

MANAGEMENT BOARD**REGULAR MANAGEMENT REPORT ON STAFFING****Note by the Director of Financial Management**Purpose

1. This paper provides an analysis of both staff numbers and cost trends on the Administration Estimate. The information shown is based on existing data sources, with notes to indicate where the intention is to develop the analysis further.

Action

2. The emerging trends have been discussed with departments. Some marginal variances with departmental figures have been identified, but these may be the result of different assumptions being adopted for counting staff numbers. The staff figures shown are full time equivalent (FTE) posts as taken from the payroll. Further work on agreeing a set of standard definitions (e.g. agency/consultancy, turnover) and what should be included (e.g. maternity/paternity absences, career breaks) will be taken forward with departments over the next few months. This work involves agreeing definitions with the Lords for those staff delivering shared services.

3. The Board are asked to:

- Highlight the information they find most useful, together with any further analysis they would like to see included in future reports;
- Provide a steer on the frequency with which they would like to receive updated reports.

Background

4. Departments are not currently funded on the basis of staff complement. Instead, they receive a budget derived from the 2001/02 staff baseline, adjusted for subsequent staff changes agreed by the Board uplifted for annual pay awards. This has given departments a degree of flexibility over the staffing profiles adopted to meet changing work needs from within their existing budgets.

5. The 2007 Three Year Financial Planning exercise included a scrutiny of staff related expenditure. This highlighted a total staff usage that had increased by around 200 FTE posts (14%) since 2001/02. About half this increase in usage had been specifically agreed to meet new requirements (e.g. additional staff for Select Committees, Visitor Assistants). Although some departments had offset increases by reductions elsewhere, there remained a significant number of posts that had been funded out of delegated budgets. In addition, it was found that a number of grading adjustments had been made which had increased costs.

6. Under the system of control which operated, it was acceptable to transfer from non-staff to staff funding, provided that:

- Any longer term commitments created could continue to be met out of existing delegated budgets;
- There were no unauthorised transfers out of ring-fenced budgets; and
- Staff related costs continued to be tightly controlled.

7. Given that at least part of the increase in staff costs did not meet these criteria, the Board consequently agreed that for 2008/09:

- Change Control Notes (CCN) which set out the financial allocations to budget holders should restrict delegated virement flexibilities into and out of basic pay to 5% of the budget line up to a maximum of £200,000;
- A regular report on staff numbers and costs was to be provided to the Board, together with an analysis of trends where appropriate.

Analysis

(i) General

8. There has been discussion about the most appropriate measure(s) of staff numbers. Different measures are useful for different purposes. The most common coinage – permanent full-time equivalent (FTE) staff – is generally regarded as the best general purpose measure, and gives comparability with resource usage elsewhere, for example in the Civil Service. But it is not suitable for all purposes. Thus, measurement of staff numbers for diversity monitoring, space usage, or other attributes of individuals rather than groups (eg the recent written answer on annual leave) is best addressed through measures such as headcount. Thus a mix of measures is needed.

9. This paper concentrates mainly on FTE and money measures. A space usage measure is also under development, once up-to-date space allocation data is available. The trends shown in this paper will be further analysed and developed with departments as the year progresses. At this stage it has proved necessary to retain the former departmental structure for some of the historical information shown, although the intention will be to report wholly on the new departments at the earliest opportunity.

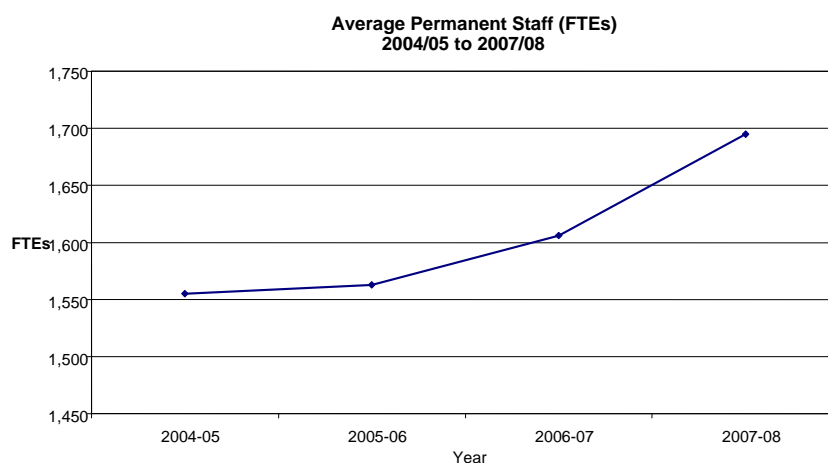
10. Data used for the accommodation usage is now 4 years out of date, but has been included in part as the results will still provide a broad view of usage in different departments. The analysis treats certain areas such as corridors, common and public spaces as a corporate overhead where departments have cellular accommodation, but not where they are part of an open plan arrangement, which distorts the figures. There are other anomalies including, for example, the question of whether the catering outlets should be assigned to core catering activities or treated as an accommodation overhead for the whole House. With the expansion of the Estate and the re-structuring of departments a new survey is being undertaken to provide a more up to date picture and address the irregularities identified in the earlier accommodation data.

