Use of Temporary Agency Staff

04 February 2003

Report to the City Council

Use of Temporary Agency Staff

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Preface

By Councillor Mike Olley
Chair, Co-ordinating Overview and Scrutiny Committee
January 2003

Expenditure on temporary agency staff is currently in the region of £14.2m. This is a huge commitment for a council, even as diverse as ours, especially as we face the constant process of change and aim for a more streamlined and effective service. It is indeed a situation worth reviewing when we consider that the overall expenditure on our workforce is around £1 billion.

We do need temporary staff and recognise that they are a valuable part of our workforce. This review is about striking the right balance. How we use them has direct implications towards our recruitment and selection policy, so we first need to ensure that we work towards a speedier, well planned and better placed recruitment process.

With a workforce of 50,000 staff, we are the largest council in Europe and have used temporary staff as a cushion with which to support a range of council services for a number of years. But we now need to evoke a culture of change towards the way in which we utilise and perceive temporary agency staff in the day to day functioning of council services and activity.

This report is all about understanding our workload, considering how we resource our needs and reviewing how we do it. Spending £14.2m on temporary agency staff is not the best way to go about running an effective and efficient council service. For example, after temporary employment with the council, we often lose staff who have acquired an in-depth and detailed knowledge of City Council policies, activities and procedures and who are on a par with any permanent member of staff. I am not convinced that this is an ideal way of making effective use of our investment in staff, temporary or otherwise.

This report recommends that we all start to think more strategically when considering every aspect of human resource planning and work evaluation. It recommends the introduction of corporate contracts for temporary agency staff and that we review our recruitment process and managerial best practices. It has

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huge implications towards the way the council operates in the future and these changes are particularly timely when we consider likely changes following an EC Directive on the working conditions of agency staff. These changes are likely to lead to increased costs for the use of agency staff in the future and will have a direct and significant impact on how they are used. Although these changes have yet to come into effect, it gives the council the upper hand - an opportunity to plan effectively. Investing our energies now will give us the chance to prepare for these changes and ensure that we are in a strong position when this directive is implemented.

Mike Olley

1: Executive Summary

1.1.1   Agency temporary staff offer a great deal of flexibility to the Council in fulfilling urgent, short term needs for staffing. Despite proposed EC legislation, there will continue to be a role for agency staff in meeting the future human resource needs of the Council.

1.1.2   This review has found that the Council

- Spends a considerable amount on agency staff, estimated to be in the region of £ 14.2m, excluding spending on teachers and schools-based staff
- Generally employs agency staff for long periods of time
- Employs a significant proportion of agency administrative staff, as well as staff to deliver direct services

1.1.3   Within the Council's use of agency staff, there are a number of uses that represent a short-term solution to our needs to maintain a direct service. There are also areas of good practice, both in maintaining managerial control of use and ensuring that it is appropriate.

1.1.4   However, there is also some scope for improvement, as is inevitable with spending a sum as large as £ 14m. Some of the areas in which improvement can be sought come from issues of managerial control and accountability.

1.1.5   Some of the issues around agency staff use stem from deeper HR issues. These could be improved through delivering changes in the way we

- Plan our workforce needs
- Recruit and select to meet those needs, and
- Manage the performance of the workforce

1.1.6   In addition, the Council does not get the maximum benefit from the main corporate contract in place for agency staff, that with Kelly Temporary Services and Extra Personnel. Increased use of this contract, as well as having other (required) contracts in place, should be expected to deliver expenditure savings.

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2: Summary of Recommendations

	Recommendation	Responsibility	Completion Date
R1	The processes by which departments plan to deliver the right number of people for the required level of service should be examined. This needs to take account of • The workload to deliver the service required • The budget available to do this • Challenging the need for operating with vacancies through choice	Departmental Directors	31 March 2003
R2	The number of unfilled funded vacancies and the time taken to fill vacancies should be measured and made a key performance indicator for all HR teams and line managers.	Department Directors	31 March 2003
R3	The continued employment of agency staff should be periodically reviewed at specified intervals. The three month / 12 weeks period identified in Housing is suggested for this. This review process should • Challenge the need for continued use, and • Question the sufficiency of actions to resolve the situation permanently	Departmental Directors	31 March 2003
R4	Implementation of new recruitment processes should be related directly to achieving a reduction in • The proportion of unfilled, funded vacancies • The time taken to fill vacancies	Chief Personnel Officer	01 September 2003

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R5	The Council should build upon existing good practice by establishing corporate guidelines for line managers. These should indicate corporate best practice in • Evaluating the need for agency staff • Specifying requirements to agencies • Selecting agency staff and take account of • The need to consider redeployees • Best practice already identified in permanent staff recruitment and selection	Chief Personnel Officer	31 March 2003
R6	Developments regarding the proposed EC Directive on Temporary Agency Workers should be monitored corporately. At such time as an implementation date becomes clear, a corporate action plan should be prepared to • Enable the Council to develop processes to meet the requirements of the Directive • Change practices with agency staff use to avoid unnecessary cost This action plan should result in implementation of these measures by the time that the Directive comes into force.	Chief Personnel Officer	Continuous throughout the development of the Directive. End timescale determined by the date of implementation of the Directive.
R7	Where corporate contracts for procurement of agency staff are in place, these should be used. Progress towards achieving this should be monitored and realistic targets for on-contract spending established.	Departmental Directors	31 March 2003
R8	Corporate Procurement should • Identify the areas where contracts are required for temporary agency workers, to comply with Standing Orders • Agree specifications for the contracts with the relevant departments • Progress the establishment of contracts	Strategic Director, Resources	31 October 2003

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R9	Corporate Procurement should give consideration to the establishment of Account Manager(s) for agency staff contracts. The Account Manager should be accountable for • Ensuring that the contracts in place continue to deliver our needs for agency staff • Regularly obtaining 360° feedback on the operation of the contract • Monitoring and challenging off-contract purchasing • Taking appropriate action to show demonstrable increases in on-contract purchasing If this role is not considered appropriate, other measures to achieve this should be developed and actioned.	Strategic Director, Resources	31 March 2003
R10	Corporate Procurement should explore further with agencies having dedicated staff on-site to resource the Council's temporary staff needs. This should include running a pilot exercise to see how effectively this can work. Progress on this should be reported to the Co-ordinating Overview and Scrutiny Committee.	Strategic Director, Resources	31 March 2003
R11	Consideration should be given to the method for recording and monitoring agency staff use corporately. This should deliver a system that is • Adequate to meet corporate needs for information • Appropriate in the context of a future EC Directive • Up and running as soon as possible (by 31 March 2003)	Chief Personnel Officer	31 March 2003

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R12	Departments should consider their own information needs regarding agency staff. This should cover • Facilitating an appropriate level of controlling use • Indicating and informing strategic HR issues in the department, arising from the use of agency staff • Contributing to necessary corporate information Where existing information does not deliver this, appropriate action should be taken to resolve the problem, with clear timescales for completion given.	Departmental Directors	31 March 2003
R13	Progress towards achievement of these recommendations should be reported to the Co-ordinating O&SC on a six-monthly basis until completed. The first report should be to the April 2003 Co-ordinating Overview and Scrutiny Committee meeting.	Chief Personnel Officer	04 April 2003

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3: Introduction

3.1 Background

3.1.1   Birmingham City Council is a large employer, with nearly 50,000 staff employed across the City and a total paybill cost of around £1bn. Within a workforce of this size it is inevitable that there will be a great deal of variety of roles and variable rates of transition in the composition of the workforce.

3.1.2   Temporary staff agencies have become firmly established in the UK economy over recent years, as organisations have sought to establish more flexible means of meeting their needs for labour. Effectively, this is a 'tap' to a reservoir of (often) skilled labour, that can theoretically be turned on or off according to organisational needs for people. Agency staff provide organisations with a method of resolving the problems of inflexibility associated with employing permanent staff.

3.1.3   The price of this is that it is perceived that in many cases agency staff can be more expensive than employing permanent staff. This is not always the case and sometimes agency staff can be cheaper than directly employed staff. The reason for this perception is that the agency bears the cost of employing the person and is also a profit-motivated organisation in its own right.

3.1.4   As a local authority we have to be cognisant of the fact that, whilst we have an obligation to provide services to the people of Birmingham, we also have an obligation to provide value for money in doing so.

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3.2 The Importance of the Issue

3.2.1 The issue of how the Council uses agency temporary staff is one of importance for a number of reasons, including:

- The considerable cost involved (in 1999/2000 this was estimated at £ 19.3m[1])
- It is symptomatic of problems with recruitment and retention
- There is a variable level of control of how this expenditure is used across the Council
- It can potentially mask other HR problems, such as being unable to redeploy permanent staff
- The quality of staff engaged is not necessarily regulated
- It affects our relationship with our recognised trade unions

3.3 The Origin of this Review

3.3.1 The Co-ordinating Overview and Scrutiny Committee examined the issue of how the Council conducts redeployment in June 2002. This included examination of the possible impact that temporary staff might have by reducing redeployment opportunities for permanent staff.

3.3.2 The *Managing Redeployment* review highlighted that, whilst there were processes in place to ensure that redeployees were considered for permanent and temporary posts, this was not the case for posts covered by agency staff. It also found that there was very little information or monitoring of the use of agency staff. However, it was accepted that the information on agency staff gathered in the review was a snapshot of the issue. Any further conclusions would need to be based upon a more detailed and specific analysis.

3.3.3 The specific objectives of this review were established as follows:

- Establish further information regarding how agency temporary staff are used in the Council to explore the issues already raised in the Management of Redeployment review
- To improve the managerial information available on agency temporary staff

[1] Source: Central Personnel

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- Identify practices that can be used to ensure that the Council uses agency temporary staff appropriately and with regard for obtaining value for money
- To reduce the average period of time for which agency temporary staff are employed, thereby reducing costs to the Council

3.4 Gathering and Validating Information

3.4.1   This review draws on information from two principal sources:

- A questionnaire and discussion with Departmental Personnel Officers (DPOs) regarding processes in place within their departments
- Data provided by DPOs on behalf of departments indicating what use of agency temporary staff has taken place

3.4.2   At the current time there is no corporate process of recording information on use of agency temporary staff. It has been informally suggested by Central Personnel that this be done from April 2003 through the Human Resource Integrated System (HRIS). There are however a number of more detailed considerations to be made on this before this is confirmed.

