
Cabinet Member for Strategic Finance and Resources

12th October 2015

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor Gannon

Director Approving Submission of the report:

Executive Director of Resources

Ward(s) affected:

All

Title:

Agency Workers and Interim Managers – Performance Management Report Q1 (1 April to 30 June 2015).

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 2015; to compare Q4 2014/15 with Q1 2015/16 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.
3. Instruct officers to continue to work towards reducing expenditure on the use of agency workers.

List of Appendices included:

The information attached in Appendix I shows the total expenditure on agency workers by Directorates for Q1 2015/16 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 2015/16 for spends with Pertemps.

The information attached in Appendix III shows a summary of the usage of agency workers in Q1 2015/16

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 requires all agency workers to be ordered through the Master Vendor, Pertemps and came into force on 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.

Options considered and recommended proposal

The table in 2.1 below shows a comparison for Q4 for 2014/15 with Q1 2015/16 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 Q4 2014/15 and Q1 2015/16 Agency Spend.

Directorate	Spend Q4 2014/15	Spend Q1 2015/16	Increase/decrease
People Directorate	£1,924,873	£1,758,815	-£166,058
Places Directorate	£84,576	£83,101	-£1,475
Resources Directorate	£276,945	£244,856	-£32,089
Chief Executives	£0	£0	--
TOTAL	£2,286,394	£2,086,771	-£199,622

Directorate Commentary on increased Agency worker Spend for Q1 2015/16

There has not been an increase in spend by any directorate.

People Directorate

Work is continuing 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). Concerns 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 and an agreed protocol was signed by all 14 contributing local authorities. 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. To date, we have had no negative feedback on this new scheme, or seen any mass exodus of agency social workers from the local authority. We will continue to monitor the effectiveness of the protocol over the coming months.

2.2 Table for Comparison of Interims and authorised off contract spend on agency workers between Q4 2014/15 and Q1 2015/16

Directorate	Total Spend in Q4	Total Spends in Q1	Increase / Decrease in Spend
People	£689,070	£106,655	Decrease
Place	£1,371,644	£620,610	Decrease
Resources	£0	£8,329	Increase
TOTAL	£2,060,714	£735,594	

Previously Interims were always off-contract and generally are the only off-contract agency staff. However, recently, the existing Pertemps contract has been used to source Interims and so there is now a mix of on- and off-contract and hence these figures have been merged.

2.3 Unauthorised Off-Contract spends Q1 2015/16

There has been no unauthorised off contract spends for Quarter 1 identified.

People Directorate

There were 3 interims employed in the People Directorate during Quarter 1: covering vacant posts of Interim Assistant Director Children's Social Care, Service Manager Fostering & Adoption and Review & Quality Assurance Manager.

Resources Directorate

The interim employed in the Resources Directorate during quarter 1 is covering the role of Customer Services Manager.

3. 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 final total in rebate we received for the year 2014/15 was £1,446,724 which exceeded the initial forecast of £1,300,000. The Management rebate income forecast for 2015/16 is £1,200,000. This forecast is based on an expected decrease compared to last year's rebate to take into account the expected decline in spend on agency workers. For Q1 we received a rebate of £360,263 from Pertemps.

4. Strategic Management Board Comment

The Master Vendor contract is 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.

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. However, some roles continue to be hard to recruit. In the case of social workers we have had some success with recruitment on the 'Do it for Daniel' campaign, but nevertheless recruitment continues to be difficult.

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.

5. Results of consultation undertaken

- 5.1 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.
- 5.2 The report is able to identify more accurately spend on agency workers and the reasons for spend.
- 5.3 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.
- 5.4 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.

6. Timetable for implementing this decision

Not applicable

7. Comments from Executive Director, Resources

7.1 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 £2,086,771 which equates to 5.32% 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.

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.

7.2 Legal implications

There are no specific legal implications associated with this report.

8. Other implications

8.1 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.

8.2 How is risk being managed?

No risks identified

8.3 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.

8.4 Equalities / EIA

We have removed the equalities data for this quarter 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.

