
Cabinet Member (Strategic Finance and Resources)

9 March 2015

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 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 Q3 period 1 October to 31 December 2014; to compare Q2 2014/15 with Q3 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 Q3 period; Interim managers and any off contract spends
3. Review the Q3 spends for 2014/15 with the previous Q2 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 Q3 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 Q3 2014/15 for spends with Pertemps.

The information attached in Appendix III shows a summary of the usage of agency workers in Q3 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 Q3 (1 October to 31 December); 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 Q2 for 2014/15 with Q3 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 Q2 2014/15 and Q3 2014/15 Agency Spend.

Directorate	Spend Q2 2014/15	Spend Q3 2014/15	Increase/decrease
People Directorate	£1,518,886	£1,750,516	Increase
Places Directorate	£97,001	£99,033	Increase
Resources Directorate	£221,544	£262,053	Increase
Chief Executives	£0	£0	
TOTAL	£1,837,431	£2,111,602	Increase

Directorate Commentary on increased Agency worker Spend for Q3 2014/15**People Directorate**

Expenditure on Agency Workers increased by £231,630 in quarter 3 compared to quarter 2. 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. The Do it For Daniel Campaign was launched during the last quarter with the aim of recruiting experienced Social Workers. At the end of January we had recruited approx. 29 Children's external Social Workers through the campaign with a further 8 internally through the campaign.

The campaign was nominated for a national advertising award and was voted outright winner for the best print advertisement at the RAD awards in London in January.

In addition work is being undertaken regionally between 14 local authorities in the West Midlands to cap the agency worker hourly rates for Children's Social Workers (this varies depending on the level being appointed to). Concern had been raised by Chief Executives and the Director of

Children's Services in the region about escalating hourly rates for Children's Social Workers so a meeting was held in 2014 to agree on capped rates for several levels of social workers. These capped rates were introduced at the beginning of January 2015. Social workers currently engaged with an Authority will remain on their agreed rates until such time as they move authorities and then the new rates will be applied. Work is also in progress to create a centralised bank of references held on behalf of participating authorities. This will enable more effective monitoring of agency worker performance between Authorities. This project should result in hourly rates for agency social workers remaining static and ultimately reducing. Other authorities from surrounding areas have shown an interest in the project and will be interested to see how we progress. Managers are required, as is our Master Vendor Pertemps, to ensure that no hourly rate is awarded above the agreed capped rate and exceptions will be reported to the Director.

Resources

Expenditure on agency workers has increased on Q2 in Q3 by £40,509. This increase in spend is due to the use of more contractors in the ICT area although a more cost effective way of resourcing this work is being looked at with a view to reducing spend in the longer term.

2.2 Authorised Off- Contract spends

Directorate	Spend Q2 2014/15	Spend Q3 2014/15	Increase/decrease
People Directorate	£612,285	£667,317	Increase
Places Directorate	*£1,071,660	£1,718,824	Increase
Resources Directorate	£0	£0	
Chief Executives	£0	£0	
TOTAL	£1,683,945	£2,386,141	Increase

Skylakes Social Work

During Q3 £667,317 was spent with Skylakes. Skylakes have supplied two teams of social workers, (including Team Managers) to the Referral and Assessment Service since the end of March 2014. A further team of social workers (including a Team 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 created due to an increase in the number of referrals. This resulted in permanent social workers having unsustainable caseloads which meant that work could not be progressed in a timely way.

Two of the Skylakes Teams have now left and the third team is being reviewed but will provisionally be with us until March 2015.

Place Directorate authorised off contract spends Q3

West Midlands Highways Alliance for Professional Services

Place 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 and includes Whitley Junction; Friargate; A4600 improvements, Warwick University as well as specialist staff working within Highways and Traffic & Transportation. Spends in this area for Q2 £1,071,660 and for Q3 £1,718,824 showing an increase of £647,164.

*The figure of £1,071,660 is showing an increase of £974,659 to that previously reported. The figure previously reported was an estimated figure and the figures now shown is the actual spend and the reporting should now be more accurate now going forward.

