
Cabinet Member (Strategic Finance and Resources)

8th September 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 Q1 (1 April to 30 June 2014).

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 Q1 period 1 April to 30 June 2014; to compare Q4 2013/14 with Q1 2014/15 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, Pertemps for the Q1 period and Interim managers
3. Review the Q1 spends for 2014/15 with the previous Q4 spends for 2013/14.
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 Q1 2014/15 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 Q1 2014/15 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 Q1 (1 April to 30 June) and Interim Managers spends.

1. Context (or background)

The Master Vendor contract came into effect with our Master Vendor provider, Pertemps on the 2 December 2013. The Master Vendor supplies 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.

Options considered and recommended proposal

The table in 2.1 below shows a comparison for Q4 for 2013/14 with Q1 2014/15 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; agency workers in schools; contractors and service contracts set up to supply services.

2.1 Table for comparison with Q4 2013/14 and Q1 2014/15 Agency Spend.

Directorate	Spend Q4 2013/14	Spend Q1 2014/15	Increase/decrease
People Directorate	£1,340,047	£1,506,928	Increase
Places Directorate	£102,738	£131,593	Increase
Resources Directorate	£280,068*	£263,291	Decrease
Chief Executives	£0	£0	
TOTAL	£1,722,853	£1,901,812	Increase

Directorate Commentary on increased Agency worker Spend for Q1 2013/15**People Directorate**

Expenditure on Agency Workers increased by £166,881 in quarter 1 compared to quarter 4. 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 referrals at the moment. There is on-going recruitment within Social Work with a view to reducing the need for agency workers in the longer term. This has proved successful in appointing newly qualified children's Social Workers. However, we need to recruit a number of more experienced social workers and we are therefore now in the development stage to launch a national recruitment campaign to recruit more Children's Social Workers with 2 years plus experience. This campaign is due to begin in September and will continue through to next year which will help us reduce the number of agency workers, currently engaged, who are being used to help with the increased referrals being experienced by the service.

Skylakes

Skylakes supplied 2 teams of social workers; 2 managers and admin support from the end of March to provide support to the Referral Assessment Service. This was to support permanent staff to manage the work and reduce their caseloads.

Q1 Spend with Skylakes = £189,205

Places Directorate

There has been an increase in agency worker expenditure by £28,855 in Q1 of 2014/15 in comparison to Q4 of 2013/14. The primary reason for the use of agency workers within the directorate for quarter 1 has been due to extra workloads, sickness and vacancy cover. For example, within the Streetscene & Greenspace division whilst there has been a reduction in some areas (bereavement services) there has been an increase in other areas, including both Streepride and Waste Services to cover seasonal increase in workloads. One notable increase in workloads is the volume of garden waste that has been produced between April & June.

To attempt to continue to reduce its expenditure on agency workers, Assistant Directors monitor the expenditure on Agency Workers and the directorate has completed work on creating casual worker pools.

Places Directorate “Joint Professional Services Contract” spends Q1

Places operate a Joint Professional Services Contract with Solihull and Warwickshire to procure professional agency staff to provide high level professional skills. Spends in this area will be inserted into the Q2 report along with an explanation of the spends.

Interim Management Spend for Q4 2013/14 and Q1 2014/15

Table 2.3 shows a summary of spend for Interim Management in Q4 2013/14 and Q1 2014/15. 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 in Q4	Total Spend Q4	Number of Managers in Q1	Total Spends in Q1
People Directorate	1	£13,600	2	£46,425
Resources Directorate	1	£29,425	1	£28,600
Place Directorate				
TOTAL	2	£43,025	3	£75,025

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.

A second senior interim Manager has been appointed to oversee Children’s social care whilst recruitment is undertaken to replace the vacant Assistant Director post.

These interims were not appointed through the National Framework Agreement for Interims but through a local arrangement.

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 2014/15 is £1,000,000. This is based on the previous years’ total rebate and the expectation of the continued higher level of spends in the forthcoming months. For Q1 we received a rebate of £333,252 from Pertemps.

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, and the need for cover in areas such as Children’s Social Work and Benefits to cope with the increased demand for services. This results 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 more recently catering staff. 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 £1,901,812 which equates to 4.7% 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 Q1.

