

 EXECUTIVE 3 DECEMBER 2008		Agenda Item No.
Title	Employment Savings Working Party	
For further information about this report please contact	Karen Warren / Karen Pearce	
Service Area	ODPI – Human Resources	
Wards of the District directly affected	None	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers		

Contrary to the policy framework:	Yes/No
Contrary to the budgetary framework:	Yes/No
Key Decision?	Yes/No
Included within the Forward Plan? (If yes include reference number)	Yes/No

Officer/Councillor Approval		
With regard to officer approval all reports <i><u>must</u></i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director		
Chief Executive		Chris Elliott
CMT		Bill Hunt, Mary Hawkins, Chris Elliot
Section 151 Officer		Robert Inman
Legal		Peter Oliver
Finance		Mike Snow
Portfolio Holder(s)		Cllr Shilton
Consultation Undertaken		
Please insert details of any consultation undertaken with regard to this report.		
Cllr Mobbs on behalf of the working party		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 A member working party was set up to investigate the potential savings to be made on recruitment advertising and the employment of temporary staff within the Council. A review of temporary staffing arrangements was undertaken by the Procurement Officer and the arrangements for recruitment advertising were reviewed by the HR service. The outcome of the investigations into these issues has been the bringing of recruitment advertising in-house to be handled by the Printroom and the engagement of a third party vendor neutral supplier (Comensura) to handle temporary agency staff. The combined savings from these two initiatives are expected to approach £100,000 in a full year.

2. RECOMMENDATION

- 2.1 That the Executive endorse the work undertaken by the working party.
- 2.2 That the Executive agrees to reduce the Recruitment Advertising budget by £10,000 from 2009/10.
- 2.3 That the Executive approves the use of Comensura in the management of temporary agency staff.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The move to use the Printroom for recruitment advertising commenced in April 2008 and therefore a full year out turn will be known by March 2009; further savings initiatives are to be introduced in the remaining months to year end. The temporary agency staffing project will commence January 2009 and it is anticipated to produce £40k savings from the use of a third party vendor neutral supplier. It is also anticipated that the greater management control of the use of temporary agency staff will lead to further savings of up to £100k per annum.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1.1 **Do nothing** – which is not an option as the working party was set up to investigate savings and once the opportunities to make these were identified, action has been taken to put the necessary processes in place. To continue to source temporary agency staff as currently happens could run the risk of a high fines for failure to comply with the Public Contracts Regulations. It will remain to be costly, poorly managed and poorly controlled.
- 4.1.2 **Utilise another framework** - e.g. as let by the County with a sole supplier agency agreement – Reed. This is for office staff only and would still need specialist agencies for specialist staff. The Council would be unable to retain local suppliers and be limited to one supplier for all office staff.
- 4.1.3 **Tender via OJEU** – for the supply of temporary agency staff. This option would be costly and there is a risk that results would not be beneficial and just as restricting as our current processes. To tender in this way would still not offer the Council a meaningful way of collating management information on temporary agency staff. Each supplier would submit different Management Information in different formats; should they come in to the Council in a standardised format, the Council stills has not got suitable software to collate and interpret this data to manage agency staffing through several different suppliers.

5. BUDGETARY FRAMEWORK

5.1 Recruitment Advertising

- 5.1.1 The savings produced through revised recruitment advertising methods are projected to be 5% of the current spend through the measures already put in place, with further possible savings through the additional proposed changes in this report. This would amount to £10,000 p.a.
- 5.1.2 There has been a significant reduction in the advertising costs - a reduction of 28% against the same period last year. Half year 07/08 costs were £109,250.29, for 08/09 half year costs are £78,332.21 for 31 vacancies.
- 5.1.3 The advertising production costs for bringing recruitment in-house, to the Printroom, have saved 77% for the half year so far. The same service from TMP it would have cost £8,040 based on the amount of adverts placed. The actual cost so far for the half year has been £1,780.00 through the Printroom.

5.2 Temporary Agency Staff

- 5.2.1 With the implementation of Comensura alone to handle temporary staffing this is projected to save £40,000. In addition to this there would be non –cashable efficiencies for the reduction in invoice payments.
- 5.2.2 Through the managed approach to temporary agency staff by HR i.e. monitoring the length of contracts and numbers of temporary assignments made, there is an expectation that further cashable savings can be made. This figure cannot easily be estimated; for various unforeseen circumstances temporary agency staff are required (e.g. long term illness / maternity cover / 'one off' increases in work volumes e.g. waste management) and therefore is a volatile area to forecast accurately. Savings could be as much as £50k per annum. The utilisation of framework agreements is a low cost option permitted under the revised 'Code of Practice' already in place agreed by the Executive.

6. POLICY FRAMEWORK

- 6.1 Both of these initiatives contribute towards the corporate priority of managing the Councils resources effectively and ensuring its services are of a high quality

7. BACKGROUND

7.1. Temporary Agency Staffing – findings of the working party

- 7.1.1 The Council currently does not have any agreements for contracted agency suppliers for temporary staffing. Temporary staff is sourced through many varied suppliers both locally and nationally. The legal terms and conditions of engagement are rarely examined closely, and in all cases the Council are trading on the provider's terms, without any benefits.
- 7.1.2 The spend value for 07/08 was £634k. Current spend for the last 6 months up to October 2008 is £500k excluding VAT.
- 7.1.3 In the financial year 07/08 the Council employed 129 temporary staff via agencies. Currently as at November 2008, there are 17 temporary agency staff.