11. It was hoped to have provided a further analysis of desk usage from 1 April. Unfortunately, the existing data also proved to be insufficiently robust for these purposes. A new survey is to be conducted to establish the information for taking this work forward.

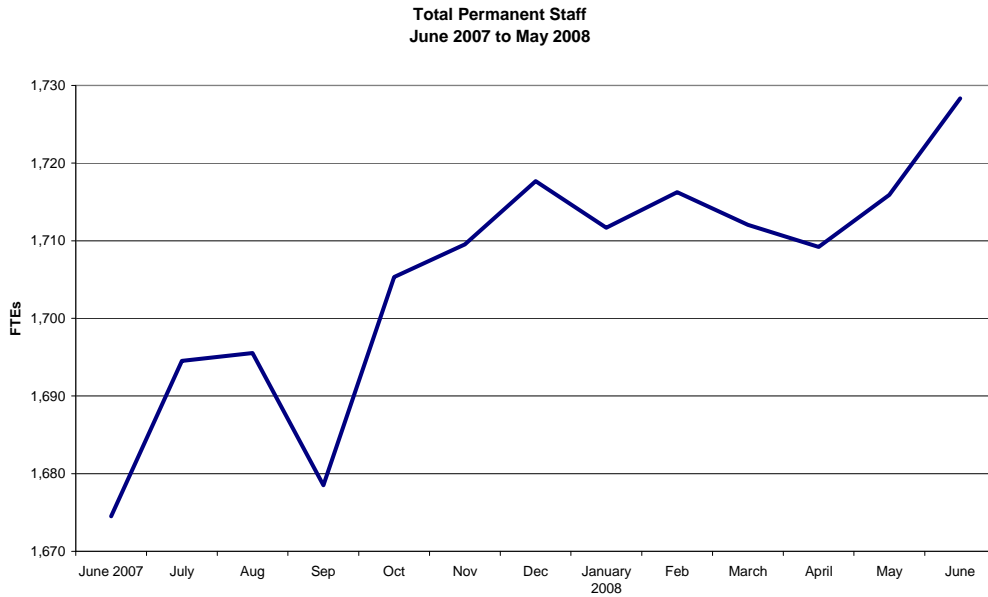
(ii) Staff numbers

12. Information on the number of FTE staff has been taken from the payroll. The average number of FTEs posts per annum has grown significantly over the last four years with the rate of increase gaining in recent years. This is partly due to a number of agreed additions including:

- Committee Office: completion of the phased implementation of an additional 41 posts following the 2003 staffing review;
- Visitor Assistants: 17 posts in 2006/07 to which have been added a further 7.0 posts in 2007/08 and 2008/09;
- Administration of the new Communication Allowance: 5 posts in 2007/08;
- Expansion of corporate functions including risk management, diversity, learning & development, central finance and the pensions unit : 11 posts between 2005/06 and 2007/08;
- Modernisation Committee consequences, including further outreach activity by the Education Service.

