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9 September 2013

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

All

**Title:**

Agency Workers and Interim Managers – Performance Management Report Q1 (1 April to 30 June 2013).

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**Is this a key decision?**

No. Although the matter within the Report can affect all wards in the City, it is not anticipated that the impact will be significant and it is therefore not deemed to be a key decision.

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**Executive Summary:**

To provide the Cabinet Member with performance information on the use of agency workers procured through the Master Vendor Contract for the Q1 period 1 April to 30 June 2013; to compare Q4 2012/13 with Q1 2013/14 expenditure. Finally to consider Interim Manager spends for the same periods.

**Recommendations:**

The Cabinet Member is asked to:

1. Require monitoring processes to continue for both Agency workers and Interim Managers
2. Ensure compliance with the corporate policy on the recruitment of Temporary Agency Workers through the Master Vendor, Reed Recruitment and Interim managers through the Preferred Suppliers List
3. Continue to work towards reducing expenditure on the use of agency workers.
4. Approve that future orders are not accepted if no reason is given for the need for the agency worker

**List of Appendices included:**

The information attached in Appendix I shows the total expenditure on agency workers by Directorates for Q1 2013/14 for spends with Reed.

The information attached in Appendix II shows the justification of new orders placed by Directorates for agency workers during Q1 2013/14 for spends with Reed.

The information attached in Appendix III shows in more detail, for Q1, what type of workers are being employed through agencies, the reasons and Directorates' actions in trying to reduce the spend.

Appendix IV shows a diversity breakdown of agency workers under the contract with Reed Recruitment for Q1.

**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 Mgt Report Q1 (1 April to 30 June) and Interim Managers spends for.

**1. Context (or background)**

The Master Vendor contract requires all agency workers to be ordered through Reed Recruitment and came into force on the 2 May 2011. Reed will supply all suitable agency workers through their own agency or through a 2<sup>nd</sup> 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 Reed. The information supplied by Reed on the agency spends gives detailed information on agency worker usage and spends.

**2. Options considered and recommended proposal**

The table in 2.1 below shows a comparison for Q4 for 2012/13 with Q1 2013/14 and indicates if there has been an increase or a decrease in spend. The Master Vendor Contract covers all agency workers with the exception of interim managers for HAY Graded posts and schools.

**2.1 Table for comparison with Q4 2012/13 and Q1 2013/14 Agency Spend.**

<b>Directorate</b>	<b>Spend Q4 2012/13</b>	<b>Spend Q1 1013/14</b>	<b>Increase/decrease</b>
Children Learning & Young People	£233,081	£247,624	Increase
City Services & Development	£197,617	£221,085*	Increase
Community Services	£248,943	£190,129	Decrease
Customer & Workforce Services	£267,966	£260,999	Decrease
Chief Executives	£0	£7,067	Increase
Finance & Legal Services	£222,270	£172,221	Decrease
<b>TOTAL</b>	<b>£1,169,877</b>	<b>£1,099,125</b>	<b>Decrease</b>

*\*please note the spend shown in the appendices will differ due to the off contract spends being added in*

**Directorate Commentary on increased Agency worker Spend for Q1 2013/14****Children Learning & Young People**

The total spend on agency workers this quarter is £244,371 which is an increase of £12,595 on the previous quarter. This is as a result of an increase in workload and the need to cover vacant posts. Agency staff are required to cover the vacant posts in order to ensure that cases move through the social care system in order to reduce the number of looked after children. Recruitment to the vacant posts will result in a reduction in the spend on agency staff.

**City Services and Development**

The total spend on agency workers within City Services & Development directorate during Quarter 1 of 2013/14 was £221,085. This is an increase of £23,468 over the expenditure in quarter 4 of 2012/13.

