

INCREASED AGENCY SPEND – REASONS AND IMPACT

Report of the Director of Resources

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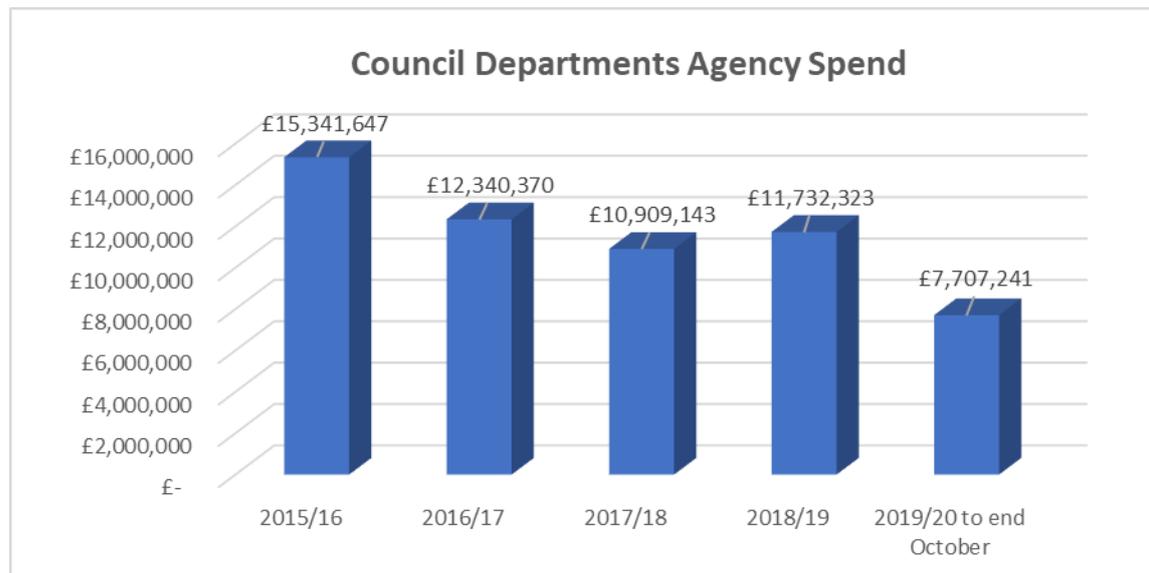
Executive Member:- Ralph Sangster, Resources & Performance

1. Purpose of report

1.1 The purpose of this report is to provide Members with a response to their request for a separate report on the reasons for agency spend increasing and the impact it is having on the organisation.