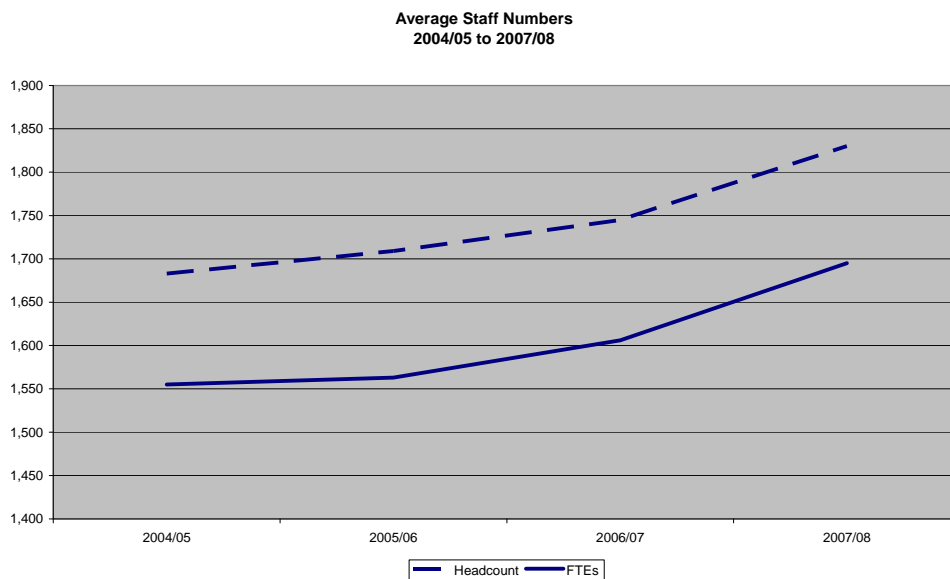


13. A more detailed analysis over the last 12 months confirms the recent upward trend.



14. FTE equivalent data on departmental vacancies and for staff engaged either on an agency or consultancy basis is not collected centrally. This would involve either reviewing invoice returns or asking departments to make separate monthly returns. The only analysis of agency staff numbers currently available is derived from a sampling exercise. Further consideration is being given to how such data might best be collected. Meanwhile, the monitoring of staff usage is undertaken through expenditure which separately identifies the different components.

15. *Headcount* figures are not given in any detail here, but can be provided if the Board wishes. There is more than one possible measure. Probably the best general measure of headcount includes part-time staff as individual units, staff on maternity leave and employed short-term staff; but it does not include contract or agency staff (because they are not “ours”) or career break staff because they do not have rights to employment benefits such as pay and annual leave. Overall average headcount figures on this basis are shown below.



(iii) Staff turnover rates, area and desk usage

15. The turnover rate for staff joining and leaving the House service averaged 0.52% over the first three months of the current financial year. Some departments show a small net turnover, while others such as DIS (0.76%), DR (0.84%) and PICT (1.25%) are much higher. Further work is being undertaken to separately identify inter-departmental turnover, and to benchmark the results against other comparable organisations. Identifying trends over a period of time as further data is collected on the new departmental structure will provide better information.

Staff Turnover

Department	FTEs				Turnover rate (%)	
	At 1/4/08	At 1/7/08	Change ¹	Leavers ²	To end June 08	Annualised ³
Speaker's Office	7.14	7.14	0.00	0.00	0.00%	0.00%
DCCS	489.23	495.83	+6.60	4.50	0.23%	0.91%
DIS	258.22	276.60	+18.38	8.10	0.76%	3.03%
DF	586.17	583.31	-2.86	7.25	0.31%	1.24%
DR	143.36	154.60	+11.24	5.00	0.84%	3.36%
OCE	16.07	14.07	-2.00	1.00	1.66%	6.64%
Security Coord	1.00	1.00	0.00	0.00	0.00%	0.00%
Sub-total for the House	1,501.19	1532.55	+31.36	25.85	0.43%	1.70%
PICT	194.60	195.80	+1.20	9.79	1.25%	5.02%
Grand Total	1,695.79	1728.35	+32.56	35.64	0.52%	2.08%

¹Net impact of new recruits, leavers and inter-departmental transfers.

²Staff leaving the House service.

³Figure forecast to be lower as the first three months will generally have a higher turnover than some later months

15. As already mentioned, both the accommodation survey undertaken a number of years ago and the current desk occupancy data held is not sufficiently robust to provide meaningful information. The further survey work being undertaken should provide the necessary updated data to allow further analysis after the summer recess. It would be possible to provide information along the following lines.

Accommodation Usage / Desk Occupancy

Department	Area occupied ¹ <i>M²</i>	Staff numbers <i>FTEs</i>	Area usage <i>M²/FTE</i>	Number of Desks	Capacity <i>Desks / FTE</i>
Speaker's Office	2,293				
DCCS	28,774				
DIS	9,260				
DF	23,099				
DR	3,479				
OCE	n/a				
PICT	2,742				
Security Coord	271				
Other ²	42,408				
Total	112,326				

¹Information taken from original survey.

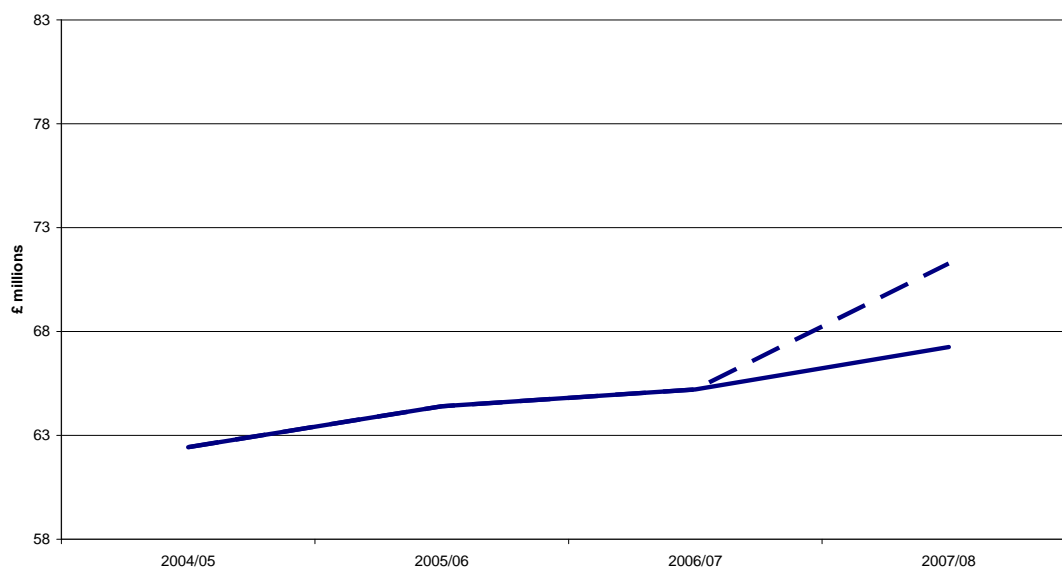
²Intention is to separately identify Member and Member staff occupied areas from general areas in common use.

