

SLOUGH BOROUGH COUNCIL

REPORT TO: Employment & Appeals Committee **DATE:** 22nd October 2019

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PART I

FOR COMMENT & CONSIDERATION

TEMPORARY AGENCY STAFF

1 Purpose of Report

This report seeks to provide Members with an update on the Council's actions regarding the supply and control of temporary labour.

2 Recommendation(s)/Proposed Action

The Committee is requested to resolve:

- a) That the actions from the last meeting be noted
- b) That the report and its contents be noted.

3 Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

3a Slough Joint Wellbeing Strategy Priorities

The provision of temporary staff does not directly impact on the Slough Joint Wellbeing Strategy.

The provision does however enable the Council to deliver its services to the community through the provision of specialist skills or replacement labour where required.

3b Five Year Plan Outcomes

The proposals within this report meet the Five Year Plan objectives as follows:

Outcome 1, 2, 3, 4

The services provide labour necessary to deliver these outcomes when permanent labour is not available or specialist skills are required.

Outcome 5

The supplier of temporary workers engages with local suppliers of temporary labour whilst also working with a wider pool to ensure Slough has access to the best available talent to make Slough an attractive place to operate and work.

4 Other Implications

(a) Financial

There are no specific financial impacts related to this report.

The Council continues to spend on temporary labour at a consistent rate of £8 - £10m per year within the main contract. This is due to ongoing labour shortages in the market and an increasing number of contracts where skills are not easily available to deliver without premium payments.

(b) Risk Management

There are no specific risks to be managed for temporary labour provision beyond the need to ensure ongoing provision at appropriate costs.

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act Implications.

(d) Equalities Impact Assessment

There is no requirement for an Equalities Impact Assessment as we do not hold equalities data on temporary workers.

(e) Workforce

There are no implications for permanent staff.

5. Actions from the previous meetings

At the last meeting in June, the Committee requested responses to the following questions to be presented at this meeting. For ease of reference, the questions are presented with the response below.

A breakdown of figures for interims employed to work on special projects as opposed to backfilling vacancies.

At 31st August 2019, 250 temporary workers were identified as being supplied by our temporary worker provider - Matrix. Of these, 29 were identified as being outside of the scope of IR35, a regulation of HM Revenues and Customs which identifies whether a temporary worker is under the control of the employer. As such, this is a reasonable proxy for project work as opposed to replacement labour for established vacant posts.

Please note, the cost of the majority of temporary workers outside IR35 are 'capitalised' and these workers are working on projects such as Agresso, RMI, Heathrow Expansion, move to Observatory House and Transformation projects.

Value of Expenditure Classified as Consultancy

Division	2019/20 Q1	2019/20 Q2	Grand Total
Finance and Resources	359,512.87	78,249.60	437,762.47
Place and Development	7,825.00	493.54	8,318.54
Regeneration	208,344.60	135,502.83	343,847.43
Grand Total	575,682.47	214,245.97	789,928.44

(b) Information on identifying whether sufficiently robust procedures were in place to end contracts once work was completed.

Each individual agency worker is subject to review as their contract falls due for renewal, or earlier if business needs change by the relevant manager. The line manager will need to justify why the worker is still required should they wish to extend the placement. One of the factors they will take into account is the impact on their service delivery especially if the worker is in a front facing role liaising with residents. In addition; People Services and Finance work collaboratively to ensure there are no financial/employment implications on the extensions. Overall, there are robust approval mechanisms built into the system.

(a) A cost comparison/consideration between having interims versus employing a member of staff.

