

Audit & Governance Committee

16 January 2023

Review of Agency & Consultancy Spend

Choose an item.

Portfolio Holder: Cllr J Haynes, Corporate Development and Transformation

Executive Director: A Dunn, Executive Director, Corporate Development

Report Author: Chris Matthews

Title: Interim Head of Human Resources

Tel: 01305 225171

Email: Christopher.matthews@dorsetcouncil.gov.uk

Report Status: Public

Brief Summary:

The use of agency workers and consultants within the council is critical to ensuring we can continue to deliver services and develop and improve the services we provide to our communities.

Spend within the council is managed and monitored to ensure that it is only incurred where necessary, providing cover for employees who are absent, capacity when a permanent recruitment solution cannot be found or additional skills and experience on a short-term basis.

The use of agency workers and consultants varies across directorates, providing around 5% of the total council workforce. A consistent discipline is in place to ensure that spend is minimised and targeted only to those areas where it is deemed essential.

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. Background

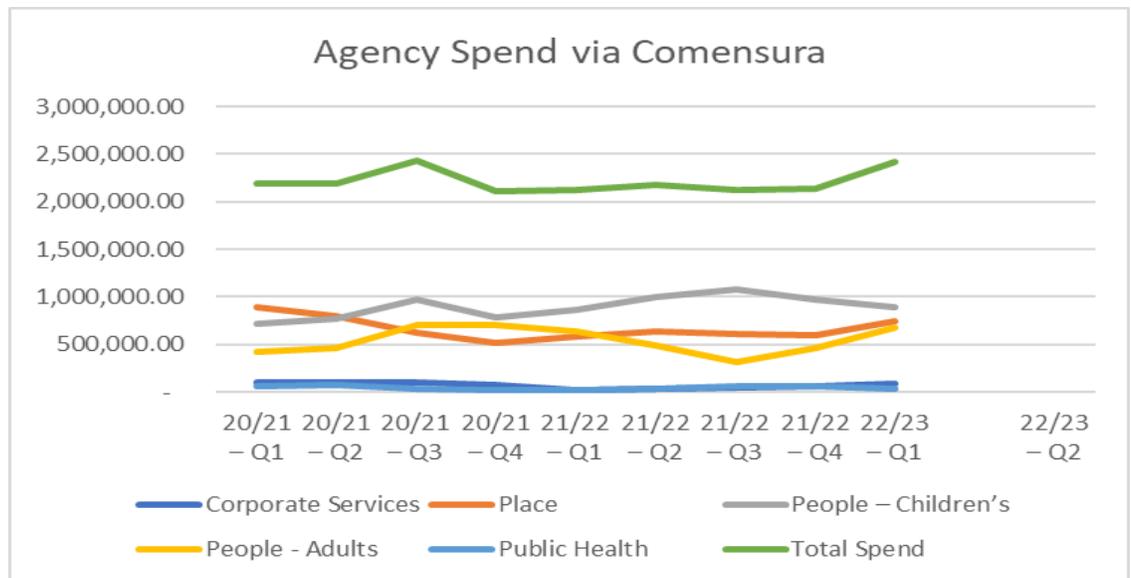
- 1.1 Agency workers and consultants are typically used to cover existing posts when a permanent solution has not been found, provide temporary additional capacity when having to respond to a short-term increase in work within a team or to bring specific skills and experience into the council on a short-term basis. Engaging agency workers has 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, Social Care.
- 1.2 Dorset 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.
- 1.3 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.
- 1.4 A guide for managers was produced and launched in 2021 to help them understand the most effective way to engage an agency worker or consultant and ensure that they are only being used when 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.
- 1.5 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.