3.4.3   Full details on the methodology used in gathering and processing the information are shown in **Appendix 1**.

3.4.4   This review provides a reasonably accurate picture of agency temporary staff use within the Council. Details of how the data collected has been validated and the levels of accuracy found are shown in **Appendix 2**.

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4: Factors Affecting Agency Staff Use

4.1   Summary

4.1.1   As is to be expected in an organisation as diverse in nature as the City Council, there are a number of factors that have a bearing upon the use of agency staff. These can be broadly categorised into

- **Demand factors:** Factors that affect the demand for agency staff – the timescales involved in recruitment and organisational change, how workload is assessed, the labour market supply
- **Control factors:** Managerial processes to control or regulate use, such as when managers can use agency staff, where they procure them from, how agency staff are selected

4.1.2   The factors affecting demand are discussed in the context of the information gathered in this review in section **5: Agency Staff Use**. This section deals with the control factors.

4.2   How Use is Controlled

4.2.1   How and when agency staff are employed is part of the recruitment and human resourcing arrangements for each department. This is determined by each Departmental Chief Officer / Director. Not surprisingly, this results in considerable differences in how departments approach the issue of agency staff.

4.2.2   These differences extend through all aspects of processes. Whilst there is general agreement that budget holders have responsibility initially for evaluating whether an agency worker is required (effectively, the 'business case'), some departments require further authorisation from senior managers such as Departmental

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Management Team (DMT) members. Others leave the decision entirely to the budget holder to deploy resources as they see appropriate, within the confines of their budget.

4.2.3   All departments use the information provided by GLAMIS to monitor finance. This is broadly aimed at ensuring that expenditure is 'within budget' (whatever the budget and how it has been determined may be). Some departments however supplement this mainly financial information with details that enable DMT members and budget holders to understand issues around why the expenditure has occurred. This includes details such as the roles covered, the duration of agency worker employment, and the base cost rate per hour of the members of staff.

4.2.4   The key issue here is the degree to which departments hold managers accountable for their use of agency staff. Some consider it important that the budget is delivered. Others place emphasis upon the recruitment and retention issues that underlie the expenditure. The common ground in both views is the necessity to monitor results in some way (whether through GLAMIS or with additional information) and hold the managers accountable for what they achieve.

4.2.5   It is also relevant to mention here that there is currently no guarantee that consideration has been given to the ability of available redeployees to perform the role to be covered. As the Scrutiny review of *Managing Redeployment* illustrated, whilst some redeployees may not be suitable for roles, others equally may be. This includes consideration of any skills gap that is bridgeable by training.

4.3 "Do I need a temp at all?"

4.3.1   Commercial and private sector organisations traditionally distinguish themselves in this area from the public sector on the grounds that they are more efficient and better at controlling cost. The reasons for this are that

- They are profit-driven
- Individuals are held accountable for delivering this
- There is a clear recognition of the need to challenge unnecessary cost

4.3.2   In such cases, control mechanisms are quite often informal and there is no need for bureaucracy. This is because the way the organisation operates challenges and holds individuals to account for unnecessary expenditure.

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4.3.3   An implicit understanding of the concept of direct and indirect staff regulates these control mechanisms.

- **Direct staff** are those whereby if they are not employed, there will be an immediate impact on the overall product or service.
- **Indirect staff** may not be employed in the short term without affecting the product or service, but their absence will affect the product / service in the long term (such as strategic and support posts).

4.3.4   There should of course be no staff whose contribution will not affect the delivery of the product or service.

4.3.5   Relating this to the Council, examples of these might include

- Direct staff: Teachers, Social Workers, Neighbourhood Office Staff
- Indirect staff: Administrative and Secretarial Staff, HR staff, Finance staff

4.3.6   This gives rise to the manager considering whether they need staff against these criteria. If the role to be covered is a direct one, then the answer should in most cases be 'yes'. In such cases, temporary staff are used to fill a short-term need, whilst the problem is resolved. If the role to be covered is indirect, then it will probably not be covered in the short term.

4.3.7   How HR requirements are planned is part of this. The planning of HR levels stems from a concept of workload:

- How many people do we need to deliver our goals?
- What skill sets are required to deliver our goals?

4.3.8   How this is expressed varies from organisation to organisation. In some cases it is calculated mathematically using a 'time and motion' style formula. In others it is expressed simply as numbers of people to provide coverage of the times and roles required.

4.3.9   The operation of the Council is very different to many commercial organisations, both in nature and the level of diversity. It has varied means of expressing workload and HR levels. Whilst there is 'an establishment' of posts, this is not necessarily directly related to or derived from the volume and type of work that needs to be done. Similarly, budgets (which are in part derived from establishment) are 'rolled over' from one year to the next, without conducting a fundamental review of their basis.

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4.3.10   This can give establishment a 'notional' status. This is especially the case where indirect post vacancies are not filled, either to meet reductions in the overall budget or to counteract over budget spending elsewhere. However, it does give rise to a simple question: if you can manage without these people, do you really need them in the first place?

4.3.11   This leads to a fundamental question. If you must spend less, then there are two options:

- Re-align your resource use more efficiently (i.e. increase productivity), or
- Accept that service levels overall will fall (i.e. cease 'less important' work)

4.3.12   Either way, this involves a challenge to the need to operate by 'carrying' vacancies. Given that decreasing the level of service is generally unacceptable to customers, this means seeking more efficient resource use. Some areas of the Council are already effective at challenging this. However, as a whole we can improve by achieving greater consistency in questioning how we do things.

4.3.13   Whilst the motivations and level of accountability are different in the public sector, this does not mean that we should not seek to operate to the same level of efficiency as the private sector. Certainly in a climate where we as a Council need to find £31m in 2003/4 and £42m in 2004/5, we are in no position to discount how economies with agency staff might contribute to this.

4.4   Controlling Quality

4.4.1   Quality selection and performance of agency workers is every bit as important as for permanent staff. The means by which the processes for this are influenced (like other processes) also vary between departments. This variance is broadly in accordance with the degree to which managers are 'left to their own devices' to sort their own problems.

4.4.2   At one end of the spectrum, many departments leave these processes to the line manager to determine. In these departments it is the line manager's decision on which agency they go to, how they select the agency worker and how they manage the performance of the agency staff once they are working.

4.4.3   The other end of the spectrum is less common. This involves line managers being required to follow a process for selecting and recruiting agency staff. This approach has been taken within the

Housing Department, where all managers are required to employ agency staff through the HR team. The HR team ensure that there is a person specification given to the agency and liaise with the agency over selection.

4.4.4   The middle ground on this spectrum is where DPOs advise line managers on what processes to follow. The line manager still has the option of whether to follow this advice. This is particularly useful in cases where line managers infrequently either recruit staff or employ agency staff, since it provides appropriate guidance. Whilst in practice all departmental HR can provide guidance to managers on the processes to follow, in these departments the approach is both less prescribed and less elective. The manager can choose not to follow the guidance, but to do so means that they need to make a conscious decision not to.

4.5   Measuring Performance

4.5.1   Preliminary feedback from the recent Compulsory Performance Assessment (CPA) indicates that the Council is weak in how it generally manages the performance of its staff. In this respect, it is not surprising that this characteristic is reflected also with agency staff.

4.5.2   One of the main mechanisms used to handle performance is that if managers are not happy with the performance of a member of agency staff, they simply return them to the agency. This may mean that certain processes such as carrying out an 'induction' will need to be repeated. However, there is anecdotal evidence to suggest that this is in some cases an attractive aspect for managers of employing staff through an agency.

4.5.3   The reason for this is that the manager does not have to actually manage the person. Any of the potentially difficult or confrontational aspects of managing staff are entirely avoided, because they are handled by the agency.

4.5.4   However, this is not the most efficient way to operate because managers are not encouraged to either get the recruitment and selection right in the first place, or manage the staff that they employ. It affords an opportunity for managers to abdicate their responsibilities, and fails to tackle any inadequacy that there may have been in the requirements specified to the agency.

4.5.5   In the absence of any performance management processes (other than for dealing with poor performance), it is unlikely that such an

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attitude will be developed. If managers are not expected to manage the performance of their own staff, how can they realistically be expected to manage the performance of agency workers?

4.6   Standing Orders and Corporate Contracts

4.6.1   Standing Orders apply to contracts for the supply of goods, services, materials or the execution of any work, with a value exceeding £10k. For contracts with a value under £10k, expenditure can be authorised by the departmental Chief Officer.

4.6.2   For amounts over £10k, the following processes apply, depending upon the estimated value of the contract:

- **£10k-£75k:** Three written quotations (submitted in accordance with Standing Orders) must be obtained
- **In excess of £75k:** Tenders must be invited in accordance with one of the tendering procedures. Where the estimated value exceeds the European Threshold (circa £154k), additional provisions exist

4.6.3   In calculating the estimated value of the contract, this is based upon the total Council spending on the area. This would be for agency staff within a certain category (such as Secretarial and Administrative staff).

4.6.4   There are three areas of Corporate Procurement contracts currently in place for agency staff, running from 01 April 2002 to 31 March 2005:

- Secretarial and Administration Staff (with Kelly Temporary Services and Extra Personnel)
- Civic and Commercial Catering Staff (with Birmingham Hospitality Services and GB Resourcing)
- Welfare Services Staff (with Pertemps and Top Temps)[2]

4.6.5   The Council is also currently going through a tendering process for Finance staff, with the contract estimated to commence from April 2003.

4.6.6   There are a number of generic problems with maximising the use of corporate procurement contracts:

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[2] Civic and Commercial Catering Staff and Welfare Services Staff were grouped together for the purpose of tendering.

- *Awareness:* Managers must be aware of the contract
- *Feedback:* Contract review requires feedback from the users. Managers can often more concerned with getting the job done than giving feedback
- *Reliance on Persuasion:* Whilst enforcing on-contract purchasing can be attempted, it is more effective to encourage use by selling and demonstrating the benefits to managers
- *Contract Specification:* Contracts are awarded on a price and quality basis. Where service needs differ from those specified in the contract, it may be necessary to go to another supplier
- *Quality Control:* Procurement contracts involve verifying that the supplier is reputable and complies with our organisational requirements

4.6.7   Off-Contract purchasing can result from these problems and undermines the worth of contract. This is because it potentially undermines the market position of the supplier. Ultimately, this can mean that the Council pays more to acquire the same service.

4.6.8   Given the size of the contracts involved with agency staff, ensuring that managers comply is no easy task. These are large and complex contracts to manage. However, resolving the problems that lead to purchasing off-contract does require understanding of the issues that drive it.

