

<b>Committee(s)</b>	<b>Dated:</b>
Establishment Committee	26/07/2017
<b>Subject:</b> Recruitment and Off Payroll Workers	<b>Public</b>
<b>Report of:</b> Director of HR ; Chrissie Morgan	<b>For Information</b>
<b>Report author:</b> Janet Fortune	

### Summary

Members asked at the Committee Meeting on 19<sup>th</sup> June, for a report concerning the use of recruitment by Chief Officers, including the average time from a vacancy to the post being filled, detailed by month and by department. The Committee also asked about the use of consultants and whether or not any employees were paid in any other ways other than payroll.

This report is intended to answer Members' questions on these matters. It includes a chart showing the average time to fill vacancies by department and details of the different types of 'off payroll' workers.

### Recommendation(s)

Members are asked to:

- Note the report.

### Main Report

#### Background

1. All recruitment at the City of London, except teachers and City Police are processed through the City People Recruitment site. This records candidate details from application to appointment and the vacancy from the manager's request to the new employee commencing.
2. Off Payroll workers is a term used by HMRC to refer to those who work for an organisation but are not paid through that organisation's payroll, but paid direct via an invoice or via an agency or third party. There are inconsistencies in the way employees/workers are treated for employment purposes and for tax purposes. This was highlighted in the recent Taylor report<sup>i</sup> and has been further highlighted by what has been referred to as 'the new IR35' legislation.
3. IR35 is an HMRC regulation which defines, for tax and NI purposes if a 'worker' is deemed to be an employee and therefore liable for tax and NI, as opposed to

employment legislation which defines employees by means of an employment contract.

4. In fact, the IR35 regulation has not changed, but the way those who fall under this category i.e. they are classed as an employee for tax purposes, and who pay themselves through a Personal Service Company ( a Ltd Company for tax purposes), and who work for the public sector, must now have tax and NI deducted from their invoiced amount, by us, and we as employers must pay employers NI and the Apprenticeship Levy.
5. The City of London set up a special payroll to enable the relevant deductions, without being part of the other payrolls for employees.

## **Current Position**

6. The charts attached at Appendix one show the breakdown of the number of campaigns advertised and the average time to fill those vacancies, broken down by department and month, for the year April 2016 to March 2017.
7. Filling a vacancy usually spans more than one month, the charts show the number of campaigns which commenced in that month and then the average time to fill those vacancies, even if they were completed in a different month. Appendix one includes a chart for each department and a summary chart for all departments.
8. In summary, 408 campaigns were run in the period with an average time of 45 days from start to confirmed offer.
9. The vacancy is deemed to be 'filled' at the date of confirmed offer. Statistics that Members may have seen in the past – on the previous dashboard for example – will have charted from the start date to the date the new employee starts. This is dependant of course on the notice period of the new employee and can present a slightly skewed position. The data on this chart has been specially formatted to respond to Members request.
10. The average time from requisition from manager to confirmed offer is 45 days. There are factors which influence this. Firstly the time from advertisement to closing date. This is normally no less than 14 days, but can be between 4 – 6 weeks depending on a number of factors including the month of recruitment. Adverts tend to have longer closing dates in December and August to allow for holidays.
11. The number of applicants can also be a factor, GSMD tends to have a high number of applicants and often has more than one vacancy in a single campaign. For example;
  - a. In December one campaign took 129 days, broken down as follows;
    - i. From advert to closing date 46 days (3 jobs)
    - ii. From closing date to shortlisting 20 days (70 applicants)
    - iii. Interviews to conditional offer 42 days
    - iv. Conditional offer to confirmed offer 21 days but some still ongoing
12. Multiple jobs in a campaign, combined with high number of applicants generally means departments take longer to shortlist and interview. For example one job in DBE advertised in June 2016 was advertised for 22days, closing at the end of June. Interviews were held at the beginning of August some 42 days later. It took a further 18 days to clear references.

13. If we take the average number of days from campaign start to confirmed offer which is 45 days, and take out 14 days for the advertisement to run, and 14 days from conditional offer to confirmed offer, the average time for shortlisting and interviewing is only 17 days and this includes weekends, potentially therefore 11 working days.
14. There are several categories of workers who are not paid through the COL employee payroll, these are listed below;
- a. Workers who are deemed to be under the IR35 regulation who have an individual contractual relationship direct with a department and who are paid on receipt of an invoice through the special payroll. These appointments are controlled by procurement regulations. Any spend over 10K has to have a waiver signed by the Chief Officer and over 50K by the spending Committee if a single contractor/consultant is being appointed without any selection process. Where there is a process for three quotes or a tender process this is also controlled by procurement regulations.
  - b. Workers who are not deemed to be under the IR35 regulation (because they are a 'sole trader' or other self employed term), who invoice direct to the department but pay tax via an end of year tax return. These also are controlled by the above procurement regulations.
  - c. Workers who are employed on a 'service contract', these may be sole traders or those working through a limited company but they will be paid solely on outputs and will not be defined by HMRC regulations as an employee. Also controlled through procurement regulations.
  - d. Workers who are placed in City of London via our Temporary Labour Agency or some other agency, and who will be paid by a third party. All rates of pay for temporary workers are aligned to the COL grades and temporary staff must be paid these rates. Higher rates can be paid with the approval of the Director of HR who would require a business case to pay above the grade or a day rate. Our new temporary agency Hays provides benchmark rates so that COL can pay the market rate rather than that demanded by an individual.
  - e. Workers placed in City of London through a contracted service who are paid on that contractor's payroll. The rate of pay of these is dictated by the contractor but authorisation for the contract would have been part of the procurement process and is usually agreed by Members.
15. In answer to the Members' question, all employees, i.e. those with a City of London Employment Contract are paid through a COL payroll.
16. There are 185 workers placed in COL roles via the Hays contract, of those 137 are deemed to be 'in scope' for IR35 and are having tax and NI deducted by the agency, 48 are deemed to be 'out of scope'.

## Appendices

- Appendix 1 – Chart showing the breakdown of recruitment 2016/17 by department.

## Background Papers

There are no background papers but Members might be interested in the Taylor report, the link to it is given below:

**[Good Work, Matthew Taylor](#)**

**Janet Fortune, Assistant Director HR**

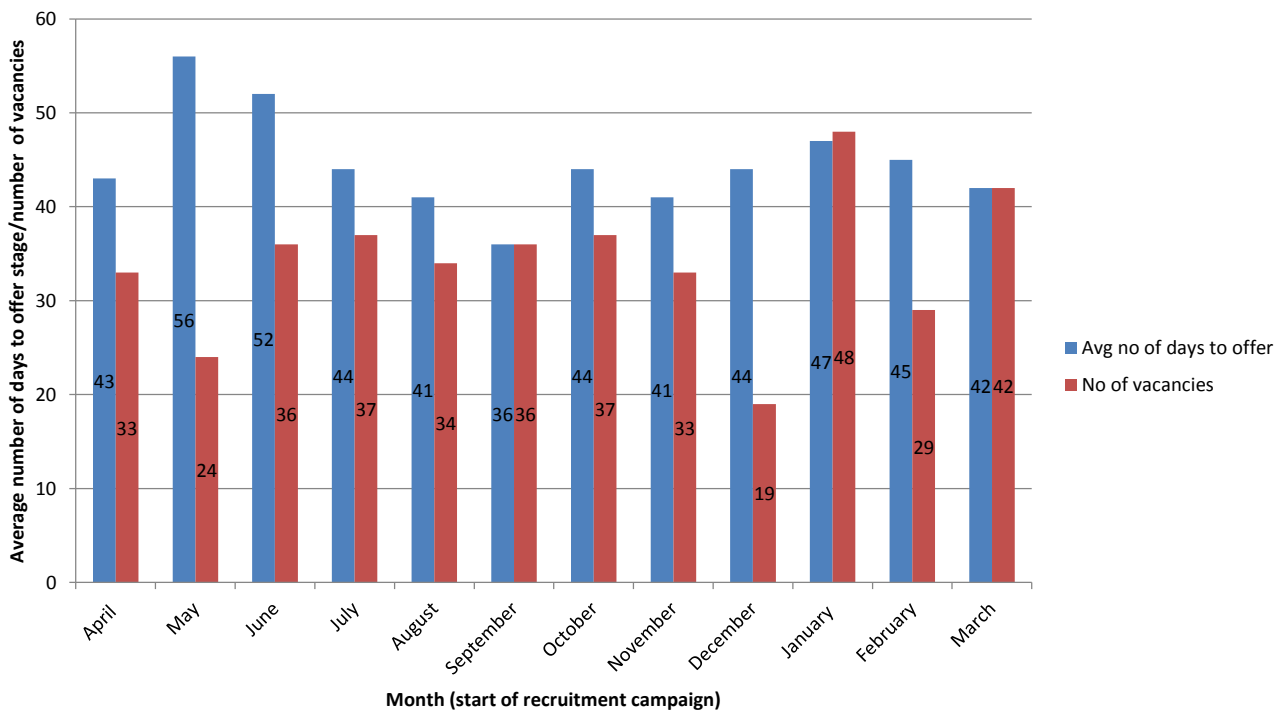
T: 02073321245]

