

Business Support and Digital Overview and Scrutiny Committee 27 March 2025

Use Of Agency Staff and Consultants

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Summary

This report provides an overview of the use of agency staff and consultants by the Council and any action being taken by directorate management teams to identify opportunities for a reduction on reliance on off-payroll staff. The report has been requested due to the high number of locum use in Children's Services and a desire to reduce the cost associated with them. For completeness the report also covers the use of Locums across all services.

1. Recommendations

1.1. The committee is asked to note the achievement in Children's Service and note other areas of use.

2. Budget and policy framework

2.1. The resourcing of agency staff and consultant engagement supports the delivery of Council services which is a matter for this committee.

3. Background

3.1. The report has been requested by this committee and represents an update on the use of Locums in Children's Services and an overview of agency staff and consultants across the Council, detailing where they are, why we are engaging them.

3.2. Consultants will only be engaged when the council does not have the relevant in-house expertise or capacity. Managers are expected, when proposing the use of consultants, to identify how they would support a project and to work within the budget, considering value for money aspects at that time.

3.3. Agency staff will only be engaged when the council cannot recruit to a post due to business demand/immediate need and skills shortage in the market. When proposing the use of agency staff, managers would need to agree plans

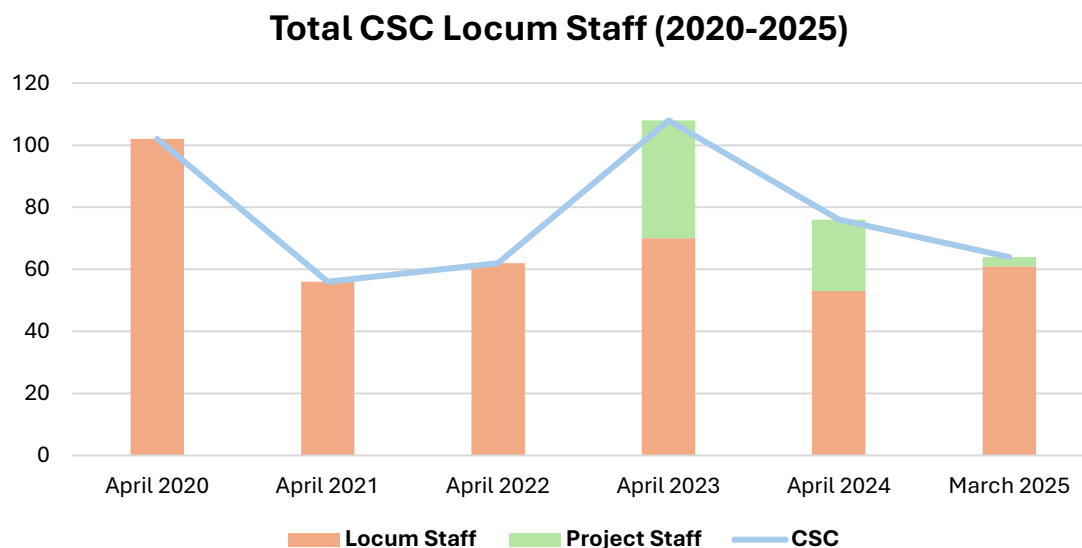
to attract and retain permanent staff. template for an exempt appendix is annexed to the guidance that accompanies this report.

4. Current position

4.1 There are around 211 agency / consultants being used across the Council over the duration of quarter 3 (2024/25), this compares to approximately 193 for the same quarter last year (2023/24). Current appointments are used for a variety of reasons across several projects. In the main they are mix of short-term projects where the Council does not have the specialist expertise and longer-term appointments where there is a skills shortage in the market and we are unable to recruit, in some cases this has been driven by an increase in establishment and national skills shortages.

4.2 Children’s Social Care:

4.2.1 Total Locum Staff (2020-2025)



	April 2020	April 2021	April 2022	April 2023	April 2024	March 2025
Total	102	56	62	108	76	64
Locum Staff	102	56	62	70	53	61
Project Staff	0	0	0	38	23	3

4.2.2 Due to the national shortage of Social Workers and the difficulties in recruiting to the service, the locum figures have fluctuated over the last 5 years.