4.6.9   However, if no monitoring of contracts is undertaken, it will not be possible to identify the extent of problems and the best measures to effect real improvements in service through the contracts.

4.6.10   Lack of awareness and managers unnecessarily avoiding the use of contracts specifically designed to deliver value are not answers. Where we have such contracts in place, we should be using them.

4.7   The Proposed EC Directive

4.7.1   The European Commission published a proposed Directive to regulate the working conditions of temporary agency workers (TAWs) in March 2002[3]. The UK Department of Trade and Industry (DTI) concluded its consultation on this in October 2002.

4.7.2   The key effects of this proposal as it currently stands are:

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[3] A more detailed examination of the proposed Directive is shown in **Appendix 3**.

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- The principle of non-discrimination (including Equal Pay) will apply to agency staff
- Basic working conditions will be provided for agency staff (including times of work, rest periods, holidays and so forth)
- Employers will need to inform agency staff of permanent vacancies in their organisation, and give the same opportunity to apply as permanent staff
- Obstacles to agency staff concluding a contract with the user company (e.g. 'temp to perm' fees) will be removed. However, agencies will still be able to charge recruitment and selection fees
- Employers will be obliged to provide information on agency staff to employee representatives

4.7.3   The UK Government has expressed reservations about this Directive, explaining that existing employment legislation such as the Minimum Wage and Working Time Directive already apply to agency staff. Concern has also been expressed over whether the Directive can cover pay.

4.7.4   The likely effects of a Directive will be that

- It will become more expensive to employ agency staff than to directly employ
- We will need to be able to identify a comparator role[4] for the work being done
- We will need to be able to provide equalities information on agency staff as well as directly employed staff

4.7.5   The likely rise in the cost of agency staff is because the pay that the agency staff receives will be the same as a comparator role. On top of this, we will also have to pay the agency's costs of managing the temp and their profit. If this is the case, it will become more important that we have effective mechanisms to control what line managers spend on agency staff.

4.7.6   Whilst a Directive is not imminent (it is likely to be at least another two to three years), UK employers can expect to see European legislation in this area in the future.

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[4] i.e. A role within the organisation with whom it is reasonable to compare the role of the agency worker.

5: Agency Staff Use

5.1   Use of Agency Staff by Department

5.1.1   **Fig. 1** on the next page illustrates the use of agency staff by department[5]. This shows that during this period

- There was an average of 621.63 agency staff employed each week
- Including estimated FTE[6] staff from Social Services Children's Units this is equivalent to 654.29 FTE staff
- The estimated average cost of these staff was £ 387,406 per week
- There was a considerable fluctuation in the number of staff employed in a week, between 505 and 723
- The departments using the most agency staff were Social Services and the Resources and Development Directorates

5.1.2   This shows that agency temporary staff form a significant element of how the Council meets its human resource needs. To put this in perspective

- 654.29 FTE staff is equivalent to 23,881 hours of manpower a week, costing £ 2,292,549
- This is estimated to cost around £ 438 per FTE, per week – equivalent to £ 11.99 an hour on average
- This forms approximately 3.65% of the 17,921.50 FTE staff that the Council employed at end March 2002
- Projected annual cost for agency staff is £ 14.2m, excluding teachers and schools-based staff[7]

5.1.3   It is an important distinction that this review looks at the processes and patterns of agency staff use without examining

[5] This is for the period for which data was gathered (29 July to 22 September 2002).
[6] A Full Time Equivalent is a means of relating part-time workers to full-time. It is based on the standard 36.5 hour week. If a worker is contracted for 18.25 hours per week, they equate to 0.5 FTE staff.
[7] Including the data collected in this review and GLAMIS data for April to June. See **Appendix 2**, paragraph A2.1 for details.

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what happens in schools. Whilst schools do technically form part of the Education department, their relationship to the Council is far more independent than any other element. They also face difficulties in recruiting staff that cannot be solved entirely by action by the Council.

		Total Over 8 Weeks		Weekly Average
Central Units (Reporting to the Chief Executive)	Agency Staff Employed			16.75
	Full Time Equivalents			16.11
	Estimated Cost	£	40,004	£ 5,000
Development Directorate	Agency Staff Employed			110.38
	Full Time Equivalents			101.15
	Estimated Cost	£	417,680	£ 52,210
Education	Agency Staff Employed			61.38
	Full Time Equivalents			58.81
	Estimated Cost	£	204,975	£ 25,622
Environmental and Consumer Services	Agency Staff Employed			78.38
	Full Time Equivalents			72.40
	Estimated Cost	£	227,800	£ 28,475
Housing	Agency Staff Employed			56.88
	Full Time Equivalents			54.70
	Estimated Cost	£	197,062	£ 24,633
Leisure and Culture	Agency Staff Employed			18.63
	Full Time Equivalents			13.51
	Estimated Cost	£	44,090	£ 5,511
Resources Directorate	Agency Staff Employed			115.75
	Full Time Equivalents			106.75
	Estimated Cost	£	325,015	£ 40,627
Social Services	Agency Staff Employed			163.50
	Full Time Equivalents			154.57
	Estimated Cost	£	553,669	£ 69,209
Social Services (Children's Units) Overlay	Agency Staff Employed *			
	Full Time Equivalents			76.29
	Estimated Cost	£	282,255	£ 35,282
Total	**Agency Staff Employed ***			621.63
	Full Time Equivalents			654.29
	Estimated Cost	£	2,292,549	£ 286,569

* No estimate is available of the number of actual staff employed by Children's Units. The total Agency Staff Employed at the bottom therefore does not include this, although the FTE and Cost do.

Fig. 1: Agency Staff by Department

Source: Data from DPOs

Reason Code Given		1: Short Term Vacancy Cover	2: Long Term Vacancy Cover	3: Maternity Cover	4: Short Term Sickness Cover	5: Long Term Sickness Cover	6: Secondment Cover	7: Casual Work	8: Project Role	9: Additional Workload	10: Awaiting Review	11: None of the Above	12: Multiple Reasons Given	13: None Given	Total
Central Units (Reporting to the Chief Executive)	Proportion of Agency Staff	50.00%	5.97%			5.97%	13.43%	8.21%	4.48%		2.99%	5.97%		2.99%	100.00%
	Average Duration (Days)	158.63	32.25			67.88	116.67	70.45	1,614.00		2,018.75	333.00		24.25	259.88
Development Directorate	Proportion of Agency Staff	18.80%	7.02%	4.08%	0.79%	11.78%	3.96%	9.06%		28.65%	4.08%	1.93%	4.53%	5.32%	100.00%
	Average Duration (Days)	399.05	470.29	110.22	8.29	278.88	374.40	839.75		584.35	485.56	546.59	615.23	421.63	484.43
Education	Proportion of Agency Staff	12.63%	1.63%	2.04%		0.20%	9.78%	8.15%	5.70%	21.59%	4.68%		6.72%	26.88%	100.00%
	Average Duration (Days)	57.81	540.50	39.60		50.00	209.33	84.40	55.07	152.29	215.96		241.43	63.68	123.84
Environmental and Consumer Services	Proportion of Agency Staff	2.87%	33.65%		0.16%	10.21%				2.55%		2.71%		47.85%	100.00%
	Average Duration (Days)	49.94	333.09		549.00	376.19				310.72		324.69		326.46	325.73
Housing	Proportion of Agency Staff	14.51%	37.58%	0.22%		18.46%	9.23%		0.88%	6.37%	3.52%	9.23%			100.00%
	Average Duration (Days)	98.03	169.34	170.00		203.80	93.76		34.00	135.93	57.50	37.64			138.97
Leisure and Culture	Proportion of Agency Staff		6.71%		0.67%	8.05%				7.38%		12.08%		65.10%	100.00%
	Average Duration (Days)		212.20		2.00	379.41				401.13		384.08		241.76	278.21
Resources Directorate	Proportion of Agency Staff	13.61%	9.83%	1.19%		4.00%	2.27%	0.86%	19.55%	23.65%	17.49%	3.35%	3.35%	0.86%	100.00%
	Average Duration (Days)	94.92	118.04	221.18		54.35	153.43	91.00	82.85	109.18	103.99	109.32	344.06	81.72	109.67
Social Services *	Proportion of Agency Staff	4.05%	77.68%	0.46%		1.07%	2.37%	1.38%	4.05%	0.92%	0.15%	0.08%		7.80%	100.00%
	Average Duration (Days)	150.80	312.03	156.50		72.86	88.26	27.17	57.75	630.17	391.50	360.00		137.41	272.16
Total	**Proportion of Agency Staff**	**11.22%**	**31.71%**	**1.29%**	**0.18%**	**6.52%**	**3.92%**	**3.16%**	**5.47%**	**12.99%**	**4.89%**	**2.69%**	**2.09%**	**13.87%**	**100.00%**
	Average Duration (Days)	**193.15**	**293.51**	**123.53**	**67.67**	**241.90**	**180.25**	**462.09**	**108.16**	**323.19**	**201.94**	**221.78**	**415.79**	**238.23**	**259.37**

* This information is not available for Children's Units in Social Services.

Fig. 2: Reasons for employing agency staff and duration of employment to date

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5.2 The Duration of Agency Staff Employment

5.2.1 The length of time that agency staff have been employed is shown in **Fig. 2**. In terms of duration, this shows that

- On average, agency staff in place have been employed for 259.37 calendar days
- The longest average durations were for those engaged in
  - Casual work (462 days)
  - Where multiple reasons for engagement were given (419 days)
  - Additional workload (323 days)
- Average durations were noticeably longer within the Development Directorate than other departments (484.43 days)

5.2.2 The length of time that agency staff had been employed for in the Council as a whole is categorised in **Fig. 3** below.

	04-Aug-02	11-Aug-02	18-Aug-02	25-Aug-02	01-Sep-02	08-Sep-02	15-Sep-02	22-Sep-02	Average Over 8 Weeks	% of All Agency Staff
< 3 months	267	278	259	245	206	220	224	151	231.25	37.20%
3 to 6 months	93	124	122	118	67	110	128	124	110.75	17.82%
6 to 12 months	120	163	126	172	166	171	165	119	150.25	24.17%
> 12 months	79	158	98	137	141	158	153	111	129.38	20.81%
Total	**559**	**723**	**605**	**672**	**580**	**659**	**670**	**505**	**621.63**	

Fig. 3: Length of Time Employed

Source: Data from DPOs

5.2.3 **Fig. 3** shows that over the period monitored, the majority (62.76%) of agency staff had been employed for more than three months. This indicates that the basic nature of agency staff in the Council tends towards longer term appointments.