E: [janet.fortune @cityoflondon.gov.uk](mailto:janet.fortune@cityoflondon.gov.uk)]

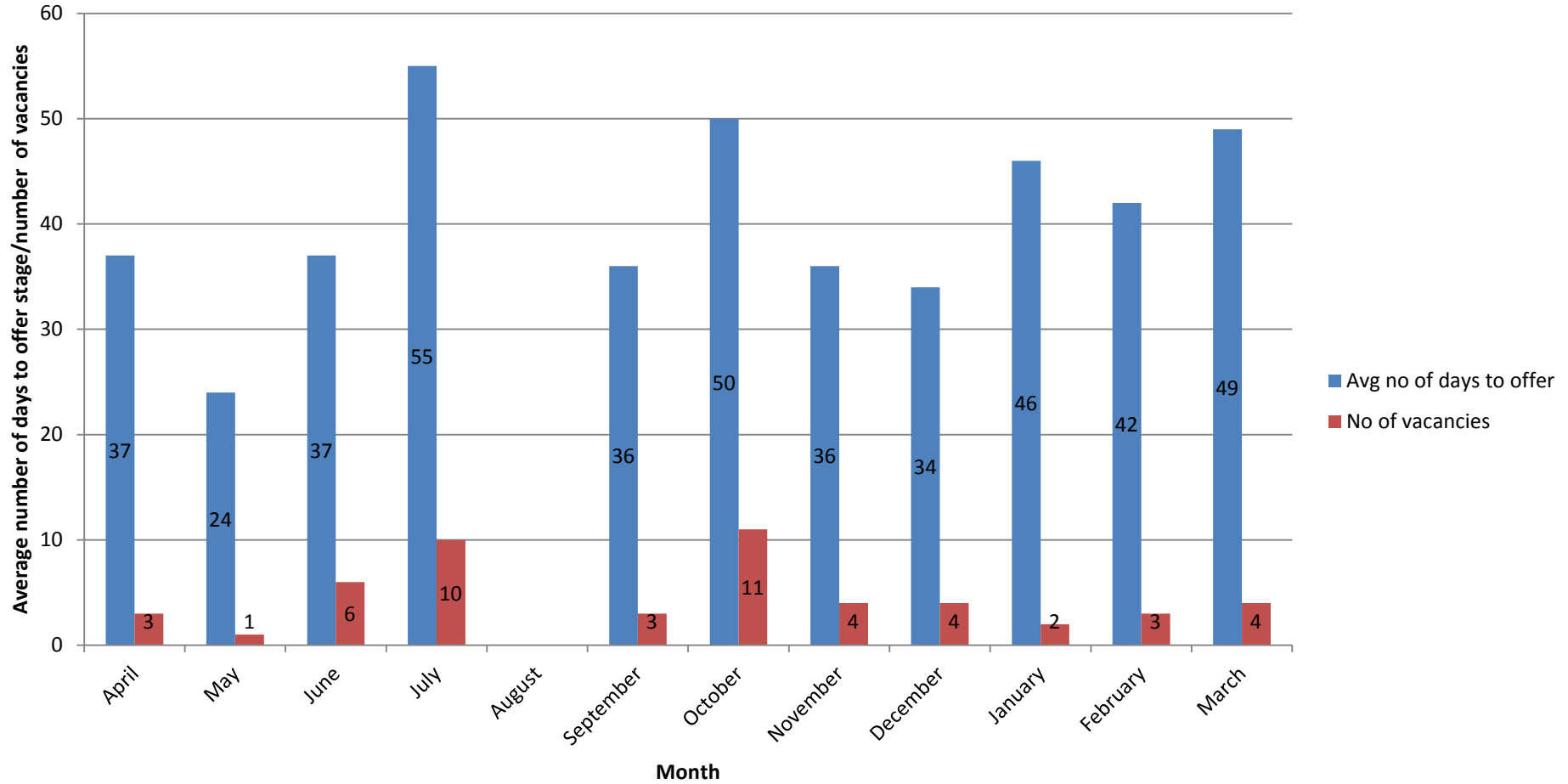
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<sup>i</sup> Good Work the Taylor review of Modern Working Practices by Matthew Taylor, published July 17

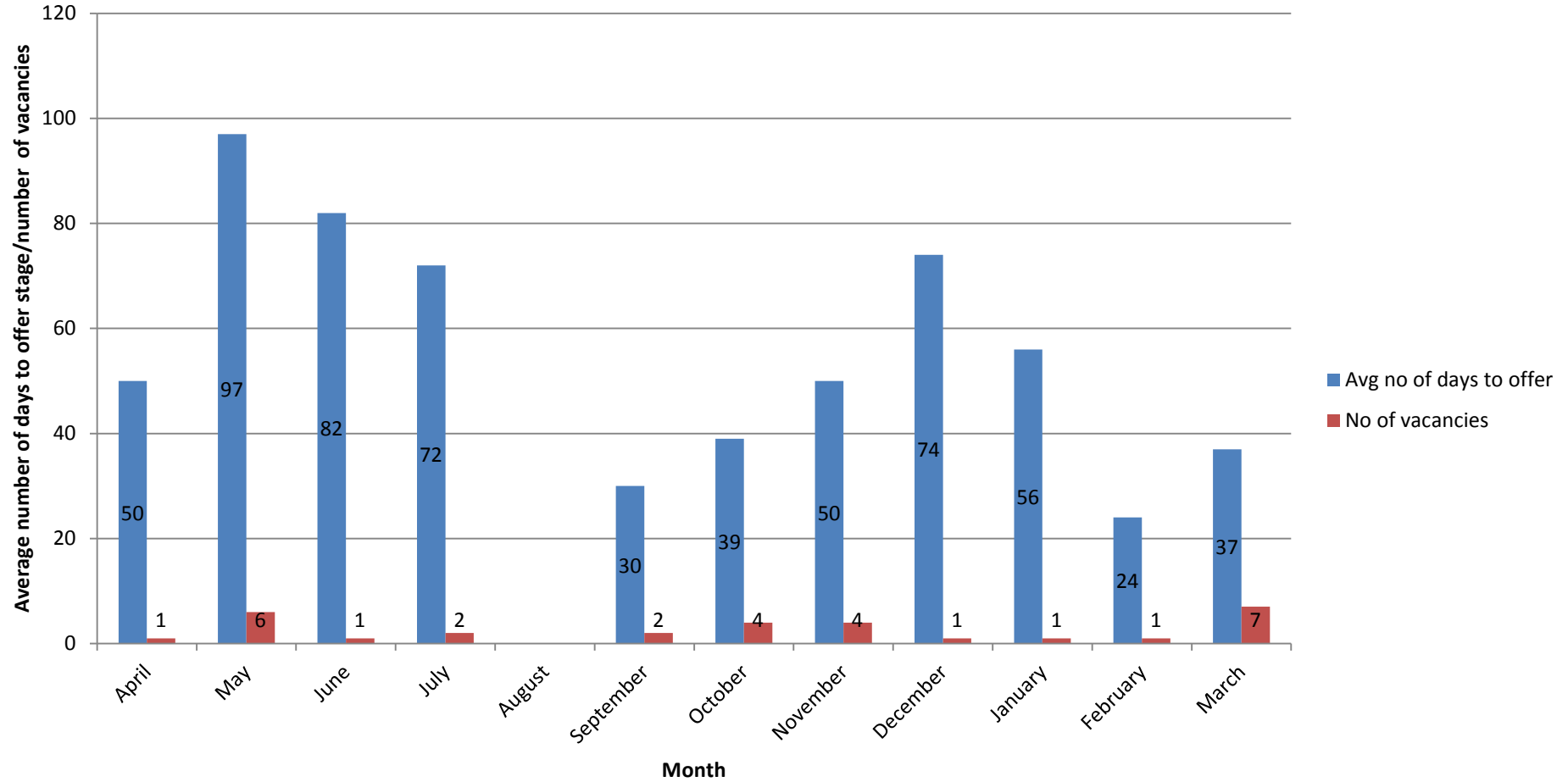
### Average number of days to offer stage (all departments) April 2016 - March 2017



