

Staffing and Remuneration Committee - Thursday, 20th November, 2014

TABLED ITEMS

- 8. PROCESS FOR MANAGING CONSULTANTS & INTERIMS INTO THE ORGANISATION (PAGES 1 - 4)**

Appendix 2

- 11. ANY OTHER ITEMS OF URGENT UNRESTRICTED BUSINESS (PAGES 5 - 8)**

NJC PAY AWARD

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Member Briefing

Consultants and Interims

8th October 2014

Analysis of Interim & Consultant List at 3rd October 2014

Haringey Definitions

Interim - paid on a daily rate and who is contracted via a recruitment agency and is someone who is covering vacancy in an established post in the council.

Consultant - paid on a daily rate and who is contracted via a recruitment agency. This person is someone who is providing additional expertise and support to either one of the corporate transformation projects OR providing additional senior capacity for a specific piece of work (ie not covering an established post or working on a transformation project).

Interims and Consultants are provided through a properly procured London Wide Framework and comprises of four recruitment agencies who are Penna, Odgers Berndtson, Hays and Gatenby Sanderson.

Consultant Firms – Firms who provide consultancy advice, skills and experience. These firms are procured through appropriate procurement procedures and are paid a fee in accordance with the contract for specific deliverables specified in the contract.

Agency Staff – paid largely on an hourly rate but sometimes on a daily rate. More usually these are people covering an established post or a specific piece of short term work at the lower grades.

Agency Staff are provided through a recruitment company called Hays (who are also able to provide consultants & interims)

The Consultants & Interims list DOES NOT include contracted consultant firms.

Analysis of Consultants & Interims

In 2011, an internal audit report made a number of recommendations to improve the way that consultants and interims are used and managed in the organisation. These recommendations have been implemented. It is fair to say that consultants and interims have not always been managed as closely as they should be however the current management team are providing significant resources to ensure we are utilising interims & consultants appropriately and that their contracts and process are managed effectively.

The Chief Operating Officer (with the AD HR) has provided an up to date list of consultant & interims and have put in place appropriate resources to manage these contracts going forward.

The Detail

Compliance with the Frameworks

Our analysis has found that 80% of the interim/consultants on the list are contracted via our approved recruitment agencies. The remaining 20% (13 people) are currently provided by a variety of other suppliers, most of whom supply only 1 or at most 2 people. There will be a small number of occasions where we may need to go to recruitment firms outside of our approved list (where a specialist is needed and the approved suppliers are unable to supply) however generally, we require our managers to use the approved supplying agencies. We are working with our managers to ensure that the number of people contracted outside of our approved suppliers is reduced.

The Consultants & Interims List shows the details of all those people hired as an Interim or a consultant. The list has been split into three parts;

- Interims covering an established post
- Consultants hired to work in our transformation programmes
- Consultants who are providing additional capacity.

A summary of the List is shown in the table below

	Interims	Consultants covering Transformation Projects	Consultants providing Additional Capacity	Total
Total number at 01.10.14	27	18	20	65
Number contracted less than 6 months	4 (15%)	3 (16%)	0	7 (11%)
Number contracted 6 months to 1 year	12 (44%)	7 (38%)	12 (60%)	31 (48%)
Number contracted 1 to 2 years	7 (26%)	5 (28%)	6 (30%)	18 (28%)
Number contracted for more than 2 years	4 (15%)	3 (38%)	2 (10%)	9 (13%)
Average day rate	£486	£570	£438	£494
Actual Cost in 1 year	£2,627,212.00	£1,774,088	£1,748,006	£6,149,306
Interim cost off set against established posts	£533,070.39			
Cost in one year with Interim cost off set				£5,616,235.70
Off contract spend	£128,556	£137,963	£202,160	£468,679 (7.6% of total actual spend)

Management of Contracts

The number of consultants / interims has reduced in the last month by 20 people as a result of the work undertaken in the last month.

42% are interims covering established posts, with 70% of these providing continuity of service pending a restructure of the area in which they are placed. As recruitment plans come to completion, these people will be replaced by permanent staff with the resulting reduction of costs.