5.2.4 **Fig. 2** shows that even for 'short-term' vacancy cover the average duration that agency staff have been in place is in excess of six months. Where agency staff are covering vacancies, the average date given for the post becoming vacant was 12 March 2002 – over six months.

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5.2.5   There are considerable timescales involved in agency staff covering vacancies. These indicate that there may be particular problems with either

- How we recruit staff or
- How we attract and retain appropriate staff

5.2.6   This was acknowledged in the Scrutiny Review of *Recruitment and Retention*[8], and it was recommended that

"A Corporate Retention Strategy be brought forward as a matter of urgency, including guidance on the conduct of and analysis of information arising from exit interviews."

5.2.7   Delivering this is not simply a matter of introducing a single strategy to retain staff. The reasons that people leave the Council are many and varied. Conducting exit interviews will not stop people leaving the Council; it simply identifies the reasons that they have given for doing so.

5.2.8   Consequently, this issue is being tackled by a range of HR strategies with a wider impact. These include better quality recruitment, better training and development and promoting better health.

5.3   Reasons for Using Agency Staff

5.3.1   **Fig. 2** illustrates the stated reasons for using agency staff and the average length of time that those staff had been engaged, by department[9]. This shows that during this period

- The main reasons given for using agency staff were long term vacancies (31.71%) and additional workload (12.99%)
- Vacancies in total account for 42.93% of all agency staff use

5.3.2   It is not surprising that vacancies (short and long term) are one of the principal reasons for engaging agency staff. This was

- Felt by DPOs to be a key reason for using agency staff
- Identified in the review of Recruitment and Retention
- Highly prevalent within certain departments. Three departments (Central Units, Social Services, Housing and

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[8] *Review of Recruitment and Retention*, Personnel and Organisation Scrutiny Committee, April 2001.
[9] This is for the period for which data was gathered (29 July to 22 September 2002).

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Environmental and Consumer Services), were using over 33% of their agency staff to cover vacancies

5.3.3   It is however questionable that the average duration that agency staff covering 'short term' vacancies have been in place is 193 days (over six months). This is hardly short term.

5.3.4   This supports the view that there are still particular difficulties with recruiting and retaining staff in certain groups. DPOs indicated that they are aware of these issues, and in some cases also gave details of specific responses that they have developed strategically within the department to resolve them.

5.3.5   The area of what managers define as additional workload raises again the question of how workload is determined in the first place (which was previously touched upon in **4.3.8**). Arguably, the long average duration that these agency staff have been employed indicates a potential issue:

- This workload is probably a feature of the normal workload for these areas
- Managers may not be releasing these staff promptly once the additional work is complete
- Work is not allocated as efficiently as possible

5.3.6   Reasons for why managers do not release agency staff promptly rely mostly on anecdotal evidence. Common explanations include

- The member of agency staff is very good at the role and the manager does not want to lose their expertise. However, they may not be able to recruit them due to a recruitment ban being in place, no suitable vacancies, or other surplus staff being available
- Fluctuating workload or commissions for work where there is not a full time resource available or it is not justifiable as a permanent contract
- Uncertainty over the future structure of the organisation, and a subsequent hesitancy about recruiting permanent staff for whom we will have greater obligations
- The agency staff themselves not being interested in permanent employment

5.3.7   These reasons also go some way to explaining why there were cases where multiple reasons were given. In such cases the agency worker may be moving from role to role in order to retain them, or the original reason for engaging the person is overtaken by other reasons coming into play.

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5.3.8   In truth, it is probably a combination of many of these factors. In many cases, the means by which the requirements for staffing are calculated are more arbitrary than not. This is more likely to be the case where staff are not directly employed in providing a service. Equally, there is anecdotal evidence that managers do not always release agency staff when their work is completed.

5.3.9   Retaining agency staff for long periods does result in significant cost. It is important that this is monitored, ensuring that agency staffing is genuinely a short-term solution, whilst longer term measures are actioned.

5.4   Agencies Used

5.4.1   From the data provided it was identified that details of the agency used were provided in over 85% cases. The data also indicates that there were approximately 80 different agencies used.

5.4.2   This is not entirely unexpected. The primary reason for this is the diverse range of roles that the Council employs agency staff to cover. These include cleaning and domestic staff, administrative and secretarial roles, and numerous specialised and professional roles (including technical experts, social workers, housing officers).

5.4.3   As stated in paragraph 4.6.4, there are three broad groups of contracts in place to supply agency staff to the Council. The largest of these contracts is that for Secretarial and Administrative staff, with Kelly Temporary Services and Extra Personnel. Use against this contract is examined in **Fig. 4** below.

5.4.4   **Fig. 4** shows that:

- Of the average 621.63 agency staff employed over this period, 239.88 (38.59%) were in administrative and secretarial roles
- Of admininstrative and secretarial staff used, only 36.94% are employed via Extra and Kelly – the agencies with whom we have a contract
- The Education department's own agency Citistaff also provides a significant proportion of administrative and secretarial staff (more in fact than Extra Personnel)
- Purchasing from agencies other than Extra and Kelly results in a higher average cost rate per hour (£9.23 for Citistaff, £10.90 for other agencies)

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Average No. of Agency Staff Employed		Kelly	Extra	Citistaff	Other Agencies	Average Temps Per Week
A	Clerical Assistant / Post Room Assistant	2.25	1.63			3.88
B	VDU Clerk	4.00				4.00
C	Senior VDU / Clerk , Finance Payments Clerk	0.75	0.88			1.63
D	Neighbourhood Office Assistant	4.63	13.50			18.13
E1	Word Processing / Admin	4.63				4.63
E2	Receptionist					
E3	Customer Service Operators	1.38	2.75			4.13
F1A	Secretary	17.75	1.13			18.88
F1B	Senior Secretary	2.75				2.75
F2	Legal Secretary	5.88	0.13			6.00
F3	Desk Top Publishing / Graphics	8.13				8.13
G	Personal Assistant		0.63			0.63
Other Secretarial / Admin		13.88	2.00	41.38	120.00	177.25
Total Secretarial / Admin		**26.40%**	**9.05%**	**16.55%**	**48.00%**	**250.00**
Avg Cost per hour of Sec / Admin		£ 7.70	£ 7.32	£ 9.23	£ 10.90	
Non-Secretarial / Admin				**10.28%**	**89.72%**	**381.75**
Avg Cost per hour of Non-Sec / Admin				£ 10.85	£ 16.59	
Total		**10.62%**	**3.64%**	**12.97%**	**72.77%**	**621.63**

Fig. 4: Administrative / Secretarial Staff

Source: DPOs

5.4.5   It is relevant that the contract with Extra and Kelly was only commenced on 01 April 2002. In theory, all administrative and secretarial agency staff engaged from that date should therefore be from Extra and Kelly. Reasons to explain why this is not the case may include:

- Some agency staff who were employed before 31 March whose role continued probably would not have been terminated if they were performing satisfactorily
- Managers were not aware that the contract was in place
- Managers take a conscious decision to purchase off-contract because they don't feel that Extra or Kelly can deliver their needs (regardless of whether they have explored this with the agencies)

5.4.6   In the case of the latter two reasons above, this is akin to the general problems with procurement mentioned in paragraph 4.6.

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However, going into the data in greater detail shows that 59.93% of administrative and secretarial staff employed during the data collection period had started on or after 01 April 2002.

5.4.7 This indicates that the corporate contract has either failed to reach a significant proportion of those at whom it was aimed, or managers are generally not using it. This raises a question over the overall effectiveness of the corporate procurement contract and how it is used by the Council.

5.4.8 Looking at the utilisation of secretarial and administrative staff in more detail by department (see **Fig. 5** below) shows that:

- Two departments (Resources Directorate and Social Services) account for 60.90% of the estimated spending on Secretarial / Administrative staff
- Across the Council, the 36.94% of agency staff from Kelly and Extra comprise 27.07% of estimated spending on secretarial / administrative staff
- Whilst Leisure and Culture and the Development Directorate have high proportions of spending with these agencies (in excess of 80%), other departments generally have considerably less
- Generally, the higher the proportion of secretarial and administrative spending within the Kelly / Extra contract, the lower the average cost per hour of the agency staff
- The departments that use the highest proportions of their agency staff within secretarial and administrative staff are the Central Units (reporting to the Chief Executive) and the Resources Directorate

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	% of Spend Secretarial / Admin	% of Secretarial / Admin Spend with Kelly / Extra	% of Council Secretarial / Admin Spend	Estimated Weekly Average Secretarial / Admin Spend	Estimated 8 Week Spend on Secretarial / Admin	Average Cost Per Hour, Secretarial / Admin Staff
Central Units (reporting to the Chief Executive)	73.20%	51.68%	4.61%	£ 3,660	£ 29,283	£ 8.03
Development Directorate	12.68%	80.89%	8.34%	£ 6,618	£ 52,943	£ 7.78
Education	33.73%	2.75%	10.90%	£ 8,643	£ 69,143	£ 9.94
Environmental and Consumer Services	21.92%		7.87%	£ 6,241	£ 49,928	£ 12.11
Housing	15.41%	7.69%	4.79%	£ 3,796	£ 30,367	£ 9.39
Leisure and Culture	37.39%	88.55%	2.60%	£ 2,061	£ 16,487	£ 7.78
Resources Directorate	61.71%	15.47%	31.61%	£ 25,070	£ 200,563	£ 10.04
Social Services	33.57%	34.43%	29.29%	£ 23,233	£ 185,863	£ 8.91
Total	**100.00%**	**27.07%**	**100.00%**	**£ 79,322**	**£ 634,575**	**£ 9.37**

Fig. 5: Secretarial / Administrative Agency Spend by Department

Source: Data from DPOs

5.4.9   It should be noted from this information that there are no details available on the agencies used by Environmental and Consumer Services. This accounts for the apparent disproportionately low amount of spending with Kelly and Extra for the department in **Fig. 5** (0%).

5.4.10 **Fig. 4** and **Fig. 5** demonstrate (as should be expected) that there is clear value to be had through negotiating contracts such as that with Kelly and Extra. Increasing the proportion of agency staff use through this contract should be expected to therefore deliver savings.