2.3 Unauthorised off contract spends

There was no unauthorised off contract spends during Q3.

3. Interim Management Spend for 2 2014/15 and Q3 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 Q2	Total Spend Q2	Number of Managers in Q3	Total Spend Q3
People Directorate	2	£70,625	2	£76,737
Resources Directorate	1	£24,800	1	£14,080
Place Directorate	0	0	0	0
TOTAL	3	£95,425	2	£90,817

People Directorate

An interim manager was retained in People Directorate on a part time basis 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. This arrangement concluded at the end of December 2014.

An Interim Assistant Director continues to oversee Children's Social Care on an interim basis.

This interim was not appointed through the National Framework Agreement for Interims but through a local arrangement.

Resources Directorate

An Interim manager was required to cover the vacancy of Head of Customer Services. This post was leading on the “Customer Journey Transformation” as part of the Kickstart Programme. The post has now been recruited to on a permanent basis.

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 £1,300,000. This is based on the previous years' total rebate and the expectation of the continued higher level of spends in the forthcoming months. For Q3 we received a rebate of £369,536 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. 29 offers through the campaign with a further 5 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 £2,111,601 which equates to 5.3% 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 Q3.

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 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:**

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Resources Directorate

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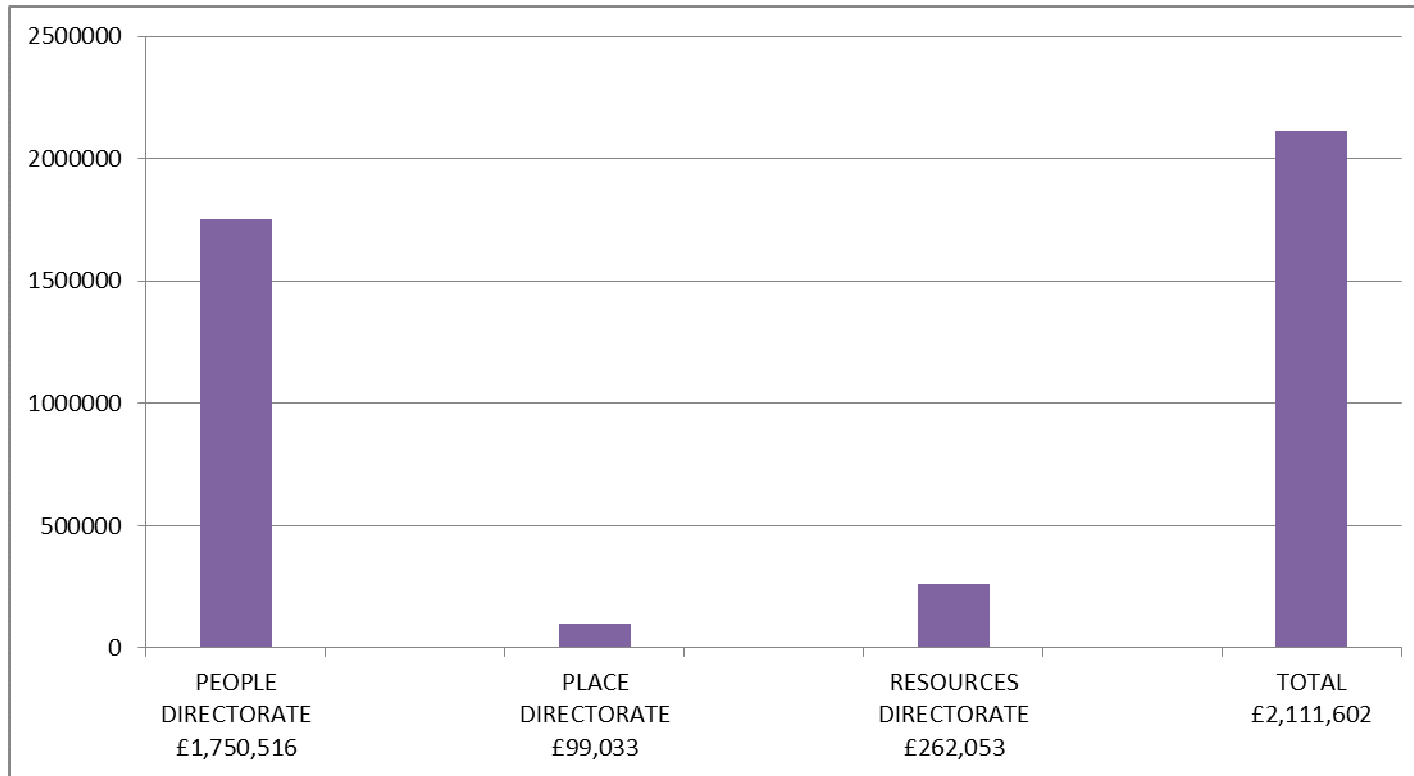
Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
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Jonathan Guy	Strategic Category Lead – Resources	Resources	11 Feb 2015	25 th Feb 2015
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Human Resources & Workforce Services: Shokat Lal	Assistant Director, HR & Workforce Services	Resources	11 Feb 2015	25 th Feb 2015
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Legal: Julie Newman	Commercial Team Manager	Resources	11 Feb 2015	25 th Feb 2015
Director: Chris West	Executive Director	Resources	11 Feb 2015	25 th Feb 2015
Member: Councillor Gannon	Cabinet Member		11 Feb 2015	25 th Feb 2015