The difference between employing temporary workers who are covering established permanent roles has been calculated by Finance and is based on the current agency usage this is detailed below:

Directorate	FULL YEAR BUDGET AVAILABLE 2019-20	AGENCY COST ESTIMATION	DIFFERENCE
Adults & Communities	2,888,775	2,881,435	-7,340 **
Chief Executive	248,703	281,587	32,884
Children Learning & Skills	434,035	437,278	3,244
Finance & Resources	2,540,974	2,728,143	187,170
Place & Development & Regeneration	2,946,735	3,111,170	164,435
DSO & Environment Services	1,683,328	1,689,820	6,491
TOTAL	10,742,550	11,129,433	386,883

** Please note, the negative difference is due to Level 6 post (such as administrators), and below being less expensive to employ as temporary labour than permanent. The majority of temporary labour being employed by the Environmental Service (DSO) are also less expensive to employ than permanent staff.

Please note that on costs are not applicable to temporary workers and therefore can be less expensive than a permanent employee. The on-cost are typically 27% and covers the cost of sickness absence, employer National Insurance contributions, employer pension contributions and other staff costs.

(b) Information on /progress made on establishing a 'pool' of administrators across the Council.

This is currently on hold due to the following; the councils Transformation programme which will lead to a new operating model/new ways of working and the Arvato insourcing exercise.

Under the proposed contract for temporary workers 2020 onwards, the specification is requesting for any future supplier to establish a staff agency bank for the exclusive use of the Council.

(c) Figures previously reported to the Committee be provided to allow Members to identify trends.

	Q4 17/18	Q1 18/19	Q2 18/19	Q3 18/19	Q4 18/19	Q1 19/20
Hours	57,161	71,816	75,907	73,331	81,622	81,688
Spend	£2,052,370	£2,223,81	£2,423,64	£2,500,061	£2,745,65	£2.8

The spend highlighted above includes all roles inside/outside IR35. The increase in expenditure relates to the increase in the number of projects taking place at the council.

On-Contract Roles Opened and Closed

	2019/20		2019/20	
	Q1		Q2	
	Opened	Closed	Opened	Closed
Adult and Communities	22	20	13	24
Chief Executive	2	1	1	3
Children, Learning and Skills	2	7	2	4
Finance and Resources	11	3	8	2
Place and Development	17	22	28	21
Regeneration	6	17	9	7
	60	70	61	61

Engagements over 12 Months in Duration

Directorate	2019/20	
	Q1	Q2
Adult and Communities	31	31
Chief Executive	2	1
Children, Learning and Skills	7	7
Finance and Resources	6	7
Place and Development	45	50
Regeneration	11	9
Grand Total	102	105

On-Contract Value of Spend by Directorate

	2019	
	Q1	Q2
Adult and Communities	786,581.58	804,018.75
Chief Executive	97,269.19	109,622.51
Children, Learning and Skills	146,475.62	78,805.01
Finance and Resources	349,914.64	533,289.15
Place and Development	825,875.06	896,472.43
Regeneration	601,611.87	527,218.41
	2,807,727.96	2,949,426.26

Engagements Durations

		Staff Engaged At Quarter End			
Directorate	Duration	31/12/2018	31/03/2019	30/06/2019	30/09/2019
Adult and Communities	0-3 months	19	19	22	14
	1-2 years	18	14	13	12
	3-6 months	22	15	12	16
	6-9 months	17	11	8	9
	9-12 months	5	8	4	5
	Over 2 years	16	15	17	18
	Adult and Communities Total		97	82	76
Chief Executive	0-3 months	0	2	2	0
	1-2 years	0	0	1	1
	3-6 months	0	0	1	1
	6-9 months	1	0	0	1
	9-12 months	0	1	0	0
	Over 2 years	1	1	1	1
	Chief Executive Total		2	4	5

