



Cabinet Member for Strategic Finance and Resources

Time and Date

10.00 am on Thursday, 22 March, 2018

Place

Diamond Room 2, Council House, Coventry

Public Business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 3 - 6)
 - (a) To agree the minutes of the meeting held on 22 February, 2018
 - (b) Matters Arising
4. **Policy Contingency Funding Requests - Coventry Law Centre and Coventry Pride 2018** (Pages 7 - 18)

Report of the Deputy Chief Executive (Place)
5. **Agency Workers and Interim Managers - Performance Management Report Q3 (1 October to 31 December, 2017)** (Pages 19 - 34)

Report of the Deputy Chief Executive (People)
6. **Outstanding Issues**

There are no outstanding issues.
7. **Any other items of public business which the Cabinet Member decides to take as matters of urgency because of the special circumstances involved.**

Private Business

Nil

Martin Yardley, Deputy Chief Executive, Place, Council House Coventry

Wednesday, 14 March 2018

Note: The person to contact about the agenda and documents for this meeting is Suzanne Bennett Tel: 024 7683 3072

Membership: Councillor J Mutton (Cabinet Member)

By invitation Councillor K Taylor (Shadow Cabinet Member)

Please note: a hearing loop is available in the committee rooms

If you require a British Sign Language interpreter for this meeting
OR if you would like this information in another format or
language please contact us.

Suzanne Bennett

Tel: 024 7683 3072

Email: Suzanne.bennett@coventry.gov.uk

Coventry City Council
Minutes of the Meeting of Cabinet Member for Strategic Finance and Resources
held at 10.00 am on Thursday, 22 February 2018

Present:

Members: Councillor J Mutton (Cabinet Member)

Employees: (by Directorate)

Place: O Aremu, B Hastie, Resources Directorate P Helm, U Patel

Public Business

60. Declarations of Interest

There were no disclosable pecuniary interests declared.

61. Minutes of Previous Meeting

The minutes of the meeting held on 14 December 2017 were agreed and signed as a true record.

There were no matters arising.

62. Exclusion of the Press and Public

RESOLVED that the Cabinet Member agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to Minute 67 below headed “Culture Coventry Trust - Financial Performance and Support Arrangements” on the grounds that the report involves the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act, as the report contains information relating to the financial affairs of a particular person (including the authority holding that information) and in all circumstances of the cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

63. Coventry and Solihull Waste Disposal Company Pension Guarantee

The Cabinet Member considered a report of the Deputy Chief Executive (Place) which sought approval to the provision of a pension guarantee (provided jointly with Solihull Metropolitan Borough Council) to West Midlands Pension Fund, in respect of Coventry and Solihull Waste Disposal Company pension liabilities as set out in Section 2.11 of the report.

The Coventry and Solihull Waste Disposal Company Ltd (CSWDC) is jointly owned by Coventry City Council (CCC) and Solihull Metropolitan Borough Council (SMBC) and currently pays significant dividends to both councils. The company is an employer within the West Midlands Pension Fund (WMPF) but has only 2 active employee members within the fund. At the point at which there are no remaining active employees, WMPF would act to ensure that any CSWDC pension deficit can be settled via CSWDC making a minimum risk termination payment. As at the

2016 pension valuation this was estimated to be £3.9m. This settlement payment would restrict the scope for the Company to make dividend payments. The councils' medium term financial plans would assume that significant dividends continue to be received in the future.

As continuing members of the West Midlands Pension Fund, both councils were in a position to act jointly with CSWDC in order to avoid the need for a minimum risk payment.

It was proposed that CCC and SMBC provide a guarantee to the WMPF that the pension deficit would be settled. The final form of the agreement may or may not include transfer of the assets and liabilities of the CSWDC to the 2 councils, at the point at which there are no active CSWDC employee members of the fund. With a guarantee, any settlement figure would be much lower than the minimum risk basis, thereby freeing up funds that could be paid as dividends. As at the 2016 valuation the cost of the guarantee to the 2 authorities would have been a total of c£70k per annum over 20 years.

RESOLVED that the Cabinet Member for Strategic Finance and Resources:

- 1. Approves the provision of a pension guarantee (provided jointly with Solihull Metropolitan Borough Council) to West Midlands Pension Fund, in respect of Coventry and Solihull Waste Disposal Company pension liabilities as set out in Section 2.11 of the report.**
- 2. Approves agreement of the detailed terms of the guarantee and associated arrangements to be delegated to the Director of Finance & Corporate Services on behalf of the Council.**

64. Culture Coventry Trust - Financial Performance and Support Arrangements

The Cabinet Member considered a report Deputy Chief Executive (Place) which provided information on the Culture Coventry Trust's financial performance and support arrangements.

A corresponding private report detailing confidential aspects of Culture Coventry Trust's financial performance and support arrangements was also submitted to the meeting for consideration (Minute 67 below refers).

The UK's cultural sector had seen a reported reduction in budgets of over £1bn since 2010. This reduction had created significant pressures within the sector, with the reported closure of over 45 museums across this period. Nationally, cultural organisations were actively increasing their commercial activities whilst reviewing and restructuring their medium term financial strategies in order to meet these ongoing challenges.

Culture Coventry Trust ('The Trust') contacted the Council in November 2016 seeking financial assistance regarding its forecast deficit financial positions for 2016/17 and 2017/18 onwards. Financial pressures over the last 2-3 years – including through the period of extension and development of the Coventry Transport Museum and restoration of the Old Grammar School – meant that the Trust was required to utilise its cash reserves to remain solvent. In April 2017,

Cabinet approved a short term financial support package whilst it established a robust Medium Term Business Plan and implemented its plans for the future.

The Trust had since been through a change in management, and currently have an interim arrangement in place. The current team had reviewed and revised many aspects of the previous business plan and had recently commenced a full restructure and re-focus of the management and staffing. This had also resulted in the resubmission of external funding bids, and a much revised short to medium term financial plan. This financial plan, together with the ongoing transformation and culture change required, significantly improved the outlook for the trust and has demonstrated its status as a going concern. However, further work was required to consolidate this position, and move it forward further to enable it to demonstrate its self-sufficiency to its funders with a balanced medium term position, including the ability to redeem historic debt.

As a result, the Trust had sought one off approval in 17/18 for a grant of up to £370k to enable it to implement their management and staff restructure. Additionally, they sought approval to allow them to repay cash flow monies owed to the Council flexibly over a period of time, reflecting their in year surplus's.

RESOLVED that the Cabinet Member for Strategic Finance and Resources:

- (1) Approves a one off advance of up to £370k by way of grant funding to Culture Coventry Trust to finance their restructure implementation costs, to be funded from the Councils earmarked reserve for ER/VR's**
- (2) Within the funding limits contained in recommendation (1) delegates authority to the Director of Finance and Corporate Services, in consultation with the Cabinet Member for Strategic Finance and Resources, to agree the final amount of the advance and also the entering into the necessary legal agreements between the Council and the Culture Coventry Trust**
- (3) Approves a variation to the existing loan documents for cash flow monies owed by the Trust, to permit a flexible repayment profile and to delegate to the Director of Finance & Corporate Services the authority to finalise the terms of the repayments annually**

65. Outstanding Issues

There were no outstanding issues.

