

Agency Workers and Overtime

Date: 29th November 2021

Report of: Chief Officer (HR)

Report to: Scrutiny Board (Resources and Strategy)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- This report updates the Scrutiny Board on the latest use of contingent staffing arrangements (i.e. agency workers and overtime).
- Given a spend of around £18m p.a. on both agency workers and overtime, it is important that LCC can demonstrate value for money and good employment practice. This will support financial strategies.

Recommendations

- a) The following recommendations are made to the Scrutiny Board:
- to note the latest position regarding the use of agency workers and overtime and associated service delivery requirements;
 - to note where and how this is linked to wider resourcing issues and actions that will be taken to reduce costs and relieve resourcing pressures as part of a Work-force Framework to support our Financial Challenges;
 - to also note how the Early Leavers Initiative (ELI) programme is managed in relation to recruitment.

Why is the proposal being put forward?

- 1 This report provides an update from July 2021, when the Board overviewed the use of agency workers and requested further work to help ensure that arrangements are appropriate and provide best value.

Background

- 2 In July 2021, the Board considered information about:
 - a) the use and costs of agency workers;
 - b) allied use of overtime;
 - c) the needs for this contingent cover (i.e. as a flexible means to support immediate service delivery or to bolster skills gaps);
 - d) measures that control the use of agency workers, and;
 - e) alternative options that can be considered to reduce reliance on overtime and agency cover, which included options regarding the timing and effectiveness of recruitment.
- 3 In discussions, it was stressed that the pandemic has distorted demand for cover in the last 18 months. This ranges from some services closing during lockdowns, to other services facing staffing pressures due to increasing absence and/or increasing demand for services. The wider and on-going effects of the pandemic and our recovery plans are still being felt.
- 4 With services now all operating, there is not an internal reserve of staff who can be reallocated to cover other work instead of using overtime or agency workers. In some areas demand pressures are very high and the need for contingent cover corresponds to this. With higher service demands, it is recognised some support is needed to assist services to optimise resourcing issues. Budget proposals are being developed to provide more targeted support in selected service areas to address matters.
- 5 A request was also made for an update on recruitment activity. Over the last 12-18 months, this too has been affected by the pandemic. Financial control measures to support our budget have also been applied over this period. The Scrutiny Board's Members were updated about this in September 2021 and given information on new starters and leavers. As a result, information was requested about how the ELI programme operates. Given the exit of 800 plus staff at the end of 20/21, the Board wanted assurances that our business cases to allow staff to leave are not compromised by re-recruitment to these exited roles.

Main Issues

Latest Use on Agency and Overtime

- 6 Current spend still accounts for under 2% of the overall staffing bill (£483m in 20/21). Spend patterns are given for the last 3 years in the table below together with a mid-year position for 21/22. Given the potential turbulence in demand, it is not easy to predict if the mid-year position will deliver savings compared to the previous period; although there is a notable spending reduction for agency workers.

	18/19	19/20	20/21	21/22 (mid year position)
Agency	£7.17m	£8.16m	£8.47m	£3.57m
Overtime	£10.50m	£11.20m	£9.64m	£5.60m

(These figures exclude schools)

At a Directorate level the following information shows mid-year spend in 2021/22, with large service spending identified. This is shown alongside the total spend in 20/21:

Directorate/Service	Agency - YTD spend & (20/21 full spend)	Overtime - YTD spend & (20/21 full spend)
Resources	£1.15m (£3.65m)	£1.45m (£2.47m)
Civic Enterprise Leeds (CEL)	£0.38m (£0.23m)	£1.21m (£2.10m)
Information and Digital Service (IDS)	£0.69m (£3.10m)	£0.06m (£0.18m)
Adults and Health	£1.22m (£2.76m)	£0.48m (£0.88m)
Social Work and Social Care Services	£1.13m (£2.51m)	£0.47m (£0.88)
Children & Families	£0.67m (£0.91m)	£0.53m (£1.05m)
Social Care	£0.60m (£0.78m)	£0.51m (£0.99m)
Communities, Housing and Environment	£0.35m (£0.86m)	£2.48m (£4.23m)
Environmental Services	£0.31m (£0.78m)	£2.02m (£3.24m)
City Development	£0.19m (£0.29m)	£0.66m (£1.04m)
Highways	£0.16m (£0.29m)	£0.26m (£0.71m)

