



Northern Ireland Audit Office

# The Police Service of Northern Ireland: Use of Agency Staff



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
3 October 2012





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Report by the Comptroller and Auditor General for Northern Ireland

# The Police Service of Northern Ireland: Use of Agency Staff



This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 for presentation to the Northern Ireland Assembly in accordance with Article 11 of that Order.

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Comptroller and Auditor General

Northern Ireland Audit Office  
3 October 2012

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## Abbreviations

CPD	Central Procurement Directorate
DFP	Department of Finance and Personnel
FTE	Full Time Equivalent
HET	Historical Enquiries Team
HMRC	Her Majesty's Revenue and Customs
HR	Human Resources
KPI	Key Performance Indicators
NIAO	Northern Ireland Audit Office
NIO	Northern Ireland Office
PAC	Public Accounts Committee
PSNI	Police Service of Northern Ireland
RUC	Royal Ulster Constabulary
SIO	Senior Investigative Officer
VFM	Value for Money

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# Executive Summary



## Executive Summary

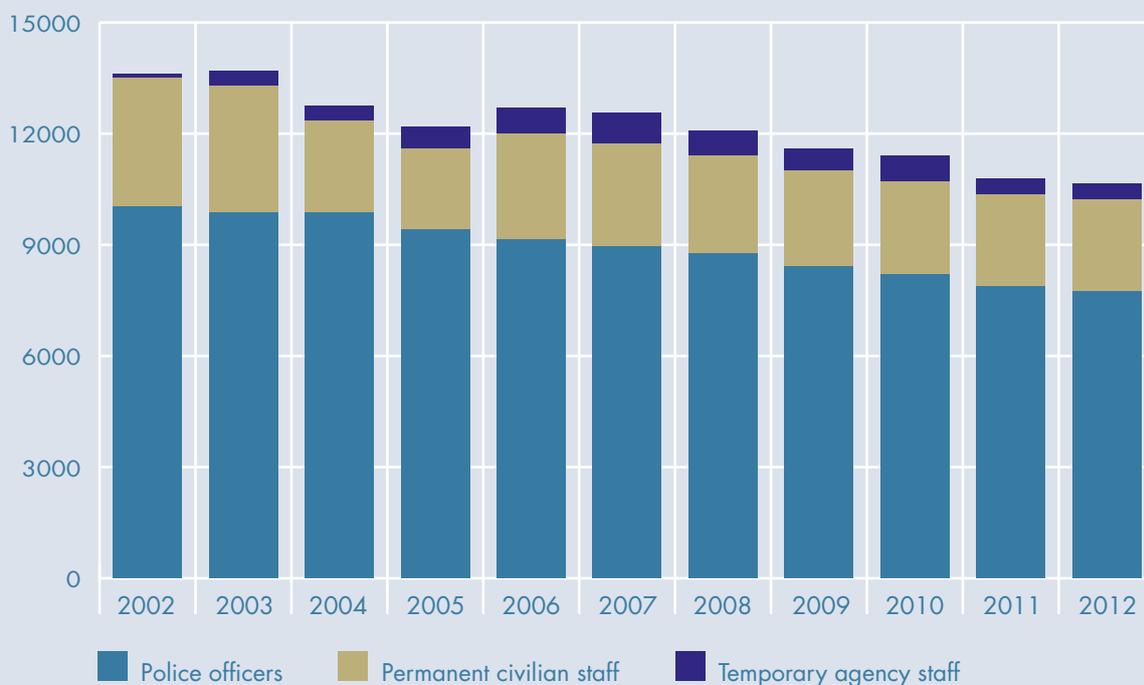
1. The Police Service of Northern Ireland (PSNI) has spent over £100 million on the use of temporary agency staff since 2005. Following implementation of an early severance scheme, as recommended in the Patten report<sup>1</sup>, the number of police officers fell from just over 10,000 at March 2002 to 7,738 at March 2012. As a result, PSNI has placed reliance on temporary staff to cover skill shortages and vacancies in a variety of roles, both policing and non-policing (Figure A). A number of those temporary workers had previously left PSNI with severance packages.

2. This report examines the arrangements in place for the recruitment of temporary staff focusing on value for money, accountability and governance.

### Conclusions

3. It is important not to underestimate the scale of challenges faced by PSNI given the unprecedented loss of skilled and experienced staff over the last ten years. In the circumstances, there remains a clear business need for temporary staff. That some of these staff should bring policing

**Figure A: Staff profile in PSNI 2002-2012**



Source: PSNI

<sup>1</sup> In September 1999, the Independent Commission on Policing in Northern Ireland produced its report entitled, *A New Beginning: Policing in Northern Ireland*, commonly known as the Patten Report

skills with them also appears necessary in the current security environment. In simple terms of cost, engaging people on a temporary basis in response to a specific security situation that is itself temporary makes more sense than recruiting new police officers, which represents a 35 year spending commitment. In that context, temporary staff offer value for money but their use needs to be properly managed and controlled. Arrangements to achieve this have improved over the last ten years as PSNI has matured as an organisation. In the same period the procurement rules applying to PSNI have become more stringent, particularly after the devolution of justice in April 2010. However in our view, the way that it has gone about procuring, appointing and managing temporary staff in this period has not always met the high standards of governance and accountability expected of public sector bodies in Northern Ireland.

4. A reduction in the number of officers was required to effect change within the police service and to enable a 50:50 recruitment policy to be introduced, as recommended by Patten. As a result, an early severance scheme for regular officers and a compulsory severance scheme for full-time reserve officers were introduced in 2001. A large number of officers left the service and signed up with recruitment agencies. Under the relevant legislation, if they rejoined PSNI as police officers, they were required to repay their severance lump sum but this did not apply if they rejoined in a civilian capacity.

5. PSNI estimates total savings of £22 million through the use of temporary rather than permanent staff over the period 2005 to 2012. In practice, given that a number of temporary staff were substituting for more expensive police officer posts, the actual savings were likely to have been higher (PSNI estimates more than £25 million). The value for money achieved through the use of temporary staff is therefore clear.
6. The procurement of temporary staff from a single recruitment agency began in 2004 when, having sought procurement advice from the Northern Ireland Office, PSNI signed a variation to an existing contract with Grafton Recruitment to provide permanent staff. The effect was to increase the annual contract spend from £2 million to £12 million initially, reaching a peak of £18 million in 2007-08. Although negotiations secured significant savings in fees and charges, by awarding the work without competition PSNI cannot demonstrate clearly that it obtained best value in this procurement. When the provision of temporary staff was subject to competitive tendering in 2008 Grafton Recruitment won the competition.
7. Over 60 temporary staff engaged by PSNI are paid through limited companies, which can be a means of minimising personal tax obligations. While this is not unlawful, we are unaware of any other public sector body in Northern Ireland currently engaging in this practice.

## Executive Summary

8. The arrangements for appointing temporary staff have improved significantly since January 2011. New procedures have introduced central oversight and challenge, and a greater degree of consistency in the use of temporary staff across PSNI. These developments are to be welcomed.
9. Although PSNI now collates some data on temporary staff, it did not always have sufficient information to fully understand the extent and costs of using temporary staff. Work has begun to enhance the data sharing arrangements between PSNI and Grafton.
10. There is scope to clarify the accountability arrangements for temporary staff. PSNI has confirmed that although a legislative change would be required to allow the Police Ombudsman to investigate complaints against contracted staff there is an expectation that all staff would co-operate with the Ombudsman's investigations.
11. There is potential for conflicts of interest to arise with the Historical Enquiries Team as former officers are employed in five of the nine investigative units. Controls are in place to manage this risk.
12. Between 2002 and 2012, nearly 1.5 million days of agency work were procured by PSNI from Grafton, spread across 11,000 assignments. There are examples of staff being employed for more than five years, with the longest temporary assignment lasting seven and a half years.
13. Over the last ten years, some 2,740 temporary workers have been engaged of which 39 per cent were former police officers who had retired under one of PSNI's severance schemes. They accounted for 56 per cent of the agency days procured, with an average length of assignment of 223 days. Around half had a break of more than one year between their severance date and starting in a temporary position. Fewer than 130 were re-employed within a month of leaving. Of the 5,600 officers who retired under PSNI's severance schemes, around 19 per cent were later re-employed in a temporary position.
14. Temporary staff were employed in a variety of roles, some of which undoubtedly required policing skills. Conversely, former police officers were employed in roles that did not require policing skills.
15. Since 2007-08, PSNI has been reducing its reliance on temporary workers and by March 2012 around 400 remained in post, mostly in roles where policing or criminal justice knowledge was required. Of these, almost 300 were former police officers who had retired under PSNI's severance schemes.

### Summary of key recommendations

Before amending or varying an existing contract to the point where the amendment could constitute a new contract, procurement advice should be sought from DFP's Central

Procurement Directorate. Any departures from that advice should be documented fully.

PSNI should review the arrangements for employing temporary staff and ensure that remuneration methods are appropriate to the public sector and provide value for money for both PSNI and the public purse more widely.

To improve data quality, PSNI should standardise the collection, analysis and reporting of data on its use of temporary staff as a matter of priority.