5.4.11 Anecdotal evidence suggests that many of the reasons that are given for managers not using the contract are that they do not feel that they get the necessary quality of staff from Kelly and Extra. This opens up two possibilities:

- The managers are right: Kelly and Extra are not delivering the necessary quality, or
- The managers don't know: they are going to other agencies in preference, or based on hearsay that Kelly and Extra cannot deliver

5.4.12   As always, the reality of the situation cannot be stratified so simply, and probably lies in a combination of both reasons. However, the number of complaints that the agencies themselves and the Corporate Procurement team receive about the contract is small.

5.4.13   This may of course indicate nothing more than that managers are not complaining about quality, rather than actually being happy with the contract. But in the absence of any feedback it is difficult to see how either the contractors or the Corporate Procurement team can take any realistic action to improve the situation.

5.5   Types of Agency Staff Used

5.5.1   **Fig. 5** indicates that every department uses a significant proportion of secretarial and administrative staff (the lowest proportionate use by a department is 12.68% - one in eight staff). There are however significant other groups of staff used. This reflects two issues: those with recruitment and the issue with contracts with agencies not being brought within the scope of Standing Orders.

5.5.2   In examining the types of role that agency staff are employed to cover, 23 broad categories of staff were identified. Whilst secretarial and administrative staff are clearly the most prevalent group within this, others were also notable:

- Social Work staff (Social Services and Education)
- Finance staff (all departments, except Leisure and Culture)
- Welfare Services staff (Environmental and Consumer Services)
- Civil Engineering / Buildings (Development Directorate, Environmental and Consumer Services, Housing and Leisure and Culture)
- Cleaning (Environmental and Consumer Services and Housing)
- Caretaker / Concierge (Housing)
- Benefits (Housing and Resources Directorate)
- Housing Officer (Housing)

5.5.3   Some of the issues related to the two most prevalent groups covered in this review are dealt with below.

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5.6 Secretarial and Administrative Staff

5.6.1 The reasons for the prevalence of secretarial and administrative staff within the proportion of agency staff employed are most likely to be quite varied. However, it is probable that some cultural factors have some influence on this.

5.6.2 Like many organisations the Council has increasingly invested in IT over a number of years. This takes the ability to type reports and documentation from the realm of the typist and puts it into the hands of the author. This should theoretically result in a diminished need for typists and word processing staff.

5.6.3 However, there may be a legacy of managers being used to having typists that partly drives this need for agency staff. Such staff naturally also bring an element of status and comfort to the role of the manager. Whilst the role of the manager must be to manage, it must be remembered that investment in technology should bring a genuine economy, and an element of combining these skills with those of the manager. This is a problem that many organisations experience with agency staff, and one that needs to be tackled culturally.

5.7 Social Work Staff

5.7.1 Social Work staff (Qualified and Unqualified Social Workers) form the next most significant group of staff after secretarial and administrative. There are particular issues attached to this, rooted in the national difficulties in recruiting and retaining social workers.

5.7.2 Due to the recruitment difficulties, it is actually the case that Social Services could spend more (against their staffing budget) on agency staff to cover vacant posts among social workers. Vacancy rates have fallen from over 40% to around 19% currently. Social Services do operate a strategy of replacing these staff on a 'one in, one out' basis.

5.7.3 At present there are no contracts in place with agencies to deliver social workers, although this will shortly be examined by the Corporate Procurement team. An important consideration in establishing contracts is not to restrict the number of agencies available (to maximise the ability to get the staff). However, since very few contracts are exclusive, this would not be the case, and if contracted agencies are unable to supply staff, then there would still be the flexibility to explore other avenues.

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5.7.4   Agencies do offer a considerable means of flexibility in the area of social work in particular. There are a number of checks that need to be carried out on potential workers and this is handled by the agency. Many agency staff are also experienced social workers, whereas many permanent recruits are newly qualified.

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6: Ways Forward

6.1   Introduction

6.1.1   As the detail in the previous sections has demonstrated, the field of how agency staff are used within the Council is a complex one. How the Council can respond to the issues that this raises can be summarised as follows:

- Human Resource Strategy
- Control of Expenditure
- Planning HR Levels
- Recruitment and Selection
- Processes Regulating Selection
- The Proposed EC Directive
- How We Procure Agency Staff
- Information Needs

6.1.2   Each of these is dealt with in turn in the following sections.

6.2   HR Strategy

6.2.1   It has to be recognised that agency staff are one of the means by which we can meet a resourcing shortfall. It is important to recognise also that they are not the only means. In perspective, agency staff

- Are a means of delivering short term, interim HR needs at short notice
- Are one of a range of solutions to HR needs that are available
- Can at times be a considerable expenditure decision
- Can be cheaper than directly employed staff
- Are more generally expensive than directly employed staff where there is a short supply (i.e. specialist roles such as planners, social work)

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6.2.2   The Council employs a significant number of agency staff, estimated to cost in excess of £14m a year (excluding teachers). It is logical that we need to have an organisational viewpoint on how this should be done.

6.2.3   An HR strategy with regard to agency temps needs to ensure that

- Employing agency staff is a planned response to a resourcing shortfall, and not a knee-jerk response to a problem that could be forecast
- We get value for money from employing agency staff and where appropriate, contracts are in place to deliver this
- There is a mechanism by which unnecessary expenditure is challenged
- Available Redeployees are considered before employing agency staff
- Agency staff are recruited through processes aimed at delivering quality selection, in a similar way to permanent staff
- The strategy is periodically re-evaluated to ensure that it is still relevant to our HR needs

6.3   Planning HR Levels

6.3.1   It is significant that in a number of cases the data gathered in this review has shown that agency staff were employed either

- Against no specific post in the organisation
- To cover annual leave, sickness, maternity and secondments
- To cover 'additional workload'

6.3.2   The need for additional posts in the organisation needs to be carefully evaluated. In each case, this should quite clearly contribute to efficiently delivering what the team is there to achieve.

6.3.3   Levels of cover should form part of any calculation of what the workload actually is for a section. It could ultimately be that, on consideration, we decide that the best way to cover annual leave for example is with agency staff. The fact is, a conscious and informed decisions related to the levels of cost is not generally made.

6.3.4   Adopting a more systematic approach to HR planning and evaluation of workload consistently across the Council is the key. This would enable managers to be consistently in the position

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whereby we make a decision where a post is not covered or becomes vacant: do I need this post, and do I need it now?

6.3.5   This is a huge step in the way the Council operates, and as such is probably impossible to achieve in one bound. It is also significantly beyond the scope of this review. It involves

- Aligning the shape and structure of the organisation to the required outputs
- Developing the way of thinking among managers necessary to make this work
- Consistency first across departments and then across the Council as a whole
- Constant performance monitoring and management to ensure that it works

6.3.6   Nonetheless, if we are to move forward on how we plan to resource the Council, then it is a step that ultimately cannot be postponed.

	Recommendation	Responsibility	Completion Date
R1	The processes by which departments plan to deliver the right number of people to deliver the required level of service should be examined. This needs to take account of • The workload to deliver the service required • The budget available to do this • Challenging the need for operating with vacancies through choice	Departmental Directors	31 March 2003

6.4   Recruitment and Selection

6.4.1   Recruitment and selection processes have a significant impact on the duration (and therefore the overall cost) of employing agency staff. It is clear that recruitment and selection processes in part drive the need for agency staff.

6.4.2   It cannot be acceptable that this is the case. If we can the length of time we employ agency staff for there must be considerable scope for savings in this area. This has to be one of our immediate HR priorities, and there are already a number of changes in process that need to be implemented, especially in the area of recruitment.

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6.4.3　　　It is essential in relation to agency staff use that we ensure that these changes result in

- Speedier and planned recruitment
- Fewer unfilled funded posts, and
- Control over the length of time we employ agency staff for

	Recommendation	Responsibility	Completion Date
R2	The number of unfilled funded vacancies and the time taken to fill vacancies should be measured and made a key performance indicator for all HR teams and line managers.	Department Directors	31 March 2003
R3	The continued employment of agency staff should be periodically reviewed at specified intervals. The three month / 12 weeks period identified in Housing is suggested for this. This review process should • Challenge the need for continued use, and • Question the sufficiency of actions to resolve the situation permanently	Departmental Directors	31 March 2003
R4	Implementation of new recruitment processes should be related directly to achieving a reduction in • The proportion of unfilled, funded vacancies • The time taken to fill vacancies	Chief Personnel Officer	01 September 2003

6.4.4　　　The other aspect is how we deal with labour market supply shortfalls. This obviously varies according to the differences in the labour market for the roles concerned. It is therefore an aspect of the broader HR strategy for the departments in which these problems exist.

6.4.5　　　DPOs already have a good awareness of where these difficulties lie, and have developed responses to many of them. Examples include strategies in Social Services for resourcing social workers and a career grade scheme for technical staff in Highways and Transportation.

6.4.6　　　It may also be that we need to examine other factors that mean that we cannot attract and retain the permanent staff we need. These include

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- The general employment package of these staff and the scope to put together a more attractive employment package
- The reasons why people either do not consider the Council as an employer of choice, or unhappy with their employment
- Other and more imaginative means of recruitment

6.4.7   Clearly, the factors involved in this will not exclusively manifest themselves in recruitment and retention. Measures such as the Employee Survey are also a step in the right direction of being able to analyse these problems. There also may or may not be some worth in this, and previous failures in this area should not preclude further effort. Given that covering these roles with agency staff can be an expensive solution, it is an option that should be considered.

6.5   Processes Regulating Selection

6.5.1   In the majority of cases the processes in place within departments for engaging agency staff show that

- Line managers are broadly left to determine the selection processes
- Not subject to a formal business case evaluation, although in many cases are required to be authorised by a senior manager (such as an Assistant Director)
- There is no performance management process for agency staff
- Personnel teams are available and willing to provide advice on this subject, if requested

6.5.2   This means that these processes are effectively outside many of the HR-led processes that we apply / may seek to apply in the future to our directly employed staff. These include

- Recruitment Policy
- Redeployment
- Performance Management
- Equal Opportunities Monitoring

6.5.3   In short-term engagements this is probably appropriate. The agency person is required at short notice, for a short period of time, to fill a gap in HR. However, where the duration of employment with the Council is considerably longer, then this is inappropriate.

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6.5.4   However, the evidence suggests that the length of most agency appointments is in excess of three months – hardly short term. This indicates a need to bring the use of these agency staff within the scope of HR processes that we apply to our directly-employed staff.

