



City of Westminster

# Committee Report

<b>Decision Maker:</b>	<b>Audit and Performance Committee</b>
<b>Date:</b>	<b>17<sup>th</sup> September 2015</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Report on staffing matters in relation to agency staff and turnover</b>
<b>Wards Affected:</b>	<b>Not applicable</b>
<b>Financial Summary:</b>	<b>Potential savings from reductions in temporary agency workers</b>
<b>Report Author and Contact Details:</b>	<b>Carolyn Beech</b> <b>Tel: 020 7641 3221</b> <b>Email: <a href="mailto:cbeech@westminster.gov.uk">cbeech@westminster.gov.uk</a></b>

## 1. Executive Summary

This report provides a response to committee concerns regarding current staff turnover and Temporary Agency Contractors (TAC) usage following the 2014/15 End of Year Performance Report and Period 2 (May 2015) Finance Report. It sets out how the City Council is delivering on the Corporate Strategy and Medium Term Savings Plan in relation to TAC usage and staff turnover excluding redundancies as a proportion of the workforce.

## 2. Recommendation

- 2.1 Committee notes the rationale within the report and the remedial actions being taken to reduce TAC usage and staff turnover.
- 2.2 Human Resources provides a further report to the committee when reporting functionality is available within the Managed Services Programme (MSP).

### 3. Background

#### 3.1 Staff Turnover

**3.1.1** Staff turnover for the period 2014/15 was 12.5%. This was an increase of 1.3% from the 2013/14 position. 'Reason for leaving' is captured via the leaver payroll submission, made by line managers. A breakdown of reasons for leaving is provided below where provided by employee.

Reason for resignation	%
Resignation - change of career	5.44
Resignation - cost of travel	1.16
Resignation - career dissatisfaction/opportunity	0.39
Resignation - pay dissatisfaction	.39
Resignation - promotion	18.28
Resignation - other employment/same level	14.78
Relocation outside London	8.56
Relocation within London	1.55
Return to education	0.78
Travel	1.17
Worklife Balance	6.22
Retirement	6.22
Retirement - Ill health	0.39

The 12.5% turnover figure also included 1 death in service, 6 dismissals and 19 end of fixed term contracts. We do not have a recorded reason for resignation for the remaining 63 leavers during the reference period. We can note, however, that only 2 employees, where recorded, stated they left because of career opportunity or pay dissatisfaction. The 3 leading factors were Resignation (promotion), Resignation (other employment/same level) and Relocation (outside and inside London).

**3.1.2** An additional leaver analysis in terms of departmental breakdown was considered. However, the small representative number per category along with the directorate structural changes mid-way through the financial year means the representative picture per directorate now would be inconsistent.

**3.1.3** A more detailed exit survey exercise was undertaken in the Development Planning area which highlighted retention issues, from the period March 2015 to August 2015. This involved a face to face interview with an HR Advisor. 6 staff

left during this period. 3 moved to the private sector and 3 to other public sector roles. The top three reasons for leaving provided were career advancement, promotion, increase in salary linked to promotion and location/travel into London, new job closer to home. Of the employees surveyed:

- 2 people agreed and one person strongly agreed with the statement that they were 'paid well given my role and responsibilities'
- 3 people disagree to the statement 'I receive regular adequate feedback about my performance'
- 3 people agreed to the statement 'I feel I am under too much work pressure'
- 4 people agreed to the statement 'I would recommend Westminster City Council as a good place to work' and the fourth person stated said it would depend on the role/opportunity

#### **3.1.4 Staff Survey Analysis**

The 3 least positive responses under the 'Your Voice' Survey September 2014 showed less satisfaction among Westminster staff in the following areas:

- I am satisfied with the IT resources and support provided to help me do my job (46.4% disagree)
- Considering my duties and responsibilities, I think my pay is fair (43.1 disagree)
- I am satisfied with the opportunities available for me to develop my career within the Council (38.3% disagree)

In all cases Westminster City Council is less than 3% below its comparators, Royal Borough of Kensington and Chelsea and London Borough of Hammersmith and Fulham. A de-clutter and refurbishment programme and an upgrade of the council's Information and Communications Technology (ICT) has taken place in the last year to support a better working environment for staff. Actions around pay and career development concerns are addressed under 3.3. A further staff survey is currently underway and closes next week.