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## Executive Summary

### Key facts

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**£102m**

was spent by PSNI on hiring agency staff between 2005<sup>2</sup> and 2012

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**1.5m days**

of agency work was procured by PSNI between 2002 and 2012

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**2,740**

agency staff were hired by PSNI between 2002 and 2012

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**1,071**

police officers who retired under PSNI's severance schemes were later re-employed as temporary civilian workers

**19 per cent**

of police officers who retired under the severance schemes were re-employed by PSNI as temporary civilian workers

**39 per cent**

of all temporary workers engaged since 2002 were former police officers who had retired under the severance schemes

**56 per cent**

of agency days worked since 2002 were undertaken by former police officers who had retired under the severance schemes

**136 days**

was the average length of assignment worked by temporary employees since 2002

**223 days**

was the average length of assignment worked by former police officers who had retired under the severance schemes

**7 per cent**

of total working days in PSNI were provided by agency staff between 2002 and 2012

# Part One: Introduction and background



## Part One: Introduction and Background

### A radical overhaul of policing in Northern Ireland began in 1999

- 1.1 The Independent Commission on Policing for Northern Ireland was established in 1998 as part of the Good Friday Agreement. Under its terms of reference, the Commission was to enquire into policing in Northern Ireland, consult widely, and make proposals for future policing structures and arrangements. In September 1999, the Commission produced its report entitled, *A New Beginning: Policing in Northern Ireland*, commonly known as the Patten Report, which contained 175 recommendations proposing fundamental changes to the police service.
- 1.2 The Patten Report recognised that it was 'essential that the police service should be representative of the society it polices'<sup>3</sup> and recommended a much smaller but efficient police service of 7,500 full time officers. At the same time, new officers were to be recruited to achieve a balanced service that was representative of the community. The Patten Report suggested that an early retirement or severance package be offered to regular officers aged 50 or more.
- 1.3 At January 2001, there were some 8,500 full-time regular police officers in Northern Ireland. They were supplemented by almost 3,000 full-time reserve officers, employed on 3-year contracts. By March 2011, the Police Service of Northern Ireland (PSNI) had reduced to some 7,300 regular officers with a further 230 full time reservists either in, or about to go into re-training. This reduction was achieved following the departure of over 5,500 regular police officers, primarily through a voluntary severance scheme, with a further 2,400 full-time reserves also leaving mainly under a compulsory severance scheme. The total cost of the severance schemes was almost £500 million. Over the same 10-year period, 4,240 new officers were recruited.
- 1.4 The implementation of the severance schemes resulted in the loss to PSNI of some of its most experienced officers, within a relatively short period. During this time, PSNI needed to respond to fluctuations in staffing demands, short-term vacancies and specialist skill shortages, through flexible staffing arrangements. The use of temporary staff formed a key part of this flexibility.
- 1.5 Between 2002 and 2012, PSNI hired a total of 2,740 temporary staff, of whom 1,071 (or 39 per cent) were police officers who had left previously under its severance schemes.
- 1.6 It is important to set this report in the context of the significant changes to the policing architecture of Northern Ireland and the delivery of a major change programme within PSNI over the past ten years. The policing change programme created significant challenges, not least the loss of experienced staff who had to make way for a '50% Catholic, 50% Others' recruitment campaign which was intended to address the religious imbalance in the newly created PSNI. All this meant that difficult decisions had to

#### Context and scope of this report

be taken to ensure that PSNI continued as an effective and efficient service.

- 1.7 The report provides a summary of the arrangements for the recruitment of temporary agency staff, focusing on:
- **value for money**, including the process for awarding the recruitment contract;
  - **accountability**, including the quality and availability of management information to monitor the contract for providing agency staff; and
  - **governance**, including staff planning within PSNI to reduce the reliance on temporary solutions.

### Two severance schemes operated between January 2001 and March 2011

- 1.8 To achieve the necessary level of reductions recommended by Patten and enable recruitment, around 4,600 regular officers and nearly 3,000 full-time reserve officers had to leave the police service over a 10-year period. The Patten Report recommended that regular officers aged 50 or over should be offered a voluntary severance package, while the full-time reserve should be phased out. While the process was to run in several phases, we were told that this was for practical administrative reasons and was not designed to minimise the effect upon operational capability, as officers were free to avail of voluntary severance once eligible. Projections for the reduction in the size of the service, and recruitment intake, for each of the ten years are detailed in **Figure 1**.

**Figure 1: Proposed changes to the size of PSNI**

Year	Number of regular officers	Number of Full-Time Reserve officers	Cumulative number of new recruits	Total number of officers in PSNI
Base Year	8,457	2,935	0	11,392
Year 1	6,961	1,955	370	9,286
Year 2	6,475	975	740	8,190
Year 3	6,006	0	1,110	7,116
Year 4	5,741	0	1,480	7,221
Year 5	5,499	0	1,850	7,349
Year 6	5,228	0	2,220	7,448
Year 7	4,918	0	2,590	7,508
Year 8	4,587	0	2,960	7,547
Year 9	4,199	0	3,330	7,529
Year 10	3,836	0	3,700	7,536

Source: NIAO, based on data in Patten Report

## Part One: Introduction and Background

1.9 Between January 2001 and March 2011, over 4,000 regular police officers and some 1,500 full-time reserve officers actually left under the severance schemes. The ranks are shown in **Figure 2**. A further 1,343 regular officers and 790 full-time reserve officers left through natural wastage between 2002-03 and 2011-2012.

**Figure 2: The number and ranks of officers leaving under PSNI severance schemes**

Rank	Numbers leaving
Assistant Chief Constable	14
Chief Superintendent	92
Superintendent	150
Chief Inspector	133
Inspector	420
Sergeant	822
Constable	2,414
Reserve Constable	1,511
No information available	32
<b>Total</b>	<b>5,588</b>

*Source: PSNI*

### The legislation is clear about the re-employment of officers

1.10 One consequence of the severance schemes is that they placed a large number of former officers with policing skills and knowledge on the jobs market. With some years to go before attaining state pension age, many signed up with recruitment agencies.

1.11 The regulations<sup>4</sup> which gave effect to the severance schemes deal specifically with the re-employment of retired officers. Regulation 8 provides that where a person rejoins PSNI as a police officer within five years of leaving under the severance regulations, they will be required to repay any severance lump sum payments received. However, that would not apply to a member who joins PSNI as a civilian or who joined a police force in Great Britain.

### The importance of temporary staff to PSNI

1.12 PSNI considered it was essential to use temporary agency staff in order to maintain operational effectiveness. It told us that this was due to a number of reasons:

- the skills and experience lost throughout the period;
- the resurgent terrorist threat;
- the 4-year security funding provided by HM Treasury, which meant that long-term permanent appointments would not be viable or sensible;
- the need to maintain frontline policing and fulfil its legacy commitments. These were responsibilities driven by the demands of the Coroner and Article 2 of the European Convention of Human Rights; and
- the rigid adherence to the officer headcount of 7,500 until September

4 Police Service of Northern Ireland and Police Service of Northern Ireland Reserve (Full-Time) (Severance) Regulations 2003

2009 which resulted in less flexibility to invest in workforce modernisation at the desired rate. The use of temporary staff post 2009 was considered a necessary transitional element in a wider change process. The challenging Comprehensive Spending Review settlement in 2010 required plans to be altered once again.

### The Northern Ireland Policing Board oversees the activities of PSNI

- 1.13 The Northern Ireland Policing Board is responsible for overseeing policing in Northern Ireland. It is the Board's job to ensure that there is an effective and efficient police service for Northern Ireland and to make sure that the Chief Constable and PSNI are accountable in carrying out their responsibilities and serving the community. The strategic direction of policing is set by both the Minister of Justice (long-term Ministerial objectives) and the Board which holds the Chief Constable to account for his actions<sup>5</sup> and those of his staff for the policing service delivered. The Board also has a statutory duty with regards to value for money under the terms of the Police (Northern Ireland) Act 2000.
- 1.14 This means that the Chief Constable should inform and answer to the Board on significant aspects of policing in Northern Ireland. However, it cannot and does not, direct or control the Chief Constable. The delivery of local policing services is the responsibility of the Chief Constable and the police service.

### Structure of the report

1.15 Our report is structured as follows:

- Part Two: The award of the contract for recruiting temporary staff
- Part Three: PSNI's oversight of the contract
- Part Four: The use of temporary staff
- Part Five: Workforce and succession planning

<sup>5</sup> The Board does not hold the Chief Constable to account for operational matters falling within national security responsibilities – this falls to the Secretary of State.



## Part Two:

The award of the contract for recruiting temporary staff



## Part Two: The award of the contract for recruiting temporary staff

2.1 Temporary workers are an important element in managing the staffing needs of many organisations. For example, non-permanent workers account for around 7 per cent<sup>6</sup> of the workforce in the public sector in Northern Ireland. PSNI is no exception and the use of temporary staff forms a key part of its resourcing strategy. Temporary workers currently account for just under 4 per cent of PSNI's total workforce. At the height of their use in 2007, they accounted for around 7 per cent.