66. Any other items of public business which the Cabinet Member decides to take as matters of urgency because of the special circumstances involved.

There were no other items of urgent public business.

PRIVATE BUSINESS

67. Culture Coventry Trust - Financial Performance and Support Arrangements

Further to Minute 64 above, the Cabinet Member considered a private report of the Deputy Chief Executive (Place) that set out confidential aspects of the Culture Coventry Trust financial performance and support arrangements.

RESOLVED that the Cabinet Member for Strategic Finance and Resources:

- (1) Approves a one off advance of up to £370k by way of grant funding to Culture Coventry Trust to finance their restructure implementation costs, to be funded from the Councils earmarked reserve for ER/VR's**
- (2) Within the funding limits contained in recommendation (1) delegates authority to the Director of Finance and Corporate Services, in consultation with the Cabinet Member for Strategic Finance and Resources, to agree the final amount of the advance and also the entering into the necessary legal agreements between the Council and the Culture Coventry Trust**
- (3) Approves a variation to the existing loan documents for cash flow monies owed by the Trust, to permit a flexible repayment profile and to delegate to the Director of Finance & Corporate Services the authority to finalise the terms of the repayments annually**

68. **Any other items of private business which the Cabinet Member decides to take as matters of urgency because of the special circumstances involved.**

There were no other items of urgent private business.

(Meeting closed at 10.50 am)



Cabinet Member for Strategic Finance and Resources

22 March 2018

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

All

Title:

Policy Contingency Funding Requests – Coventry Law Centre and Coventry Pride 2018

Is this a key decision?

No

Executive Summary:

The Cabinet Member for Strategic Finance and Resources is responsible for a Policy Contingency budget which is set aside to cover any ad-hoc one-off requests for funding that are deemed to be in line with Council's policy priorities. The Policy Contingency was reduced to £75,000 as part of the 2017/18 budget setting process. This report deals with 2 separate requests for funding from this budget.

One request for additional funding is from the Coventry Law Centre (CLC). The Law Centre is concerned that the level of support they currently offer could become unsustainable, due to the increased demand for their services, which has been compounded by welfare reforms, the rising number of sanctions, and previous reductions to their grant funding. To help manage these pressures, Coventry Law Centre have asked for funding to recruit an additional full time expert benefits adviser for an initial period of 12 months at a total cost of £34,535.

The other request relates to the Coventry Pride 2018 event. Coventry Pride is an organisation that runs an annual lesbian, gay, bisexual and trans pride event and a series of other events that promote equality and diversity for the public benefit. This report recommends providing a £5,000 contribution to Coventry Pride 2018.

Recommendations:

The Cabinet Member for Strategic Finance and Resources is requested to:

- (1) Approve one-off grant funding of £34,535 to be paid to Coventry Law Centre for an additional benefits adviser to supplement their existing grant.
- (2) Approve one-off grant funding of £5,000 to support the Coventry Pride 2018 event.

List of Appendices included:

Central England Law Centre, *Mitigating the impact of Welfare Reform* (January 2018)

Background papers:

Central England Law Centre Limited, *Financial Statements for the year ended 31 March 2017*
<https://beta.companieshouse.gov.uk/company/04149673/filing-history>

Department for Work and Pensions, *Collection: Universal Credit statistics*
<https://www.gov.uk/government/collections/universal-credit-statistics>

Other useful documents:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

1. Context (or background)

- 1.1 The Cabinet Member for Strategic Finance and Resources is responsible for a Policy Contingency budget which is set aside to cover any ad-hoc one-off requests for funding that are deemed to be in line with the Council's policy priorities. The Policy Contingency was reduced to £75,000 as part of the 2017/18 budget setting process. This report deals with 2 separate requests for funding from this budget from the Coventry Law Centre (CLC) and Coventry Pride 2018.
- 1.2 CLC are a charity employing solicitors and paralegals to provide legal action for the community across a number of areas including welfare benefits. CLC receive grant funding from Coventry City Council, but due to increased demand for services, they have requested additional funding to employ another full time benefits adviser.
- 1.3 Since January 2016, CLC have recorded a 63% increase in the number of referrals and requests for representation, along with a 40% increase in the number of welfare benefit appeals where they have provided representation. They consider these increases to be symptomatic of wider issues such as the application of sanctions, additional requirements being placed on claimants to manage their claim, the vulnerability of people on benefits to sudden reductions in income that can propel them into crisis, and mistakes made by the DWP as they attempt to implement significant system changes.
- 1.4 CLC have approached the Council for support to fund an additional full time expert benefits adviser, for 12 months initially and subject to review.
- 1.5 Coventry Pride is an organisation that runs an annual lesbian, gay, bisexual and trans pride event and a series of other events that promote equality and diversity for the public benefit. The event organisers have sought a financial contribution from the Council through the Cabinet Member for Strategic Finance and Resources to help fund the Coventry Pride 2018 event. This report recommends providing a £5,000 contribution to Coventry Pride 2018.

2. Options considered and recommended proposal

Coventry Law Centre

2.1 Option 1 – Do Nothing

This option is not recommended. CLC are concerned that the existing team of 2.5 staff will not be able to maintain the current level of service due to increasing demand and wider system pressures. They are worried that they might have to start turning people away if these pressures continue, which could have wider impacts across Coventry if it becomes more difficult to access legal advice and representation.

The Universal Credit roll-out, which began in May 2016, has sought to make wholesale changes to the welfare system. It has been a complex process and it will reach Coventry in July 2018. As a result, it is recognised that there will be some significant local impacts that, if the CLC is not able to respond to them, could have an effect on the number of people presenting to access Council Services.

Option 2 – Meet the funding request

This is the recommended option. Providing one-off funding will enable CLC to offer a more effective level of service. There is a strong likelihood that this funding will help to reduce the amount of vulnerable people that might otherwise need to rely on support from the Council if they did not have access to legal representation. The figures supplied by CLC indicate that the investment would be cost effective, as they currently have an 80% success rate, and obtain over £2 million pounds a year in financial gains through their Welfare Benefits appeals representation service.

Coventry Pride 2018

2.2 Option 1 – Do Nothing

This option is not recommended. The Coventry Pride event is run by volunteers and relies heavily on donations from other bodies. Without sufficient funding there is a risk that the Trustee Board will be unable to keep its “free for all” policy to ensure that the event is as open and inclusive as possible. The Cabinet Member has already indicated informally that the Council is likely to support the event.

Option 2 – Meet the Funding Request

By making a contribution to the event, the Council can help to support the aims of the Coventry Pride organisation, seeking to ensure that Coventry is seen as a diverse, open-minded and welcoming city. In addition, the city’s success in achieving UK City of Culture 2021 status will bring an additional focus on the strength and variety of the cultural offer within the city. The Coventry Pride event can provide an important role in these aspects and this is an appropriate moment for the Council to support such an event.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 Subject to approval by the Cabinet Member, the decision to support CLC will need to be implemented as soon as possible so that it can start the recruitment process.

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

Coventry Law Centre

The Council has provided significant financial support for the CLC over a number of years and continues to recognise the effectiveness of the work done by the Centre. CLC currently receives a core grant of £440k from the Council which represents a reduction of £77k compared to the grant received in 2015/16. CLC also attracts funding from the Council for specific individual projects on an ad hoc basis.

