

# Finance and Resources Committee

**10.00am, Thursday 12 August 2021**

## **Workforce Insight and Controls - Annual Report**

Item number	
Executive/routine	Executive
Wards	
Council Commitments	

### **1. Recommendations**

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- 1.1 The Finance and Resources Committee is recommended to:
- 1.2 Note the progress made to date and the workforce trends over the period April 2020 to March 2021; and,
- 1.3 To refer this report to Governance, Risk and Best Value Committee as part of its work programme.

**Stephen S. Moir**

Executive Director of Corporate Services

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## Workforce Insight and Controls - Annual Report

### 2. Executive Summary

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- 2.1 This report provides a summary of workforce insights for the core and flexible (agency and overtime) workforce for the 2020/21 financial year.
- 2.2 The report also compares 2020/21 trends with previous years. However, Committee is asked to consider the impact of covid-19 on 2020/21 data and trends.
- 2.3 Core workforce full time equivalent (FTE) and basic salary costs increased in 2020/21. In the 12-month period the cost of base salaries increased by £9.9m. This was as a result of the cost to consolidate the Scottish Local Government Living Wage into our pay structures, pay awards and contribution-based pay and, the cost of new starters compared to the cost of leavers.
- 2.4 The cost of the agency workforce decreased by £1.7m, and the cost of overtime increased by £1.4m when compared with the previous reporting period. Flexible workforce costs should be considered in the context of the impact of covid-19 and the broader requirement to deliver services whilst experiencing an overall reduction in the Local Government Employee workforce of 1016 FTE since 2015.
- 2.6 The organisation's monthly absence rates were significantly lower in 2020/21 when compared with the 2019/20 trend. The total working days lost to absence decreased by around 42k days in 2020/21, and the 12-month rolling absence rate decreased from 5.37% at 19/20 to 3.99% at 2020/21.
- 2.7 A further 2.54% of covid-19 related absence was recorded separately during 2020/21, which included all covid-19 related absences including those shielding, self- isolating and caring for dependents.

### 3. Background

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- 3.1 Workforce costs form the largest single element of the Council's revenue budget and, the continued application of robust and effective workforce controls remains critical.
- 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 management information for line managers.

## 4. Main report

4.1 This report provides the current position and trends at an organisational and individual Directorate level:

- Core workforce trends;
- Basic salary costs and trends including costs of new starters 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.

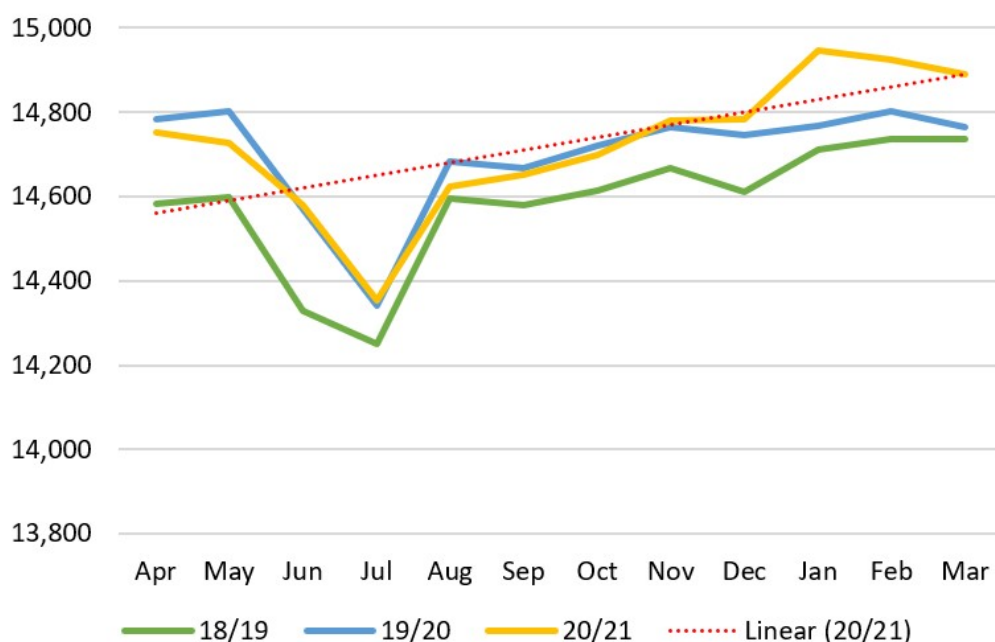
### Core Workforce

4.2 Whilst the organisation's FTE fluctuated during 2020/21, at the end of the reporting period there was an overall marginal increase of just 135 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 a typical increase at the start of the new school term.

4.4 The increase in organisational FTE is linked to the Local Government Employee population, where there was an increase of 69 FTE. In the same period the Teaching population grew by 70 FTE. The balance of -4 FTE is made of other employee groups e.g. Chief Officers.

Figure 1: Workforce FTE 18/19 – 20/21



- 4.5 Directorate FTE trends for the 20/21 period are contained in Appendix 1 and, the change in Directorate FTE is shown in below (Figure 2).