- 7.1.4 Management information regarding temporary staffing levels is currently poor; this results in poor control and management of the personnel. The costs include payments to the agencies for any temporary staff that apply and are successful in gaining permanent roles at the Council, whilst being a temporary agency worker.
- 7.1.5 There is little consistency across the Council with devolved recruitment within each area for their temporary staff. Therefore any aggregated economies of scales through purchasing power are not realised.
- 7.1.6 The West Midlands Centre Of Excellence (WMCOE) recommends that each Council chose one of four models of managed services to gain control and visibility over agency staff expenditure and conducts a review of its human resources policies to give guidance to managers
- 7.1.7 Out of the four models recommended by WMCOE; Vendor Neutral Managed Service, Master Vendor Managed Service, Internal Managed Service and Partially Outsourced HR Managed Service, only 2 would be available to or suitable for Warwick District Council, due to the size of spend and then only through collaboration. Suitable models would be a Vendor Neutral or Master Vendor, both of which provide added value services such as a single point of contact and management information. The term vendor neutral indicates that they do not supply agency staff but broker the relationship between the Council and the agencies supplying the staff. However, the flexibility to continue with existing agency suppliers and minimised disruption to service provision would only be achieved through a Vendor Neutral Managed Service.
- 7.1.8 The current sourcing arrangements for temporary agency staff were examined and key stakeholders consulted about their satisfaction with current agencies. The majority were happy with their agencies and expressed a preference for a choice of agencies.

8 Proposals from the working party

- 8.1.1 The future provision of temporary agency staff, those required by the Council for a period of less than 12 weeks, will be through a third party neutral vendor supplier, Comensura. This will allow the Council to retain its current suppliers (a large proportion of which are 'local' so continues to support the local economy) and to widen the opportunity to work with new suppliers to offer their services to the Council.
- 8.1.2 Implementation of the service offered by Comensura including training will take approximately 12 weeks and the start up is in process with a 'go live' date of 15th January 2009. Current temporary staff will be managed so they will not be disadvantaged by this change.
- 8.1.3 This agreement will be until January 2010 when the ESPO contract is due for renewal. This will allow the Council to review its needs, collate accurate management data to make informed longer term decisions.
- 8.1.4 Using this contract will enable a central management of the temporary agency staff within the Council, managing suppliers. As each placement is 'submitted' for work, the Council can feedback to Comensura on the suitability and satisfaction and this should ensure the quality of candidates remains high and agencies.

- 8.1.5 The proposal allows for a no fee temporary to permanent conversion after a period of 12 weeks or if the permanent position for which the candidate applies has been advertised externally to the Council.
- 8.1.6 The impact on service areas will be a consistent approach and a single point of contact for all their temporary agency staff through an accessible and fast method, website or telephone. They will not have to deal with different agencies for different temporary agency staff.
- 8.1.7 The Council received 1193 invoices from agencies in 07/08; with Comensura this will reduce to 52 per year and will have the added advantage of online verification and submission as consolidated invoice.

9 Recruitment Advertising – findings and recommendations

- 9.1.1 In April 2008 recruitment advertising was brought in-house to be handled by the Printroom rather than the external agency TMP, which had been previously used for some years. A new brand was developed for the adverts to reflect the updated image of the Council and allowed managers a selection of images and words to reflect their individual vacancy requirements.
- 9.1.2 The initial savings from this on were based on the significant price increase due to be levied by TMP for recruitment design work from 01 April 08; this would mean cost would have increased further should the work have remained with TMP and not the Printroom.
- 9.1.3 Recruitment advertising is funded through a budget held by HR which is derived from the Council's vacancy rate. This is a percentage of the salary budget that is held back from service areas at the start of the year on the basis that there will be vacancies arising through staff turnover. 1.5% is given to the HR service to manage recruitment advertising, maternity cover and cover for long term sickness absences.
- 9.1.4 The amount allocated within this budget for recruitment advertising for 08/09 is £80,600. The expenditure for the first 6 months has been £47,344 on 31 adverts which represents approximately 59% of the allocated amount. The cost of individual adverts has ranged from £40 to £7,600 which reflects the cost of an advert placed only on the Council's website and the placement in a specialist publication. Excluding the most expensive advert, the average cost per placing has been £1,325.
- 9.1.5 The target for 08/09 is to reduce the advertising spend by 5%; however greater savings are possible if a number of alternatives are considered. These include:
- Using local newspaper adverts to signpost job seekers to the Council's website rather than advertising each, individual vacancy
 - Grouping adverts together to maximise space and impact but advertise less frequently
 - Maximising the 'new job' alert on the website which encourages job seekers to register for an email when new jobs are added
 - Reducing overall size of adverts in newspapers
 - Using the WMJobs portal, a recruitment web site, which is run by a consortium of local authorities in the West Midlands in conjunction with the WMLGA for regional job vacancies

- Using posters to sign post job seekers to the Council's web site in prominent localities and Council offices and amenities
- Encourage use of the Council's web site only rather than newspaper adverts

9.1.6 A selection of these alternatives will be implemented from January 09 in order to achieve a reduction of in the advertising spend representing £10,000 for a whole year.

9.1.7 There has to be a balance between minimal advertising and the ability to attract quality candidates; there is also an adverse effect on service delivery if vacancies are not filled within reasonable timescales.