

Audit & Governance Committee

27 September 2021

Review of Agency & Consultancy Spend

For Review and Consultation

Portfolio Holder: Cllr P Wharf, Corporate Development and Change

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Report Status: Public

Recommendation:

It is recommended that the Committee note the current levels of use and spend on agency workers and consultants and the work being undertaken to improve the visibility and governance around their use.

Reason for Recommendation:

To provide assurance that sufficient measures are in place to manage the use and spend on agency workers and consultants.

1. Executive Summary

- 1.1 Spend on agency workers and consultants continues to be in the region of £11.5m per annum, making up around 8% of all workforce spend, providing just under 5% of the total council workforce.
- 1.2 Action continues to be taken to improve our understanding of agency and consultancy spend and to ensure greater consistency across services.
- 1.3 Spend across individual directorates varies in terms of volumes and necessity, influenced by operational requirements and skills shortages.

- 1.4 This paper provides an overview of the current position regarding use and spend.

2. Financial Implications

- 2.1 The current spend on agency workers and consultants is included within the report.

3. Well-being and Health Implications

- 3.1 Agency workers are commonly used to cover the absence of employees on long-term sick or to cover vacant posts where it has not been possible to recruit on a permanent basis. The use of agency workers to fill these posts is critical to lessen the burden on other employees, ensuring their mental and physical wellbeing is supported in the workplace.

4. Climate implications

- 4.1 None identified

5. Other Implications

- 5.1 None identified

6. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: Low

Residual Risk: Low

7. Equalities Impact Assessment

- 7.1 No equality issues have been identified in relation to the content of this report.

8. Appendices

- 8.1 Appendix 1 – Directorate Commentary

9. Background

- 9.1 Agency workers and consultants are typically used to cover existing posts when a permanent solution has not been found, provide temporary additional capacity when having to respond to a short-term increase in work

within a team or to bring specific skills and experience into the council on a short term basis. The engagement of agency workers has been key during the pandemic, to mitigate the impact of staff shortages through absence. Engaging agency workers has also enabled the council to continue to deliver services in areas where there are challenges in recruiting into hard to fill roles, where national skills shortages exist, for example, Planning.

- 9.2 Council has a corporate contract in place with Comensura in respect of engaging agency workers and this has recently been extended to include the engagement of Consultants. This provides the council with a legally compliant single route to engaging agency workers and consultants without the need for competition or tendering.
- 9.3 Following a review of agency and consultancy spend in the Summer of 2020, work has continued to be progressed to ensure a more consistent approach to engaging workers through these routes is in place and to improve the understanding of levels of spend across the Council.

10. Improvements Introduced

- 10.1 A new guide for managers has been produced and launched to help them understand the most effective way to engage an agency worker or consultant and ensure that their use is only being used when absolutely necessary. The launch of the new guide coincided with the promotion of the new contract arrangement with Comensura, which brought together agency and consultancy spend within a single contract.
- 10.2 Oversight of agency spend is now incorporated into the SLT Performance Reporting Scorecard. Monthly updates are provided on spend by directorate through the Comensura contract. Information is also provided on spend outside of this contract, where it has not been possible to secure the skills or capacity required through the Comensura route. Information is provided quarterly on the number of assignments in each directorate and the percentage of those that exceed three months.
- 10.3 HR&OD Business Partners have worked with their respective directorates to understand the key factors influencing spend on agency workers and consultants within each directorate, to better understand the appropriateness and effectiveness of engaging workers through these routes and to consider their alignment with service-specific workforce strategies. Specific feedback from each directorate is attached as Appendix 1.