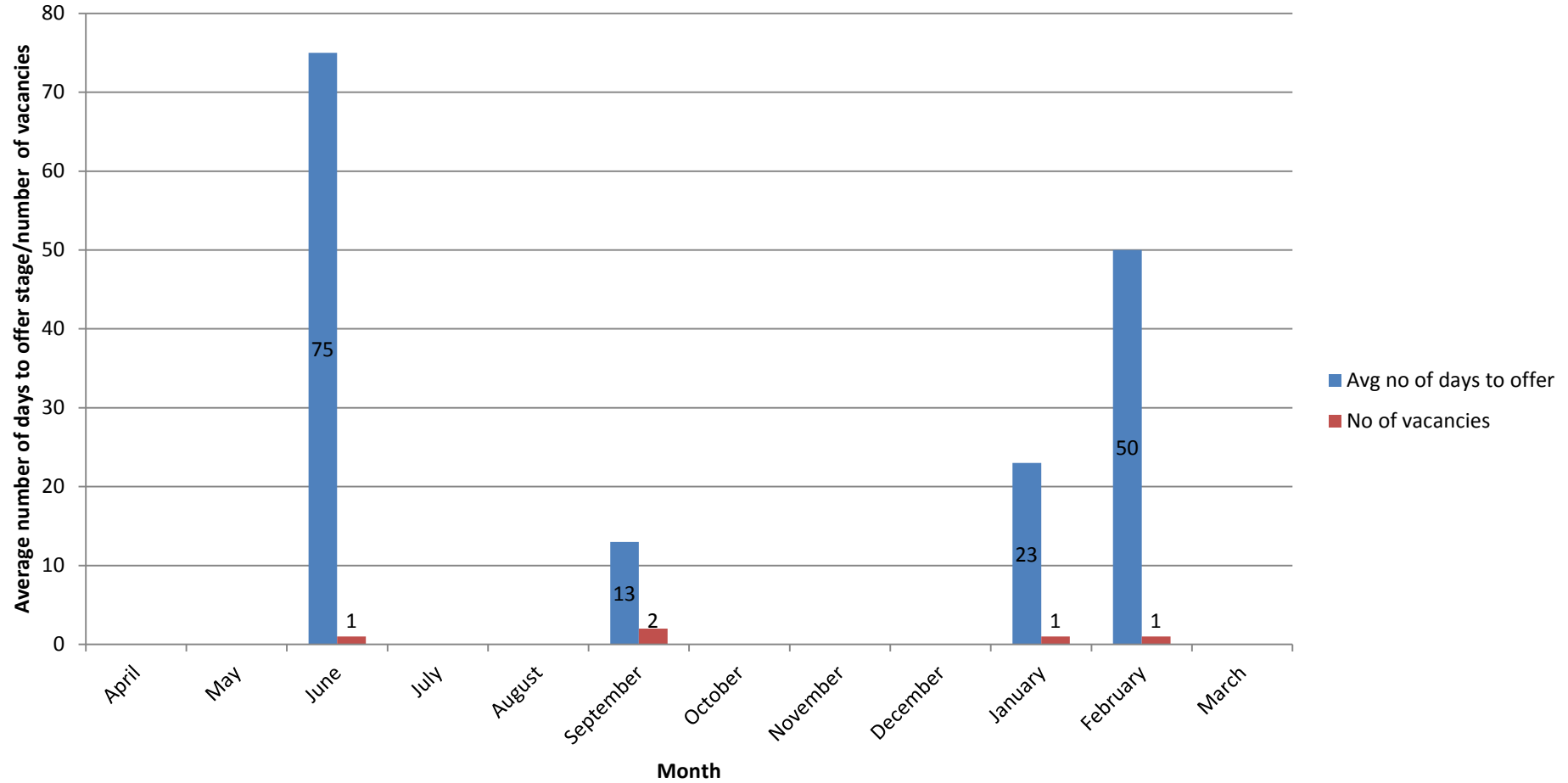
# Average number of days to offer stage Barbican Centre April 2016 - March 2017



