

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Use of Consultants, Hired Staff and Temporary Staff

Meeting/Date: Employment Committee 4 September 2019

Executive Portfolio: Strategic Resources: Councillor J A Gray

Report by: Head of Resources

Ward(s) affected: All

Executive Summary:

Members requested this annual report in order to monitor the Council's use of interim staff (consultants and temporary staff).

Capital

During 2018/19, consultants have continued to be employed to provide technical and legal advice in respect of the Commercial Investment Strategy. Additionally, the setting up of virtual servers and upgrades to software has required external technical input. There were also costs for temporary staff which have been employed on capital projects in the year.

Revenue

Overall, there was a net increase of £230k in the cost of interim staff in 2018/19 when compared to 2017/18. The largest increase was in the use of consultants £160k with the employment of temporary staff also showing a net increase £70k. The continued use of interim staff to meet vacancies across the Council, and also to provide interim capacity whilst the Council follows the current transformation programme, the development of the Local Plan and other business efficiency improvements.

All costs relating to interim staff have been met from within current resources (existing budgets or use of earmarked reserves) and the use of such staff has given the Council the flexibility and short-term capacity to undertake its transformation programme.

Recommendation:

Members are asked to consider the report and comment as they consider necessary.

1. PURPOSE OF THE REPORT

- 1.1 To advise of the use of consultants, hired staff and temporary staff during the 2018/19 financial year.

2. BACKGROUND

- 2.1 In July 2014 the Employment Panel approved guidance notes for managers regarding the use of consultants and temporary staff.
- 2.2 The use of interim staff is an essential requirement in the day-to-day management of the Council's business. However, their use is limited to a range of specific purposes i.e. to meet a specialist skills gap where a full-time resource would not award the Council value for money, to cover for unplanned gaps in staffing or to meet short-term peaks in workload. The Council's accepted definitions for consultants, hired staff and temporary staff is shown below:

Consultants

Individuals contracted to the Council as a sole trader or employees of a contractor to provide skills and knowledge the Council lacks. The contract terminates after a defined period of event (e.g. delivery of a report of advice).

Temporary Staff

Individuals contracted to the Council as employees of an agency or contractor to provide additional capacity. They may be providing short term cover for staff absences (e.g. refuse operatives) or medium term cover (e.g. cover for vacant posts while permanent recruitment completes). The supplier is paid by invoice.

3. EXPENDITURE ANALYSIS

- 3.1 The analysis shown below is split between capital and revenue. The reason for this distinction is that interim staff employed for capital development projects are incidental to the project and can be financed from capital resources i.e. the sale of assets.

Capital

- 3.2 During 2018/19, there was a net increase of £274k in the cost of interim staff compared to 2017/18, a summary is shown in **Table 1** and the detailed analysis is shown in **Appendix 1**.

Capital Comparison of consultants and temporary staff 2017/18 and 2018/19			Table 1
	Consultants	Temporary	TOTAL
	£000	£000	£000
2018/19	281	201	482
2017/18	175	33	208
Variance	106	168	274

The main reasons for the increase in Consultants costs in 2018/19 are:

- St Ives fitness project
- FMS data migration.
- Commercial Investments Little End Road and Rowley Centre

The main reasons for the increase in Temporary staff costs in 2018/19 are:

- Project management for the new Financial Management System.
- Support for the Alms Close project, Oak Tree remedial works and car park redevelopment

Revenue

- 3.3 During 2018/19, there was a net increase of £230k in the cost of interim staff compared to 2017/18, a summary is shown in **Table 2** and the detailed analysis is shown in **Appendix 2**.

Revenue Comparison of consultants and temporary staff 2017/18 and 2018/19			Table 2
	Consultants	Temporary	TOTAL
	£000	£000	£000
2018/19			
Expenditure	751	1,787	2,537
Less Funding			
- Public Sector Partner	(230)	(222)	(452)
- Earmarked Reserves	(46)	(6)	(52)
Total Funding	(276)	(228)	(504)
Net Expenditure	475	1,559	2,034
2017/18	315	1,489	1,804
Variance	160	70	230

- 3.4 The main reason for the increase in temporary staff costs in 2018/19 relates to an increase in the level activity on specific business as usual areas such as:

- To support implementation of FMS and delivery of the Commercialisation Strategy.

- To support the ICT element of the Shared Services and Transformation Programme

3.5 It should be noted that the net costs shown in **Table 2** have only be reduced by the use of external contributions and the use of earmarked reserves. The funding of the net expenditure is from within the existing budgets.

4. KEY IMPACTS

4.1 The use of interim staff assists the Council in meeting services needs and objectives. If such resources are not used from time-to-time, then it is very likely that service delivery and priorities would be impacted and the process of transformation would take considerably longer.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from this report.

6. RESOURCE IMPLICATIONS

6.1 With regard to capital, as the Commercial Investment Strategy matures there will be incidental costs relating to both the acquisition, and in time, disposal of assets. Also, over the life of a capital asset it is necessary for the Council to undertake some enhancement activity to ensure that such assets maintain their capital value, can continue to meet agreed lease standards and health & safety obligations.

