

Finance and Resources Committee

10.00am, 27th August 2020

Workforce Insight and Controls - Annual Report

Item number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

The Committee is recommended to:

- 1.1 To scrutinise the progress made to date and note the workforce trends over the period April 2019 to March 2020;
- 1.2 To refer this report to Governance, Risk and Best Value Committee as part of its work programme.

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Executive Director of Resources

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Finance and Resources Committee – 27 August 2020

Workforce Dashboard

2. Executive Summary

- 2.1 This report provides a summary of workforce insights for the core and flexible (agency and overtime) workforce, absence, and transformation/redeployment for the 2019/20 financial year.
- 2.2 Core workforce full time equivalent (FTE) and basic salary costs continued to be significantly more stable in 2019/20, as they were in 2018/19 and, particularly when compared with 2017/18. In the 12-month period the cost of base salaries decreased by £1.5m, since the cost of new starters to the organisation was £4.9m less than the cost of organisational leavers.
- 2.3 Organisational reviews continued in 2019/20, with the impact of these on the overall workforce and costs in line with those in 2018/19 but were less pronounced than those in 2017/18.
- 2.4 The cost of the agency workforce decreased by £2.7m, and the cost of overtime increased by £0.5m when compared with the previous reporting period. Flexible workforce costs should be considered in the context of the overall reduction in the Local Government Employee workforce of 894 FTE since 2015 and an increasing trend of total days lost due to absence.
- 2.5 A newly created Wellbeing focus group developed a comprehensive Wellbeing Strategy and plan which was approved by Committee, focusing on physical, mental and financial wellbeing of colleagues. Additionally, a new Managing Absence policy, with accompanying guidance and training, was implemented in November 2019.
- 2.6 The organisation's monthly absence rates were marginally higher in 2019/20 when compared with the 2018/19 trend, with an ongoing trend of long-term absences related to mental health issues. The total working days lost to absence increased by around 2k days in 2019/20, and the 12-month rolling absence rate increased from 5.18% at 18/19 to 5.28% at 2019/20.

3. Background

- 3.1 Workforce costs form the largest single element of the Council's revenue budget. The application of robust and effective workforce controls remains critical to achieving the savings set out in the Council's Change Strategy and as approved within the Council's Budget.
- 3.2 Since the last annual report to Committee, the Council has continued to provide enhanced visibility and insights via our regular Workforce Dashboard reports and expanded management information (MI).
- 3.3 A report on the development of a Workforce Controls framework was first reported to the Finance and Resources Committee on 19 March 2015, with subsequent annual reporting provided on 14 January 2016, 23 February 2017, 12 June 2018 and 23 May 2019.
- 3.4 To enable alignment with the financial year reporting, the annual cycle for this report has moved to cover the period April 2019 to March 2020.

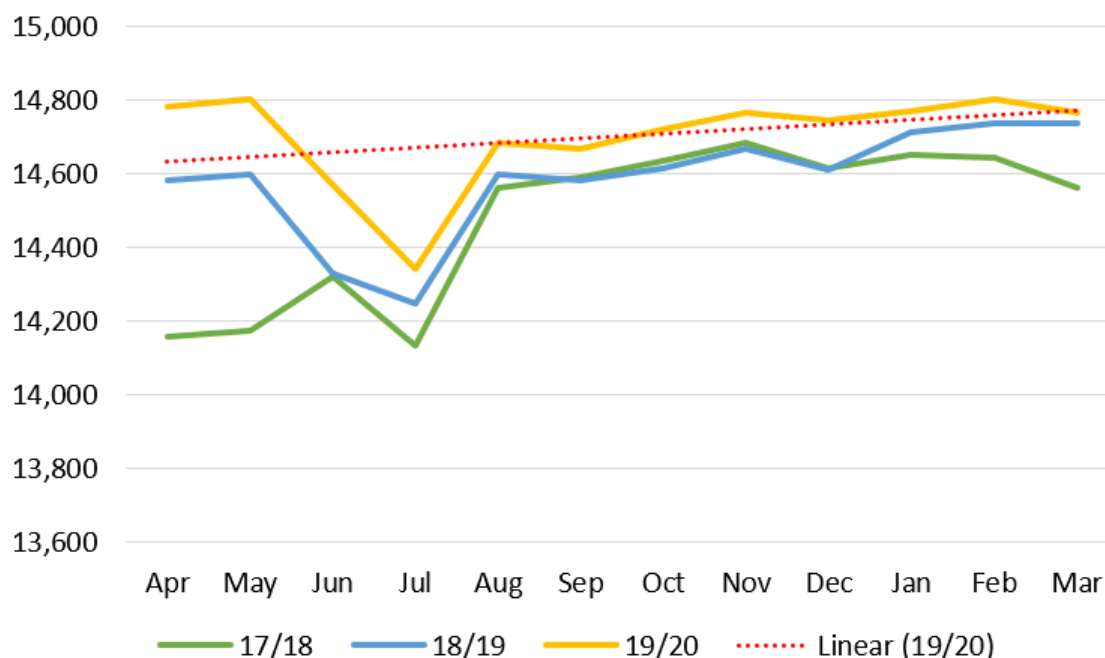
4. Main report

- 4.1 This report provides MI and analysis to show the current position and trends across five core areas of workforce controls. The reporting provides analysis at both the whole Council and individual Directorate levels. The analysis provides insight into:
 - Full Time Equivalent employee population (FTE) and trends;
 - Basic salary costs for the FTE employee population and trends;
 - FTE and basic salary costs of new starts and leavers;
 - Agency costs for primary, other, and off-contract suppliers and trends;
 - Overtime costs and trends;
 - Sickness absence rates, the reasons and costs of absence, and the impact of open ended long-term absence cases on organisation FTE.

Core Workforce

- 4.2 The organisation's FTE fluctuated during 2019/20, but the period April 2019 to March 2020 ended with a consistent FTE, with a small reduction of 18 FTE.
- 4.3 The normal seasonal variation in organisation FTE was observed (Figure 1), reflecting the reduced FTE requirement in the Schools and Lifelong Learning service over the summer recess (July/August) and new contractual arrangements in place at the start of the new school term (mid-August).
- 4.4 The decrease in organisational FTE is linked to the Local Government Employee population, where there was a decrease of 66 FTE. In the same period the Teaching population grew by 52 FTE. The balance of 2 FTE is made of other employee groups e.g. Craft Apprentice.