# Average number of days to offer stage Department of the Built Environment April 2016 - March 2017

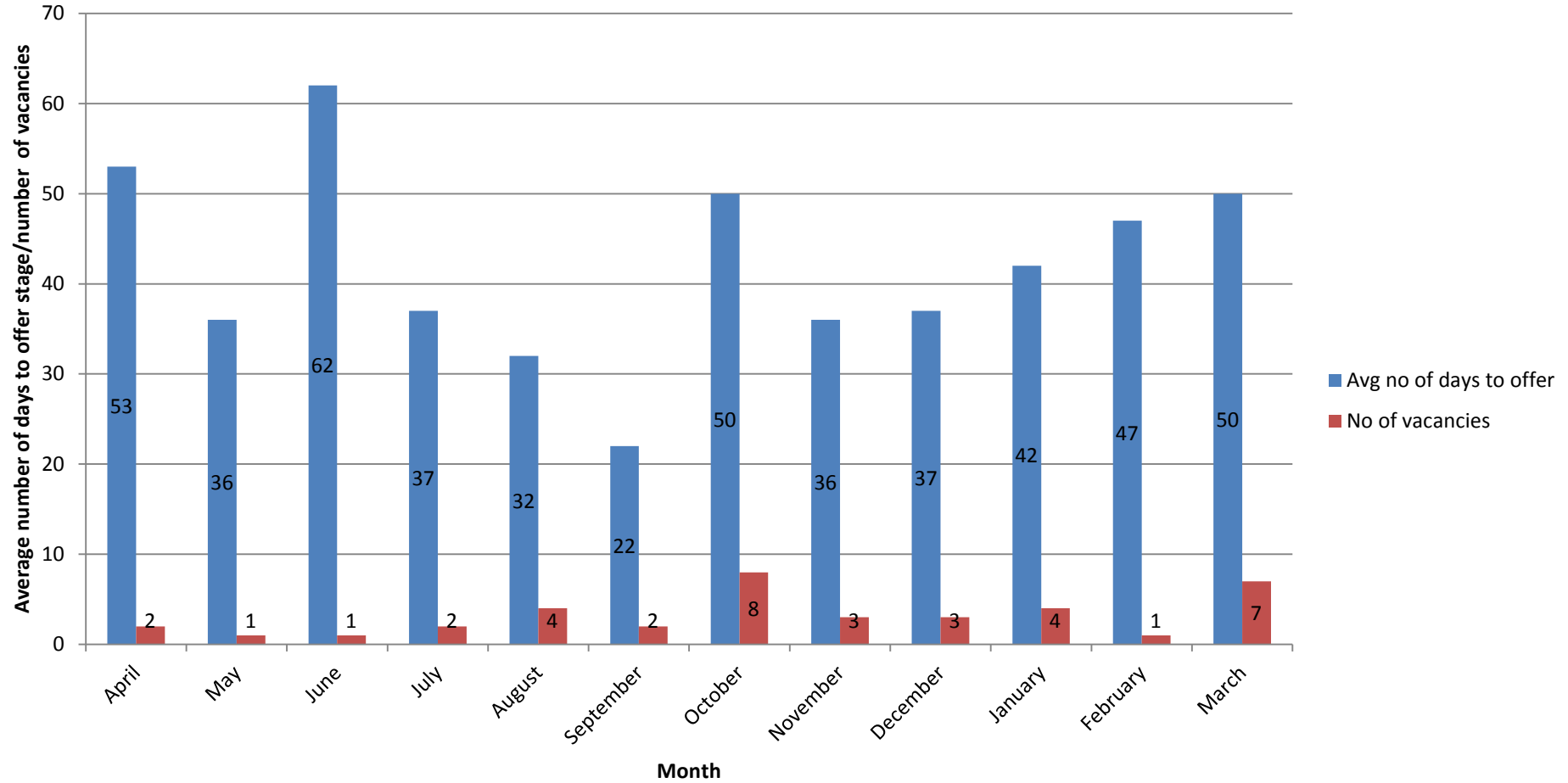


# Average number of days to offer stage Central Criminal Court April 2016 - March 2017

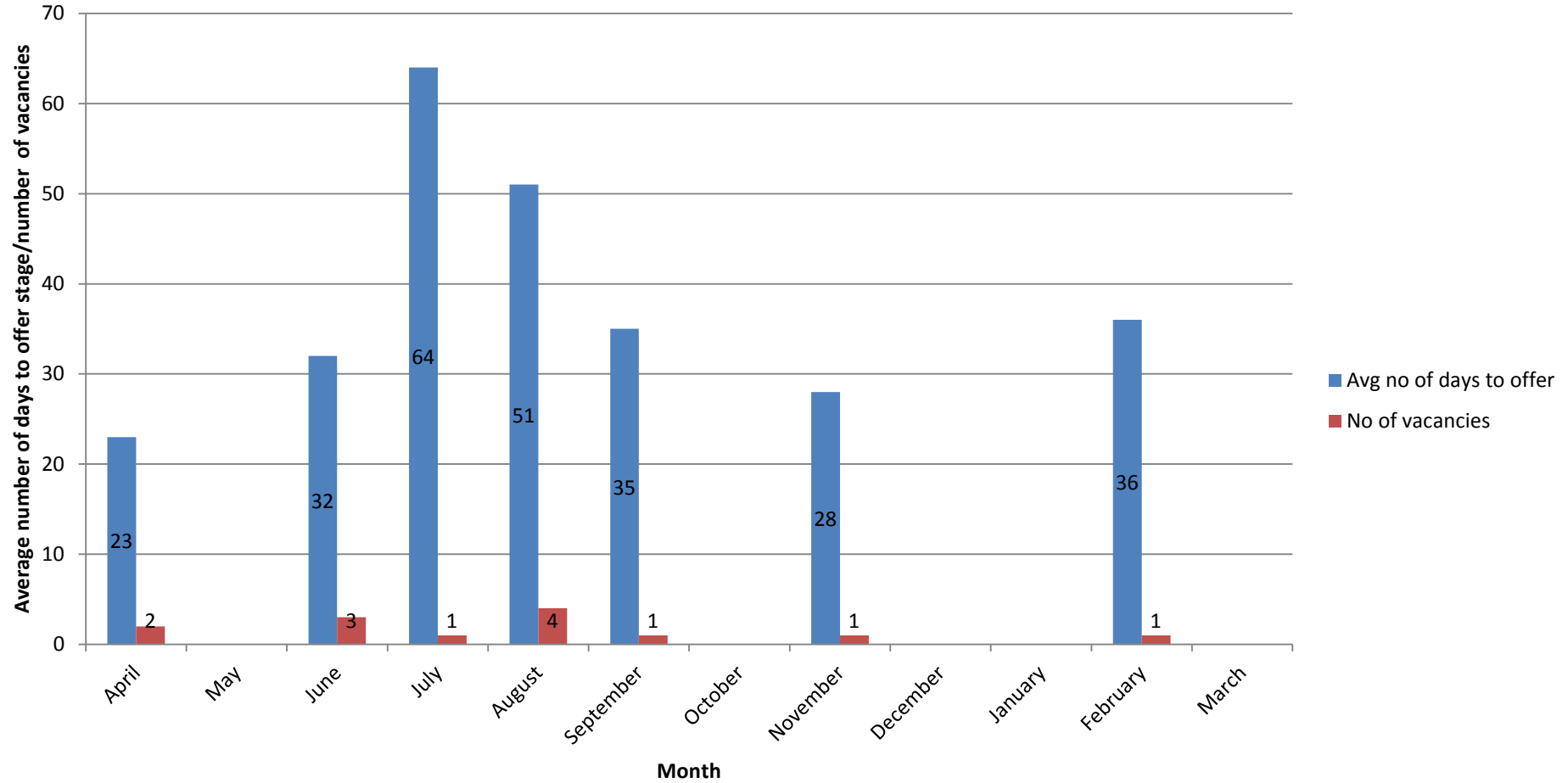




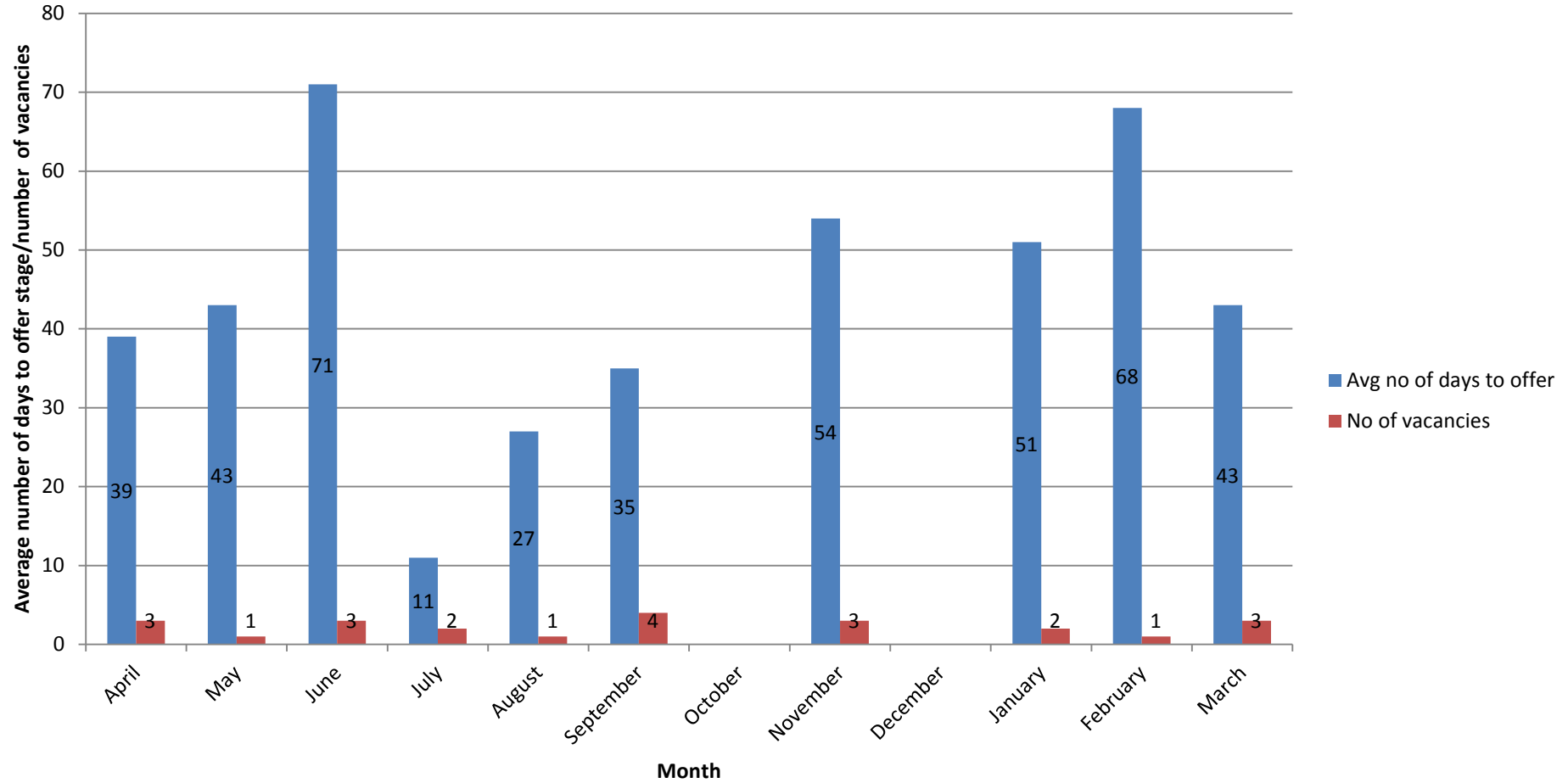
# Average number of days to offer stage Chamberlain's April 2016 - March 2017



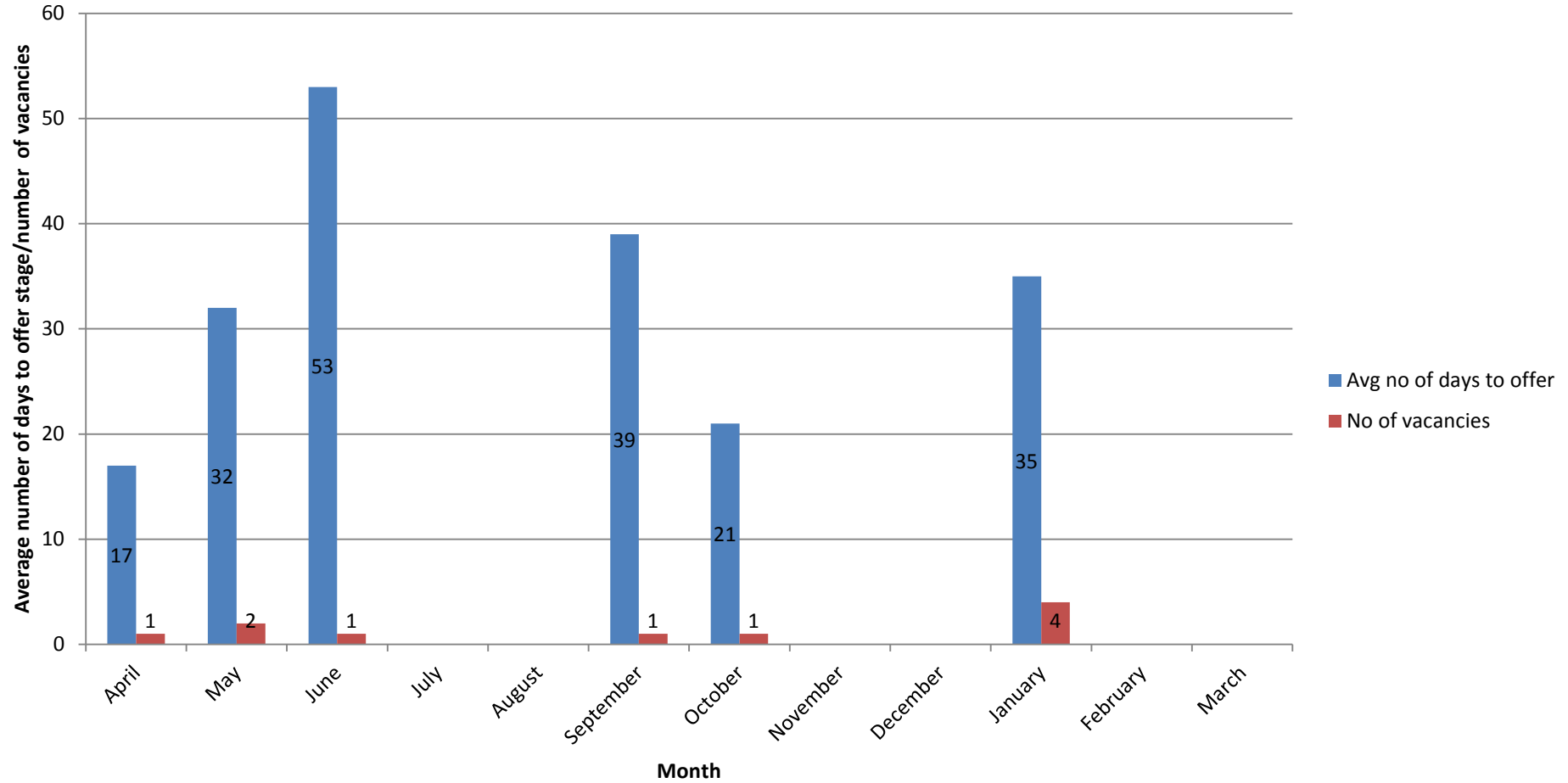
# Average number of days to offer stage City of London School April 2016 - March 2017