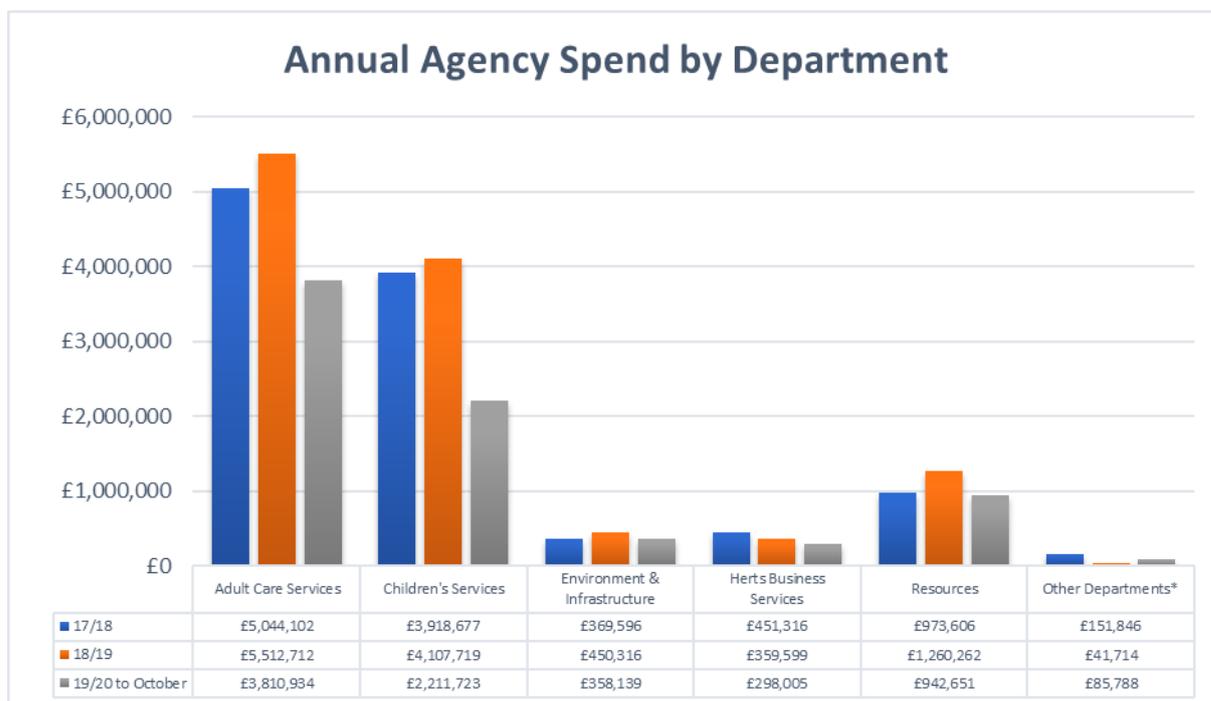
2. Background

2.1 Following a reduction in agency spend in 2016/17 and 2017/18, it has increased in 2018/19, and is projected to be between £11.7 - £12.0m by year end 2019/20. The chart below shows the spend by financial year with the year to date figure to the end of October 2019.



2.2 The chart below shows agency spend by Department. Increased spend in 2018/19 is predominantly located in Adult Care Services, Children’s

Services, Environment & Infrastructure and Resources where shortages of skills are located.



* Other Departments combine the spend in Public Health, Community Protection and Libraries & Heritage Svs

2.3 An important part of the Council's resourcing strategy is the provision of temporary agency workers via a third-party provider. Agency workers play an important role in helping the Council meet short to medium term recruitment requirements. Agency spend is monitored and reported quarterly to Departmental Boards.

3. Reasons for increased spend

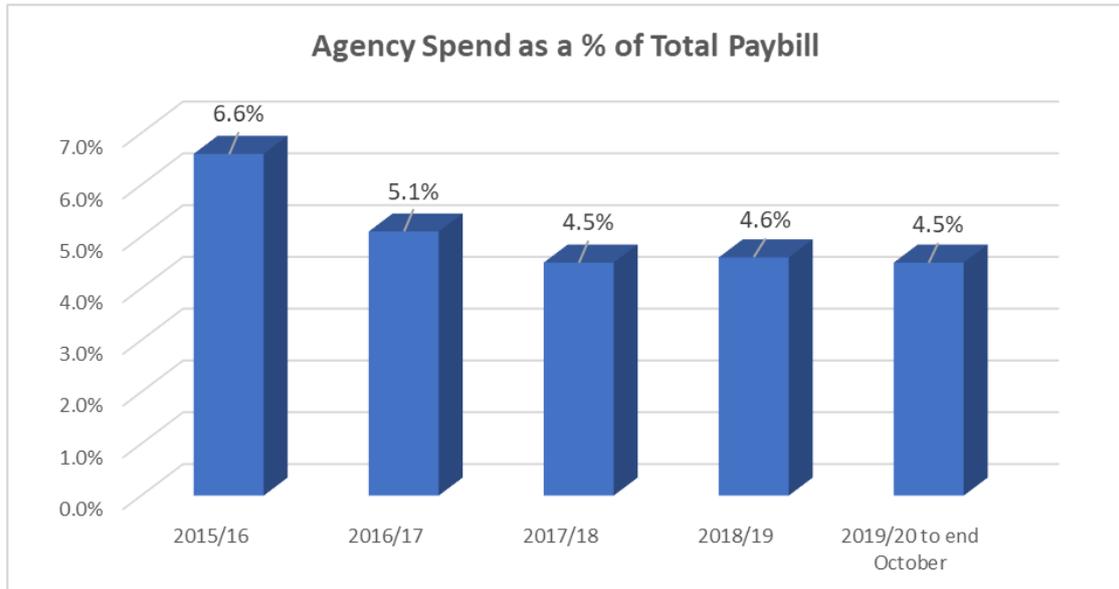
3.1 The Council's first position is to directly employ via permanent or fixed term contracts. In some cases, this is not possible due to difficulties in attracting staff to certain roles due to skills shortages. This includes Social Workers, Educational Psychologists, Solicitors and Planners where spend has increased.