6.2 With regard to revenue, the trend in respect of both consultants and temporary staff is upwards as the Council's non-business as usual one off projects i.e. Yotta, Council Anywhere and an increase for temporary cover whilst the Council is rearranged and re-skilled workforce is put in place to better meet emerging demands, as shown in Table 2. In due course, as services move to a new norm, it is expected that such costs will reduce.

6.3 New regulations came into force on 6 April 2017 changing the responsibility for assessing the tax status of consultants, interims and temporary staff. If directly engaged (not through an agency), the Council must determine whether the individual is acting as if a member of staff and if appropriate, collect National Insurance (NI) contributions and tax. The determination, based on HMRC guidance, considers a number of factors including duration, if a post holder, ability to substitute, etc. Failure to collect the correct tax and NI risks incurring fines, interest charges and back tax. The Management Team have been briefed and provided with links to the HMRC guidance and the HMRC online assessment tool. The Heads of Service have been tasked with identifying any consultants, interims and temporary staff that fall within the scope of the regulations and carrying out the appropriate assessment

7. LIST OF APPENDICES INCLUDED

- Appendix 1 - consultants and temporary staff – capital expenditure
- Appendix 2 - consultants and temporary staff – revenue expenditure

BACKGROUND PAPERS

None.

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CAPITAL EXPENDITURE

Comments on expenditure in excess of £10,000 are provided.

CONSULTANTS CAPITAL EXPENDITURE			
Head of Service	2017/18 £000	2018/19 £000	
Customer Services	0	16	
Leisure & Health	30	53	Consultants fees related St Ives fitness project and general advice across all leisure facilities
Operations	8	11	
Resources	83	193	FMS data migration; Commercial Investment support for Little End Road and Rowley Centre; Project Management for Alms Close
ICT	54	8	
TOTAL	86	281	

TEMPORARY STAFF CAPITAL EXPENDITURE			
Head of Service	2017/18 £000	2018/19 £000	
Operations	0	6	
Resources	31	195	Project Management for the new FMS; additional support in relation to Oak Tree and Alms Close
ICT	2	0	
TOTAL	33	201	

REVENUE EXPENDITURE

Comments on expenditure in excess of £10,000 are provided.

CONSULTANTS REVENUE EXPENDITURE				
Head of Service	2017/18 £000	2018/19 £000	Expenditure for 2018/19 includes	Justification for Spend
Community	3	11		
Customer Services	3	3		
Development	461	122	Professional advice related to the Local Plan (£95k). Professional advice related to applications (£19k)	Specialist advice not within establishment.
Leisure & Health	2	5		
Operations	104	96	Professional advice related to Hinchingsbrooke Country Park (£32k); Professional advice related to Waste Collection efficiency review (£20k).	Specialist advice not within establishment. To improve efficiency of domestic waste collection
Resources	147	96	Professional advice related to Commercial Estates (£35k) Insurance claims (£12k) HR advice and recruitment (£10k); VAT and other advice and information (£26k)	Specialist knowledge not available within the establishment. Income generating Specialist knowledge not available within the establishment. Specialist knowledge not available within the establishment. Specialist advice not available within the establishment that is required for financial stewardship and audit.
Corporate Team Manager	155	5		
ICT Shared Services	144	367	Use of consultants for Project Management and application design & training (£367k)	Consultancy for a variety of new software packages (including IDOX, Yotta and Council Anywhere). All professional consultancy is to allow training/implementation of specific software packages. Expertise not available within establishment
Transformation	0	46	Continuation of the transformation project (£46k)	Creation of business efficiencies
TOTAL	1,019	751		

TEMPORARY STAFF REVENUE EXPENDITURE				
Head of Service	2017/18 £000	2018/19 £000	Expenditure for 2018/19 includes	Justification for Spend
Community	6	48	Temporary staff	To cover vacancies and increased workload (one off) cover by additional income
Customer Services	87	34	Temporary staff	To cover vacancies
Development	41	28	Housing Policy Manager post is covered by a secondment from Peterborough City Council	To provide cover for staff vacancy. Secondment costs are partially offset by vacancy savings.
Leisure & Health	47	10		
Operations	600	728	Use of agency staff to cover basic collection rounds.	Requirements to back fill vacancies and holidays with agency staff to maintain service delivery.
Resources	500	579	The Financial Services Team have required extra to complete implementation of the FMS and the delayed recruitment to the Finance Managers post (£252k) Attempts to fill the vacant Estates Management posts have failed and staff are required to fill the income generating portfolio of property (£319k)	Covering vacant posts. Extra resources to undertake one-off project. Covering vacant posts. Income generating
Corporate Team Manager	165	0		
ICT Shared Services	610	354	Hired staff used until permanent staff appointed and the hire of specialist staff to assist with software and other implementations	To cover vacancies and one-off projects
Transformation	0	6		
TOTAL	2,056	1,787		