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REPORT

Cllr Mrs Warrander : Cabinet Member for Resources

PREMIUM PAYMENTS AND AGENCY STAFF

1. Purpose of Report:

- 1.1. To consider progress made in reducing costs arising from payment of overtime, Premium Payments (Weekend Pay) and the use of Agency Staff.

2. Background:

- 2.1. When the Council became a single status employer, following the introduction of a unified salary structure in April 2001, Members decided to adopt what is known as "Green Book" conditions for pay and overtime. The "Green Book" contains the national agreement on pay and conditions as agreed by the National Joint Council for Local Government Services.
- 2.2. The Council employs temporary staff through employment agencies to provide cover for staff who are ill, or on maternity leave and sometimes to deal with one-off projects or sudden peaks in demand.

3. Overtime and Premium Payments:

- 3.1. The Council currently spends around £516,547 on overtime and £125,969 on Premium Payments. Primarily, both sets of payments relate to weekend or night working. Pressures for such payments are growing as the Council tries to adapt to changes in society's expectations and behaviour. Examples of growth in weekend working are the new Customer Contact Centre and street services.
- 3.2. The two kinds of payment are paid on a different basis, but when combined present the Council with a Catch 22. Overtime is paid where an employee works in excess of the normal 37 hour week, and each extra hour is paid at time and a half (normally). Premium Payments are made to staff working at weekends or after 8.00 p.m. within their normal 37 hour week. Again in normal circumstances pay is at time and a half.
- 3.3. Efforts have been made to reduce overtime by switching work to weekday 9.00 a.m.-5.00 p.m. patterns e.g. for bulky household waste collection. Some services, however, need to be delivered outside that envelope. Managers have explored the issue of introducing flexible contracts which require staff to work a 37 hour week including weekend or evening work where the service requires it. The problem is that in such circumstances staff qualify for Premium Payments and the cost to the Council is the same as paying overtime.

- 3.4.** The Cabinet has indicated a desire to reduce costs by negotiating a reduction in Premium Payments. However, for the last eighteen months the issue of Premium Payments has been embroiled in national negotiation over pay and conditions. The national position very much mirrors the local one i.e. employers would like to see a reduction in Premium Payments with unions opposed in principle.
- 3.5.** The “Green Book” contains provision for local negotiation on changing conditions such as Premium Payments, and arbitration if such negotiations fail. However, there seems little prospect of making local progress on this issue until the national negotiations reach a conclusion.

4. Use of Agency Staff:

- 4.1.** The Council spends around £360,000 per annum on temporary staff (roughly 3% of the annual salary bill). There are often sound reasons to employ temporary staff:
- To avoid loss of productivity where staff are absent for a lengthy period.
 - To avoid taking on permanent staff where special projects are undertaken, or there is an unexpected peak in workload.
- 4.2.** Nevertheless, Managers have introduced new arrangements to reduce the overall cost by around 20% in 2004/05. Two initiatives have been undertaken:
- A single agency has been appointed to provide temporary staff reducing costs by around 10%.
 - A new protocol for employing agency staff has been implemented.
- Broadly it requires a delay of one month between the absence of a member of staff and the employment of agency staff, and using contract staff to cover long term absences (avoiding paying an agency fee). It is estimated that this step will reduce costs by roughly 10%.
- 4.3.** Managers will monitor these two new initiatives, but will also explore whether employing a small team of permanent “floating” staff to fill medium to long term vacancies would be more cost effective than using agency staff.

5. Recommendation:

- 5.1.** Cabinet is asked to note the contents of the report.

6. Implications:

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| ▪ Financial | : As set out in the report |
| ▪ Legal | : None |
| ▪ Human Resources | : As set out in the report |
| ▪ Core Values | : Providing Excellent Service and Being a progressive Employer |
| ▪ Ward(s) Affected | : All |