**Figure 2: Directorate FTE – April 2020 to March 2021**

Directorate	April 2020	March 2021	FTE Change
Chief Executive's Service	143	144	1
Communities and Families (C&F)	7968	8222	254
Health and Social Care Partnership	2124	2060	-64
Place	2322	2277	-45
Resources	2173	2171	-2
Displaced	23	14	-9
<b>Council Total</b>	<b>14754</b>	<b>14889</b>	<b>135</b>

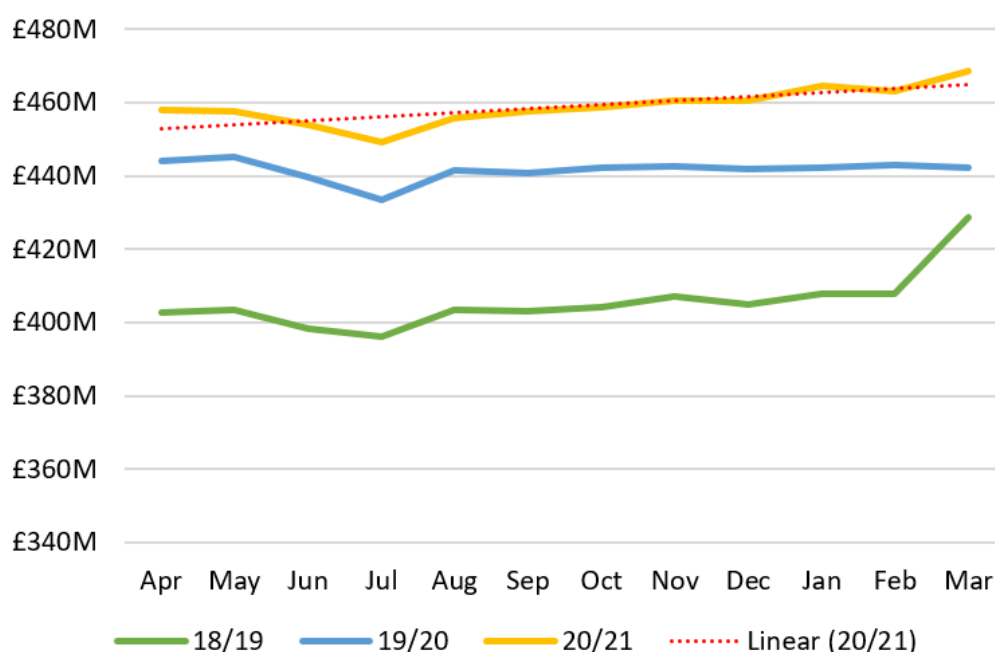
- 4.6 The Communities and Families Directorate is the main reason for the significant increase in staff in the period with schools and lifelong learning area observing an increase of 223 FTE.
- 4.7 Reductions in FTE occurred in the Edinburgh Health and Social Care Partnership, Place and Resources Directorates. Primarily reductions in FTE were observed in the Health and Social Care Localities teams (40 FTE), Resources: Customer (39 FTE) and in the Place Directorate (45 FTE).
- 4.8 FTE change by employee group is captured in Figure 3 which shows that the LGE population increased by 69 FTE and the Teaching population increased by 70 FTE over the 12-month period. This was driven by the additional government funding to increase early learning and childcare from 600 hours to 1140 hours per year for each child and rising school rolls.

**Figure 3: Workforce Groups FTE - April 2020 to March 2021**

Category/ Group	April 2020	March 2021	FTE Change
Local Government Employee GR1-GR12 (including Craft)	10907	10976	69
Chief Officers	19	15	-4
Craft Apprentice	19	19	0
Teaching Total	3809	3879	70
<b>Council Total</b>	<b>14754</b>	<b>14889</b>	<b>135</b>

- 4.9 Appendix 2 details the change in Local Government Employee FTE and basic salary costs between June 2015 and March 2021, including 2017, 2018, 2019 and 2020 figures for comparison.
- 4.10 In 2020/21 our basic salary costs increased by £9.9m, from £455.8m to £465.7m (Figure 4). This compares with a decrease of £1.5m in 19/20 from £444.3m to £442.5m. The increase between Mar 20 and Apr 20 is due to pay awards being applied to Local Government employees, Chief Officers and teachers, costs associated with contribution-based pay and the consolidation of Scottish Local Government Living Wage into pay structures. A reduction in costs was observed over the summer months which is linked to reduced FTE in the Schools and Lifelong Learning Service during the summer recess.

