

**Business Overview and Scrutiny Committee**  
**18 September 2018**

REPORT TITLE	USE OF CONSULTANTS AND INTERIMS
REPORT OF	DIRECTOR OF CHANGE AND ORGANISATIONAL DESIGN

**1.0 REPORT SUMMARY**

- 1.1 This report was requested by the Chair and Party Spokesperson in relation to the Council's use of interims and consultants in the past two years.

**2.0 RECOMMENDATION/S**

- 2.1 Business Overview and Scrutiny Committee are recommended to note the contents of the report and the Council's approach to the use of interims and consultants and the work being done to manage costs.

**3.0 REASON/S FOR RECOMMENDATION/S**

- 3.1 The Committee had requested a report in relation to the Council's use of interims and consultants over the past two years.

**4.0 BACKGROUND INFORMATION**

- 4.1 It is important to set out the distinctions between different categories of workers:

**Interims:** A temporary member of staff, brought in to either fill a vacancy which isn't needed permanently or has not been possible to fill through conventional means. These arrangements are generally made via the Council's preferred supplier contract. Some interims class themselves as 'consultants' and so the terms can be interchangeable. They are usually on day rates.

**Consultants:** Generally an organisation or an individual who is brought in to deliver a specific programme of work or provide a particular type of advice, bringing short term skills or expertise the Council either doesn't have or doesn't need in its permanent workforce. These arrangements may be made through a procurement process as appropriate. They are usually on day rates or a price for the delivery of the project or piece of work.

**Agency:** A short term appointment to fill an operational vacancy. They would normally be working for 12 weeks or less. These arrangements are generally made via the Council's preferred supplier contract. They are usually on hourly rates.

- 4.2 The Council use of agency workers is primarily in Children's Services (social care) and is to cover vacant posts and add capacity to meet service delivery and ensure

caseloads are at manageable levels. This is a high risk area. We are recruiting social workers on an ongoing basis through a major recruitment drive.

- 4.3 The focus of this report relates to individuals engaged as interims or consultants in financial years 2016/17 and 2017/18.
- 4.4 The current agency contract is managed through Matrix SCM who operate a 'managed service' on the Council's behalf, acting as a 'broker' with the wider recruitment market to ensure best value and the right candidates are put forward for temporary placements. The contract is the result of a collaborative tender process within the LCR, contracted to March 2021. '
- 4.5 Matrix act in the same way as an insurance broker: the Council provides details of requirements, including rate and role brief for the work required and they automatically circulate those details to all agencies who are signed up to supply workers in the relevant category.
- 4.6 Matrix is able to use their preferred supplier position to negotiate the percentage margins from agencies who want to supply workers to the Council. The Council gets a quarterly rebate from Matrix which is a share of the savings that Matrix has made from negotiating the lower percentage fees.
- 4.7 In some cases, the role covered by the interim or consultant is an established and budgeted role in the staffing structure. In these circumstances, the costs of the interim/consultancy arrangement needs to be offset against the total cost of the Council employing someone directly (including associated on costs for pension etc)
- 4.8 The roles and projects interims and consultants have undertaken in 2016/17 and 2017/18 is attached at Appendix A and Appendix B.
- 4.9 In 2011, Wirral Council employed 5,010 full time staff. In September 2018 it is 3,252. In less than eight years, the Council's workforce has reduced by 35% (1,758). We no longer have spare capacity and resource among our permanent workforce to be able to deliver projects outside of our normal day to day work. A workforce reduction of that scale would bring a major impact on any organisation, in any industry. We are coping with this reduction in permanent staff in part through the targeted use of temporary staff where needed.
- 4.10 When we have a short-term, clearly defined piece of work to deliver which requires specialist skills, it is often not a sensible use of public money to recruit permanent, often highly paid employees to deliver it. It is much more cost-effective to bring in a company or an individual on a shorter-term contract to complete the work, get paid and leave the organisation. Using temporary staff brings much less additional costs such as sickness, holidays, pension and national insurance. We are also not required to continue paying them once their work is complete.
- 4.11 From the Council's perspective, whilst there are agency fees, an interim appointment does not carry pension or other on-costs (approx. 28% for directly employed staff) or any long-term cost to the organisation. There are other benefits to the engagement of interims and consultants. Experienced interims are used to hitting the ground running, able to pick up organisational context quickly and depending on the nature of the role, can add capacity very quickly.