- 7 Chief Officers in the services identified above have commented on the current position as follows:
- a) CEL – Both agency and overtime use has been necessary to support pending restructuring in Leeds Building Services. With services needing to address growing maintenance requirements, these options have been required to support programmes of work. It is expected that by 2022, the reliance on agency workers will have diminished with a new structure in place. Overtime has been used for a variety of reasons to support recovery needs, especially in facilities and school-based services.
 - b) IDS – Year to date spend of c.£0.7m compares with a £1.8m spend in the same period last year. Reductions follow reviewing and limiting long term agency assignments. Going forward, where specialist agency skills are needed it will be a requirement to arrange for skill transfers to in-house staff; reducing dependency on specialist knowledge. Work is also on-going to consider how pay rates might be aligned to the labour market and allow for the direct recruitment of more specialists.
 - c) Social Work and Social Care Services – Adult services point to growing pressures and demands that they currently face. This includes:

- i. Maintaining minimum staffing levels in Care Quality Commission (CQC) registered services - Overtime is used carefully to cover short term absences and is usually paid a plain rates. This is necessary to meet minimum care standards and to operate safely. Additionally staff have been flexibly deployed from two homes that were closing. Further contingency plans can also be used to flexibly deploy support staff and day service staff if necessary to support care homes.
 - ii. Significant demand in Hospitals and hospital discharge – Extra CCG funding has been offered to support the deployment of additional agency social workers. There is also a budget to support statutory Approved Mental Health Professional training which is covered by agency staff on an ongoing basis.
- d) Social Care – There are a broad range of cover requirements in this area of Children and Families. Overtime is used to cover shifts in residential establishments to ensure minimum care standards and to operate safely. Agency workers have been hired to also provide additional qualified staff in Early Years centres, which have been affected by staff turnover.
- e) Environmental Services - Both agency and overtime costs have been incurred to support front line service delivery. This affects both waste collection and the operation of Household Waste sites. For the latter, extra staffing has been required to support revised operating patterns with the public booking their visits. There is a concern that the national shortage of HGV drivers could potentially affect Environmental Services, with retention issues reported in other councils.
- f) Highways – The spend in City Development is generated by the need to periodically hire specialist engineering staff and/or to support some aspects of smaller project delivery. For example, undertaking geotechnical surveys.

The agency spend is low as major projects tend to be supported by commissioning specialist consultancy firms to provide design and engineering solutions which cannot be undertaken in-house. This includes major “one-off” infrastructure projects like the Flood Alleviation Scheme (FAS). As an example, FAS1 which costs £52m, included consultant commissions of around £5m to supervise works and advise on contractual, health and safety and environmental issues. This covered technical support including; civil, mechanical and electrical engineering, hydrology, acoustics, ecology and landscape architecture.

Overtime is paid to highway maintenance staff undertaking emergency and on-call works to keep the road network safe. This increases in the winter months as part of the winter maintenance programme, which includes gritting. Finally, the Flood Risk Management team have to respond to rainfall events, which are increasingly unpredictable.

Measures to address matters affecting demand for cover

- 8 The narrative on the demand for agency and overtime cover highlights the complex issues services are currently facing. Some areas have been able to develop different models for service delivery (e.g. IDS). Likewise, services indicate where they can flexibly use their resources they will do so. However, it is recognised that there are underlying causes which generate some demands for cover. This applies to:

- a) Attendance management – Overall sickness levels are increasing in LCC. This is up from 9.5 days per fte in August 2020 to 10.47 in August 2021. In frontline services this is higher.
 - b) Recruitment and Retention – Appendix I gives an analysis of starters and leavers and shows that after much suppressed recruitment activity in 2020 and early 2021, we are experiencing increases. With a tighter labour market, options to improve candidate attraction are being adopted. New opportunities like the Kickstart programme are also being used. But there is a concern that more staff may also leave and options to ensure we have a more attractive package of staff benefits are being developed (e.g. a staff discount scheme). Finally we can use labour market analysis to consider if pay rates might need to be reviewed to be competitive in the labour market.
- 9 Currently HR are considering more detailed budget proposals so the above work is targeted to support the services where reducing cover costs can generate savings and relieve resourcing pressures. This will require a re-orientation of HR resources to give extra capacity to managers. Approaches are being piloted. This can be extended so Services and HR can programme manage a series of tailored interventions. This would concentrate on:
- a) reviewing attendance caseloads and address any backlogs;
 - b) promoting wellbeing and occupational health interventions; especially for a frontline workforce;
 - c) reviewing processes regarding authorisation and taking of annual leave to reduce exposure to cover costs;
 - d) reviewing recruitment timescales and practice and options to better retain existing staff;
 - e) considering core staffing arrangements to ensure effective and cost effective rostering;
 - f) reviewing controls and hiring of agency workers that provide long term cover;
 - g) developing management capacity to ensure interventions are sustainable beyond 2022/23.
- 10 These targeted actions will form part of a refreshed Work-force Framework which is designed to support our Financial Challenges. It is expected this will be reported as a budget proposal to the Executive Board in December 2021.