(iv) Staff costs

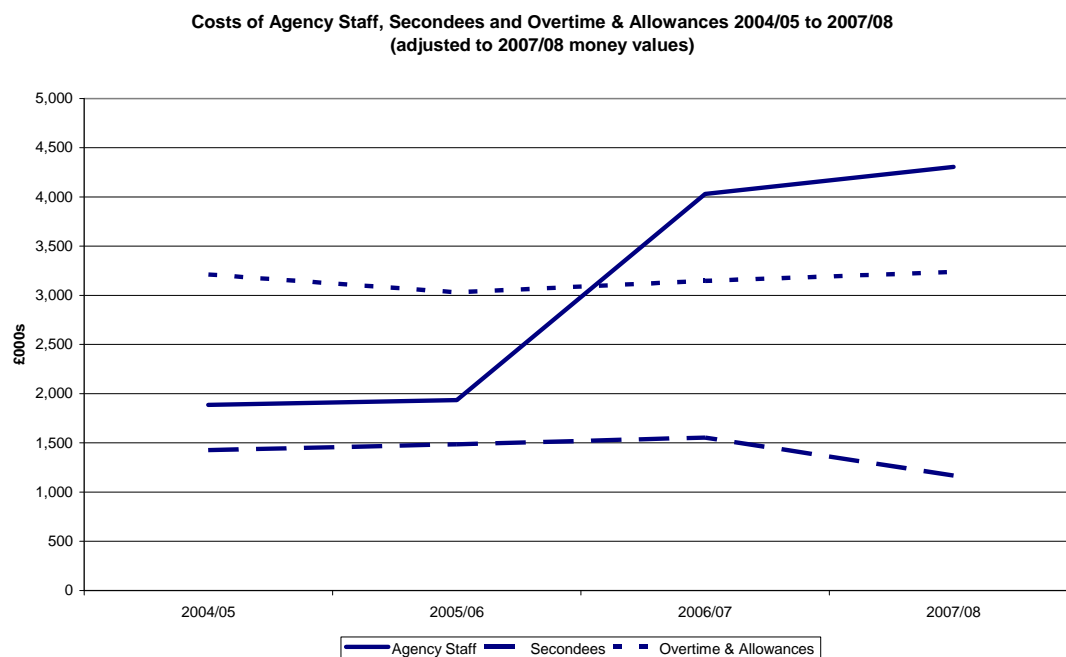
16. Staff costs broken down by basic pay (including ERNIC and superannuation), agency staff, secondees, overtime and allowances are shown below for the total staff of the House. The figures for earlier years have been adjusted to 2007/08 values.

17. The trend for basic pay follows the upward pattern shown for FTEs. Pension costs are calculated using Treasury assumptions which gave rise to a significant increase in 2007/08 which they have subsequently largely reversed for 2008/09. The solid line in the graph below shows the position if this one-off increase is excluded.

Basic Pay, National Insurance and Pension Costs 2004/05 to 2007/08
(adjusted to 2007/08 money values)



18. A significant change in the use of agency staff, primarily in PICT, is highlighted by an analysis of other staff related expenditure.



19. Annex A provides a similar analysis by department. It highlights:

- A general reduction in staff costs during 2006/07 in a number of departments which represents staff transferred following the creation of PICT. The figures for PICT show a corresponding increase;
- A general upward trend in both permanent and agency staff costs in the former SAA over the period shown;
- PICT initially took on agency staff to fill vacancies prior to permanent staff being recruited. Agency usage in PICT has continued to grow in 2007/08, but at a slower pace.

20. It is proposed to produce a table to monitor total staff expenditure outturn against the allocated budget. A template is provided at Annex B. Few variances are shown at this stage of the financial year, but will highlight any significant financial variances as the year progresses.