**3.1.5** The Human Capital Metrics review is an annual survey undertaken by London Councils across all London boroughs. Initial data from the 2014/15 survey shows that although Westminster Council's Turnover has risen since the last survey in March 2014, it still falls in the third quartile of all the London Boroughs. Under this survey of 32 London Boroughs, 11 councils have a higher turnover figure than Westminster.

**3.1.6** A survey undertaken by the Institute of Leadership and Management (ILM) in January 2014 found that a fifth of employees were planning to leave their job during the 2014 year. A study from global management consultancy Hay Group, conducted in association with the Centre for Economics and Business Research (Cebr) also predicted that employee turnover would accelerate in 2014 due to economic and labour market conditions improvements. The report also expects turnover to rise sharply in 2015 within the UK, as confidence continues to revive.

**3.1.7** Unfortunately because of issues with the stabilisation of the new Agresso system we are unable to provide leaver figures for the 2015 first quarter.

### **3.2 Temporary Agency Contractors – overview of usage and cost March to July 2015**

**3.2.1** The table (Appendix 1) summarises the number and cost of TACs engaged from 2015. The figures exclude any expenses claimed.

**3.2.2** The overall picture shows a downward trend in TAC numbers across all directorates between April and July, leading to a 29% reduction overall. This has led to a £497,189 reduction in TAC costs since March 2015.

**3.2.3** TAC costs did increase slightly in July. However July was a 5 week reporting period as opposed to the previous reporting month which was 4 weeks.

### **3.3. Agency usage rationale per department**

#### **3.3.1 Adults Social Care - Adult's Services/Commissioning - Care & Health**

As of the 24<sup>th</sup> August, 43 TACs have been terminated as a result of the Care Homes TUPE. This will result in an almost 50% decline in TACs in Adults. TACs working on MSP related projects have been extended to support MSP and this is likely to continue until the programme stabilises. The majority of other TACs are used to cover vacant posts and this is an on-going issue particularly in light of the proposed forthcoming changes to the Commissioning team later in the year.

Adult Social Care is also taking a blended approach to ensure they have the internal change capacity to deliver their savings for the 2015 - 2018 period. The allocated funding is not to manage departments, but to deliver large and complex change programmes in Adult Social Care, which will in turn deliver savings and benefits to customers. This will draw on change support from the bi-borough team, alongside the development of existing staff and TAC usage where specialist skills do not exist in-house. This approach provides greater continuity

and also supports the building of internal change expertise and experience.

There are currently three restructures taking place, Commissioning, Community Independence Services and Mental Health Services, all of which are planned to be completed by the beginning of 2016.

### **3.3.2 Adults Social Care - Public Health**

TAC usage is likely to remain in place until the end of the financial year, when the reorganisation process will be completed. Vacancies arising from the reorganisation will be progressed for permanent recruitment.

### **3.3.3 Corporate Services - Human Resources**

Some TACs are working on projects such as supporting the leadership academy and managing the apprenticeship programme and the increase to 100 apprentices this year. TAC usage is disproportionate because of to the recruitment freeze in place pending a decision on Bi or Tri-Borough HR.

### **3.3.4 Corporate Services - Information Services**

The majority of TACs engaged in Information Services are engaged in the City Hall Declutter Project or because of the need to cover roles as part of the ongoing information services reorganisation. Numbers are forecast to continue to reduce over the course of this year.

### **3.3.5 Corporate Services - Legal and Democratic Services**

TAC usage has remained the same since May. TACs are being used for specific projects or are covering vacant roles. Legal services have been proactively progressing recruitment to vacant posts so the amount of TACs should decline in this area in the coming months.

### **3.3.6 Corporate Services - Strategic Procurement and Corporate Contracts**

The majority of TACs in Strategic Procurement are engaged due to the Triborough Procurement reorganisation and the need to cover roles until recruitment takes place. The number of TACs engaged should reduce by December.

### **3.3.7 Children & Young People**

Children's Services is continually taking action to reduce the dependency on TACs, and, over the last few months, many TACs have finished their assignments and have left. It is, however, recognised that there will be a periodic need to engage the services of TACs for a short period of time in line with the

TAC policy. Where there is a need to engage a person for 3 months or more, alternatives such as Fixed Term Contracts, Secondments, and Internal Temporary Transfers will be considered ahead of TACs.

