

Appendices: Nil



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Position Statement on Vacant Posts and Interim/Agency Staff
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	11th September 2017
Policy Document:	No
Directorate:	Finance Directorate LGSS
Accountable Cabinet Member:	Cllr Brandon Eldred

1. Purpose

- 1.1 To present Committee with a position statement regarding the numbers of staff vacancies and interim/agency staff engaged that are covering vacant posts.

2. Recommendations

- 2.1 To consider the contents of this finance report.
- 2.2 To consider whether Audit Committee requires any additional information in order to fulfil its governance role.
- 2.3 To agree that future reports are widened to include details of all interim/agency staff including those not covering vacant posts.

3. Issues and Choices

3.1 Report Background

- 3.1.1 Audit Committee have been receiving regular reports on the number of interim/agency staff covering vacant posts, and the number of vacant posts within the Council.
- 3.1.2 At the meeting on the 27 June 2017 Audit Committee raised some queries requesting further information on:

- The reductions in agency/interim staff reported, and what had happened to the posts?
- How has productivity been affected?
- How much money was being spent on interim and agency staff?

3.2 Interim/Agency Staff and Vacant Positions

3.2.1 The number of interim and agency staff engaged to provide cover for vacant posts in the establishment is shown below.

Directorate	February 2016	June 2017	July 2017
Borough Secretary	9	6	3
Director of Customers & Communities	*13	3	2
Director of Regeneration, Enterprise & Planning	**11	1	1
Housing and Well Being	4	4	5
Total	37	14	11

Note:

* 6 posts removed from total relating to Enterprise Contract as costs are being recovered through the contract.

** 2 posts removed from Director of Regeneration, Enterprise and Planning as have been recharged to projects and not held against vacant posts.

3.2.2 The reduction of 23 interim/agency staff held against vacant posts between February 2016 and June 2017 is across three Directorates. The current status of those original vacant posts covered by interim/agency staff for each area and how productivity has been affected is detailed below.

3.2.3 The reduction in 3 agency/interim staff held against vacant posts in Borough Secretary has been as a result of filling a number of posts permanently. However, the transfer of legal and HR services back from LGSS in January 2017 has resulted in these reductions being partially offset by additional temporary agency/interim staff being used in these areas. Since June 2017 there has been a further reduction of 3 following the recruitment of 3 electoral services officers. Productivity has not been affected prior to January 2017, however since the return of services from LGSS some legal work has been outsourced to external providers as the authority did not have capacity or experience in house either using permanent or agency staff. The legal section

is currently experiencing difficulties in recruiting permanent legal staff, and management are working with HR to resolve this going forward.

- 3.2.4 The reduction in 10 agency/interim staff held against vacant posts in Customers and Communities is as a result of these post being permanently recruited. Some of the posts filled were a post room assistant, head porter and facilities apprentice and in addition one of the vacancies in the environmental protection team was also recruited to. The nature of the remaining vacant roles are customer facing and therefore whilst recruitment is under way it is essential to fill the roles on a temporary basis with agency staff until the recruitment process has been completed. The use of agency staff avoids a dip in productivity and in particular ensures customer satisfaction remains high. Since June 2017 there has been one further reduction, due to the permanent recruitment of a call care operative.
- 3.2.5 The Regeneration, Enterprise and Planning Directorate has seen a reduction in 10 agency/interim staff held against vacant posts due to several factors. The Planning Service has had several posts covered by interim/agency staff, including the Planning Policy Manager role which was recruited to in March 2017, and various planning support officer posts which have been vacant during the period and covered by agency staff. The Head of Planning has indicated that there has been no impact in productivity over the period. Previously the Directorate reported all interims/consultants that were not directly employed by the Council on fixed or permanent contracts. The Directorate now only reports on interim staff: those staff covering vacant establishment positions. There remain consultants delivering specific project/pieces of work. There has, however, been an overall reduction in interim/consultancy staff in the Directorate.
- 3.2.6 The Economic Development and Regeneration Service has seen a combination of a period of high staff turnover and a reduction in capacity that has resulted in a drop in output, in particularly within the Asset Management Team; an issue that has been commented on within the recent auditors report. The section has experienced difficulty in recruiting permanent staff over the last two years. Management are working jointly with HR to resolve these issue and incorporate the solution in a future restructure. As a result management have had to outsource some work, most notably the annual asset valuations for the statement of accounts. The focus in the short term is that the service is planning for the asset valuation work during 2017/18 to ensure that it can be delivered on time and to the required standard.