The primary reasons for the use of agency of workers within the directorate for quarter four have been due to:

Streetscene & Greenspace – Agency staff have been employed to cover a number of vacancies, due to dismissals and resignations, whilst the recruitment process is undertaken. A number of these vacancies have been recruited to during June and the remainder in July which will see a reduction in agency workers employed in the service. The seasonal nature of the service and peak workloads experienced at this time require the employment of agency workers to maintain service delivery. In addition, within Waste and Fleet the use of agency workers has been limited to Vehicle Technicians in Fleet to cover sickness and recruitment difficulties, and to cover additional workloads.

Property Asset Management – In the main agency workers have been used to cover sickness absence for cleaning staff in schools (not central office buildings), which is unavoidable.

Planning, Transport & Highways – Agency workers have used to deliver the Council's capital programme. The division has used the Shared Professional Contract which has recently been competitively tendered to obtain the services of staff listed. In the past, the division have tried to recruit to these posts but have been unsuccessful and not attracted the calibre of staff to the programme.

The directorate continues to have a number of used strategies in place to ensure the use and expenditure on Agency Workers is monitored and steps are taken to reduce their use. For example:

- Before going down either route we would look at the opportunity for internal secondment of an existing employee.
- Managers are required to consider if the use of agency staff or a short term contract is justified in terms of providing value for money against the alternative of recruitment. Recruitment remains the normal way in which the vast majority of posts are filled.
- Assistant Directors monitor the use and expenditure on Agency Workers
- The directorate has completed work on creating casual worker pools

### **Chief Executives**

The need to spend on agency workers in this quarter was due to the transfer of staff in Public Health and to aid with the smooth transition of staff whilst posts were being appointed to.

### **Interim Management Spend for Q4 2012/13 and Q1 2013/14**

**Table 2.3 shows a summary of spend for Interim Management in Q4 2012/13 and Q1 2013/14. This relates to cover for Senior Hay graded jobs over £50,000 pa. The Interim Manager Contract started in January 2009.**

Directorate	Number of Managers Q4	Total Spend Q4	Number of Managers Q1	Total Spend Q1
Community Services	1	£4,824	0	£0
Finance & Legal Services	0	£0	0	£0
Children Learning & Young People	1	£27,400	0	£0
City Services & Development			1	£
<b>TOTAL</b>	<b>2</b>	<b>£32,224</b>	<b>£24,696</b>	<b>£24,696</b>

N.B. The Interim Manager in Community Services finished in January 2013.

### **Rebate**

The cost of agency workers is made up of the pay rate for the work plus working time directive payments, national insurance payments and a margin or mark up to the agency. As part of the Master Vendor contract, fixed pay rates have been set corporately for each job category. Given that national insurance payments and the working time directive are fixed legislative requirements, Reed's procurement of agency workers is based on reducing agency mark ups in order to generate cashable savings.

The Management forecast rebate for 2013/14 was set at £600K based on last years rebate. For Q1 we received a rebate of £159,995.

### **Management Board Comment**

The Master Vendor contract was 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 still too high because of the need to cover sickness absence, short-term cover, cover whilst Fundamental Service Reviews are taking place with the need for scarce skills and workers required during these reviews and organisational restructures.

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 budgets. 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 covered by the relevant staffing budget. Please also note that the figures shown in the main body of the report will differ to those shown in the appendices. This reflects that there is some additional off contract spends added into the total spends from the Reed contract. This occurs generally where Reed is unable to supply an agency worker so we are forced to go to a supplier not on the Reed contract. However we keep this to a minimum and try to ensure that this is only for short term cover whilst Reed source an agency worker.

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 establish registers of workers, who are available for casual, temporary or permanent work in order to reduce the use of agency workers. This became more important with the onset of the Agency Workers Directive on the 1 October 2011 when we expected to see spends on agency workers to rise to take account of increased rates brought on by the introduction of the Directive. The Agency Workers Directive may entitle some agency workers, who complete a 12 week qualifying

period, to be eligible to receive a higher hourly rate, ensuring they have equal rights in terms and conditions of employment to those of our own employees. As an authority we managed to keep this increase to a minimum, due, in part, to the work that had been undertaken by Human Resources, prior to the previous Neutral Vendor Contract, on ensuring our rates of pay for agency workers were based on our existing workers' pay rates, for the most part.