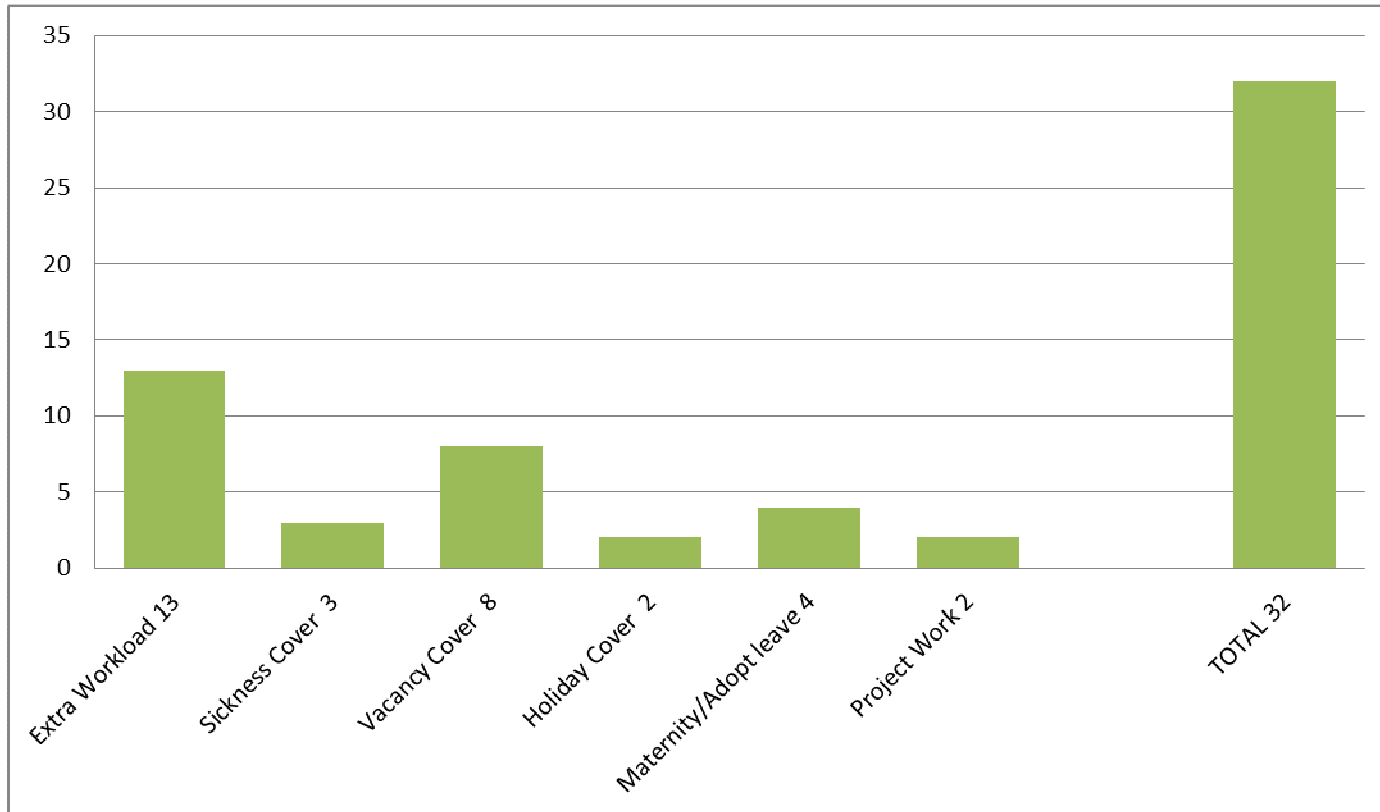
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APPENDIX I - AGENCY SPEND BY DIRECTORATE - OCTOBER TO DECEMBER 2014



