
Cabinet Member (Strategic Finance and Resources)

1 December 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 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 Q2 period 1 July to 30 September 2014; to compare Q1 2014/15 with Q2 2014/15 expenditure. To also consider Interim Manager spends for the same periods which are now procured through National Framework Agreement RM692 along with any additional off contract spends across the authority

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 Q2 period; Interim managers and any off contract spends

3. Review the Q2 spends for 2014/15 with the previous Q1 spends for 2014/15 for spends with Pertemps and for Off-Contract spends during the same period.
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 Q2 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 Q2 2014/15 for spends with Pertemps.

The information attached in Appendix III shows a summary of the usage of agency workers in Q2 2014/15.

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 Q2 (1 July to 30 September); Interim Managers spends and off contract 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 Q1 for 2014/15 with Q2 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 Q1 2014/15 and Q2 2014/15 Agency Spend.

Directorate	Spend Q1 2014/15	Spend Q2 2014/15	Increase/decrease
People Directorate	£1,506,928	£1,518,886	Increase
Places Directorate	£131,593	£97,001	Decrease
Resources Directorate	£263,291	£221,544	Decrease
Chief Executives	£0	£0	£0
TOTAL	£1,901,812	£1,837,431	Decrease

Directorate Commentary on increased Agency worker Spend for Q2 2014/15

People Directorate

Expenditure on Agency Workers increased by £11,958 in quarter 2 compared to quarter 1. This increase reflects the on-going need for experienced social workers to deal with higher workloads 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. We have now launched the Do it For Daniel Campaign aimed at recruiting experienced Social Workers. At the time of writing this report to date we have recruited approx. 15 through the campaign.

2.2 Authorised Off- Contract spends

Directorate	Spend Q1 2014/15	Spend Q2 2014/15	Increase/decrease
People Directorate	£200,547	£612,285	Increase
Places Directorate	£412,014	£526,926	Increase
Resources Directorate	£0	£0	
Chief Executives	£0	£0	
TOTAL	£612,561	£1,139,211	Increase

Skylakes

During Q1 £189,205 was spent with Skylakes. Skylakes have supplied two teams of social workers, both of which have a Team Manager, to the Referral and Assessment Service since the end of March. A further team of social workers with a manager has been in place to support the Neighbourhoods since May. Skylakes provide their own administrative support to their teams.

The need for greater capacity in these front door services was due to an increase in the numbers of referrals, resulting in permanent social workers having unsustainable caseloads so that work could not be progressed in a timely way. During Q2, the spends were £611,000 representing a full quarter spend with Skylakes.

Catering Services

Due to Pertemps being unable to supply catering staff £1,285 was spent off contract in Q2. Discussions are in place with Catering Services and Pertemps to discuss how more catering staff can be procured through the agency. The Recruitment Team has worked with Catering to build up a bank of our own staff to cover vacancies and a meeting has been held with Pertemps to procure more second tier suppliers and to build up their own supply of catering workers. This should start to take effect during Q3.

Places Directorate authorised off contract spends Q1

West Midlands Highways Alliance for Professional Services

Places operate a Joint Professional Services Contract with Solihull and Warwickshire to procure professional agency staff and secondments to provide high level professional skills. This contract was part of the West Midlands Highways Alliance and has been set up to deliver the £115 million highways and transportation capital programme. Spends in this area for Q1 was £412,014 and in Q2 £517,884.

NSL – Parking services

NSL spends for Q1 were £29,153 and for Q2 this has reduced to £9,042. NSL agency staff were recruited to fill important vacancies following a restructure in the parking enforcement team, which is a self-financed function within the Council i.e. the NSL staff more than pay for themselves through the enforcement income they generate.

The spend with NSL in Q2 was significantly down on Q1 as this reflected the fact that the recruitment process was well under way and partially complete. All vacant posts have now been filled and therefore no spend is expected with NSL in Q3.

2.3 Unauthorised off contract spends

There was no unauthorised off contract spends during Q2.

3. Interim Management Spend for Q1 2014/15 and Q2 2014/15

Table 2.3 shows a summary of spend for Interim Management in Q1 2014/15 and Q2 2014/15. This relates to cover for Senior Hay graded jobs over £50,000 pa. The procurement of Interim Managers is generally 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 Q1	Total Spends in Q1	Number of Managers in Q2	Total Spend Q2
People Directorate	2	£46,425	2	£70,625
Resources Directorate	1	£28,600	1	£24,800
Place Directorate	0	0	0	0
TOTAL	3	£75,025	3	£95,425

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 senior Interim Assistant Director has been appointed to oversee Children’s Social Care.