### **3. Results of consultation undertaken**

- 3.1 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.
- 3.2 The report is able to identify more accurately spend on agency workers and the reasons for spend.
- 3.3 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.
- 3.4 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.

### **4. Timetable for implementing this decision**

Not applicable

### **5. Comments from Executive Director, Resources**

#### **5.1 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 Reed system is £1,095,887 which equates to 2.63% of the overall wage bill for this quarter (excluding schools and off contract spends).

Reed operates 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. Reed's 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 Q1.

Reed's system only incorporates timesheets authorised by managers and therefore the costs for a particular quarter will increase throughout the year as more timesheets are authorised. At present Reed is unable to provide us with a figure for the unauthorised timesheets outstanding but we actively work with Reed to keep the number of outstanding timesheets to a minimum. We resolved most of the outstanding timesheet queries and keep a close watch on timesheets being promptly authorised or queried.

#### **5.2 Legal implications**

There are no specific legal implications associated with this report.

### **6. Other implications**

**6.1 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.

**6.2 How is risk being managed?**

No risks identified

**6.3 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.

**6.4 Equalities / EIA**

We are now able to show the Ethnic Monitoring data that has been provided by Reed and is shown in Appendix III. Unfortunately because you Reed cannot force agency workers to fill in their ethnic monitoring details much of the information appears as unknown. However, this information will inform workforce planning, Entry to Employment initiatives and recruitment drives. No equality impact assessment has been carried out as the recommendations do not constitute a change in service or policy

**6.5 Implications for (or impact on) the environment**

None

**6.6 Implications for partner organisations?**

None

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Resources

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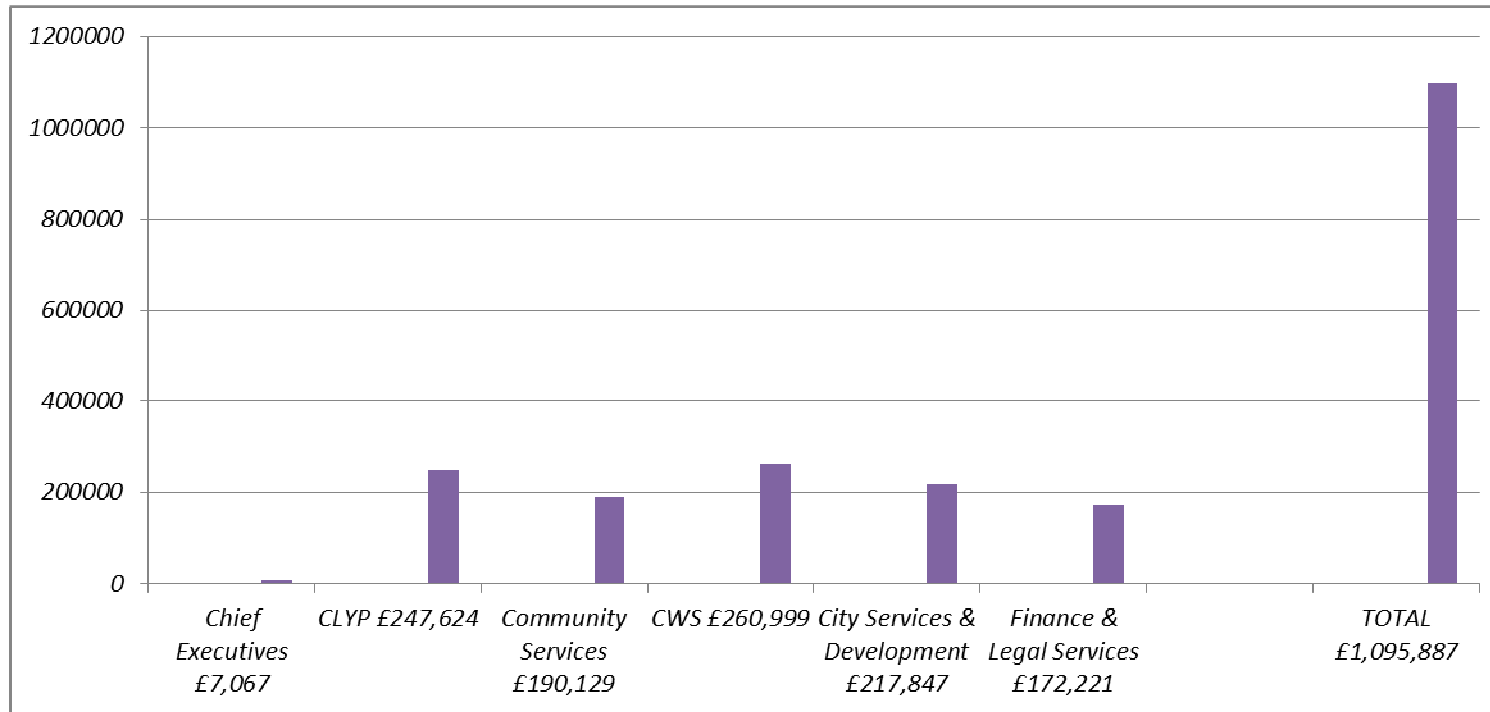
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Director Clearance details Chris West	Executive Director	Resources	9 August 2013	19 August 2013
Member: Councillor Gannon	Cabinet Member	Strategic Finance and Resources		19 August 2013