1.6 HR&OD Business Partners work 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.

2. **Spend and Use**

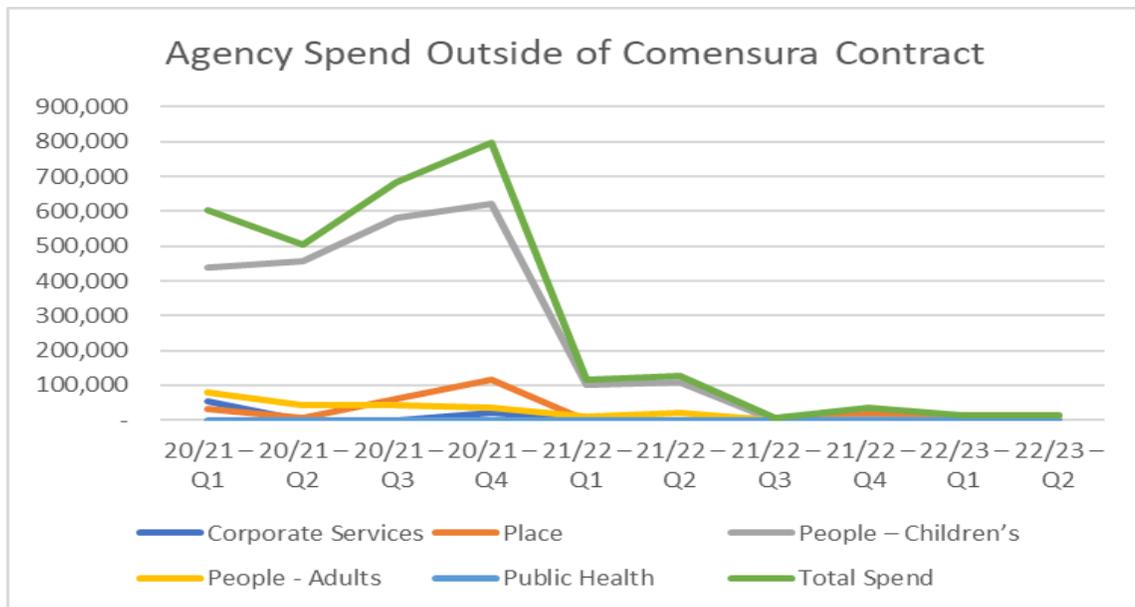
2.1 Total spend on agency workers through the Comensura contract across all directorates has remained relatively consistent since April 2020, as set out below:

	Corporate Services	Place	People – Children’s	People - Adults	Public Health	Total Spend
20/21 – Q1	99,629	897,161	718,532	417,932	55,266	2,188,520
20/21 – Q2	97,992	794,053	765,719	468,487	70,691	2,196,943
20/21 – Q3	97,931	618,219	969,674	701,456	38,146	2,425,426
20/21 – Q4	73,035	518,496	782,402	708,251	26,447	2,108,632
21/22 – Q1	25,053	586,237	858,050	636,400	23,952	2,129,691
21/22 – Q2	26,707	641,712	995,159	482,771	27,866	2,174,215
21/22 – Q3	52,927	615,654	1,082,630	316,436	55,870	2,123,518
21/22 – Q4	59,961	592,311	973,960	457,232	55,317	2,138,780
22/23 – Q1	81,768	740,023	895,431	671,376	36,130	2,424,790
22/23 – Q2	65,527	794,603	993,005	793,895	32,180	2,679,209



2.2 The introduction of improved guidance for managers, better engagement with Comensura and a sharper focus at Directorate Leadership Team level has resulted in a reduction in the volume of spend on agency workers outside of the Comensura contract.