Figure 1: Workforce FTE 17/18 – 19/20



- 4.5 Directorate FTE trends for the 19/20 period are contained in Appendix 1. The change in Directorate FTE between April 2019 and March 2020 is shown in Figure 2.
- 4.6 The Communities and Families Directorate was the only one to experience a net increase in workforce FTE over the year. Whilst some services in the Communities and Families Directorate experienced a reduction in FTE (Children’s Services reduced by 75 FTE), these reductions were offset by an increase of 227 FTE, in the Schools and Lifelong Learning service, giving a net increase of 150 FTE.
- 4.7 Reductions in FTE took place in the Edinburgh Health and Social Care Partnership, Place, Resources and Chief Executive’s Directorates. Notable reductions in FTE were observed in the Health and Social Care Localities teams (down 41 FTE), this is normal turnover and also due to an ageing workforce with many leavers being retirees, and Customer and Digital Services in Resources (down 90 FTE) as a result of streamlining and digitalisation of services.
- 4.8 FTE change by employee group is captured in Figure 3 which shows that the LGE population reduced by 66 FTE and the Teaching population increased by 52 FTE over the 12-month period as a result of additional funding provided due to the government’s requirement to increase early learning and childcare from 600 hours to 1140 hours per year for each child. Appendix 3 details the change in Local Government Employee FTE and basic salary costs between April 2019 and March 2020, including 2015, 2017 and 2018 figures for comparison.

- 4.9 In 2019/20 our basic salary costs decreased by £1.5m, from £444.3m to £442.5m (Figure 4). This compares with an increase of £10.1m in 18/19 from £402.8 to £412.9m. The £31.4m increase between Mar 19 and Apr 19 is due to two pay awards being applied to Local Government employees, Chief Officers and teachers, and the costs associated with contribution-based pay. A reduction in costs was observed over the summer months and is linked to reduced FTE in the Schools and Lifelong Learning Service during the summer recess.

Figure 2: Directorate FTE – April 2019 to March 2020

Directorate	April 2019	March 2020	FTE Change
Chief Executive's including Strategy and Communications	154	144	-10
Communities and Families (C&F)	7823	7981	158
EH&SCP	2197	2117	-80
Place	2327	2322	-5
Resources	2254	2178	-76
Displaced	27	23	-4
Council Total	14782	14764	-18

Figure 3: Workforce Groups FTE - April 2019 to March 2020

Category/ Group	April 2019	March 2020	FTE Change
Local Government Employee GR1-GR12 <i>including Craft</i>	10974	10908	-66
Chief Official	19	19	0
Craft Apprentice	21	19	-2
Teaching Total	3768	3820	52
Council Total	14782	14764	-18

- 4.10 Directorate base salary cost trends for the 2019/20 period are contained in Appendix 2. Base salary cost trends are in line with the FTE changes observed in Directorates over the same period.
- 4.11 Change in Directorate base salary costs between April 2019 and March 2020 is shown in Figure 5. There were cost reductions in the Edinburgh Health and Social Care, Place, Resources and Chief Executive's Directorates (total reduction of

£4.3m). The Communities and Families Directorate experienced an increase in basic salary costs in the same 12-month period (total increase of £3m). Basic salary cost variation is linked to increasing/decreasing Directorate FTE.

Figure 4: Workforce Basic Salary Cost 17/18 – 19/20

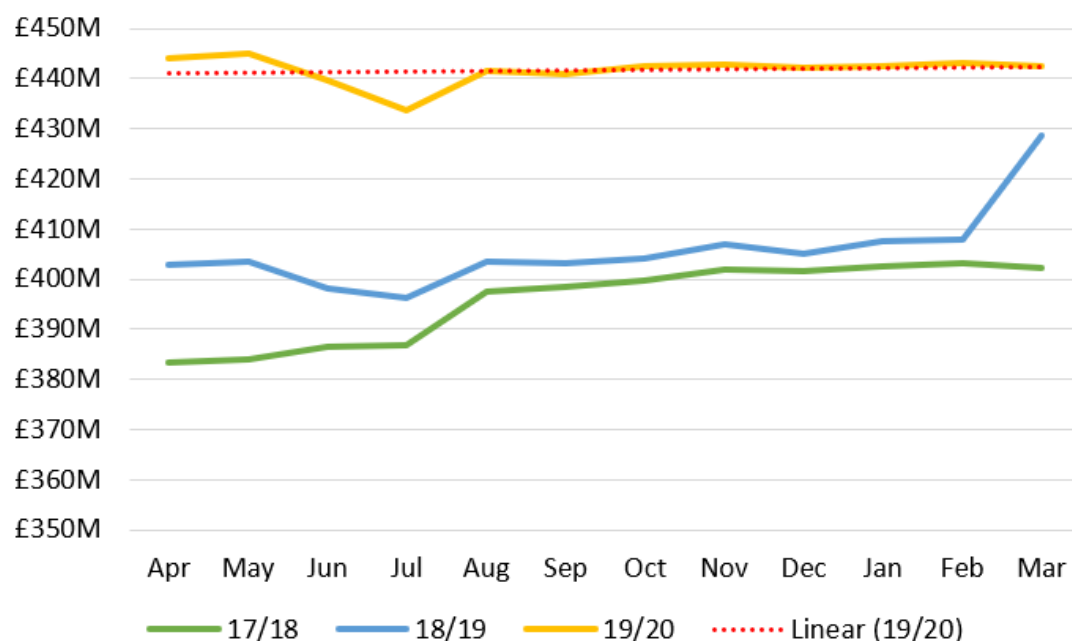
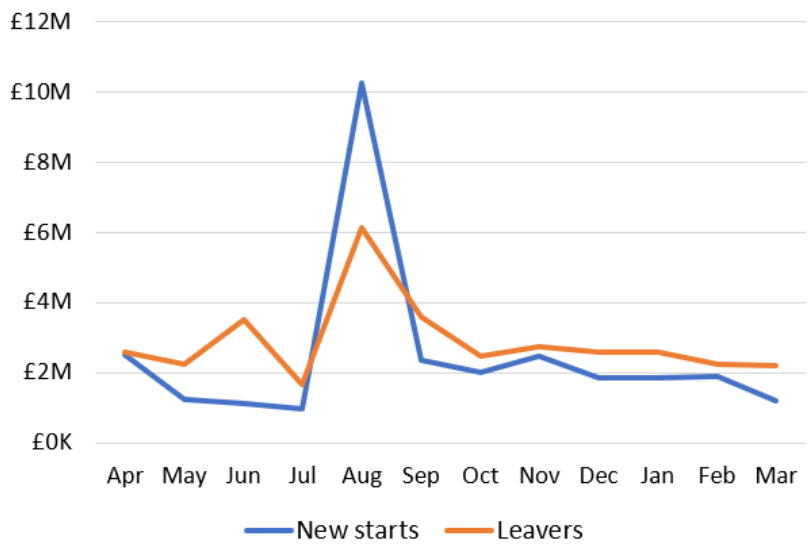
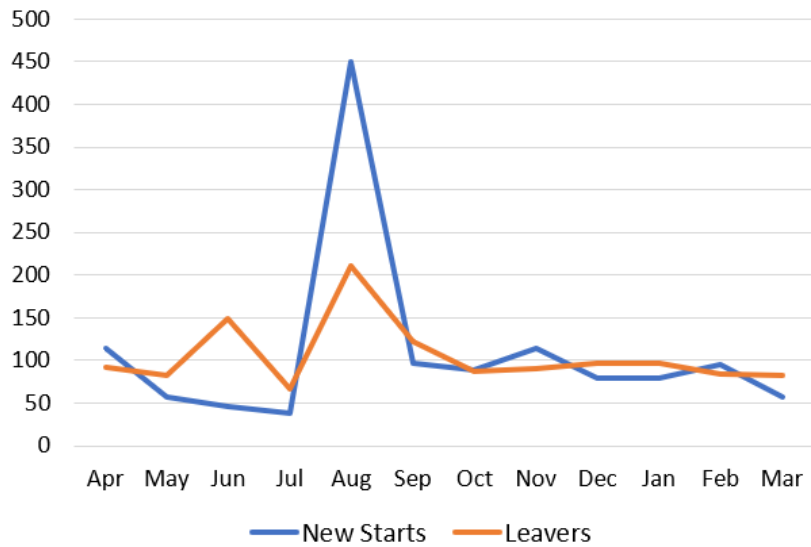