The Council approved reductions in its grant funding for a number of external organisations in 2016/17 including the CLC as a direct result of the need to balance its own budget and manage the very large reductions in Government grant funding since 2010. These financial circumstances continue to put significant pressure on the Council’s financial position and there is no expectation that it will be able to continue this additional funding of £35,000 beyond 2018/19. Therefore, this report is recommending one-off funding only.

Coventry Pride

This decision would involve a one-off grant of £5,000. The ongoing financial challenges facing the Council and the need to balance policy priorities mean that the Council cannot commit to funding in future financial years.

5.2 Legal implications

There are no specific legal implications resulting from the report.

6. Other implications

6.1 How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

The proposed contribution to CLC will help to reduce the impact of poverty, improve health and wellbeing, and develop active and empowered citizens. This is because CLC have a proven track record of securing money owed to claimants, reversing unfair sanctions, and making sure that claims are recorded correctly. They also work to reduce demand by raising awareness and building capacity through pop up shops, roadshows, and social media.

By providing support to the only organisation in Coventry that provide representation for appeals at the First Tier Tribunal, this investment will help to contribute towards making the most of our assets by reducing the demand for Council services, particularly in relation to preventing homelessness and reducing pressure on people with caring needs.

The proposed contribution to Coventry Pride will help to encourage active communities and deliver cultural opportunities.

6.2 How is risk being managed?

The key risk with the grant to CLC is that the investment will not be cost effective. The Council already provides significant core funding to CLC and reviews the effectiveness of this arrangement on an on-going basis. The Council has made the position clear to CLC and Coventry Pride that any funding will be provided on a one-off basis only.

6.3 What is the impact on the organisation?

Coventry Law Centre

CLC would receive additional funding to go directly towards benefit appeals work. It is envisaged that the funding will help them to cope with current pressures. This will help the Council because there could be increased demand for services from welfare claimants requiring advice or facing financial difficulties as a consequence of being unable to access legal support.

Coventry Pride

Funding for the Coventry Pride event will help to support an important event in the city's cultural calendar as the city begins preparations for the its UK City of Culture status in 2021.

6.4 Equalities / EIA

Coventry Law Centre

Coventry Law Centre has provided us with a breakdown of the demographics of clients they have supported through their Welfare Benefits Team in the last 12 months. It provides some insight into the impact on the following groups of people with protected characteristics under the Equalities Act of 2010 of not providing additional funding.

Disability

If this additional funding is not approved, there will be a disproportionate impact on disabled people and people with mental health conditions and other long term illness in Coventry. 80% of clients supported by the Welfare Benefits team in the last 12 months report that they have a long term illness or disability. 33% report a physical impairment, 24% of clients report a mental health condition, and 20% a long standing health condition.

Gender

There would be a disproportionate impact on women of not funding this service. 60% of the team's clients are women.

Age

There would be a disproportionate impact on people over the age of 50 of not funding this service. 50% of the clients supported by the Welfare Benefits team in the last 12 months are between 50 and 70 years of age (with 22% over 60 years of age)

Ethnicity

There would be no significant impact on any particular ethnic group as the ethnicity make-up of clients supported by the Welfare Benefits teams is broadly in line with the census data for Coventry for 2011.

Coventry Pride

Coventry Pride is an organisation that promotes equality and diversity through its representation of the lesbian, gay, bisexual and trans community. The Coventry Pride Festival promotes community cohesion by bringing people of different protected characteristics together; funding the festival helps to demonstrate how the Council is meeting the community cohesion strand of the public sector equality duty,

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

The funding for CLC will help to ensure its sustainability and help it to engage with other partners, such as through their involvement in the Welfare Reform Working Together Group. The funding for Coventry Pride will assist them with event running costs.

Report author(s):**Name and job title:**

Michael Phillips, Graduate Trainee (NGDP/CIPFA)
 Paul Jennings, Finance Manager (Corporate Finance)

Directorate:

Place Directorate

Tel and email contact:

02476 785980

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Suzanne Bennett	Governance Services Officer	Place	28/02/18	28/02/18
Jaspal Mann	Equality & Diversity Officer	People	02/03/18	02/03/18
Names of approvers for submission: (officers and members)				
Finance: Paul Jennings	Finance Manager (Corporate Finance)	Place	27/02/18	1/03/18
Legal: Julie Newman	Legal Services Manager and Acting Monitoring Officer	Place	07/03/18	07/03/18
Director: Barry Hastie	Director of Finance and Corporate Services	Place	28/02/18	28/02/18
Members: Councillor J Mutton	Cabinet Member for Strategic Finance and Resources		1/03/18	1/03/18

This report is published on the council's website:

www.coventry.gov.uk/councilmeetings

Appendices



Central England Law Centre

Mitigating the impact of Welfare Reform

Welfare Reform is a wholesale change affecting everyone within the benefits system. While some people will gain, the majority of people will be worse off as a result of the changes.

People living on benefits generally have very limited ability to cushion the impact of financial changes. They're vulnerable to any kind of 'income shock' that can very swiftly propel them into crisis. This is visible in the increased use of food banks and the growing numbers of households who are homeless.

The requirements placed on claimants to actively manage their claim and to demonstrate that they are seeking work, alongside the introduction of benefit sanctions, also heralds a new set of pressures for those who are most vulnerable.

At the same time, the DWP is managing comprehensive change and we are seeing an increase in mistakes and poor decision making within the system.

The complexity of the benefits system and the structures for managing it means that there are few people within the system who are expert in all aspects of it; so it is common for claimants to be disadvantaged by lack of knowledge amongst those they deal with.

Financial security is the first line of protection for those who are vulnerable in other ways. We believe it is therefore critical that

- We ensure claimants and people working to support them have access to expertise to be able to navigate the complexities of the system; and to understand where there may be important choices and options open to them that will provide some protection to their income levels and will ensure their benefits remain in payment
- We build confidence within the claimant community to manage their benefits claim and to know their rights, so they have as much control as possible over their situation
- We maintain expertise to provide advice and support to people who are affected by mistakes and poor decision making so they can appeal these decisions.

We're the only service in Coventry providing representation at appeals at the First Tier Tribunal (CAB did provide some representation up to September 2017, but their case worker retired and has not been replaced). **We also hold a legal aid contract that allows us to represent at the Upper Tribunal.**

On average, we obtain over **£2 million pounds a year** in financial gains for clients through our Welfare Benefits appeals representation service

The benefit of expert representation at appeal is clear from our **success rate**. It is running at **around 80%** - considerably higher than the national average, which is about 60%. We are also very successful at achieving a higher level of award, e.g. a client being placed in the support group instead of work related activity group; or enhanced rather than standard rates of PIP. This means not only more income, but also provides protection against other welfare reform reductions such as the benefit cap. DWP are now frequently sending presenting officers to attend ESA appeals hearings, which makes it even more important that the claimant is represented.