	Corporate Services	Place	People – Children’s	People - Adults	Public Health	Total Spend
20/21 – Q1	53,208	31,917	439,100	78,600	-	602,825
20/21 – Q2	-	6,690	455,158	44,071	-	505,919
20/21 – Q3	-	61,345	581,616	42,250	-	685,210
20/21 – Q4	22,691	115,595	622,541	34,903	-	795,730
21/22 – Q1	2,678	-	101,242	11,395	-	115,315
21/22 – Q2	-	-	108,147	20,271	-	128,417
21/22 – Q3	-	6,525	-	-	-	6,525
21/22 – Q4	16,882	15,668	3,462	-	-	36,011
22/23 – Q1	880	13,227	-	-	-	14,107
22/23 – Q2	-	11,940	-	-	-	11,940



2.3 At the end of September 2022 (Q2) there were 249 continuing assignments through Comensura, the equivalent of 5.28% of the council's total workforce. Of these assignments, 68% have been in place for over three months. This picture has remained relatively static from when we last reported this information to Audit & Governance Committee in 2021 (65%).

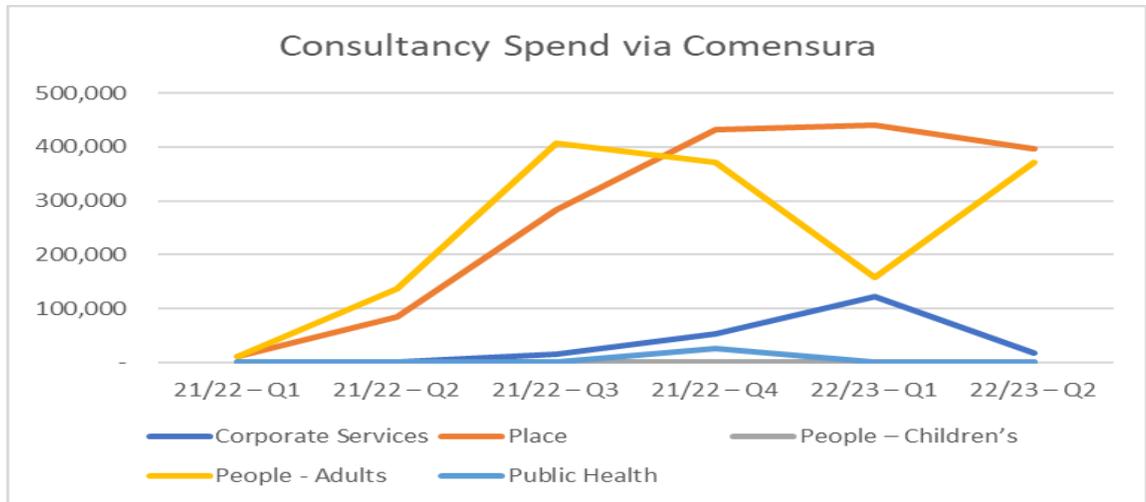
Directorate	0-3 months	4-6 months	7-9 months	10-12 months	13-18 months	19-24 months	25+ months	Total
Corporate Services	3	2	2	0	0	0	1	8
Place	49	41	23	6	10	6	13	148
People – Children’s	10	12	7	6	5	5	3	48
People – Adults	18	6	7	4	2	2	2	41
Public Health	0	2	1	0	0	0	0	3
Total	80	63	40	16	17	13	19	249

2.4 Work continues across all areas to look for opportunities to recruit permanently and reduce the dependency on agency workers, but this is an increasing challenge in ever-growing competitive job markets.