		Staff Engaged At Quarter End			
Directorate	Duration	31/12/2018	31/03/2019	30/06/2019	30/09/2019
Children, Learning and Skills	0-3 months	2	7	2	2
	1-2 years	7	5	6	3
	3-6 months	3	2	4	2
	6-9 months	2	3	2	2
	9-12 months	2	1	2	2
	Over 2 years	1	4	2	4
	Children, Learning and Skills Total		17	22	18
Finance and Resources	0-3 months	0	1	9	8
	1-2 years	4	3	3	3
	3-6 months	1	0	1	8
	6-9 months	0	1	0	1
	9-12 months	2	0	1	0
	Over 2 years	3	5	3	4
	Finance and Resources Total		10	10	17
Place and Development	0-3 months	16	17	13	28
	1-2 years	25	37	39	46
	3-6 months	19	13	14	9
	6-9 months	13	15	10	11
	9-12 months	17	14	10	8
	Over 2 years	2	2	6	5
	Place and Development Total		92	98	92
Regeneration	0-3 months	6	10	4	10
	1-2 years	12	10	7	5
	3-6	9	4	3	4

		Staff Engaged At Quarter End			
Directorate	Duration	31/12/2018	31/03/2019	30/06/2019	30/09/2019
	months				
	6-9 months	4	7	2	2
	9-12 months	9	3	2	1
	Over 2 years	4	4	4	4
Regeneration Total		44	38	22	26
Grand Total		262	254	230	250

Roles Opened

Directorate	Starters in Over Preceding Three Months			Total Starters
	31/03/2019	30/06/2019	30/09/2019	
Adult and Communities	24	23	15	62
Chief Executive	2	2	1	5
Children, Learning and Skills	8	2	2	12
Finance and Resources	1	11	8	20
Place and Development	20	17	32	69
Regeneration	11	6	10	27
Grand Total	66	61	68	195

Roles Closed

Directorate	Leavers in Over Preceding Three Months			Total Leavers
	31/03/2019	30/06/2019	30/09/2019	
Adult and Communities	39	29	17	85
Chief Executive	0	1	2	3
Children, Learning and Skills	3	6	5	14
Finance and Resources	1	4	1	6
Place and Development	14	23	17	54
Regeneration	17	22	6	45
Grand Total	74	85	48	207

6 Supporting Information

Causes of the Requirement to use Temporary Labour

- 6.1 Temporary labour forms part of the majority of medium and large organisations' recruitment strategy. The Council is no different from these organisations.
- 6.2 The major reasons of temporary staff are:
- To fill gaps in the establishment and the employed staff (recruitment gap);
 - To meet peaks of workload in service areas where demand for work fluctuates (workload gap);
 - To meet the need for short term, fixed or project work where there is no capacity in the permanent workforce (capacity gap)
 - To provide for specific skills or capabilities required on a short or medium term basis (capability gap)
- 6.3 The analysis shows that for lower cost roles, there are savings to be made from using temporary labour as well as increased flexibility for the Council, as indicated by the negative agency premium. This needs to be balanced against the Council's social obligations for provision of permanent employment.
- 6.4 Level 6 provides the break point for cost. This salary Level 7 includes the key pressure points of qualified social workers, occupational therapists and planners. See below a list of posts which are classed as 'hard to fill'. These roles are part of thin markets causing a change in the cost of employing such workers, with workers essentially choosing to work as temporary labour in order to maximise their income. This issue is not isolated to Slough and reflects the broader labour market economics. As such the question for Slough is how to maximise its position in the market and improve its ability to recruit and retain permanent staff in these key services.

A list of posts which are classed as 'national and local shortage' are below:

Job Title	Department	Comment
Approved Mental Health Practitioners	Adults and Communities	National skills shortages
Senior Social Workers	Adults and Communities	National skills shortages
Social Workers	Adults and Communities	National skills shortages
Senior Occupational Therapists	Adults and Communities	National skills shortages
Occupational Therapists	Adults and Communities	National skills shortages
Reablement Assistants/Care support	Adults and Communities	National skills shortages
Public Health roles	Adults and Communities	National skills