THIS SERVICE IS COMING UNDER UNSUSTAINABLE PRESSURE

Cuts to legal aid mean that our only funding for first tier benefits tribunals is from Coventry City Council. We've protected this service from the impact of the legal aid cuts and from subsequent reductions in our Council grant, but the demand for our help is rising rapidly:

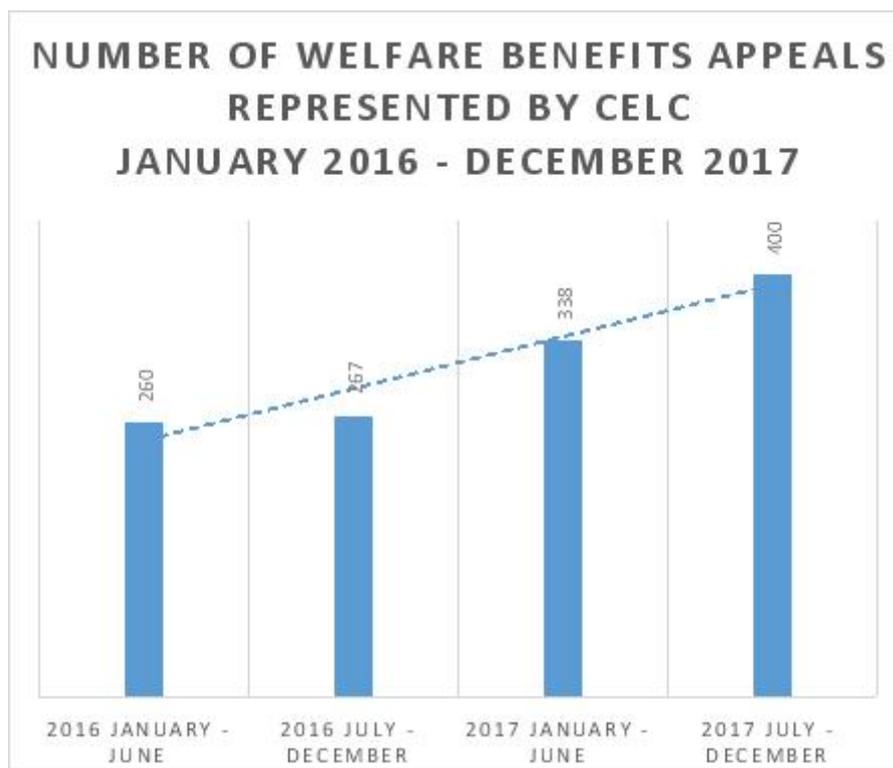
A 63% increase in referrals and requests for representation at first tier tribunal appeals.



- Based on what has happened in other localities, we expect this to accelerate when 'full roll out' of Universal Credit happens in July.

The tribunal service is not keeping up with demand, and so delays in appeals are building, but there is still:

A 40% increase in the number of appeals being listed.



- More judges are being recruited so we expect appeals hearings to begin to increase further to match demand.

An increasing need for expert advice before and after the appeal itself:

- Claimants waiting (on average 6 months) for ESA appeals are advised by DWP to claim JSA. We've seen a high rate of sanctions in this group as they struggle to meet the claimant commitment, so we're offering additional help to support them to claim ESA (so they are not at risk of sanctions) while they wait for the appeal.
- ESA claimants who've been placed in the Support Group at appeal have been sometimes paid at only the lower Work Related Activity rate by DWP. One claimant was wrongly sanctioned as a consequence. We're therefore investing additional time in ensuring our clients are not adversely affected by these mistakes
- When Universal Credit rolls out, ESA appellants will be at risk of having permanent reductions in income if they are transferred to UC during the Mandatory Reconsideration period before they lodge their appeal. This can be avoided for most people by ensuring they are offered the correct advice as soon as they receive their ESA decision.

WE'RE WORKING TO REDUCE DEMAND AND GROW CAPACITY

- We've played a full role in Coventry's '**Working Together for Welfare Reform**' partnership: staffing pop up shops, roadshows, providing training and briefings and where possible working with DWP to ease the process of implementation

- We run '**Benefits Aware**' – an initiative that aims to reduce the number of people unaware of the changes being brought in by welfare reform. Using our website (<http://benefitsaware.centralenglandlc.org.uk>) and social media, we're working to build a better understanding of the changes and to build capacity to cope with them in our local communities and the organisations working in them.

Our goal is to reduce the number of people struggling to manage the new requirements and/or who have missed out on some potential benefits, making it harder for them to cope financially.

- We have a strong and well established partnership with the Law School at Coventry University. They provide funding for us to supervise and support their students to gain valuable practical experience on placement with us.

This year, **we're training and supervising 24 students to represent clients at ESA appeals**. This will make some impact on meeting growing need, but it's unlikely that the students will be able to represent at more than 25/30 appeals in the first year. We hope we can grow this number but it obviously a small percentage of the appeals referred to us.

THE IMPACT OF THESE ACTIVITIES IS LIMITED SO WE ARE MAKING A REQUEST

We fully appreciate the financial pressures being faced by the local authority, but **we are seeking your support in the form of additional funding to go directly into our benefits appeals work.**

Our current team is 2.5 staff and they cannot continue to absorb the increase in demand. We have not yet turned away anyone and we do not wish to do so, but without extra resource we will have to do that.

To enable us to cope with the current pressure, we are asking for funding for an additional full time expert benefits adviser, for 12months initially and subject to review.

We believe that this investment will pay for itself in the impact it will make on preventing homelessness and reducing pressure on families and people with caring needs.

The cost of this would be

	£
Salary plus NI and pension	32,635
IT and equipment	1,900
Total	34,535

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Cabinet Member for Strategic Finance and Resources

22 March 2018

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Deputy Chief Executive (People)

Ward(s) affected:

None

Title:

Agency Workers and Interim Managers – Performance Management Report Q3 (1 October to 31 December 2017).

Is this a key decision?

No.

Executive Summary:

The purpose of this report is to provide the Cabinet Member with performance information on the use of agency workers procured for the Q3 period 1 October to 31 December 2017 and to consider Interim Manager and other agency worker spends for the same period. In addition, the Cabinet Member asked for further information to be provided this quarter on how departments intend to reduce agency staff costs in Directorates and information regarding the agency spend in relation to the Performing Arts Service. This additional information is addressed within the commentaries contained within the report.

Recommendations:

The Cabinet Member for Strategic Finance and Resources is requested to:

1. Note the agency / interim spend for Q3.
2. Note the work done on providing in-house solutions as an alternative to agency and interim workers.

List of Appendices included:

The information attached in Appendix 1 shows the total Directorate expenditure on agency workers up to and including Q3 2017/18 for spends with the Master Vendor supplier, Pertemps, including interims. The dotted line shows the trend line for the data shown; it does not predict spend in future quarters.

The information attached in Appendix 2 show the justification of new orders placed by Directorates for agency workers during Q3 2017/18 which resulted in spend with Pertemps.

Appendix 3 shows equalities data for workers supplied through the Pertemps contract.

Other useful background papers:

None

Has it or will it be considered by Scrutiny?

No

Has it, or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title:

Agency Workers and Interim Managers – Performance Management Report Q3 (1 October to 31 December 2017)

1 Context (or background)

1.1 Coventry City Council has a Master Vendor Contract with Pertemps for the supply of agency workers. This came into effect in December 2013 and has recently been extended. Through the contract, Pertemps will supply all suitable agency workers through their own agency or via a 2nd tier arrangement with other agencies on behalf of the Council, using rates of pay based on an agreed pay policy and a negotiated mark-up rate with the Master Vendor. The information supplied by Pertemps gives detailed information on agency worker usage and expenditure. However, Pertemps is not always able to supply the required agency workers and where this is the case service areas will use other suppliers.