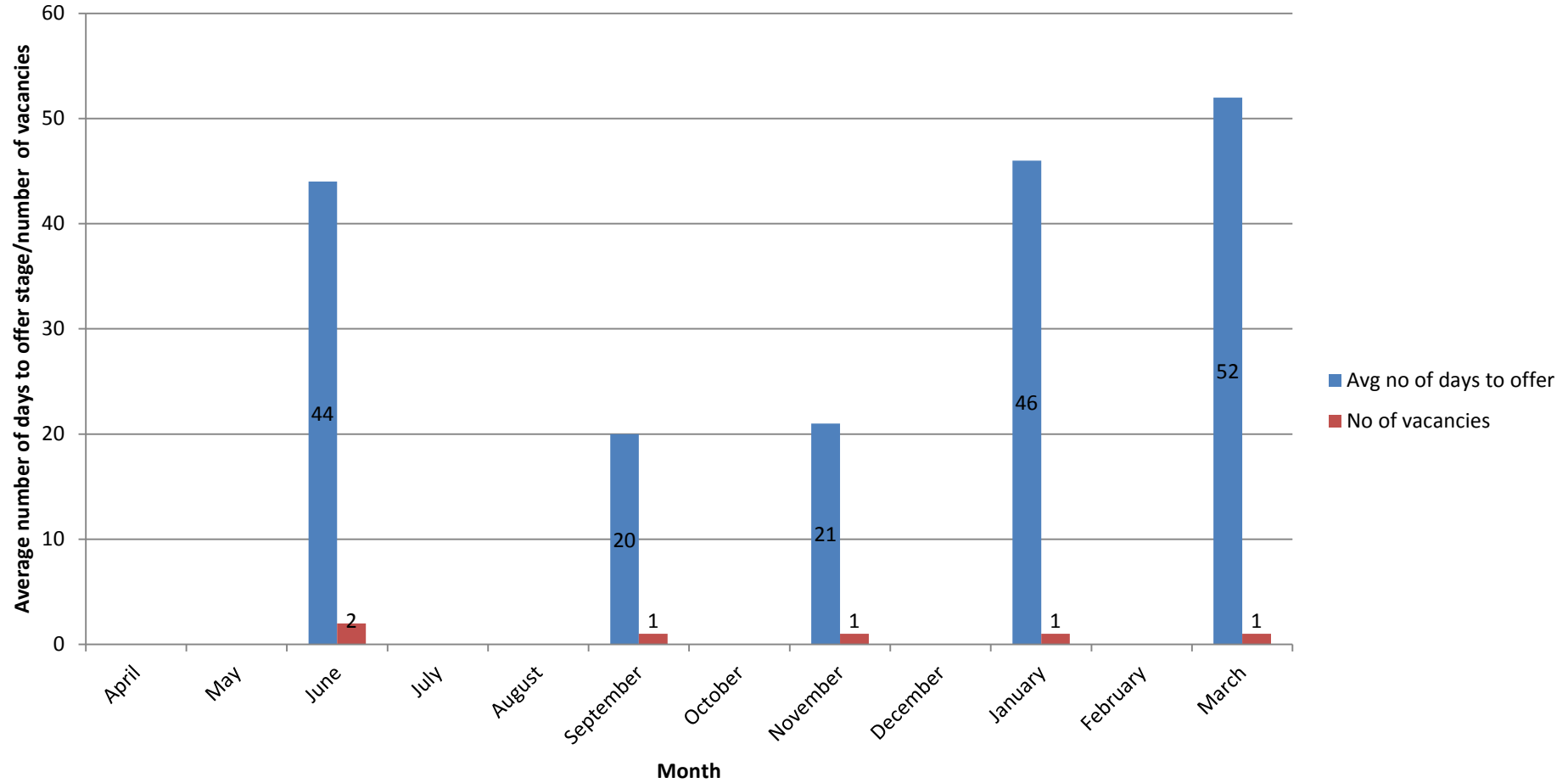
# Average number of days to offer stage City Surveyor's April 2016 - March 2017



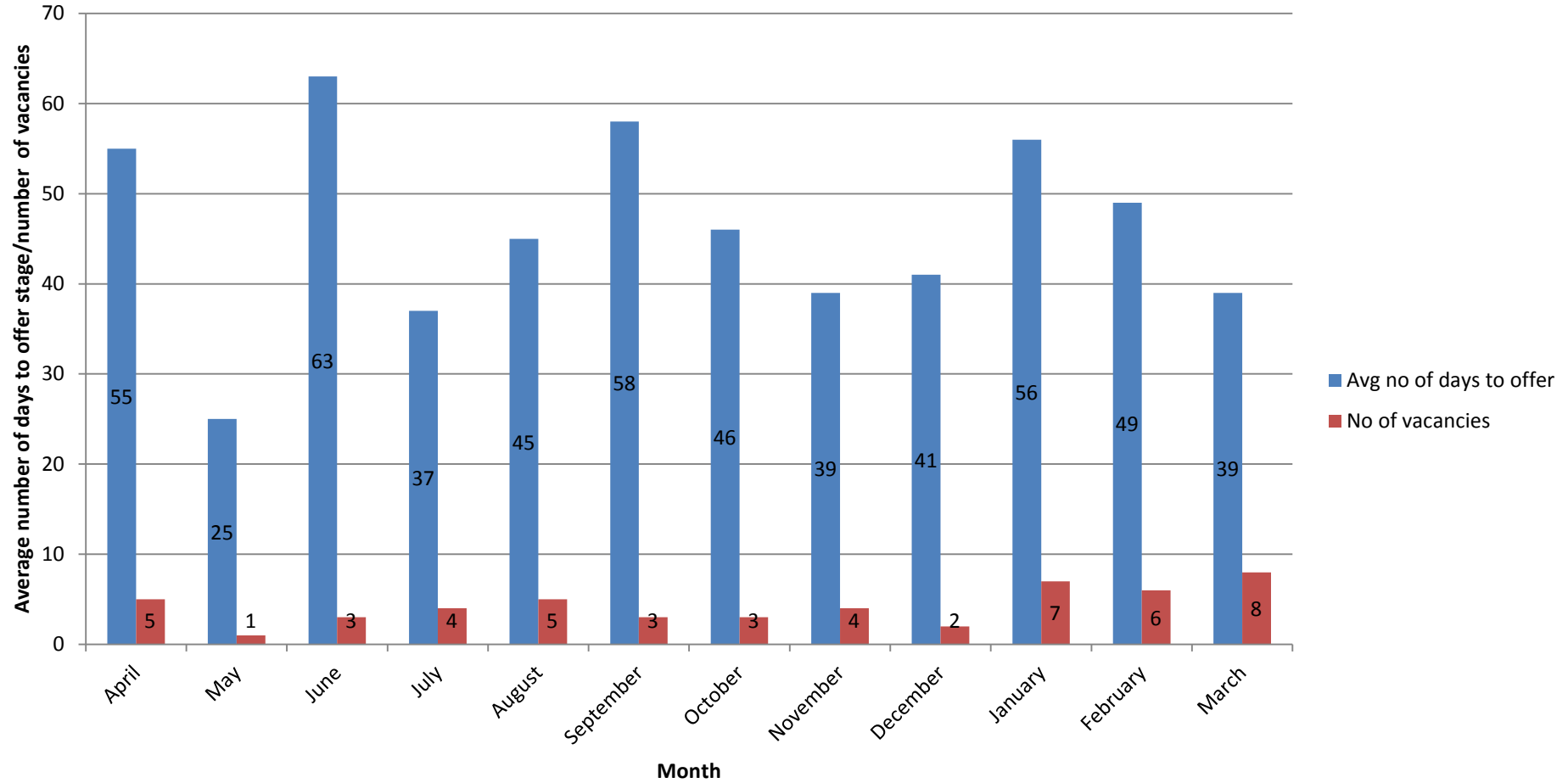
# Average number of days to offer stage City of London Freemen's School April 2016 - March 2017