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 Q2 we received a rebate of £334,294 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. We have now launched a recruitment campaign called 'Do it for Daniel' aimed at recruiting, over the next several months, a number of Social Workers which will help reduce the need for agency social workers going forward. We have already seen a number of our existing agency workers apply to transfer to permanent positions with us and at the time of writing this report we have recruited 4 agency social workers to permanent positions and in addition have made approx. 14 offers through the campaign with more still to be interviewed.

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.

We now show any additional off contract spends in a separate table. Off contract spends occur 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 or where we need some very specialist skills.

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 £1,837,431 which equates to 4.6% 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

Report author(s):

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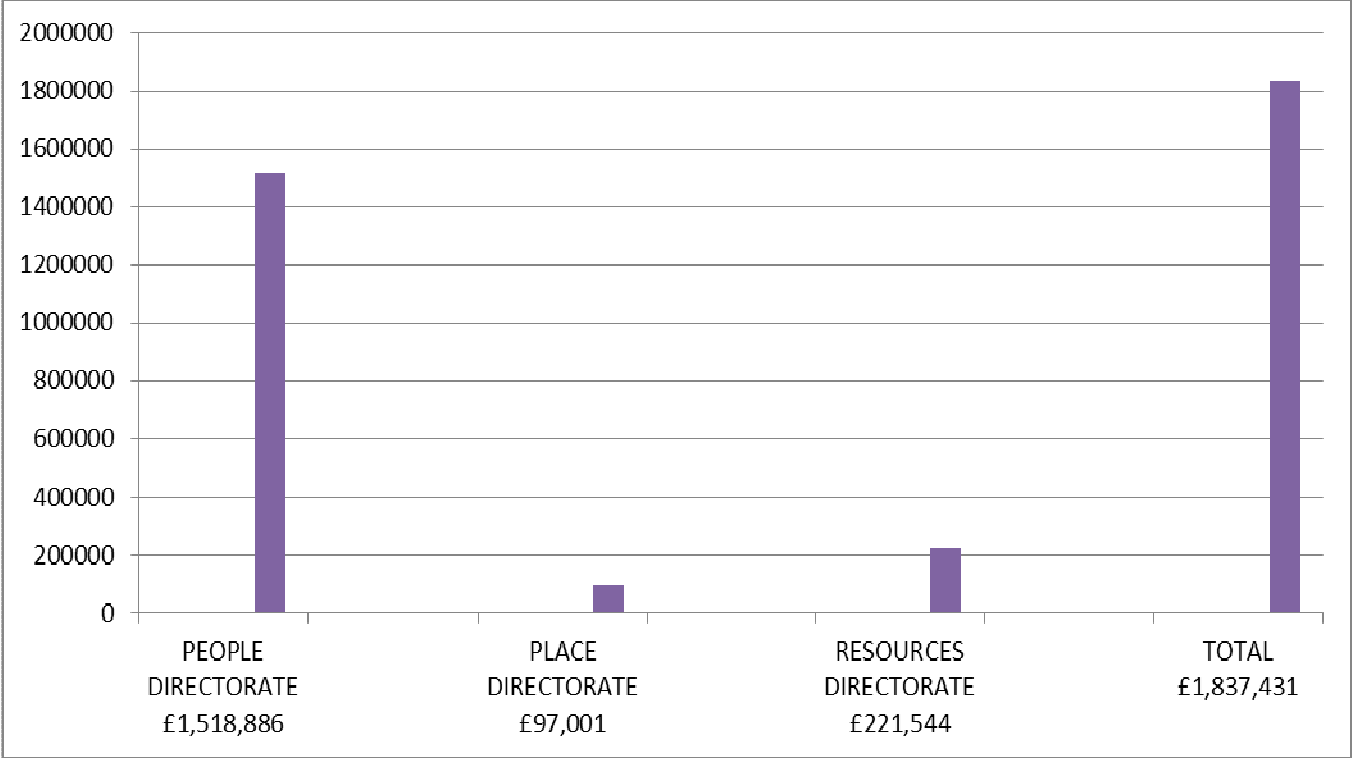
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Legal: Julie Newman	Commercial Team Manager	Resources	4 November 2014	
Director: Chris West	Executive Director	Resources	4 November 2014	
Member: Councillor Gannon	Cabinet Member			