Figure 5: Directorate Basic Salary Costs - April 2019 to March 2020

Directorate	April 2019	March 2020	Cost Change
Chief Executive's including Strategy and Communications	£6.3M	£6.2M	- £0.1M
C&F	£260.4M	£263.4M	£3M
EH&SCP	£53.8M	£52.6M	- £1.2M
Place	£65.2M	£64.2M	-£1M
Resources	£57.2M	£55.2M	- £2M
Council Total	£444M	£442.5M	-£1.5M

Figure 6: Workforce New Starts and Leavers 19/20



Directorate	New Starts	Leavers
Communities and Families	859	657
Health and Social Care Partnership	112	192
Place	172	176
Resources	160	213
Chief Executive's including Strategy and Communications	8	11
Council Total	1311	1249

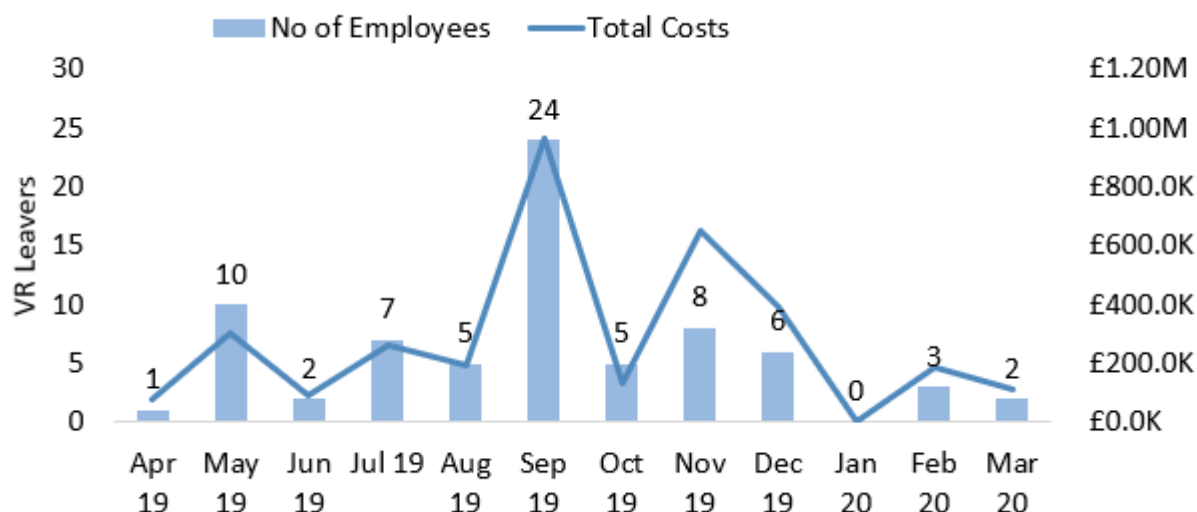
4.12 A breakdown of new starts and leavers (FTE and basic salary costs) in each month and in total for the year by Directorate is shown in Figure 6. Over the year, there were 1311 new starts to the organisation and 1249 leavers, giving a net increase of 62 FTE from new starts.

4.13 Over the 12 months the total cost of organisation new starts was £29.7m and leavers was £34.5m, giving a net saving of £4.8m in this area. This means that the

cost of new employees joining the organisation was lower than the cost of those employees that left in 19/20.

- 4.14 In 2019/20, 73 employees left the Council (with total basic salary cost of £3.4m) as a result of VERA/VR arrangements linked to organisational reviews. This compares with 49 VERA/VR leavers (£2.4m) in 2018/19 and 102 (£3.3m) VERA/VR leavers in 17/18. VERA/VR leavers in the 19/20 period are included in the organisation leaver data referred to in this report (FTE and costs).
- 4.15 Figure 7 shows the total VERA/VR leavers over the year and the associated salary costs. The peak in VERA/VR leavers at September 2019 relates to an organisation review within Business Support services which was implemented in July 2019, thus allowing for notice periods the leaving date was September 2019.

