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Cabinet Member (Strategic Finance and Resources)

30<sup>th</sup> June 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 Quarter 4 (1 January to 31 March 2014) with a final summary of 2013/14 compared with 2012/13.

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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 Q4 period 1 January to 31 March 2014; to compare Q3 2013/14 with Q4 2013/14 expenditure. To also compare the final figures on agency workers for 2013/14 with the previous year 2012/13. 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, Pertemps for the Q4 period and Interim managers
3. Review the yearly spends on agency workers for the period April 2013 to March 2014
4. Instruct officers to continue to work towards reducing expenditure on the use of agency workers.
5. 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 Q4 2013/14 for spends with the Master Vendor supplier, Pertemps.

The information attached in Appendix II show the justification of new orders placed by Directorates for agency workers during Q4 2013/14 for spends with 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 Q4 (1 January to 31 March) and Interim Managers spends.

**1. Context (or background)**

The Master Vendor contract required 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 then through Pertemps, the newly appointed Master Vendor, from the 2 December 2013. The Master Vendor supplies 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 the Master Vendor. The information supplied by the Master Vendor on the agency spends gives detailed information on agency worker usage and spends.

**Options considered and recommended proposal**

The table in 2.1 below shows a comparison for Q3 for 2013/14 with Q4 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 Q3 2013/14 and Q4 2013/14 Agency Spend.**

<b>Directorate</b>	<b>Spend Q3 2013/14</b>	<b>Spend Q4 2013/14</b>	<b>Increase/decrease</b>
People Directorate	£837,297*	£1,340,047	Increased
Places Directorate	£134,302*	£102,738	Decreased
Resources Directorate	£233,047	£280,068*	Increased
Chief Executives	£0	£0	
<b>TOTAL</b>	<b>£1,204,646</b>	<b>£1,722,853*</b>	<b>Increased</b>

*\*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 £503K in quarter 4 compared to quarter 3. This increase reflects the on-going need 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.

## **Resources Directorate**

The increase in agency worker spends of £47K is a result of the increased levels of benefit claims in the Revenue and Benefits area needing more staff to process claims in a timely manner. A recruitment exercise is underway to appoint and train permanent staff to reduce the need for agency workers going forward.

In ICT additional specialist resources were needed to deal with the Sharepoint project and this was completed in March 2014.

Finally there has been an on-going need to appoint agency workers in Legal Services to cover vacancies whilst the team is being restructured and to deal with the increase of work resulting from Children's Services.

## **Unauthorised Off-Contract spends Q4**

There has been no unauthorised off contract spends for Quarter 4 identified.

### **2.2 Table of Comparison of spends for agency workers between 2012/13 and 2013/2014**

<b>Directorate</b>	<b>Spends 2012/13</b>	<b>Spends 2013/14</b>	<b>Increase/Decrease</b>
<b>People</b>	<b>£1,932,427</b>	<b>£3,217,385</b>	<b>Increased</b>
<b>Places</b>	<b>£723,217</b>	<b>£681,650</b>	<b>Decreased</b>
<b>Resources</b>	<b>£1,691,131</b>	<b>£1,341,443</b>	<b>Decreased</b>
<b>Chief Executives</b>	<b>£89</b>	<b>£7,067</b>	<b>Increased</b>
<b>TOTAL</b>	<b>£4,346,864</b>	<b>£5,247,545</b>	<b>Increased</b>

Overall there has been an increase in agency spends for 2013/14 of £900K. The main reasons for this are set out in the paragraph entitled "People Directorate" in section 2.1 above.

## **Interim Management Spend for Q3 2013/14 and Q4 2013/14**

Table 2.3 shows a summary of spend for Interim Management in Q3 2013/14 and Q4 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.

