

**Manchester City Council
Report for Information**

Report to: Human Resources Sub Group - 4 February 2016

Subject: Agency Usage Update

Report of: Head of HROD Service Delivery

Summary

This note provides the Finance Scrutiny Committee – HR Sub Group with an update on the usage of agency resource across the organisation including:

- Detail on areas of high spend.
- Information on governance arrangements in relation to the engagement of agency resources
- The Council's position on zero hours contracts and exclusivity clauses

Recommendations

The Finance Scrutiny Committee – HR Sub Group is asked to note the content of this report.

Wards Affected: All

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1. Introduction & Background

- 1.1 Agency staff are used across the organisation for a range of reasons:
- For short term cover across a range of roles where it is not appropriate to establish a permanent structured role or the time scale is too short to deploy an **m people** placement.
 - Where there is a requirement for a specific skill set for a defined period, for example very specialist ICT skills to deliver a specific project
 - Where there is a need to maintain minimum staffing levels (mainly in roles related to safeguarding) and there is not the ability to release capacity internally to provide cover.
- 1.2 There is an ongoing long term commitment across the organisation to limit the use of agency workers. Currently the majority of agency workers are utilised when cover is required that cannot be resourced internally. In addition, agency engagements are agreed in some areas as part of an agreed approach to resourcing where a specialist skill is needed and it would not be economical to make an appointment to a structured position e.g. in some parts of ICT, in particular related to project activity. During times of organisational change the prudent use of agency is sometimes required as a tool to enable services to transition into new ways of working. Such short term use of agency to provide essential cover enables employees to be released in a managed way to secure new roles within the organisation in a timely manner.
- 1.3 This report provides Members with an update in respect of agency usage and identifies those areas of particularly high spend. The report also sets out the councils position on zero hour contracts and the governance arrangements which are in place around the engagement of agency workers.

2. Agency Usage

- 2.1 Overall, annual agency spend dropped across the organisation between 2008/09 and 2012/13, from £17.0m to £10.5m. It decreased by a further 6% between 2012/13 and 2013/14, however 2014/15 saw a rise in expenditure of 14% taking spend up to £11.6m.

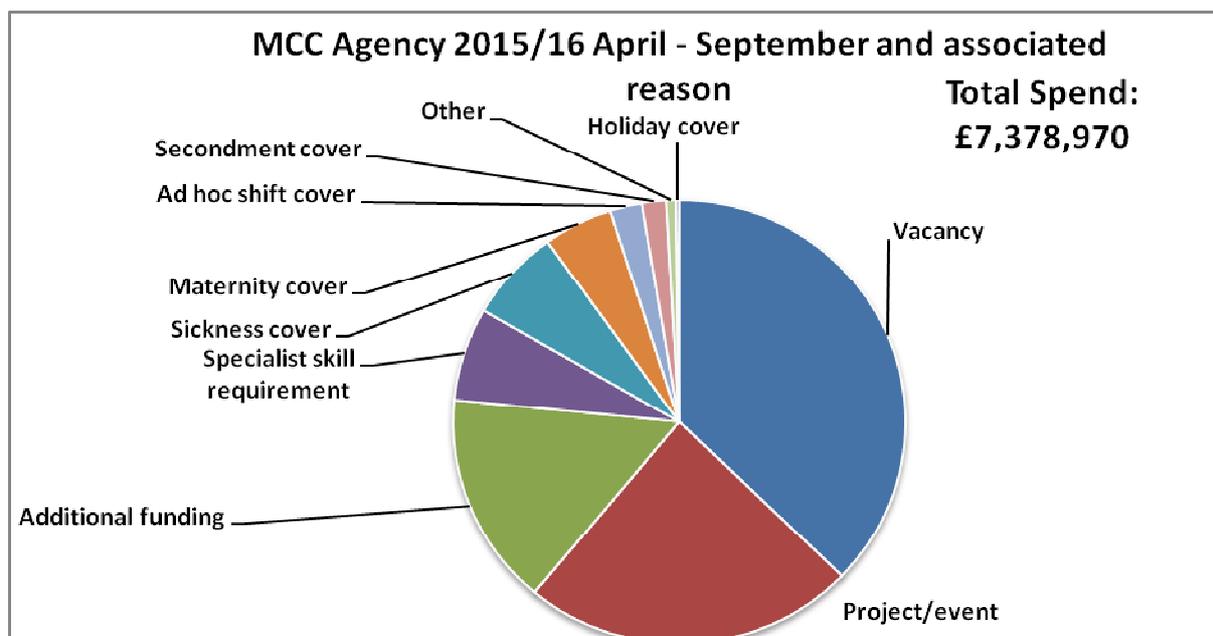
Table 1: Agency Spend for 2012/13, 2013/14, 2014/15 and 2015/16 (to September)¹