**Figure 4: Workforce Basic Salary Cost 18/19 – 20/21**



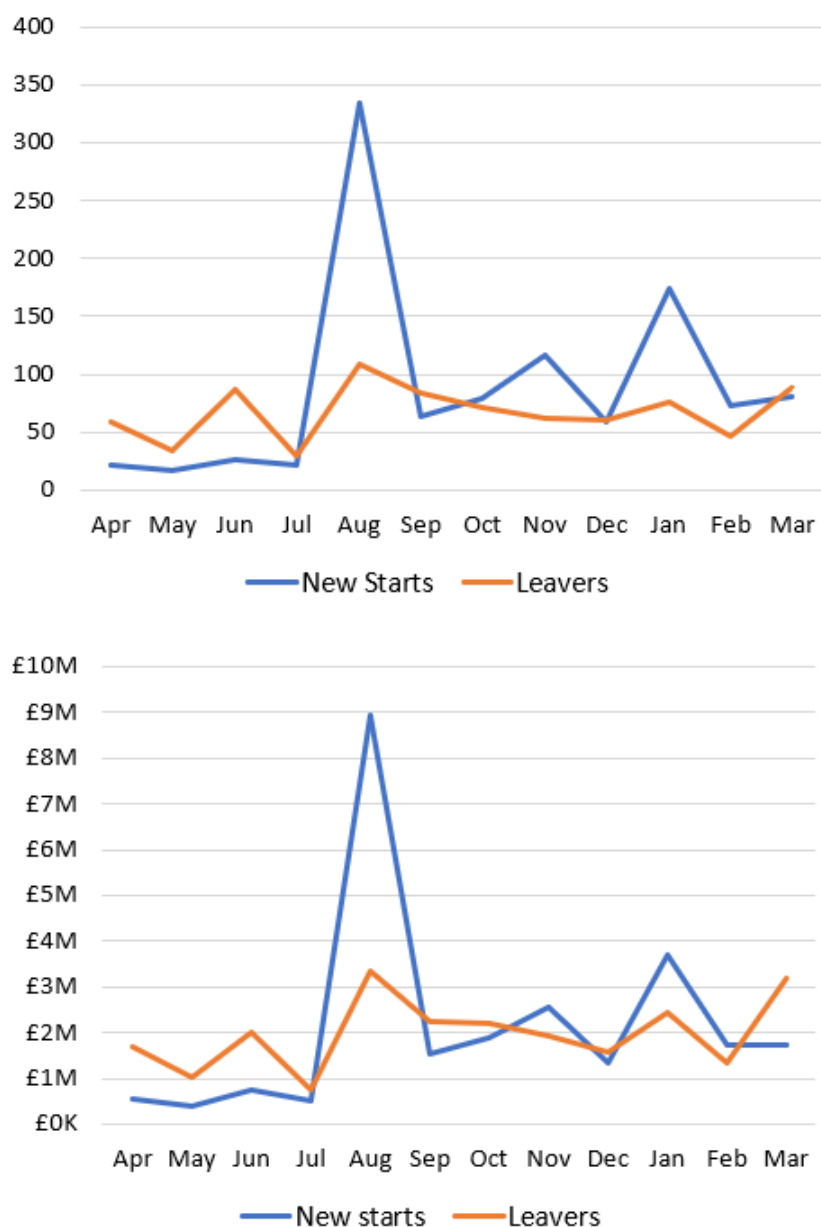
- 4.11 Change in Directorate base salary costs between April 2020 and March 2021 is shown in Figure 5.

**Figure 5: Directorate Basic Salary Costs - April 2020 to March 2021**

Directorate	April 2020	March 2021	Cost Change
Chief Executive's Service	£6M	£6.1M	£0.1M
C&F	£270.6M	£279.7M	£9.1M
EH&SCP	£54.6M	£54M	-£0.6M
Place	£66.6M	£66.4M	-£0.2M
Resources	£56.9M	£58.9M	£2M
<b>Council Total</b>	<b>£455.8M</b>	<b>£465.7M</b>	<b>£9.9M</b>

- 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 1065 new starts to the organisation and 801 leavers, giving a net increase of 264 FTE from new starts.

**Figure 6: Workforce New Starts and Leavers 20/21**



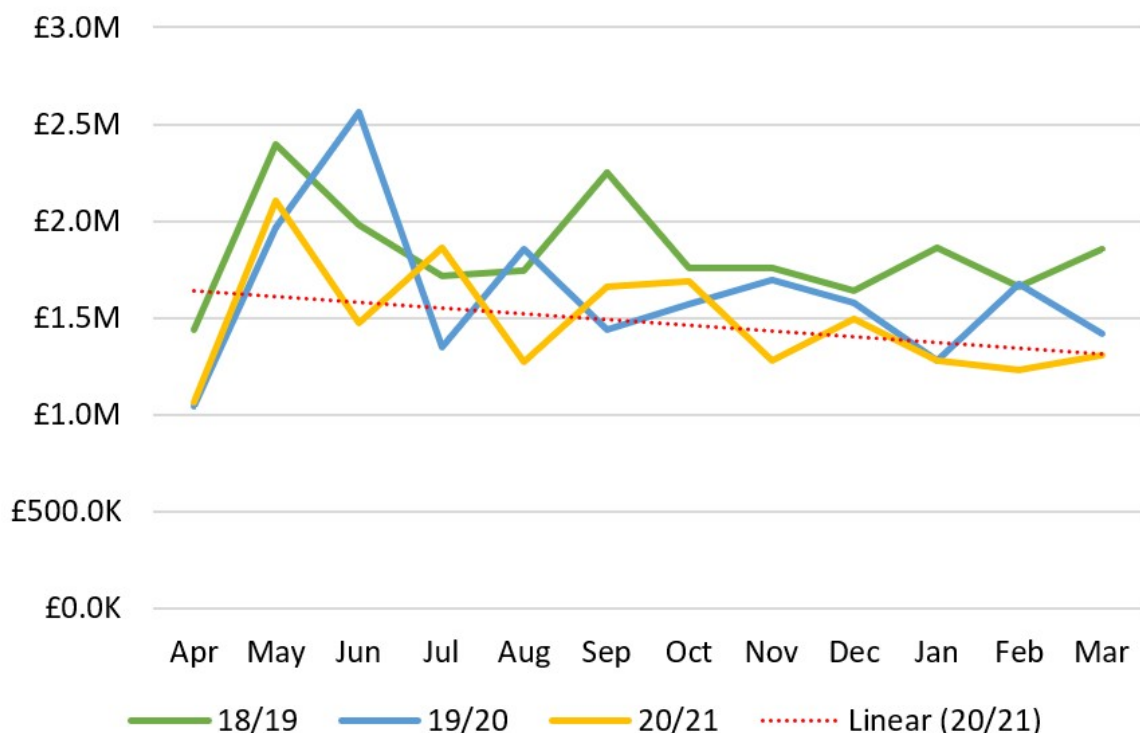
Directorate	New Starts	Leavers
Communities and Families	796	448
Health and Social Care Partnership	85	134
Place	66	106
Resources	107	105
Chief Executive's Service	11	8
<b>Council Total</b>	<b>1065</b>	<b>801</b>