<b>Directorate</b>	<b>Number of Managers in Q3</b>	<b>Total Spend Q3</b>	<b>Number of Managers in Q4</b>	<b>Total Spends in Q4</b>
People Directorate	1	£28,200	1	£13,600
Resources Directorate	1	£18,700	1	£29,425
Place Directorate	0	£0		
<b>TOTAL</b>	<b>2</b>	<b>£46,900</b>	<b>2</b>	<b>£43,025</b>

## **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.

**Table 2.4 shows a comparison on spend on Interim Managers for 2012/13 compared with 2013/14**

<b>Directorate</b>	<b>Total Spends on Interim Managers 2012/13</b>	<b>Total Spends on Interim Managers 2013/14</b>	<b>Increase/Decrease</b>
People Directorate	£209,010	£48,804	Decrease
Resources Directorate	£6,672	£49,392	Increase
Place Directorate	£0	£18,700	Increase
<b>TOTAL</b>	<b>£215,682</b>	<b>£116,896</b>	<b>Decrease</b>

## **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 was 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 Q4 we received a rebate of £233,266 from Pertemps. To date we have received a total of £767,402 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 Organisational restructures and Fundamental Service Reviews are taking place and for areas where there is difficulty in recruiting such as Social Workers and also to cope with sudden surges of demand. This will result in the need for agency workers to provide capacity and scarce skills.

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.

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; Remploy 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 Remploy 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 accurately identify 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.

### **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 Pertemps system is £1,722,853 which equates to 4.26% 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 Q4.

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



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

Jane Crawley, Recruitment Manager

**Directorate:**

Resources Directorate

**Tel and email contact:**Telephone 024 76 83 2145 [jane.crawley@coventry.gov.uk](mailto:jane.crawley@coventry.gov.uk)

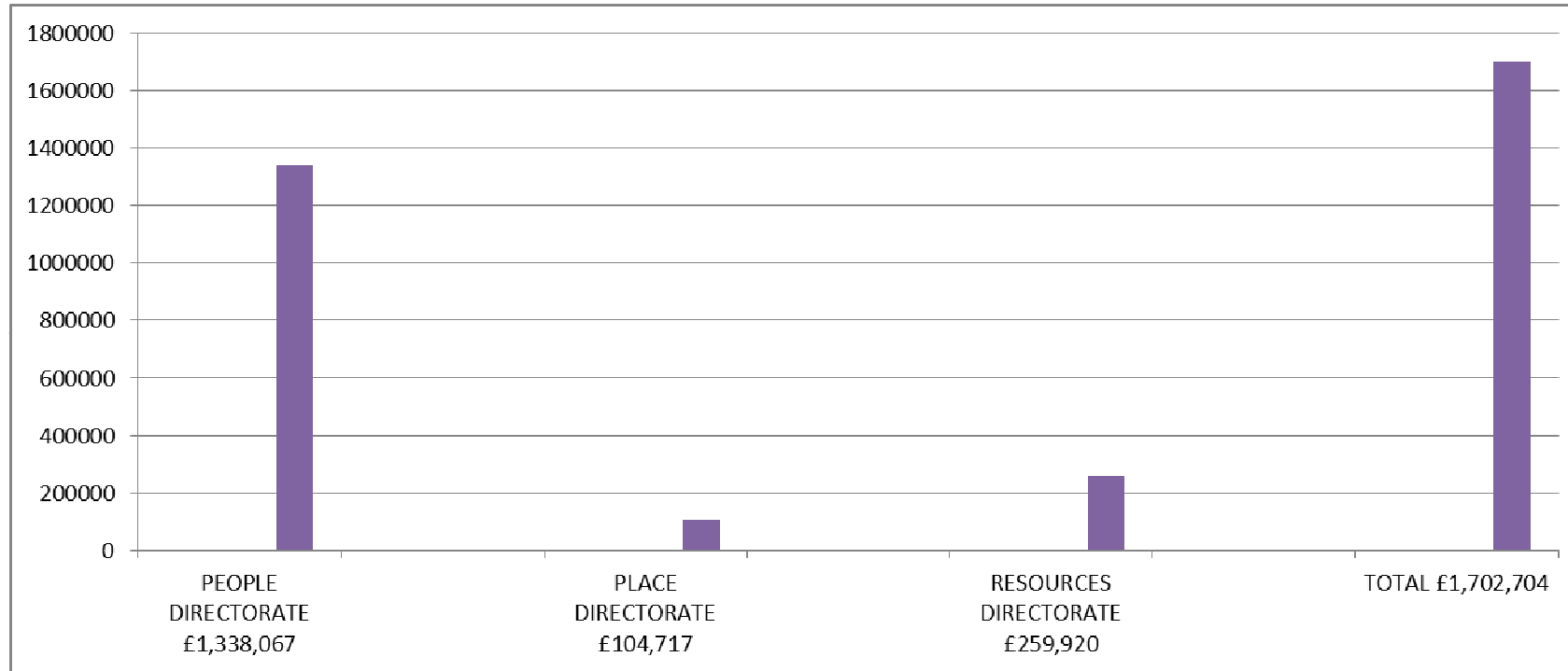
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<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Jonathan Guy	Strategic Category Lead – Resources	Resources	4 <sup>th</sup> June 2014	10 <sup>th</sup> June 2014
Hugh Peacocke	Governance Services Officer	Resources		10 <sup>th</sup> June 2014
Other members				
<b>Names of approvers: (officers and members)</b>				
Human Resources & Workforce Services: Shokat Lal	Assistant Director, HR & Workforce Services	Resources	4 <sup>th</sup> June 2014	10 <sup>th</sup> June 2014
Finance: Kathryn Sutherland	Lead Accountant	Resources	4 <sup>th</sup> June 2014	10 <sup>th</sup> June 2014
Legal: Julie Newman	Commercial Team Manager	Resources	4 <sup>th</sup> June 2014	10 <sup>th</sup> June 2014
Director: Chris West	Executive Director	Resources	4 <sup>th</sup> June 2014	10 <sup>th</sup> June 2014
Member: Councillor Gannon	Cabinet Member			