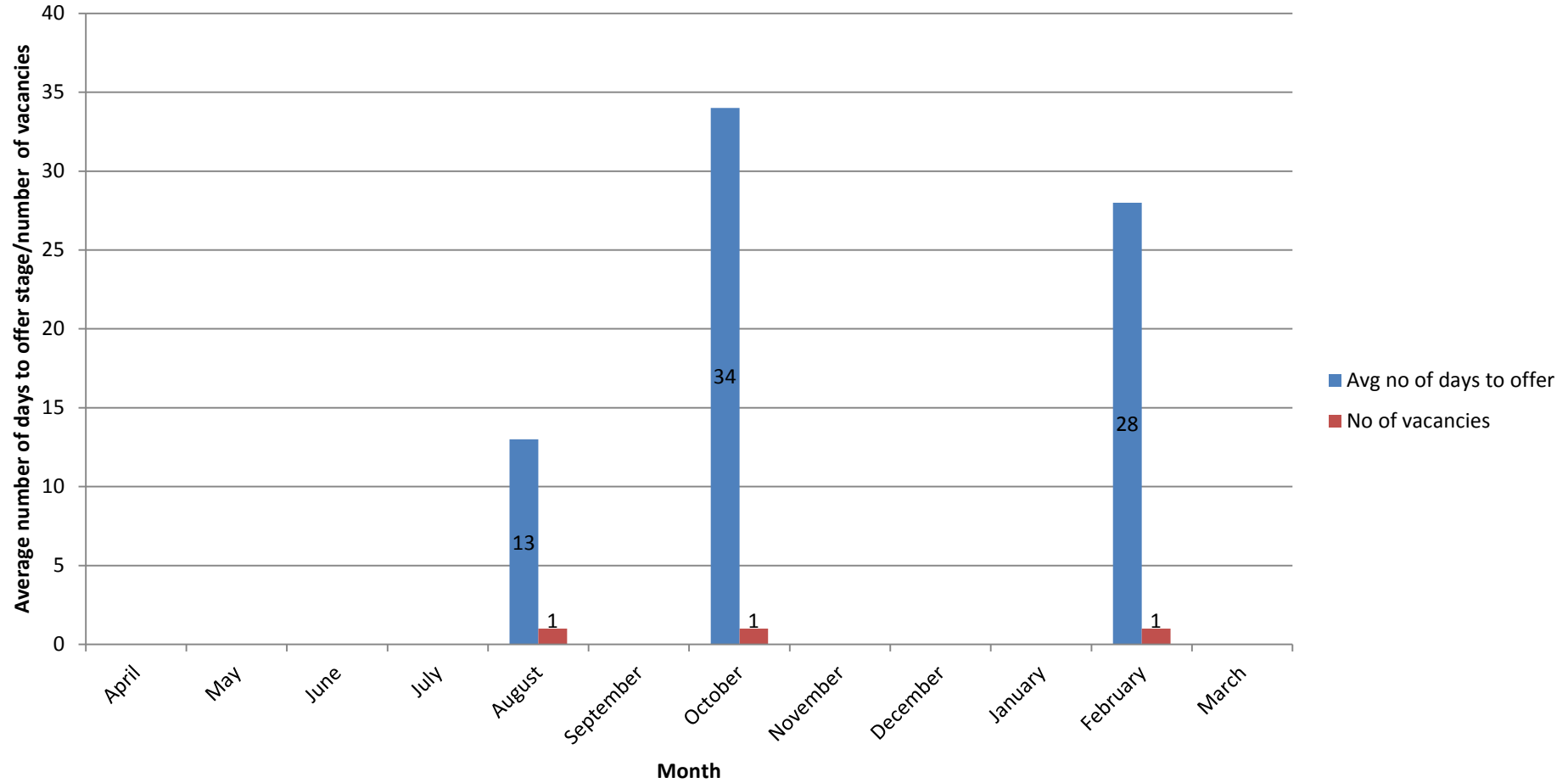
# Average number of days to offer stage City of London School for Girls April 2016 - March 2017



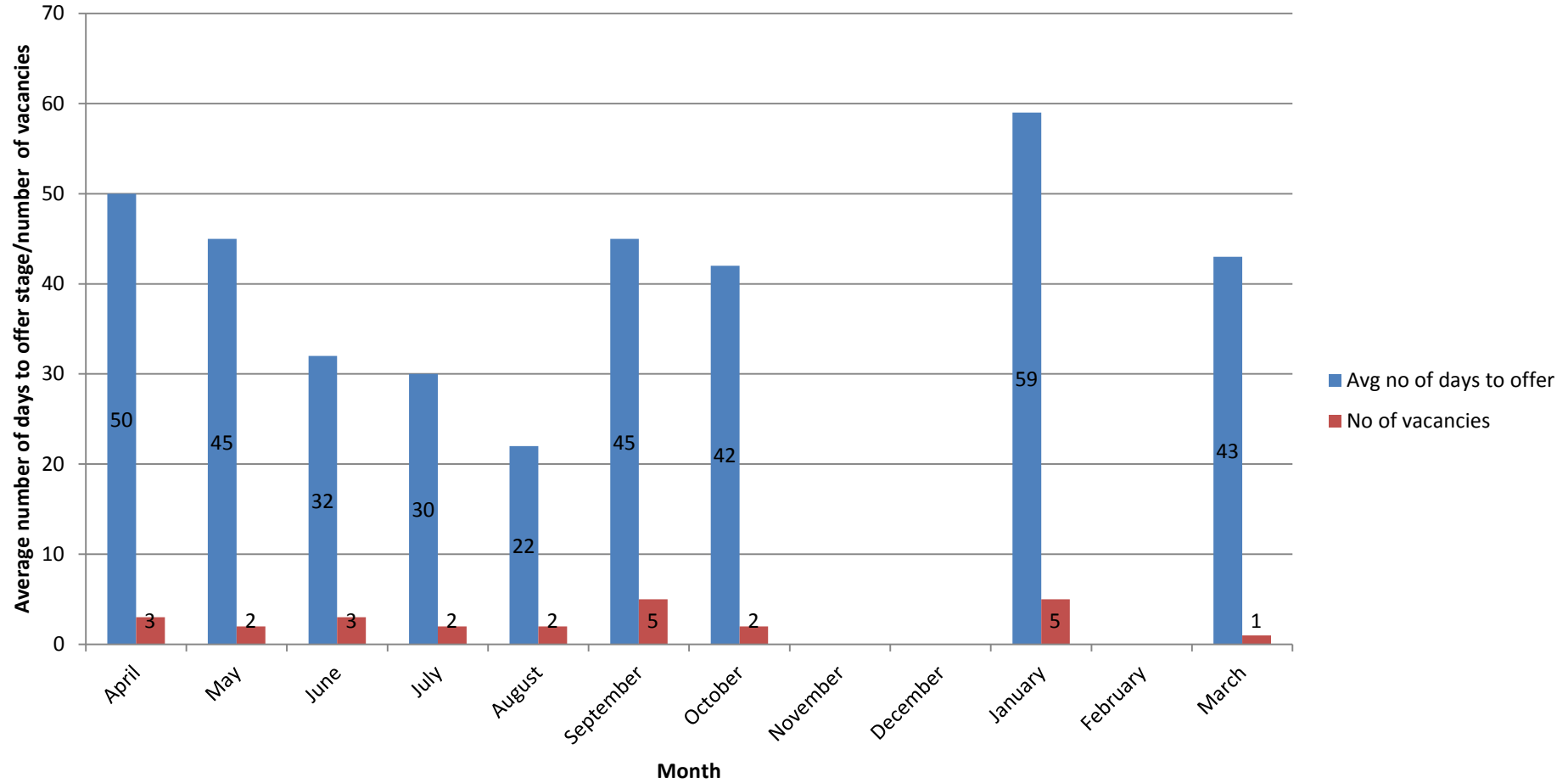
# Average number of days to offer stage Community and Children's Services April 2016 - March 2017



