
Cabinet Member (Strategic Finance and Resources)
Finance and Corporate Services Scrutiny Board

2 December 2013
13 January 2014

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 Q2 (1 July to 30 September 2013).

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.

Executive Summary:

To provide the Cabinet Member with performance information on the use of agency workers procured through the Master Vendor Contract for the Q2 period 1 July to 30 September 2013; to compare Q1 2013/14 with Q2 2013/14 expenditure. Finally to consider Interim Manager spends for the same periods.

Recommendations:

The Cabinet Member is asked to:

1. Approve monitoring processes to continue for both Agency workers and Interim Managers
2. Endorse 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. Instruct officers to 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

5. Endorse the changeover of contract following a tendering process from Reed Recruitment to Pertemps UK on the 2 December 2013

Finance and Corporate Services Scrutiny Board (1) is asked to:

1. Review the six-month performance report and make recommendations arising to the Cabinet Member (Strategic Finance and Resources

List of Appendices included:

The information attached in Appendix I shows the total expenditure on agency workers by Directorates for Q2 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 Q2 2013/14 for spends with Reed.

The information attached in Appendix III shows in more detail, for Q2, 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 Q2.

Other useful background papers:

None

Has it or will it be considered by Scrutiny?

Yes. Finance and Corporate Services Scrutiny Board (1) 13 January 2014

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 Q2 (1 July to 30 September) 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 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 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 Q1 for 2013/14 with Q2 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 Q1 2013/14 and Q2 2013/14 Agency Spend.

Directorate	Spend Q1 2013/14	Spend Q2 2013/14	Increase/decrease
Children Learning & Young People	£247,624	£396,453	Increase
City Services & Development	£217,847*	£226,763*	Increase
Community Services	£190,129	£205,835	Increase
Customer & Workforce Services	£260,999	£227,415	Decrease
Chief Executives	£7,067	£0	Decrease
Finance & Legal Services	£172,221	£167,693	Decrease
TOTAL	£1,095,887	£1,224,159	Increase

**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

Expenditure on Agency Workers increased by £148,811 in quarter 2 compared to quarter 1. This increase comprises a requirement for Social Workers. It has taken place within the Referral and Assessment Service and in Children's Social Care due to the unprecedented rates of contacts at the moment. In addition to the on-going recruitment and development strategies the Service is planning to set up a permanent additional cluster within RAS in the next 2 months when a review of workload will take place in an effort to reduce Agency Workers.

Community Services

Overall in the service areas for people with Learning Disabilities and Mental Health the agency usage has reduced.

Promoting Independent Living Service (PILS) is the only exception.

The increase is due to complex needs of individuals who required additional 1:1 support; this is in agreement with health and we are expecting a refund from health after panel decisions for 100% continuing health care funding.

Promoting Independent Living Service also had a number of staffing issues which have led to staff not being available for work. Promoting Independent Living Service offers 24/7 social care to people in tenancies and any absences have to be backfilled to ensure peoples' safety and wellbeing.

The manager is in the process of recruiting additional relief staff to avoid the usage of agency in the future. As Promoting Independent Living Service previously had reduced agency usage to very low levels, we did not look to increase numbers of relief staff, but are now actively progressing this

City Services and Development

The total spend on agency workers within Place directorate during Quarter 2 of 2013/14 was £226,763 (including off contract spend). This is an increase of £8,916 over the expenditure in quarter 1 of 2013/14. The off contract spend has been due to the current contract provider, Reed, being unable to sufficient numbers and individuals with the correct skills and experience to cover posts within Waste & Fleet Management, Vehicle Technicians and Refuse Collectors.

The main reasons for the increase in spend has been due to sickness cover, additional workloads and recruitment difficulties.

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

Interim Management Spend for Q1 2013/14 and Q2 2013/14

Table 2.3 shows a summary of spend for Interim Management in Q1 2013/14 and Q2 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 Q1	Total Spend Q1	Number of Managers Q2	Total Spend Q2
Community Services	0	£0	2	£20,604
Finance & Legal Services	0	£0	0	0
Children Learning & Young People	0	£0	0	0
City Services and Development	1	£24,696	1	£24,696
TOTAL	1	£24,696	1	£45,300

Community Services

Two Interims were required to cover key senior management vacancies; one at AD and one at Head of Service level. Recruitment processes for both vacant posts have now been completed and offers of employment made.

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 rebate income forecast for 2013/14 is forecast to be £525k. This forecast is based on a slightly reduced level compared to last year's rebate to take into account the uncertainty around rebate income following the award of the contract to Pertemps. For Q2 we received a rebate of £165,728.