4.2.3 In 2020 (01/04), the total number of locum staff in Children’s Services (CSC) was 102, but following COVID-19, we saw a significant reduction in locum staff to 56 locums in April 2021, and 62 in April 2022. Although the locum numbers dropped, this was actually a reflection of the difficulty to recruit and

fill these critical vacancies, as opposed to a reduction in reliance on temporary staff.

4.2.4 **Project/Bank staff**

4.2.5 In August 2022, the team were asked to onboard a Project Team due to the urgent need for staff to help cover vacancies, and following a successful tender for 2 agencies, the Peripatetic (Bank) staff were introduced across the service. These were experienced social workers who were able to sit within the service and support where the most critical gaps were, but where there was also the flexibility for the managers to move these workers to different areas of their service, dependent on the most urgent needs at the time. These Bank workers were on significantly higher rates than the normal locum workers, and initially 14 workers were on-boarded to establish this team.

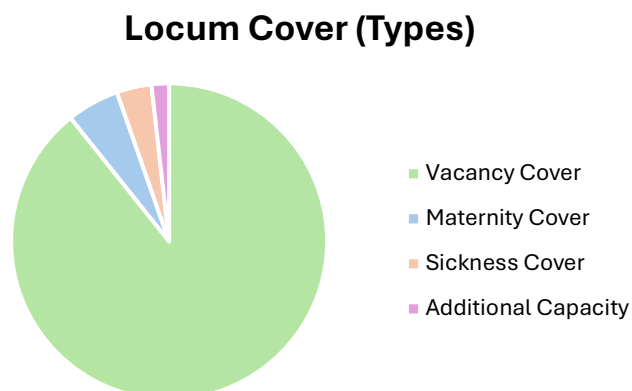
4.2.6 In November 2022, we were asked to on-board a small Project Team to support the Adolescent Service. This was soon followed by the authorisation and on-boarding of two further Project Teams for CSWT in January 2023, incorporating 6 Experienced Social Workers overseen by a Team Manager in each of the Project Team. Therefore, in April 2023, although the total number of locum staff had increased to 108, 38 of these new workers were Project/Bank staff.

4.2.7 By April 2024, the Adolescent Project Team were no longer in place and one of the CSWT Project Teams had been phased out, leaving just one CSWT Project Team and the Peripatetic Bank staff in place, although the Bank staff had increased in number to 18 Social Workers as a result of the collaborative success. During 2024, there was a significant push to reduce the reliance on the Bank staff and we worked with the Service on several Temp to Perm events to try and convert these locum workers. Our aim as a team was to either convert them into permanent members of staff, phase these staff out and replace them with locum MOC staff, or transfer the Project/Bank staff in place onto the standard MOC rates, thus reducing budget pressures.

4.2.8 The team have worked closely with the service and 19 workers who initially started on Project/Bank contracts, have moved onto either locum MOC rates or have become permanent staff. We are pleased to report that as of March 2025, out of the original 38 locum Bank/Project staff, there are only 3 remaining Project/Bank staff in place, 1 of which is currently being on-boarded as a permanent member of staff, while the final two are being transferred onto MOC rates for the new financial year. This means significant savings for the Council, whilst also providing stability across Children's Services.

4.2.9 Locum Cover (Vacancy, Maternity, Sickness, Additional Capacity)

4.2.10 Data collated at the end of January 2025 recorded 56 locums across Children's Services. **Of this 56, only 1 locum is providing additional capacity**, 50 locums are covering a vacant post, 3 are covering Maternity Leave, 2 are covering sickness:



4.2.11 Since this data was collated, there has been an increase in the number of locums being requested. As expected, the majority are to replace vacancies, however, there has also been a request for eight additional locum Senior Practitioners to support across CSWT and CIC, plus a number of additional workers to support Youth Justice. There are also two further locums requested to cover maternity leave and one additional for sickness cover, so these figures will increase slightly in Qtr 4.