2.2 PSNI's reasons for using temporary staff include:

- the need for flexibility to meet fluctuations in workloads, while determining what is required and affordable over the longer term; and
- the need to provide short-term cover where an absence of specialist skills has been identified, while allowing PSNI to build up the necessary skills and experience.

### **PSNI initially procured temporary workers from three agencies**

2.3 Between February 2001 and July 2004, PSNI used temporary workers from three recruitment agencies. The one-year contracts which commenced in February 2001 had the option to extend for a further two years. This option was taken up and the contracts were extended until the end of January 2004.

2.4 On 30 January 2004, the contracts were further extended to the end of July 2004. This second extension, while beyond the terms of the original contract, was an emergency measure to ensure that PSNI had some access to temporary staff while a new contract was arranged.

### **Recruitment of temporary staff was not subject to competitive tendering until 2008**

2.5 PSNI decided that a switch from using three suppliers to a single supplier would '*drive down the costs of recruiting temporary staff*' and signed a variation, in July 2004, to an existing contract to provide permanent staff that it already held with Grafton Recruitment. In line with Northern Ireland Office's (NIO) Procurement Unit guidance at that time, no business case was prepared to support the contract variation. Current guidance from the Department of Finance and Personnel (DFP) requires that a variation such as this should be supported by an appropriate and proportionate appraisal.

2.6 Advice received from the NIO Procurement Unit stated that it saw '*no impediment*' to varying the existing Grafton contract to include temporary staff provided that the change:

- did not substantially alter the nature of the services agreed; and
- did not substantially affect the value payable under the agreement.

<sup>6</sup> Department of Enterprise, Trade & Investment Labour Force Survey – Economic and Labour Market Statistics (July to September 2011)

2.7 It also stated that *'as a rule of thumb, Procurement Unit would consider that if the contract variation were to increase the contract value by more than 50% then the variation should only be effected if it can be demonstrated that the contract will continue to represent best value.'*

2.8 PSNI felt that as there was a clear linkage between the recruitment of permanent and temporary staff – both were essentially a function of recruitment – the variation to the contract would not substantially alter the nature of the services provided. PSNI also considered that the change was unlikely to substantially affect the value of the contract, but costings were never produced. In fact, amounts paid to Grafton over the four year period of the contract increased significantly (**Figures 3 and 4**).

2.9 PSNI told us that it *'does not accept that the value of salaries paid to temporary workers, are a relevant factor in determining the value of the contract'*. It also said *'the value of the contract to Grafton Recruitment as a supplier should be the only factor in such decisions, and it was, thus the decision to vary it without a further tender process'*. Brief written guidance for NIO bodies extant in 2004 does not address this issue<sup>7</sup>. By today's standards, the full value of the contract would be the relevant consideration.

2.10 PSNI has estimated the average cost of employing a temporary worker to be £4,770 less than the cost of employing a permanent member of staff. The average number of temporary posts filled over the period 2005 to 2012 was 647. Accordingly, PSNI estimates total

**Figure 3: Fees paid to Grafton in respect of recruitment of permanent staff (original contract)**

	2004-05 £m	2005-06 £m	2006-07 £m	2007-08 £m	Total £m
Fees for recruitment of permanent staff	2.10	2.03	1.73	1.57	7.43

Source: PSNI

**Figure 4: Amounts paid to Grafton in respect of recruitment of temporary staff (contract variation)**

	2004-05 £m	2005-06 £m	2006-07 £m	2007-08 £m	Total £m
Fees for recruitment of temporary staff	0.42	0.91	1.23	1.33	3.89
Salaries in respect of temporary staff	4.18	9.09	12.32	15.02	40.61
<b>Total</b>	<b>4.60</b>	<b>10.00</b>	<b>13.55</b>	<b>16.35</b>	<b>44.50</b>

Source: PSNI

<sup>7</sup> NIO letter, 'Procurement Procedures', dated 17 September 1997

## Part Two: The award of the contract for recruiting temporary staff

savings of £21.6 million through the use of temporary rather than permanent staff over the period. In practice, given that a number of temporary staff were substituting for more expensive police officer posts, the actual savings were likely to have been higher (PSNI estimates more than £25 million). Without the use of temporary staff, PSNI contends that it could not have achieved its financial savings targets during this period.

- 2.11 The value for money achieved through the use of temporary staff is clear. However, it is a fundamental tenet of good practice in procurement that a contract variation of this size and value should be subject to careful consideration as to whether the change significantly affected the scope of the original contract to the extent that it could be viewed as constituting a new contract. This did not happen and in effect, a new contract was awarded by PSNI without competition. PSNI told us that negotiation with Grafton achieved a significant reduction on its charge out rate, which has so far delivered cumulative savings of £3.5 million. Nevertheless, over £44 million in fees and salaries was paid to Grafton for the provision of temporary staff in the four years to 2008 before a competition took place.

### Recommendation 1

Before amending or varying an existing contract to the point where the amendment could constitute a new contract, procurement advice should be sought from DFP's Central Procurement Directorate. Any departures from that advice should be documented fully.

- 2.12 The contract variation was signed on PSNI's behalf by its Recruitment Manager who did not have the necessary delegated authority to do so. The approval limit for the Recruitment Manager was £100,000 while the increase in expenditure in the first year alone was £4.6 million. For a variation on this scale, approval should have been sought from the Deputy Chief Constable.
- 2.13 The issue of recruiting temporary staff has been the focus of a number of discussions at meetings of the Northern Ireland Policing Board over several years. For example, in January 2006 the Human Resources Committee of the Board raised a number of concerns at the decision to extend the contract:
- as few permanent staff were being recruited, the variation was likely to become the bulk of the value of the contract; and
  - the market for temporary staff was quite different in nature to that involved in recruiting permanent staff.

2.14 While a number of issues have been raised, members have expressed differing views on how they should be taken forward. The Board has also had difficulty in obtaining accurate and timely information, such as the former occupation of temporary workers. PSNI told us that such information *'was not held in a central PSNI database, and to obtain such information, a complex and time consuming comparison would have to be undertaken between temporary worker lists and the PSNI pension role and HR data'*.

stage. Fees for the provision of temporary workers in the business case were £5.4 million over the four-year period. The actual spend on fees was less than £5 million with a further £57 million spent on salaries (**Figure 5**).

2.16 As with the previous contract variation, PSNI told us that the service provided by Grafton was for the provision of temporary workers and their charge for doing so. The salary cost was not part of that calculation.

## A new contract was awarded in 2008

2.15 Following a competitive tendering process, a four-year contract for the provision of permanent and temporary agency staff was awarded to Grafton Recruitment in January 2008. However, a business case completed in April 2007 did not include the salary costs of temporary workers. The full costs of the service being put out to tender were, therefore, never properly assessed. The business case was completed while the tendering process was at an advanced

## Recommendation 2

PSNI should review its procedures to ensure that a full business case is prepared and approved before the tender and award of any contract (subject to proportionality). The business case should provide all the information necessary to support the decision to award the contract and commit actual expenditure.

**Figure 5: Amounts paid in respect of the recruitment of temporary and permanent staff**

	2008-09 £m	2009-10 £m	2010-11 £m	2011-12 £m	Total £m
Fees (iro temporary staff)	1.37	1.18	1.29	1.03	4.87
Salaries paid to temporary staff	16.08	13.91	15.13	12.09	57.21
Fees (iro permanent staff)	1.11	0.39	0.25	0.26	2.01
<b>Total</b>	<b>18.56</b>	<b>15.48</b>	<b>16.67</b>	<b>13.38</b>	<b>64.09</b>

Source: NIAO, based on data supplied by PSNI

## Part Two: The award of the contract for recruiting temporary staff

### Two contract variations have been made since 2009

#### Grafton assumed responsibility for providing staff to HET

- 2.17 An early variation to the contract was required in 2009 in order to provide staff to the Historical Enquiries Team (HET)<sup>8</sup>. Prior to April 2009, these staff were provided under the National Contract for Temporary and Agency Staff Services.<sup>9</sup> However, as a result of the sole supplier arrangement with PSNI, Grafton assumed responsibility for providing staff to HET.
- 2.18 DFP's Central Procurement Directorate expressed concern to PSNI at the potential increase in value of the Grafton contract that would arise by including HET, stating that *'whilst there would be scope to amend the current Grafton contract to some degree, an increase of £5m per annum would be excessively beyond the value of the original contract and therefore not in accordance with current procurement guidance.'* PSNI amended the existing contract held with Grafton and told us that, as the original business case only included the charge out rate (that is, excluding salaries and benefits) it made any comparison of additional costs difficult.
- 2.19 PSNI considered that moving to one supplier for all temporary staff would generate significant savings. In October 2011, it calculated that since Grafton took over the HET element of the contract,

annual savings of £123,000 had been achieved compared with rates charged by the previous supplier. Expenditure incurred on HET agency staff in 2011-12 was some £5.3 million.