APPENDIX II - ORDER JUSTIFICATION QUARTER 3: OCTOBER TO DECEMBER 2014



APPENDIX III - SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS
Q3 OCTOBER TO DECEMBER 2014

Directorate	Q2 July to September 2014 Expenditure by Service Area	Q3 October to December 2014 Expenditure by Service Area	State Usage of Agency Workers in Q3	What Strategies are in place for Reducing Dependency on Agency Workers
People Directorate	Total Expenditure Q2 <u>£1,510,558</u>	Total Expenditure Q3 <u>£1,750,516</u>	<p>There has been an increase in expenditure since Quarter 2. The majority of agency spend continues to be in the area of children's social care where caseload numbers continue to be high. This is coupled with a number of vacancies in the service which is due to shortages of Social workers both regionally and nationally</p>	<p>The "Do it for Daniel" Recruitment Campaign has enabled approximately 29 vacancies to be filled, however a significant number of vacancies remain particularly in Neighbourhood Teams.</p> <p>Additional strategies are being explored and developed to address resourcing issues in both the short and long term</p>
Place Directorate	Total Expenditure Q2 <u>£97,001</u>	Total Expenditure Q3 <u>£99,033</u>	<p>The total spend on agency workers within directorate during the quarter three was £99,033. This is a slight increase of £2,032 over the expenditure in quarter two.</p> <p>The primary reasons for the use of agency of workers within the directorate for quarter three have been due to extra workload, vacancy and employee sickness absence cover. Due to the front line public facing nature of some of the services within the directorate, any employee absence must be covered to allow efficient and effective operation. Therefore, the use of agency workers is inevitable due to service needs. For example, within the Domestic Waste service due to</p>	<p>The directorate continues to have a number of strategies in place to ensure the use and expenditure on agency workers is monitored and steps are taken to reduce their use. For example:</p> <ul style="list-style-type: none"> • 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

			the staffing levels required any absences must covered with either casual pool workers or agency workers to allow the relevant crews to be deployed.	remains the normal way in which the vast majority of posts are filled. <ul style="list-style-type: none"> • Assistant Directors monitor the use and expenditure on agency workers • The directorate has completed work on creating casual worker pools
Resources Directorate	Total Expenditure Q2 <u>£229,872</u>	Total Expenditure Q3 <u>£262,053</u>	<p>Legal Services - have experienced an increase in workloads across all areas. Locums have been appointed to cover vacant posts until the pending Legal Services review is implemented.</p> <p>ICT – external contractors have been engaged to assist with peaks in volumes of technical project work. There are significant levels of ICT change taking place across the council over a short period of time, for example, the new telephony system.</p>	<p>Once the review is completed agency spend will be reduced accordingly.</p> <p>The ICT division is looking to fully utilise in-house resources and will look for alternatives to contractor spend where this represents value for money. In addition, where contract or specialist resource is used, then a focus is given to knowledge/skills transfer as a training/coaching opportunity for in-house staff.</p>
OVERALL TOTALS	Q2 £1,837,431	Q3 £2,111,602		