
Cabinet Member (Strategic Finance and Resources)

28 April 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 Q3 (1 October to 31 December 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 Q3 period 1 October to 31 December 2013; to compare Q2 2013/14 with Q3 2013/14 expenditure. Finally to consider Interim Manager spends for the same periods which are now procured through National Framework Agreement RM692.

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 (for the period October to November and the new Master Vendor, Pertemps for the December period) and Interim managers
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

List of Appendices included:

The information attached in Appendix I shows the total expenditure on agency workers by Directorates for Q3 2013/14 for spends with Reed and the new Master Vendor, Pertemps.

The information attached in Appendix II show the justification of new orders placed by Directorates for agency workers during Q3 2013/14 for spends with Reed and Pertemps.

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 Q3 (1 October to 31 December) and Interim Managers spends.

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 and ended on the 1 December 2013 and through Pertemps, the newly appointed Master Vendor, from the 2 December 2013. The Master Vendor 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 the Master Vendor. The information supplied by the Master Vendor on the agency spends gives detailed information on agency worker usage and spends. However it should be noted that the information has been pulled together from both Reed and Pertemps for this quarter. This has delayed the report slightly whilst all the spends are finalised by Pertemps following the delay in transfer of some of the 2nd tier suppliers till February 2014 for commercial reasons. This was an agreement agreed by ourselves with Pertemps and the 2nd tier suppliers in order not to disrupt the supply of agency workers in areas such as Social Workers.

Options considered and recommended proposal

The table in 2.1 below shows a comparison for Q3 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 agency workers in schools.

2.1 Table for comparison with Q2 2013/14 and Q3 2013/14 Agency Spend.

| Directorate | Spend Q2 2013/14 | Spend Q3 2013/14 | Increase/decrease |
|-----------------------|-------------------------|-------------------------|--------------------------|
| People Directorate | £602,288 | £837,297* | Increase |
| Places Directorate | £226,763 | £134,302* | Decrease |
| Resources Directorate | £395,108 | £233,047 | Decrease |
| Chief Executives | £0 | £0 | |
| TOTAL | £1,224,159 | £1,204,646 | Decrease |

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

Directorate Commentary on increased Agency worker Spend for Q3 2013/14**People Directorate**

Expenditure on Agency Workers increased by £231,216 in quarter 3 compared to quarter 2. This increase reflects the increased requirement for experienced social workers to deal with higher workload being experienced, particularly within the Referral and Assessment Service and in Children's Social Care, due to the unprecedented rates of contacts at the moment. There is on-going recruitment to vacancies within Social Work with a view to reducing the need for agency workers in the longer term.

Agency spend in Internally Provided services has reduced. This is due in the main to managers successfully developing a relief pool of casual workers. Care workers, who have expressed an interest in Early Retirement or have volunteered for redundancy in the abc review, are also being asked if they would be interested in working on a casual/relief basis at some point in the future.

Unauthorised Off-Contract spends Q3

There has been no unauthorised off contract spends for Quarter 3 identified.

Interim Management Spend for Q2 2013/14 and Q3 2013/14

Table 2.2 shows a summary of spend for Interim Management in Q2 2013/14 and Q3 2013/14. This relates to cover for Senior Hay graded jobs over £50,000 pa. The procurement of Interim Managers is through the national framework agreement RM692 for non-permanent staff started on the 1 December 2013. Prior to this date interim managers were procured through our preferred supplier list.

| Directorate | Number of Managers Q2 | Total Spend Q2 | Number of Managers in Q3 | Total Spend Q3 |
|-----------------------|------------------------------|-----------------------|---------------------------------|-----------------------|
| People Directorate | 2 | £20,604 | 1 | £28,200 |
| Resources Directorate | 0 | 0 | 1 | £18,700 |
| Place Directorate | 1 | £24,696 | | |
| TOTAL | 1 | £45,300 | 2 | £46,900 |

People Directorate

An interim manager has been retained in People Directorate on a part time basis for a period of up to 18 months in order to ensure there is sufficient capacity to lead and deliver “The Better Care” programme of integration and transformation across Health and Social Care.

Resources Directorate

An Interim manager is required to cover the vacancy of Head of Customer Services. This post is leading on the “Customer Journey Transformation” as part of the Kickstart Programme. The post has been advertised already but no appointment was made due to the lack of skills and experience in the area of transformation. Due to the critical nature of the Kickstart Programme a decision was made to continue with the existing arrangement of an Interim Manager for the time being.

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, Pertemp'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 Q3 we received a rebate of £178,156 from Reed and a rebate of £30,257 from Pertemps giving a total Rebate of £208,143. To date we have received a total of £534,136 in rebate for the year 2013/14.

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 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 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 Master Vendor contract. This occurs generally where the Master Vendor has been unable to supply an agency worker so we are forced to go to a supplier not on the Master Vendor contract. However we keep this to a minimum and try to ensure that this is only for short term cover whilst the Master Vendor tries to source other agency workers. This has occurred more recently due to the transfer from one Master Vendor, Reed to the new Master Vendor Pertemps, as agencies became reluctant to supply further agency workers until it was established if they would continue to be a supplier with the new Master Vendor, Pertemps.

