

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

POLICY DEVELOPMENT GROUP – 27 JUNE 2018

Title of report	WORKFORCE AND AGENCY COSTS
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Purpose of report	To provide information on workforce metrics and costs including spend on agency workers.
Implications:	
Financial/Staff	This purpose of this report is to provide information on staffing arrangements and to detail the approaches being undertaken by officers to ensure the workforce is being effectively deployed to achieve optimum efficiency.
Risk Management	No risks.
Equalities Impact Assessment	N/A
Human Rights	N/A
Transformational Government	N/A
Comments of the Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	The report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	All of the Council's recognised Trade Unions have been given the opportunity to respond to a consultation on the proposals.

Background papers	Papers are held in the office of the Head of Human Resources and Organisation Development. (Room 132 Council Offices, Coalville)
Recommendations	THAT THE POLICY DEVELOPMENT GROUP COMMENT ON THE PROPOSED TARGETTED REDUCTIONS IN THE USE OF AGENCY WORKERS, AND THE WORKFORCE METRICS BEFORE THEY ARE PRESENTED TO CABINET FOR CONSIDERATION / ADOPTION.

1.0 BACKGROUND

- 1.1 This report follows discussion at full Council on the 27 February 2018 where members sought further information about the future management of the Council's workforce and the scale and usage of Agency workers. This report also considers some of the future workforce challenges and our plans to address those to ensure we have an effective and productive labour force in the years ahead.
- 1.2 The spend on the Council's workforce, be it those directly employed or under an Agency worker arrangement is significant, accounting for £18m of the Councils budget in 2017/18. The agency spend as a proportion of that paybill was 10% or £1.8m. It is important to note that all of this expenditure on permanent staff and agency workers was funded within the approved staffing budgets.
- 1.3 The size of the Council's workforce inevitably fluctuates over time. The table below shows the number of full-time equivalent permanent employees employed at the end of the financial years.

2008/9	2009/10	2010/11	2011/12	2012/13
489	480	460	456	466
2013/14	2014/15	2015/16	2016/17	2017/18
461	450	442	446	444

Over a 10 year period there has been a gradual decline in the number of full-time-equivalent employees engaged in employment within the Council, representing a 9.2% decline in the period. The national decline in the numbers of employees employed in all Local Government sectors (including Unitary and County Councils) was higher at around 28% for the same period. It is relevant to note that this Council has retained its services in-house during that period, a consideration that has not applied to all Local Government tiers and Councils so these statistics should be viewed with some caution. Approximately 100 full time equivalent employees will transfer from Council employment when the new Coalville Leisure Centre is outsourced during 2019/20. This will have a significant impact on the overall size and future management of the workforce, particularly the central support services.

- 1.4 The vast majority of the Council's spend on Agency workers is managed through a procured framework agreement where a single company channels and manages requests for workers who are then sourced from agencies linked to the agreement. This umbrella arrangement has a number of benefits for the council - it provides a single point of contact for recruiting officers, leads to reduced and standardised rates of commission, provides accuracy and transparency of charges and savings, and provides the opportunity for 'local' and SME suppliers to operate within the supplier's supply chain.

- 1.5 The use of Agency workers in the Council has increased when compared to the previous year, accounting for over £1.8m in 2017/18.