The number of consultants in each of the main areas is as follows:

	Interim	Transformation Projects	Additional Capacity
COO	13	13	8
DCE	14	1	7
Regeneration	0	4	5

Replacing Interims with substantive staff

70% of Interim workers have active recruitment plans in place to ensure recruitment takes place over the coming months. 11 roles currently covered by an interim have no plan for the following reasons;

- The individual is covering long term sick leave
- One post is due to be deleted at the end following the completion of a restructure
- The remaining are awaiting the outcome of IT design work to ensure the move to the Support Service Centre takes place

In future, we will be ensuring that every interim joins with a recruitment plan already in place.

Services with specific recruitment issues

Children's Services

There are significant issues with recruitment to established posts in the Children's social work area. This is a national issue. There are a number of issues, highlighted below.

1. Achieving High Quality Performance- Children's Services had a number of core (managerial) performance issues which has meant that many senior managers have moved on, we have been vigorously trying to recruit to Heads of Service posts.

2. The Social Work recruitment market: all are hard to recruit to posts, given the legacy and reputational issues associated with Children's Services, let alone the fact that regional demand for good quality social workers and managers far outstrip supply. However, we have taken robust steps over the past few months speed up our recruitment process and improved all aspects of recruitment.

3. Managing Well: monthly clinics have been established with all tiers of management and together with our Human Resources lead, these are in place to tackle agency usage and reduce absence. Some London councils have reported up to 40% agency staff usage, Haringey is currently running at circa 10%.

4. Retention & Performance Management Improvement: the DCS launched a First line managers programme in July 2014 aimed at improving and developing core managerial and practice skills.

5. The Social Work position: We have a Frontline Social Work Programme (like Teach First), a fast track social work recruitment process in place and we had several new starters 2 weeks ago. Through service transformation, improving our practice and case planning and reducing the number of Looked After Children, we will in time, require a reduced number of social workers, but, this systems and embedding of good practice, will take some time

6. Ofsted and expected requirements on workloads: Ofsted is very stringent on the

number of cases a social worker can hold. To ensure compliancy and safety, we must have the requisite number of social workers. Newly qualified staff have an even stricter and more reduced caseload for their first post qualification year.

7.Preparation for Ofsted: We had a number of areas to quickly improve and needed to buy a higher level of expertise in some areas

ICT

Consultants are providing additional capacity for the Council's Business Infrastructure Programme which includes transitioning IT Services into the Support Service Centre (SSC) for which the current date is April – June 2015.

Some of the posts in IT currently covered by contractors (e.g. project support) may not be required in the SSC and so any recruitment is on hold until the future structure of IT has been determined.

There are also a number of technical skills that are hard to recruit in the market (e.g. Citrix) and contractors are being used to provide these skills whilst internal staff are trained to cover these roles – provision of these hard to recruit skills will be reviewed as part of the transition into the SSC.

Off Contract Spend

Engaging staff via the approved suppliers ensures the Council gets 'value for money' through preferential, pre-negotiated mark-up rates on each engagement and also as a framework contract, removes the need to potentially carry out a tendering exercise on each consultant / interim role, making the process more efficient for the Council.

Considerable work has recently been undertaken within the Children's Services to reduce the number of senior managers and social workers engaged via off-contract spend. 28 workers have recently been transferred to the Hays Framework, giving the Council approximately £60,000 in annualised savings due to reduction in mark-up rates. Over the next few weeks, all other off contract spend will be reviewed in conjunction with Procurement.

Corporate Transformation Programmes

61% (11 people) of consultants who are working on a corporate transformation project are working on the B.I.P project. The remaining 7 are working on the following:

- 3 working on the Tottenham Regeneration project,
- 1 on the Customer Services Transformation
- 2 working on Traded Services
- 1 working on the Housing Unification project

Contract Length

The average contract length across all three categories is 15 months. There are several people who are due to end their contracts between now and the end of the year and as Interims are replaced by substantive staff, the average length of contract will reduce.

Future management of contracts

The Chief Operating Officer and the AD HR are developing a more formal process to manage spend in this area. A high level summary of the proposed process is attached.

NJC PAY AWARD - VERBAL BRIEFING
STAFFING & REMUNERATION COMMITTEE

20 NOVEMBER 14

Purpose of Briefing

The Council was notified on Monday 17 November that the National pay award for employees covered by the NJC (National Joint Council for Local Government Services) has now been agreed following a recent period of consultation with Employers and Trade Unions.

It covers most council staff and non teachers in schools (5325 employees).

This briefing is to inform the Committee of the agreement reached and the implications of this to the Council.