4.2.12 Medway's decline in Children Services follows the national position. It is reported that the number of agency children's social workers in English local authorities has fallen for the first time in seven years, official figures show. As of 30 September 2024, councils were engaging 6,521 full-time equivalent (FTE) agency practitioners, down by 658 (9.2%) on the year before, [according to the Department for Education's \(DfE\) annual statistics on the children's services workforce.](#)

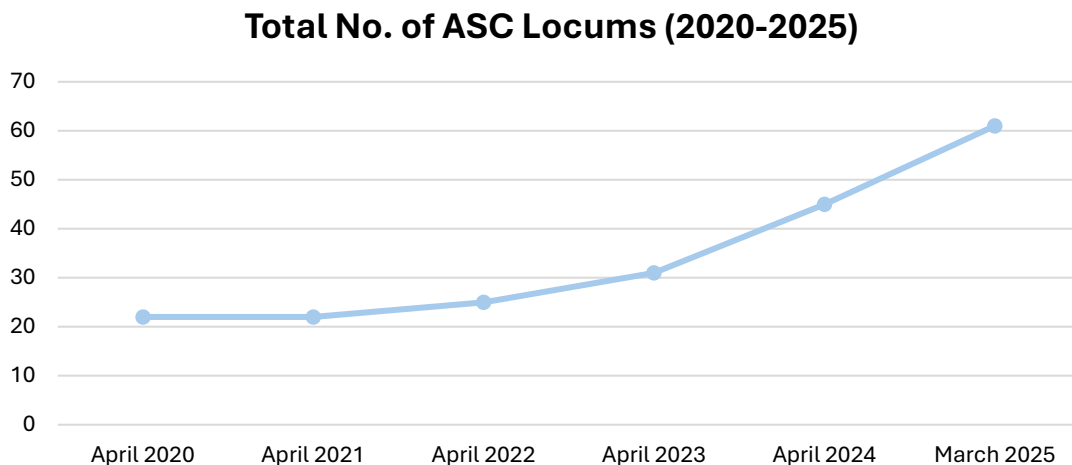
4.2.13 It is suggested that [The DfE rules, which started to be implemented at the end of October 2024](#) are designed to reduce council spending on agency workers and improve continuity of practitioner support for children and families. Under the policy, authorities are expected to agree regional pay caps on locums' hourly rates, refrain from hiring early career practitioners – or staff who have recently left permanent roles in the same region – as agency workers and ensure they directly manage all staff hired through so-called project teams. The rules are being brought into force gradually, with final implementation due by 1 October 2025.

4.2.14 **South East Position** – numbers have followed the national downward trend:

Year	2021	2022	2023	2024
Number of Agency Workers	873	1003	998	871

4.3 Adults Social Care:

4.3.1 Total Locum Staff (2020-2025)



April 2020	April 2021	April 2022	April 2023	April 2024	March 2025
22	22	25	31	45	61

4.3.2 Due to the recent rightsizing and restructure across Adults Social Care (ASC), there has been an increase in the number of locums being onboarded. Over the last 2 years, we have seen a gradual increase in locum workers in ASC, mainly to cover vacancies and additional capacity into the service, which has now been corrected with the rightsizing exercise.

4.3.3 **Permanent Recruitment**

4.3.4 With the permanent recruitment for Adult's Services now sitting alongside locum recruitment within our team, it has meant we are able to replicate the data collected across Children's Social Care. The recent ASC restructure has provided staff with the opportunity to move internally to explore new challenges and we have seen several of these openings taken up. **Since the 1st January 2025, the team have made 37 perm placements** - of which, 22 are internal moves, 11 are for new joiners and 4 are candidates transferring from locum contracts to permanent members of staff. 14 of these workers have started and the remaining 23 are currently having compliance collected and are being onboarded.

4.3.5 As the new Medway Careers Hub continues to be rolled out, we expect the improvements with the new candidate ATS (Applicant Tracking System) will support a more efficient candidate journey and encourage more permanent applications to fill the newly established vacancies.

