

Public Report
Overview and Scrutiny Management Board

Committee Name and Date of Committee Meeting

Overview and Scrutiny Management Board – 27 November 2019

Report Title

Update on the implementation of recommendations arising from the scrutiny review of Agency, Consultancy and Interim Staff

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Shokat Lal, Assistant Chief Executive

Report Author(s)

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Ward(s) Affected

None

Report Summary

This report provides further details of progress made in implementing the recommendations from agency scrutiny review, specific actions related to the recommendations and outcomes arising from them.

Recommendations

1. OSMB are asked to note progress and consider further actions it might recommend to ensure appropriate management and oversight of this issue.

List of Appendices Included

None

Background Papers

Use of Agency, Interim and Consultancy Staff Report February 2018 and update report February 2019

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Update on the implementation of recommendations arising from the scrutiny review of Agency, Consultancy and Interim Staff

1. Background

- 1.1 The Overview and Scrutiny Management Board review of the use of agency, interim and consultancy staff on 21 February 2018 made twelve recommendations. These were supported by Cabinet in July 2018 and Officers were instructed to action the recommendations.
- 1.2 The Workforce Management Board (WMB) continues to monitor and control agency costs by challenging usage across the Council. In approving agency resource, WMB take into account several factors:
- What risks are associated with not filling the role – including safeguarding?
 - Is there budget available to fund the agency resource?
 - Is the agency resource required to deliver a statutory function?
 - Can the work be delivered in any other way?
 - Any other factors that are deemed critical for securing additional agency resource
- 1.3 There have been continued reductions in agency spend across the Council with agency resource only being used where a short-term solution is required to enable continuation of services for time limited periods. Directorates have been tasked with reducing agency usage and to seek alternative solutions to flexible resourcing to maintain service delivery. WMB is tasked with providing cross-Directorate challenge of any business cases requesting use of agency spend.
- 1.4 The cost of agency invoices paid by the end of September was **£2.26m**, with committed expenditure forecasting an outturn of **£3.42m**; this compares to an outturn of **£6.83m** last year. Around a third of the agency expenditure is grant funded.

	Actual Expenditure (Q2 2019)	2019-20 Forecast	2018-19 Outturn
Assistant Chief Executive	£0	£0	£25,564
Children & Young People	£298,064	£426,519	£3,426,624
Regeneration & Environment	£1,382,675	£1,737,080	£1,803,921
Adult Care, Housing & PH	£442,345	£986,646	£1,032,541
Finance & Customer Service	£145,599	£270,960	£542,644
TOTAL	£2,268,683	£3,424,205	£6,831,295

2. Update on Recommendations from Scrutiny Review of Agency, Interim and Consultancy Staff

2.1 Recommendation 1

The following definition of agency, interims and consultancy staff is adopted and is applied consistently across the Council. It is suggested that a further report is provided to this sub-group in six month on its implementation.

- (a) Agency Staff - Individuals employed and paid for through an agency. They may be covering a single specific vacancy or be covering a capacity gap left by a number of vacancies, by specific demand pressure or as a result of a skills gap. They may or may not have decision making authority or staff management responsibilities.
- (b) Interims - Individuals working day to day 'as though an employee' but not engaged through an agency contract. They may be covering a single specific vacancy or be covering a capacity gap left by a number of vacancies, by specific demand pressure or as a result of a skills gap. They may or may not have decision making authority or staff management responsibilities.
- (c) Consultancy/Independent Contractor - An individual or a company engaged through a tender/procurement process to carry out a defined piece of specialist work or a project. The company or individual would not be expected to have any decision making authority or staff responsibilities and the work would be expected to culminate in an output e.g. a report. They may work predominantly on or off site depending on the nature of the piece of work.

Actioned January 2019

2.2 Recommendation 2

That the above definition is appended to the WMB's terms of reference to ensure that there is a shared and consistent understanding of the criteria. It is further recommended that the Head of Procurement escalates to the Board any issues or concerns arising out of an extension or variation to the tendered contract which takes it significantly beyond the original timeframe or agreed expenditure.