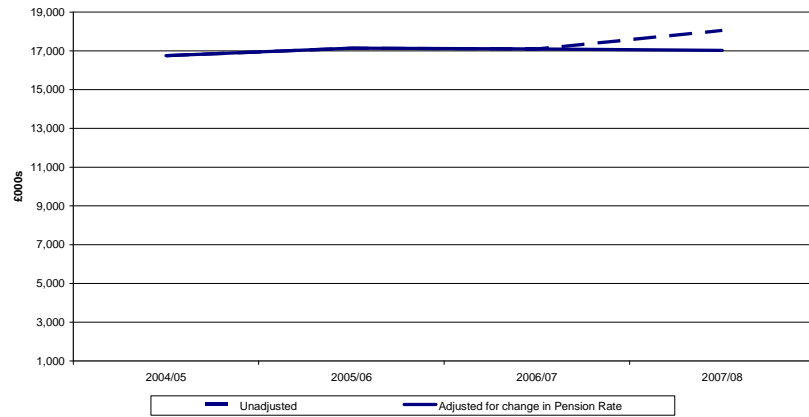
Conclusion

21. It would be helpful if the Board could provide a steer on the type of management information about manpower they would find most useful, together with the frequency of reports to them. We will then work with departments to refine and develop the information for future reports.

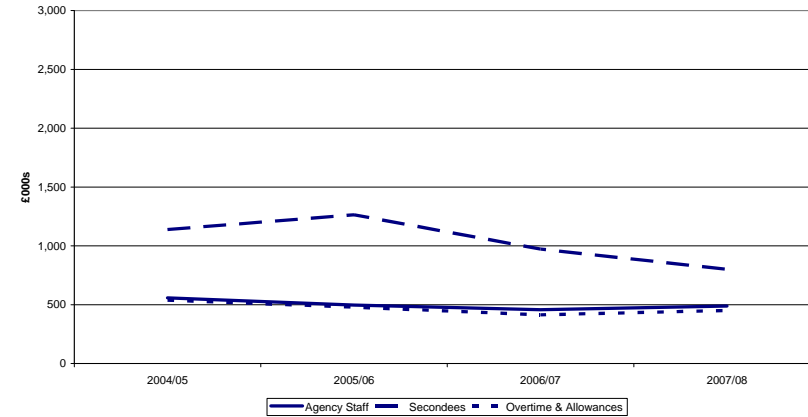
C Ridley
July 2008

DEPARTMENTAL STAFFING EXPENDITURE

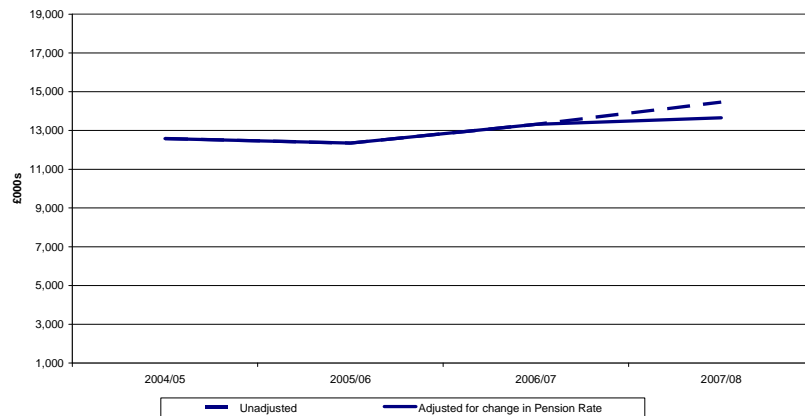
Clerks Department
Basic Pay, National Insurance and Pension Costs 2004/05 to 2007/08
(adjusted to 2007/08 money values)



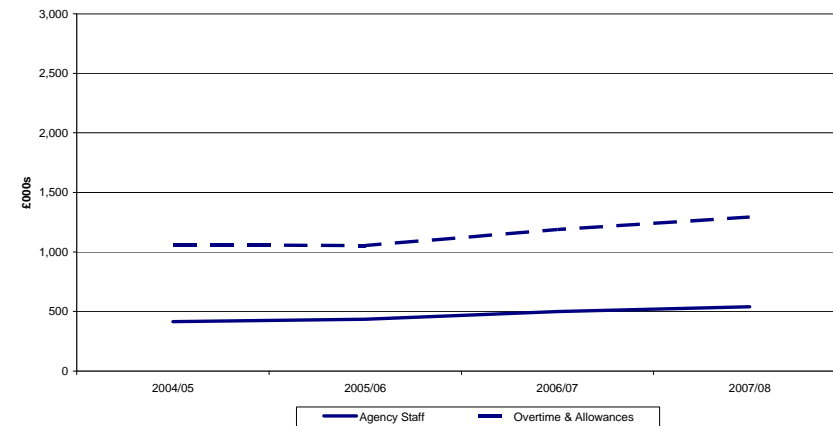
Clerks Department
Costs of Agency Staff, Secondees and Overtime & Allowances 2004/05 to 2007/08
(adjusted to 2007/08 money values)