# Average number of days to offer stage Comptroller and City Solicitor April 2016 - March 2017

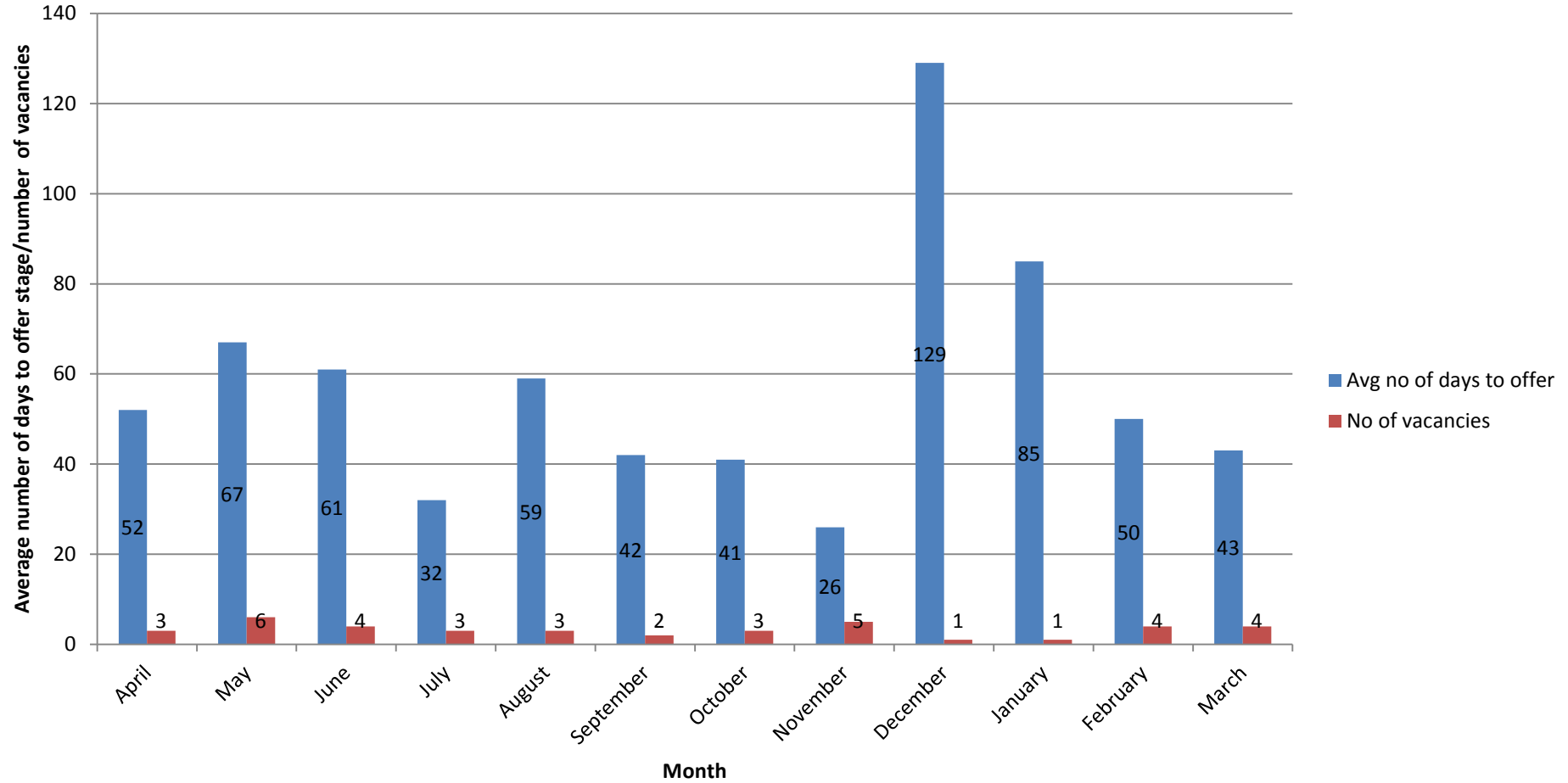


# Average number of days to offer stage Culture, Heritage and Libraries April 2016 - March 2017

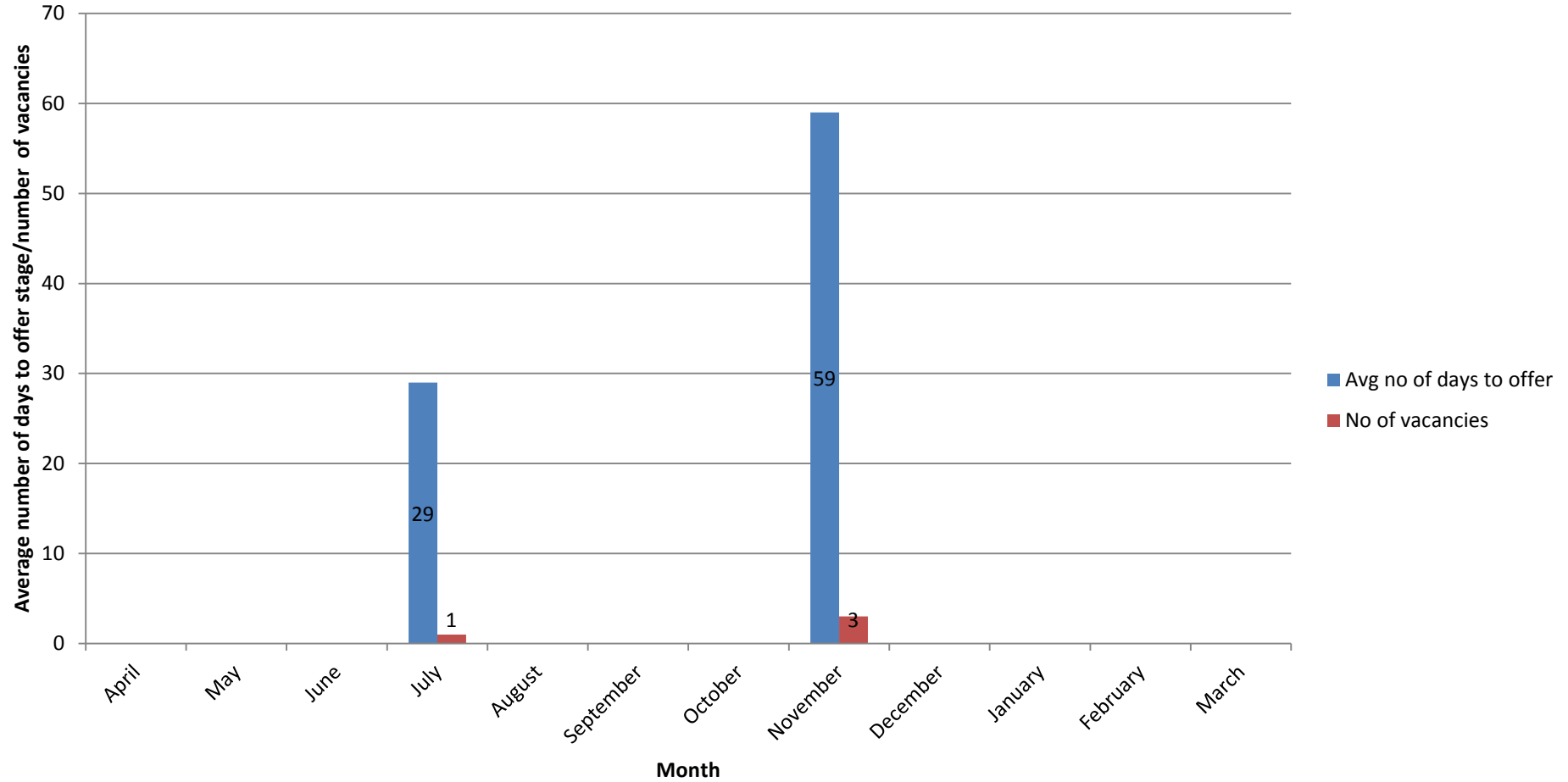




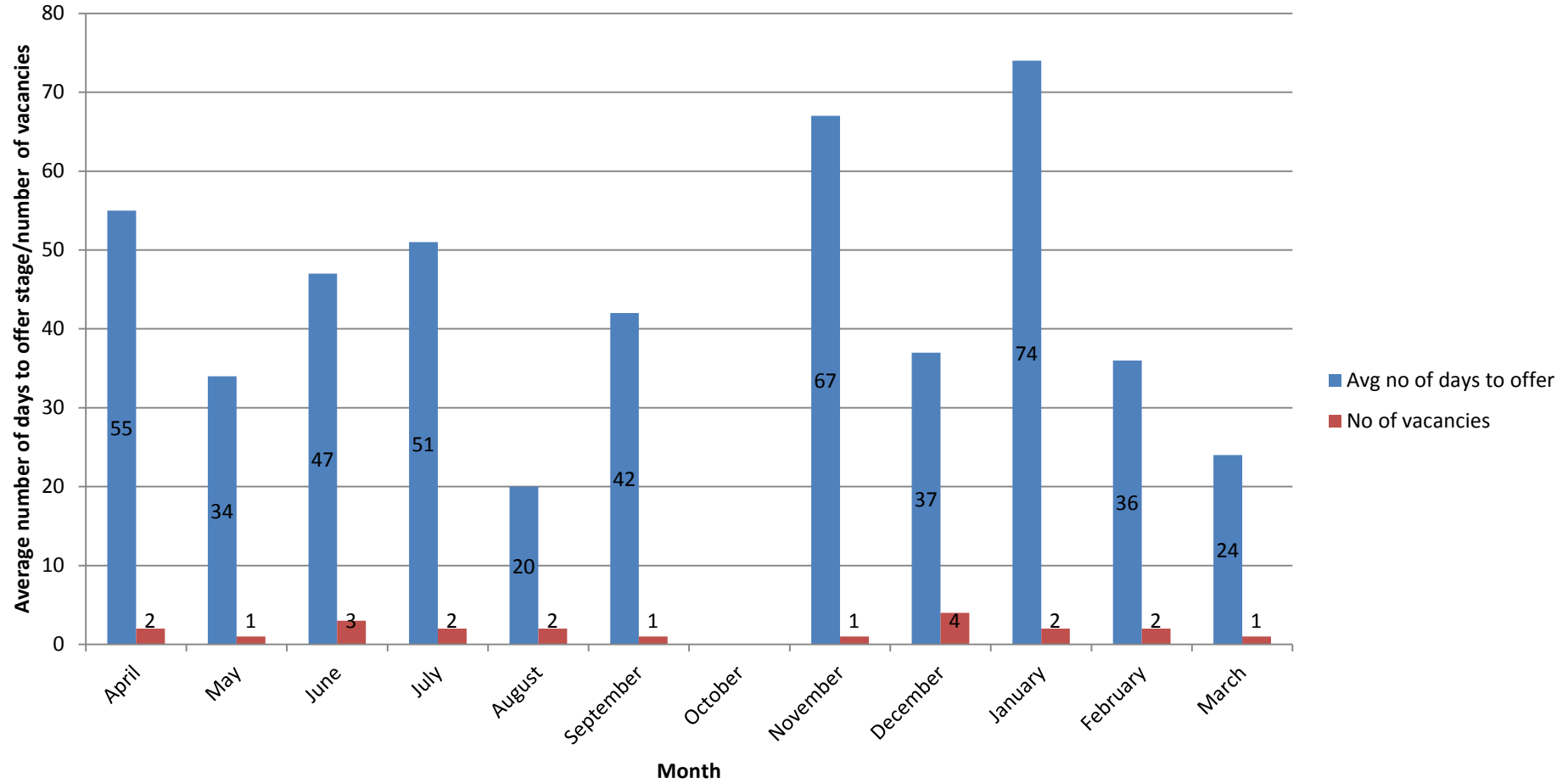
# Average number of days to offer stage Guildhall School of Music & Drama April 2016 - March 2017