		shortages
Cemetery roles	Adults and Communities	Local Skills shortage
Registrars	Adults and Communities	National Skills shortages
Trading Standards Officers	Adults and Communities	National Skills shortages
Food Safety roles	Adults and Communities	Local Skills shortage
Licensing Officer roles	Adults and Communities	National Skills shortages
Administrators	Council wide	Local Skills shortage
Accountant roles	Finance and Resources	National Skills shortage
Electoral Services Manager	Finance and Resources	Local Skills shortage
Business Development Manager	Finance and Resources	National Skills shortage
Business Analyst	Finance and Resources	National Skills shortage
Senior Democratic Services Officer	Finance and Resources	National Skills shortage
Technical Inspectors	Finance and Resources	National Skills shortage
Repairs Managers	Finance and Resources	National Skills shortage
Housing Officers	Place and Development	National Skills shortage
Parking roles	Place and Development	Local Skills shortage
Building Control Officers	Place and Development	National Skills shortage
Planning roles	Place and Development	National Skills shortage
Building Management roles	Place and Development	National Skills shortage
Facilities	Place and Development	Local skills shortage
Major Infrastructure projects	Place and Development	National skills shortages
IT specialists	Place and Development	National skills shortages
Engineers	Regeneration	National skills shortages
Highway specialists	Regeneration	National skills shortages
Traffic Engineers	Regeneration	National skills shortages
Environmental Service roles	Regeneration	National skills shortages

- 6.5 As salary bands increase, the number of workers employed on project type work increases along with specialist skills, causing an increase in pay rates. As an example of this, the Agresso implementation team is included in this range. Further, managerial and executive rates reflect the scarce and valuable nature of senior leadership skills. The majority of these resources related to costs either in relation to the office relocation or the insourcing of Arvato work. Again, these rates reflect broader labour market economics but also the pressures on Slough to transform, causing it to seek higher skilled labour on a temporary basis.
- 6.6 It can be seen that for replacement labour roles, the premium paid for temporary workers is real but is substantially less than the premium paid for project type roles. This reflects the scarce nature of technical and leadership skills required by the Council.

7. Progress Made on Procuring Temporary Labour Services for 2020 Onwards

- 7.1 The Committee should be aware that the contract with Matrix SCM comes to a close on January 2020.
- 7.2 As such, the Council has taken steps to review its requirements for a new contract and has started the process of re-procurement as required by Cabinet in April 2019.
- 7.3 The Council has reviewed its approach and is primarily seeking the following changes to the requirement:
- 7.3.1 The Council will seek to change its model from a neutral vendor model to a hybrid vendor model. In summary, this will require the supplier to provide staff itself where it can whilst retaining the current model of utilising agencies. Such a change better aligns to the requirement of the Council to the operating models of major temporary labour providers.
 - 7.3.2 The Council is seeking the provision of on-site services to enable Council staff to better liaise with the provider to maximise outcomes.
 - 7.3.3 The service provider will be subject to service credits thereby directly incentivising performance to the required standard by reducing fees to be paid in the event of minor supplier underperformance.
 - 7.3.4 The service provider will be appropriately incentivised to improve performance through a sufficiently substantial gain-share mechanism.
 - 7.3.5 The service provider must be able to provide all necessary temporary staff required by the Council, thereby reducing the need for off-contract expenditure.

7.3.6 People Services will employ a dedicated contract manager to drive performance, paid for by a per hour charge on the use of temporary labour.

7.4 The Council intends to award this contract in October 2019 for implementation during November and December 2019 in support of a Quarter 1 2020 go-live date.

8 Conclusion

8.1 The Council continues to require temporary labour to both fill roles it has been unable to recruit for permanently and on a project by project basis to fulfil specialist roles. In some cases it is more cost effective to engage a temporary worker than to recruit on a permanent or fixed term basis to cover a particular role.

8.2 The cost of temporary labour is circa £386,883 over the cost of equivalent employed labour. This figure excludes those working on projects and are classed as Outside IR35.

8.3 The increase in cost for paying for temporary labour is caused by either labour market economics or skill premiums for interim workers. The national and local skills shortage will require the council on an on-going basis to use a resourcing model tailored to the councils requirements.

8.4 Officers will continue to provide useful management information to members going forward to allow greater scrutiny.