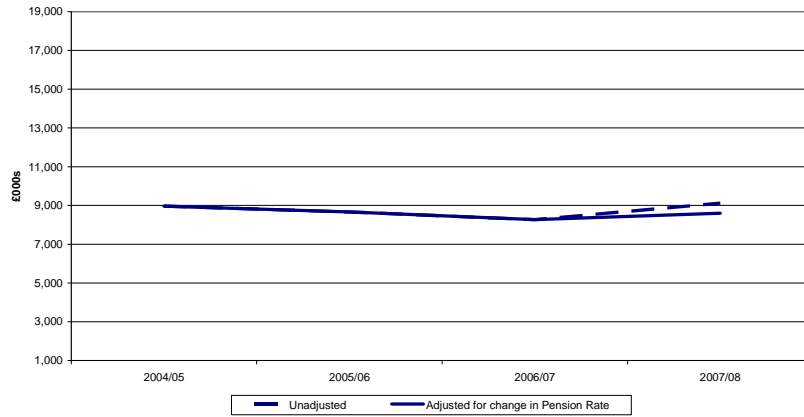
Serjeant at Arms Department (excluding PCD)
Basic Pay, National Insurance and Pension Costs 2004/05 to 2007/08
(adjusted to 2007/08 money values)



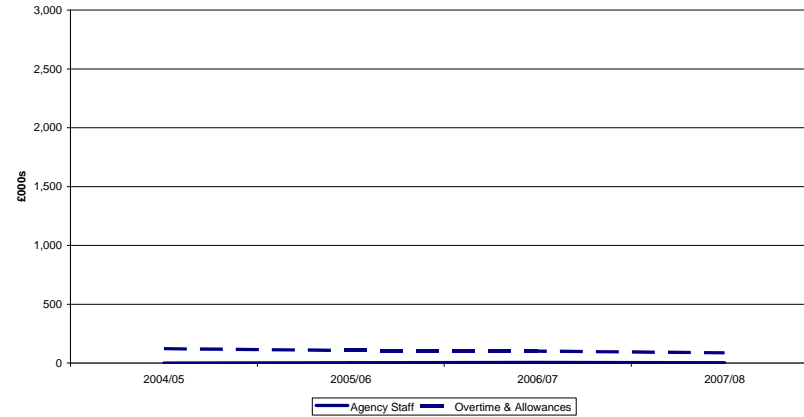
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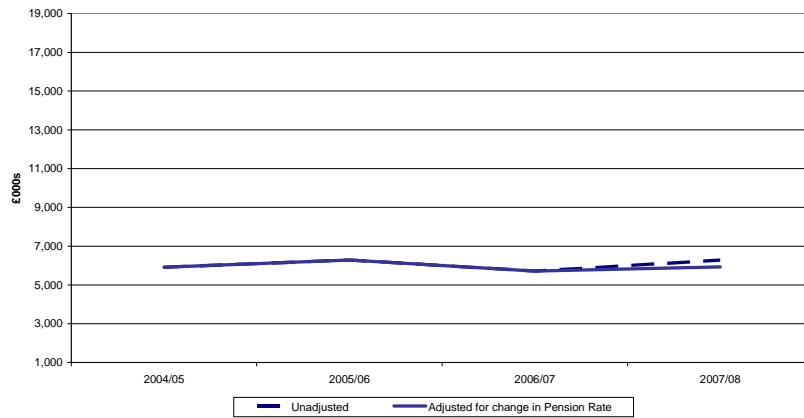
Library Department
Basic Pay, National Insurance and Pension Costs 2004/05 to 2007/08
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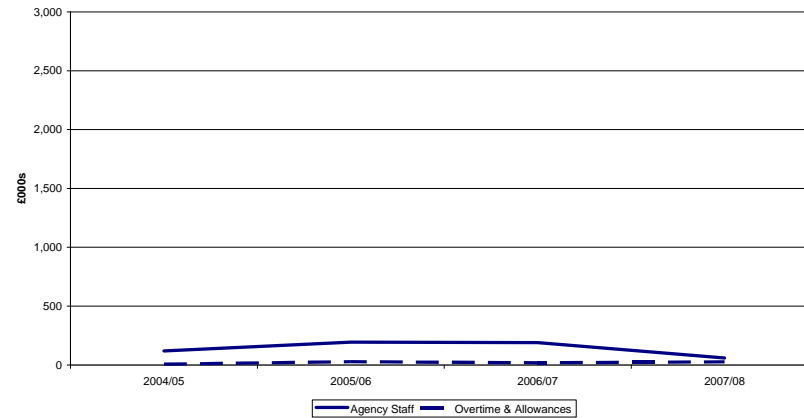
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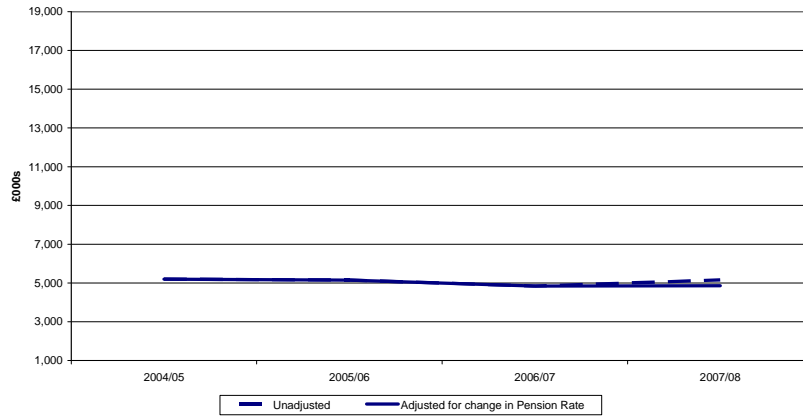
Department of Finance & Administration
Basic Pay, National Insurance and Pensions Costs 2004/05 to 2007/08
(adjusted to 2007/08 money values)