The 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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Resources Directorate

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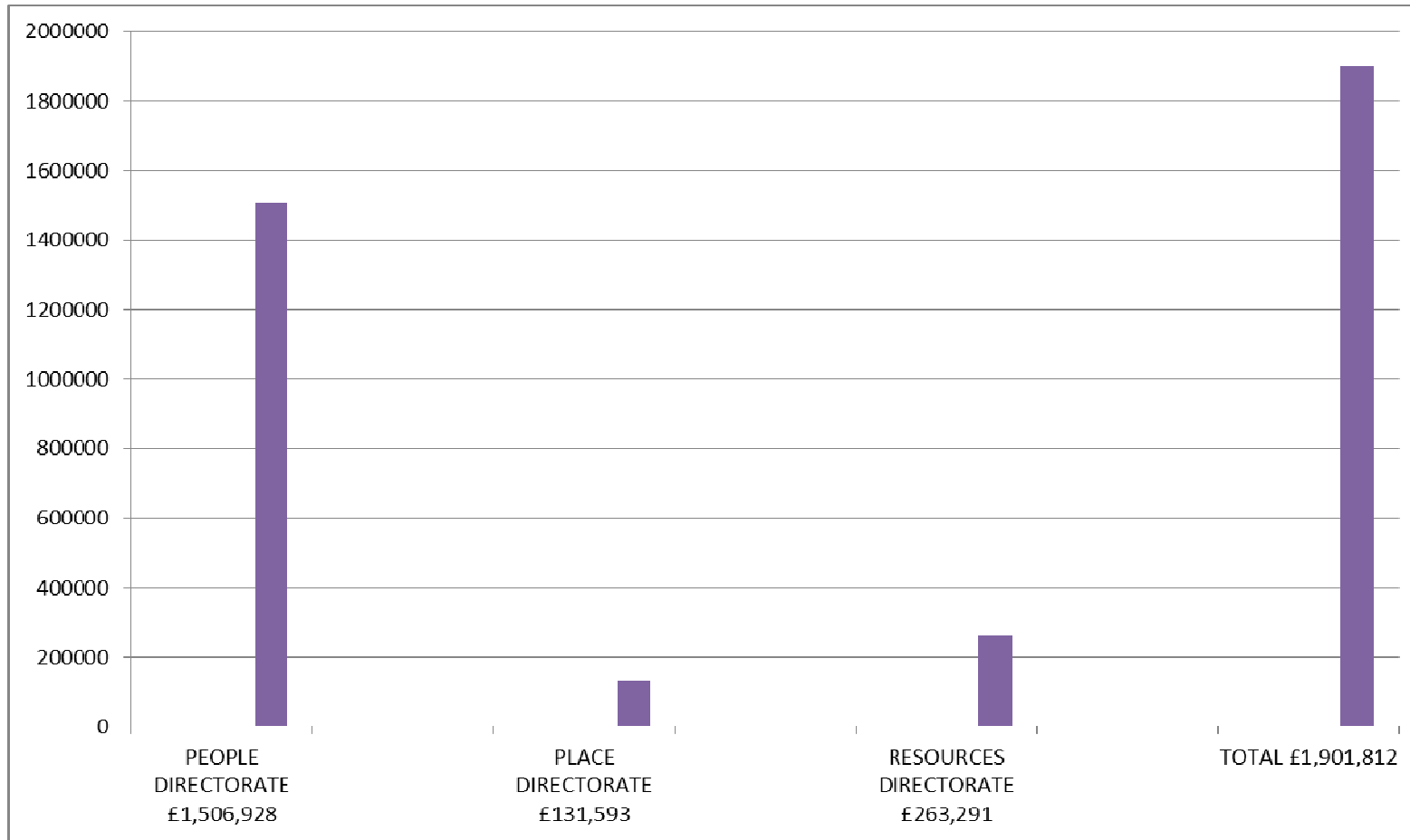
Enquiries should be directed to the above person.

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Finance: Kathryn Sutherland	Lead Accountant	Resources	1 August 2014	4 August 2014
Legal: Julie Newman	Commercial Team Manager	Resources	1 August 2014	19 August 2014
Director: Chris West	Executive Director	Resources	1 August 2014	1 August 2014
Member: Councillor Gannon	Cabinet Member			