3.2 Our pay structure has not been reviewed for many years and as such we are aware that it is no longer competitive in the market. This is being addressed through Future Workforce, however it has had an impact on our ability to recruit into skills shortage roles leading to greater usage of agency staff as a temporary measure.

3.3 Our challenges attracting into skills shortage roles is also influenced by external factors including high employment rates nationally (76% in employment), and in Hertfordshire (78% in employment), our proximity

to London where salaries are higher, and the cost of living in Hertfordshire.

- 3.4 The cost of using agency staff has risen due to increases in the national minimum wage and statutory deduction changes (pension increases). However, the spend remains proportionate as a percentage of the pay bill, which is illustrated in the chart below. Hertfordshire's agency spend as a percentage of total pay bill is lower than other neighbouring authorities. It is 12.5% in Buckinghamshire and 10.7% in Essex.



- 3.5 Departments have utilised agency staff to deploy resources more flexibly. This has been evident in areas where budgets need to quickly respond to changes in service user needs and the workforce expands and contracts to match the demand. This is the reason for some increased spend in unqualified care.

- 3.6 Due to restructuring activity, agency staff have been used as a temporary measure to fill vacancies until structures have been agreed and changes implemented. This approach has helped to reduce redundancy costs and protect the employment of permanent staff.

4. Impact of increased agency usage and spend

- 4.1 As illustrated in the table above, whilst agency spend is increasing it has not increased as a proportion of the pay bill, despite the cost of engaging a temporary worker increasing.

- 4.2 In shortage skill areas, the usage of agency workers has enabled the organisation to deliver its services to Hertfordshire citizens and provide business continuity, while continuing to seek to attract candidates and fill positions permanently.

- 4.3 Agency usage has provided the flexibility the organisation needs to respond to peaks and troughs in demand, resource areas with higher turnover, and maintain continuity during periods of restructure and change.
- 4.4 Agency usage can impact the organisation through non-productive time spent on induction, it can affect the morale and motivation of a team with higher turnover of staff and can impact on continuity of care where new staff are frequently introduced to service users. For these reasons we continue to work with Departments to ensure that agency usage is managed carefully and only used when necessary.

5. Actions to address increased agency usage and spend

- 5.1 Measures are in place to attract and retain shortage skills including: the usage of market forces payments, welcome payments, targeted recruitment including social media campaigns, recruitment fairs, converting agency staff onto permanent contracts.
- 5.2 The Future Workforce project will market test all roles and help to address some of the shortcomings of our existing pay structure in respect of recruiting into shortage skill roles, reducing reliance on agency workers.
- 5.3 Regular Workforce Planning discussions between HR and Service Boards are taking place to develop resource strategies/forward plans in relation to resourcing.
- 5.4 Through our contract management with our external agency supplier, we have realised savings through rate negotiations, tenure discounts, and a bank staff model. In addition, Adult Care Services are exploring the feasibility of an internal bank model for their unqualified care roles (Flexible Support Workers). This will reduce reliance on agency workers.

6. Equalities Implications

- 6.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.
- 6.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.
- 6.3 The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination,

harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

- 6.4 No EqlA was undertaken in relation to this matter as the report responds to Member questions relating to agency spend only and there are no equalities implications.

7. Recommendation

- 7.1 For Members to note the report.