Figure 7: Organisation VERA/VR Leavers and Basic Salary Cost 19/20



Flexible Workforce (Agency and Overtime)

- 4.16 Our total agency spend for the year was £19.4m, with an average monthly cost of approx. £1.62m. This compares with a total spend of £22.1m in 18/19. Agency cost trends are shown in Figure 8.
- 4.17 Note that month on month agency cost fluctuation can be linked to the nature of the billing process and seasonable variations e.g. the festive period.
- 4.18 The average agency monthly workforce in 2019/20 was the equivalent of 556 full-time employees. The primary and other contracted suppliers (£18m) accounted for 89% of all agency spend, with 8% (£1.5m) of the total spend attributable to off-contract suppliers.
- 4.19 The top 5 agency roles (by total spend) provided by the primary supplier (Pertemps) in 2019/20 are detailed in Figure 9. The top roles supplied by Pertemps relate to the delivery of the Waste and Cleansing service (Place Directorate), Customer and

Digital Services (Resources Directorate) and Social Care (Health and Social Care Partnership)

Figure 8: Agency Pay Bill 17/18 – 19/20

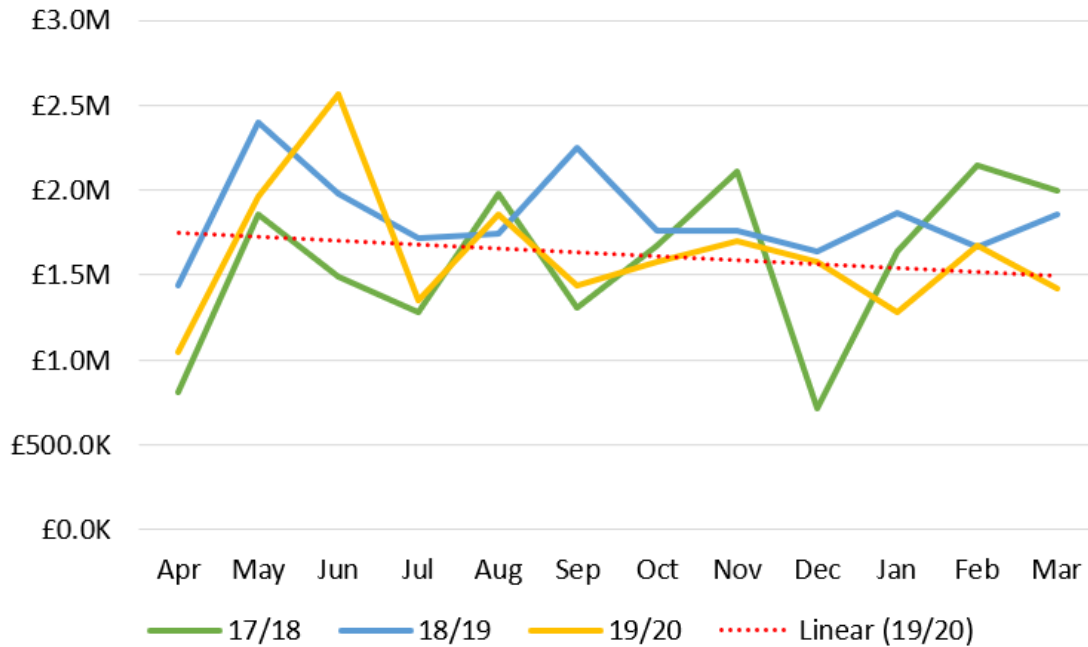
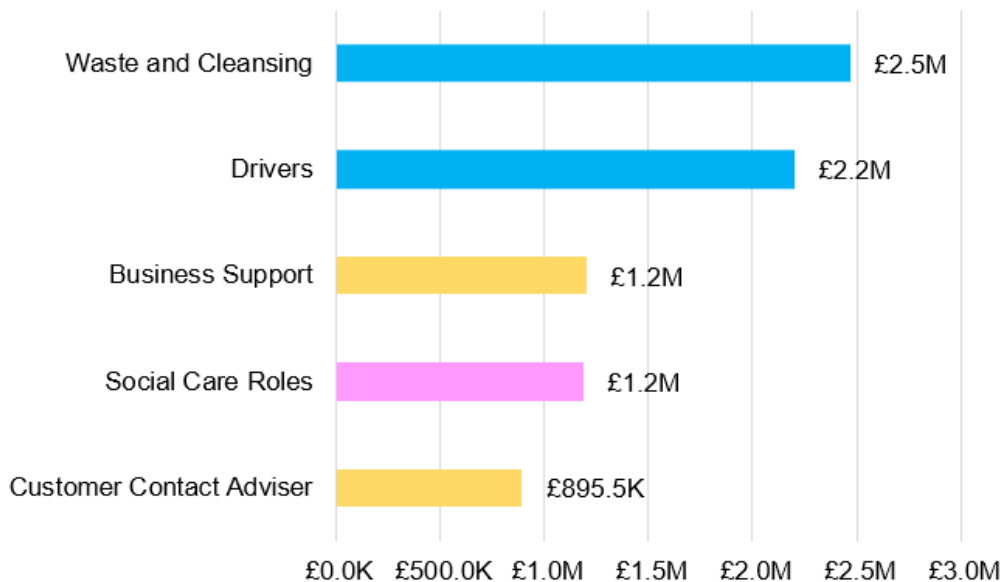


Figure 9: Top 5 Agency Roles 19/20 (Primary Contractor)



4.20 The total cost of overtime between April 2019 and March 2020 was £9.5m, compared with a spend of £9m in 2018/19. The average overtime monthly workforce in 2019/20 was the equivalent of 236 full-time employees.

4.21 Overtime cost trends are detailed in Figure 10 which shows similar seasonal variation in 2017/18, 2018/19 and 2019/20, related to the need for additional temporary workforce to provide services at key times during the year. A breakdown of Directorate overtime costs in 2019/20 is contained in Figure 11 which demonstrates that around 47% of the total overtime spend was in the Place Directorate.