ELI Programme

- 11 Information on starters and leavers in Appendix I highlights the impact of the ELI programme last year – with 811 leavers. Patterns of recruitment have recently witnessed an increase in activity in 2021, but the overall the fte staffing level in LCC remains reduced. There were 12,090 ftes in September 2021 which is down from 12,560 in April.
- 12 Under the ELI programme, the net saving in 2020/21 was £97m and this contributes towards the Council closing the estimated budget gap for the period covered by the Medium Term Financial Strategy. As a voluntary severance exercise, the ELI programme generates these savings net of associated exit costs (e.g. covering pension strain and severance payments).

- 13 Due to the need to both make on-going staffing savings and also “pay-back” exit costs, there are a number of controls in place to prevent re-hiring into roles that have been deleted. This includes:
- a) The Chief Officer - HR and Chief Officer - Financial Services managing ELI Panels and agreeing ELI business cases. This is to ensure they will generate sufficient and sustainable efficiency savings and not impact our ability to deliver services (e.g. challenging proposals in areas where demand and funding is not likely to reduce)
 - b) Removing deleted posts from structures and funding from staffing budgets as these are identified in approved ELI business cases
 - c) Checking post releases to ensure only posts on structures can be filled – and that they are subject to additional controls on hiring posts which meet budget control criteria
 - d) Checking that deleted posts are not being re-created or recycled as part of future restructures. This includes a scrutinisation of proposals that are arising on the back of the ELI programme where savings are generated through a reconfiguration of roles rather than fully deleting posts.
- 14 These HR and Finance checks are complemented by on-going budget monitoring reporting. This includes ensuring overall savings are being made on staffing budgets. At month 6, a net saving of c.£8m has been made against overall LCC staffing budgets.

Conclusions and Recommendations

- 15 The current position on the use of overtime and deployment of agency workers has been disrupted and skewed due to Covid-19. Demand is affected in different ways, as are opportunities to support services to take measures to review and/or reduce underlying reasons for contingent cover.
- 16 The mid-year position suggests spending will be reduced due to actions taken to lessen reliance on high-cost specialist IDS agency workers. However, front-line services are likely to face further winter demand pressures which could affect the position on overtime.
- 17 Proposals for a programme of targeted support are identified to assist services to make savings and alleviate some pressures in-light of demand patterns. This ranges from improving attendance to a more proactive approach to recruitment. This will be reported to Executive Board in December 2021.
- 18 Finally, although there are increased levels of recruitment activity, these are compliant with budgetary control measures. Regarding the ELI programme, there are additional controls in place to protect savings and prevent re-hiring into deleted roles. By mid-year, savings in the region of £8m have been achieved with LCC’s staffing budget by the end of September 2021.
- 19 The Scrutiny Board is recommended to:
- a) note the current position regarding the use of agency workers and overtime
 - b) note the on-going demands that different services are facing
 - c) note the resourcing solutions that have been achieved and options being proposed to further develop and apply these

d) consider the need for further updates and progress reports.

What impact will this proposal have?

Wards affected:

Have ward members been consulted? Yes No

What consultation and engagement has taken place?

20 N/a

What are the resource implications?

21 There are specific resource implications covered in this report. Further work will however follow which may generate specific recommendations to achieve savings

What are the legal implications?

22 N/a

What are the key risks and how are they being managed?

23 There are no new risks identified in this report.

Does this proposal support the council's three Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

24 This report focuses on the costs of contingency cover and alternative options. However the current general agency supply contract is being retendered emphasis placed on social value opportunities. This includes how agency workers can be helped to find work and more secure employment. The new contract will operate from January 2022.

Options, timescales and measuring success

What other options were considered?

25 N/a

How will success be measured?

26 Further reports can be provided to the Scrutiny Board on the spend and patterns of use of agency workers and overtime and the reasons why this is needed.

What is the timetable for implementation?

27 N/a

Appendices

28 Appendix I – Breakdown of starters and leavers

Background papers

29 None

Starters and Leavers

