

The News of Health **August 2020 Free**

Agency staff V Permanent staff the facts exposed!

Dear reader,

Welcome to August's newsletter, and thank you in advance for your time in reading my articles.

In August and September, we usually see a big increase in demand for assignments.

During the 8th and 9th month of the year, there is a lot of holidays being taken by permanent staff in care homes and these days most care home staff levels are so tight there is no other permanent staff to cover. A great deal of permanent staff have delayed their holiday time to bravely support care homes during the lockdown COVID- 19 pandemic. The world is starting to open, and people are being allowed to travel more and more each day. Your people have worked so hard for the last 5 months, everyone deserves a break



This is when the staffing agency comes to the frontline, ready to support you in the challenging world of healthcare.

There is no question that agency staff are usually considered expensive, which is not surprising with news stories saying that some charge the NHS literally thousands of pounds for a single shift! Of course, that is far from normal, but it is the sort of thing that sticks in the public's – and a manager's mind!

The truth however is that although at first glance an agency worker might seem far more expensive compared than their permanent counterpart, there is actually a little more to it than that when you look at what is involved. More particularly its important to consider the hidden costs of employing someone more permanently.

If you are a manager, owner or administrator and ever wondered what costs are involved from an agency's point of view, this is the newsletter to read.

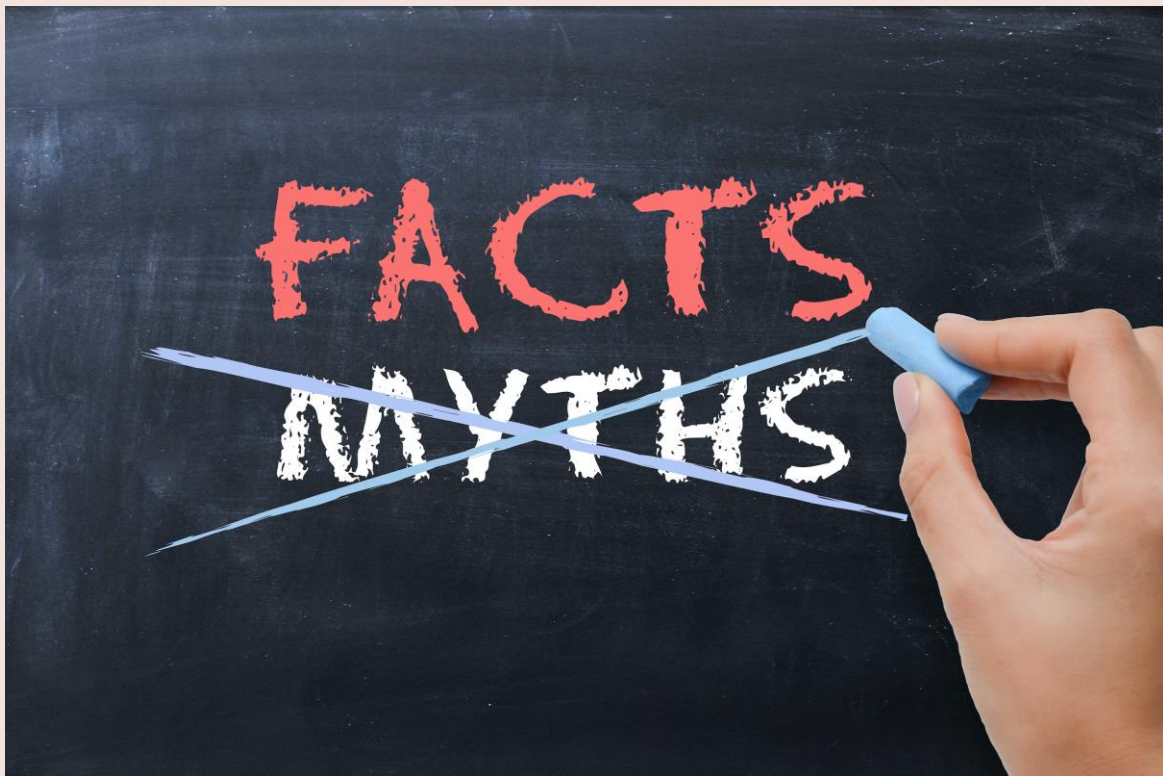
Myths

To the untrained eye, comparing the cost of agency staff compared to their permanent equivalent seems easy ...