6.5.5   Certain requirements (such as interview) may be deemed unnecessary for

- Short-term assignments (say, two weeks or less)
- Repeat assignments for a person who has already gone through the selection process, and is covering in the same capacity as they were selected for

6.5.6   The clearer we are with our specification to agencies, the better the likelihood of the person meeting the specification. Some good practice is already in place in departments regarding this, including

- Use of / encouraging person specifications for agency staff needs
- Carrying out formal or informal interviews before selection

	Recommendation	Responsibility	Completion Date
R5	The Council should build upon existing good practice by establishing corporate guidelines for line managers. These should indicate corporate best practice in • Evaluating the need for agency staff • Specifying requirements to agencies • Selecting agency staff and take account of • The need to consider redeployees • Best practice already identified in permanent staff recruitment and selection	Chief Personnel Officer	31 March 2003

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6.6   The Proposed EC Directive

6.6.1   There is little doubt that an EC Directive on the working conditions of agency staff will have a significant impact upon how the Council uses agency staff. The proposed Directive is likely to lead to increased costs for agency staff. However, it is uncertain when it will come into effect.

6.6.2   A Directive in this area is not on the immediate horizon. But there is little doubt that it is coming. Since this Directive is likely to lead to increased cost of agency staff, we must be prepared and in a positive position to meet its requirements and effects.

	Recommendation	Responsibility	Completion Date
R6	Developments regarding the proposed EC Directive on Temporary Agency Workers should be monitored corporately. At such time as an implementation date becomes clear, a corporate action plan should be prepared to • Enable the Council to develop processes to meet the requirements of the Directive • Change practices with agency staff use to avoid unnecessary cost This action plan should result in implementation of these measures by the time that the Directive comes into force.	Chief Personnel Officer	Continuous throughout the development of the Directive. End timescale determined by the date of implementation of the Directive.

6.7   How We Procure Agency Staff

6.7.1   Issues in the procurement of agency staff are in many respects similar to the issues that we face in procurement as a large public sector organisation. These can be summarised into

- Identifying the areas where Standing Orders require that we have contracts established
- Encouraging managers to purchase on-contract
- Managing the quality within those contracts

6.7.2   We should not have a position where we are not compliant with the requirements of Standing Orders. Whilst agency spend

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excluding teachers is estimated to be in excess of £14m, each type of agency staff procured (e.g. administrative and secretarial staff, financial staff, etc.) are sensibly viewed as discrete areas within this[10].

6.7.3 There are clearly more areas of spending than we currently have contracts in place for. Whilst some contracts are in the process of tendering, there are still likely to be further areas where contracts are required.

6.7.4 The information gathered in this review indicates that there is a considerable need under Standing Orders for further contracts and tendering processes to be followed in the procurement of agency staff. If we do not do this, then this mean that as a Council we are not complying with the requirements of our own Standing Orders.

6.7.5 It is one thing to establish the contracts and have these in place, but another to get managers to use them. This is borne out by the situation with the contract for administrative and secretarial staff, where this review has estimated on-contract purchasing to be 36.94%, leaving nearly two thirds off-contract. Since the off-contract spending is higher than the rates given by the contractors, there is a saving to be made in this area.

6.7.6 Particularly in an environment where a resource can be procured through a variety of readily available sources, managers will vote with their feet if they do not have confidence in the supplier. This problem needs to be addressed through monitoring the contractor performance.

6.7.7 Agencies put a lot of effort into soliciting new business, especially from large organisations, bombarding hiring managers with flyers and phone calls. We need to be avoiding the situation where managers take this easy option because of previous experience, or that they assume a contractor cannot meet their needs.

6.7.8 The solution to this is not simple. This requires a combination of

- Communicating the issue to line managers who actually do the purchasing
- Making sure that managers purchase on-contract, or have justifiable reasons for not doing so
- Selling the benefits of the contracts in place
- Ensuring that the contracts deliver what they are intended to

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[10] The agencies that may tender for contracts may specialise in certain types of staff (i.e. administrative and secretarial, financial, technical). It is therefore reasonable to tender for contracts for discrete groups of staff.

Use of Temporary Agency Staff

6.7.9   A robust mechanism for managing the quality of large procurement contracts is essential. If we are spending over £14m a year on a group of contracts, then we must ensure that we are getting what we want. If the contractors cannot deliver this, then we need to identify solutions. Ultimately, if they cannot deliver what we need, then we need to get new contractors.

6.7.10   This relies on good information about how contractors are performing. You cannot review a contract without adequate and balanced feedback on contractor performance. This is very difficult in an area where managers (i) only say something where they have a problem, and (ii) feel that they don't have time to give feedback – they need to concentrate on delivering the service.

6.7.11   One solution might be to establish the role of Account Manager for large contracts that we have in place[11]. The Account Manager then has responsibility for ensuring that (i) managers comply, not because they have to, but because it is the best option, and (ii) the contractor delivers what we require of them.

6.7.12   In the private sector one means of encouraging better contact and communication with temporary staff agencies with whom businesses have large contracts is to have staff from the agency 'on site'. This

- Reduces confusion over the contact point
- Enables clearer communication of the Council's needs for staff
- Reduces the likelihood of managers seeking to purchase from other sources

6.7.13   Committee members have recommended this for consideration as one of the ways of ensuring greater on-contract purchasing. This approach needs some careful consideration as to how this could work in terms of how it might operate in the context of

- A contract that is with more than one agency (such as the contract for Secretarial and Administrative staff), and
- The multi-site site nature of the Council's operation.

6.7.14   However, there are benefits to be realised within this idea and this needs to be explored in greater detail. It was felt that this should best be done through running a pilot exercise. It need not

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[11] Whilst the Procurement team do handle issues with the operation of contracts, this role is not specifically established at present.

ultimately apply to all agency contracts, or indeed to all locations that those agencies resource.

6.7.15   Considering that nearly 40% of the Council's estimated £14.2m expenditure on agency staff is upon Secretarial and Administrative staff, there could be scope for this. In particular, since it can reasonably be expected that a significant proportion of these staff are hired by managers located in the Council's City Centre offices, this may not be as complex as it might at first appear.

6.7.16   The potential role that a 'City Council Staff Agency' might play in resolving some of the issues around agency staff has not been considered here. This is because we do not currently manage to get our managers to consistently use the main corporate contract for agency staff (Kelly / Extra). Whilst considering an agency may be an option in the future, it can only be a realistic option once we know that we can reasonably keep purchasing of agency staff within the current contract.

	Recommendation	Responsibility	Completion Date
R7	Where corporate contracts for procurement of agency staff are in place, these should be used. Progress towards achieving this should be monitored and realistic targets for on-contract spending established.	Departmental Directors	31 March 2003
R8	Corporate Procurement should • Identify the areas where contracts are required for temporary agency workers, to comply with Standing Orders • Agree specifications for the contracts with the relevant departments • Progress the establishment of contracts	Strategic Director, Resources	31 October 2003

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R9	Corporate Procurement should give consideration to the establishment of Account Manager(s) for agency staff contracts. The Account Manager should be accountable for • Ensuring that the contracts in place continue to deliver our needs for agency staff • Regularly obtaining 360° feedback on the operation of the contract • Monitoring and challenging off-contract purchasing • Taking appropriate action to show demonstrable increases in on-contract purchasing If this role is not considered appropriate, other measures to achieve this should be developed and actioned.	Strategic Director, Resources	31 March 2003
R10	Corporate Procurement should explore further with agencies having dedicated staff on-site to resource the Council's temporary staff needs. This should include running a pilot exercise to see how effectively this can work. Progress on this should be reported to the Co-ordinating Overview and Scrutiny Committee.	Strategic Director, Resources	31 March 2003

6.8   Information Needs

6.8.1   There are four basic needs for information on agency staff use:

- To understand what our procurement needs are and where we require to tender for contracts
- To quantify the strategic HR issues that we need to tackle
- To understand what we are spending, how and why
- To provide information to trade unions – a likely requirement of a future EC Directive

6.8.2   The pertinent question is whether we already have systems in place capable of delivering this. The systems in place fall into three categories:

- **GLAMIS:** This would partly deliver these needs. However, it is a financial system, reliant upon invoices paid (which

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may not all be received), and would not be sufficient for giving HR information

- **HRIS:** This should be capable of delivering these needs. It is an HR system, predominantly centred upon ensuring our staff get paid. It may be an over-elaborate solution to information needs. However, if as a Council we are to keep all our HR information in one system, HRIS is the answer.
- **Departmental Systems:** These are the informal databases that some departments maintain on agency staff use.

6.8.3   Advocating any kind of co-ordinated monitoring of this information within each department has the problems of

- Line managers who incur the expenditure hold the information. If they don't give it, you don't get it
- Some line managers are reluctant to provide information for other purposes. Why should they do it for agency staff?
- There are resource implications for collecting this information
- The information collected needs to be in a consistent format across the Council

6.8.4   There are two considerations necessary in this area:

- How each department contributes to provide information at a corporate level, and
- How each department meets its own information needs.

	Recommendation	Responsibility	Completion Date
R11	Consideration should be given to the method for recording and monitoring agency staff use corporately. This should deliver a system that is • Adequate to meet corporate needs for information • Appropriate in the context of a future EC Directive • Up and running as soon as possible (by 31 March 2003)	Chief Personnel Officer	31 March 2003

Use of Temporary Agency Staff

R12	Departments should consider their own information needs regarding agency staff. This should cover	Departmental Directors	31 March 2003

- Facilitating an appropriate level of controlling use
- Indicating and informing strategic HR issues in the department, arising from the use of agency staff
- Contributing to necessary corporate information

Where existing information does not deliver this, appropriate action should be taken to resolve the problem, with clear timescales for completion given.

6.9   Monitoring of Progress

6.9.1   In summary, the recommendations made within this section comprise in some areas large amounts of work over extended periods of time. Given the lengthy timescales needed to pursue these, it is necessary that progress be reported back to the Co-ordinating Overview and Scrutiny Committee (O&SC) on a regular basis. Due to the importance of ensuring that work is underway on this issue, the first report to Co-ordinating O&SC should be at the 04 April 2003 meeting. Thereafter this should be at six-monthly intervals.

	Recommendation	Responsibility	Completion Date
R13	Progress towards achievement of these recommendations should be reported to the Co-ordinating O&SC on a six-monthly basis until completed.

The first report should be to the April 2003 Co-ordinating Overview and Scrutiny Committee meeting. | Chief Personnel Officer | 04 April 2003 |

Appendix 1: Data Collection and Processing

A1.1 Data Collection

A1.1.1 Information on the use of agency temporary staff was collected via Departmental Personnel Officers (DPOs), over an eight-week period from 29 July to 22 September 2002. This information is not held in a standard Personnel database across the Council. Whether DPOs maintain any records of temporary staff is a matter for discretion within departments.