Figure 10: Overtime Pay Bill 17/18 – 19/20

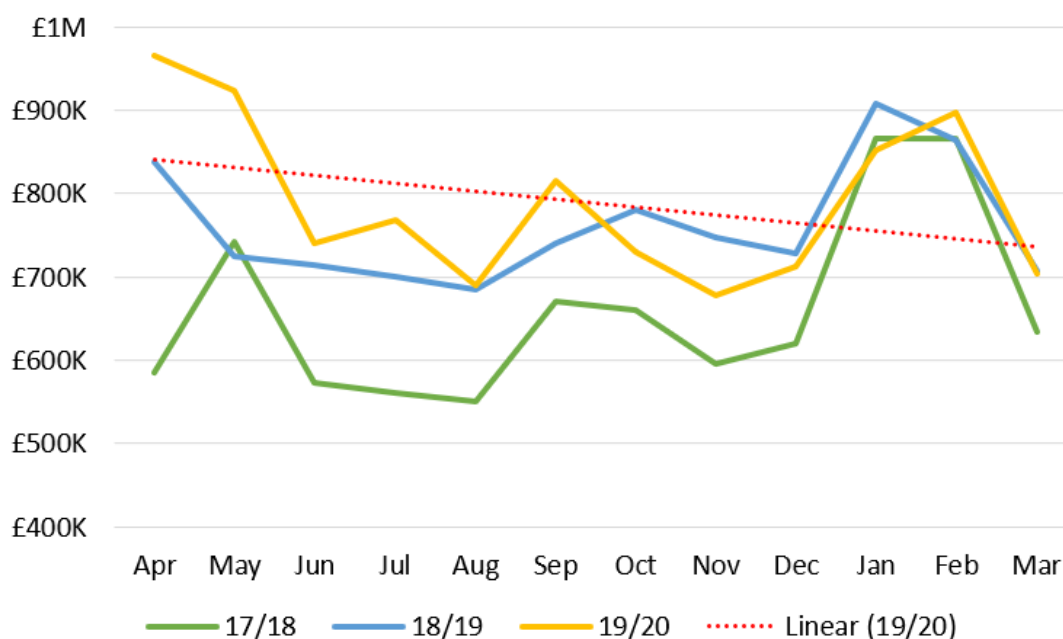
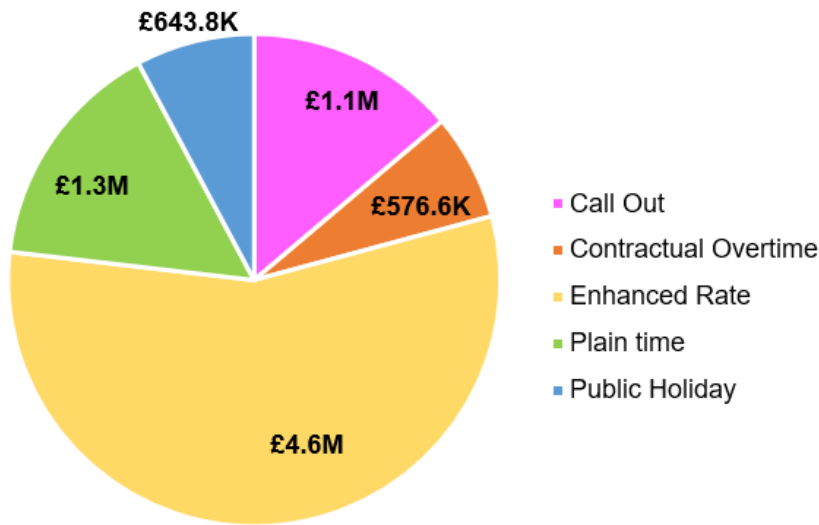


Figure 11: Directorate Overtime Costs 19/20

Directorate	18/19	19/20	Change in overtime cost
Chief Executive's including Strategy and Communications	£18K	£15K	- £3K
Communities and Families	£1.5M	£1.9M	£400K
Health and Social Care Partnership	£1.3M	£1.2M	- £100K
Place	£4.3M	£4.5M	£200K
Resources	£1.8M	£1.8M	£0K

4.22 A breakdown of overtime cost by overtime type for 2019/20 is detailed in Figure 12. This shows that 56% of the spend was linked to payment of overtime hours worked at the enhanced rate, 15% related to hours worked at plain time, 14% related to “call-out” overtime hours, 8% of the total cost was linked to public holiday working, and 7% was attributable to contractual overtime.

Figure 12: Breakdown of Overtime Costs by Type 2019/20



4.23 Effective strategic workforce planning and review is ongoing to establish approaches that allow the organisation to deliver services using the core workforce/establishment, with a reduced dependency on overtime and agency working to achieve the delivery of key services. This is even more so given the current Covid-19 pandemic. The organisation has put in place an Adaptation and Renewal programme with several workstreams, one of them incorporating effective workforce planning.

12-Month Rolling Absence

4.24 Over the 12-month period the organisation lost a total of 170k working days to absence, the equivalent of 756 FTE, with a notional cost of approx. £22.7m. The rolling absence rate for the 12-month period was 5.28%. This compares with 168k working days lost to absence in 2018/19 and a rolling absence rate of 5.18% (Figure 13).

4.25 An update to the Managing Absence policy was put in place September 2019 with more focus on wellbeing conversations and the removal of a link between pay steps and absence. There will be regular evaluation and monitoring of the new policy and any new trends emerging.

Figure 13: Council 12-Month Rolling Absence 18/19 – 19/20

18/19		19/20		Change in Rolling Absence Rate	Change in Total Working Days Lost
Rolling Absence Rate	Total Working Days Lost	Rolling Absence Rate	Total Working Days Lost		
5.18%	168K	5.28%	170.0K	0.1%	2K

4.26 Directorate 12-month rolling absence rates and total working days lost to absence in 2018/19 and 2019/20 are shown in Figure 14. There were no reductions in the annual rolling absence rate observed in any Directorates between 1208/19 and 2019/20.

Figure 14: Directorate 12-Month Rolling Absence 2018/19 and 2019/20

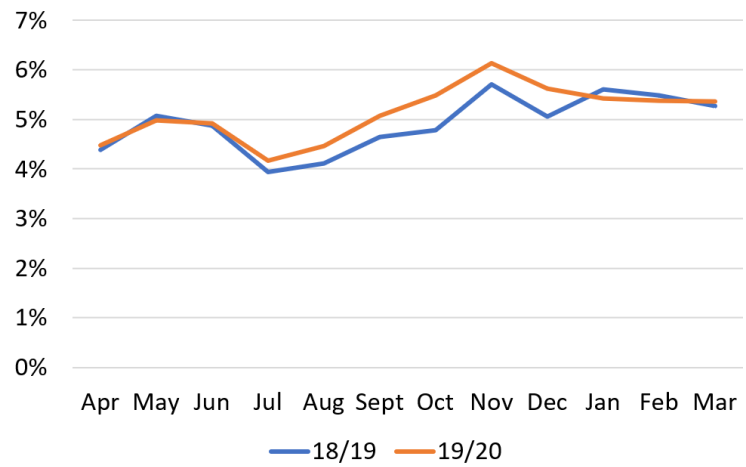
	18/19		19/20		Change in Rolling Absence Rate	Change in Total Working Days Lost
	Rolling Absence Rate	Total Working Days Lost	Rolling Absence Rate	Total Working Days Lost		
Chief Executive's including Strategy and Communications	1.33%	0.44K	2.08%	0.67K	0.23%	0.23K
C&F	3.76%	64.5K	4.01%	71.5K	0.25%	7K
EH&SCP	8.51%	41.6K	8.92%	42.6K	0.41%	1K
Place	6.37%	32.6K	6.47%	33.7K	0.1%	1.1K
Resources	5.72%	28.3K	6.01%	29.2K	0.29%	0.9K

Monthly Absence

4.27 The organisation's monthly absence trend for 2019/20 is almost identical to that observed in 2018/19, although the month on month absence rate and total working days lost to absence has been marginally higher in 2019/20. The normal annual trend was experienced, with a reduction in the absence rate over the summer months (Figure 15).