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 has successfully worked with Managers from Cleaning to undertake a recruitment exercise to build up a bank of cleaners and some catering staff available for temporary/ casual or permanent work. The team is working with Job Centre Plus; Rempoy and the Council's Job Shop, as well as managers in the authority, to initially create opportunities for unemployed candidates to apply by holding 'open days' at the Job Shop and Rempoy and giving them access to opportunities. This is with a view to 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, or using agency workers to fill short term cover during periods of review etc.

The new contract with Pertemps came into effect on the 2 December 2013. The contract, is a joint contract with Warwickshire and Solihull following an extensive tendering process, and has

now been fully implemented. The new contract is a hybrid Master Vendor arrangement which will provide the Council with additional advantages to the existing Master Vendor contract.

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 and Pertemps system is £1,200,853 which equates to 2.92% of the overall wage bill for this quarter (excluding schools).

Reed and 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.

Reed's and Pertemps 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. We actively work with the master vendor to keep outstanding timesheets to a minimum.

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 have removed the equalities data for the next 2 quarters due to the incomplete equalities data the master vendor is able to provide at this time. We will be working with our master vendor to survey all our agency workers to make it mandatory for them to complete an equalities monitoring form which will incorporate a category of "prefer not to say" to try and increase the accuracy and the value of the data. 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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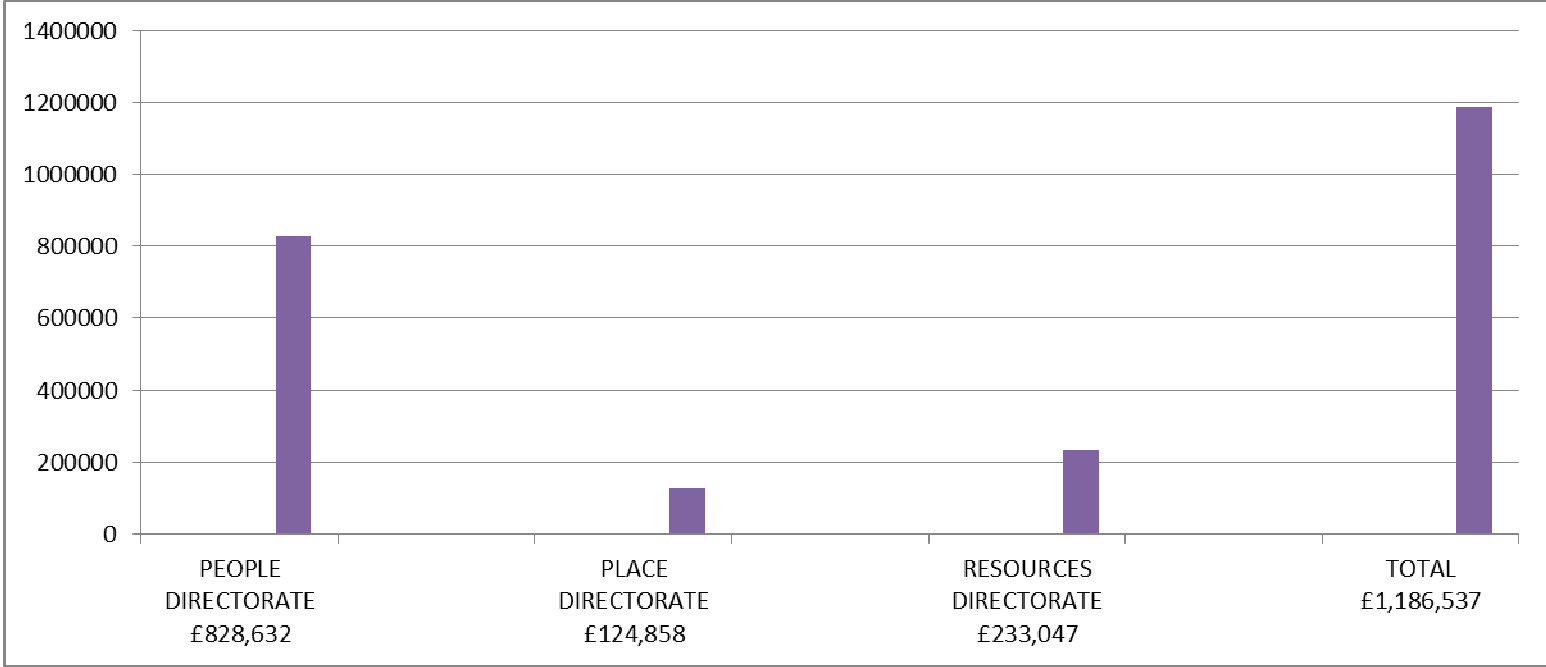
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APPENDIX I: SPEND BY DIRECTORATE: QUARTER 3 - OCTOBER TO DECEMBER 2013



APPENDIX II - ORDER JUSTIFICATION QUARTER 3: OCTOBER TO DECEMBER 2013