Recommendations

- 1) That the Committee note that the council will be implementing the agreement with immediate effect.
- 2) That the Committee note that it is the intention to bring forward the April 2015 lump sum payment to December 2014
- 3) That the Committee note the implications of this pay award to the London Living Wage report being presented at this Committee.

The background to reaching an agreement

As you may recall, earlier in the year the Employers put forward an offer of 1% which was rejected by the unions and led to a day of industrial action on 10 July. A further two days of action was planned but was called off when Employers put forward this new package.

There was a period of consultation with Employers and Trade Unions which ended on 14 November 2014 and resulted in an agreement being reached.

Councillor Arthur and Jacquie McGeachie attended the Employers' consultation session on behalf of the Council on 5 November 2014.

The cost implications

The estimated costs over the 2 year period is £3m (£0.8m for 2014/15 & £2.2m for 2015/16)

This can be accommodated within the overall inflation provision.

The detail of the agreement

This is a 2 year deal covering the period 1 April 2014 to 31 March 2016.

It does not include a provision to backdate salary increases to 1 April 2014 (which is normally the case).

But is a deal that is a little more complex than normal and is a combination of an increase in salaries taking effect from 1 January 2015 ranging from 2.2% to 8.56% and lump sum payments ranging from £100 to £325 to be paid in December 2014 and April 2015.

As you would expect the biggest increase in salaries and lump sum payments are at the bottom end of the salary scales.

Casual Workers will also benefit from the increase to salaries and may qualify for the lump sum payment if they meet certain criteria.

The detail of the increase to salaries is as follows:

Amount	Eligible employees	Number of staff affected	Date of effect
£1,065 (equiv to 8.56%)	employees on SCP 5 (deletion of SCP5 wef 1/10/2015)	18	1 January 2015
£1,000 (equiv to 7.93%)	employees on SCP 6	8	
£800 (equiv to 6.19%)	employees on SCP 7	128	
£550 (equiv to 4.13%)	employees on SCP 8	78	
£350 (equiv to 2.55%)	employees on SCP 9	63	
£325 (equiv to 2.32%)	employees on SCP 10	543	
2.2%	employees on SCP 11 and above	4487	
		5325	

The detail of the lump sum payments are as follows and are pro rata for part time employees. These payments are not consolidated into salaries:

Amount	Eligible employees	Number of staff affected	Month of payment
£325	employees on SCPs 5,6 & 7	154	December 2014
£150	employees on SCPs 8,9 & 10	684	December 2014
£100	employees on SCPs 11 to 25 inc	2131	December 2014
0.45% of proposed new salary (ranges from £111 to £201)	employees on SCPs 26 to 49 inc	2212	£100 to be paid in December 2014 and the remaining balance to be paid in April 15
		5181	
Employees on SCPs 50 to 61 do not receive a lump sum payment (grades PO7 & PO8) number of staff this covers is 144			

Bringing forward the April 2015 lump sum payment to December 14

The unions have asked us to consider bringing forward the lump sum payment that is due to be paid in April 2015 to December (as highlighted in table above). It will be more beneficial to employees to receive one larger lump sum than 2 smaller ones and especially so just before Christmas.

Apart from the minimal potential interest we may accrue with the money being in our bank account there is no additional cost to the council for bringing forward this payment and will actually save time in administering just one payment instead of two.

The qualifying date for entitlement to this lump sum payment is 1 December 2014 even though it is paid in two stages. Therefore even if employees left the Council between 2 December and 31 March 2015 they would still qualify for the second stage lump sum payment in April 2015.

The table below outlines the number of employees entitled to the April 2015 lump sum payment and the associated costs:

The number of employees entitled to the April 15 lump sum payment	2212
The approximate cost of this (inc on-costs)	£122,410
Average payment to employees (inc on-costs)	£55.33
Range of payment to employees (inc on-costs)	28p to £145

Implications of this Pay Award to the London Living Wage report

The report updating this Committee on the increase to the London Living Wage was written before the NJC pay award was agreed.

Implementing the pay award will mean that the salary of employees will increase and will therefore result in a reduction of the number of employees who will need to receive the London Living Wage Allowance to uplift their salary to the London Living Wage which is now £9.15 per hour.

From 1 January 2015, the uplift will only apply to employees on spinal column points 11 and below and not up to SCP 12 as outlined in the report. This will reduce the numbers by 36 .

By applying this uplift to employees at the lower end of the salary scale will mean that they will not see a financial benefit when the pay award is implemented.