A1.1.2 DPOs (as the senior Human Resource Managers in each department) were asked to provide details of all agency temporary staff used within the department in the relevant week. This information was requested in a standard format, detailing

- The role covered
- The start and end date of the employment
- Where covering a vacancy, the date at which the post became vacant
- The number of hours employed that week and the rate paid to the agency
- The agency employing the person
- Details of the reason causing the requirement for a temp and the consequences of not engaging someone

A1.1.3 DPOs were also asked to give details on a questionnaire outlining the processes that are in place to control the use of agency staff within the department. These responses were then discussed later with the DPOs or other appropriate nominated people within the department.

Use of Temporary Agency Staff

A1.2   Problems with Data Collection

A1.2.1

How the data was collected for this review was considerably improved over the snapshot taken in March 2002 as part of *Managing Redeployment*. It was also possible to adopt many of the learning points from the previous review to improve the data obtained.

A1.2.2

Specific problems encountered included:

- The departmental structure of the Council (and associated DPOs) is currently in transition.
- There is not a standard means of recording information about agency staff across the Council.
- Many departments do not monitor the use of temporary staff. To get this information required the DPOs to co-ordinate the information gathering, in many cases directly from the line managers making the employment decision.
- It is necessary to accept that (unless otherwise indicated by the departments) the data is complete. Because this information is not routinely maintained, it cannot be verified.
- The information cannot be routinely verified against GLAMIS. GLAMIS records expenditure as invoices are paid, not incurred.

Use of Temporary Agency Staff

A1.3   Who is Included and Where?

A1.3.1   To address the issue of the current transition of departments from the former structure to the future one, the structure shown in the below table was used for data. Where a 'Directorate' is referred to, it includes data from the departments shown on the right.

Directorate / Department	Departments Included
Chief Executive's Office	• Chief Executive's Office • Legal Services • Register Office
Development Directorate	• Economic Development • Highways and Transportation Strategy • Planning • Shared Management Services • Urban Design
Education	• Education
Environmental and Consumer Services	• Environmental and Consumer Services
Housing	• Housing
Leisure and Culture	• Leisure and Culture
Resources Directorate	• Central Personnel • Equalities • Finance • Member Services • Neighbourhood Advice and Benefits
Social Services	• Social Services

Fig. 6: Departmental Structure Used

Use of Temporary Agency Staff

A1.4   Working Assumptions Used

A1.4.1
As a consequence of the issues with collecting the data some working assumptions had to be made. Whilst the overall accuracy of the information obtained is relatively high, the purpose of these assumptions was to ensure that reasonably accurate calculations could be made. The assumptions made by department are shown in the below table.

Department	Missing Data	Assumptions Made
Environmental and Consumer Services	• Weeks ending 08 Sep, 15 Sep and 22 Sep.	• Assumed to be the same as 01 Sep, as there was probably minimal change
Leisure and Culture	• With the exception of Community Museums, weeks ending 01 Sep, 08 Sep, 15 Sep and 22 Sep.	• Assumed to be the same as 25 Aug, as there was probably minimal change, except where known start or end dates indicate otherwise
Development Directorate – Highways and Transportation	• Week ending 25 Aug.	• Assumed to be the same as 18 Aug, as there was probably minimal change, except where known start or end dates indicate otherwise
Social Services	• No detailed information was provided for Children's Residential Units for any week. • Children's and Families week ending 08 Sep.	• Details of committed expenditure[12] for Children's Units were obtained for August and September. These have been presented as an overlay to overall costs. • Children's and Families use has been assumed to be the same as week ending 01 Sep, as there was probably minimal change, except where known start or end dates indicate otherwise

Fig. 7: Departmental Working Assumptions

A1.4.2
In some cases it was also necessary to make general working assumptions. These are mostly individual cases where specific detail could not be provided. These are shown in the table below (on the next page).

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[12] *Committed expenditure* is expenditure that has been authorised, but not necessarily incurred. The Residential Units are given authority to spend up to the amount authorised. This is also calculated on the basis of an average £12.50 per hour paid for each temp. On occasion this authorised level is exceeded (approximately one in every fifty occasions).

Use of Temporary Agency Staff

Missing Data	Assumptions Made
Start Date	• The average start date for temps within the department for whom information was available was assumed (see the below table for the assumed values). •
End Date	• The average end date for temps within the department for whom information was available was assumed (see the below table for the assumed values)[13]. •
Cost Per Hour	• The average cost per hour for temps within the department for whom information was available was assumed (see the below table for the assumed values). •
Hours Employed	• The average number of hours employed for temps within the department for whom information was available was assumed (see the below table for the assumed values). • Where this was given in a number of days, each day was assumed to be 7.3 hours (7 hours 18 minutes). • Where this was given in a range of hours (e.g. 21 – 28 hours), this was assumed to be the mid-point of the range. • Where the temp worked on a job share basis such as every other week, the number of hours worked in weeks where they did not work was entered as zero. •

Fig. 8: General Working Assumptions

A1.4.3   Where no departmental average was available (for Environmental and Consumer Services for End Date and Hours Employed), the average of all Council departments was assumed.

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[13] The exception is for two members of staff employed in Leisure and Culture who started after the average end date for the department (05 Sep 02). In this case, the average duration for all Leisure and Culture agency temps was assumed (290.26 days).

Use of Temporary Agency Staff

Directorate	Average Cost		Average Start Date	Average End Date	Average Hours Employed
Central Units (Reporting to the Chief Executive)	£	8.43	10-Dec-01	30-Sep-02	35.12
Development Directorate	£	14.32	01-May-01	11-Dec-02	33.79
Education	£	11.96	22-Apr-02	12-Oct-02	34.98
Environmental and Consumer Services	£	*12.11*	06-Oct-01	*07-Nov-02*	30.01
Housing	£	12.32	09-Apr-02	02-Oct-02	35.10
Leisure and Culture	£	10.62	19-Nov-01	05-Sep-02	26.86
Resources Directorate	£	10.47	10-May-02	01-Dec-02	33.77
Social Services	£	12.26	30-Nov-01	31-Oct-02	34.52
Total	**£**	**12.11**	**20-Dec-01**	**07-Nov-02**	**33.84**

Fig. 9: Average Values

A1.5   The Basis for Cost Estimations

A1.5.1   Cost was estimated on the following basis:

- Estimated cost for the week was calculated using the Cost Per Hour multiplied by the Hours Employed.
- Where Cost Per Hour was not provided, this is covered in the Working Assumptions above.
- Where this cost has been annualised to provide an estimation for the whole year, this was calculated by dividing by the number of weeks and multiplying by 52.18.

A1.6   Reasons and Consequences

A1.6.1   DPOs were asked to provide details of the reason and consequence of employing an agency temp. The aim of this was to understand

- The underlying reason driving the need for a temporary member of staff, and
- The consequences to the Council of not employing that person

A1.6.2   To simplify the responses received, these were classified into codes, as shown in the tables below.

Use of Temporary Agency Staff

A1.6.3   Unfortunately, this did not completely have the intended effect of making this immediately understandable. In many cases more than one reason or consequence was cited, whilst in many others one, the other or none were given.

A1.6.4   To resolve this problem, the following adjustments were made to Reason and Consequence Codes.

A1.7   Analysis of Roles

A1.7.1   Analysis of the type of role that agency staff are used in is dependent upon the information given. Due to the variety of roles (over 200 for the data received alone), it was not considered possible to use classifications in gathering the data.

A1.7.2   Spelling and abbreviation differences aside, many subtly different descriptions were given for eminently similar roles. One example is where roles were described as Clerical / Admin, Admin and Clerical.

A1.7.3   From the descriptions given, these roles were classified into 23 groupings. The remainder (where no or insufficient information was supplied) were grouped in 'None Given / Indeterminate'.

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Reason / Consequence:	Adjustment:
Reason 1 & 2 (Short and long term vacancy cover)	Included within Reason Code 2 (Long Term)
Other Multiple Reason Codes Given	Included within Reason Code 12 (Multiple Reasons)
No Reason Code Given	Included within Reason Code 13 (No Reason Given)
Multiple Consequence Codes Given	Included within Consequence Code I (Multiple Consequences)
No Consequence Code Given	Included within Consequence Code J (No Consequence Given)

Fig. 10: Reason / Consequence Adjustments

Code	Reason	Possible causes
1	Short-term Vacancy Cover	- Interim cover of a vacancy, whilst recruitment takes place - Interim Cover due to recruitment difficulties - Cover of vacancy - reason not specified
2	Long-term Vacancy Cover	Unable to recruit suitably qualified staff
3	Maternity Cover	Interim cover of a vacancy, whilst post occupant is on Maternity Leave
4	Short-term Sickness Cover	Covering absence of less than four weeks
5	Long-term Sickness Cover	Covering absence of four weeks or more
6	Secondment Cover	Interim cover of a vacancy, whilst post occupant is on Secondment or Career Break
7	Casual Work	- Work of a temporary nature to cover seasonal peaks in workload - For specific short-term projects, with irregular patterns of hours (e.g. consultation, surveying)
8	Project Role	- Specific fixed term posts within a project - Roles whose existence is finite (such as New Deal or Student Placements)
9	Additional Workload	- Additional posts to clear a backlog of work - To cover short-term variations in workload
10	Awaiting Review	Awaiting review of the vacancy / organisational change
11	None of the above	Please provide specific details
12	*Multiple Reason Codes*	*More than one reason code given*
13	*No Reason Given*	*No reason has been given*

Fig. 11: Reason Codes

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Code	Consequence	Possible Causes
A	Non-Provision of Service (External)	A service will either (i) not be provided, or (ii) not be provided to an acceptable standard to a party external to the Council, including the public
B	Non-Provision of Service (Inter-Departmental)	A service will either (i) not be provided, or (ii) not be provided to an acceptable standard to another department within the Council
C	Non-Provision of Service (Departmental)	A service will either (i) not be provided, or (ii) not be provided to an acceptable standard within this department
D	Delay in Payment (External)	Payment, grant or expenditure to a party external to the Council (including the public and suppliers) will be unacceptably delayed or not made
E	Delay in Payment (Internal)	Payments to a Council department will be unacceptably delayed or not made (including recharging and internal invoicing)
F	Loss of Income	The Council will lose income, such as through non-collection of revenue or withdrawal of funding **More details are required of this**
G	Direct Cost	There will be a direct cost to the Council, such as a fine or loss / damage to property or equipment **More details are required of this**
H	Other	**More details are required of this**
I	*Multiple Consequences Given*	*More than one consequence code given*
J	No Consequence Given	No consequence has been given

Fig. 12: Consequence Codes

Appendix 2: Data Accuracy

A2.1 Estimated Annual Costs

A2.1.1   The last time that data was collected for the Council as a whole was in period 3, 2002-3 by Central Personnel. At this time, the total spend on agency staff from April to June 2002 was

- £ 2,870,543 excluding teachers
- £ 2,116,184 for teachers
- £ 4,986,727 in total[14]

A2.1.2   The cost of agency staff estimated from the over the timescale of this review (eight weeks from 29 July to 22 September) was

- £ 2,292,549 from the data collected
- £ 282,255 from the known omission from Social Services (see paragraph A1.4.1 / **Fig. 6**)
- £ 2,574,804 in total, excluding teachers and schools-based staff

A2.1.3   This is unlikely to be more than the actual figure of use in this period, since there are likely to be more agency temporary staff than have been recorded. Upon checking this with DPOs, this number is felt to be small, and therefore the £ 2.5m figure is considered relatively robust.