### **3.3.8 City Management & Communities**

The majority of TACs are being used to cover vacant posts, whilst permanent recruitment is being progressed, following the restructure. The department has seen a reduction of 16 since April 2015 and this is expected to continue to reduce as new starters take up their posts.

### **3.3.9 City Management & Communities - Libraries, Culture & Registration**

The two TACs assignments are on-going pending the restructure programme within the Registration Service. The new structure is expected to have a full complement of staff by 1 October 2015, thus no longer requiring the need for TACs. Where there is a need to engage a person for 3 months or more, alternatives such as Fixed Term Contracts, Secondments, and Internal Temporary Transfers will be considered ahead of TACs.

### **3.3.10 Finance**

Following the completion of the Finance reorganisation, posts have been recruited to. However some TACs remain in post during the stabilisation period of MSP.

### **3.3.11 Growth Planning and Housing**

Of the TACs engaged some are externally funded. Other TACs will be required until October 2015 because of the restructure of the Development Planning administrative team and service review. A few will be extended to the end of December to fulfil business needs. Other TACs are being interviewed for permanent roles and 1 has recently been appointed. The Strategic Projects department has TAC usage as part of its delivery model to allow it to flex its workforce to meet highly specialist service delivery needs.

### **3.3.12 Policy, Performance & Communications**

The majority of TACs are currently being used to support on-going MSP issues and provide service delivery cover for vacant posts, pending a restructure. Once both these pieces of work are complete TAC usage will end.

### 3.3.13 Managed Services Programme (MSP) stabilisation support

Ongoing stabilisation of the MSP contract has led to extensions of TAC support in this area. It is expected that stabilisation will happen in October 2015 which will remove the need for the extensive support beyond this.

Departments	TAC numbers	TAC costs (projected 15/16)
CPMU	8	792,473.04
Finance	2	182,413.68
Programme Management	1	94,894.80
<b>MSP Total cost</b>	<b>11</b>	<b>1,069,781.52</b>

### 3.4 TAC Reduction target

**3.4.1** The performance target for 2015-16 is 200 TACs to be achieved by 30<sup>th</sup> September 2015, with a TAC spend of £12m for the financial year.

**3.4.2** The council requires a further reduction of 68 TACs to reach this target. 43 TAC contracts have already been terminated because of the Care Homes TUPE, leaving a further 25 to reach target. With predictions of reductions across other departments as reorganisations complete, MSP stabilisation and permanent recruitment, it is anticipated that the target of 200 will be met. TAC usage and associated costs are also being closely monitored by the Executive Management Team (EMT) via regular reports to ensure the targets are met.

**3.4.3** Westminster Council's current agency rate (agency rate Fixed Term Equivalent as a percentage of permanent staff Fixed Term Equivalent) falls in the third quartile for all London Boroughs. Of the 29 councils who participated in this survey, 9 councils have a higher TAC usage than that of Westminster.

**3.4.4** There is no evident correlation between current TAC usage and staff turnover. The current rationale for usage remains:

- To provide cover for sick leave or maternity leave (short-term cover pending longer term solution)
- To cover posts where permanent recruitment is held pending reorganisations or Tri-borough decisions
- To facilitate the need for specialist skills sets to deliver projects

**3.4.5** The Council have had a number of TAC's whose tenure has exceeded 2 years. There are situations where this is appropriate, such as involvement in major

projects. However at the end of July, there were 46 whose tenure exceeded 2 years. Some of these have now terminated as a result of the Adult Social Care TUPE transfer.

The 9 retained in Corporate Services for over 2 years were because permanent recruitment was stopped pending discussions on tri borough services. Recruitment is now proceeding in most services and the number of long term TAC's will decline.

In City Management and Communities, Growth, Planning and Housing and Policy Performance and Communications there are a number of externally funded posts where funding may cease at any time, hence the use of TAC's.

In Finance, TAC's were recruited pending the Finance restructure and MSP. There has been a need to keep these longer for MSP stabilisation but they along with those directly engaged in MSP work will be terminated as soon as practicable.

### **3.5 What is the council doing to reduce employee turnover?**

**3.5.1** The council recognises that it is through its staff that it will deliver its "City for All" promise and has launched a number of initiatives to support employee engagement and development. The People Strategy has also been updated to reflect the areas of concern cited by staff in the last "Your Voice" survey. Westminster Council's average number of sickness days per employee is 5.4 (calculated using the London Councils formula), the lowest in London, which is a positive indicator of organisation health. The mean average across London is 7.78 and the highest is 10.1 days.