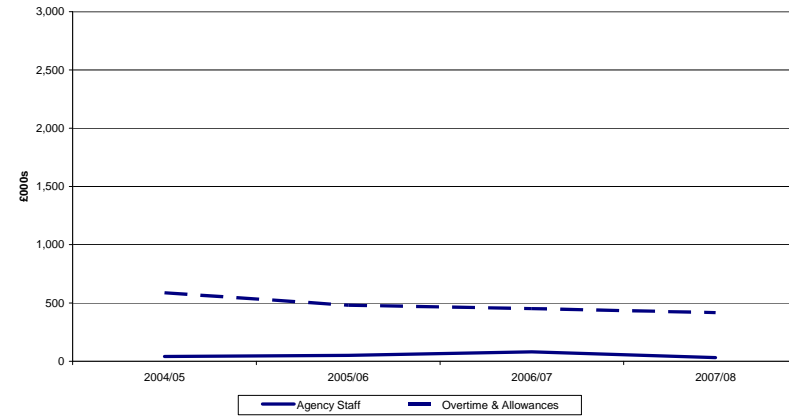
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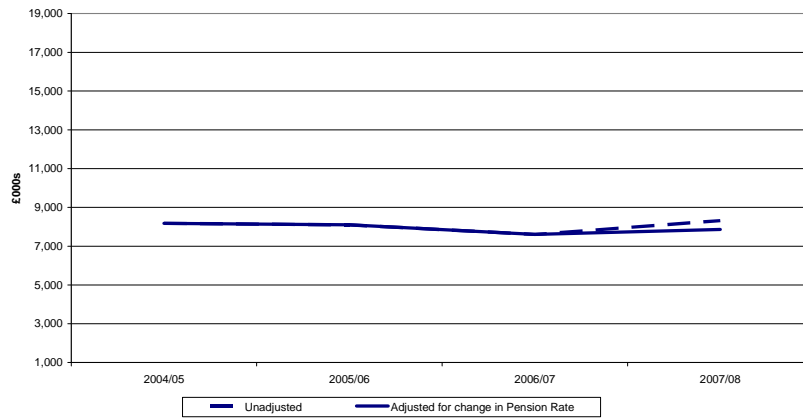
Official Report Department
Basic Pay, National Insurance and Pension Costs 2004/05 to 2007/08
(adjusted to 2007/08 money values)