4.3.6 To reduce the reliance on agency workers we are redesigning the workforce strategy, some of the early areas being worked on include:

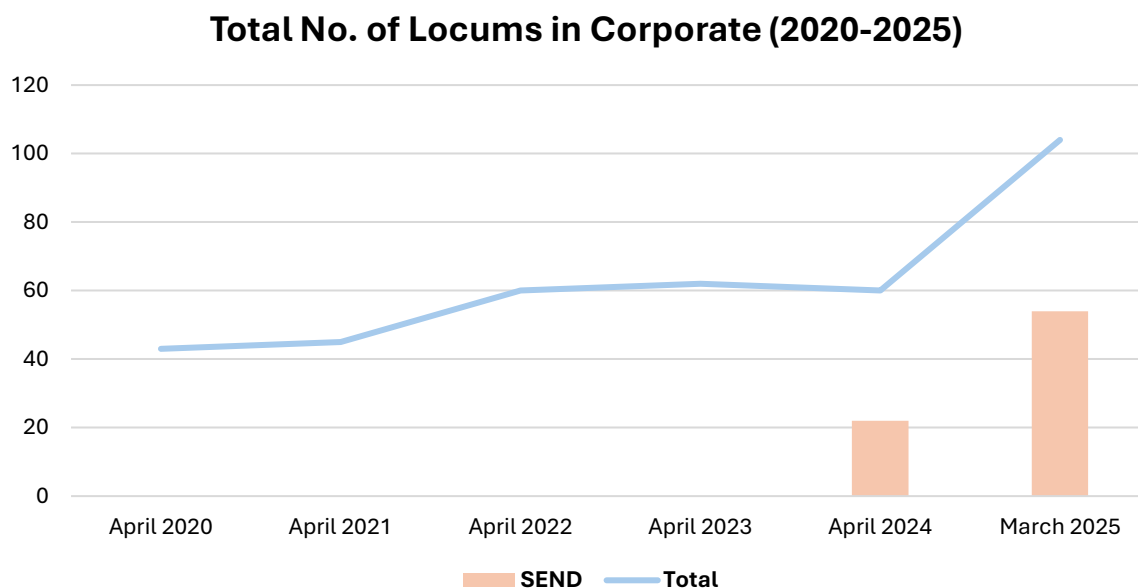
- Quarterly temp to perm events being held to encourage further conversions;
- Meeting with agencies to increase partnership working;
- Perm and agency glide path being created with key targets to reduce number of agency staff and increase stability across the workforce;
- Continuing to advertise roles across Medway Careers Hub;
- Increase use of social media postings to attract permanent candidates;
- Newly Qualified Social Workers campaign
- Rolling programme of social work apprentices every two years.

4.4 SEND

4.4.1 However, despite the positive decline in locums in Children's Services, the above figures do not include SEND, where there has been a considerable increase in temporary staff since April 2023. In April 2024, the team had onboarded a further 22 locums into SEND (for context the previous year's figure was 0) and in March 2025, there is a total of 54 locums in place. It is important to note that 27 of these are additional capacity Educational Psychologists, who have been on-boarded to support with the backlog and increased numbers of EHCP cases across the service.

4.5 Corporate Recruitment:

4.5.1 Total Locum Staff (2020-2025)



April 2020	April 2021	April 2022	April 2023	April 2024	March 2025
43	45	60	62	60	104

4.5.2 Corporate Recruitment covers all service areas that do not fall within social care (including, but not limited to, Housing, Legal, Parking, SEND, Highways). Legal Services have significantly reduced their reliance on locum staff, at the peak in April 2023, there were 26 locums in Legal Services, however we are pleased to confirm that after working collaboratively with the service to move to a more permanent stable workforce, this has dropped by 50% and now only 13 locums remain. We will continue to work with the service to further reduce these locums.

4.5.3 Other areas across Corporate Services are stable and recruitment has not shown any significant changes. The large number here is the impact of SEND (54) as detailed above in this report.

