

Safety in Numbers: The cost of sharing professional posts



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Two key headlines appealed to my mathematical inclination at the beginning of this year. The first was in an interview with Ian Brinkley, director of The Work Foundation.

He referred to an NAO report in 2012 in which public vs private sector comparisons highlighted that the public sector employs roughly twice as many professionals and associate professionals, and less than half the number of managers, proportionately, as the private sector.

He wrote that:

- Approximately 5% of the public sector workforce are managers, compared with 12% in the private sector workforce
- 38% are professionals compared with 13% in the private sector
- 16% are associate professionals and technical staff compared with 13% in the private sector

Ergo, if such a large number of the public sector staff (including councils) are professional and technically skilled, then it must be a costly exercise to hire them in on temping contracts.

For example in some recent work I have been doing, an average planning officer on an average wage, costs around £200 per day including on-costs.

Compared to that a planning officer temp fees start at around £300-£350 per day, so at least 50% more.

Back-filling the redundancies

A few days later this headline slid into my email box: “Local authorities rely on temporary workers to fill positions”

The story reports that, “Local authorities are using temporary labour to fill redundant or vacant positions across departments such as IT,

procurement, HR and legal, according to figures from Comensura’s Government Index.

The Index finds that in the final quarter of 2012, temporary labour usage by local authorities decreased by 0.1% - the lowest decrease of last year. However, temporary positions increased by 34% in IT, 31% in legal and 19% in professional job roles.”

In other words, it’s in the more expensive categories of staff (the professionals) that the number of more expensive temporary and contract staff has increased.

Anecdotally, a lot of people are also saying that capacity is becoming sorely stretched among the so-called ‘non jobs’ of senior managers and experts in transformation and back office services, with more authorities turning to specialist interims to deliver key priorities too.

So can sharing employed professionals, be a way of reducing costs?

In the Shared Service Architect’s Business Case Toolbox¹, we examine this in closer detail on page 142, in the section on *Insourcing Temporary Expert Advice*.

This approach does apply when, as the article suggests, spend on external advice or specialists is high. Typical examples include paying temporary planning, legal, or specialist managers for periods of more than one month at a time.

Hiring in specialist temporary staff on daily or hourly rates typically costs between 3 and 4 times as much as employing a member of staff full time, or 2 to 3 times for experienced interims.

They are convenient to use for very short periods to back-fill posts, compassionate leave, or when specialist input is needed, but not

¹ You can download example chapters from the book at www.sharedservicearchitects.co.uk

You may want to store this in your Highway Code Folder

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often enough to justify a long term internal post.

However, if a number of partners are each using similar temporary staff, then an 'easy win' for a collaboration or shared service is to reduce that external spend by collaboratively employing professionals.

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It doesn't require too much effort to achieve either. It needs someone to aggregate the demand for the service across the partners and then to determine if the demand is sufficient to recruit an expert to a full-time, shared post.

What are the first steps to sharing a professional post?

At a basic level this technique involves a review of the external spend of all the partners on high level temporary posts. Then taking a look forward at what skills will be needed to deliver the current and planned corporate projects.

You can categorise them into items that could potentially be shared and those that are truly unique or one-offs.

Then the shared work is grouped into skill sets to see if a shared post is viable.

External hourly rates are calculated where possible. This can be a little complicated if suppliers bill you for the task, rather than by the hour and may require insider knowledge from the sector to develop comparative cost estimates.

You might be able to do that by looking at temp website contracts being advertised and note the hourly, or daily, rate being offered to the candidates by the agency.

Internal staff hourly rates are calculated by taking salary, NI and pension costs and dividing this by productive hours.

Productive hours take account of holidays, leave, non-productive time for training, appraisals etc.

A figure of 0.65 to 0.7 x working hours might be a typical result.

The difference between internal hourly rate to external hourly rate multiplied by the amount of work that could come in gives the potential benefit.

Usage trends should also be examined to confirm the potential for an internal post. For bigger services forecasting future demand may well be appropriate.

How easy is it to do?

Most of the data gathering can be carried out in-house, possibly by finance or procurement staff. HR staff can help with job design.

Maybe in more complex cases, procurement or consultancy support may be needed for analysis, but in general this is an achievable in-house task.

You may also want to discuss how the employment contract is set up, with your HR advisers. For example is it that one of the partners employs them on the basis of providing the individual as a "lead organisation" in a relationship?

You could also take a similar approach to sharing rare experts too. This is a situation where specialists spend only, say, 50% of their time working on their specialism and the rest doing other work.

Partnering organisations could share them and the professional would be able to focus on their specialist skill 100% of the time.