Actioned August 2018

2.3 Recommendation 3

That following the development of clear definitions relating to the appointment of agency, interims and consultants, that there are corresponding budget codes developed to ensure that accurate monitoring can be undertaken.

Actioned October 2018

2.4 Recommendation 4

That prior to the appointment of consultants, there should be a clear business case developed aligned to service plans to demonstrate the necessity of the appointment and why external resources are required to complete the task. To avoid 'drift', the business case should outline clear outcomes, timescales and what resources are required; with variations to the business case reported to the WMB by the Head of Procurement.

Actioned August 2018

2.5 Recommendation 5

Wherever possible and appropriate, there should be a development element in the engagement of consultants in order to develop in-house capacity. The business case should outline how this is to be addressed.

Actioned August 2018

2.6 Recommendation 6

That the transformation plans for ASC are carefully monitored to ensure that agency and consultancy use is delivering value for money and practice improvements.

The new Adult Social Care Pathway was in October 2019. Agency usage in Adult Social Care continues to be monitored by WMB and is expected to reduce as permanent recruitment takes place in Q3 2019/20.

2.7 Recommendation 7

That an audit is undertaken to clarify how many agency staff are in posts for more than 12 months; their length of service; if a business case was developed at the time of appointment and if so, whether this has been reviewed and by whom. On the basis of this information, that plans are drawn up as soon as possible to action permanent recruitment if there is a service requirement for the posts and if this cannot be demonstrated, that agency staff or interims are released.

Actioned August 2018

Agency engagement end dates and action to mitigate long term agency spend are reviewed on a monthly basis by WMB.

2.8 Recommendation 8

Following from this, to avoid 'drift', the business case developed to support the appointment of agency staff should outline clear outcomes, timescales and resources and explicit alignment to the service plan; with variations to the business case or extension to contract reported to the WMB.

Actioned August 2018

2.9 Recommendation 9

That further work be undertaken to lessen the requirement for seasonal agency staff. This should include annualising hours or ensuring operatives 'multi-task' and are able to share roles and functions. The review asks that a further report be provided exploring options.

Regeneration & Environment are currently exploring options for zonal working and direct recruitment to take place using annualised hour contracts for seasonal workers in Grounds Maintenance for 2020.

2.10 Recommendation 10

That the WMB should have regular discussions with in-house trade unions and staff to seek their views if there are alternative options to the appointment of agency staff or consultants; particularly in services where there is the possibility of redundancies.

Consultation frameworks are in place for discussions to take place with Trade Unions at both Corporate and Directorate level. Specific issues emerging from WMB are taken forward by HR at Corporate meetings.

2.11 Recommendation 11

That the WMB should explore the feasibility with other councils and public sector partners of developing an in-house 'bank' system or employment agency to reduce cost and reliance on external agencies.

The Council's contract for the supply of agency workers is due for renewal in January 2020. This provides an opportunity to change the agency delivery model currently used, along with our internal processes.

The Council currently contracts with a limited number of suppliers for its agency workers and once use of an agency worker is approved, agency engagements are managed by recruiting managers.

The new agency contract will move away from directly engaging with a small number of suppliers and will instead use a neutral vendor that will be the single point of contact for all agency engagements. Additional internal controls will also be put in place as we move to a system managed centrally within HR.

This new delivery model means that we can use suppliers from across the market, increasing competition, reducing costs and increasing our supplier base for specialist roles.

The new agency contract also provides an opportunity for management of an in house bank system. That option will be explored with potential suppliers.

2.12 Recommendation 12

That OSMB convenes a sub-group bi-annually to review the progress of the WMB in meeting the priority measure and the implementation of accepted recommendations.

This report provides OSMB with details of progress on the implementation of the accepted recommendations for the group to review.

