



NORTHAMPTON
BOROUGH COUNCIL

OVERVIEW & SCRUTINY VIEWS AND RECOMMENDATIONS

TO CABINET 9th JUNE 2010

Report Title	RECOMMENDATIONS OF OVERVIEW AND SCRUTINY COMMITTEE THREE (IMPROVEMENT, PERFORMANCE AND FINANCE) – COST OF CONSULTANTS
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Agenda Status: PUBLIC

1. Purpose

- 1.1 To present to Cabinet for consideration, the comments and recommendations of Overview and Scrutiny Committee Three (Improvement, Performance and Finance) on the findings of the Review – Cost of Consultants.
- 1.2 The Executive Summary to Overview and Scrutiny Committee Three's report is attached at Appendix 1. Members of Cabinet have been issued with a copy of the full report. All Overview and Scrutiny Review reports are published on the Overview and Scrutiny page on the Council's Webpage and a copy of the this report can be located: www.northampton.gov.uk/scrutiny - Previous Scrutiny Reviews.

2. Recommendations

- 2.1 The Task and Finish Group recommends to Cabinet that:
- 2.2 A procedure based on the document "*Transforming the procurement of temporary, agency and interim staff: your toolkit for success*" is produced and used by each Service Area when engaging temporary, Agency and Interim staff.
- 2.3 Cabinet considers the engagement of students from University of Northampton and Northampton College as well as apprenticeships and future job fund opportunities with generic skills, for the filling of temporary vacancies that are currently filled by Agency Staff. A central base of between one and four postgraduate students could be created.
- 2.4 Consideration is given to the introduction of a floating workforce that could be pooled by all departments.

- 2.5 Build into the Consultant engagement process an independent review after a set time period by the Head of Human Resources to ensure the engagement is still appropriate.
- 2.6 The Policy regarding the employment of Agency Staff be expanded and reviewed including: -
- Setting a maximum percentage target for each directorate of Agency staff.
 - Confirm the definitions within the policy based on the definitions as set out in this report

3. Background and Issues

3.1 The purpose of the Review was: -

- To investigate the reasons for the use of consultants at Northampton Borough Council
- To investigate the reasons for the use of agency labour at Northampton Borough Council
- To consider the alternatives to using consultants
- To consider the alternatives to using agency labour
- To assess the risks involved in implementing these alternatives
- To evaluate the effectiveness of the work undertaken by consultants within the authority and determine the impact on the existing staff base
- To consider the costs involved by the Council in using consultants and to compare these costs to other similar local authorities, department by department, for the years 2005/06 and 2007/08
- To consider the costs involved by the Council in using agency labour and to compare these costs to other similar local authorities, department by department, for the years 2005/06 and 2007/08
- To examine the procurement arrangements associated with consultants department by department, for the years 2005/06 and 2007/08
- To examine the procurement arrangements associated with agency labour department by department, for the years 2005/06 and 2007/08
- To examine the procedure for the procurement arrangements associated with consultants and how this is budgeted for and financed
- To examine whether the use of consultants is a skilling or de-skilling process

3.2 A previous Overview and Scrutiny Review into Historic Buildings and Regeneration was undertaken which noted the engagement of consultants in Planning Services When Overview and Scrutiny Committee finalised its work programme, the issue of the employment of consultants by the Authority was raised and it was requested that a Review of this issue be included onto the Work Programme. This request was agreed and the timescale for the Review set.

3.3 A Councillor Task and Finish Group was established comprising Councillor Tony Clarke (Chair); Councillors Joy Capstick, Jenny Conroy, Matthew Golby and Jamie Lane.