- 4.13 Over the 12 months the total cost of organisation new starts was £25.7m and leavers was £23.7m, giving a net increase salary cost of £2m.
- 4.14 In 2020/21, 20 employees left the Council (with total basic salary cost of £1.6m) as a result of VERA/VR arrangements. This included 16 Senior Managers who left the organisation through a VERA exercise approved by Elected Members. This compares with 73 VERA/VR leavers (£3.4m) in 2019/20 and 49 (£2.4m) VERA/VR leavers in 18/19. VERA/VR leavers in the 20/21 period are included in the organisation leaver data referred to in this report (FTE and costs).

### **Flexible Workforce (Agency and Overtime)**

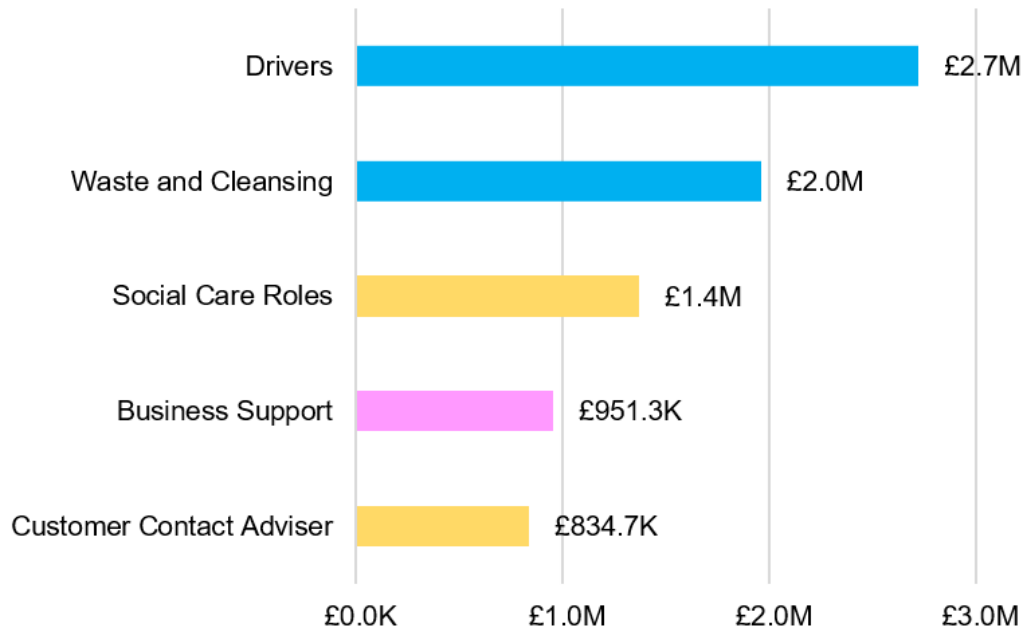
- 4.15 Our total agency spend for the year was £17.7m, with an average monthly cost of approx. £1.48m. This compares with a total spend of £19.4m in 19/20. Agency cost trends are shown in Figure 8.
- 4.16 Note that month on month agency cost fluctuation can be linked to the nature of the billing process and seasonable variations e.g. the festive period.
- 4.17 The average agency monthly workforce in 2020/21 was the equivalent of 506 full-time employees. The primary and other contracted suppliers (£15.8m) accounted for 89% of all agency spend, with 11% (£1.9m) of the total spend attributable to off-contract suppliers.

Figure 8: Agency Pay Bill 18/19 – 20/21



- 4.18 The top 5 agency roles (by total spend) provided by the primary supplier (Pertemps) in 2020/21 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).

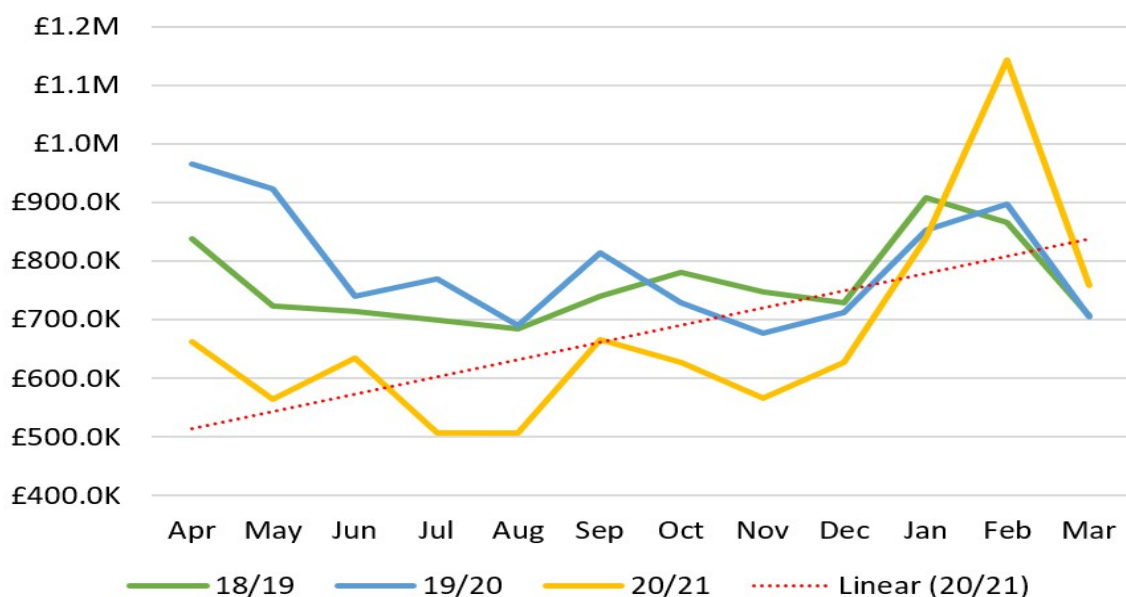
**Figure 9: Top 5 Agency Roles 20/21 (Primary Contractor)**