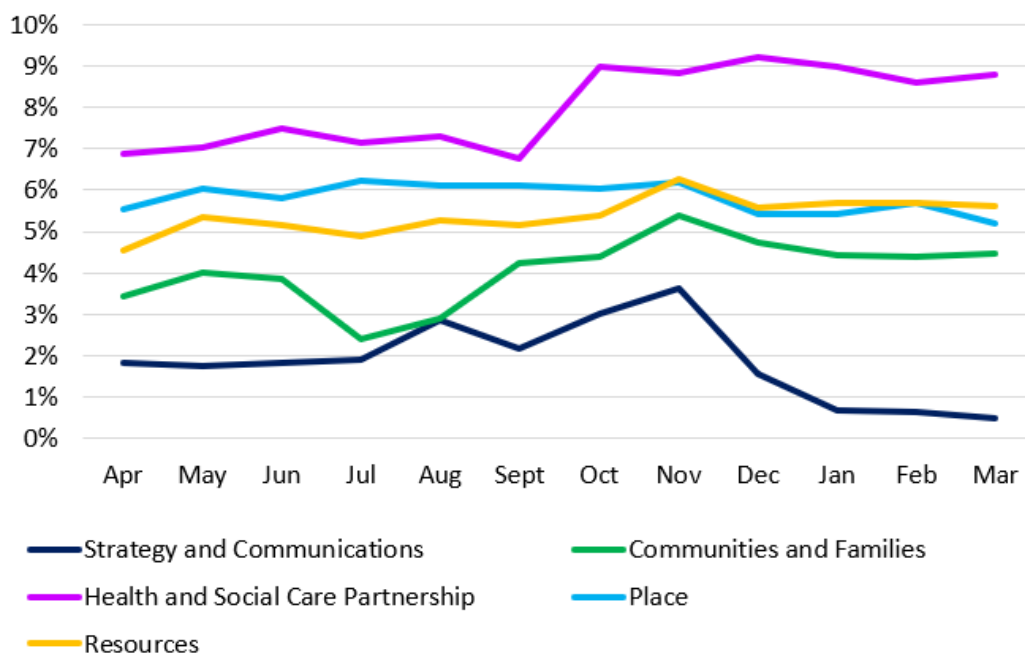
Figure 15: Council Monthly Absence 2018/19 and 2019/20

	18/19	19/20
Apr	4.39%	4.48%
May	5.07%	4.99%
Jun	4.87%	4.92%
Jul	3.94%	4.16%
Aug	4.12%	4.47%
Sept	4.64%	5.07%
Oct	4.78%	5.49%
Nov	5.71%	6.14%
Dec	5.06%	5.62%
Jan	5.60%	5.43%
Feb	5.48%	5.38%
Mar	5.27%	5.36%



4.28 Directorate/Divisional monthly absence rates between April 2019 and March 2020 are detailed in Figure 16.

Figure 16: Directorate/Divisional Monthly Absence April 2019 and March 2020



Absence Reasons

4.29 Around 67% of all working days lost to absence related to long-term absence and the remaining 33% were linked to short-term absence. The top 5 reasons for absence are shown in Figure 17.

- 4.30 The top 5 reasons for long term absence were stress, depression, and mental ill-health (44%), musculo-skeletal issues (25%), Stomach, liver, kidney and digestion (6%), cancer/associated issues (5%) and neurological (4%).
- 4.31 The top 5 reasons for short-term absence were infections (27%), stomach/liver/digestion issues (17%), stress, depression, and mental ill-health (16%), musculo-skeletal issues (15%) and allergies (6%).
- 4.32 Long term and short-term absence top 5 reasons are broadly the same as in 18/19 period.
- 4.33 Additional workforce costs for agency and overtime should be considered in the context of current absence levels and the level of permanent workforce FTE impacted by ongoing long-term absence. On average for 2019/20 there were 465 employees (380 FTE) with ongoing long-term absence. 2019/20 Directorate FTE lost to ongoing long-term absence cases is highlighted in Figure 18.

Figure 17: Top 5 Absence Reasons 2019/20 (Long-Term and Short-Term Absence)