Financial Year	Spend on agency resource
2012/13	£10,818,131
2013/14	£10,179,773
2014/15	£11,597,801
2015/16 (April – September)	£7,378,971

¹ As measures relating to agency spend are based on invoice notifications received from suppliers, figures for the most recent two months cannot be considered fully accurate given the time lag in invoice submission. It is expected that approximately 95% of invoice notifications relating to May 2015 will have been received by August 2015. Therefore the figures for May 2015 are considered approximately 95% accurate and are therefore used within the information within this report.

- 2.2 Based on 2015/16 agency spend to September 2015, projected spend for the year is around £14.7m. This would be an increase of 27% on 2014/15 spend. Spend in the year peaked in July 2015 at £1.4m in a month, reducing over the next two months. It is hoped that this reduction will continue resulting in a lower level of reported spend at year end. The Children & Families Directorate has accounted for 56% of agency spend in the year-to-date, with expenditure related to both front line care roles and interim senior management. Ongoing strategies are in place across the directorate to reduce spend in both these areas.
- 2.3 Over the most recent six month period from April to September 2015, total spend on agency across the organisation was £7.379m. This is broken down by reason and Directorate in Graphs 1 and 2 below.

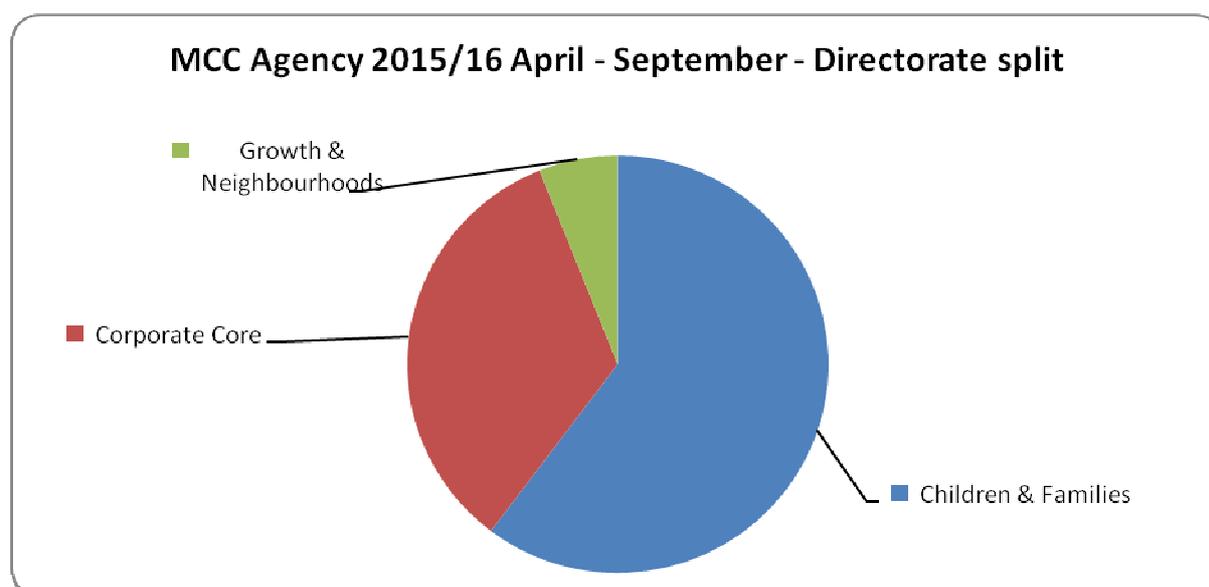
Graph 1: Agency Spend across MCC April 2015 – September 2015 and associated reasons