4.19 The total cost of overtime between April 2020 and March 2021 was £8.1m, compared with a spend of £9.5m in 2019/20. The average overtime monthly workforce in 2020/21 was the equivalent of 177 full-time employees.

4.20 Overtime cost trends are detailed in Figure 10 which shows similar seasonal variation in 2018/19, 2019/20 and 2020/21, related to the need for additional temporary workforce to provide services at key times during the year. A breakdown of Directorate overtime costs in 2020/21 is contained in Figure 11 which demonstrates that around 49% of the total overtime spend was in the Place Directorate.

**Figure 10: Overtime Pay Bill 18/19 – 20/21**



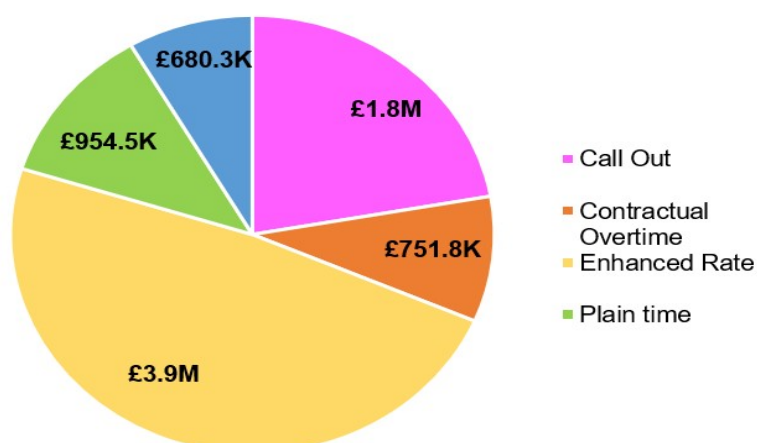


**Figure 11: Directorate Overtime Costs 20/21**

Directorate	19/20	20/21	Change in overtime cost
Chief Executive's including Strategy and Communications	£15K	£12K	- £3K
Communities and Families	£1.9M	£1.4M	- £500K
Health and Social Care Partnership	£1.2M	£1.5M	£300K
Place	£4.5M	£4.0M	- £500K
Resources	£1.8M	£1.2M	- £600K

- 4.21 A breakdown of overtime cost by overtime type for 2020/21 is detailed in Figure 12. This shows that 49% of the spend was linked to payment of overtime hours worked at the enhanced rate, 12% related to hours worked at plain time, 22% related to "call-out" overtime hours, 8% of the total cost was linked to public holiday working, and 9% was attributable to contractual overtime.

**Figure 12: Breakdown of Overtime Costs by Type 2020/21**



- 4.22 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.

### **12-Month Rolling Absence**

- 4.23 Over the 12-month period the organisation lost a total of 131k working days to absence, the equivalent of 582 FTE, with a notional cost of approximately £17.8m. The rolling absence rate for the 12-month period was 3.99%. This compares with 173k working days lost to absence in 2019/20 and a rolling absence rate of 5.37% (Figure 13).

**Figure 13: Council 12-Month Rolling Absence 19/20 – 20/21**

19/20		20/21		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		
5.37%	173K	3.99%	131K	-1.38%	-42K

- 4.24 A further 2.54% of COVID related absence was recorded separately during 2020/21. This included absences relating to employees shielding, self-isolating and caring for dependents.
- 4.25 Directorate 12-month rolling absence rates and total working days lost to absence in 2019/20 and 2020/21 are shown in Figure 14. There are reductions in the annual rolling absence rate observed in all Directorates between 2019/20 and 2020/21 due to the COVID 19 Pandemic.