Strategic 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 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 in part 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. The Recruitment Team is currently working with Managers from Catering and Cleaning to undertake a recruitment exercise to build up a bank of cleaners and catering staff available for temporary/ casual or permanent work. The team is working with Job Centre Plus; Remploy and the Council's Job Shop to initially create opportunities for unemployed candidates to apply by holding 'open days' at the Job Shop and Remploy. This is with a view of trying to source our own workers for short term work therefore reducing the need for agency workers and giving opportunity to the unemployed to find employment with the City Council. Temporary and casual work may lead to permanent work in the future for candidates and this will be a way of recruiting workers to a bank rather than advertising individual vacancies as we currently do.

The current contract with our Master Vendor provider is due to end on the 1 December 2013. The contract, which is a joint contract with Warwickshire and Solihull following an extensive tendering process, will transfer to Pertemps UK on the 2 December 2013 and arrangements are currently under way on an implementation plan. The new contract is for a hybrid Master Vendor arrangement which will provide the Council with additional advantages to the existing Master Vendor contract. The next quarter report will be compiled with management information from both Reed and Pertemps.

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 £1,117,750 which equates to 2.7% of the overall wage bill for this quarter (excluding schools).

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 Q2.

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 are 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 have now resolved all of the backlog queries.

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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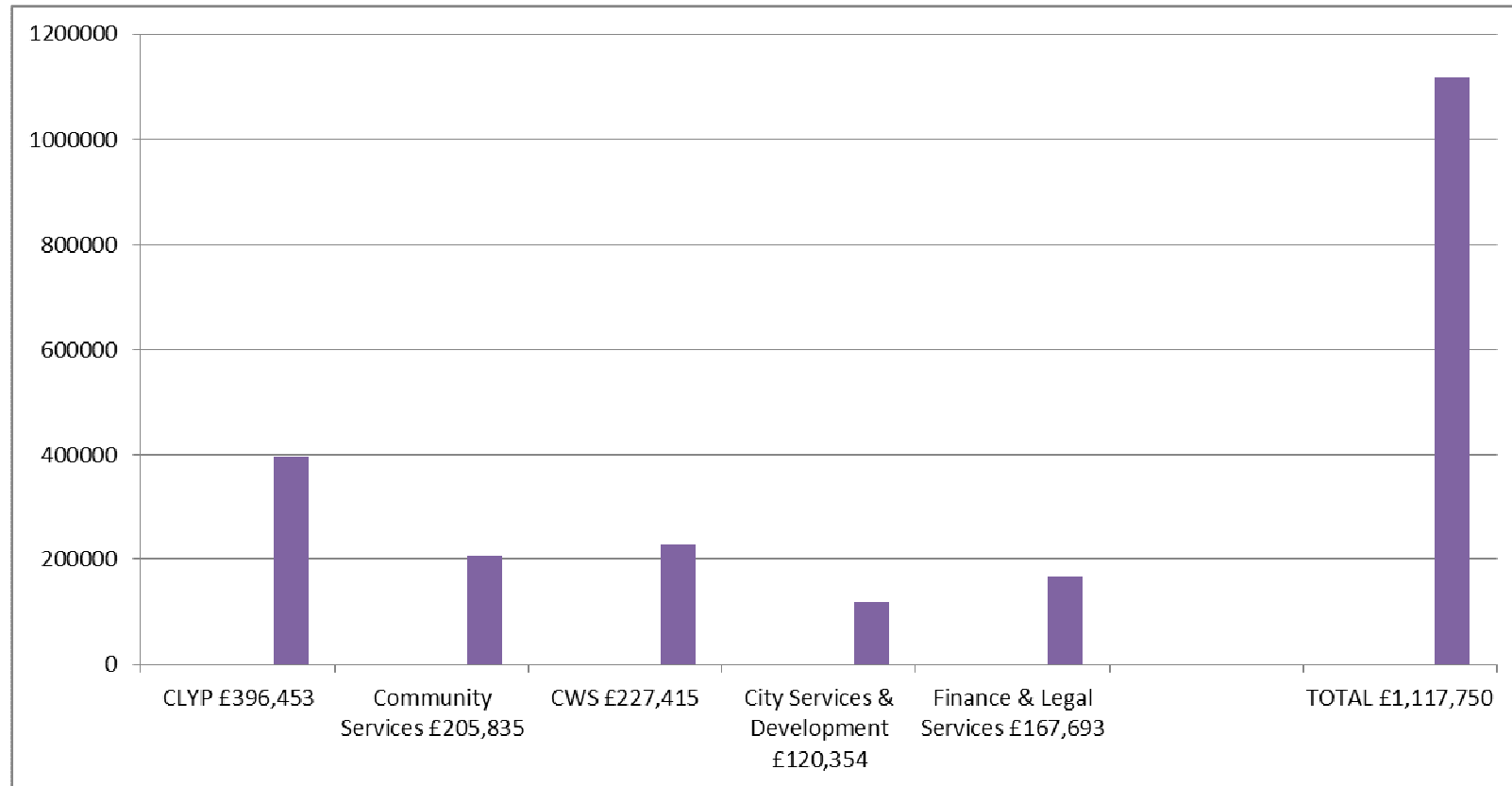
Enquiries should be directed to the above person.