We have:

- Launched our values and behaviours and City for All vision
- Developed and launched a toolkit to enable leaders to embed the values within their teams
- Launched a new Learning Management System (LMS)
- Rolled out the "Leading the Westminster Way" academy programme for our top 100 senior leaders. We are currently cascading the academy to our band 4 leaders and have 3 more cohorts planned taking us to end of July 2016
- Improved our links from education through to employment by providing 100 apprenticeships and we have recruited graduates. This may support

alternatives to TAC cover for the longer term and will support succession planning

- Re-launched the staff network group to support staff engagement
- Run the first staff conference for all Westminster employees and have another planned for October 2015
- Developed action plans from the results of the “Your Voice” survey across all directorates with another “Your Voice” live from 4 September 2015
- Launched the Tri-borough Well-being Strategy
- Launched the Dignity at Work Advisors programme
- Developed a recognition paper which is going to EMT on the 22 September 2015
- Are currently in the process of undertaking a recruitment branding exercise to ensure we secure the right talent now and in the future for Westminster. We are also reviewing our council recruitment pages and the recruitment process to reduce the time recruitment takes
- Set up a working group to look at pay and benefits. A pay and benefits proposal paper is going to EMT and cabinet members in October 2015

#### **4. Conclusion**

- 4.1** There appears to be no direct correlation between turnover and TAC usage across the organisation and the downward trend in TAC usage and associated costs is expected to continue to decrease.

Increasing economic confidence may however lead to increased turnover figures for this year. A number of initiatives including employer branding and staff engagement and development are already in play to help counteract this. The launch of the 2015 “Your Voice” survey will further inform the continued development of strategy in this area.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact: Carolyn Beech email: [cbeech@westminster.gov.uk](mailto:cbeech@westminster.gov.uk)**