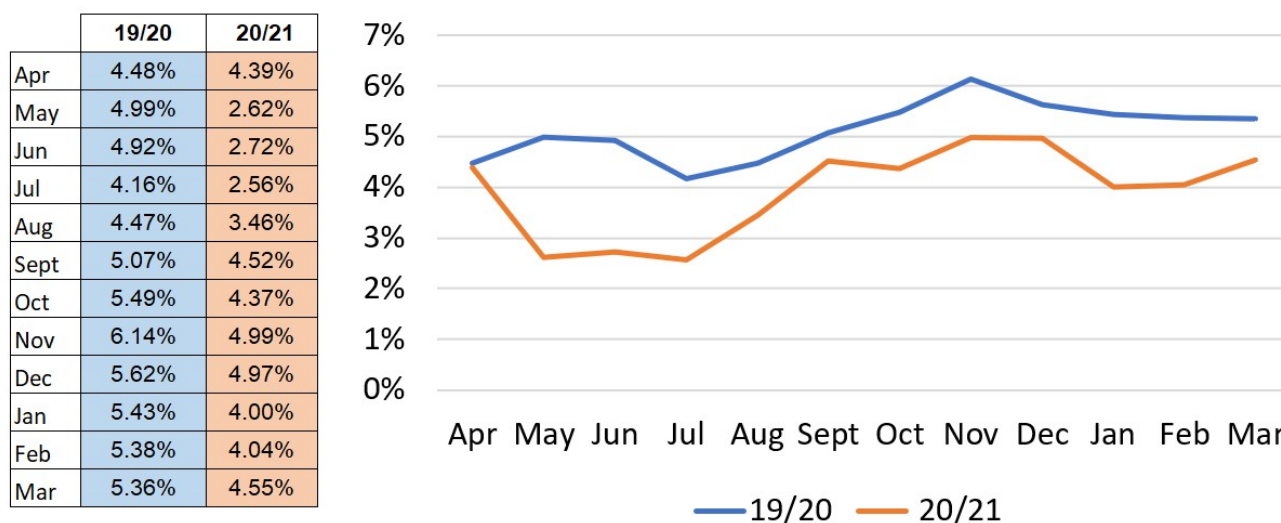
**Figure 14: Directorate 12-Month Rolling Absence 2019/20 and 2020/21**

	19/20		21/20		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	2.06%	0.7K	0.60%	0.2K	-1.46%	-0.5K
C&F	3.99%	72K	2.80%	51K	-1.19%	-21K
EH&SCP	8.97%	42K	8.10%	37K	-0.87%	-5K
Place	6.46%	34K	4.60%	23K	-1.86%	-9K
Resources	5.98%	29K	4.20%	20K	-1.78%	-9K

### Monthly Absence

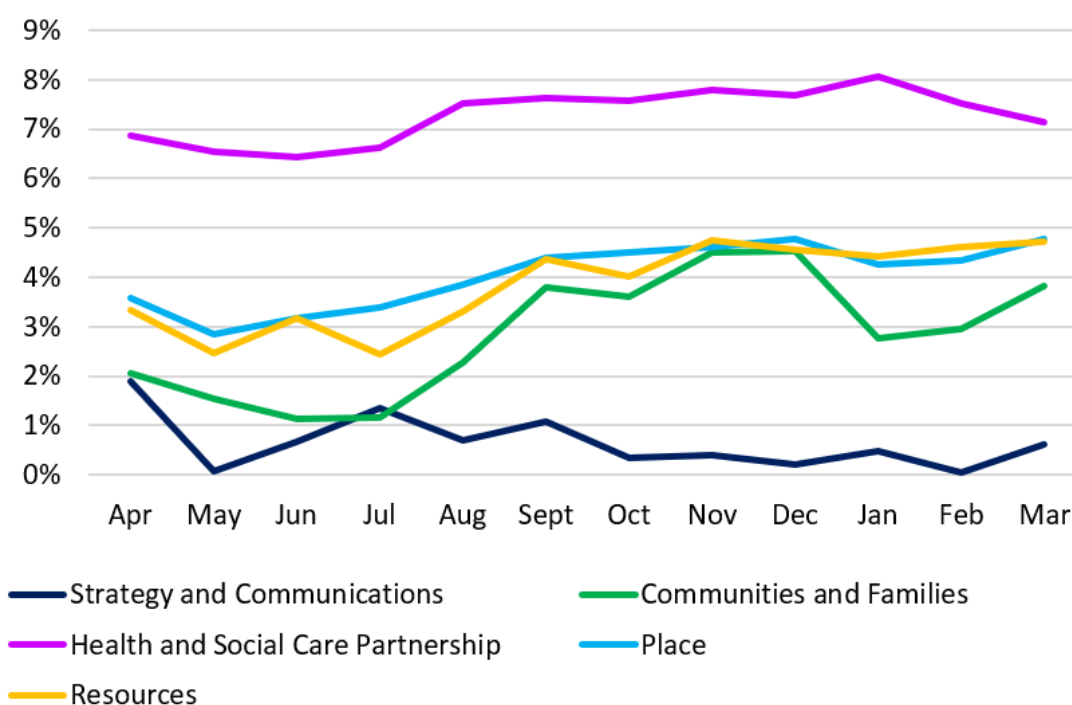
- 4.26 The organisation's monthly absence trend for 2020/21 is significantly lower to that observed in 2019/20, as can be seen below at the height of the Pandemic absence rates are artificially low and remain lower throughout the year (Figure 15).

**Figure 15: Council Monthly Absence 2019/20 and 2020/21**



4.27 Directorate/Divisional monthly absence rates between April 2020 and March 2021 are detailed in Figure 16.

**Figure 16: Directorate/Divisional Monthly Absence April 2020 and March 2021**



### Absence Reasons

4.28 Around 76% of all working days lost to absence related to long-term absence and the remaining 24% were linked to short-term absence. The top 5 reasons for absence are shown in Figure 17.

4.29 Long term and short-term absence top 5 reasons are broadly the same as in 19/20 period. On average for 2020/21 there were 453 employees (360 FTE) with ongoing long-term absence.

4.30 2020/21 Directorate FTE lost to ongoing long-term absence cases is highlighted in Figure 18.