#### A change in employment law altered the nature of the Grafton contract

- 2.20 A second major amendment to the contract was required when the Agency Workers Regulations (Northern Ireland) 2011 came into effect in December 2011. This gave agency workers the same rights as permanent employees with regard to pay and working conditions after 12 weeks of service in the same job.
- 2.21 Temporary staff are now employed on contracts of employment and then assigned to work at PSNI. To distinguish this change in status, agency staff were subsequently referred to as 'associates'.<sup>10</sup> A variation to the contract noted that *'it is estimated that it will be approximately 10% more expensive to engage the services of a Grafton Associate.'* As a result of these changes and the increasing cost, PSNI undertook to reduce its reliance on temporary staff and monitor their use more closely.
- 2.22 No updated business cases were prepared to underpin either of these major variations to the contract. PSNI told us that *'there has always been a requirement of a business case for contract variations'*. In this case however, the changes to staff status

8 The Historical Enquiries Team is a special investigative unit attached to the PSNI to re-examine the deaths of over 2,500 people in the civil unrest in Northern Ireland between 1968 and the signing of the Belfast Agreement in April 1998. It is an independent unit that answers directly to the Chief Constable.

9 The 'National Contract for Temporary and Agency Staff Services' is a national framework contract established by Thames Valley Police for the provision of temporary staff to emergency services.

10 The term 'associate' was introduced on 4 July 2011, in advance of the Agency Workers Regulations (Northern Ireland) 2011

did not increase the financial benefit to Grafton and therefore, did not necessitate a contractual variation. PSNI also told us that *'appropriate advice (legal and procurement) was taken at all stages'*.

- 2.23 It has been DFP guidance for many years that the principles of appraisal must be applied to all decisions to award and/or extend contracts. Indeed, its current guidance<sup>11</sup> stresses *'the need for suitable appraisals and business cases before entering into contracts, contract extensions and procurements.'* DFP guidance also makes it clear that there are no exceptions to this requirement.

### Recommendation 3

PSNI should review its procurement regulations to ensure that they are in line with current best practice and DFP's guide to 'expenditure appraisal and evaluation'.

### Some temporary staff are employed through limited companies

- 2.24 Some temporary staff engaged by PSNI are being paid through limited companies. At March 2012, 64 staff were employed through these arrangements, which can be a means of minimising personal tax obligations. Of these, 63 were based in HET<sup>12</sup> and one in the Crime Operations Department. We are unaware of any other public sector
- body in Northern Ireland engaging in this practice.<sup>13</sup>
- 2.25 PSNI told us that *'there is no additional charge to the public purse on the use of limited companies. Therefore, there is no VFM issue. This is about taxation.'* However, members of the Public Accounts Committee at Westminster have recently raised concerns about similar practices within the Student Loans Company<sup>14</sup>. While not unlawful, the Westminster PAC chair has described the situation as a *'tax avoidance scheme, which is totally wrong'*. In a Statement made by the Chief Secretary to the Treasury on this issue in May 2012, he declared that *'there is absolutely no place for tax avoidance in Government'*.
- 2.26 PSNI also said that *'there is no central guidance on the use of limited companies from DFP, NIAO or HMRC'*. However, Managing Public Money Northern Ireland<sup>15</sup> clearly states that *'public sector organisations should avoid using tax advisors or tax avoidance schemes as any apparent savings can only be made at the expense of other taxpayers or other parts of the public sector'*. While it is clear that PSNI is not engaged in tax avoidance, it did unwittingly become associated with such schemes when it undertook to provide staff for HET through the Grafton contract.
- 2.27 PSNI told us that its legal advice is that, should it seek to change the tax arrangements and terms of engagement

11 Finance Director letter (03/12), issued by DFP, March 2012

12 There are 134 staff currently working in HET

13 This was confirmed by the Minister of Finance and Personnel in response to an Assembly Question in April 2012 (Ref: AQW 8394/11-15)

14 In February 2012, it was reported that the Chief Executive of the Students Loan Company has his salary paid gross to his private service company, potentially saving him tens of thousands of pounds in tax.

15 Issued by DFP in June 2008

## Part Two: The award of the contract for recruiting temporary staff

within the existing contracts of the individuals concerned, the effect would be that the Chief Constable would assume the role of employer. This would bring increased costs and employment liabilities that do not exist currently. It also told us that the sustainability of HET could be placed at risk, at least in the short to medium term, if individuals' contracts were to be cancelled and steps taken to re-tender, to the detriment of political and community confidence.

### **Recommendation 4**

PSNI should review the arrangements for employing temporary staff at contract renewal and ensure that remuneration methods are appropriate to the public sector and provide value for money for both PSNI and the public purse more widely.

Part Three:  
PSNI's governance of the contract

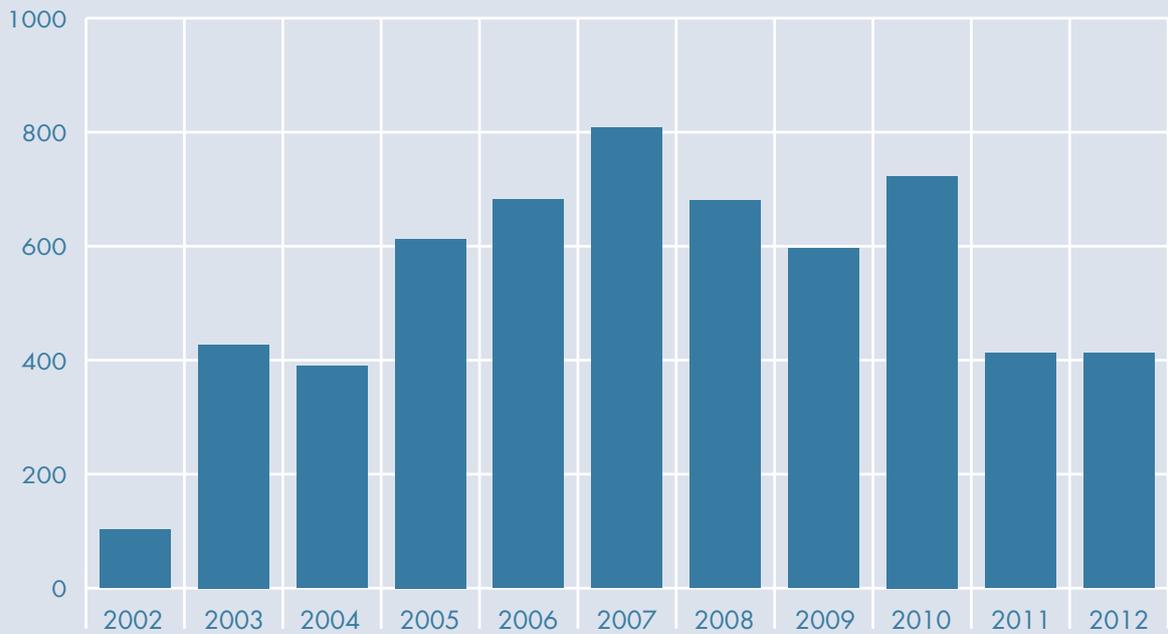


## Part Three: PSNI's governance of the contract

- 3.1 Accurate, timely and accessible information on the use, location and cost of temporary staff is a pre-requisite for effective monitoring and to inform PSNI's recruitment strategy. This is all the more important as the Patten Report recommended<sup>16</sup> that district commanders should have fully devolved authority over the deployment of personnel within their command, devolved budgets, authority to purchase a range of goods and services, and to finance local policing initiatives. As a result, control over local recruitment was decentralised and PSNI central Human Resources (HR) and Finance departments exercised less control. Without any strategic oversight of this area, the number of temporary staff rapidly expanded from a baseline of around 400 staff in 2003 to a high of over 800<sup>17</sup> in 2007.
- 3.2 There was no established corporate policy or procedure governing the recruitment of agency staff. In the absence of written procedures, we asked PSNI how it appointed temporary workers. It told us that, before January 2011, local management identified a job vacancy and sought approval from both the local HR manager and the local Head of Business Services (for budgetary approval). A request form was then forwarded to Grafton detailing the skills and competencies of the role. Grafton would search its candidate database and, where the skills were not available,
- the post would be advertised externally. Details of candidates with the requisite skills and experience would then be sent to PSNI for consideration. The post would be filled through either a paper sift of names and skills of these potential employees or, where required, an interview of the candidates.
- 3.3 The devolvement of recruitment to a local level, as recommended in the Patten Report, and the availability of experienced staff seeking work led to a rapid increase in the numbers of temporary staff engaged with little apparent consideration of what resourcing was required for the future (**Figure 6**).
- 3.4 In many cases, agency staff were not hired to fill a specific vacant post. Instead, temporary posts appear to have been created as opportunities to provide skills that local commanders felt necessary. This led to a situation where, at March 2007, almost 700 agency staff were employed and, at this stage, their use appeared to be out of control. In many departments, the total number of staff (that is, permanent plus agency) exceeded approved resource levels (**Figure 7**).
- 3.5 This situation was acknowledged in PSNI's Workforce Strategy of November 2007 which stated '*there is a reliance on temporary Agency staff to supplement the formal resource distribution. In the majority of departments, the total number of agency staff exceeds approved resource levels.*' It went on to state '*Since this period, while there has been an overall reduction in posts, the headcount*