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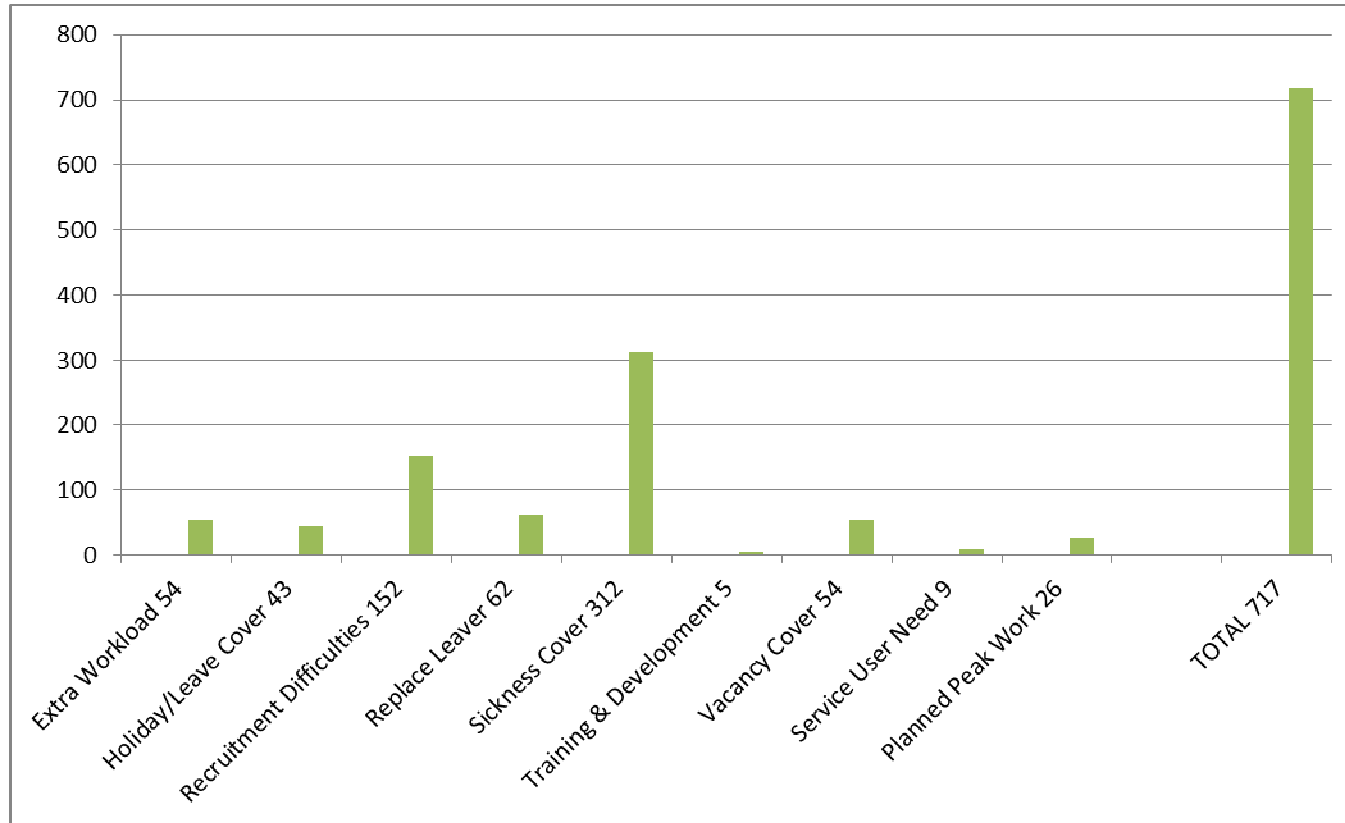
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**APPENDIX I - AGENCY SPEND BY DIRECTORATE - APRIL TO JUNE 2013**