2 Directorate Commentary on Agency worker Spend for Q3 2017/18

2.1 Table 2.2 below shows comparative expenditure in Q3 2017/18 and Q2 2017/18 and indicates an overall increase in total spend. The Master Vendor Contract covers all agency workers required by the core Council. The Pertemps contract does not cover agency workers in schools.

2.2 Table of Spend with Pertemps: comparing Q3 2017/18 with Q2 2017/18

Directorate	Spend Q2 2017/18	Spend Q3 2017/18	Increase / decrease	
People Directorate	£783,950	£809,287	£25,337	Increase
Place Directorate	£205,456	£246,935	£41,479	Increase
TOTAL	£989,406	£1,056,222	£66,816	Increase

2.3 People Directorate

The overall breakdown of spend in People Directorate is:

	£'000
Children's Services: Social workers	522
Children's Services: Senior roles, including Social Work Managers.	50
Adults' Services: Social workers	87
Adults' Services: Care Workers & Driver	13
Customer Services & Transformation: several service areas including: Housing Assessment, ICT, HR & OD and Customer Services.	98
Other roles across People Directorate	39
Total Pertemps spend in People Directorate	809

Children's Services

The number of Children's social workers supplied by Pertemps has recently increased to 41 in December from 33 in September.

The recruitment campaign continues with the Recruitment Team working closely with colleagues in the People Directorate to ensure a co-ordinated process for recruitment and the retention of employees and the permanent recruitment of Agency workers where possible. The ongoing recruitment campaign is attracting Children's social workers to Coventry with some Agency workers opting to take permanent roles with the service.

The cost of Children's Social Workers is controlled by the West Midlands regional agreement. This involves 14 local authorities and has the effect of capping the rates paid to all newly appointed agency social workers. Q3 spend on Children's social workers with Pertemps is £521,835.

There is an additional further spend of circa £50k on more senior roles, including social work managers.

Adults Services

The number of Agency Social Workers in Adults has slightly increased to 11 in December from 9 in September at an overall cost of £86,860 for the quarter. The reasons for employing agency social workers is:

- a) To cover vacancies and ensure that statutory duties are met in the All Age Disability, Mental Health and Older People Service areas.
- b) The need to meet increased demand during the winter period in order to minimise the need for hospital admissions and to facilitate hospital discharge. This was recognised as a need by the system-wide CQC review.

Further spend of circa £13k was for care workers and a driver.

Customer Services & Transformation

Had a spend of circa £98k engaging workers across several service areas including: Housing Assessment, ICT, HR & OD and Customer Services.

2.4 Place Directorate

The overall breakdown of spend in Place Directorate is:

	£'000
StreetScene: Waste Services	94
StreetScene: StreetPride	81
StreetScene: Planning & Regulation	20
Finance & Corporate Services:	44
Other roles across Place Directorate	8
Total Pertemps spend in People Directorate	247

A large proportion of the agency spend within the Place Directorate has been within Waste Services. This has been to cover vacancies/absences and to maintain the Service over the Christmas period when it was necessary to engage and train a number of temporary refuse collectors and refuse drivers. This resulted in additional costs of £90,430.

During the quarter there was also a one-off cost of £3,572 for the delivery of caddies which was required for the new service. Use of agency staff was identified as being the cheapest way to deliver this part of the project.

A Service Review within StreetPride and Greenspace resulted in a number of vacancies being held and covered by agency staff which has resulted in additional costs for the quarter of £62,080, pending recruitment. This cost is off-set by the corresponding underspend on the establishment. The review is now at an end and we are presently recruiting to these vacancies which will in turn reduce our demand for agency staff. In addition there is costs of £6,040 to cover long-term sickness absence. These absences are being closely managed and are reducing, again reducing the need for agency staff.

Other agency workers engaged by StreetPride and Greenspace included: Technical Support Assistant, Security Response Officer, Gardner, Administrative Support and Retail Information Assistant. Of this £13,097 reflects temporary arrangements to cover vacancies within the Security Response Team

A spend of £43,838 within Finance and Corporate Services reflected the need to cover vacancies pending recruitment and during long term absences, specifically for Lawyers and a Senior Solicitor.

We were using two agency Planning Officers and this has now reduced to one giving spend of £19,500 in the quarter to cover the service need pending recruitment. Recruitment to a permanent post continues to present difficulties. An initial attempt to recruit to a part-time role was not successful. However, permission has now been granted for recruitment to full-time and this is currently out to advert – it is hoped that this will be more successful.

3 Spend outside of the Pertemps Contract

3.1 Table for Comparison of expenditure outside of the Pertemps contract; Q3 2017/18 with Q2 2017/18:

Directorate	Total Spend Q2 2017/18	Total Spend Q3 2017/18	Increase / Decrease	
People: Children's	£333,869	£334,077	£ 208	Increase
People: Education	£99,870	£50,246	-£ 49,624	Reduction
People: Adults	£0	£0	--	
People: Cust. Serv.	£21,211	£5,359	-£ 15,852	Reduction
Place	£207,033	£527,516	£320,483	Increase
TOTAL	£661,983	£917,198	£255,215	increase

This includes both workers contracted through other agencies outside of the Pertemps contract or contracted directly.

3.2 People: Children's Services

At the end of the quarter there were four interim contractors secured directly by the Council continuing to support service delivery and improvement. These posts are Area Social Work Managers, an improvement consultant and an interim Strategic Lead for Improvement required as part of the ongoing relationship with the Department of Education.

Of the total spend on agency social workers 28.5% is outside of the Pertemps contract.

The recruitment of social workers continues to be a national issue. A shortage of competent and experienced social workers regionally means that Children's Services continues to require Agency Social Workers, albeit that the numbers are decreasing in the longer term. The Children's Services Workforce Strategy and Recruitment Action Plan set out how the Service is addressing this issue. Good progress has been made but ongoing and continual recruitment is required to ensure we maintain sufficient social workers to meet our statutory duties.

3.3 People: Education

Coventry Music Service (formerly the Performing Arts Service):

The agency spend by the Coventry Music Service was just £334 in the quarter down from a figure of typically £50k to £90k per quarter. This virtual elimination of agency worker costs reflects implementation of the new delivery model of using self-employed contractors rather than agency staff.

Centrally employed teachers/teaching assistants [£23.7k]:

The LA maintains a range of direct teaching provision for vulnerable children, who are displaced from school or have SEN and attend a non-delegated 'unit' within a mainstream school. The law requires that the Local Authority ensures that children for whom it is responsible, receive an uninterrupted, full-time education. In addition we have a statutory duty to ensure that the specialist provision specified in an Education, Health and Care Plan is delivered. Failure to deliver opens up a right of complaint to the ombudsman. In summary, this means that action has to be taken to cover any sickness absence or vacancies. This applies specifically to the PRU, which operates as a school and the Enhanced Resourced Provisions (units) in schools. Staff have to be specialist in their field and can only be sourced from specialist agencies. These cover arrangements are always short-term.