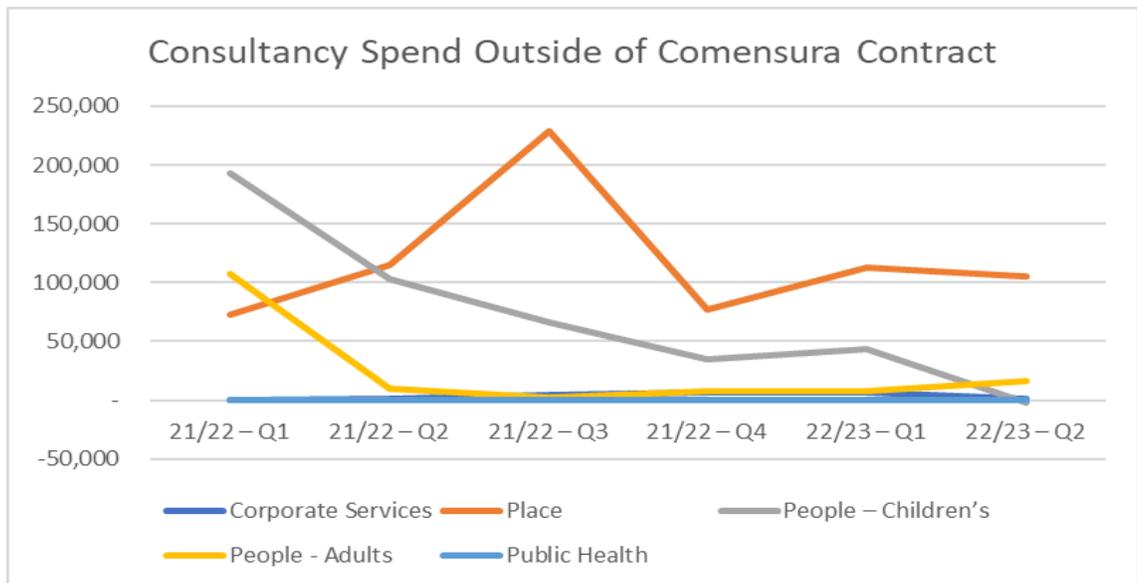
2.5 In most cases, the cost to the council of using agency workers is in the mark-up charged by Recruitment Agencies and Comensura, as the agency worker is paid the same level of salary as a permanent employee and the budget for the salary of the worker is within the staffing budget for the service. There are some areas, in particular Social Workers, where it remains incredibly difficult to pay for agency workers at the same salary level as permanent employees, reflecting the scarcity of resource available in this field, which is seen across the entire country. To provide a degree of context when looking at the spend data above, an overview of last year’s budget for each directorate is attached as Appendix 2, illustrating that in most areas the cost of agency workers is offset by underspends in staffing budgets.

2.6 The use of consultants can introduce needed specialist skills and capacity to support service improvement and transformation. The data below illustrates spend through Comensura and spend where consultants have been commissioned outside of the Comensura contract.

	Corporate Services	Place	People – Children’s	People - Adults	Public Health	Total Spend
21/22 – Q1	-	10,822	-	10,523	-	21,345
21/22 – Q2	-	85,173	-	136,544	-	221,717
21/22 – Q3	15,369	284,179	-	408,010	-	707,558
21/22 – Q4	53,687	431,840	-	371,826	25,250	882,602
22/23 – Q1	121,664	441,264	-	157,850	-	720,778
22/23 – Q2	17,170	397,626	-	371,498	-	786,294



	Corporate Services	Place	People – Children's	People - Adults	Public Health	Total Spend
21/22 – Q1	-	72,902	193,483	107,135	-	373,520
21/22 – Q2	800	114,991	103,161	9,750	-	228,702
21/22 – Q3	4,550	228,751	65,817	2,460	-	301,578
21/22 – Q4	6,803	77,262	34,261	7,380	-	125,706
22/23 – Q1	6,913	113,203	43,136	8,162	-	171,414
22/23 – Q2	1,694	104,668	2,090	16,500	-	120,772



3. Continued Improvement

- 3.1 Work continues to introduce improvements and develop our approach to engaging agency workers and consultants, through better contract management, oversight of spend and more useful guidance for managers.

3.2 Dorset Council has recently introduced a dedicated Recruitment & Attraction Consultant role within the HR Service, who will work closely with directorates to identify ways in which we can improve our ability to recruit to the roles where we have typically found it difficult to find candidates and where we have built a reliance on agency workers to ensure we can deliver services.

3.3 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.

