

## BABERGH OVERVIEW AND SCRUTINY COMMITTEE

### INFORMATION BULLETIN – 18 JUNE 2018

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#### **OFF-PAYROLL COSTS**

Babergh Overview and Scrutiny Committee requested a 6-month update on the cost and numbers of off-payroll workers that were being used by the organisation, following the report to Joint Overview and Scrutiny Committee on 18<sup>th</sup> December 2017 (Report JOS/17/3). This information bulletin outlines the position as at the end of 2017/18 i.e. 31<sup>st</sup> March 2018 and compares with the numbers presented in the previous Information Bulletin.

#### **Off-Payroll Workers**

There are sound operational reasons why an organisation may want to take advantage of off-payroll workers and whilst there is a belief that they are more expensive than payroll staff due to a higher hourly or day rate, the Councils can flex the resource more quickly, only pay for work undertaken and do not have the liability for pension or redundancy costs.

Below is the definition for four categories of off-payroll workers that are currently being used to analyse the reason why the Councils need this type of resource:

*Against establishment* – Someone undertaking a role that is part of the establishment, but is not currently filled by an employee for a variety of reasons.

*Additional capacity of existing skills* – Someone undertaking a role, that is already within the organisation, but providing additional capacity above the established level.

*Specialist skills not available within the organisation* - Someone undertaking a role for which the skills are not contained within established roles.

*Specific Procurement* – Someone undertaking a role that has been specified and procured through a tendering process.

Most of these workers come through our arrangement with Suffolk County Council's agency, Opus.

Due to the nature of these roles, the number of people within the organisation at any one point in time varies. The numbers provided are based on headcount and not full time equivalent figures.

## Costs and Numbers of Off-Payroll Workers

Table 1 below shows the number of people and total cost for 2016/17 and 2017/18, for the different categories and have also been split between current and completed assignments. It also includes the position that was reported in JOS/17/3 in December 2017 as at October 2017, so that it can be seen how it has changed since that date.

**Table 1**

	<b><u>2016/17 Total</u></b>		<b><u>As at October 2017</u></b>		<b><u>2017/18 Total</u></b>	
	<b><u>Number</u></b>	<b><u>Cost</u></b>	<b><u>Number</u></b>	<b><u>Cost</u></b>	<b><u>Number</u></b>	<b><u>Cost</u></b>
<b><u>Established Role</u></b>						
Current	5	£345,296	5	£99,231	5	£158,390
Complete	13	£565,442	11	£173,378	17	£266,015
Total	18	£910,738	16	£272,609	22	£424,405
<b><u>Additional Capacity</u></b>						
Current	23	£386,974	26	£309,908	19	£330,414
Complete	45	£490,992	30	£237,917	54	£497,828
Total	68	£877,966	56	£547,825	73	£828,242
<b><u>Specialist Skills</u></b>						
Current	4	£226,233	3	£56,084	2	£50,138
Complete	5	£288,966	2	£65,980	4	£116,835
Total	9	£515,199	5	£122,064	6	£166,973
<b><u>Specific Procurement</u></b>						
Current	3	£118,240	4	£169,511	2	£91,397
Complete	0	0	0	0	3	£132,444
Total	3	£118,240	4	£169,511	5	£223,841
<b><u>TOTAL OFF-PAYROLL</u></b>						
Current	<b>35</b>	<b>£1,076,743</b>	<b>38</b>	<b>£634,734</b>	<b>28</b>	<b>£630,339</b>
Complete	<b>63</b>	<b>£1,345,400</b>	<b>43</b>	<b>£477,275</b>	<b>78</b>	<b>£1,013,122</b>
Total	<b>98</b>	<b>£2,422,143</b>	<b>81</b>	<b>£1,112,009</b>	<b>106</b>	<b>£1,643,461</b>

Of the total cost in 2017/18, £275k was funded from the two Councils' Transformation Funds. The balance was charged against staffing budgets. As reported in the 2017/18 outturn reports to Cabinet, staffing budgets were underspent by £129k for Babergh and £121k for Mid Suffolk last year.