Agency Spend

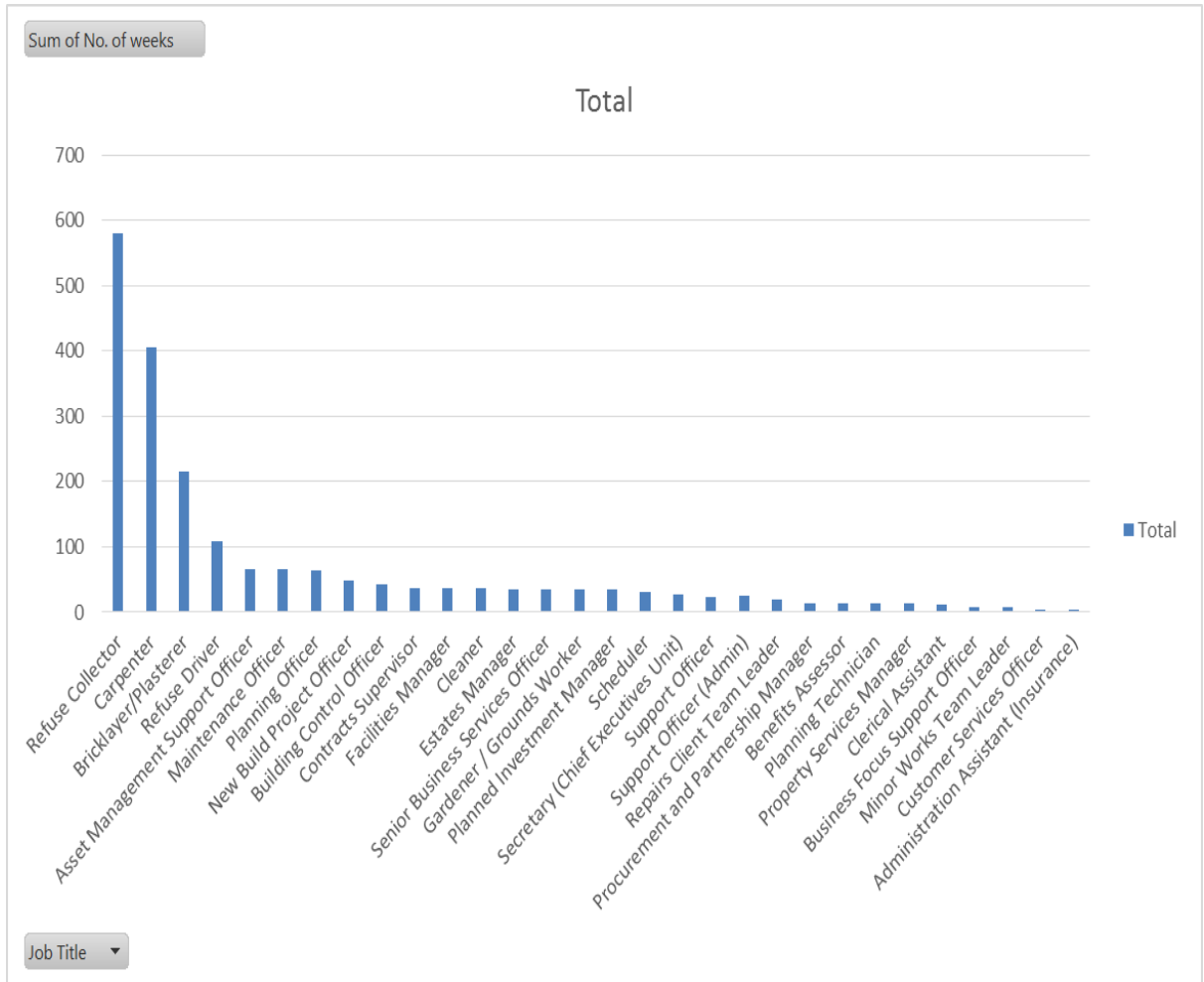
2015/16	2016/17	2017/18
£1,289,939	£1,292,110	£1,873,345

Percentage of workforce spend on Agency workers

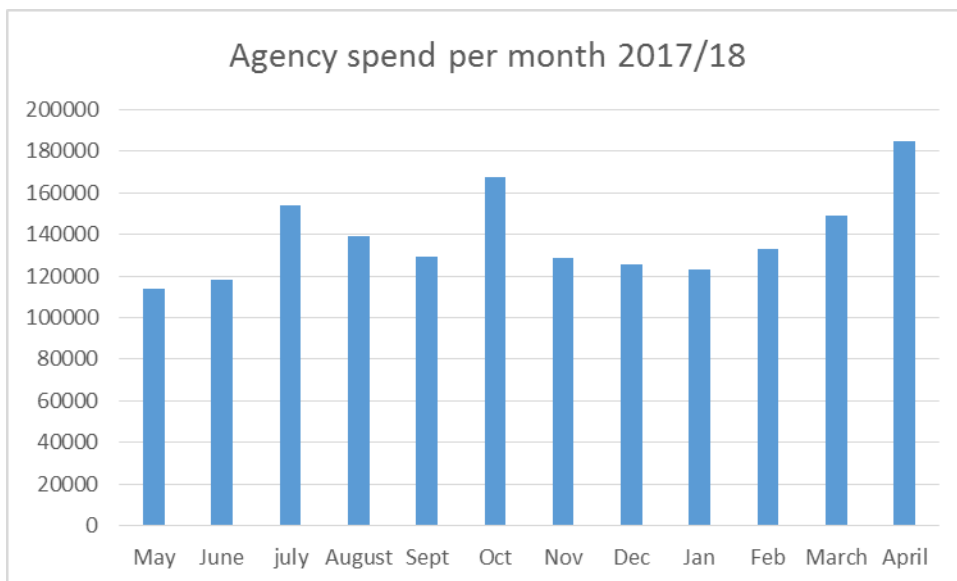
2015/16	2016/17	2017/18
7.91%	7.63%	10.5%