- 3.4 Information obtained from the following sources formed the main body of evidence gathered by the Committee:
- Detailed information for all Northampton Borough Council departments regarding spend in relation to consultants and Agency employees for the periods 2005/06 and 2007/08
 - Data from other (best practice) Local Authorities for the same periods, in particular a large district council. For comparison purposes the data will be altered to reflect population in respect of spend per population
 - Local Government Association (LGA) or similar guidance on the use of consultants and Agency workers
 - Evidence from Northampton Borough Council Directors (or Heads of Services)
 - Evidence from the Portfolio Holders (Finance) and (Performance and Improvement)
 - Evidence from the Portfolio Holders (Finance) and (Performance and Improvement) for the years 2005/06 and 2007/08
 - Evidence from members of the Council for the period 2005/06 and 2007/08 (current Members)
- 3.5 In considering the evidence the following conclusions were made: -
- 3.6 In considering *Transforming the procurement of temporary, agency and interim staff: your toolkit for success*, which was commissioned by the London Centre of Excellence (LCE), the Task and Finish Group felt that there are alternatives to the employment of Agency Staff such as the engagement of different types of trainee posts such as undergraduate student placements, graduate placements, future jobs fund, and apprenticeships from The University of Northampton and Northampton College with generic skills. A central base of between one and four postgraduate students could be created. The Task and Finish Group further felt that it would be beneficial for there to be a 'floating workforce' that could be pooled by all departments.
- 3.7 The Task and Finish Group highlights the fact that during the period of 2005/2006 central Government had provided financial assistance to the Authority for the engagement of consultants. Bearing this in mind the figures for this period may appear high.
- 3.8 There is a need to know how the Council has received value from money from a consultant both during their skills of engagement with the Council and whether these skills have been maintained. The engagement of consultants should be according to service need or specialist positions and be time limited. It is crucial that there is a clear understanding about the difference between locum and consultant. The Task and Finish Group welcomed the definitions of such staff that were provided by the Head of Human Resources. The Task and Finish Group further realised that, as the engagement of consultants should be time limited there was a need for an independent check around the time scale of to be implemented.
- 3.9 It was noted that over the periods that the Task and Finish Group investigated the Council has a Policy to reduce the spend on Agency Staff, in particular as part of the budget savings in 2009/10 it had been agreed that the Authority would reduce its spend on agency staff by £200, 000. This would be undertaken by applying this approach to agency staff. The Task and Finish

Group was surprised to see this saving was for white collar Agency Staff only, and that blue collar Agency Staff were used more to generate savings. . It appeared that the higher the cost of a Post the more of a saving by reducing consultants.

- 3.10 During the period of time of the Task and Finish Group brokers were changed, the Task and Finish Group recognised the need for changed but felt that there was a need for the Policy to be further developed and expanded
- 3.11 The Task and Finish Group noted that part of the way that business is carried out in Neighbourhood Environment involves using Agency staff and it was realised that this is the most value for money way in delivering the service also providing a lot of flexibility. Grounds and street maintenance do not need the cover as much as the refuse lorries. Agency staff is now only brought in to cover sickness absence on the refuse lorries not for street and grounds maintenance. In future, in-house staff may be asked to provide cover for sickness absence on the refuse lorries.
- 3.12 The Task and Finish Group highlighted the recruitment process within Neighbourhood Environment in particular when a permanent FTE left the service they would not be replaced with a full time employee but with Agency Staff. It was noted that the turnover of staff has not been huge, mainly due to the recession. It was also noted that this method of recruitment is set to continue as it makes NBC more competitive in terms of costs. Bearing this in mind, the Task and Finish Group felt that there is a need for the Council to have a Policy stating, for example that no more than 30% Agency Staff be employed. Should the service go out to competitive dialogue with a Company that has say for example, 80% Agency staff and just 20% full time employees this would not meet the Council's Policy. It was emphasised that there does need to be a balance between quality and cost. The Task and Finish Group suggested that a Policy could be produced which stated that the Council managed the workforce and maintained the standard. It was emphasised that there would be clear legal implications regarding a stated Policy on the employment of Agency Staff. As a major employer the Council needs to be seen to helping the economy. It is accepted that there is a need for Agency Staff but an appropriate level must be met in normal circumstances.

4. Options

- 4.1 Cabinet will need to consider the possible options as part of its response to the recommendations.

5. Implications (including financial implications)

5.1 Policy

- 5.1.1 The work of Overview and Scrutiny plays a major part in the development of the Council's policy framework through its work programme.
- 5.1.2 The report and its recommendations have policy implications in relation to Community Centres. Cabinet's response will need to consider these issues in detail.

5.2 Resources and Risk

5.2.1 Cabinet will need to consider the resourcing issues for the recommendations made.

5.3 Legal

5.3.1 Legal issues will need to be considered as part of Cabinet's response to the recommendations

5.4 Equality

5.4.1 Equality issues will need to be considered as part of Cabinet's response to the recommendations.

5.5 Consultees (Internal and External)

5.5.2 The Committee consulted and took evidence from a variety of sources as detailed in paragraph 3.4 of this report.

6. Background Papers

- Overview and Scrutiny Committee Three's Report – Cost of Consultants (May 2010)
- Minutes of the meeting of Overview and Scrutiny Committee Three – 13th May 2010

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