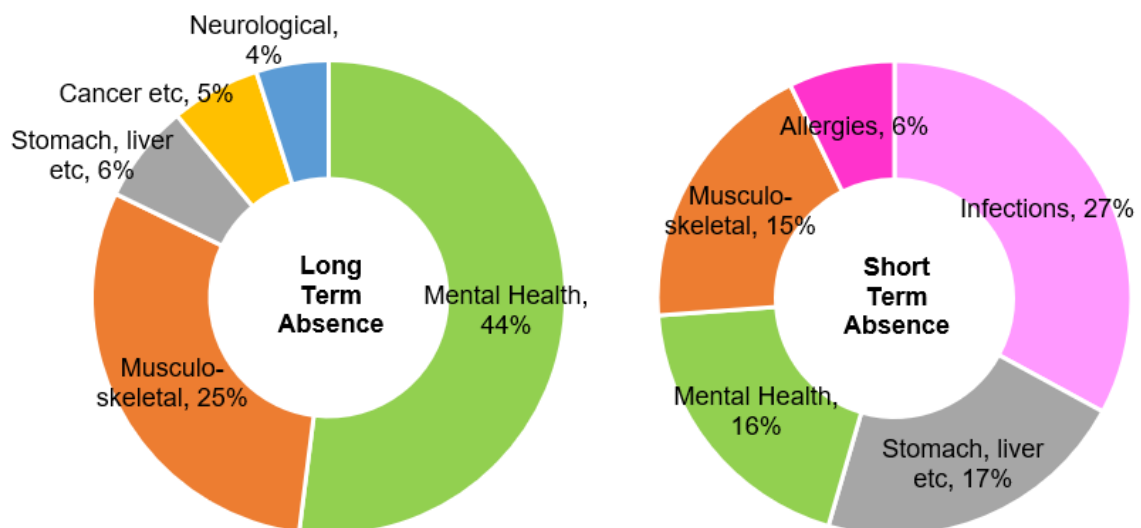
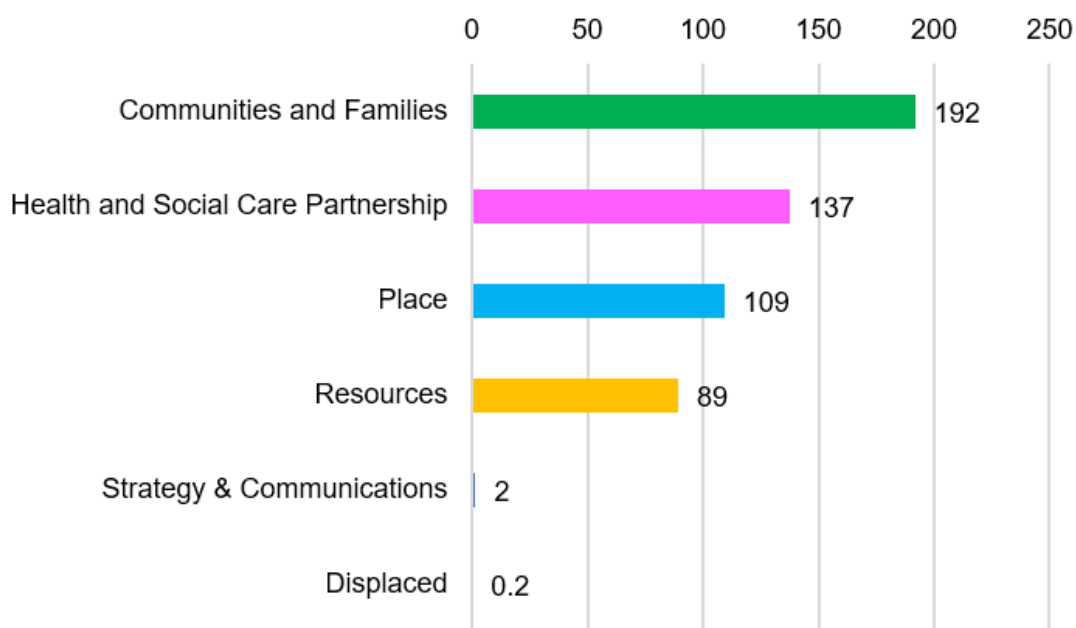


Figure 18: Directorate/Division FTE Lost to Ongoing Long-Term Absence (April 2019 – March 2020 average)



5. Next Steps

- 5.1 To continue to monitor appropriate workforce data to evidence that the Council is on track to achieve targeted workforce controls and budget savings and to focus further actions for improvement.

6. Financial impact

- 6.1 The achievement of agreed £42.3m savings through voluntary redundancy.
 6.2 Salary costs for employees on redeployment (particularly those not redeployed).
 6.3 Opportunity cost of lost working time due to sickness absence.
 6.4 Agency, Overtime/Additional Hours expenditure.

7. Stakeholder/Community Impact

- 7.1 Stakeholder consultation and engagement, including senior management teams, Trade Unions and elected members, is ongoing.

8. Background reading/external references

- 8.1 Annual Workforce Controls Report to Finance and Resources Committee on 23 May 2019.

9. Appendices

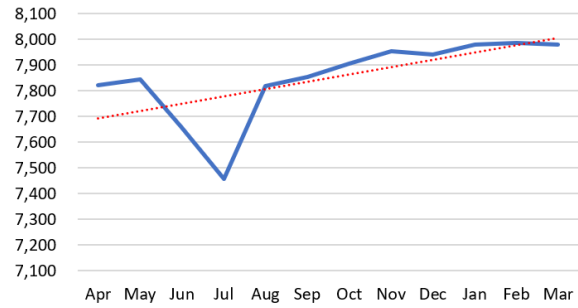
Appendix 1: Directorate FTE Trends 2019/20

Appendix 2: Directorate Salary Pay Bill Trends 2019/20

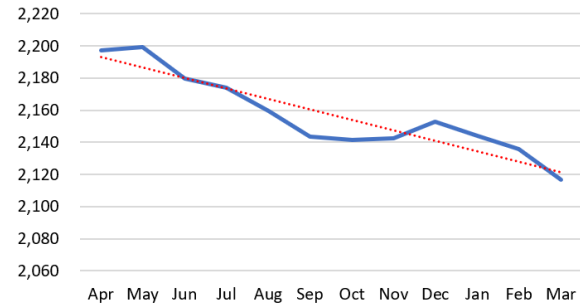
Appendix 3: Local Government Employee FTE and Basic Salary Costs, 2015 – 2020