**APPENDIX II - ORDER JUSTIFICATION APRIL TO JUNE 2013**



### **APPENDIX III - DIVERSITY BREAKDOWN OF AGENCY WORKERS APRIL - JUNE 2013**

<b>Ethnic Origin</b>	<b>Headcount</b>	<b>%</b>
African	23	10.45%
Any Other Black Background	1	0.45%
Any Other Ethnic Group	1	0.45%
Any other white background	3	1.36%
British	22	10.00%
Caribbean	3	1.36%
Indian	5	2.27%
None Stated	160	72.73%
Pakistani	1	0.45%
White (European)	1	0.45%
<b>TOTAL</b>	<b>220</b>	<b>100%</b>

<b>Age</b>	<b>Headcount</b>	<b>%</b>
16-19	6	2.73%
20-30	37	16.82%
31-40	69	31.36%
41-50	70	31.82%
51+	38	17.27%
None Stated	0	0.00%
<b>TOTAL</b>	<b>220</b>	<b>100%</b>

<b>Gender</b>	<b>Headcount</b>	<b>%</b>
Female	110	50.00%
Male	110	50.00%
<b>TOTAL</b>	<b>220</b>	<b>100%</b>

**APPENDIX IV SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS**

**Q1 April to June 2013**

<b>Directorate</b>	<b>Q4 Jan - Mar 2013 Expenditure by Service Area</b>	<b>Q1 April to June 2013 Expenditure by Service Area</b>	<b>Justification of new Orders placed in Q1</b>	<b>State Usage of Agency Workers in Q1</b>	<b>What Strategies are in place for Reducing Dependency on Agency Workers</b>
Chief Executive	£0	<b>£7,067</b>	Extra workload: 1	This was a one-off spend to support the transition of public health into the local authority and to support transition work associated with setting up all new suppliers on the finance system for all contracts and associated orders and to manage the close down of Public Health budgets within the PCT. Also, the Public Health service was carrying a significant number of vacancies at that time following the restructure of the department in the autumn	This was a one-off arrangement and there are no longer any agency workers in post.
Children, Learning and Young People	<b>Total Expenditure Q 4</b> <b>£231,776</b>	<b>Total Expenditure Q 1</b> <b>£247,624</b>	Extra Workload: 3 Service User Need: 1 Vacancy Cover: 6 Planned peak work: 5 Replace Leaver: 4 Rec Difficulty: 3 Sickness cover: 3 <b>Total: 25</b>	The increased spend has been in the area of Children's social care and is a result of an increase in workload and cover for vacancies. There remains a need to ensure that cases are moved through the social care system to reduce the number of looked after children.	Strategies are in place to recruit to vacant posts and to develop, reward and retain existing social care and social worker staff.
City Services & Development	<b>Total Expenditure Q 4</b> <b>£172,199</b>	<b>Total Expenditure Q 4</b> <b>£217,847</b>	Recruit Difficulties: 42 Extra Workload: 9 Sickness Cover: 63 Leave/Hol Cover: 1 Vacancy Cover: 8	The primary reasons for the use of agency workers have been due to: <b>Streetscene &amp; Greenspace:</b> <b>Agency cover for vacancies</b>	Strategies to reduce use and expenditure on agency workers include: <b>*Before going down the route of either agency</b>