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Director: Chris West	Executive Director	Resources	13/11/13	13/11/13
Member: Councillor Gannon	Cabinet Member		13/11/13	18/11/13

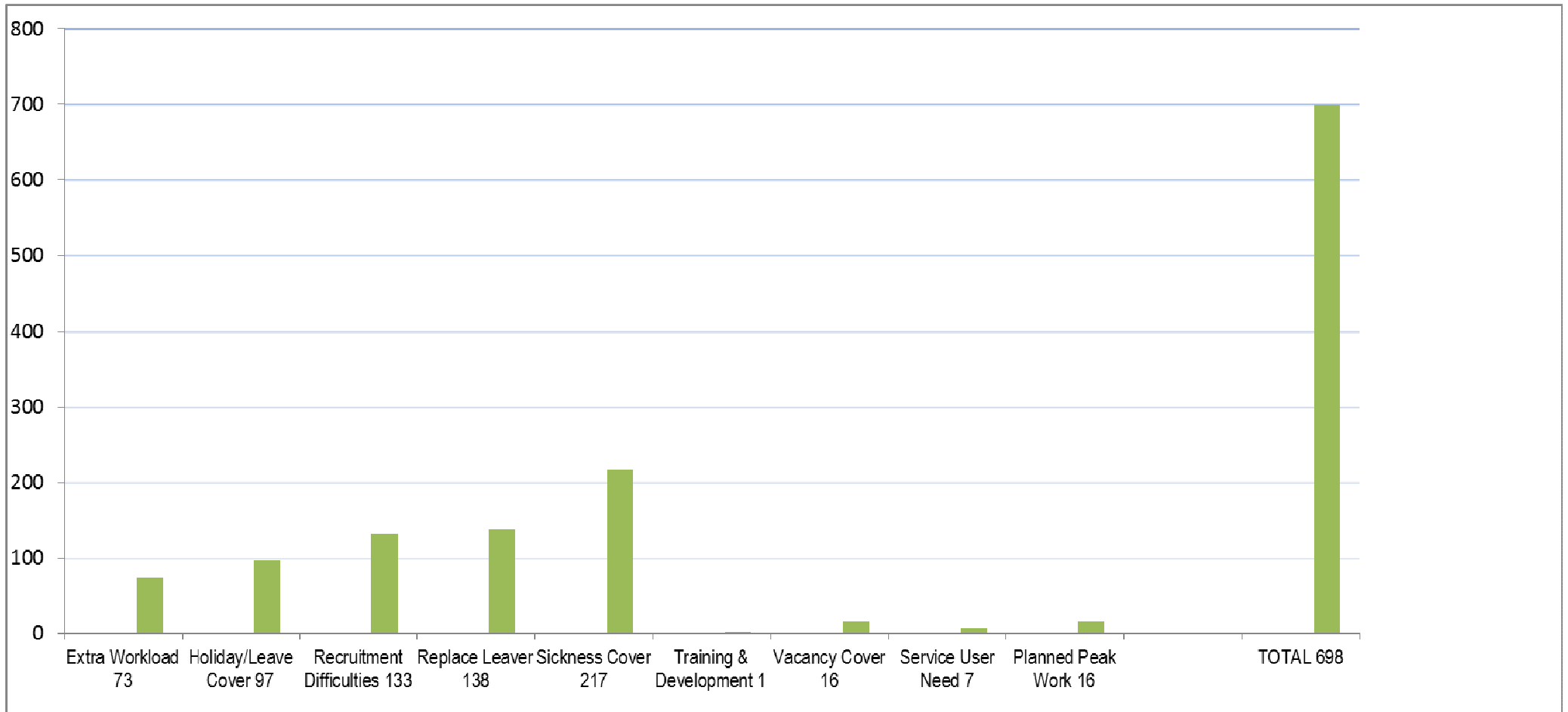
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APPENDIX I - AGENCY SPEND BY DIRECTORATE - JULY - SEPTEMBER 2013