Figure 17: Top 5 Absence Reasons 2020/21 (Long-Term and Short-Term Absence)

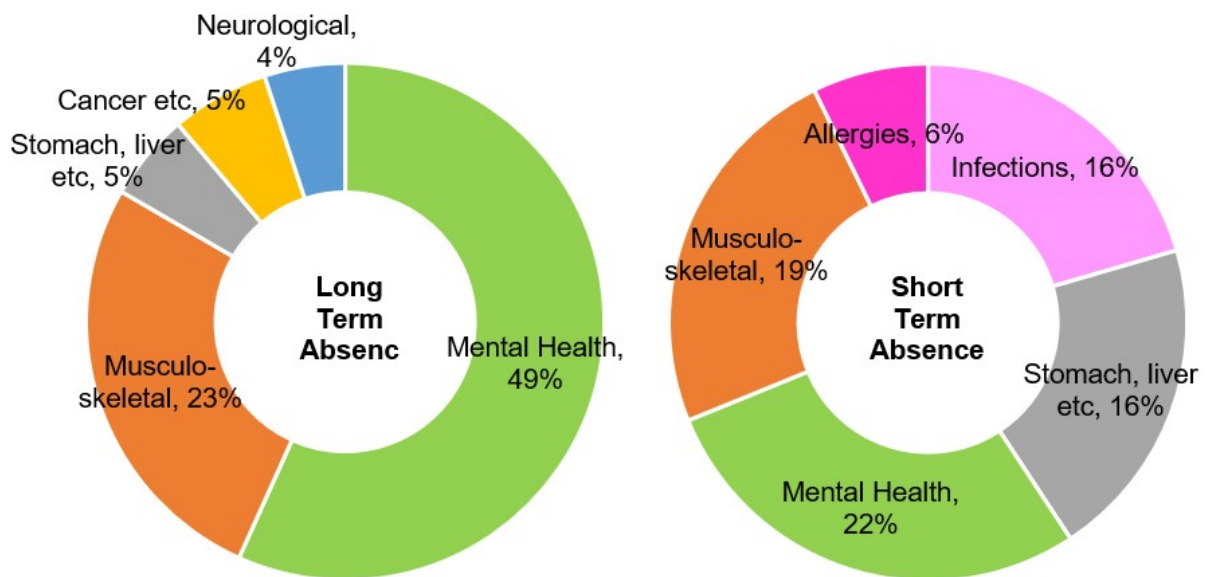
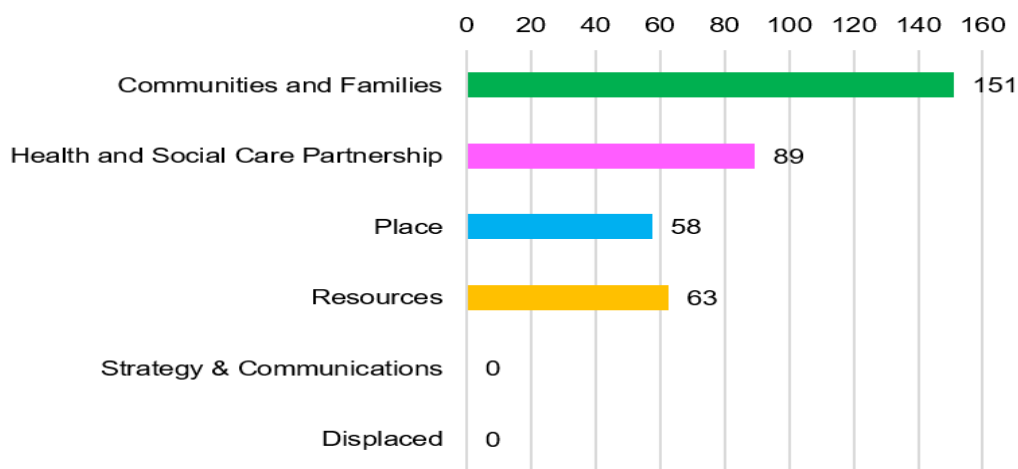


Figure 18: Directorate/Division FTE Lost to Ongoing Long-Term Absence (April 2020 –March 2021 average)



## 5. Next Steps

- 5.1 To continue to monitor and report on workforce data to provide appropriate visibility and scrutiny.

## 6. Financial impact

- 6.1 The achievement of agreed £42.3m savings through voluntary redundancy.
- 6.2 Salary costs for employees on redeployment.

- 6.3 Cost of lost working time due to sickness absence and other associated costs e.g. agency and overtime.

## **7. Stakeholder/Community Impact**

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- 7.1 Stakeholder consultation and engagement, including Corporate Leadership Team, Extended Leadership Team, service leadership teams, Trade Unions and elected members is ongoing.

## **8. Background reading/external references**

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- 8.1 Annual Workforce Controls Report to Finance and Resources Committee on 27 August 2020.

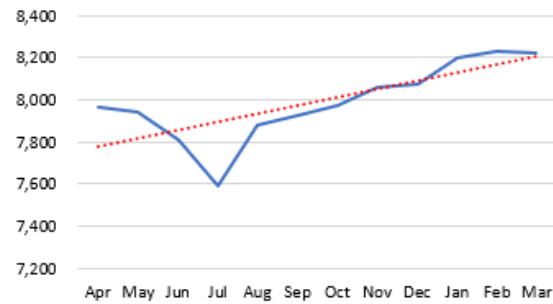
## **9. Appendices**

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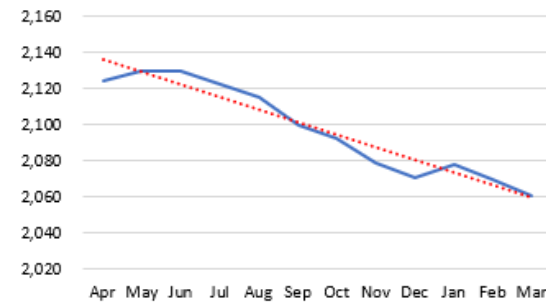
- 9.1 Appendix 1: Directorate FTE Trends 2020/21
- 9.2 Appendix 2: Local Government Employee FTE and Basic Salary Costs, 2015 – 2021