3.2.7 The number of interim and agency staff engaged and the length of engagement is summarised in the table below.

Directorate	July 2017	Length of time engaged				
		<1 month	1-3 months	3-6 months	6-12 months	12+ months
Borough Secretary	3		1			2
Director of Customers & Communities	2			1	1	
Director of Regeneration, Enterprise & Planning	1		1			
Housing and Wellbeing	5	1			1	3
Total	11	1	2	1	2	5

3.2.8 The number of staff vacancies is summarised in the table below.

Directorate	Total Posts	Vacancies (March 2016)	Vacancies (June 2017)	Vacancies (July 2017)	Recruiting to	Covered by Interims/ Agency
Borough Secretary	28	11	13	10	5	3
Director of Customers & Communities	165	23	13.5	11	8	2
Director of Regeneration, Enterprise & Planning	61	13	9	9	0	1
Housing and Well Being	37	5	7	8	7	5
Total	291	52	42.5	38	20	11

3.2.9 Of the 10 vacancies in Borough Secretary, 4 legal posts are currently out to advert, 1 election post is being advertised and the rest are currently being looked at.

3.2.10 Of the 11 vacancies in the Directorate of Customers & Communities, 8 are in the process of being recruited to and the remainder are being held pending restructures to find further savings.

3.2.11 Of the 9 vacancies within the Directorate of Regeneration, Enterprise and Planning, all vacancies are under review pending the medium term resourcing strategy.

3.2.12 Of the 8 vacant positions in the Housing and Wellbeing Service, 6 are in the process of being recruited and 1 has successfully been recruited to.

3.3 Costs of agency/interim staff

- 3.3.1 The total costs incurred to date this financial year of interim/agency staff is £476k, this includes all staff whether held against a vacant post or not. Management will be working on refining this information in future to show both costs of interim staff covering vacant posts and also those providing other services/capacity for projects etc.
- 3.3.2 There will also be savings against permanent staff salary budgets which will partially offset these costs, and in some instances the costs of agency staff are actually lower than those of permanent staff.

Directorate	Total 2017/18 Cost to end of July (Gross Total of Agency/Interim staff) £000
Borough Secretary	153
Director of Customers & Communities	39
Director of Regeneration, Enterprise & Planning	150
Housing and Wellbeing	134
Total	*476

*Note this represents the gross costs which will be offset by savings in permanent staff budgets

3.4 Choices (Options)

- 3.4.1 Option 1 – the Committee could agree that the proposed additional information on all interim/agency staff is included in future reports. This is the recommended option.
- 3.4.2 Option 2 – the Committee could request that future reports continue to only have information on the interim/agency staff covering vacant posts.
- 3.4.3 Option 3 – the Committee could request that reports on interim/agency staff are no longer presented to future meetings.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications arising from this report.

4.2 Resources and Risk

4.2.1 The use of interim/agency staff to cover vacant posts is one of the strategies used by management to deal with capacity issues arising when employees leave the authority. In most cases the direct cost will be higher than employing permanent staff which may have an adverse budget impact, however the authority does have more flexibility to decide when to use them than having permanent staff who have employment rights concerning notice periods etc.

4.2.2 The wider use by the Council of agency/interim staff, not just those covering vacant posts, is reviewed and managed on a monthly basis by Management Board. It is proposed that this information should also be reported to Audit Committee in the future.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 Management Board

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Regular reporting of the Council's financial position helps to ensure the proper stewardship of the Council's resources. Active financial management contributes to the delivery of value for money services, enabling public money to be used to maximum benefit.

4.7 Other Implications

4.7.1 The responsibility for determining whether agency/interim workers are deemed employees for tax purposes has been that of public sector bodies from April 2017. This means that the Council has to assess all individuals who are doing work for the authority against a number of criteria as indicated by HMRC. This is a change from the previous position where the individual had to make the assessment as to whether they are what is known as 'IR35' compliant.

4.7.2 Where the Council determines that individuals are inside IR35 then they will have to notify those individuals and the agency that represents them (in the case of NBC this is mostly Guidant) so that personal tax can be deducted at source through a PAYE system rather than leaving it to the individual as either

an employee of their own limited company or as a self-employed person to calculate and pay the relevant tax.

- 4.7.3 Management have been working with the Council's preferred supplier Guidant and all other agencies to ensure that the new responsibilities are met. All agency and temporary contracts as at April 2017 were reviewed against the criteria to ensure the authority was complying with the change in responsibility.

5. Background Papers

- 5.1 Previous Audit Committee Reports on Interim/Agency staff since September 2016

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