4. **Financial Implications**

4.1 The financial implications of engaging agency workers and consultants is set out in the report.

5. **Environmental Implications**

5.1 There are no identified environmental implications.

6. **Well-being and Health Implications**

6.1 The ability to resource workforce gaps using agency workers and consultants is critical to ensuring services can be delivered and the burden and pressure is lifted from the permanent workforce, reducing the likelihood of work-related stress or other health implications.

7. **Other Implications**

7.1 No other implications have been identified.

8. **Risk Assessment**

8.1 **HAVING CONSIDERED:** the risks associated with this decision; the level of risk has been identified as:

Current Risk:	Medium
Residual Risk:	Low

9. **Equalities Impact Assessment**

9.1 As this is an update to the Committee and does not relate to any change an Equalities Impact Assessment has not been completed. No equality issues have been identified in relation to the content of this report.

10. **Appendices**

10.1 Appendix 1 – Directorate Commentary

10.2 Appendix 2 – Overview of Workforce Budgets

Directorate Commentary

Corporate Services

- Consultant and agency reports are considered by Corporate Services Executive Director and Corporate Directors on a quarterly basis with the clear direction given to monitor and reduce agency and consultancy spend wherever possible.
- Most recent agency spend relates to ongoing system integration and development in the Revenues & Benefits Team. Other longer-term agency spend has been within legal services and continued difficulties to recruit to a specialist lawyer position. We are continuing to explore different approaches to recruitment to address this issue and longer term growing our own.
- Previous spend has been due to the need to cover for a critical vacancy in HR supporting the Place directorate and independent support for the review of the HR Service. Both arrangements have now ended.
- Strategic finance spend was to cover a vacancy which has now been recruited to therefore this spend has ceased. Consultancy support for the Care Dorset Partnership ceased in April.
- Non-compliant spend within the directorate is monitored by the HRBP who works with the service to ensure future engagements are through the agreed route, including getting agencies/consultants registered with Comensura.

People – Children

- Agency reports are part of Children's workforce KPIs and presented to the Executives Director and extended Leadership team monthly at Performance Board meetings
- The majority of agency workers are Social Workers covering absence or 'hard to fill' positions. The percentage of agency workers in social worker roles at the end of October 2022 was 11%.
- The engagement of agency Social Workers is in line with a Memorandum of Understanding in place across all councils within the Southwest. 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.
- Comensura agency placements as a percentage of children's services workforce is 4.09% (Oct 2022).

- 81.39% of our total agency placements have lasted longer than 6 months (43 active placements in October 22) and efforts are being made to convert long term agency workers to permanent.
- Non-compliant placements are monitored monthly by the HR Business Partner 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.
- Considerable work has taken place to reduce consultancy spend outside Comensura and this has paid off. There were no off contract consultancy engagements in Q2 and none in Q3 so far. 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.
- The directorate have engaged consultants through Comensura to support the ongoing transformation work within the directorate

People – Adults

- Agency reports are considered by Adults Corporate Directors and Executives Directors at our monthly Finance and Performance reporting meeting.
- 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.
- We have revised our recruitment process and as a result been able to recruit faster to most roles. There are however a few roles where we still need agency cover due to national supply shortages, including Approved Mental Health Practitioners and Social Workers.
- We engaged Housing agency capacity to provide additional support whilst we were undertaking and implementing the Housing restructure.
- 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.
- There is currently consultancy cover at Director level to provide leadership and expertise, prior to recruiting for permanent roles.
- 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