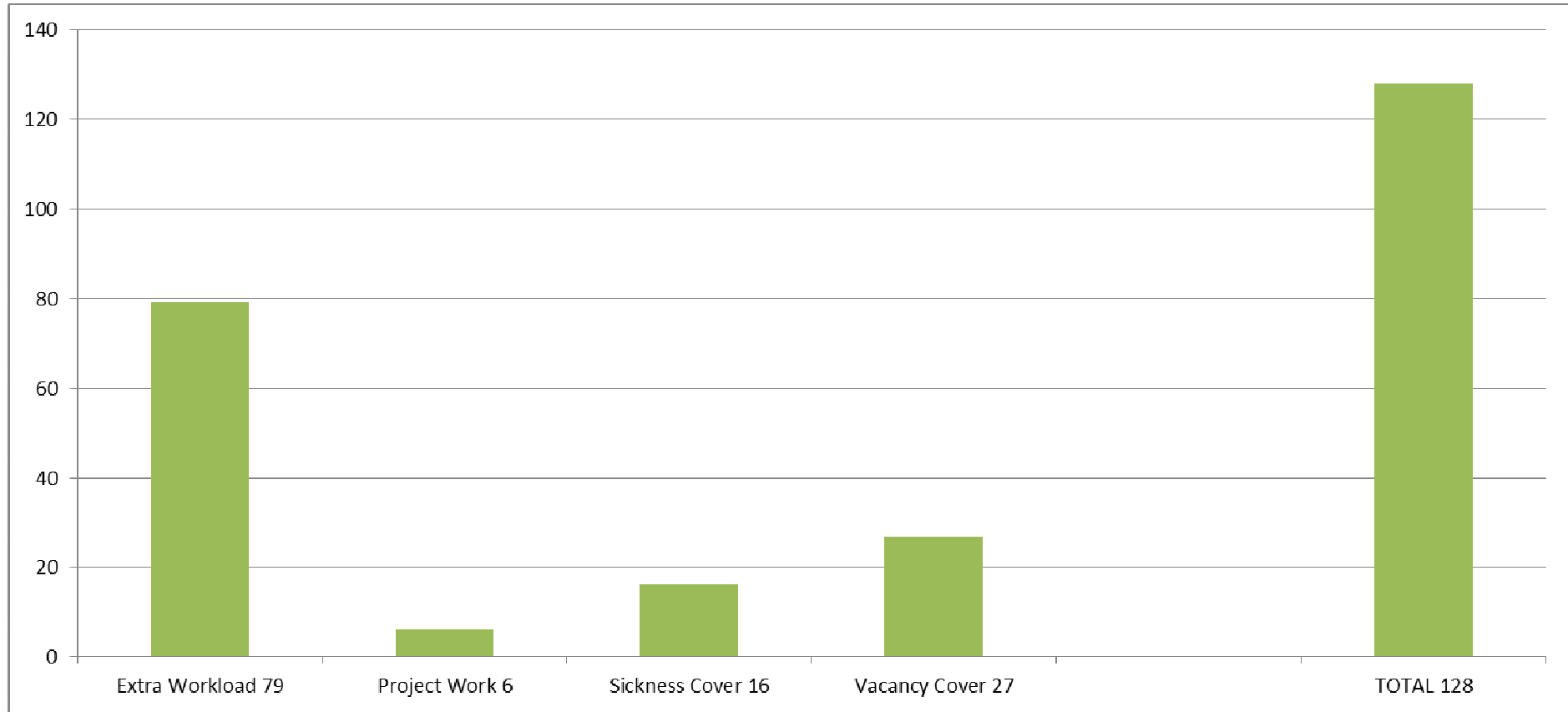
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APPENDIX I - AGENCY SPEND BY DIRECTORATE - APRIL TO JUNE 2014



APPENDIX II - ORDER JUSTIFICATION QUARTER 1: APRIL TO JUNE 2014



APPENDIX III - SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS
Q1 APRIL TO JUNE 2014

Directorate	Q4 Jan to March 2014 Expenditure by Service Area	Q1 April to June 2014 Expenditure by Service Area	State Usage of Agency Workers in Q1	What Strategies are in place for Reducing Dependency on Agency Workers
People Directorate	Total Expenditure Q4 <u>£1,340,047</u>	Total Expenditure Q1 <u>£1,506,928</u>	Expenditure on Agency workers increased by £166,881 in Quarter 1 compared to Quarter 4. 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. A specific recruitment campaign to fill posts within Children's social care will be launched in September 2014
Place Directorate	Total Expenditure Q4 <u>£102,738</u>	Total Expenditure Q1 <u>£131,593</u>	There has been an increase in agency worker expenditure by £28,855 in Q1 of 2014/15 in comparison to Q4 of 2013/14. The primary reasons for the use of agency of workers within the directorate for Q1 have been due to extra workloads, sickness and vacancy cover. For example, within the Streetscene & Greenspace division whilst there has been a reduction in bereavement services there has been an increase in other areas, including both Streetpride and Waste Services to cover seasonal increase in workloads. One notable increase in workloads is the volume of garden waste that has been produced between April & June.	To attempt to continue to reduce it's expenditure on agency workers, Assistant Directors monitor the expenditure on Agency Workers and the directorate has completed work on creating casual worker pools.

Resources Directorate	Total Expenditure Q4 <u>£280,668</u>	Total Expenditure Q1 <u>£263,291</u>	Reduction in Spend from Q4	Reduction in Spend from Q4
OVERALL TOTALS	Q1 £1,772,853	Q2 £1,901,812		