16 Recommendation 76

17 This represents 7% of PSNI's total workforce and over 29% of its civilian staff in that year.

**Figure 6: Numbers of temporary agency staff engaged 2002-2012**

Source: PSNI

**Figure 7: PSNI staff numbers at March 2007**

	Approved staffing complement	Numbers of permanent staff	Numbers of agency staff	Total staff
Command	79.5	75	153	228
Crime operations	579.75	543	114	657
Criminal justice	142.5	99	102	201
Finance & Support Services	393	367	33	400
Human resources	306.75	276	49	325
Media & PR	33.25	28	1	29
Operational support	437.5	407	98	505
Rural region	565.5	537	73	610
Urban region	556.75	525	63	588
Service overheads	99.75	68	2	70
<b>Total</b>	<b>3,194.25</b>	<b>2,925</b>	<b>688</b>	<b>3,613</b>

Source: PSNI Workforce Strategy, November 2007

Note: Approved staffing complement relates to posts funded from main grant and funding for some agency posts will come from external sources. Agency staff were deployed in police staff and police officer roles

## Part Three: PSNI's governance of the contract

*has increased by 20%. The mismatch has been covered by a consistent use of temporary Agency staff, used to assume the duties of relinquished posts and maintain archaic working practices'.*

- 3.6 This lack of control also meant that many roles created for agency staff were not subject to sufficient job evaluation to ensure that the post was correctly graded or that there was an appropriate amount of work required to constitute a full-time role. This was confirmed by PSNI's internal review of one department in 2009 (Criminal Justice). As part of this review, 18 jobs were evaluated. As a result, 10 were subsequently downgraded, seven remained unchanged and one was uplifted. It was also reported that the initial grading may not have been carried out by Grafton but, rather, that agency staff would have been graded and paid at the rate suggested by the Criminal Justice Department.
- 3.7 Clearly, there are cost implications for PSNI if staff are being paid at a higher grade than the post warrants. We asked PSNI if it had widened its review and whether it had estimated the full extent of agency staff 'overpayments'. It told us *'there was no justification for a widespread review which would have been very labour intensive... PSNI considers it disproportionate to conduct a historical review of all posts and gradings to calculate what savings could have been made'.*

### PSNI has now improved its arrangements significantly

- 3.8 From July 2011, when a vacancy is identified local HR must complete a business case, including details of the role; why a temporary worker is needed and an analysis of options for filling the role. The business case must be approved by either the Head of Department or Assistant Chief Constable before it is sent to central HR where the Head of Resourcing assesses the need for the post against established vacancies and funding. The case is then approved or rejected by the PSNI Resourcing Forum on behalf of the Risk, Demand and Resource Committee.
- 3.9 We welcome these developments. The new procedures give PSNI greater control over the recruitment and termination of temporary staff. The process has also introduced central oversight and challenge, and a greater degree of consistency in the use of temporary staff across the organisation. There has, to date, been no equality impact assessment of the use of associates however.

### Management information has improved over the period

- 3.10 Although PSNI now collates some data on temporary staff, it did not always have sufficient information to understand fully the extent and costs of using temporary staff, making it difficult to manage the contract and monitor their use. Some work has begun to address this, including the

establishment of an information sharing protocol between PSNI and Grafton that outlines the roles and responsibilities of both parties and the procedures in place to share management information, including ad hoc requests and minutes of relevant meetings. This is a welcome development but the provision of detailed management information should have been clearly specified within the original contract specification. Regular analysis would help HR managers to identify particular problem areas or potential areas of good practice.

### Recommendation 5

To improve data quality, PSNI should standardise the collection, analysis and reporting of data on its use of temporary staff as a matter of priority.

- 3.11 Financial information is critical to the effective management and oversight of any contract. PSNI told us that as staff budgets are devolved and managed locally by Heads of Business Services, the Grafton Contract Manager may not be aware of the total expenditure.

### Recommendation 6

In order to maintain focus at a corporate level, PSNI should allocate senior officer responsibility for monitoring the Grafton contract and regular reports should be submitted to the senior management team.

### Three key performance indicators are in place to manage the contract

- 3.12 Objective and meaningful performance indicators are necessary to measure the key outputs of a contract and assess performance. While there were no key performance indicators (KPIs) specified in the original contract signed with Grafton, PSNI has since agreed three KPIs to manage the contractor:
- a ten-day turnaround time for the provision of CVs following receipt of a job description;
  - the turnaround time for the provision of CVs to HET through second and third tier suppliers; and
  - routine queries to be addressed within five working days.
- 3.13 PSNI told us that it considered the current KPIs to be adequate and that no major issues had been raised with regards to these targets.

### Recommendation 7

To improve overall monitoring of contractor performance, PSNI should develop a comprehensive set of KPIs which allow it to measure the key outputs of the contract. KPIs should be clear, objective and meaningful and be subject to formal monitoring and reporting. Given the devolved structure of PSNI, it may also be useful to have local KPIs that reflect the specific needs of individual divisions.

## Part Three: PSNI's governance of the contract

### Accountability arrangements for temporary staff should be clarified

- 3.14 The Grafton Staff Handbook outlines the conduct that is expected of temporary staff engaged by PSNI. In addition, their contractual agreement with Grafton states:

*'You will be expected to observe and comply with the Client's [PSNI's] internal policies and procedures and failure to do so may result in disciplinary action being taken against you by Grafton.'*

- 3.15 Temporary staff must also sign a confidentiality clause which states *'whilst assigned to the Police Service of Northern Ireland as an associate worker you will, as part of your contractual agreement, maintain the standards and conduct as set out in the PSNI Staff Handbook as it applies to police staff'<sup>18</sup>.*

This was updated recently to include *'You also agree to co-operate with all statutory agencies including the Police Ombudsman's Office.'* PSNI told us that all associates, including those employed through limited companies, have signed this declaration.

- 3.16 Despite this, it appears that the issue of accountability remains open to debate. In January 2012, the Police Ombudsman for Northern Ireland expressed concern<sup>19</sup> that he could not investigate complaints against civilian receptionists or other civilian staff operating directly in conjunction with police officers in the course of their policing functions, and recommended that they be brought under the remit of his Office. PSNI told us that

the Chief Constable is on record as saying that he broadly agrees with this view. At the Justice Committee in February 2012 the Chief Constable confirmed that a legislative change would be required to allow the Police Ombudsman to investigate complaints against contracted staff. However, he stated that there is an expectation that all staff would co-operate with the Ombudsman's investigations.

### A number of temporary workers have had their contracts terminated

- 3.17 PSNI told us that, over the lifetime of the contract with Grafton, 16 temporary workers have had their contracts terminated for a number of reasons (**Figure 8**).

**Figure 8: Reason for the termination of associates' contracts**

Reason for contract termination	Number of temporary worker / associates
Failed training	1
Error of judgement	1
Attendance	4
Conduct	6
Performance	3
Security Clearance Revoked	1
<b>Total</b>	<b>16</b>

*Source: PSNI*

<sup>18</sup> These standards are the NICS Standards of Conduct.

<sup>19</sup> Police Ombudsman for Northern Ireland, Statutory Report, January 2012

### Managing conflicts of interest

- 3.18 The standards that associate staff agree to abide by include guidance on managing conflicts of interest. This is particularly important in the Historic Enquiries Team, where work with historic cases means that there is potential for conflicts of interest to arise. Out of the nine investigative units in HET, one team is composed entirely of officers that served in the PSNI or Royal Ulster Constabulary (RUC). Another four are 'hybrid' teams, including officers from PSNI/RUC and others from outside Northern Ireland. There are established procedures for identifying potential conflicts of interest. In particular, former RUC officers are expected to make a declaration if they had been involved in the initial investigation of any HET case. If such a declaration is made, they are removed from the team. Families are also entitled to have their particular investigation undertaken by HET workers with no previous RUC experience (see **Appendix 1**). These arrangements provide assurance of the independence of HET's investigators. In our view, some development of these arrangements would provide further assurance, for example, requiring all members of the team to declare their independence formally at the outset of any investigation.
-



Part Four:  
The use of temporary staff

# EMPLOYMENT AGREEMENT

**1. AGREEMENT** employs employee as **TD**  
Employer hereby agrees, and employee hereby agrees, at  
the above-mentioned address, to accept and agree  
to such employment.

## 2. DESCRIPTION OF EMPLOYEE'S DUTIES

Subject to the supervision and pursuant to orders, advice and  
direction of employer, employee shall perform such duties as are customarily  
performed by one employed by such employer or other employer. Employee  
the same or similar to such position in other employer. Employee  
additionally render such services and duties as may  
assigned to him from time to time that are required in the interest of the employer.

## 3. MANNER OF PERFORMING EMPLOYEE'S DUTIES

## Part Four: The use of temporary staff

4.1 This part of the report provides a detailed analysis of PSNI's use of temporary staff. We undertook an extensive data matching exercise to identify those officers who had left under PSNI's severance schemes and were later re-employed in a temporary position. We also completed detailed analyses including the average length of assignment; the typical roles that were performed; and the length of time between leaving PSNI under the terms of the severance schemes and re-engagement in a temporary civilian role.

