

Report to: Budget Panel
Date of meeting: 20th September 2011
Report of: Head of Strategic Finance
Title: Use of Consultants/ Agency Staff

1.0 SUMMARY

1.1 The Budget Panel requested, at its meeting on 22nd June 2011, information relating to the use and cost of consultants and agency staff from 1st April 2010 up to the present date. It was anticipated that this information would have been available in July but a lack of staff resource did not make this possible.

2.0 RECOMMENDATIONS

2.1 The Budget Panel are requested to consider the information now provided.

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3.0 INTRODUCTION

3.1 Attached to this report are two spreadsheets (Appendices 2 & 3) showing the use by Watford Borough Council of agency staff and consultants for the year 2010/2011 and the first four months of 2011/2012. It is necessary to understand that there is a clear distinction between the two sources of staffing resource.

3.2 In general terms, **agency staff** are employed to cover existing temporary vacancies and are used to ensure the day to day operational services of the Council are provided seamlessly and without detriment to our residents. In terms of the cost of agency staff they are monitored in conjunction with our staffing budgets (due to the inextricable link between the two).

3.3 **Appendix 1** attached to this report reminds the Budget Panel of the outturn for 2010/2011 for staffing and agency costs in 2010/2011—and reported elsewhere on the agenda of the Panel. The Appendix summarises that the staffing and agency costs in 2010/2011 were £15,273k as compared to an original budget of £15,438k, an under spend of £165k. The agency costs detailed at **Appendix 2** and covers a sixteen month period needs to be related to the fact that all such costs **were contained within budgets** and very largely covered for existing staff vacancies.

Why are agency staff employed? In general terms:

- * they are immediately available
- * they can cover for absences such as maternity leave, long term sickness and holidays
- * they provide a stop gap resource whilst structural reviews take place.

3.4 Providing overall salaries budgets are properly managed (as the figures above indicate that they are), then the use of such staff are a vital management tool to ensure operational services to our residents are maintained to current high standards. For example, £297,597 of the Agency cost relates to essential cover for the waste and street cleansing services and was due to sickness absence, holiday cover, and temporary vacancies. Without that agency support these extremely high profile services would have suffered significantly.

3.5 The use of **consultants** can be linked with any of the following:

- to provide specialist one off advice where it would be uneconomic to employ a permanent resource that would largely be redundant after the work was completed.
- to provide an immediate research capacity due to having carried out similar work for other public sector bodies.
- to supplement/ augment existing staffing resource to enable one of tasks to take place.

3.6 **Appendix 3**, which again covers a sixteen month period, details the use on consultants. Further notes include the following:

AKA Consulting : £91k

This resource has been used for an approximate 18 month period and had initially been engaged to develop the Council's approach to value for money. A national absence of benchmarking data needed to be supplemented by more local data.

This was important because the previous Audit Commission 'Use of Resources' assessment required local authorities to demonstrate work in this area. No internal resource existed to compile such data. In addition, the AKA consultancy support has assisted in the Housing VFM Review; and the Cultural Studies Review which is taking place at the present time.

Apart from VFM related work, the consultant has delivered a procurement for the scanning of planning documentation which has resulted in an annual saving of £25k per annum for a four year period. This review had long been overdue, but had not been addressed through a lack of existing staffing resource. Over the life span of the scanning contract, the AKA consultant has been totally self financing. Similarly he has provided financial data to reduce a potential increase in the cost of the current parking enforcement contract and finally he has provided much needed support to the Head of Strategic Finance (following the deletion of the support officer post to the HOSF—saving £45k per annum—as part of 2010/2011 efficiency savings). This consultancy support will cease on 30th September 2011.

Public Sector Consulting £68k

This cost covered work carried out from May 2010 to January 2011 on developing the highly regarded service prioritisation exercise carried out by the Council and which has identified 87 planned efficiency savings in 2010/2013 and totalling £3m. As a consequence of that detailed work, the budget setting process for 2012/2013 will be considerably more straightforward and will not divert service managers from the main focus to provide services to residents. This work could not be provided by the Finance Shared Service division and was, in any event, a one off approach to meeting the severe, front loaded reductions in Government Grant support.

Tom Fleming: £45k

This provided specialist advice for the council on current and future use of cultural activities to help achieve a more balanced town centre. It compliments the physical improvements set out in AECOM master plan by recommending an action plan which will gain maximum benefit for the town centre of the physical improvements

Beachcroft: £34k

This provided legal advice which could not be provided in house due to lack of capacity to enable the council to conclude some of the legal agreements with HQ Theatres and the building contract with Kier which were needed during the refurbishment of the Colosseum and subsequent lease arrangements for the building

4.0 CONCLUSION

4.1 Appendix 2 clearly indicates that failure to utilise agency staff would have significantly affected service delivery in the short term. This is unacceptable to our residents who contribute council tax and expect a good service in return.

4.2 Appendix 3 details the use of consultants and reflects the fact that the Council is a dynamic organisation which has considerably more ambition than many district councils. It is consistently seeking to improve both its efficiency and its vision for the future of the town. As a consequence there are occasions when specialist expertise is required to supplement its core staffing resource. The use of such support is constantly reviewed but should not be totally discounted in response to 'populist headlines' being currently generated.

5.0 FINANCIAL IMPLICATIONS

5.1 The use of agency/ consultancy support needs to be contained within existing budgets or needed to have had the specific approval of Cabinet. All agency staff in 2010/2011 were contained within the overall salaries budget (in fact a £165k under spend occurred). It is anticipated that the use of agency staff will again be contained within the staffing budget.

5.2 The use of consultancy support should equally be contained within existing budgets and, are typically, self financing from identified savings; financed through the budgetary virement process –funded from savings elsewhere; or have received specific Cabinet approval.

6.0 LEGAL IMPLICATIONS

6.1 There are no legal implications arising out of this report.

7.0 POTENTIAL RISKS

Potential Risk	Likelihood	Impact	Overall Score
That the Council's Budgets are exceeded due to the use of agency staff	1	3	3
That the Council's Budgets are exceeded due to the use of consultancy support	2	3	6
That the Council employs temporary staff/ consultants to the detriment of existing employees.	1	3	3

8.0 EQUALITIES

8.1 The use of agency staff/ consultants could have an impact if there were evidence that any bias was shown within the employment process. All appointments are subject to existing Council HR policies or through a proper procurement process..

Appendices

Appendix 1: Salaries and Agency Outturn for 2010/2011

Appendix 2: Detail of Agency usage over a sixteen month period

Appendix 3: Detail of Consultancy usage over a sixteen month period