It can be seen from the table that the spend on off-payroll workers has decreased considerably in 2017/18 in comparison with 2016/17 (almost £800k less). This was in a year when several off-payroll workers were used on either the All Together or IT projects, so the likelihood is that this spend will fall further in 2018/19.

Whilst the total number of off-payroll workers was slightly higher than last year, the average monthly cost has fallen from £202k in 2016/17 to £137k in 2017/18. This is mainly attributable to the fact that people who were undertaking the more expensive management roles have left the organisation. The cost in March 2018 was £110k, so this demonstrates that the year-end position is lower than the average for the year.

Table 2 below shows the historic level of expenditure for off-payroll workers for the years 2011/12 to 2017/18. The number of workers is not available for the early years in the table.

**Table 2**

	No	£'000
2011/12		176
2012/13		385
2013/14		708
2014/15	74	1,299
2015/16	82	1,522
2016/17	98	2,422
2017/18	106	1,643

The table shows a steady increase in costs up to 2016/17, as the Councils integrated the workforce, developed new ways of working and undertook new initiatives, but this trend reversed in 2017/18.

### **Service Area use of Off-Payroll Workers**

Table 3 below shows the service areas that have used off-payroll workers in 2017/18, based on the total number of placements.

**Table 3**

<b>Service Area</b>	<b>Current</b>	<b>Complete</b>	<b>Total</b>
ICT and Information Management	10	18	28
Development Management	4	17	21
Strategic Planning	2	9	11
Customer Support		7	7
Elections		6	6
Building Services	2	2	4
Communications		4	4
Governance	1	2	3
Property Services	1	2	3
Environmental Protection	1	2	3
All Together Management		3	3
HR, OD and Health & Safety	2		2
Investment & Commercial Delivery	2		2
Leisure	1	1	2
Housing Rents		2	2
Public Realm	1		1
Housing	1		1
Communities		1	1
Senior Leadership Team		1	1
Private Sector Housing		1	1
<b>Total</b>	<b>28</b>	<b>78</b>	<b>106</b>

The service areas that have seen the greatest use of off-payroll workers this year are explained in more detail below:

- The high numbers seen in ICT and Information Management are mainly due to the JOSIE project and the requirement to capture large volumes of data for land charges and the GIS system, but also to assist with scanning and clearing documents as part of the All Together programme. These numbers will continue to reduce as the projects conclude.
- Development Management has experienced some staff turnover in recent months and has looked to make use of off-payroll workers to maintain performance against planning application processing targets. Several posts have been advertised, to fill vacancies, with some success, but this is a market where high-quality candidates are in short supply.
- Strategic Planning undertook a project to transfer historic data about Section 106 agreements into the new Community Infrastructure Levy software and required additional resources to undertake this work in a timely fashion as well as resource to support the Local Plan project.
- Customer Support saw a few vacancies in the run up to the move to Stowmarket and some additional resource was required at the Needham Market office, until its closure, after the Stowmarket centre was opened.
- The Electoral Registration Officer has a statutory duty to make a personal visit to any property that hasn't responded to the annual canvass form and employs electoral canvassers for this purpose. These visits must be

conducted during the 'canvass period' (August to November) but predominantly take place during October and November. As this work is very temporary and the number of hours worked is flexible, based on demand, the canvassers are employed through Opus.

### **Trend in Number of Current Placements**

Table 4 below shows the trend in the number of current placements at October 2016, end of March 2017, October 2017 and end of March 2018.

**Table 4**

<b><u>Current Placements</u></b>	October 2016	31 <sup>st</sup> March 2017	October 2017	31 <sup>st</sup> March 2018
Established Role	10	5	5	5
Additional Capacity	34	23	26	19
Specialist Skills	6	4	3	2
Specific Procurement	6	3	4	2
<b>Total</b>	<b>56</b>	<b>35</b>	<b>38</b>	<b>28</b>

The increase in additional capacity between March and October 2017 reflected the annual electoral canvassing work that was undertaken, as outlined above.

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