

Corporate Scrutiny Committee – 22 June 2017

Present: Councillor Mrs Smith-Roberts (Chairman)
Councillor Mrs Smith (Vice-Chairman)
Councillors Mrs Blatchford, Coombes, Farbahi, Gaines, Hall, Horsley, Lisgo, Sully, Mrs Stock-Williams and Mrs Tucker.

Officers: Chris Hall (Assistant Director – Operational Delivery), Terry May (Assistant Director – Property and Development) Paul Carter (Assistant Director – Corporate Services), Fiona Wills (HR and OD Manager) and Marcus Prouse (Democratic Services Officer – Scrutiny).

Also present: Councillors Aldridge, Berry and Coles

(The meeting commenced at 6.15 pm).

114. Apology

Apologies was received from Councillors James and Parrish.

115. Minutes

The Minutes of the meetings of the Corporate Scrutiny Committees held on 25 May were taken as read and were signed.

116. Declaration of Interests

Councillor Mrs Smith-Roberts declared a personal interest as the Chairman of Refugee Aid. Councillor Coombes declared personal interests as a Stoke St. Mary Parish Councillor and as the owner of an area of land at Haydon, Taunton. Councillor Farbahi declared a personal interest as a landowner in the Borough of Taunton Deane. Councillor E Gaines declared a personal interest as a member of the Trustee Link Partnership. Councillor Hall declared a personal interest as a Trustee of Taunton Heritage Trust. Councillor Lisgo declared a personal interest as a Trustee of the North Taunton Partnership, Director of Tone FM, User of Tone Leisure Feelgood Factory.

117. Agency and Staff/Contractor Costs.

Considered report previously circulated, concerning Agency Staff and Contractor Costs.

The purpose of the report was to provide an update on the cost of temporary staff and contractors engaged by both Councils for the period 1 April 2016 – 31 March 2017.

The Corporate Scrutiny Committee last considered a report on the costs of agency staff and contractors on 17th November 2016 and considered making the following recommendation to Executive that:

'a staff recruitment panel be set up to enable a greater degree of control over costs, or alternatively put in place a maximum budget for agency workers and Contractors. It was requested that further consideration be given to provide Fixed Term Contracts in instances where defined absences are known.'

This recommendation was deferred on the agreement that an updated report be provided at the end of the financial year 2016/17 with additional information relating to comparable spend by other councils, a cost comparison between agency and employee costs and information as to whether or not other councils limited the length of temporary staff engagements. The report provided those updates.

Appendix A provided details of temporary staff and contractors engaged from 1 April 2016 – 31 March 2017. This information had been split into spend relating to business as usual (maintaining service standards) and project support. Project support covers costs in relation to the return of services from SWOne, implementation of SAP replacement systems and commencing the Transformation programme.

The costs shown in Appendix A set out the annual costs in most cases, although in some cases this would relate to project fees which stretch over the life of a project and consequently could relate to more than one year. Where the agency worker or contractor were undertaking work for both councils, the cost of this resource had been shared.

It had not been possible to identify the number of hours worked in each post. However the majority of agency posts are advertised on a full time basis (37 hours per week) and agency workers were required to take a minimum of a 20 minute break for every 6 hours worked and did not exceed 48 hours per week in accordance with the Working Time Directive.

Reported that the total spend in 2016/17 was:

	Cost
All temporary staff/consultants – business as usual	£1,602K
All temporary staff/consultants – project support	£397k
TOTAL	£1,999K

Appendix B provided a graphical analysis of the reasons for the engagement of temporary staff – the majority being engaged to either cover vacancies within services or to support a temporary peak in workload.

Spend on temporary staff was highest in Property & Development and Operational Delivery. Property & Development had undergone a service restructure and temporary staff were engaged during this period to provide vacancy cover and additional support. Temporary staff were encouraged to apply for permanent posts within the service and 15 were successful.

Operational Delivery held a number of vacancies in the street and public toilet cleaning service and filled these with agency staff over the years. With the known

budget pressures some posts were also held vacant to provide options to Members to reduce this service without the cost of employee termination. The contract was put out to tender and the service was transferred to Id Verde on 1st February 2017. Id Verde engaged with both permanent and temporary staff on the service transfer and have subsequently employed a number of the temporary staff in permanent posts.