Educational Psychology [£5.6k]:

Educational Psychologists (EPs) in Coventry, provide both a statutory and traded service. There is an acute national shortage of EPs. To qualify as an EP, graduates ordinarily have a teaching background and then complete a Doctorate qualification. The Government sponsors a very limited number of Doctorate placements at UK University's. Placements are therefore highly competitive and the challenge of securing sufficient capacity, grows year on year. The Educational Psychology service provides the Council's statutory function under part 3 of the Children and Families Act. This equates to circa 1/3 of service activity.

The service then trades directly with schools and colleges to provide specialist SEN support at a day rate, set at a market forces rate. Our education providers have been very clear, that they regard this service as invaluable and want it to expand to meet local demand. The traded income is offset against the overall service cost and meets all elements the full cost of the traded service, without subsidy.

We can use the trainee's to deliver many of the EP functions, under supervision which we do. This is because trainee's are in their 3rd year of post doctorate study and are therefore highly competent.

Many LA's have been unable to recruit or retain any EPs. Coventry has currently secured an EP service and is taking creative action to ensure that the service maintains a good reputation and continue to grow. However, service demand continues to exceed physical capacity. The trading demand of the service significantly outstrips supply. There is therefore no alternative but to balance the delivery of the service with independent/agency staff. The Council's 'grow your own' strategy, has enabled the service to recruit three trainee EPs, who will qualify in September 2018. The current indication is that the staff will then take up permanent posts with Coventry.

Quality Assurance Monitoring Officers [£21k]:

Coventry City Council aims to raise the achievement of Coventry pupils so that it is in line with, or better than, national standards, and to ensure all Coventry pupils attend schools that are judged by OFSTED to be at least good. The QA Monitoring Officers evaluate the effectiveness of support received for school improvement to ensure that all Coventry schools (primary, secondary and special schools) are making good progress.

3.4 People: Customer Services

The spend of £5.4k for Homelessness Officers and is in addition to those now supplied by Pertemps. This role is very hard to recruit to a permanent position. As of 28/02/2018,

recruitment is underway for the 8 vacant posts for which verbal offers have been made to four candidates and a further assessment centre is planned for next week.

3.5 Place

This spend of £527.5k was spent through the Professional Services Contract.

Out of the total £527,156.65 spend for Q3 paid from Revenue, £289,951.71 will be funded externally – these costs include Highways projects that are funded from Capital, Safety Audits and other projects that are funded from developers as part of section 278/38 agreements, Traffic Management works that are funded from Transport for West Midlands, highways inspections funded from Virgin and air quality project costs funded from Department for Transport. Transfers usually occur as part of year end accounting.

Revenue funded projects include work to produce a Supplementary Transport Planning document which informed the local plan, this amounts to £33,119.00 in quarter 3.

The remaining £204,085.94 consists of charges from suppliers on the framework for staff that are seconded and covering vacant posts, these charges are higher for the quarter than we would usually expect for a number of reasons. Firstly the contract was renewed from 3rd June 2018 but unavoidable delays in signing the contract meant that suppliers did not invoice initially and the payments made in Q3 include costs from June 2017 to October 2017 (and in some cases November 2017). In addition, due to a change in planning legislation the Surface Water Management service have to comment on planning applications, this has been covered by agency staff while a long term solution is worked out. The service also had vacant posts which have now been filled so agency costs will reduce however we will still require some ongoing agency cover for the planning applications.

In other areas we have filled a number of vacant posts, including an SM1 manager (Head of Transport & Innovation) who starts on 19th March 2018.

4 Alternative solutions to agency staff

4.1 To reduce the reliance on agency workers within Waste there is a bank of casual workers usually drawn from workers who have previously worked for the Council via an agency. The size of the pool is matched to the anticipated need to cover annual leave, sickness and peaks in demand so that we can offer work regularly. During the Christmas / New Year period the demand is much higher than can be met by the pool and it is judged that the use of agency workers during this period provides the most economical solution. At all other times of the year, use of agency workers is minimal.

4.2 Specialist Recruitment in Highways, Traffic & Transport

We have undertaken a Recruitment Campaign with the objective of recruiting to specialist roles within the Highways, Traffic and Transport Teams. These posts have proved to be difficult to recruit and require a different approach. A microsite and talent pool were created which included a career video, promoting the major programme of capital investment in highways and infrastructure within the city and highlighting the benefits of working for Coventry City Council - this continues to attract CV's and applications of interest. We have had some success with this approach and continue to work through the recruitment process. As of February 2017 we have made offers to six individuals ranging from grade 4 up to SM1 that will replace agency workers. Where we have made appointments, we are still using agency cover to allow for notice periods, which can be up to three months. We expect that

the recent recruitments will start to make a difference to the revenue agency costs in the coming months. In addition, the campaign has resulted in a four further job offers which although will not directly replace current agency staff, will support further developments.

5 Overall Management Comment

The Master Vendor contract is a planned strategy to work towards reducing the level of agency spends and to better understand where and how we use agency workers.

There will always be the need to use agency workers. However, it is acknowledged that current usage is higher than we would like because of the need to cover sickness absence, short-term cover whilst Fundamental Service Reviews are taking place and to cope with sudden surges of demand. This will require the need for scarce skills and workers during these reviews; organisational restructures and sudden peaks in demand.

In terms of the cost of using agency workers, it is important to note that not all of the cost is in addition to normal staffing spend. Although agency cover associated with sickness absence in front line services is often an additional cost, in the case of agency cover for vacant posts the cost will be funded at least in part by the relevant staffing budget.

Where opportunities exist for bulk recruitment campaigns to front line essential services, the Human Resources Recruitment Team will continue to work with service managers to identify workers, who are available for casual, temporary or permanent work in order to reduce the use of agency workers. However, some roles continue to be hard to recruit. In the case of children's social workers we have had some success with the current campaign which has been evolved to make extensive use of social media. Nevertheless recruitment of experienced, high quality children's social workers continues to be difficult.

The contract with Pertemps came into effect on the 2 December 2013 and is joint with Warwickshire and Solihull following an extensive tendering process. The contract is a hybrid Master Vendor arrangement which provides the Council with additional advantages to the existing Master Vendor contract. The contract has gone out to re-tender in quarter 3 and the new contract is expected to start in June 2018.

6 Results of consultation undertaken

- 6.1 The report sets out the steps the Council is taking to reduce expenditure on agency workers, particularly in those areas where they are used most intensively.
- 6.2 The report is able to identify more accurately spend on agency workers and the reasons for spend.
- 6.3 Officers will continue to bring the monitoring information to the Cabinet Member and steps will continue to be taken to endeavour to reduce the level of expenditure.
- 6.4 Management Information has given the opportunity for the Recruitment Team to target large areas with high usage of agency workers to try and reduce the need for agency workers. This work is ongoing.

7 Timetable for implementing this decision

Not applicable

8 Comments from the Director of Finance and Corporate Services

8.1 Financial implications

Quarterly monitoring of expenditure on agency workers will continue throughout the contract. The cost of agency workers for the current reporting period from the Pertemps system is £1,056,222 which equates to 2.82% [Q2 = 2.60%] of the overall wage bill for this quarter (excluding schools).