Reason	Total cost 2015/16 year-to-date	% of total Council agency spend
Vacancy	£2,746,862	37%
Project/event	£1,758,875	24%
Additional funding	£1,146,031	16%
Specialist skill requirement	£500,084	7%
Sickness cover	£495,246	7%
Maternity cover	£366,753	5%
Ad hoc shift cover	£168,606	2%
Secondment cover	£128,905	2%
Other	£49,971	1%
Holiday cover	£17,638	0%

Total	£7,378,971	100%
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Graph 2: Agency Spend across MCC April 2015 – September 2015 by Directorate



Directorate	Total cost 2015/16 year-to-date	% of total Council agency spend
Children and Families	£4,448,006	60%
Corporate Core	£2,483,798	34%
Growth and Neighbourhoods	£447,165	6%
Total	£7,378,971	100%

2.4 It should be noted that while there is an initial outlay to the organisation, some agency spend, in particular some spend relating to projects and events, is income generating and related to the provision of additional resources to deliver specific projects. Additional resources engaged to support the Clean City work would be an example of this. Of the agency spend in 2015/16 to-date 40% (£2.9M) relates to engagements to either support a specific project or event or to specific identified additional funding.

3. Analysis of Areas of High Spend

3.1 The top 5 agency roles with this highest level of expenditure from April – September 2015 are set out in table two below. These account for 51% of agency expenditure in the year to date.

Table 2: Agency roles with the highest expenditure 2015/16 (to September)

Directorate	Role	Total cost 2015/16 year-to-date	% of total Council agency spend
Children & Families	Adults Support Worker	£1,383,450	19%
Children & Families	Children's Social Worker	£1,072,292	15%
Children & Families	Adults Social Worker	£595,619	8%
Children & Families	Children's Support Worker	£344,437	5%
Corporate Core	Solicitor	£332,807	5%
Total cost of the top 5 roles		£3,728,605	51%

3.2 The below points should be noted when considering the above:

- The majority of spend on **Adults Support Workers** is due to vacancies in the service (87%); other reasons include rota cover (9%), additional funding (2%), maternity cover (1%) and sickness absence (1%).
- The majority of spend on **Children's Social Workers** is due to additional funding (35%); other reasons include vacancies (25%), maternity cover (16%), sickness absence (15%), secondments (5%) and other (4%).
- The majority of spend on **Adults Social Workers** is due to additional funding (47%); other reasons include vacancies (23%), sickness absence (11%), maternity cover (9%), secondments (6%) and other (4%).
- The majority of spend on **Children's Support Workers** is due to vacancies (37%); other reasons include sickness absence (36%), additional funding (21%), secondments (3%) and maternity cover (2%).
- The majority of spend on **Solicitors** was in response to additional funded work (65%); other reasons included maternity cover (24%), specialist skills required (6%) and vacancies (6%). None of the spend on Solicitors was cover for sick leave.

3.3 Other areas of High Spend

3.3.1 In addition to the top 5 roles identified above there are a number of services that have a high expenditure across a small number of roles.

3.3.2 Children's and Families Senior Management Team

A total of 13 individuals were engaged to provide senior management cover within the Directorate from April to September 2015. The combined costs to cover these positions was £556k which accounts for 8% of total council spend on agency staff and 13% of total Children and Families spend.