For comparison purposes spend on agency staff only, excluding consultants, over the last 4 years was reported in the table below:

2013/14	2014/15	2015/16	2016/17
£1,295k	£1,706k	£1,489k	£1,780k

Appendix C provided details of spend on both agency and contractors by some of the other district/ borough councils in the South West in 2016/17. This data related to the period 1 April 2016 – January 2017 and the information is from district/ borough councils who responded to a survey request from South West Councils.

The same borough and district councils were also asked if they limited the length of temporary staff contracts and all of those who responded stated that they did not.

The reasons for the variety and nature of the temporary staff engaged were varied. The extent to which temporary staff were employed was reflective of the current economic climate.

The business case for the Transformation Programme aimed to deliver a reduction of 22% in staff costs and keep redundancy costs to a minimum. In April 2017 a recruitment protocol restricting permanent and fixed term recruitment was introduced. Both Councils recognised that they had a responsibility to safeguard the job security and prospects of their employees as far as possible and to avoid or minimise the need for compulsory redundancies. It was therefore likely that the engagement of temporary staff to both support the Transformation Programme and to maintain services during it, will be the preferred method of recruitment in the immediate future.

There are two broad categories of temporary staff engaged by the Council:

- i) Agency staff – these are workers engaged via a recruitment agency (the preferred supplier is Matrix) and they are generally employed to fill vacant positions or to supply short term additional resource or expertise. Matrix provided the councils with access to workers from 60 different agencies, using pre-negotiated rates and no agency fees if workers obtain permanent posts with the Councils.
- ii) Contractors/consultants – these are either self-employed individuals or limited companies. Generally contractors would be engaged to provide specialist knowledge and expertise in relation to specific projects or specialist functions, although in some cases they would cover specialist vacant roles.

Engaging temporary staff had the following key benefits:

- Provide managers with operational flexibility to quickly cover vacant posts or provide short term additional resource at short notice. In comparison the average formal recruitment timescale was circa 8 to 12 weeks.
- The provision of specialist expertise to deliver specific projects or specialist areas of work for a fixed price and with the provision of professional indemnity.
- Cost savings – the recruitment process could be time consuming, potentially expensive and comparatively inflexible in relation to short-term appointments. Taking on staff permanently had redundancy implications whereas agency and contractors were not entitled to redundancy payments. In certain instances this provided an effective method of sharing expertise with other Authorities.

A comparison between employee on costs and agency on costs was set out below:

Employee – employers pension and NI contributions	Matrix – employers pension and NI contributions, agency margins	Specialist Agency – employers pension and NI contributions, agency margins
27.3%	24.6%	30%

During the discussion of this item, Members made comments and statements and asked questions which included:-

- Comparable spend on permanent employees in the same posts would have been beneficial to Members understanding of the costs.
- A Cost comparison was set out in section 6.5 of the report. Reported that 27.3% on costs for employee's pension and NI costs. Through Matrix it was 24.6%.
- It was questioned how many consultants are ex-employees, it was not considered that any consultants were previously employed.
- In relation to temporary appointments of Property Surveyors it was reported that there had been difficulty in recruiting in this area, a lot of staff turnover, a lot of cases for surveyors to deal with. 60 live cases at one time, 120 cases at the moment. Looking at how this is going to be addressed better going into transformation.
- Funding from asset management earmarked reserves would look to deliver capital receipts, Frobisher Way was used as an example of this.
- It was recognised that there had been key successes in asset management which could be sent to members in an e-mail update.
- In relation to the cost split between both councils, the majority worked for Taunton Deane. There were 4 posts in which the costs were split between both authorities.
- Disadvantages of engaging temporary staff were acknowledged, temporary members of staff would have to give little notice and wouldn't have the knowledge of projects and background of the authority and may not have the same level of loyalty than a permanent member of staff.
- For specific technical roles the level of skills and expertise wouldn't always be held in house.
- The on costs were considered for taking on a new employees, such as IT, training, induction etc. This is arranged for all new members of staff whether agency or permanent employees.