### Absence of documentation pre-2005

4.2 PSNI has a statutory duty to retain information that may be of value in the future. Most accounting records do not have long term national importance so there is no need to preserve them permanently. On occasions we were unable to review financial data prior to 2005 as PSNI's 7-year retention policy for this type of information, which is in line with statute, meant the papers had been routinely destroyed.

### Almost 1.5 million agency days have been provided by Grafton since 2002

4.3 The data available shows that almost 1.5 million agency days, spread across 11,000 separate assignments, have been provided by Grafton since 2002 (**Figure 9**). Additional days will have been used when temporary staff were also provided by three separate agencies between 2002 and 2004<sup>20</sup> (see paragraph 2.3). PSNI told us that, during the same

period, the total number of working days undertaken by all employees was some 21 million.

4.4 While the average length of assignment was 136 days, these could be as short as one day or continue for several years. Temporary staff could also be engaged on several assignments, either continuously or with breaks in employment. On average, a temporary worker was employed on four assignments for a total of 543 days.

4.5 Our analysis shows that of the 11,000 individual assignments, 1,280 (12 per cent) lasted more than one year and 412 (4 per cent) lasted longer than two years. Thirty seven assignments have lasted more than five years and four longer than seven years (**Figure 10**).

### Case example A

#### Constable A

Constable A retired from PSNI in 2001. In mid-2004 he was temporarily re-employed as a porter/driver. Duties included receiving deliveries, moving furniture, removing rubbish, salting the complex in severe weather, removing Health and Safety hazards and other facilities management activities as required. PSNI told us that it was planning a review of all such industrial grades and it was felt appropriate to retain the flexibility of a temporary resource. Constable A's assignment lasted for more than seven years.

*Source: PSNI*

20 Records were unavailable and an estimate cannot be provided by PSNI.

**Figure 9: Number of assignments and agency days worked since 2002**

Year	Total number of assignments	Total agency days <sup>1</sup>	Average
2002	20	3,000	150
2003	154	21,000	136
2004	536	97,000	181
2005	854	288,000	337
2006	1,188	179,000	151
2007	1,853	226,000	122
2008	1,668	127,000	76
2009 <sup>3</sup>	2,370	230,000	97
2010	1,476	175,000	119
2011	802	140,000	175
2012 <sup>2</sup>	40	3,000	75
<b>Total</b>	<b>10,961</b>	<b>1,489,000</b>	<b>136</b>

Source: NIAO, based on data supplied by PSNI

- Notes: (1) 'Total Agency Days' have been rounded to the nearest 1,000 and relate to the year in which the assignment commenced.  
 (2) Figures for 2012 are up to the end of February 2012.  
 (3) In 2009, responsibility for providing staff for HET passed to Grafton, increasing the number of assignments for temporary staff in that year.

**Figure 10: Length of assignments**

Length of assignment	Number of assignments
1 -2 years	868
2-3 years	246
3-4 years	83
4-5 years	46
5-6 years	27
6-7 years	6
Over 7 years	4
<b>Total</b>	<b>1,280</b>

Source: NIAO, based on data supplied by PSNI

4.6 The longest single assignment lasted seven and a half years. It is difficult to see how assignments that last this length of time can be deemed as 'temporary'. Another 131 individuals were employed in temporary positions on different assignments where the cumulative time exceeded five years.

## Part Four: The use of temporary staff

### Case example B

#### Constable B

Constable B retired in October 2001 under the voluntary severance scheme after more than twenty years service. In early 2004, he was rehired by PSNI through Grafton as a civilian staff member to act as a transport assistant at a local station where he was responsible for ensuring vehicles were in a clean and roadworthy condition, were serviced regularly and were available for operational duties. It was initially a 12 week placement which was described as 'casual' on the requisition form. The assignment concluded almost seven and a half years later in June 2011, when PSNI undertook a review of its use of agency staff. Upon leaving, the Inspector rated the associate's performance as outstanding in all aspects.

Source: PSNI

### Almost 40 per cent of temporary workers were former PSNI officers

- 4.7 Of the 2,740 temporary workers engaged between 2002 and 2012, 1,071 (39%) had left PSNI as a result of the severance schemes. These retirees accounted for over 834,000 (56%) of the agency days, across 3,743 assignments, while those who had not previously served in PSNI provided 654,000 days (44%) across a total of 7,218 assignments (**Figure 11**).
- 4.8 The majority of former PSNI officers who were re-employed had a break of more than one year between their severance date and starting in a temporary position. Fifty four were re-employed within a week of leaving; nineteen, one day after their severance date; and two were engaged prior to their severance dates<sup>21</sup> (**Figure 12**).

### Junior ranking officers were most likely to be re-employed

- 4.9 Of the officers who retired under the severance schemes, those most likely to

**Figure 11: Analysis of days worked between Patten and non-Patten retirees**

	Total	Patten retirees	Non-Patten retirees
Total agency days worked	1,488,816	834,368	654,448
Total assignments	10,961	3,743	7,218
Total persons engaged	2,740	1,071	1,668
Average days per assignment	135.83	222.91	90.67
Average days per person	543.36	778.33	392.35

Source: NIAO, based on data supplied by PSNI

21 Both these officers were former full time reserves who had ended their operational engagement with PSNI and had begun their paid retraining phase.

**Figure 12: Length of time between retirement and re-employment**

Time	Numbers re-employed	Cumulative numbers re-employed
Prior to severance	2	2
1 day	19	21
7 days	33	54
1 month	73	127
3 months	129	256
6 months	106	362
1 year	154	516
More than 1 year	555	1,071

Source: NIAO, based on data supplied by PSNI

be re-employed had held the ranks of Inspector, Sergeant or Constable. Regular constables had a much higher rate of re-engagement (24 per cent) than those who were in the full-time reserves (7 per cent).

The ranks of Assistant Chief Constable, Chief Superintendent and Superintendent had significantly lower rates of re-engagement (**Figure 13**).

**Figure 13: Re-employment by rank on departure**

	Numbers departing under the severance schemes	Numbers re-employed as temporary workers	Percentage re-employed as temporary workers
Assistant Chief Constable	14	0	0%
Chief Superintendent	92	6	7%
Superintendent	150	14	9%
Chief Inspector	133	25	19%
Inspector	420	121	29%
Sergeant	822	212	26%
Constable	2,414	584	24%
Reserve Constable	1,511	108	7%
Sub-total	5,556	1,070	19%
No information given	32	1	
	5,588	1,071	19%

Source: NIAO, based on data supplied by NIAO

## Part Four: The use of temporary staff

### Temporary staff were engaged in a variety of roles

- 4.10 Some of the posts filled by temporary staff required police skills (see case examples C and D). However, others that did not require specific policing skills were filled by former PSNI officers. For example, 82 assignments that were described as 'driver' were filled by former officers who had accepted severance. In addition, roles that appear to have been purely administrative were filled by former officers. PSNI told us *'the employment history of those engaged via Grafton Recruitment was not a specific factor, unless directly relevant to the role. It is competency for a particular role that is relevant, not history'*. It also said *'the fact that former police officers are skilled and competent to perform roles beyond those requiring police skills or experience is not unusual. The range of occupations that former police officers have taken up since availing of voluntary severance is diverse'*.

#### Case example C

##### Retrospective Murder Review Unit

The Retrospective Murder Review Unit was established to re-examine unsolved murders that occurred between the signing of the Good Friday Agreement on 10 April 1998 and the establishment of PSNI's Crime Operations Branch on 1 March 2004; and to re-examine unsolved murders not attributable to "The Troubles" that occurred between 1968 and the signing of the Good Friday Agreement in April 1998. The team includes 13 associate staff funded from the main police grant. As the

aim of these investigations is to ultimately bring charges where evidence exists, PSNI told us that it was essential that staff had a knowledge of and experience of murder investigations. Among the successful convictions that the team has achieved was the 1989 murder of Mrs Symington in Stranmillis, Belfast. The team has also brought charges in relation to the murder of Simon Tang. PSNI told us that it was doubtful whether these investigations would have been given sufficient resources and priority without the use of agency staff.

*Source: PSNI*

- 4.11 At the Justice Committee in February 2012, the Chief Constable stated that PSNI had to comply with European employment law and he could not refuse to re-employ former officers. He told the Committee: *'if I were to create a lack of opportunity for someone based on their previous job, I suspect that I would be acting potentially unlawfully'*. Legal advice was that PSNI could not, under any circumstances, prevent people from re-applying for a civilian-type position.

#### Case example D

##### Back Record Conversion Project

The Back Record Conversion project aims to digitise a large number of paper files which relate to Child and Rape enquiries. These paper files are analysed and subsequently used to categorise the threat level that each offender may present. The information is then uploaded to the Police National Database. Such data means that an instant informed

assessment can be made by police throughout the UK about any potential offender that they have concerns over. The nature of the information and the skills required to assess this evidence means that those engaged require policing skills – these are likely to be former PSNI officers. The project is scheduled to be completed within a year.

Source: PSNI

- 4.12 **Figure 14** sets out the most common posts filled by agency staff. This indicates that the rates of employment of former police officers were higher in roles where policing skills were required.