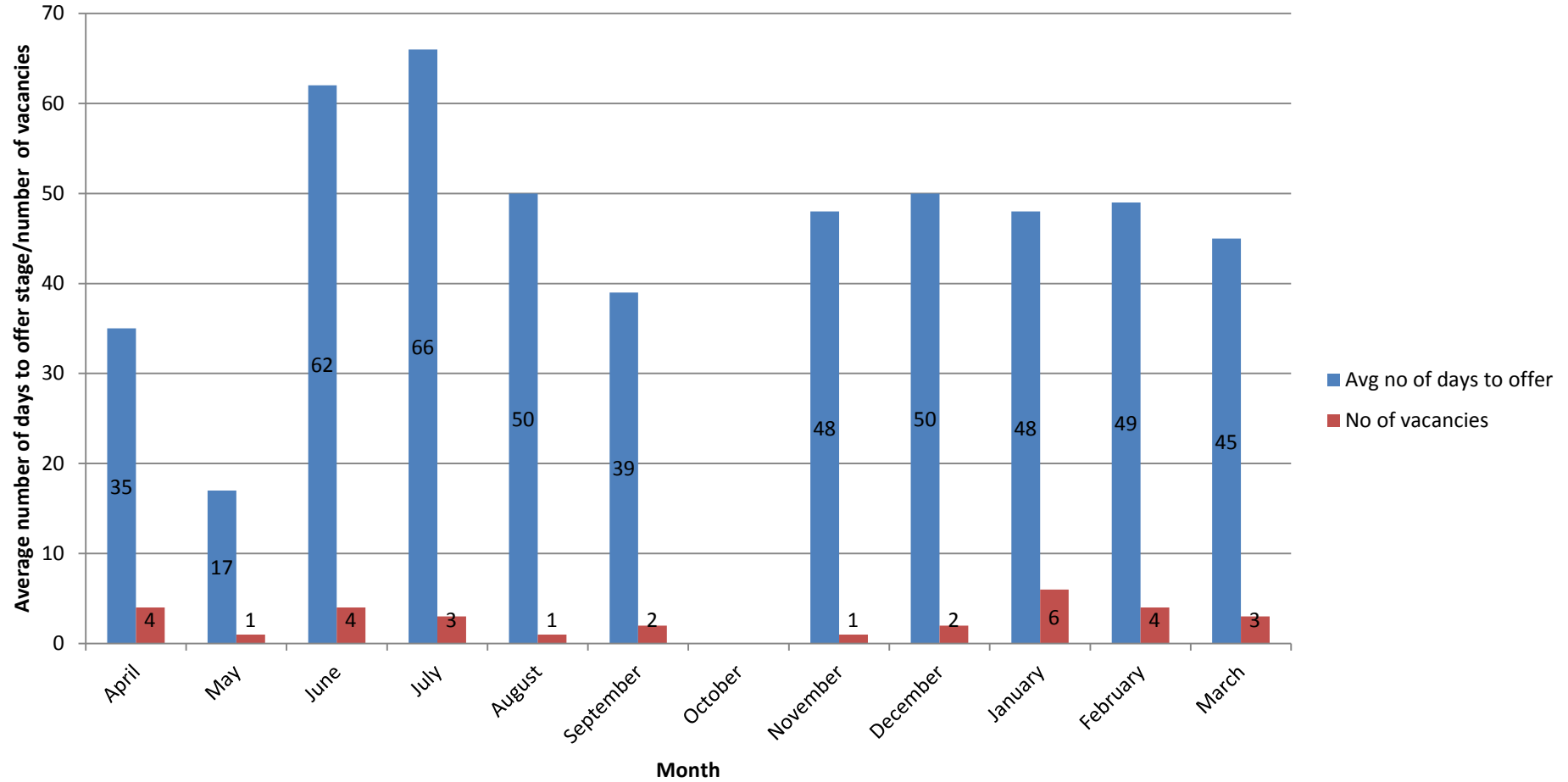
# Average number of days to offer stage Mansion House April 2016 - March 2017



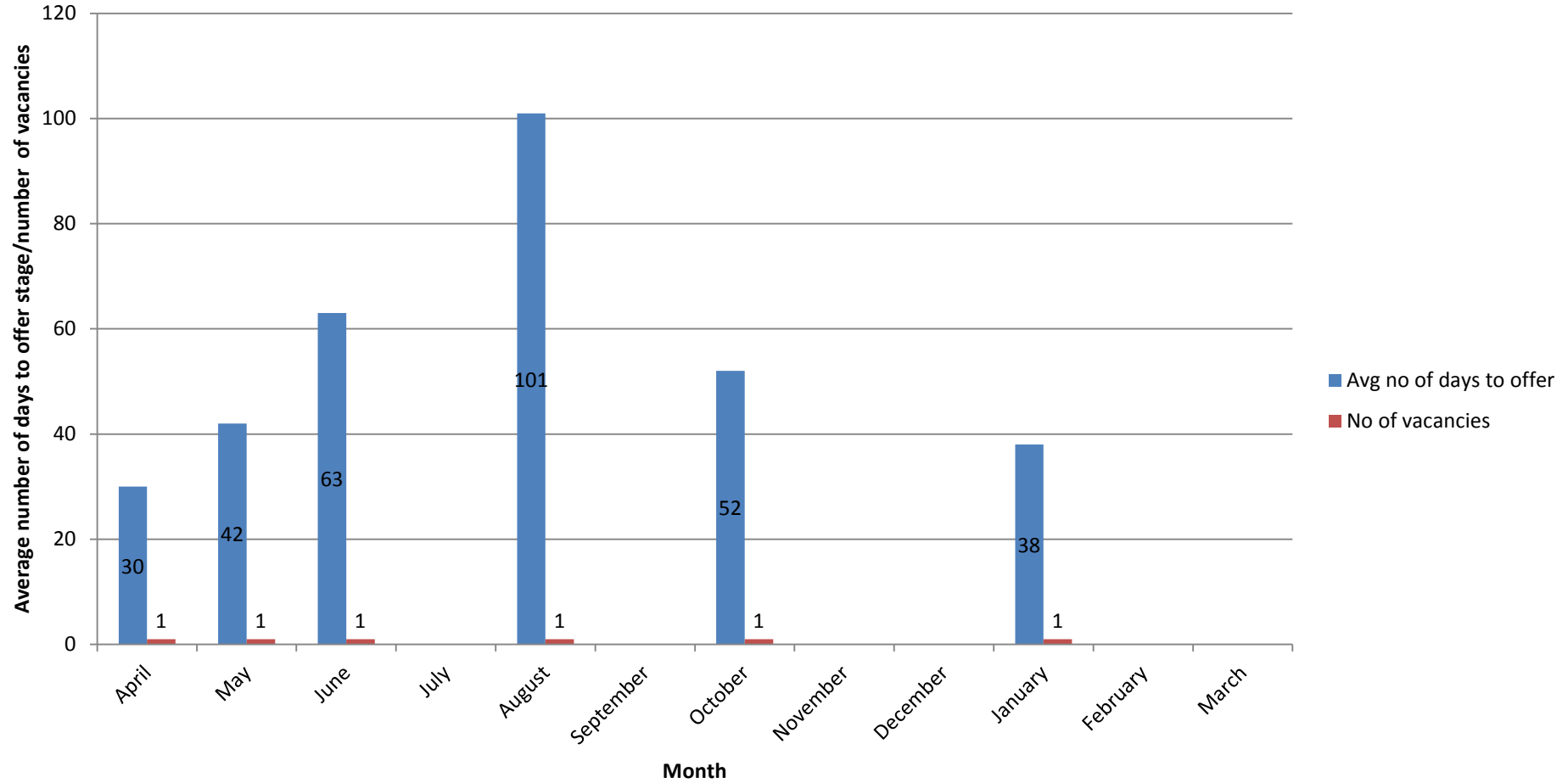
# Average number of days to offer stage Markets and Consumer Protection April 2016 - March 2017



# Average number of days to offer stage Open Spaces April 2016 - March 2017



# Average number of days to offer stage Remembrancer's April 2016 - March 2017



# Average number of days to offer stage Town Clerk's April 2016 - March 2017