- 4.12 The number and cost of interims and consultants the Council has engaged over the last two financial years are as follows:

<b>Year</b>	<b>Number</b>	<b>Total Net cost</b>
2016/17	37	£0.807m
2017/18	45	£1.8m

- 4.13 As at 4 September 2018, the Council currently has 22 interim/consultants, 10 of which are in Children's Services. Five of the roles outside of Children's are covering vacant posts, two of which have now been appointed to and interims will leave when new employee commence employment.
- 4.14 The Council is a large and complex organisation delivering hundreds of services. Our management and staffing requirements are continually changing. There is a need to meet resource requirements as flexibly as possible with a range of different employment models.
- 4.15 We will always try to identify the best value, most appropriate way to meet the needs of our services. Sometimes, meeting that need will be best achieved through recruiting permanent staff but at other times the Council will get better value by appointing a person or company on a short term contract to do a specific piece of work.
- 4.16 The Council has explored the use of fixed term contracts as an alternative but generally there is limited scope at more senior and executive level from candidates on the interim market.
- 4.17 We have experienced significant challenges within our Children's Services with turnover at management level over a number of years which has meant an increased use of interims. Of the 37 interim appointments the Council had during 16/17, 19 were in Children' Services. In 2017/18, 27 of the 45 appointments were in Children's Services.
- 4.18 We also needed to add capacity and specialist support required to deliver improvements to the service as part of the improvement plan. Children's Services are currently restructuring at senior management level service and are recruiting to number of senior management posts. However, recruiting and retaining high quality children's social care staff and managers remains challenging and is a regional and national issue.
- 4.19 As at 4 September 2018, there are current 11 interims/consultants within Children's Services, 10 of which are covering vacant posts and we have a range of management posts being advertised.
- 4.20 As the Council has developed its capacity over the past two years to deliver its transformation and modernisation programme, this led to the use of interims and consultants to work on various projects at different times.
- 4.21 We have now built our internal capacity and reduced the number of interims in this area. As at September 2018, there are four interims/consultants supporting transformation work including the development of Wirral Growth Company.

- 4.22 We have also supported the ongoing development of the Growth Company and two major NHS integration projects and we are also reviewing the best models of delivery for a range of services and this has meant we have taken a decision not to fill some posts on a permanent basis at this stage and so have covered them on an interim basis. We have directly recruited to posts where a long term requirement has been established.
- 4.23 In 2016/17 and 2017/18, the Council has also engaged interims/consultants to cover posts vacated at Chief Officer level, either through a restructure or resignation of officers as well as to fill new posts whilst permanent recruitment is undertaken.
- 4.24 Whilst there is a continuing case for the use of interim and consultants to meet business requirements as appropriate, this must be managed carefully and only used where there is an appropriate business case for doing so. It is also key that in circumstances where interims are used to cover for vacant posts and there is a plan to fill the post, the recruitment process is implemented in a timely and cost effective manner.
- 4.25 The Council's Senior Leadership Team discussed the use of interims and consultants (and wider agency use) in August and agreed some changes to the approach to manage use and costs as robustly as possible..
- 4.26 This approach includes the following measures:
- Request for all temporary staff must be made via an online internal request approval system
  - Implementation of a 'cap' on agency placements at 12 weeks – any further extensions would require a robust business case before approving.
  - It is proposed the approvers would be those currently on the vacancy 'freeze' panel(s) with the recommendation to include a representative from Commercial Management Service to support the panel/approval process.
  - Posts approved for over 12 week placements (e.g. maternity cover, Interims Consultants working on specific projects) will be employed on a fixed Agency finders' fee rate.
  - Monthly status report presented to SLT; detailing placements and associated costs
  - Monthly status report to each DMTs, to ensure DMTs take control and that they hold managers to account for managing their temporary workforce
  - Full time resource from Commercial Management dedicated to drive this new approach and model forward, working closely with HR and Finance.

## **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The costs of interims is set out in Para 4.7 of the report

## **6.0 LEGAL IMPLICATIONS**

- 6.1 Interims and consultants are not employees of the Council. However, the agency worker regulations 2010 guarantee equal treatment with regards to basic working and employment conditions for any agency worker after 12 weeks of service in the same job.

## **7.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

7.1 All interim and consultant arrangements are met within existing resources. The costs of which are set out elsewhere in the report.

## **8.0 RELEVANT RISKS**

8.1 N/A

## **9.0 ENGAGEMENT/CONSULTATION**

9.1 N/A

## **10.0 EQUALITY IMPLICATIONS**

10.1 There are no direct equality implications arising from the report.

**REPORT AUTHOR (S):** Liz Hammond  
Interim Director of Change and Organisational Design

## **APPENDICES**

**Appendix A** Interims and consultants in 2016/17

**Appendix B** Interims and consultants in 2017/18

## **REFERENCE MATERIAL**

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>