### Around 400 temporary staff were employed at March 2012

- 4.13 At 31 March 2012, 391 full-time equivalent (FTE) temporary staff were engaged by the PSNI. The majority (63 per cent) were located within Crime Operations and, of these, more than a quarter were working within HET (**Figure 15**). In total, almost 300 (or 73 per cent) were former police officers who had retired under PSNI's severance schemes.

**Figure 14: Positions held by temporary workers**

Role	Overall number of days provided	Days provided by Patten retirees	Percentage of days provided by Patten retirees
Assistant Investigator (p)	148,995	135,949	91%
Administrative Assistant	94,997	15,129	16%
Administrative Officer	80,687	29,614	37%
English Language Transcribers	63,519	39,593	62%
Role-player	40,560	8,843	22%
Admin Support Officer	30,688	16,784	55%
Intelligence Officer (p)	24,593	23,804	97%
Investigator (p)	24,438	24,205	99%
Driver	22,542	19,060	85%
Safety Camera Operator	20,074	19,297	96%

Source: NIAO, based on data supplied by PSNI

Note: (p) = policing skills required

## Part Four: The use of temporary staff

**Figure 15: Temporary workers in post at March 2012**

	Number of temporary staff in post	Number of severance leavers	%
Command	32	21	66%
Crime Ops	178.25	164.5	92%
HET	68.25	38.25	56%
Finance & Support Services	14	3	21%
Op Support	40.75	32.5	80%
Rural	22.75	15.75	69%
Urban	24	6	25%
Other	11	4.5	41%
<b>Total</b>	<b>391</b>	<b>285.5</b>	<b>73%</b>

Source: NIAO, based on data supplied by PSNI

Note: All figures refer to FTEs

- 4.14 Over two-thirds of these staff were employed at Executive Officer I level or below. In contrast, only 5.75 (FTE) posts were at Grade 7 or above while none were employed at grades equivalent to those in the senior civil service (**Figure 16**).

**Figure 16: Grades of temporary workers**

Grade	Number	%
Industrial Grade	2	0%
Administrative Assistant	3	1%
Administrative Officer	91.5	19%
Executive Officer I	165.75	35%
Executive Officer II	40.75	9%
Staff Officer	62.25	13%
Deputy Principal	20	4%
Grade 7	4.75	1%
Grade 6	1	0%
<b>Total</b>	<b>391</b>	<b>100%</b>

Source: NIAO, based on data supplied by PSNI

## PSNI must consider the funding context in making its future plans

4.15 The funding of temporary staff engaged by PSNI comes from a variety of sources. Over a quarter (26 per cent) receives earmarked funding, for example those working in HET, with security funding accounting for a further 18 per cent (**Figure 17**). PSNI told us that as both these funding sources are time-limited, filling these posts with permanent appointments risks committing to future spending for which no funding would be available. This appears reasonable. PSNI must take funding issues into account when considering its future staff profile, especially where funding is short-term and uncertain.

**Figure 17: Funding source for temporary workers**

Funding Source	Number of associate staff	%
Main Grant	218.5	56%
Earmarked	100.5	26%
Security	71	18%
No Funding	1	0%
<b>Total</b>	<b>391</b>	<b>100%</b>

Source: PSNI



## Part Five: Workforce and succession planning



## Part Five: Workforce and succession planning

### PSNI faced a significant loss of skills and experience as a result of the severance schemes

- 5.1 One of the key recommendations of the Patten Report was the introduction of a voluntary severance scheme for regular officers, which aimed to achieve:
- a significant and measurable change, in the relatively short-term, to the composition of PSNI;
  - a change to the culture and ethos of policing; and
  - a smaller overall policing complement in Northern Ireland.
- 5.2 From the launch of the scheme in January 2001 until its conclusion in March 2011, over 4,000 regular officers left PSNI in this way. A further 1,500 full-time reserve officers left under a separate compulsory severance scheme. Over the same period, nearly 1,500 officers and 1,600 support staff left the service due to natural wastage and other reasons.
- 5.3 PSNI told us that the total 'experience loss' from the severance schemes was over 51,000 years of service. As a result, key areas within PSNI relied heavily on temporary workers with specific skills, some of whom were Patten retirees re-employed after leaving the force (see **case example E**).

### Case example E

#### Crime Operations Department

The Crime Operations Department is responsible for conducting all investigations into organised and serious crime, including murder and terrorism. Teams of detectives work with in-house specialists, including crime analysts and scientific support officers and staff, to deliver investigations and manage intelligence. It has an agreed establishment figure for police officers and staff of 1,925. As a consequence of the voluntary severance scheme, the Department experienced staff turnover of almost 30 per cent between 2005 and 2011. This was exacerbated by the limited succession planning during the early years of the severance scheme; long training courses to equip officers for their new role; and high attrition rates in some specialist training courses (around 7 per cent pass rate). By January 2012, the Department had 192 vacancies. In order to relieve the pressure on resources, PSNI used temporary workers with relevant police skill sets. The Department currently employs 178 temporary staff of whom 165 (or 92 per cent) were former police officers who had left under the severance scheme.

*Source: PSNI*

### PSNI's ability to prevent officers leaving was restricted

- 5.4 PSNI realised that there could be exceptional cases where operational need would have to be paramount and officers wishing to avail of voluntary severance would need to be retained

beyond the date they wanted to retire. In such cases management could decline an application.

- 5.5 PSNI established a number of criteria to help decide whether an application should be deferred, including:
- was it a key position?
  - would it lead to a shortage of specialist knowledge?
  - was a replacement required, either police or civilian?
  - what were the training implications?
  - did the post require the powers of a Constable?
  - did the officer agree to a deferment?
- 5.6 If an officer was retained beyond the date on which they wanted to leave, and suffered financial detriment as a result, their post could be 'red circled'. In these circumstances, the officer would receive a retention bonus to make up the difference between the severance lump sum on the planned date of leaving and the severance lump sum on the actual date of leaving. However, a strict limit of 5 per cent was placed by NIO on the number of leavers in any one year that could receive a retention bonus. PSNI told us that about 330 officers left annually which means that 17 could have been red-circled.

- 5.7 PSNI told us that this limit restricted its ability to manage effectively the loss of skills and experience from those leaving under the voluntary severance scheme. It secured an amendment to the procedure allowing it to view the 5 per cent limit as a full-time equivalent figure, meaning that posts could be 'red circled' for part of a year. This increased the number of persons whose skills could be retained for a defined period of time.

#### **The systems that identified key posts suitable for retention were refined**

- 5.8 PSNI stated that '*during the first three years of the Scheme it was identified that systems were not sufficiently robust to assist Commanders in replacing officers identified as occupying key posts within their Commands.*'<sup>22</sup> As a result, from 2005 a system was introduced to identify and rank specific posts deemed key to the overall organisational effectiveness.
- 5.9 PSNI told us that this process allowed a more structured and planned approach to managing the scheme. It also ensured a strategic overview, with decisions taken for the service as a whole rather than individual departments competing against each other. PSNI also told us that the majority of posts that were red circled were in Crime Operations, reflecting the priorities of the service and the skills lost through the voluntary severance scheme.

## Part Five: Workforce and succession planning

### Voluntary deferral

- 5.10 A further option was developed by PSNI for those officers who were eligible to apply for severance, but who would suffer no financial disadvantage by working for an additional year. These officers could opt to defer their departure for a year. There was no limit to the number of officers who could 'self defer' (**Figure 18**).

### PSNI produced three HR strategies between 2002 and 2010

- 5.11 With such a large scale change in the composition of PSNI, HR planning was essential to minimise the potential loss of

skills and experience. PSNI produced three HR Planning / People Strategies between 2002 and 2010 which sought to examine and prepare for the broad range of challenges facing it. As part of the monitoring of the implementation of these strategies, an independent observer Sir Dan Crompton, a former Her Majesty's Inspector of Constabulary, produced quarterly reports detailing his assessment of PSNI's actions against the key 'action points'. These stressed the need, both operationally and financially, for PSNI to reduce its reliance on agency staff.

