quarters 1 and 2)	21/22 forecast
Spend	£2,968,134	£2,440,808	£1,261,491	£2,340,000

6. All Agency workers/interims engaged at over £450 per day

- 6.1 Council officers continue to take steps to control the number of high cost agency/interims engaged. In some instances, numbers have been reduced by the recruitment of permanent employees, conversion to fixed term contracts where appropriate to retain specialist skills for a limited period and through negotiated reductions in day rates and charge rates.
- 6.2 Overall in 2021/22, there has been a rise in highly specialist agency workers and interims engaged above £450 per day, due to additional project managers in IT and Digital Services, the council's workplace modernisation programme, FutureWork and senior management cover in People Services. However, it remains significantly lower than a year ago and below 1% of the total workforce.
- 6.3 The table below shows the number of these workers reported to the committee over the last 12 months.

Sample Date	Reed agency workers	Other agency workers	Total
30 September 2020	28	18	46
31 March 2021	14	8	22
30 September 2021	18	12	30

- 6.4 At the meeting of the Committee on 10 June, members acknowledged the challenges with IT project resourcing and asked for those to be shown separately. They also asked for the breakdown of current £450+ consultants by department, both of which are included in the following table.

Department	Total £450+ agency and interim
Community Wealth Building	5*
Environment	2
Fairer Together	3
Homes & Neighbourhoods	5
People	7
Resources (non IT)	3
Resources (IT)	5

**This includes the Corporate FutureWork Programme Team x3*

7. Reducing agency spend

7.1 Engagement of contingent workers

It is recommended that all contingent workers are engaged through the Reed framework to allow appropriate analysis and management of contingency workforce spend. There may be some exceptions where specialist roles cannot be filled using the Reed framework e.g. IT specialists.

The Local Government Resourcing Partnership can be used where roles cannot be filled through the Reed contract. Business cases must be approved by the Corporate Management Board.

7.2 Temp to Perm

We have introduced 'temp to perm' guidance to support recruitment in departments. This process has transferred three senior agency posts to fixed term contracts in 2021/22, however further work needs to be carried out by departments to transfer staff in non-managerial posts. Following the HR restructure, the HR Customer Delivery Team will be liaising with departments to push further temp to perm activity.

- 7.3 Departments will be developing People Plans over the coming 3-6 months which will incorporate strategies for agency reduction as part of their workforce planning and consider campaigns to permanently fill hard to recruit posts.

8. Implications

8.1 Financial implications

The attached report includes the current spend on agency workers.

8.2 Procurement Implications:

None, as no changes to the contract with Reed Talent Solutions or the LGRP contract.

8.3 Legal Implications:

None, as no implications in relation to the Agency Worker Regulations.

8.4 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

There are no specific environmental implications arising from this update report.

8.5 Equalities Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

This report provides an update on the council's use of consultants, interims and agency workers. An equalities impact assessment is not required in this instance.

Appendices: none

Background papers: none

Final report clearance:

Signed by:

Director of HR

Date: 22 October 2021

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