4.6 All placements / contracts are checked by the HR team to ensure that it is the best way of acquiring people via our Dynamic Purchasing System. The reasons for continuing to use the diverse range of agency staff / consultants is summarised as follows:

- No directly employed post holder with the level of technical or specialist expertise in-house.
- More cost effective, as on an “as required” basis
- External person considered critical for success
- Insufficient capacity in house
- Market supply low

- Short, specific piece of work
- Specialist that understands the market
- Independent from the Council

4.7 The charge for agency staff / consultants range between £220 and £690 per day, the cost varies across the level and type of expertise. Some of the projects are charged on a single price for the delivery of a project and this is cost effective because the Council only pays for actual work done, others are chargeable by the hour.

4.8 Whilst the daily rate of an agency staff / consultant may at first appear high it is important to remember that this way of securing resources mitigates against the liabilities of employing staff. However, it is important to take into account the cost of holidays, sickness, training plus the provision of accommodation and equipment when calculating the true cost of an employee. Whilst it is difficult to cost this precisely, it would not be unreasonable to add a further 30% to take into account all these factors. In addition, there are the resources required to recruit, manage and where appropriate dismiss the relevant employee for such short-term projects. These are the factors considered when appointing the use of consultants.

5. Risk management

5.1 There could be a risk that those being paid as consultants should be on the Council's payroll (IR35). However, we have a robust system in place to ensure that those who should be on the payroll are on the payroll. Every application for self-employed status must be examined in accordance with the His Majesty's Revenue and Customs (HMRC) regulations, managers must complete a check list and this is held alongside the assignment specification.

5.2 Some decisions that we make are reviewed at different stages by external bodies, such as HMRC. In HR we provide managers with professional advice to help them make the right decision before appointing the person to work, as Medway Council will be liable for any underpayment in tax and national insurance, plus interest and penalties.

5.3 The use of project teams and high cost consultants may destabilise the permanent workforce, leading to high turnover

Risk	Description	Action to avoid or mitigate risk	Risk rating
Wrong IR35 Status	The off-payroll working rules make sure that a worker (sometimes known as a contractor) pays broadly the same Income Tax and	Advice given to managers. Copies of IR35 check list for compliance is reviewed.	CII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	National Insurance as an employee would.		
High turnover	Staff become demotivated when seeing people being paid more to do the same role.	Using a number of marketing tools and channels to go to market and recruit permanent hirers.	BIII

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

6. Financial implications

6.1 Agency / consultant costs are charged to the individual budget headings appropriate to the service being provided and therefore subject to the same constraints as other Council spending. Managers are expected to ensure they are getting value for money and are following the relevant procurement rules.

6.2 The total forecast spend for all agency staff / consultants, including cover for establishment posts for 2024/25, is forecast to be £15.871million based on the latest reported budget monitoring. It is important to note at least 80% of these roles are filling establishment posts, so whilst we are paying a higher fee (up to 30%) this will not all be a full cost saving, as a permanent workforce will need to be secured.

6.3 A summary of where the spend is in the table below:

Directorate	Amount
Business Support Department	£1,484,041
Adult Social Care	£4,505,651
Children Social Care	£5,289,921
SEND	£2,770,939

Regeneration Culture and Environment	£1,820,174
Total	£15,870,726

7. Legal implications

- 7.1 His Majesty's Revenue and Customs (HMRC) have specific rules regarding the taxation status of individuals and 'companies' and the Council has to be cognoscente of these rules or face the possibility of sanction should HMRC determine that there has not been a satisfactory treatment of taxation status.
- 7.2 The Council needs to be mindful that there could be a challenge from an individual agency staff / consultant, say for example if their services are no longer required, that they should have been on a contract of employment and therefore eligible for employment rights, such as the right not to be unfairly dismissed or the right to a redundancy payment. In addition, the Council could be held liable for the actions of external agency staff / consultants for example, for acts of harassment under The Equality Act 2010.

Lead officer contact

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