Directorate	Department	Target	No. TACs March 2015	No. TACs April 2015	No. TACs May 2015	No. TACs June 2015	No. TACs July 2016	Change from March to July	% change	Cost of TACs March 2015	Cost of TACs April 2015	Cost of TACs May 2015	Cost of TACs June 2015	Cost of TACs July 2015	Change from March to July	% change
Adult Social Care	Adult's Services		31	32	28	26	29	-2	-6%	£136,540	£119,839	£117,779	£92,959	£119,101	£-17,439	-13%
	Commissioning - Care & Health		83	66	73	69	61	-22	-27%	£172,246	£138,413	£123,887	£98,081	£116,768	£-55,478	-32%
	Public Health		5	5	5	5	5	0	0%	£37,941	£38,862	£39,045	£30,257	£14,788	£-23,153	-61%
<b>Adult Social Care Total</b>		<b>64</b>	<b>119</b>	<b>103</b>	<b>106</b>	<b>100</b>	<b>95</b>	<b>-24</b>	<b>-20%</b>	<b>£346,727</b>	<b>£297,114</b>	<b>£280,711</b>	<b>£221,298</b>	<b>£250,656</b>	<b>£-96,071</b>	<b>-28%</b>
Corporate Services	Human Resources		7	5	5	6	5	-2	-29%	£49,364	£19,741	£26,090	£33,729	£18,136	£-31,227	-63%
	Legal & Democratic Services		6	9	8	8	8	2	33%	£14,511	£19,662	£18,638	£16,220	£19,551	£5,039	35%
	EMT and Support		2	2	1	1	0	-2	-100%	£24,188	£23,314	£11,374	£2,625	£0	£-24,188	-100%
	Information Services		17	18	16	16	20	3	18%	£121,566	£87,526	£76,919	£79,490	£114,268	£-7,298	-6%
	Strategic & Commercial Procurement		6	4	4	5	4	-2	-33%	£50,427	£44,380	£46,871	£45,538	£49,194	£-1,233	-2%
<b>Corporate Services Total</b>		<b>24</b>	<b>38</b>	<b>38</b>	<b>34</b>	<b>36</b>	<b>37</b>	<b>-1</b>	<b>-3%</b>	<b>£260,056</b>	<b>£194,622</b>	<b>£179,892</b>	<b>£177,601</b>	<b>£201,149</b>	<b>£-58,908</b>	<b>-23%</b>
Children's Services'	Children's Services		24	22	21	21	21	-3	-13%	£114,587	£106,782	£104,155	£73,892	£95,480	£-19,108	-17%
	Commissioning - Children's Services		2	4	3	3	3	1	50%	£19,540	£15,858	£11,519	£9,096	£9,655	£-9,885	-51%
	Commissioning - Education		1	1	1	0	0	-1	-100%	£2,840	£1,794	£515	£0	£0	£-2,840	-100%
<b>Children's Services' Total</b>		<b>18</b>	<b>27</b>	<b>27</b>	<b>25</b>	<b>24</b>	<b>24</b>	<b>-3</b>	<b>-11%</b>	<b>£136,968</b>	<b>£124,434</b>	<b>£116,189</b>	<b>£82,988</b>	<b>£105,135</b>	<b>£-31,833</b>	<b>-23%</b>
City Management and Communities	Public Protection and Licensing		49	47	46	42	36	-13	-27%	£196,743	£172,148	£173,180	£125,913	£119,649	£-77,094	-39%
	Community Services		0	0	0	0	0	0	0%	£0	£0	£0	£0	£0	£0	0%
	Parking Operations		4	4	3	4	2	-2	-50%	£34,742	£27,972	£16,355	£19,462	£8,838	£-25,905	-75%
	Other CMC		3	2	4	2	2	-1	-33%	£31,897	£21,787	£37,086	£13,771	£18,389	£-13,509	-42%
	Libraries, Culture & Registration		2	2	2	2	2	0	0%	£2,649	£2,748	£2,224	£3,366	£3,565	£916	35%
<b>City Management and Communities Total</b>		<b>36</b>	<b>58</b>	<b>55</b>	<b>50</b>	<b>42</b>	<b>-16</b>	<b>-28%</b>	<b>£266,031</b>	<b>£224,654</b>	<b>£228,844</b>	<b>£162,511</b>	<b>£150,440</b>	<b>£-115,591</b>	<b>-43%</b>	
Finance		46	46	36	30	30	-16	-35%	£343,973	£281,859	£202,992	£168,556	£199,415	£-144,558	-42%	
<b>Finance Total</b>		<b>30</b>	<b>46</b>	<b>46</b>	<b>36</b>	<b>30</b>	<b>30</b>	<b>-16</b>	<b>-35%</b>	<b>£343,973</b>	<b>£281,859</b>	<b>£202,992</b>	<b>£168,556</b>	<b>£199,415</b>	<b>£-144,558</b>	<b>-42%</b>
Growth Planning and Housing	Housing Operations		-	-	3	3	2	n/a	-	-	-	£18,897	£10,336	£11,057	n/a	-
	Other GPH		24	23	16	15	13	-11	-46%	£177,614	£142,805	£106,730	£88,586	£109,898	£-67,716	-38%
<b>Growth Planning and Housing Total</b>		<b>14</b>	<b>24</b>	<b>23</b>	<b>19</b>	<b>18</b>	<b>15</b>	<b>-9</b>	<b>-38%</b>	<b>£177,614</b>	<b>£142,805</b>	<b>£125,627</b>	<b>£98,921</b>	<b>£120,955</b>	<b>£-56,659</b>	<b>-32%</b>
Policy Performance and Communications	Change and Programme Management		-	-	2	6	3	n/a	0%	-	-	£2,914	£17,472	£30,678	n/a	-
	Other PPC		26	17	19	18	22	-4	-15%	£160,999	£133,016	£128,027	£111,393	£136,753	£-24,246	-15%
<b>Policy Performance and Communications Total</b>		<b>14</b>	<b>26</b>	<b>17</b>	<b>21</b>	<b>24</b>	<b>25</b>	<b>-1</b>	<b>-4%</b>	<b>£160,999</b>	<b>£133,016</b>	<b>£130,941</b>	<b>£128,865</b>	<b>£167,431</b>	<b>£6,432</b>	<b>4%</b>
<b>Grand Total</b>		<b>200</b>	<b>338</b>	<b>309</b>	<b>296</b>	<b>282</b>	<b>268</b>	<b>-70</b>	<b>-21%</b>	<b>£1,692,369</b>	<b>£1,398,504</b>	<b>£1,265,195</b>	<b>£1,040,741</b>	<b>£1,195,181</b>	<b>£-497,187</b>	<b>-29%</b>