Pertemps operate a live management accounts system which places the cost of agency workers in the period the work took place rather than the period of time in which the Council was billed for or paid the related invoices. The system shows the volume of agency activity/usage in a particular quarter irrespective of when invoices are paid. Therefore this information will be different from that which has gone through the Council's financial systems during Q3.

Pertemps system only incorporates timesheets authorised by managers and therefore the costs for a particular quarter will have a small tendency to increase throughout the year as more timesheets are authorised. We actively work with the master vendor to keep outstanding timesheets to a minimum.

Spend outside of the Pertemps contract, relates to the invoices paid during the relevant period. This expenditure relates to both temporary workers supplied by other agencies and to interim workers who operate under a PSC (Personal Service Company) with whom we contract directly.

8.2 Legal implications

There are no specific legal implications associated with this report.

9 Other implications

9.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?

The Agency Worker Contract arrangement provides good value for money in relation to the procurement of agency workers. It also provides firmer controls on the use of agency workers and has in place sound management reporting to see where spend is taking place to target recruitment, maximise resources, and reduce spend on agency workers.

9.2 How is risk being managed?

There may be a risk to the Council where managers go outside of the Pertemps and contract directly with workers with the advent of changes to IR35 arrangements. There has been numerous communications across the Council to inform managers of changes and there will continue to be as the changes that have been made bed in.

9.3 What is the impact on the organisation?

Through the rigorous monitoring of the use of agency workers and alternative strategies for resourcing short-term work requirements, the dependency on agency workers should be reduced. The Council's Policy on the use of agency workers states that Agency Workers should only be used when:

- Proper recruitment processes have failed to secure an appointment and staff cover has become crucial to the delivery of services;
- Short-term temporary cover is required until proper recruitment processes have been completed and an appointment is made;
- Unplanned absences require immediate cover to ensure continuity of services;
- Unplanned, short-term or peak workloads occur.

Human Resources are proactively supporting managers to reduce agency spend.

9.4 Equalities / EIA

The master vendor has made considerable efforts to ensure that the equalities monitoring form is completed. The graphs in appendix 3 show the main equalities data at corporate level for the agency workers who were on assignment with us in the month of September 2017.

No equality impact assessment has been carried out as the recommendations do not constitute a change in service or policy.

9.5 Implications for (or impact on) the environment

None

9.6 Implications for partner organisations?

None

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People Directorate

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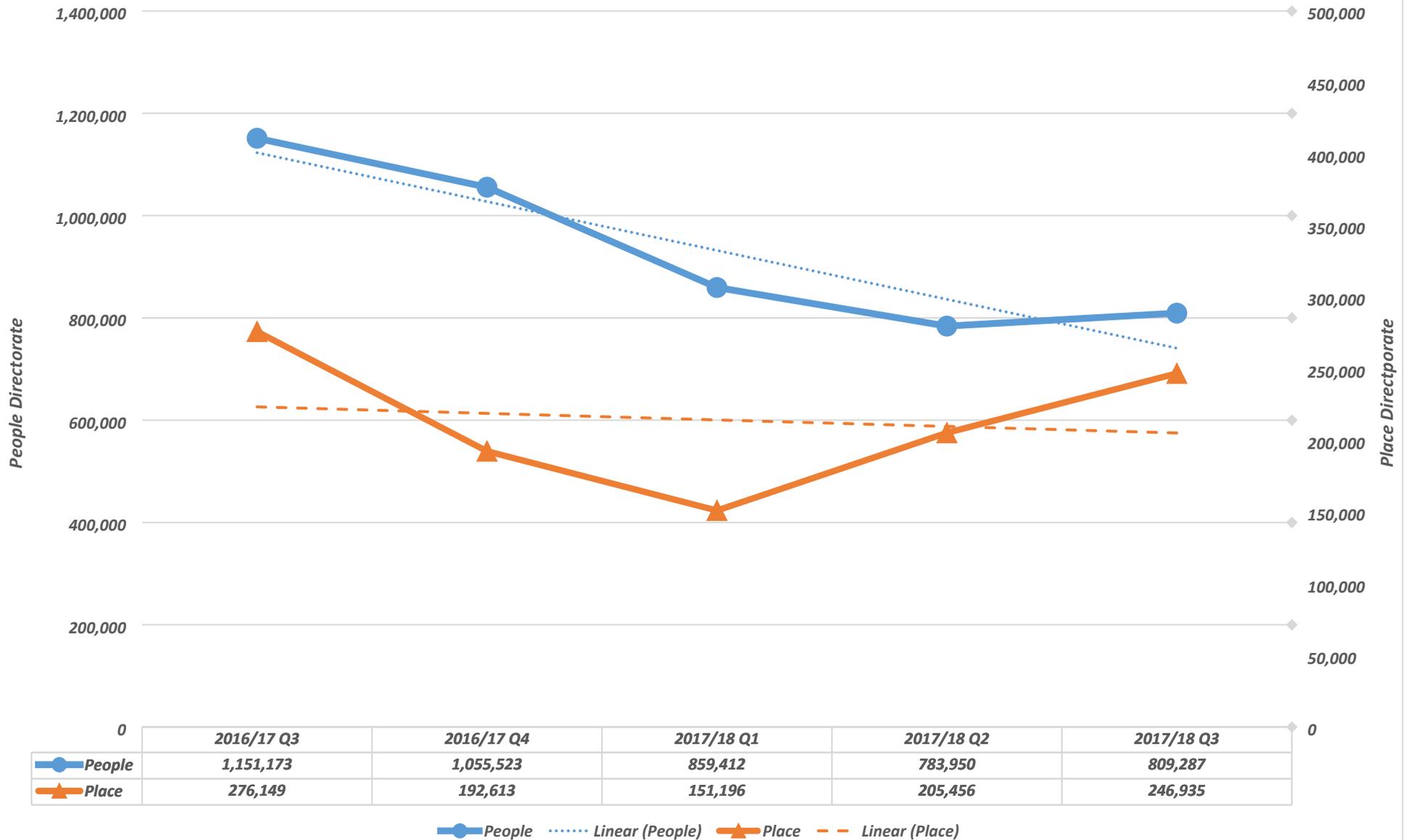
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Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
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Dave Ashmore	Director of Customer Services & Transformation	People	22/02/2018	06/03/18
Barbara Barratt	Head of HR & OD	People	22/02/2018	06/03/18
Pat Chen	Head of Employment Policy & Practice	People	22/02/2018	27/2/2018
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Julie Newman	Legal Services Manager, People	Place	22/02/2018	27/02/2018
Member: Councillor J Mutton	Cabinet Member for Strategic Finance and Resources		01/03/18	01/03/18