Agency hourly rate – Permanent hourly rate = staff and agency profit per hour

This is a relatively straight forward calculation, but it is wrong.

It does not take into account of the often forgotten “hidden” costs that you normally have to pay your permanent staff. With agency staff, these costs are effectively passed on as part of the overall package cost, and so much of the “profit” shown above actually covers a cost that you would have also had to pay your own staff.



Cost breakdown

Let us quickly breakdown the hourly rate for both permanent staff and an agency worker to see where the money goes. We will also uncover some so-called “hidden” costs

Cost	Permanent Employee	Agency Employee
Hourly rate	<p>The hourly rate for an agency worker is typically a little higher than a permanent equivalent.</p> <p>Remember however that the agency worker will typically work in multiple locations, often at short notice, with different procedures to get used to and has less job security than permanent staff. Travel may also be a consideration, again at short notice.</p>	
Holiday Pay	<p>Holiday pay Your staff are given X days holiday per year. You pay for this time, even though the staff are not working. Its therefore an added cost.</p>	<p>Agency staff do not have “time off” as such, but legally are still paid “accrued” holiday pay.</p> <p>This is paid based on the hours they work and is taken out of the hourly rate charged.</p>
PAYE & National Insurance	<p>These taxes are also taken out of the total amount paid.</p>	<p>These taxes are also taken out of the total amount paid.</p>
Employer’s National Insurance	<p>As the employer, you must pay this for your permanent staff. This is in addition to their hourly wages.</p>	<p>As an agency, we too must pay this for all staff paid through PAYE. We are not charging separately for this though, it again comes from the hourly rate charged.</p>
HR Scheduling and timesheets	<p>You may have someone, or a team in charge of your entire HR.</p> <p>Their function might include, scheduling, processing of timesheets, payroll etc.</p>	<p>In contrast, the moment you contact us to fill a shift, all the administration associated with that passes from you to us.</p> <p>This not only involves finding and scheduling staff, but also the processing of timesheets and payroll etc</p>
Payroll	<p>You pay for the processing of payslips etc., typically as part of your HR function</p>	<p>The agency process payslips and handle the admin. costs incurred.</p>

From the previous table, it is clear to see that there are a number of costs associated with any worker. Some are obvious – the amount they take home, while others are not (holiday pay, employers NI etc.).

With that in mind, the comparison between fees is somewhat more complex and can be rewritten as follows ...

<u>Permanent Staff</u>	<u>Agency Staff</u>
<p>You pay an hourly rate incl. PAYE In addition, you also pay these “hidden” costs...</p> <ul style="list-style-type: none"> ➤ X days paid holiday ➤ Employers national insurance ➤ Pension ➤ HR functions & payroll 	<p>We pay hourly rate incl. PAYE... Included in the above, we also pay...</p> <ul style="list-style-type: none"> ✓ Accrued holiday pay ✓ Employers national insurance ✓ Pension ✓ HR functions and payroll

As you can see from the above table, the true comparison is far more balanced than might first appear because our hourly charge is also used to pay all the associated costs.

In- direct “hidden” costs

Its interesting to say that there are many other “hidden cost” that do not normally come to the mind of the press and managers and permanent staff of care homes. That the agency must pay for:

Training: We train all our staff, with accredited care certificate courses. Additionally, we complete on going refresher training at no cost to the client.

Office space and equipment: we have office staff that coordinate the assignments you give us, and we support you with client services

Other costs: It does not end there. There are an array of other costs to consider such as the HR costs to deal with new starters, holiday cover, uniform costs, cover for maternity leave, sick days, company cars, software licences and more.

So, all things considered, to help support you in these tough times, agency may not be the devil you first thought it was!

As ever, I wish you the best of health always

Priscilla Holmes

Number 1 Healthcare