- It was considered that the costs of temporary staff and consultants were high compared with other authorities.
- Agency staff were paid the same grade as that of an employee in the same post.
- Ongoing training was provided when required for staff to be competent and safe in their jobs.
- The costs of senior posts were set out in the report were considered and concerns raised over why these had not been made permanent appointments.
- Most agency and sub-contractors in the report had now been employed with regards to the property and development areas. The Gas Serving staff were in the process of being TUPE transferred in, generating significant savings costs of procuring this service through a third party.
- There had been no complaints in relation to the new service which had been running for over a month. Quarterly reports to be provided to members, with the same service given and in some cases added value on what was provided before. The new service would be moving to a multi-trade approach.
- It has been recognised there were some temporary members of staff who didn't want to move to the service, although for the majority this was not the case.
- Clarified that the figures provided in the report included salaries and on costs which included agency fees.
- Protecting existing staff in light of the transformation process was a factor in recruiting agency staff where staff couldn't be recruited internally.
- Members requested that there should be a recognised process of Passing on information as and when agency staff leave and are replaced.
- Councillors urged that decisions on recruitment be made considering value for money and job efficiency, not the lowest cost option.
- The performance of the temporary staff was monitored through the relevant line managers and a quarterly meeting was held with Matrix.
- The contract arrangements had been held with Matrix since 2016. This was done through a procurement exercise and procured alongside Avon and Somerset Police.
- There were still occasions where specialist agencies had to be used due to some specialists unable to be recruited through Matrix.
- The variance in the figures in the report for similar posts related to the length of time that they were employed for.
- Concerns were expressed that some ongoing agency appointments of permanent positions was bad value for money and would need to be justified further with a cost/benefit analysis.
- There was a recruitment protocol in place, which positions were advertised initially to internal staff if they could be upskilled or provided with additional hours. Permanent recruitment is challenged currently to protect the staff in view of the future transformation. This linked in with existing redundancy policy and UNISON agreement. If resource is needed then agency staff would be recruited.
- A Decision would be taken by the Assistant Director on recruitment of permanent vacancies.
- Concerns were expressed over the comparison of contractor and agency pension costs leaving agency staff at a disadvantage.
- There was parity in terms of annual leave and other terms and conditions of employment which employees benefit from.

- In comparison with agency outlay in other authorities, it was reported that there were some differences between separate authorities. Some could not be going through a transformation process or have housing stock and a DLO which could reduce the need for temporary staff.
- Agency staff could only be recruited within existing budgets, so there were no financial irregularities when engaging agency staff
- It was discussed what the financial impact of a further 22% reduction of staff would have on the costs of agency staff.
- The future council structure was still to be considered as part of the transformation project. Redundancy costs were individual to each employee depending on service and salary.
- In certain examples of consultant and specific agency posts the salary was determined on market rates in some instances including assistant directors and some consultants.
- A paper detailing housing repairs and work done around this area would be considered at a future committee.

Resolved that the report be noted.

118. Corporate Scrutiny Forward Plan

Submitted for information the proposed Forward Plan of the Corporate Scrutiny Committee.

A briefing on the Crematorium was given by The Assistant Director – Operational Delivery.

An audit of the Crematorium was conducted in September 2016. This identified areas of financial control that could do with improvement. A separate system was used to manage cremations, burials plot allocations and funeral timings plus invoice processing. This was not linked with SAP. There were actions that didn't fit with the corporate standard. There were no terms and conditions on the payment of invoices and aged debt didn't tell customers timescales of payment.

Issues around debt management had been resolved prior to the new manager arriving. Some overdue payments from funeral directors and individuals put on payment plans. All payments were in the process of being recovered. The service relied on external income of around £1million pounds a year in revenue – the most recent debt reported outstanding debt at £36k which was made up of 9 invoices. Funeral directors owed the majority of the money with debt not seen to be an issue in this service. After the 30 day pay period the debt recovery process kicked in, and debtors contacted via a letter and phone call.

Aged debt of invoices put on E5 system? This system thorough accounts receivable had gone live later than expected. The process at the Crematorium would switch to E5 as soon as it's live. It was not considered aged debt until it was over 30 days after the invoice was sent.

Resolved that the Forward Plan be noted.

(The meeting ended at 7.50 p.m.)