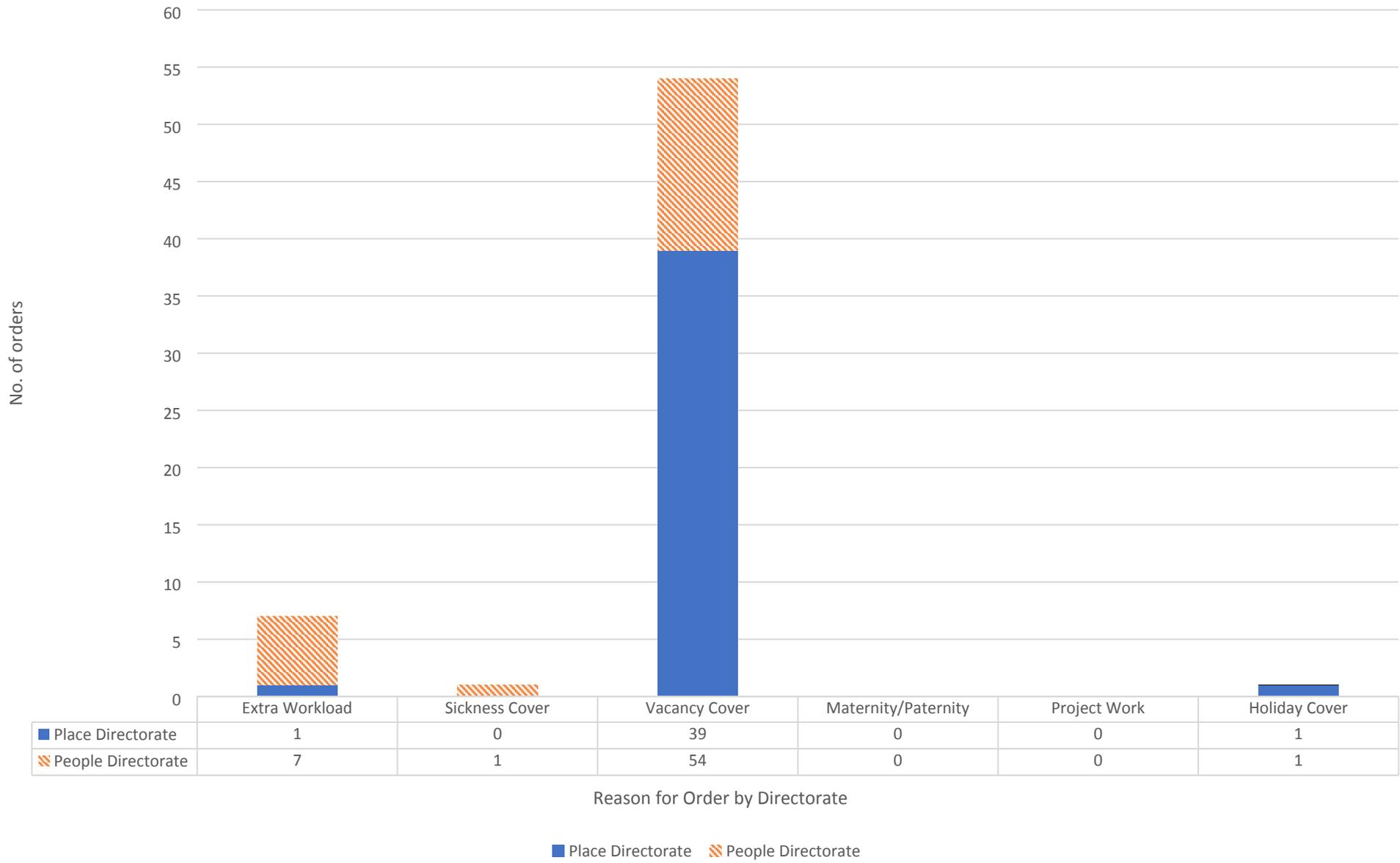
This report is published on the Council's website:

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Appendix 1 - Comparison of Agency Spend Q3 2016/17 to Q3 2017/18

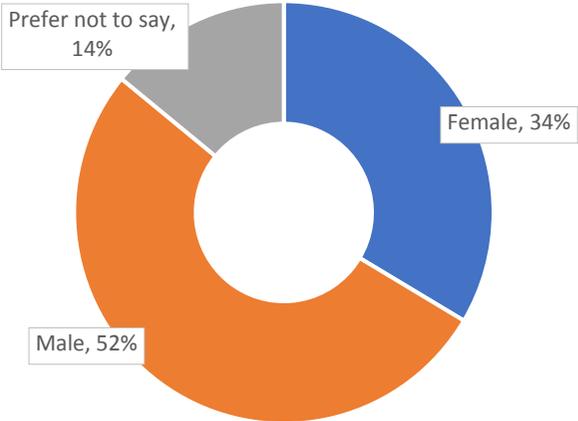


Appendix 2: Reason for Orders Q3 (October to December 2017)

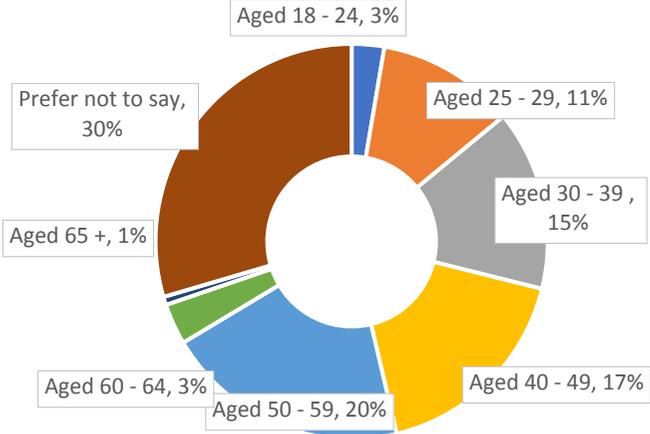


Appendix 3 - Equality Data for Agency Workers via the Pertemps Contract (Q2 2017/18)

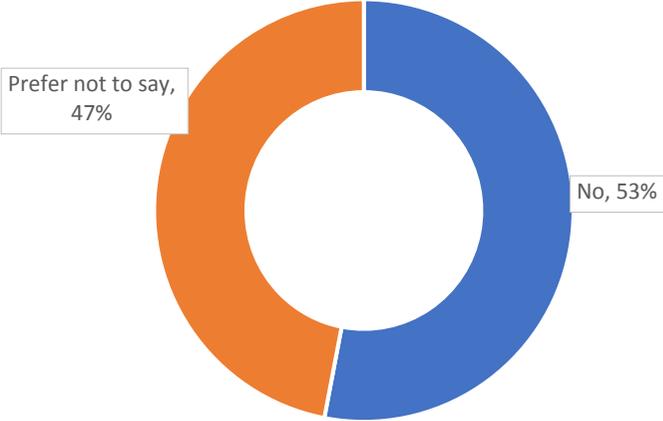
By Gender Q3 2017/18



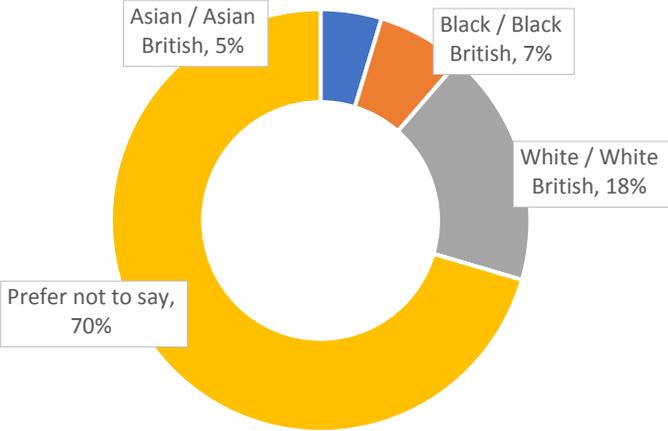
By Age Range



By Disability



Ethnic Origin



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