3.3.3 ICT

A total of 50 agency staff have been engaged within the ICT service from April – September 2015. The total spend on agency staff within ICT in the financial year to date is £1.7m, which accounts for 23% of the total council spend on agency staff. £1.2m of these costs were to cover work on a specific

project/event. The table below shows the top 5 roles in the service and the associated costs.

Table 3: Agency roles within ICT with the highest expenditure 2015/16 (to September)

Service	Position	Total Cost 2015/16 year-to-date	% of total Council agency spend
ICT	Business Analyst	£181,162	2%
	Solutions Architect	£173,686	2%
	Technical Analyst	£149,382	2%
	Technical Analyst SAP Basis	£140,805	2%
	Project Manager	£99,937	1%
Total cost of the top 5 roles in ICT		£744,971	10%

4. Approaches to Managing and Reducing Agency Usage

4.1 As noted above, the two key areas of agency spend over the previous 6 months relate to the Children & Families Directorate (60%) and ICT Service (23%). The below information provides more context around engagements in these areas.

4.2 Children & Families

4.2.1 The Children and Families Directorate have a number of ongoing strategies to reduce agency spend across all service areas, which has resulted in a decreased spend over the last two months. Supported Accommodation and Children's Social Care are the two biggest areas of spend and are front line services where the organisation needs to ensure that a safe level of service is maintained at all times. As noted above, there has also been a number of senior interim arrangements in place across the Directorate whilst permanent recruitment is undertaken. Vacancy cover is the main reason for the requirement of agency resource within the Directorate.

4.2.2 In order to support a reduction in sickness absence across the Directorate, and associated agency costs, governance arrangements have been strengthened to give the Leadership Team assurance that proactive management of absence is in place. This joint working across HROD and the Directorate is providing increased support to managers to resolve difficult cases in a timely manner and expedite return to works. Strategic absence clinics have also been established to support this and focus on management of absence which will reduce the need for agency engagements in the long term. A focused piece of work is underway in Children's Residential Service where there are significant sickness absence levels. Early indications are that this piece of work is proving successful.

4.2.3 Within **Children's Social Care** a social work retention scheme has been implemented with the aim of retaining social workers and reducing turnover which, in turn will reduce the need for agency resourcing. A large recruitment campaign took place early last year which resulted in a number of appointments that are already supporting a reduction in agency use.

4.2.4 Within **Supported Accommodation** a number of actions have been undertaken to reduce agency spend. These include monthly meetings between Managers and HROD to monitor agency spend following the introduction of new rotas to rationalise resources across localities and the recruitment of circa 20 apprentices into Grade 2 posts in February 2016. Targeted actions are in place around all long term sickness cases and the service is working very closely with HROD to move cases to a positive outcome.

4.2.5 Part of the agency spend in **Adult Social Care** relates to temporary roles externally funded to support Health and Social Care integration. In addition there are temporary roles relating to seasonal resilience which support the discharge of citizens from hospital. In respect of cover for long term sickness and vacancies the Transforming Adult Social Care programme is working to reduce agency costs through the management of absence and the development of plans for future staffing requirements.

4.3 ICT

4.3.1 The new operating model and structure for ICT was agreed in July 2015 with implementation beginning immediately. However, a number of vacancies remain across the Service, predominantly within the Operations area, and activity is underway to permanently recruit to these roles. It should, however, be noted that whilst there are high levels of vacancies the majority of these are not currently covered via agency resources.

4.3.1 The Delivery and Test area of the Service is responsible for the development of the IT transformation programme for the Council and the directorates – the model adopted within this area is for a core permanent workforce to be supplemented by agency resources. Again, there are small number of vacancies in this area and permanent recruitment is progressing, however the majority of agency resources are engaged due to the need for additional capacity or specific skills for a defined period of time as opposed to covering vacancies in the team.

4.3.2 The volume of agency resources across ICT may reduce slightly as a result of filling permanent vacancies. However, there will remain an ongoing requirement to supplement the permanent workforce in order to deliver against the challenging maintenance and infrastructure programme and transformation agenda. Given the nature, demand for and cost of these skills, this represents a value for money approach to resourcing.