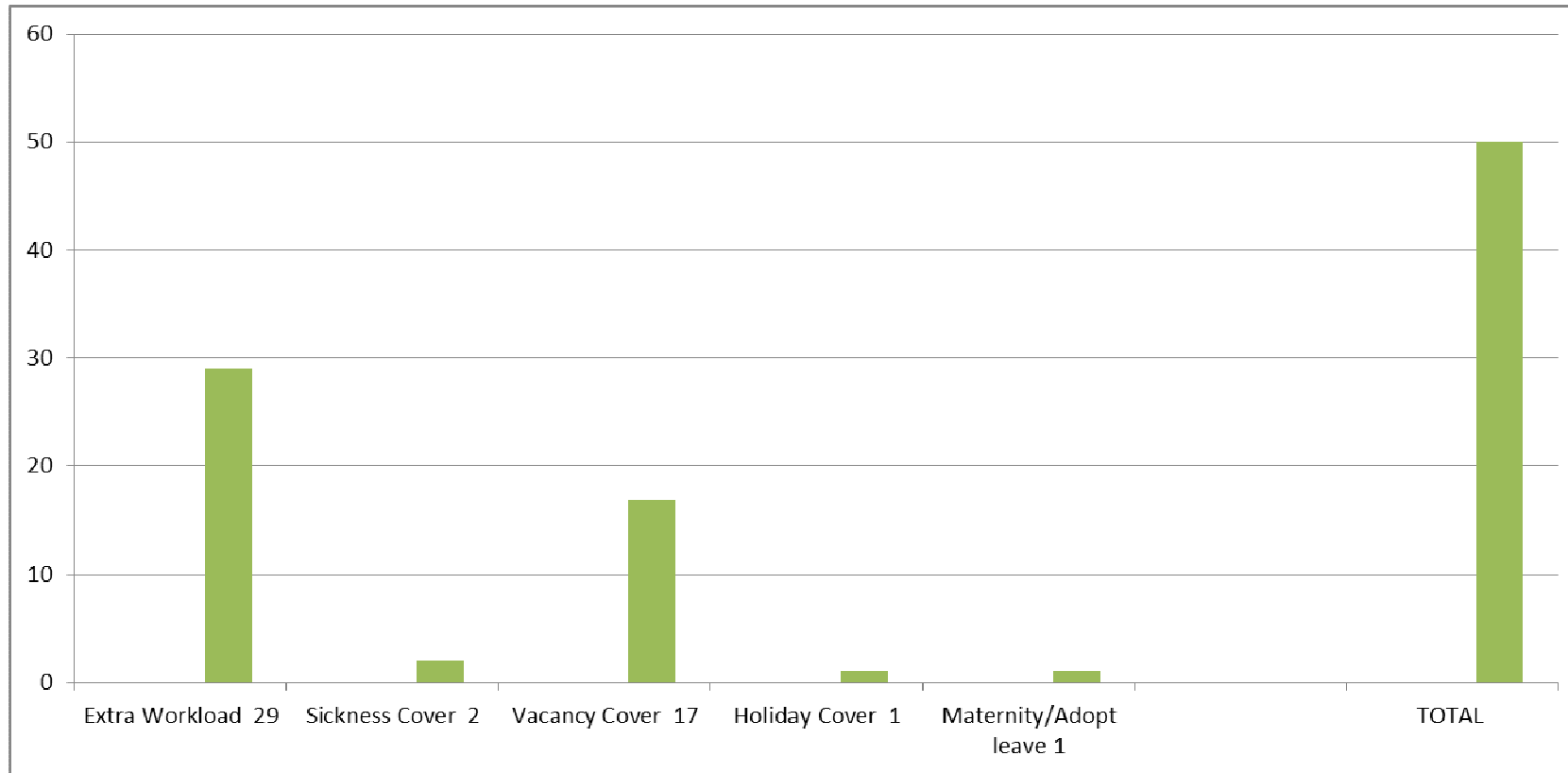
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APPENDIX I - AGENCY SPEND BY DIRECTORATE - JULY TO SEPTEMBER 2014



APPENDIX II - ORDER JUSTIFICATION QUARTER 2: JULY TO SEPTEMBER 2014



APPENDIX III - SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS
Q2 JULY TO SEPTEMBER 2014

Directorate	Q1 April to June 2014 Expenditure by Service Area	Q2 July to September 2014 Expenditure by Service Area	State Usage of Agency Workers in Q2	What Strategies are in place for Reducing Dependency on Agency Workers
People Directorate	Total Expenditure for People Directorate Q1 <u>£1,506,928</u>	Total Expenditure Directorate Q1 <u>£1,518,886</u>	Expenditure on Agency workers increased by £11,958 in Quarter 2 compared to Quarter 1. 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.
Place Directorate	Total Expenditure Q1 <u>£131,593</u>	Total Expenditure Q1 <u>£97,001</u>		
Resources Directorate	Total Expenditure Q1 <u>£263,291</u>	Total Expenditure Q1 <u>£221,544</u>		
OVERALL TOTALS	Q1 £1,901,812	Q2 £1,837,431		