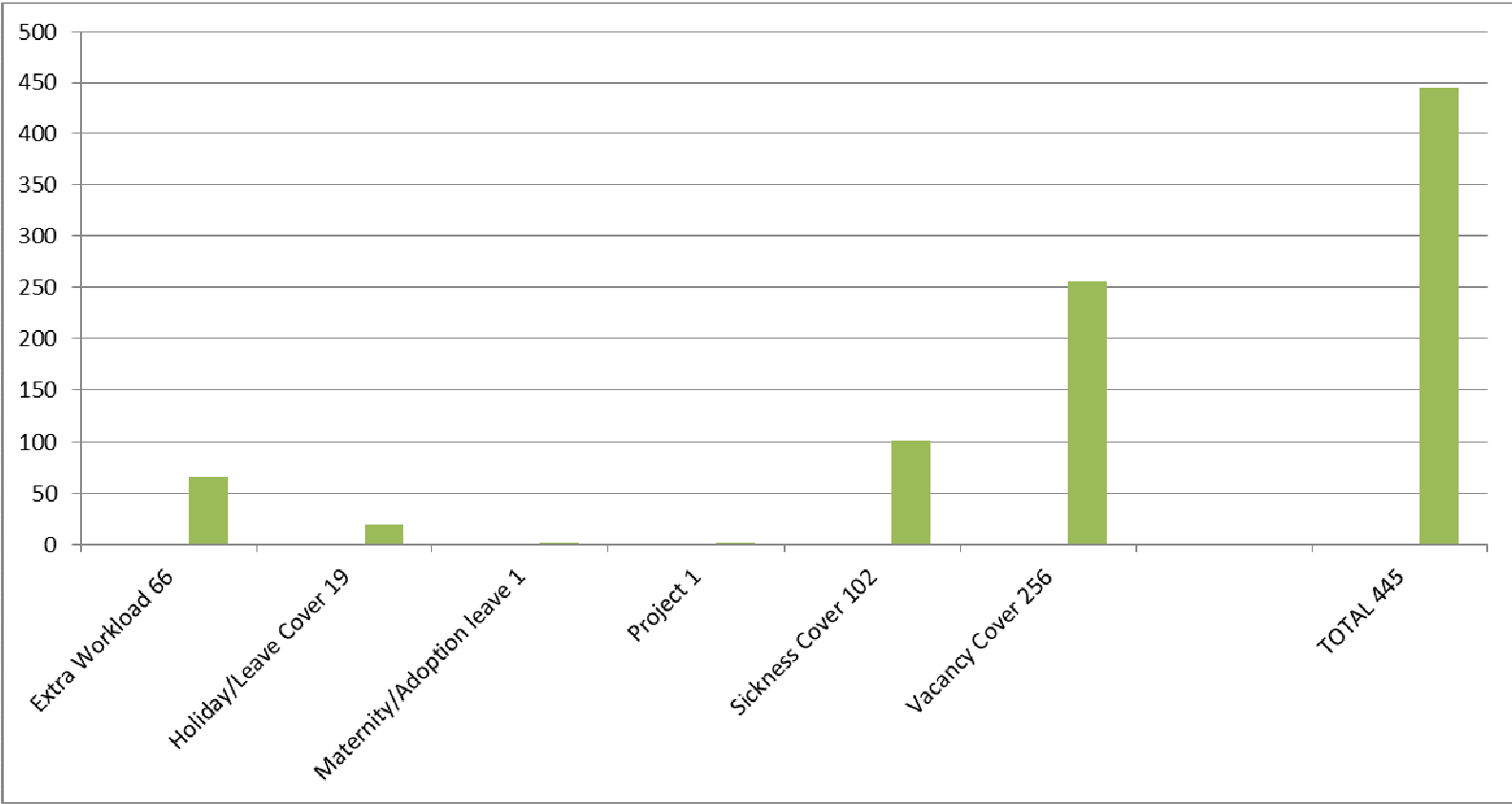
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**APPENDIX I - AGENCY SPEND BY DIRECTORATE - JANUARY TO MARCH 2014**