- Focus on Agency spend in Place has increased in the last 18 months with monthly reviews at SLT and Head of Service level.
- 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 Planning Service forecast to spend a total of £239,408 on agency staff for the financial year ending 2022/23. The cost is being met through a combination of: vacant posts; a budget line for agency staff, and planning reserves that we are able to use for staff-related costs.
- By way of context, The Planning Service are using agency planners to cover for vacant posts and clear our backlogs of casework, which we have made very good progress on. The officers we are using are effective and are also covering important casework including a very sensitive and complex appeal.
- In the Planning Service there is work taking place to reduce reliance on agency staff, including holding some posts vacant and using positive recruitment campaigns to fill essential posts with permanent employees. We will have moved from 7 FTE agency staff at the start of the financial year to 3FTE, and significantly less than last year's cost, and will be looking to only cover posts where funding is available such as through planning performance agreements (a discretionary service).
- Due to the operational nature of Waste Services there is a set budget to cover the cost of agency, ensuring absences and staff shortages in the core workforce are covered. There is a seasonal requirement Easter to August to increase agency in holiday resorts to provide street cleansers. Work is ongoing in recruiting to roles and has recently been successful, meaning vacant posts are filled reducing reliance on agency. The service is looking at increasing core workforce FTEs over the coming months again reducing reliance on agency.

Public Health

- Agency spend remains low in Public Health. All workers 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.

Overview of Workforce Budgets

People - Adults Services					
	Original Budget	Current Budget	Actual to Date	Variance	
	£	£	£	£	%
Employed	20,527,892	20,731,908	20,218,845	513,063	2.47%
Agency	16,900	314,970	1,475,919	(1,160,949)	(368.59%)
Consultancy	13,389	750,928	780,282	(29,354)	(3.91%)
Total	20,558,181	21,797,806	22,475,046	(677,240)	(3.01%)
Corporate Development					
	Original Budget	revised Budget	Actual to Date	Variance	
	£	£	£	£	%
Employed	25,314,344	22,937,797	22,477,268	460,529	2.01%
Agency	5,000	100,569	302,274	(201,705)	(200.56%)
Consultancy	43,536	1,332,592	1,381,029	(48,437)	(3.63%)
Total	25,362,880	24,370,958	24,160,571	210,387	0.87%
Place					
	Original Budget	revised Budget	Actual to Date	Variance	
	£	£	£	£	%
Employed	54,382,573	54,300,782	52,119,826	2,180,956	4.02%
Agency	255,942	255,942	4,072,431	(3,816,489)	(1491.15%)
Consultancy	584,433	844,806	876,749	(31,943)	(3.78%)
Total	55,222,948	55,401,530	57,069,007	(1,667,477)	(2.92%)

People - Children's Services					
	Original Budget	revised Budget	Actual to Date	Variance	
	£	£	£	£	%
Employed	35,241,800	35,352,744	32,551,547	2,801,197 (2,113,218	7.92%
Agency	666,700	650,400	2,763,618)	(324.91%)
Consultancy	68,000	672,236	429,336	242,900	36.13%
Total	35,976,500	36,675,380	35,744,500	930,880	2.60%
Legal & Democratic					
	Original Budget	revised Budget	Actual to Date	Variance	
	£	£	£	£	%
Employed	4,869,527	4,320,292	3,999,810	320,482	7.42%
Agency	17,635	17,635	334,931	(317,296)	(1799.24%)
Consultancy	319,550	531,667	559,702	(28,035)	(5.27%)
Total	5,206,712	4,869,594	4,894,443	(24,849)	(0.51%)
Public Health					
	Original Budget	revised Budget	Actual to Date	Variance	
	£	£	£	£	%
Employed	2,843,600	2,853,636	2,754,925	98,711	3.46%
Agency	28,200	28,200	87,372	(59,172)	(209.83%)
Consultancy	0	0	68,167	(68,167)	0.00%
Freelance/other	0	0	2,632	(2,632)	0.00%
Total	2,871,800	2,881,836	2,910,463	(28,627)	(0.98%)

Total exc schools					
	Original Budget	revised Budget	Actual to Date	Variance	
	£	£	£	£	%
Employed	149,260,496	147,433,308	141,037,639	6,395,669 (7,668,829)	4.34%
Agency	990,377	1,367,716	9,036,545)	(560.70%)
Consultancy	1,028,908	4,132,229	4,179,355	(47,126)	(1.14%)
Total	151,279,781	152,933,253	154,253,539	(1,320,286)	(0.85%)