11. Spend Analysis

11.1 Spend by directorate within the Comensura contract since 1 April 2020 is set out below:

	Corporate Services	Place	People Children's -	People Adults -	Public Health	Total Spend
20/21 - Q1	99,628.62	897,161.14	718,532.17	417,931.82	55,265.93	2,188,519.68
20/21 - Q2	97,991.91	794,053.21	765,719.44	468,487.08	70,690.99	2,196,942.63
20/21 - Q3	97,930.67	618,219.23	969,673.64	701,456.09	38,145.99	2,425,425.62
20/21 - Q4	73,034.96	518,496.38	782,402.29	708,251.22	26,447.37	2,108,632.22
21/22 - Q1	25,052.88	586,236.94	858,049.79	636,399.66	23,952.16	2,129,691.43
Total	393,639.04	3,414,166.90	4,094,377.33	2,932,525.87	214,502.44	11,049,211.58

11.2 In addition to the above, the following spend has also been incurred outside of the Comensura contract:

	Corporate Services	Place	People Children's -	People Adults -	Public Health	Total Spend
20/21 - Q1	53,207.50	31,917.14	439,099.91	78,600.00	0	602,824.55
20/21 - Q2	0	6,690.00	455,158.01	44,071.42	0	505,919.43
20/21 - Q3	0	61,344.73	581,615.58	42,250.00	0	685,210.31
20/21 - Q4	22,690.66	115,595.37	622,541.11	34,902.82	0	795,729.96
21/22 - Q1	2,677.50	72,901.92	285,715.85	108,645.26	0	492,428.13
Total	78,575.66	288,449.16	2,384,130.46	308,469.50	0	3,059,624.78

11.3 To provide a degree of context, agency and consultancy spend for each directorate is shown below as a percentage of the overall staffing budget for the directorate:

Directorate	Staffing Budget	Agency/Consultancy Spend (2020/21)	Agency/Consultancy spend as a % of staffing budget
Corporate Services	£26,268,366	£444,484	1.69%
Place	£52,761,495	£3,043,477	5.77%
People - Children's	£38,014,045	£5,334,742	14.03%
People - Adults	£22,638,129	£2,495,950	11.02%
Public Health	£3,360,552	£190,550	5.76%
Total	£143,042,587	£11,509,203	8.04%

11.4 At the end of June 2021 there were 224 continuing assignments through Comensura, the equivalent of 4.89% of the council's total workforce. Of these assignments, 65% have been in place for over three months, a reduction from nearly 75% at the end of December 2020. This is a result of active work taken forward within directorates to review all assignments and consider alternative resourcing options.

Active Bookings

Directorate	0-3 months	4-6 months	7-9 months	10-12 months	13-18 months	19-24 months	25+ months	Total
Corporate Services	1	0	0	1	1	0	1	4
Place	53	35	11	11	5	7	18	140
People – Children's	15	8	5	9	2	1	6	46
People – Adults	8	5	7	4	2	2	3	31
Public Health	1	1	0	0	0	0	0	2
Total	78	49	23	25	10	11	28	224

12. Conclusions

- 12.1 Work continues to introduce improvements and develop our approach to engaging agency workers or consultants, through better contract management, oversight of spend and more useful guidance for managers.
- 12.2 It is important that all areas of the council continue to regularly and routinely review their agency and consultancy arrangements to ensure that engaging workers through this means continues to be the most effective way of delivering the work and continues to offer the council the best value for money.

Directorate Commentary

Corporate Services

- Consultant and agency reports are considered by Corporate Services Executive Director and Corporate Directors on a quarterly basis.
- Most recent spend on agency has been to cover vacancies in Revenues & Benefits. The Head of Service is now proceeding with recruiting to these vacancies due to the needs of the service. Other longer-term agency spend has been within legal services and difficulty to recruit to a specialist lawyer position. We are continuing to explore different approaches to recruitment to address this issue.
- Previous spend due to sourcing cover for difficult to fill vacancies in legal which has largely been resolved following a successful recruitment campaign and a shift in the market caused by the pandemic. Higher use of agency/consultants in previous quarters to support wider partnerships such as Dorset Care Record which is a recharge amongst all partnership organisations.
- Non-compliant issues within directorate are monitored by the HRBP who works with the service to ensure future engagements are through agreed provider including getting agencies/consultants registered with Comensura.

People – Children

Agency commentary:

- Agency reports are considered by Children's Corporate Directors and Executives Directors on a monthly basis.
- Majority of agency workers are Social Workers covering absence or vacant positions which are difficult to recruit. A successful recruitment campaign for Social Workers has taken place and we predict the agency spend will decrease considerably between September and November when new joiners start. We have also had some success transferring long term agency workers to permanent.
- The engagement of agency Social Workers is in line with a Memorandum of Understanding in place across all councils within the South West. This

MOU aims to cap the hourly rate payable to agency social workers, ensuring the costs of agency workers is managed and to avoid individual local authorities trying to outbid others, therefore driving up costs.