- 1.6 Agency workers have traditionally been used to cover short term work requirements which can include short and long term sickness absence cover, holidays, planned peaks in work, and project work. We have experienced recruitment difficulties in some occupational areas and have needed to rely on Agency worker support (often paying premium rates) to back-fill permanent vacancies. While this is not always desirable, it has been necessary to maintain levels of service provision. The occupational areas affected recently by these recruitment problems include Housing repairs, Building Control, Enforcement and some legal roles. Agency workers and consultants have also been used to undertake short term project roles or where there is a need for specific skills or knowledge for a time-bound period.
- 1.7 The biggest user of Agency workers in the Council during 2017/18 (in terms of spend) was the Housing Repairs service, which accounted for 61% of the spend.

The graph below shows the jobs that agency staff were engaged in during 2016/17 and also demonstrates the total number of weeks such staff were cumulatively utilised for.

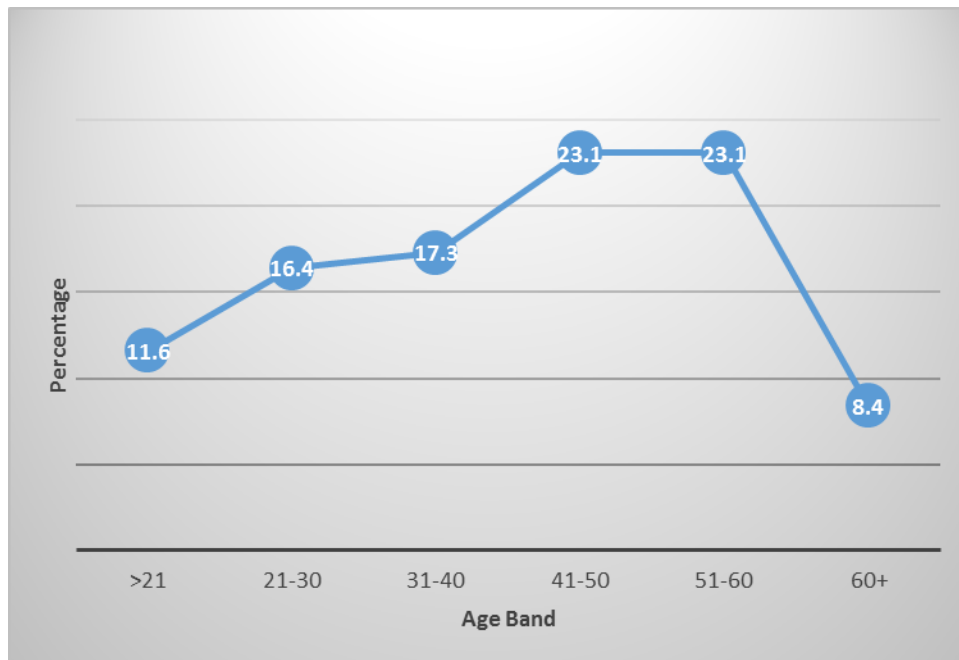


1.8 The table below shows the monthly spend on Agency employees during 2017/18.



- 1.9 Corporate Leadership Team (CLT) have taken a pro-active approach to the management of Agency employees, recognising that while they have their contribution to make to the workforce, the preferred position is to recruit to posts on a permanent basis. Following two reports to CLT in October 2017 and February 2018, controls have now been put in place to manage the recruitment of Agency workers where the contract is requested to extend beyond a period of 12 weeks. Services have been asked to consider how they can reduce their reliance on Agency workers and extensions to agency worker contracts will be reviewed and challenged. These measures are anticipated to reduce the Council's reliance and spend on Agency workers during 2018/19 and beyond.
- 2.0 The biggest user of Agency workers, the Housing repairs service, had previously struggled to recruit to permanent roles in skilled craft jobs such as electricians and plumbers and some managerial roles etc. The craft role situation has now been addressed through the successful negotiation of a new local agreement for craft workers which has improved the pay rates and offer for those occupations. Recruitment arrangements are now being put in place to seek to recruit permanently to these job vacancies and we are anticipating that there will be some permanent recruitments from individuals currently engaged as agency workers with us. A job fair is being held at Stevenson's College on the 20th June 2018 to seek to fill some of these vacancies. There is a need to manage staff numbers carefully in the Refuse and recycling service to ensure there is sufficient cover to provide critical daily service continuity to cover for sickness absences, holidays etc. However it is recognised that more can be done to reduce the reliance on Agency personnel in that area too.
- 2.1 The Council is committed to reducing the current level of reliance on Agency employees, and this has been reaffirmed by the Corporate Leadership Team. However, we recognise that this will take some time to manage through and to effect these changes. Accordingly we intend to set challenging targets to reduce the Agency spend to £1.4m during 2018/19 and then to £1m in 2019/20, and to £800K in 2020/21.