5. Governance

- 5.1 In line with the Council's *m people* approach, tight arrangements are in place to ensure appropriate considerations are made before agency resources are engaged to ensure value for money and assure that all available internal resources are utilised. At present, all requests are agreed via the Directorate Resourcing Panels which comprise of senior managers from across the Directorate with Finance and HR support. Directorate Resourcing Panels can approve agency engagement for up to 4 weeks and extend these resources for up to a further 4 weeks.
- 5.2 Agency engagements for over 1 month must be approved by the Council's Corporate Vacancy Panel, chaired by the Deputy Chief Executive (People), comprising of members of the Council's Strategic Management Team representing each of the three Directorates and attended by a Trade Union nominee.
- 5.3 Where areas are identified as having high agency usage or ongoing reliance on agency for specific reasons (for example high turnover, increases in absence or difficulties in filling vacancies), the HROD service supports managers to develop strategies to address these issues.
- 5.4 Work is currently underway to review the Council's existing processes and governance arrangements around resourcing. The intention is that this will streamline processes whilst ensuring continued governance and oversight. Current proposals would remove the need for face-to-face Directorate Resourcing Panels and replace them with an on-line process of review and assurance by finance and senior managers. However, longer term agency engagement will remain subject to approval by the Corporate Vacancy Panel.
- 6. Zero hours contracts**
- 6.1 ACAS define 'zero-hours' contracts as those where people agree to be available for work as and when required, but have no guaranteed hours or times of work. Zero-hours contracts effectively provide employers with a pool of people who are 'on-call' and can be used when the need arises. It is argued that such contracts may suit some people who want occasional earnings and are able to be entirely flexible about when they work.
- 6.2 A zero hours contract will typically differ from a standard casual worker agreement in that, while the employer is under no obligation to offer work, the individual is usually obliged to be available and to accept the work when it is offered. The Council does not currently engage any employees on this basis, nor has the Council any record of such arrangements for the past 10 years. However, the Council does use casual staff.
- 6.4 Unlike staff employed on zero hour contracts, the bulk of casual staff are engaged on a 'no mutual obligation' basis. The Council is not obliged to provide work and the casual staff members themselves are not obliged to accept work when offered. Examples of staff members who are used on a

casual basis are coaches/ instructors and casual Coroners. Such roles are established as, whilst there is not a day-to-day requirement for the resource, there is a clear need to access the specific skill set on an ad hoc basis.

- 6.5 The table below provides an overview of the number and roles of casuals engaged in November 2015.

Table 4: Casual usage by directorate as of November 2015 is as follows:

Directorate	Volume Nov 2015	Main occupational groups
Children & Families	37	Residential Bank Support Staff, Lecturers, Fostering Panel Members and Passenger Assistants
Corporate Core	8	Assistant Coroners, Car Boot Sale Operatives
Growth & Neighbourhoods	43	Sports Coaches and Instructors
Total	88	

7. Conclusion

- 7.1 The information above provides an overview of the Council's current spend on agency resources together with additional detail requested by Members around governance arrangements and zero hours contracts.
- 7.2 The organisation remains committed to reducing agency spend where possible and has clear governance processes in place to ensure engagements are only agreed where they are the most appropriate approach to providing resources, taking account of both value for money and service delivery priorities. This often relates to either the need to ensure minimum staffing levels in safeguarding services or to secure time-limited specialist capacity to support projects in areas such as ICT.
- 7.3 2014/15 and 2015/16 to-date have seen a reversal of the recent pattern of reducing agency spend with, in particular, high volumes of spend within the Children's and Families Directorate (60% in the financial year so far) and ICT (23% in the financial year so far).
- 7.4 In considering this information, it is important to highlight that, whilst costs have increased, the majority of agency resources continue to be funded from within the Council's existing workforce budgets which are projecting an in-year underspend. In addition, around 40% of agency engagements are specifically related to additional identified funding or specific time-limited projects.