A2.1.4   This data is for different periods of time during the 2002/3 year. To estimate purely on the basis of one set of data or the other will lead to an inaccurate figure due to seasonal variations in temporary staff use. The seasonal variation is both apparent and explicable:

- The average figure per week for non teaching staff is £ 239,212 from April to June and £ 321,851 for 29 July to 22 September
- There is likely to be a higher need for temporary staff in some departments during July and August

A2.1.5   Using both these sets of data gives a total of £ 5,445,347 for non-teaching staff for 20 weeks of the 2002/3 year. This rate of

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[14] Source: GLAMIS.

spend for the entire year would give a projection of £ 14,206,910 for the year.

A2.2   Sources of Variation

A2.2.1   The estimate given in A2.1.5 above may vary from actual expenditure where

- Use of agency staff in the periods for which there is data is seasonally high
- Invoices for the appropriate period are not yet entered into GLAMIS, and therefore the figure is not complete
- Agency staff expenditure is not correctly coded on GLAMIS
- Expenditure within Social Services (Children's Units) varies from the committed amounts
- The cost and hours assumptions used in this review vary from than the actual costs

A2.2.2   These are discussed below. The assumptions used with data in this review are discussed in section A1.4.

A2.2.3   It is extremely difficult to assess the seasonal nature of agency staff use, without data showing precisely where that use occurs. GLAMIS information does not necessarily show this, only when the invoice was raised and paid. Issues of GLAMIS coding inaccuracies are similarly complex to unravel. Given the nature of these, a sensible working assumption is that these all even out over time.

A2.2.4   Expenditure obtained for Social Services Children's Units is based upon 'committed expenditure'. This is not what has actually been spent. It is the amount of spend that Children's Units have been authorised to spend on agency staff. They may therefore actually spend more or less than this amount. It is estimated by Social Services that in about 2% of cases the spending is actually more than the committed amount.

Use of Temporary Agency Staff

A2.3   Validating Assumed Values

A2.3.1   There were two areas in which the data provided by departments had to be modified in order to provide a means of carrying out calculations. The first was the use of average values where these were not provided (see paragraph A1.4). The extent to which these average values were used for each department is shown in **Fig. 13** below.

	Average Agency Headcount per Week	Start Date Assumed	End Date Assumed	Cost Per Hour Assumed	Hours Employed Assumed
Central Units (Reporting to the Chief Executive)	16.75	0.00%	55.22%	27.61%	2.99%
Development Directorate	110.38	40.77%	65.57%	2.60%	5.10%
Education	61.38	8.15%	43.58%	30.14%	0.00%
Environmental and Consumer Services	78.38	561.40%	100.00%	100.00%	57.10%
Housing	56.88	0.00%	16.48%	4.40%	0.00%
Leisure and Culture	18.63	434.90%	78.52%	0.00%	0.67%
Resources Directorate	115.75	8.64%	27.11%	0.11%	1.19%
Social Services	163.50	81.35%	85.78%	31.12%	1.45%
Total Assumed		**14.36%**	**61.51%**	**25.40%**	**8.81%**
Total Provided	**621.63**	**85.64%**	**38.49%**	**74.60%**	**91.19%**

Fig. 13:   Extent of Data Not Provided

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A2.3.2   The second area in which the data provided had to be modified was in the reason and consequences given by departments (see paragraph A1.6). This is shown in **Fig. 14** below.

	Average Agency Headcount per Week	Reason Code Assumed	Consequence Code Assumed	Role Details Not Given / Indeterminate
Central Units (Reporting to the Chief Executive)	16.75	2.99%	52.99%	0.00%
Development Directorate	110.38	9.85%	23.90%	48.13%
Education	61.38	33.60%	55.40%	38.70%
Environmental and Consumer Services	78.38	47.85%	100.00%	1.59%
Housing	56.88	0.00%	1.76%	2.64%
Leisure and Culture	18.63	65.10%	72.48%	8.05%
Resources Directorate	115.75	4.21%	25.81%	12.96%
Social Services	163.50	7.80%	83.79%	8.03%
Total Assumed		**15.97%**	**52.93%**	**17.57%**
Total Provided	**621.63**	**84.03%**	**47.07%**	**82.43%**

Fig. 14:   Adjusted Reason / Consequence Codes / Roles

A2.3.3   The accuracy of the data is summarised in **Fig. 15** below.

	Accuracy			
Calculation	Low to Moderate < 40%	Moderate 40-60%	Good 61-80%	High >80%
Duration employed (85.64%)				✓
Expected Further Duration (38.49%)	✗			
Cost Rate Per Hour (74.60%)			✓	
Hours Employed (91.19%)				✓
Reason Code Given (84.03%)				✓
Consequence Code Given (47.07%)		✓		
Role Given (82.43%)				✓

Fig. 15:   Data Accuracy

Use of Temporary Agency Staff

A2.4   Summary

A2.4.1   The conclusions drawn from this are as follows:

- The data gathered in this review is of relatively high accuracy in terms of the
    - Numbers of agency staff employed
    - Cost of those staff and the hours they work
    - Duration of their engagement with the Council
    - Reasons for which they are employed
    - The role that they employed to perform
- Given the potential causes of variation, the annual estimate of £14,206,910 for non-teaching agency staff is a robust estimate

Use of Temporary Agency Staff

Appendix 3: European Commission Proposal for a Directive on Working Conditions for Temporary Agency Workers

A3.1 The Proposed Directive

A3.1.1   The European Commission proposed a directive to regulate the working conditions of temporary agency workers (TAWs) on 20 March 2002. This proposal follows on from two previous subjects contained within the 1995 social partner consultation regarding 'atypical' work. The other two subjects were directives on

- Part Time Working (1997), and
- Fixed Term Work (1999)

A3.1.2   The proposals provide for

- The principle of non-discrimination to be extended to agency temporary work (for assignments that are expected to extend beyond six weeks)
- At least as favourable treatment as a 'comparable worker'
- Basic working conditions (similar to provisions in the Working Time Directive, regarding times of work, rest periods, holidays and so forth)
- Temporary workers with a permanent contract with an agency (i.e. they are paid in between assignments) are excluded
- Informed of vacant permanent posts and given the same opportunities to apply as permanent workers
- Obstacles to temporary workers concluding a contract should be removed ('temp to perm' fees)
- Improved access to training and development within temporary agencies

- Requirements to provide suitable information on temporary workers to workers' representatives

A3.1.3   The Department of Trade and Industry (DTI) responded by seeking the views of (particularly) agency workers, agencies and employers as to the likely impacts of the directive on 29 April 2002. This consultation closed on 18 October 2002.

A3.1.4   Birmingham City Council was informed of this in September, via the Employers' Organisation. It has not responded to the consultation because the Employers' Organisation has drafted a response on behalf of local government in the UK.

A3.1.5   The view of the European Commission is that the Directive will lead to more workers wishing to work as TAWs, because the employment conditions would be more attractive.

A3.1.6   However, the UK Government is concerned that

- The Directive will decrease the demand for TAWs with user companies (because the cost will inevitably be passed on to the user)
- The minimum wage and working time legislation already apply to TAWs
- TAWs increase labour market flexibility
- TAWs offer a means of getting into the labour market
- TAWs offer greater choice for the worker

A3.1.7   The views of the Employers' Organisation can be summarised as:

- General support for establishing a regime to prevent the abuse of workers
- Concerns over limitations to the flexibility of employers
- Concerns that the six week derogation period is too short. A period of 12 months is considered more appropriate
- Similarly, training should be subject to a 12 month derogation period and should be confined to training that is necessary to carry out the duties of the post
- Concerns over including pay in the equal treatment principle, due to the additional cost
- Support for the removal of 'temp to perm' fees

Use of Temporary Agency Staff

A3.2 Likely Effects of the Directive on BCC

A3.2.1
Looking at the contract for secretarial and admin staff, on average the price we pay is 34.10% more than the wage that the temp receives. The remainder comprises employers' National Insurance and pension contributions, probably totalling at most an additional 25%, and agency profit. The DTI estimates that agencies will pass on 80% of their increased costs. We could therefore expect the cost of temporary staff to be at least 7% more than directly employing, with the main benefit being the flexibility of engagement.

A3.2.2
We will need to be able to identify a comparator role for the pay and conditions that the TAW is equivalent to. There are cases where we employ TAWs where there is no workload that is clearly encompassed within the establishment. If we evaluate the workload for each section, then we should have a better idea of what this is, and be able to relate it fairly to the other posts in the organisation.

A3.2.3
Providing information on agency staff has been informally suggested by Central Personnel to be through HRIS from April 2003. Whilst HRIS is the HR database, it is also quite intensively linked to the system for paying our staff. A system for providing this information does not need to be this elaborate. However, HRIS is the corporate HR database, which should arguably be the source for corporate HR information.

A3.3 Further Information

A3.3.1
The proposal will require implementing legislation in the UK, achieved through separate regulations for Great Britain and Northern Ireland. Such legislation will need to be transposed into UK law after a set period of time (usually two years).

A3.3.2
It is important to stress that this is at present only a proposal. The implementation of the actual Directive is likely to be not imminent at this stage. Whilst the proposal is by no means certain to become the directive, it does provide an indication of the likely areas legislation will cover. However, until such time as the Directive is clearer, an accurate estimation of its impact is difficult.