**APPENDIX II - ORDER JUSTIFICATION QUARTER 4: JANUARY TO MARCH 2014**



**APPENDIX III SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS**  
**Q4 January to March 2014**

Directorate	Q3 Oct to Dec 2013 Expenditure by Service Area	Q4 Jan to March 2014 Expenditure by Service Area	State Usage of Agency Workers in Q4	What Strategies are in place for Reducing Dependency on Agency Workers
<b>People Directorate</b>	Total Expenditure for People Directorate Q3  £828,632	Total Expenditure for People Directorate Q4  <u>£1,340,047</u>	Expenditure on Agency workers increased by £509,435 in Quarter 4 compared to Quarter 3. This increase reflects the on-going increased requirement for experienced social workers to deal with the higher workload being experienced, particularly within the Referral and Assessment Service and Children's Social Care, due to the continuing and unprecedented rates of contacts.	There is on-going recruitment to vacancies within Social Work, with a view to reducing the need for agency workers in the longer term.
<b>Place Directorate</b>	Total Expenditure Q3  <u>£124,858</u>	Total Expenditure Q4  <u>£102,738</u>	Reduction in Agency spend from Q3	
<b>Resources Directorate</b>	Total Expenditure Q3  £233,047	Total Expenditure Q4  <u>£259,920</u>	<u>Legal Services:</u> The increase in the use of agency workers is as a result of an increase in workloads within the Social Care team. In addition, locums have been appointed to cover for vacancies within the Team.  <u>Revs &amp; Benefits:</u> Due to the high volume of benefit applications and a high level of vacancies within the Benefits Service the service has needed to increase its use of agency staff.  <u>ICT:</u> Additional resources were needed to deliver Sharepoint	Once the Legal Services review has been completed and implemented, this will reduce the need for agency workers within the service.  The management team have initiated a recruitment campaign and it is hoped that the new permanent appointments will reduce the overall reliance of agency staff within the service  This work was completed at the end of March and the agency workers ended
<b>OVERALL TOTALS</b>	<b>Q2 £1,186,537</b>	<b>Q3 £1,702,704</b>		