Appendix 1: Directorate FTE Trends 19/20

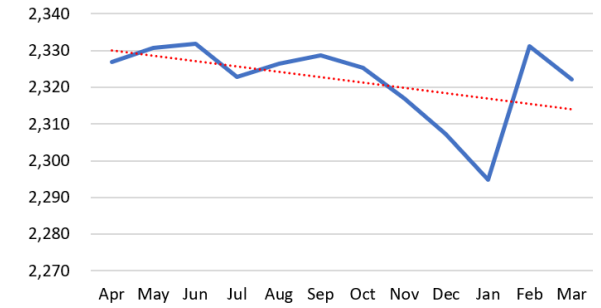
Communities and Families



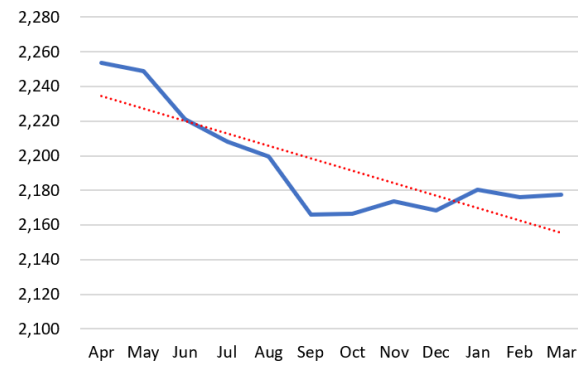
Health and Social Care Partnership



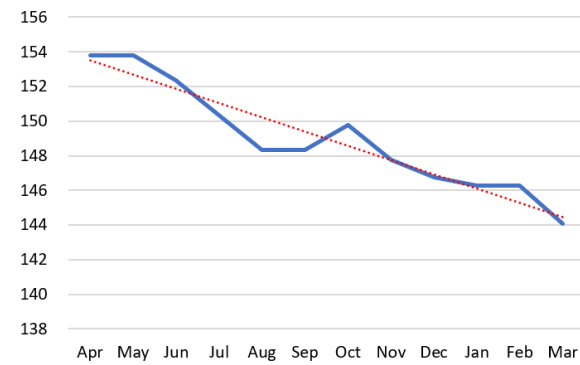
Place



Resources

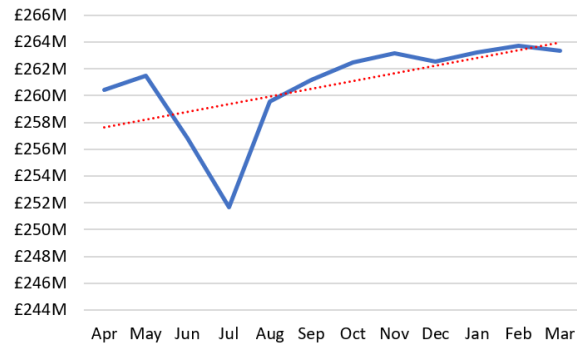


Strategy and Communications

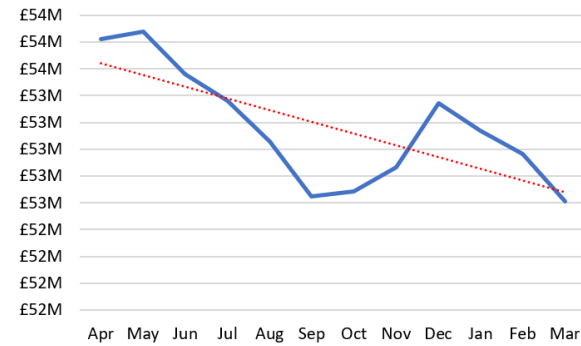


Appendix 2: Directorate Salary Pay Bill Trends 19/20

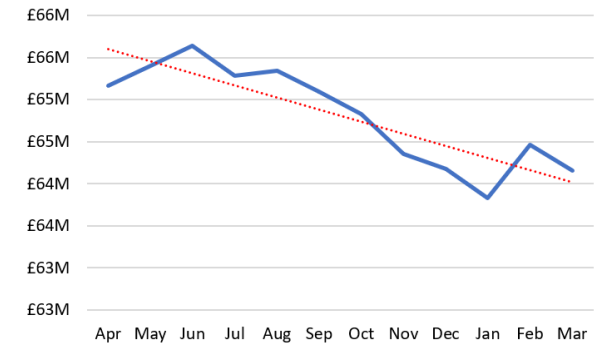
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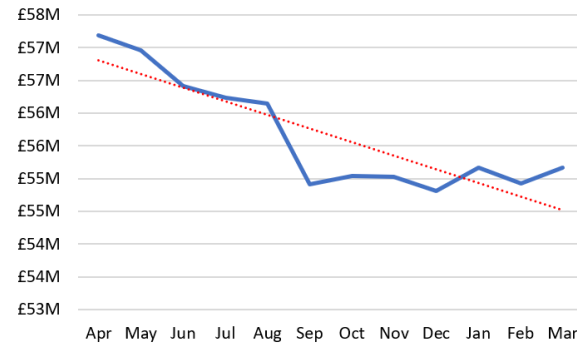
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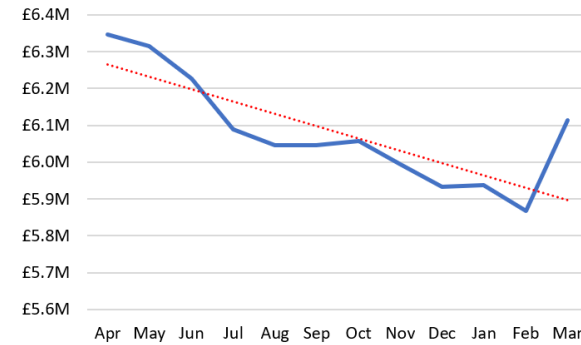
Place



Resources



Strategy and Communications



Appendix 3: Local Government Employee FTE and Basic Salary Costs, 2015 - 2020

Category/ Group	Grade	June 2015		June 2017		June 2018		Apr 2019		March 2020		April 19 to March 20	
		FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	Change in LGE FTE	Change in LGE Basic Salary Cost
<i>Front Line Staff</i>	GR1	624	£8.1M	638	£8.4M	595	£8.1M	580	£8.4M	245	£3.5M	-336	£-4.9M
	GR2	244	£3.4M	198	£2.9M	170	£2.5M	171	£2.7M	493	£7.4M	322	£4.7M
	GR3	2374	£38.2M	2124	£34.9M	2089	£35.1M	2056	£36.5M	2118	£37.2M	62	£0.7M
	GR4	2479	£45.8M	2567	£48.1M	2444	£46.8M	2586	£52.8M	2474	£50.4M	-112	£-2.4M
<i>Front Line Manager/ Specialist</i>	GR5	1808	£40.6M	1563	£35.2M	1545	£35.3M	1638	£39.8M	1684	£40.4M	46	£0.7M
	GR6	1421	£37.1M	1337	£35.9M	1397	£38.0M	1453	£42.1M	1431	£41.3M	-22	£-0.8M
	GR7	1520	£48.0M	1296	£42.1M	1294	£42.4M	1306	£45.7M	1275	£44.3M	-31	£-1.4M
	GR8	776	£29.2M	652	£25.1M	689	£26.7M	697	£28.9M	708	£29.1M	11	£0.2M
<i>Managers</i>	GR9	359	£15.9M	280	£12.9M	281	£13.0M	286	£14.2M	283	£13.9M	-3	£-0.3M
	GR10	118	£6.3M	123	£6.5M	117	£6.4M	120	£7.0M	127	£7.4M	7	£0.3M
	GR11	47	£3.0M	36	£2.3M	36	£2.4M	39	£2.8M	31	£2.2M	-8	£-0.6M
	GR12	31	£2.2M	33	£2.4M	38	£2.8M	41	£3.3M	39	£3.1M	-2	£-0.1M
	Total	11801	£277.8M	10849	£256.8M	10694	£259.4M	10974	£284.1M	10908	£280.2M	-66	£-3.9M