- Longer term agency workers may continue in role in exceptional circumstances, i.e. where there have been repeated attempts to recruit or where they possess specific and niche skills set.
- Agency usage increased during the Q3/Q4 20/21, due to the pandemic.
- Non-compliant placements are monitored monthly by the HR Business Partner to ensure they are IR35 compliant and to work through with the Managers to bring them into compliance swiftly.
- The process for compliance has been communicated at the directorate Leadership Team and in communications to Managers to avoid the need for non-compliant spend in the future.

Consultancy commentary:

- Considerable work has taken place to reduce consultancy spend outside Comensura. This includes signing up agencies with Comensura to continue to do business with them. Also, ongoing communications with managers reminding them of the process for engaging consultants.
- Children's have engaged consultants to support the ongoing improvement work and embedding the new business model.
- All consultants have an IR35 assessment to ensure compliance with the HMRC regulations, a copy of which is kept in the Directorate. – training has taken place with PA's to support Executive Directors and Corporate Directors with compliance.

People – Adults

Agency commentary:

- Agency reports are considered by Adults Corporate Directors and Executives Directors on a monthly basis.
- Medium and longer-term agency spend must be approved by a Corporate Director. As a result, some agency workers have now become direct employees of Dorset Council.

- Longer term agency workers may continue in role in exceptional circumstances, i.e. where there have been repeated attempts to recruit or where they possess a skill set needed for strategic work.
- Agency usage increased during the Q3/Q4 20/21, as Adults responded to the pandemic. We engaged extra capacity to manage a high number of assessments and to provide additional Approved Mental Health Practitioner capacity.

Consultancy commentary:

- Considerable work has taken place to reduce consultancy spend outside Comensura. This includes signing up agencies with Comensura to continue to do business with them. Also, ongoing communications with managers reminding them of the process for engaging consultants.
- Adults have engaged consultants to update skills and knowledge and systems to support a strengths-based approach to person care.
- Each consultant will have an IR35 assessment to ensure compliance with the HMRC regulations, a copy of which is kept in the Directorate.
- Non-compliance is investigated promptly, and all assignments are IR35 compliant, with IR35 reviews happening each year.

Place

Agency commentary:

- Focus on Agency spend in Place has increased in the last 18 months with monthly reviews at SLT and Head of Service level.
- Spend has decreased by around 35% since Q1 2020. This can be attributed to closer monitoring and targeted recruitment campaigns for areas with higher agency usage (e.g. Planning & Waste)
- Quarterly agency reviews with the service have been introduced enabling better understanding of agency usage, opportunities for reduction of use of agency and engagement on DC terms and conditions where appropriate as well as understanding of seasonal trends for agency used (e.g. harbours.)
- Main reasons for agency usage in Place are to cover absence, to bring in expertise not found within the council needed on an ad hoc basis, to cover vacancies, to cover seasonal work.
- The recent quarterly increase in agency spend can be attributed to seasonal requirements and cover for hard to recruit positions in Planning and Waste.
- The majority of agency workers have been engaged for in excess of the 8 week period recommended to cover short term assignments.

Consultancy commentary Place:

- Over recent months The Place Directorate has increased its focus on monitoring of consultancy spend
- Initial focus has been to improve management understanding of the process to follow when engaging a consultant as well as the IR 35 implications to increase compliance and understand reasons for usage.
- The Place HR Business Partners have developed a standard process to follow each month when non-compliance is highlighted ensuring swift evaluation of this.

Public Health

Agency Commentary – Public Health

- Agency spend remains low in Public Health, all are engaged via Comensura therefore compliant with procurement regulations
- The majority of spend has been to provide additional project and programme resilience during the COVID period, which is funded by the Dept of Health not Dorset Council.
- A medium-term agency worker is now directly employed by Public Health.
- There are currently no agency workers funded by DC only Dept of Health funded.
- All agency spend is monitored by the Public Health Programme Manager, who is a member of the Senior Leadership Team.

Consultancy Spend – Public health

- There is no consultancy spend for Public Health for the reporting period