3. Consultancy/Independent Contractor Expenditure

- 3.1** Expenditure in this category has been classified in line with definition at 2.1 - An individual or a company engaged through a tender/procurement process to carry out a defined piece of specialist work or a project. The company or individual would not be expected to have any decision making authority or staff responsibilities and the work would be expected to culminate in an output e.g. a

report. They may work predominantly on or off site depending on the nature of the piece of work.

	Actual Expenditure August	2018-19 Outturn
Assistant Chief Executive	£16,578	£356,995
Children & Young People	£9,467	£226,277
Regeneration & Environment	£238,208	£429,047
Adult Care, Housing & Public Health	£213,463	£85,437
Finance & Customer Service	£0	£2,520
TOTAL	£477,716	£1,100,276

- 3.2 As defined above, consultancy spend relates to time limited, specialist pieces of work where the Council engages external expertise for delivery..

4. Options considered and recommended proposal

- 4.1 WMB continues to monitor and control agency costs
- 4.2 To drive down agency costs further the new agency contract should include the development of a local talent bank to be first choice provider of short term temporary workers across the Council.

5. Consultation on proposal

- 5.1 Regular consultation takes place with Trade Unions on the usage of agency workers at Directorate and Corporate Consultation meetings.

6. Timetable and Accountability for Implementing this Decision

- 6.1 A new agency provider contract for the supply of agency workers, led by HR, will be in place from January 2020.

7. Financial and Procurement Advice and Implications

- 7.1 WMB continues to play a key role in controlling the level of expenditure incurred through agency and consultancy engagements, ensuring that requests for new engagements, or extensions to existing engagements are effectively scrutinised. The board is attended by the Head of Corporate Finance to ensure that all requests received are within available budgets, and have been fully reviewed by Finance Business Partners ahead of the meeting, to ensure their financial implications are fully understood.
- 7.2 The new procedures for the raising of requisitions in relation agency or consultancy expenditure direct users to utilise specific expenditure codes, this enables WMB to more effectively track and control this expenditure. Failure to follow these new procedures is reported to the WMB through the Head of Procurement.

7.3 Significant focus has been placed on the level of agency and consultancy expenditure through the Council's financial monitoring procedures, with a clear steer to reduce its use. Therefore these areas of expenditure have become a key part of the regular dialogue between directorates and their finance business partners, when reviewing the Council's budget and forecast position. The continued presence of the WMB should have the impact of continuing to reduce levels of expenditure across agency and consultancy.

7.4 There are no direct procurement implications arising from the recommendations contained in the report. All procurement requirements are detailed in the main body of the report.

8. Legal Advice and Implications

8.1 There are no direct legal implications arising from the recommendations within this report.

9. Human Resources Advice and Implications

9.1 Successful recruitment and retention strategies combined with the development of the workforce will improve flexibility, skills and capacity to allow resources to be matched to priorities and reduce reliance on external agencies.

9.2 The use of agency provides a flexible resource for short term solutions; longer term usage should be addressed through appropriate workforce planning.

10. Implications for Children and Young People and Vulnerable Adults

10.1 Agency workers engaged in both Adults and Children's Services to facilitate service transformation, remain compliant with the Care Act and deliver expected standards of service are subject to the same approval and monitoring processes as workers in other Directorates.

11. Equalities and Human Rights Advice and Implications

11.1 The Agency Workers Regulations 2011 give agency workers the entitlement to the same basic employment and working conditions as if they had been recruited directly and if they complete a qualifying period of 12 weeks in the same or similar job.

12. Implications for Partners

12.1 There are no implications for partners.

13. Risks and Mitigation

13.1 Business cases are reviewed by the Workforce Management Board prior to agency workers being engaged

14. Accountable Officer(s)

Shokat Lal Assistant Chief Executive
Lee Mann Assistant Director HR & OD

Approvals obtained on behalf of:-

	Named Officer	Date
Strategic Director of Finance & Customer Services (S.151 Officer)	Graham Saxton	19/11/19
Assistant Director of Legal Services (Monitoring Officer)	Stuart Fletcher	14/11/19
Assistant Director of Human Resources (if appropriate)	Lee Mann	13/11/19

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