			Planned Peak Work: 9 Service User need: 1 Replace leaver: 6 Training: 1  <b>Total: 140</b>	<b>due to dismissals and resignations while the recruitment process is undertaken. Recruitment to a number of these vacancies has taken place in June and July. The seasonal nature of the service and peak workloads require agency workers to maintain service delivery. Also within Waste &amp; Fleet use of agency workers is limited to Vehicle Technicians to cover sickness, recruitment difficulties and additional workloads. Property Asset Mgt: Agency workers mainly used to cover sickness absence for cleaning staff in schools, which is unavoidable. Planning, Transport &amp; Highways: Agency workers used to deliver the Council's capital programme. The Shared Professional Contract has been used to obtain the services of staff listed.</b>	<b>workers or short term contracts, we would look at the opportunity of internal secondment</b> *Managers are required to consider if use of agency workers or short term contracts would provide value for money against the alternative of recruitment. *Recruitment remains the normal way in which the vast majority of posts are filled. *Assistant Directors monitor use and expenditure on Agency Workers *The Directorate has completed work on creating casual worker pools.
Community Services	<b>Total Expenditure Q 4</b> <b>£248,943</b>	<b>Total Expenditure Q 1</b> <b>£190,129</b>	Replace Leaver: 48 Extra Workload: 33 Sickness Cover: 242 Hol Cover: 43 Service User need: 2 Training & Dev: 4 Vacancy Cover: 26 Planned Peak Work 0: Recruit Difficulties: 104  <b>Total: 502</b>	<b>There has been a reduction in Agency spend since Q4</b>	<b>There has been a reduction in Agency spend since Q4</b>

Customer & Workforce Services	<b>Total Expenditure Q4</b> £267,966	<b>Total Expenditure Q 1</b> £260,999	Recruit Difficulties: 3 Extra Workload: 7 Vacancy cover: 10 Sickness: 2 Service User Need: 1 Planned Peak Work: 6 Replace leaver: 2 <b>Total: 31</b>	<b>There has been an REDUCTION in Agency spend since Q4</b>	<b>There has been a REDUCTION in Agency spend since Q4.</b>
Finance & Legal Services	<b>Total Expenditure Q4:</b> £222,270	<b>Total Expenditure Q 1:</b> £172,221	Replace Leaver: 2 Extra Workload: 1 Sick: 1 Leave: 0 Planned peak work: 6 Service User Need: 4 Vacancy Cover: 4  <b>Total: 18</b>	<b>There has been an REDUCTION in Agency spend since Q4</b>	<b>There has been an REDUCTION in Agency spend since Q4</b>
<b>OVERALL TOTALS</b>	<b>Q3</b> £1,143,134	<b>Q1</b> 1,095,887	<b>Q1 Total orders placed:</b> 717		