## Appendix 1: Directorate FTE Trends 20/21

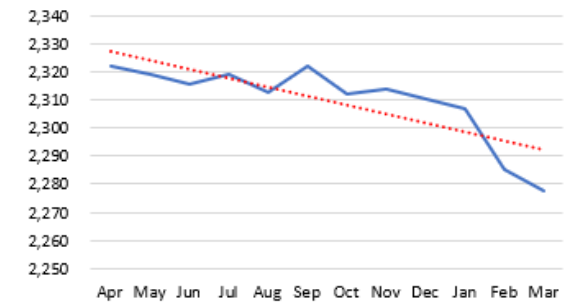
**Communities and Families**



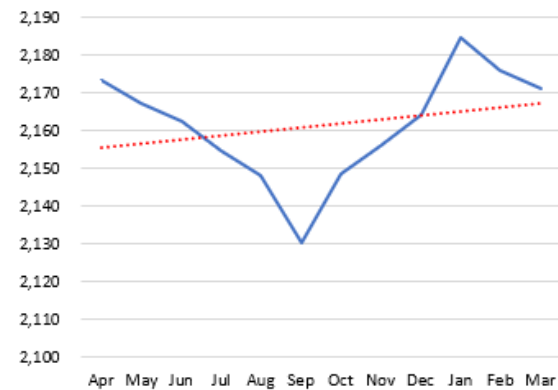
**Health and Social Care Partnership**



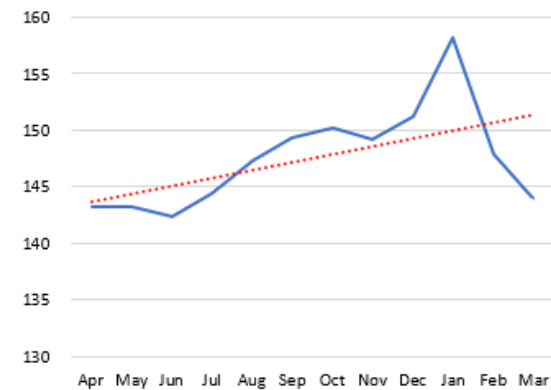
**Place**



**Resources**



**Strategy and Communications**



## Appendix 2: Local Government Employee FTE and Basic Salary Costs, 2015 - 2021

																June 15 to March 21		
		June 2015		June 2017		June 2018		July 2018		June 2019		June 2020		March 2021		Change in LGE FTE	Change in LGE Basic Salary Cost	
Category/ Group	Grade	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE July 2018	Basic Salary Cost June 2018	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost			
Front Line Staff	GR1	624	£8.1M	638	£8.4M	595	£8.1M	595	£8.1M	576	£8.3M	240	£3.6M	237	£4.2M	-	387	-£3.8M
	GR2	244	£3.4M	198	£2.9M	170	£2.5M	167	£2.5M	167	£2.6M	496	£7.8M	535	£9.8M	290	£6.3M	
	GR3	2,374	£38.2M	2,124	£34.9M	2,089	£35.1M	1930	£32.2M	1,965	£34.9M	2,038	£37.3M	2,080	£39.6M	-	294	£1.4M
	GR4	2,479	£45.8M	2,567	£48.1M	2,444	£46.8M	2567	£49.0M	2,549	£52.0M	2,445	£51.8M	2,404	£51.3M	-	75	£5.5M
Front Line Manager/ Specialist	GR5	1,808	£40.6M	1,563	£35.2M	1,545	£35.3M	1580	£35.8M	1,634	£39.6M	1,674	£41.9M	1,739	£43.5M	-	70	£2.9M
	GR6	1,421	£37.1M	1,337	£35.9M	1,397	£38.0M	1414	£38.1M	1,444	£41.8M	1,402	£42.2M	1,275	£38.3M	-	146	£1.2M
	GR7	1,520	£48.0M	1,296	£42.1M	1,294	£42.4M	1299	£42.4M	1,294	£45.2M	1,300	£46.8M	1,317	£47.6M	-	203	-£0.4M
	GR8	776	£29.2M	652	£25.1M	689	£26.7M	692	£26.5M	700	£29.0M	711	£30.3M	714	£30.7M	-	62	£1.5M
Managers	GR9	359	£15.9M	280	£12.9M	281	£13.0M	283	£13.0M	279	£13.9M	276	£14.2M	288	£14.8M	-	70	-£1.1M
	GR10	118	£6.3M	123	£6.5M	117	£6.4M	117	£6.3M	120	£7.0M	127	£7.7M	120	£7.3M	3	£1.0M	
	GR11	47	£3.0M	36	£2.3M	36	£2.4M	37	£2.4M	38	£2.7M	33	£2.4M	38	£2.8M	-	9	-£0.2M
	GR12	31	£2.2M	33	£2.4M	38	£2.8M	38	£2.7M	42	£3.3M	40	£3.3M	38	£3.2M	7	£1.0M	
Total		11,801	£277.8M	10,849	£256.8M	10,694	£259.4M	10719	£259.0M	10,808	£280.5M	10,782	£289.2M	10,785	£293.1M	-	1,016	£15.3M