

Business Overview and Scrutiny Committee
Wednesday, 27 November 2019

REPORT TITLE	Update on Consultants and Interims
REPORT OF	Director of Change and Organisational Design

1.0 REPORT SUMMARY

1.1 This report was requested by the Business Overview and Scrutiny Committee to provide an updated position on the Council's use of interims and consultants.

2.0 RECOMMENDATION/S

2.1 Business Overview and Scrutiny Committee are recommended to note the contents of the report.

SUPPORTING INFORMATION

3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 The Committee requested this further update in relation to the Council's use of, and approach to managing interims and consultants.

4.0 BACKGROUND INFORMATION

- 4.1 The current agency contract continues to be 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 Liverpool City Region (LCR), contracted to March 2021.
- 4.2 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.
- 4.3 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. The Council has been using Matrix since 2010 to date.
- 4.4 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)
- 4.5 When we have a short-term, clearly defined piece of work to deliver which requires specialist skills, it is 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.
- 4.6 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.

4.7 The number and cost of interims and consultants the Council has engaged in 2018/19 and 2019/20 to date are as follows:

Year	Number	Total Net cost
2018/19	40	£1,251,947
2019/20 to date	28	£747,219

4.8 Please see Appendix A and Appendix B for breakdown of job roles engaged in each year.

4.9 The level of spend on executive interim/consultants was £1.8m in 2017/18, so therefore the cost has reduced for 2018-19. However, the expected level of spend for the full year 2019-20 is likely to be the same as 2018-19 at approximately £1.2m.

4.10 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.

4.11 Earlier this year some significant changes were made in consultation with the Council's internal audit service to improve the governance around process for engagement of agency and interims.

4.12 This approach includes the following measures:

- Requests by all agency/interim staff must be made via an online internal request approval system and signed off by Finance and HR.
- Implementation of a 'cap' on placements at 12 weeks – any further extensions require a further business case before approving.
- Monthly status report presented to SLT; detailing placements and associated costs
- Monthly status report to each Departmental Management Team with details of use and spend in each area.
- Improvement to the process in circumstances where Matrix are unable to supply an agency/worker and so an alternative supplier is sought.

4.13 There is a full-time resource from the Council's Commercial Management Team dedicated to drive this new approach and model forward, working closely with HR and Finance.

4.14 Earlier this year there was a Special Audit and Risk Management Committee which considered some specific issues in relation to interims following an internal audit report. There were a number of recommendations to Cabinet arising from this in relation to the application of IR35 legislation and the approval process for interims. This will be reported back to Audit and Risk Management as part of the internal audit assurance process.

5.0 FINANCIAL IMPLICATIONS

5.1 The costs associated with agency and interims are set out above.

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.

6.0 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 The Council may be at risk of breach of contract with Matrix SCM if it were to not use the corporate contract for engaging temporary workers.

8.2 The Council will also be at risk of increased costs in both internal resources to manage agency and interim workers together with higher agency margins.

9.0 ENGAGEMENT/CONSULTATION

9.1 N/A

10.0 EQUALITY IMPLICATIONS

10.1 There are no direct equality implications arising from the report. The Council has a duty to ensure agency/interim workers are treated in accordance with the relevant equality legislation.

11.0 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

11.1 There are no implications environmental and climate implications arising from this report.

REPORT AUTHOR (S): Nikki Boardman
Director of Change and Organisational Design

APPENDICES

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Business Overview & Scrutiny Committee	28 November 2018
Business Overview & Scrutiny Committee	18 September 2018