APPENDIX II - ORDER JUSTIFICATION QUARTER 2 2013 - JULY TO SEPTEMBER 2013



APPENDIX III - DIVERSITY BREAKDOWN OF AGENCY WORKERS JULY - SEPT 2013

Ethnic Origin	Headcount	%
African	21	11.11%
Any Other Black Background	1	0.53%
Any Other White Background	2	1.06%
British	14	7.41%
Caribbean	2	1.06%
Indian	5	2.65%
None Stated	143	75.66%
White (European)	1	0.53%
TOTAL	189	100%

Age	Headcount	%
16-19	4	2.12%
20-30	27	14.29%
31-40	55	29.10%
41-50	71	37.57%
51+	32	16.93%
None Stated	0	0.00%
TOTAL	189	100%

Gender	Headcount	%
Female	91	48.15%
Male	98	51.85%
TOTAL	189	100%

APPENDIX IV SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS
Q2 July to September 2013

Directorate	Q1 April to June 2013 Expenditure by Service Area	Q2 July to Sept 2013 Expenditure by Service Area	Justification of new Orders placed in Q2	State Usage of Agency Workers in Q2	What Strategies are in place for Reducing Dependency on Agency Workers
Chief Executive	£7,067				
Children, Learning and Young People	Total Expenditure Q 1 <u>£247,624</u>	Total Expenditure Q 2 <u>£396,453</u>	Extra Workload: 3 Service User Need: 1 Vacancy Cover:3 Planned peak work:3 Replace Leaver: 10 Rec Difficulty: 13 Sickness cover: 0 Total: 33	The increase in spend on Agency Workers is £148,829. It relates to the requirement for Social Workers particularly in the Referral and Assessment Service (RAS) and Childrens Social Care.	In addition to existing recruitment and development strategies the Service hopes to set up a permanent additional cluster within RAS during the next 2 months and review workloads at that point in an effort to reduce agency workers.
City Services & Development	Total Expenditure Q 1 <u>£217,847</u>	Total Expenditure Q 2 <u>£120,354</u>	Recruit Difficulties: 37 Extra Workload: 11 Sickness Cover: 40 Leave/Hol Cover: 5 Vacancy Cover: 4 Planned Peak Work:4 Service User need: 0 Replace leaver: 4 Training: 1 Total: 106	There has been a reduction in agency spend since Q1	There has been a reduction in agency spend since Q1
Community Services	Total Expenditure Q 1 <u>£190,129</u>	Total Expenditure Q 2 <u>£205,835</u>	Replace Leaver: 118 Extra Workload: 45 Sickkness Cover: 175 Hol Cover: 91 Service User need: 2	Overall spend in service areas for Learning Disabilities and Mental Health has reduced. Promoting Independent	Managers are in the process of recruiting additional relief staff to avoid the usage of agency in the future. As PILS had

			<p>Training & Dev: 0 Vacancy Cover: 2 Planned Peak Work 0: Recruit Difficulties: 80</p> <p>Total: 513</p>	<p>Living Service (PILS) is the only exception. The increase is due to needs of individuals who require 1-1 support, staffing issues and absences having to be backfilled to ensure peoples safety and well-being.</p>	<p>previously reduced agency usage to very low levels, we did not look to increase numbers of relief staff, but are now actively progressing this.</p>
Customer & Workforce Services	<p>Total Expenditure Q1 £260,999</p>	<p>Total Expenditure Q2 £227,415</p>	<p>Recruit Difficulties: 3 Extra Workload: 8 Vacancy cover: 3 Sickness: 1 Service User Need:1 Planned Peak Work:5 Replace leaver: 3 Holiday Cover: 1 Total: 25</p>	<p>There has been an REDUCTION in Agency spend since Q1</p>	<p>There has been a REDUCTION in Agency spend since Q1</p>
Finance & Legal Services	<p>Total Expenditure Q1: £172,221</p>	<p>Total Expenditure Q2: <u>£167,693</u></p>	<p>Replace Leaver: 3 Extra Workload: 6 Sick: 1 Leave: 0 Planned peak work:4 Service User Need: 3 Vacancy Cover: 4 Total: 21</p>	<p>There has been an REDUCTION in Agency spend since Q4</p>	<p>There has been an REDUCTION in Agency spend since Q4</p>
OVERALL TOTALS	<p>Q1 £1,095,887</p>	<p>Q2 £1,117,750</p>	<p>Q2 Orders placed: 698</p>		