- 2.2 The financial challenges facing the Council documented in the Medium Term Financial Strategy will be linked to the effective and efficient operation of the workforce, as employee costs are one of our biggest budgets. Where workforce reductions are required we will seek to work with employees and trade unions to achieve mutually acceptable solutions – and a separate report on Pensions discretions on the Policy and Development Group agenda is seeking to provide more scope and flexibility to both the Council and affected individuals when managing redundancy, retirement and business efficiency situations.
- 2.3 The Council is embarking on a programme of digital transformation with the first services recently made accessible through the revamped Council website. As the programme progresses, more customer activities will be driven through self-serve on the website. These developments are likely to impact on staffing requirements over time as there will be a requirement for different skillsets and competences in the workforce. This is one example of where we will be looking to constantly review and improve the efficiency and effectiveness of processes and the workforce.
- 2.4 The senior management structure of the Council was reviewed in January 2018 and with the exception of the recently departed Head of Planning and Infrastructure, all of the roles at Corporate Leadership Team level have now been filled. The review of the senior management structure led to savings of £115K per annum, and we are now progressing with a second stage of the restructure which is anticipated to lead to savings of \$40K per annum in respect of the General fund and £25K to the Housing Revenue Account.

3.0 AGE PROFILE



3.1 The chart shows the current (May 2018) age profile of the Councils workforce. In common with other local Authorities and employers in our sector, we have an ageing workforce profile, with over 30% of the workforce aged over 50 years of age, and relatively low proportions of employees in the lower age bands. These percentages partly reflect the wider demographic changes in society – in 1992 one in five people in employment was aged over 50, today it is more than one in four, and this trend is set to intensify as the working-age population in the UK is predicted to stagnate over the coming decades.

3.2 We will need to take steps to consider how, as an employer, we will mitigate the risks of population change and other national and local developments that impact on our workforce, and these considerations will form part of our developing people plan.

The people plan is currently being developed in conjunction with employees, managers and trade unions and will be presented to members at PDG and Cabinet during the late summer 2018.

3.3 The People plan is likely to be based around 5 key themes

- **Being an Employer of Choice** – we will attract and retain the best staff, recognising the contribution they make.
- **Developing and Supporting** – we will develop and support staff to fulfil their potential and meet their career aspirations through a coaching culture
- **Providing Effective Leadership** – we will promote, champion and support leadership based on inspiration and vision not edict

- **Having a Healthy and Happy workforce** – we will foster a culture of inclusivity, good health and well-being.
- **Communicating and Listening** – ensuring we have effective communication methods and engagement with the workforce

3.4 The People plan will shape the workforce in terms of skills, capacity and resourcing. The associated action plan will include revisiting and reviewing our policies to enable a more flexible approach to the management of establishment costs in line with future requirements.