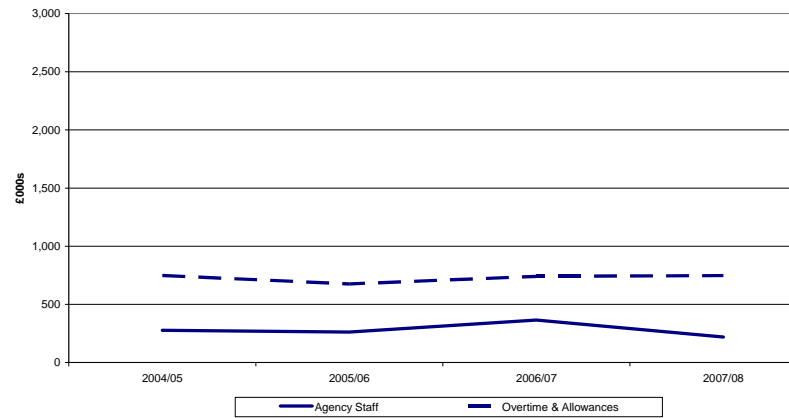
Official Report Department
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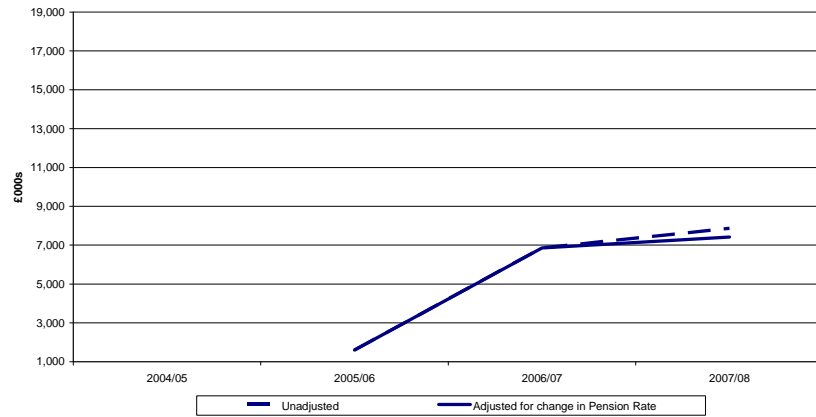
Refreshment Department
Basic Pay, National Insurance and Pension Costs 2004/05 to 2007/08
(adjusted to 2007/08 money values)



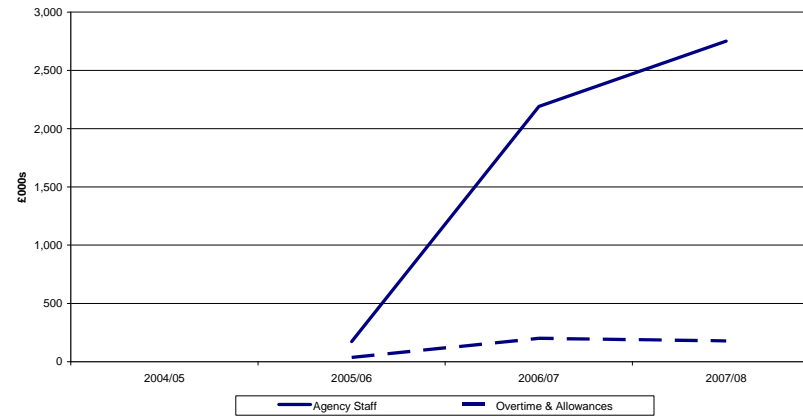
Refreshment Department
Costs of Agency Staff and Overtime & Allowances 2004/05 to 2007/08
(adjusted to 2007/08 money values)



PICT
 Basic Pay, National Insurance and Pension Costs 2004/05 to 2007/08
 (adjusted to 2007/08 money values)



PICT
 Costs of Agency Staff and Overtime & Allowances 2005/06 to 2007/08
 (adjusted to 2007/08 money values)



2008/09 STAFF EXPENDITURE VARIANCES: BUDGET v FORECAST OUTTURN
(as at 30 June 2008)

All figures £k		Basic Pay	Agency	Secondees net	Overtime	Allowances and other	Total Salary
Speakers	Budget	384	0	0	6	25	415
	Outturn	377	0	0	5	26	408
	Variance	7	0	0	1	(1)	7
DCCS	Budget	25,558	507	678	140	867	27,750
	Outturn	25,021	512	715	137	870	27,360
	Variance	537	(5)	(37)	3	(3)	495
DIS	Budget	12,322	320	(22)	6	82	12,708
	Outturn	12,014	330	(23)	10	75	12,406
	Variance	308	(10)	1	(3)	7	302
DF	Budget	18,946	152	0	1,347	443	20,888
	Outturn	18,944	208	0	1,339	439	20,930
	Variance	2	(56)	0	8	4	(42)
DR	Budget	6,274	60	(240)	23	4	6,121
	Outturn	6,289	79	(129)	33	1	6,273
	Variance	(15)	(19)	(111)	(10)	3	(152)
OCE	Budget	905	0	0	0	0	905
	Outturn	922	0	0	0	(1)	921
	Variance	(17)	0	0	0	1	(16)
PICT	Budget	8,950	658	0	90	0	9,698
	Outturn	8,880	1,338	6	98	42	10,364
	Variance	70	(680)	(6)	(8)	(42)	(666)
Sec Co-ord	Budget	111	1	127	0	0	239
	Outturn	91	1	95	0	0	187
	Variance	20	0	32	0	0	52
Other	Budget	62	500	0	0	0	562
	Outturn	62	500	0	0	0	562
	Variance	0	0	0	0	0	0
Total	Budget	73,512	2,198	553	1,612	1,421	79,286
	Outturn	72,600	2,968	664	1,622	1,452	79,306

	Variance	912	(770)	(121)	(10)	(31)	20
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