- 5.12 However, reliance on agency staff did not decrease markedly. There may be many factors behind this, such as the

**Figure 18: Number of officers whose retirement was deferred**

Year	Officers leaving under severance	Officers red-circled	Officers self deferred	Officers deferred due to discipline / medical
1	479	0	0	0
2	785	13	0	1
3	507	33	124	0
4	80	6	0	0
5	325	5	1	1
6	287	5	1	1
7	350	13	0	1
8	414	14	1	1
9	333	14	0	0
10	352	15	2	4
11	430	21	3	1
	<b>4,342</b>	<b>139</b>	<b>132</b>	<b>10</b>

Source: PSNI

uncertain budgetary circumstances which PSNI faced and the multi-faceted re-organisation which it was undergoing. Indeed, in 2005 the independent observer noted that:

*'Until the PSNI is a lot clearer about what are the future requirements, uncertainties will remain about taking-on staff on a permanent basis. A bigger evil would be to employ staff now who may be confronted with redundancy in 12 to 18 months time...'*

- 5.13 Nevertheless, the concerns of the independent observer extended beyond these pragmatic issues:

*'I have raised with HR Department, not the principle of the employment of Agency staff (which can be well supported in a climate of uncertainty around structural change and numbers of civilians required) – but the scale of Agency Staff employed and the percentage within that 'block' of employment who are ex-police officers.'*

### **Succession planning for key posts was inadequate at a time of significant staff turnover**

- 5.14 When a large body of staff leaves an organisation, adequate succession planning is vital to ensure its ongoing success. This would help to ensure that, as far as possible, critical posts remain filled by appropriately skilled staff. It is also important that, where possible, those skilled staff members could transfer some of their knowledge to their replacements.
- 5.15 PSNI told us that *'the loss of officers in middle and senior ranks cannot simply be replaced on a one for one basis, as officers coming behind must have the requisite career experience and accumulated competence to proceed to the higher rank. In a compressed period of time, sophisticated succession planning was impossible'*. It also said the *'voluntary severance scheme was voluntary and, as such, no guarantees were possible with regard to the leaving dates of officers. It was, thus, not possible to plan into the long term'*.
- 5.16 In a number of cases PSNI lost staff with either skills or knowledge deemed essential to business continuity. As a result, retired officers returned as temporary workers to provide their skills.

#### **Case example F**

##### **Superintendent F**

Superintendent F was re-engaged shortly after his retirement as a result of the voluntary severance scheme. His skills were deemed vital to the continuity of the department in which he worked and as a result he returned as a consultant on the same project that he had worked on prior to his severance, at a daily rate of £275. PSNI procured his services through the means of a Direct Award contract (single tender action) for which there was no open competition, citing national security concerns.

*Source: PSNI*

## Part Five: Workforce and succession planning

- 5.17 It is important not to underestimate the scale of the challenges faced by PSNI given the unprecedented loss of skilled and experienced staff. However, while these difficulties may have been created by a unique set of circumstances, the (re)-employment of temporary staff to cover key posts does not, in our view, properly address the risks. With no permanent ties to the organisation temporary staff can leave with little if any notice, taking essential skills with them. PSNI told us that this risk had to be considered alongside the risk of employing people on a permanent basis with no ability to sustain those funding commitments.

### PSNI has attempted to reduce its reliance on temporary staff

- 5.18 PSNI has made two main attempts to reduce its reliance on temporary workers, with varying degrees of success. The first, in June 2007, was when its Finance, Personnel and Training Committee reviewed recommendations to *'reduce the reliance on agency workers and rationalise the numbers currently being utilised by the organisation.'*
- 5.19 While accepting the need to reduce the number of temporary staff, the Committee issued guidance to Heads of HR rather than prescriptive directions. There was a view amongst members that *'this was not seen as centre directing as to how agency workers could be employed or utilised by Districts or Departments. It was agreed that this would negate the purpose of devolvement.'* There was no substantial

### Case example G

#### Inspector G

Inspector G left PSNI under the terms of the voluntary severance scheme in 2005 and was re-engaged a week later. As systems and records manager Inspector G was responsible for the integrity of the information on an HR system. This information is required for budgetary forecasting, financial returns, succession planning, resource decision making and allowing searches in relation to threats made against officers and staff. PSNI told us that *'the complexity of the system and the sheer volume of leavers and new employees, as well as the ongoing restructuring meant that PSNI judged it essential to retain the highest level of expertise at management level to ensure the sufficient knowledge and overview was available in relation to the complex and protracted processes required to build establishment on the system.'* This assignment lasted over five and a half years, being terminated in June 2011.

*Source: PSNI*

reduction in the number of agency staff following this.

- 5.20 In 2011, PSNI's Risk, Demand and Resourcing Committee sought to establish further controls around the use of temporary workers brought about as a result of legislative changes (see paragraph 2.20). Since then, reliance on agency staff has decreased from 647 in April 2011 to 372 in August 2011.

- 5.21 However, the removal of large numbers of agency staff poses difficulties and PSNI has sought to identify how they can best be replaced (see **Figure 19**).
- 5.22 PSNI told us that the replacement of temporary workers by permanent members of staff brings with it several risks. For example, recruiting permanent staff to positions financed by temporary funding streams brings the significant risk that other posts will need to be found for these employees if the funding stream runs out. Having considered the risk, PSNI considers that this is the most appropriate way forward.

### PSNI's future plans involve further reductions in the use of temporary staff

- 5.23 The current contract with Grafton to provide temporary staff expires in late 2012. PSNI told us that it is currently working on the tendering procedure for a new contract, and intends to reduce its reliance on temporary staff. Given the unprecedented budgetary pressures that all public sector bodies are now facing, it may be difficult for PSNI to maintain an efficient and effective police service without a continuing need for some temporary agency staff.

**Figure 19: How current associates will be replaced**

Method of Replacement	Total
Staff duties transferred to new Managed Service Contract	24.75
Recruitment of new permanent PSNI staff	123
Post re-classified as police officer position	39
Employment terminated	43.25
Existing PSNI staff re-deployed to fill vacancies	10
Specialist policing skills – currently supported by additional security funding*	126.75
Internal promotion/selection competitions for PSNI staff	31
Keep as Associate	1
<b>Total</b>	<b>398.75</b>

Source: PSNI

\*All security funding due to end by 31 March 2015

## Part Five: Workforce and succession planning

5.24 PSNI told us that a number of factors now present it with increased opportunity to plan effectively, with greater certainty and sophistication, including:

- agreeing the four year budgetary settlement;
  - obtaining the four year security funding package from HM Treasury and the Northern Ireland Executive;
  - the increased pace of criminal justice reform;
  - improvements in PSNI's internal governance; and
  - a revised approach to the Policing Plan, working with the Policing Board to focus on efficiency and improving public confidence.
-



## Appendix 1: (Paragraph 3.17)

### Historical Enquiries Team

#### Background

The Historical Enquiries Team (HET) was established in 2005 as an operationally independent unit within PSNI which answers directly to the Chief Constable. It has been tasked with cold case reviewing the deaths of thousands of people during the 'Troubles' between 1968 and the signing of the Good Friday Agreement in April 1998. It was established with the following objectives:

- to assist in bringing 'a measure of resolution' to those families of victims whose deaths are attributable to 'The Troubles' in the years 1968 to pre-Belfast/Good Friday agreement 1998;
- to re-examine all deaths attributable to 'The Troubles' and ensure that all investigative and evidential opportunities are subject to thorough and exhaustive examination in a manner that satisfies PSNI's obligation of an 'Effective Investigation' Article 2, Code of Ethics for PSNI; and
- to do so in a way that commands the confidence of the wider community.

Following the conclusion of a HET report, where there appears to be further areas for evidential investigation the case is passed to Crime Operations division with PSNI. HET told us that following their reviews, one murder conviction was gained, with 2 cases currently awaiting trial and 29 other cases currently referred to Crime Operations for investigation.

Initial funding was provided until April 2009 and then further extended. HET currently expects that it will conclude its reviews by May 2014.

#### Use of temporary workers

HET makes extensive use of temporary workers due to the temporary nature of its funding. Staff are provided by Grafton and in cases where they are unable to provide sufficient numbers of suitable candidates, by second and third tier suppliers. HET requires experienced detectives with investigative skills and experience of homicide investigations to undertake what are often complex examinations into historic crimes. In addition, HET told us that the experience and knowledge of officers who had served in RUC/PSNI was vital in providing a wider context and organisational knowledge.

#### The Independence of HET Reviews

HET has nine separate investigative units. Eight are led by Senior Investigative Officers (SIO) from outside Northern Ireland. The remaining SIO was an officer in PSNI. Four of the nine units are composed exclusively of staff with no connection to the Royal Ulster Constabulary (RUC) or PSNI. A further four are 'hybrid' teams and the remaining team is composed of officers exclusively from Northern Ireland. Where they request to do so, families are offered the opportunity to engage with a team composed of entirely non-RUC/PSNI officers.

HET told us that in order to maintain the integrity of the process, in the case of former RUC officers currently serving in HET, officers are expected to make a declaration if they had involvement in the initial investigation of any case that HET is

subsequently reviewing. If such a declaration is made, they are then removed from the reviewing team.

In addition to the above checks, HET told us that it has internal quality assurance procedures prior to any report being issued to family. All completed reports are submitted to the editorial board for review. Amongst those on the board is the Director of HET and HET's director of performance. A 'police check' is carried out to ensure that there are no evidential leads which could be referred to PSNI. Following this, a further check is completed on the report by two former journalists employed by HET, to check presentation and any potential legal issues.

### **Future plans**

HET told us that it aims to complete its case load by May 2014. Currently, it has reviewed over 1,500 cases of the total caseload of 2,556. HET will experience considerable challenges arising from PSNI's decision to reduce its reliance on associate workers. Currently, 32 positions are filled by associates, which are largely administrative. These will be replaced by permanent staff. HET told us that the loss of trained and experienced staff, and the subsequent handover period, will pose considerable challenges and could threaten to disrupt business continuity in the short-term. Non-administrative staff will be retained for the lifetime of the HET.

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