8.5 Implications for (or impact on) the environment

None

8.6 Implications for partner organisations?

None

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Resources Directorate

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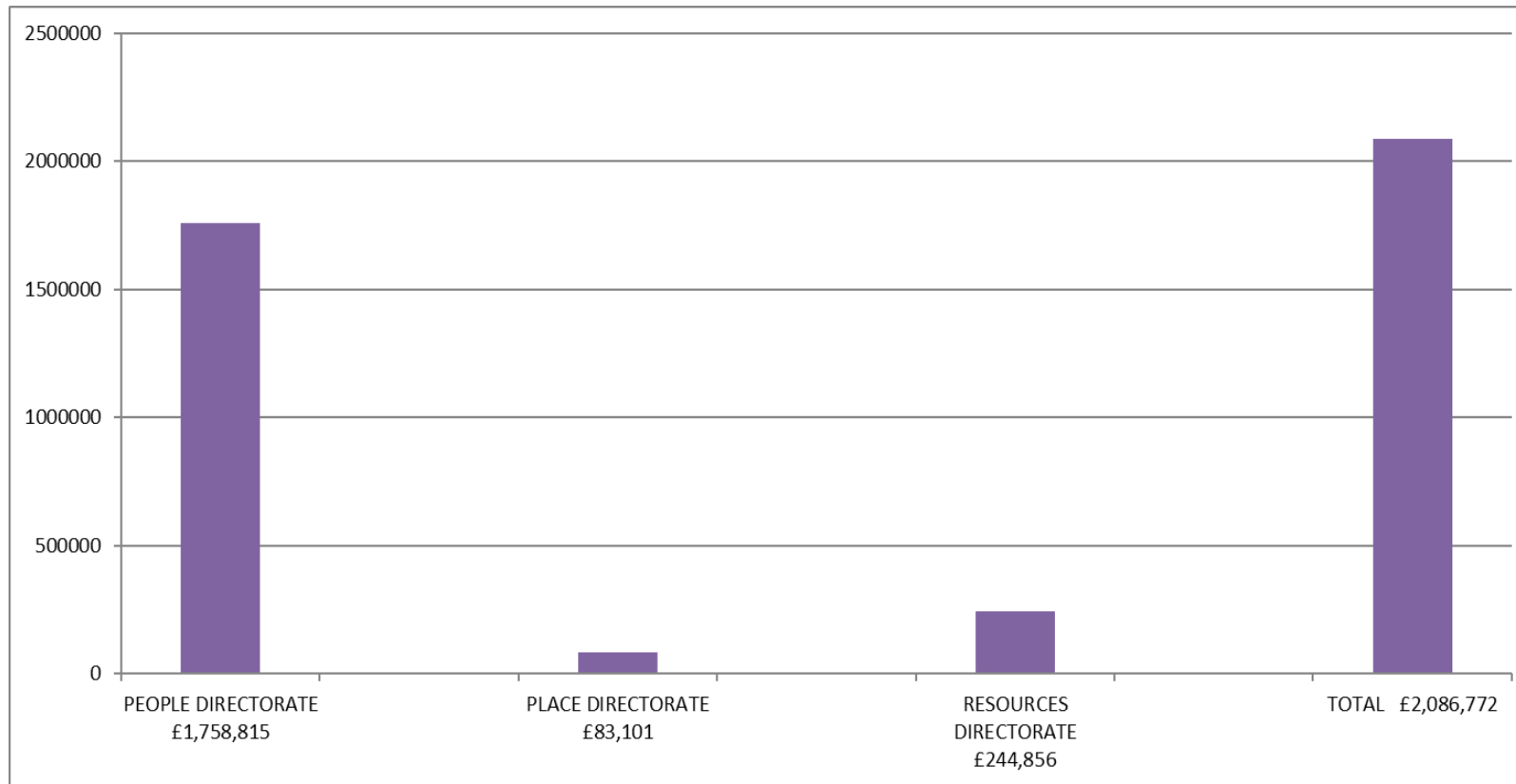
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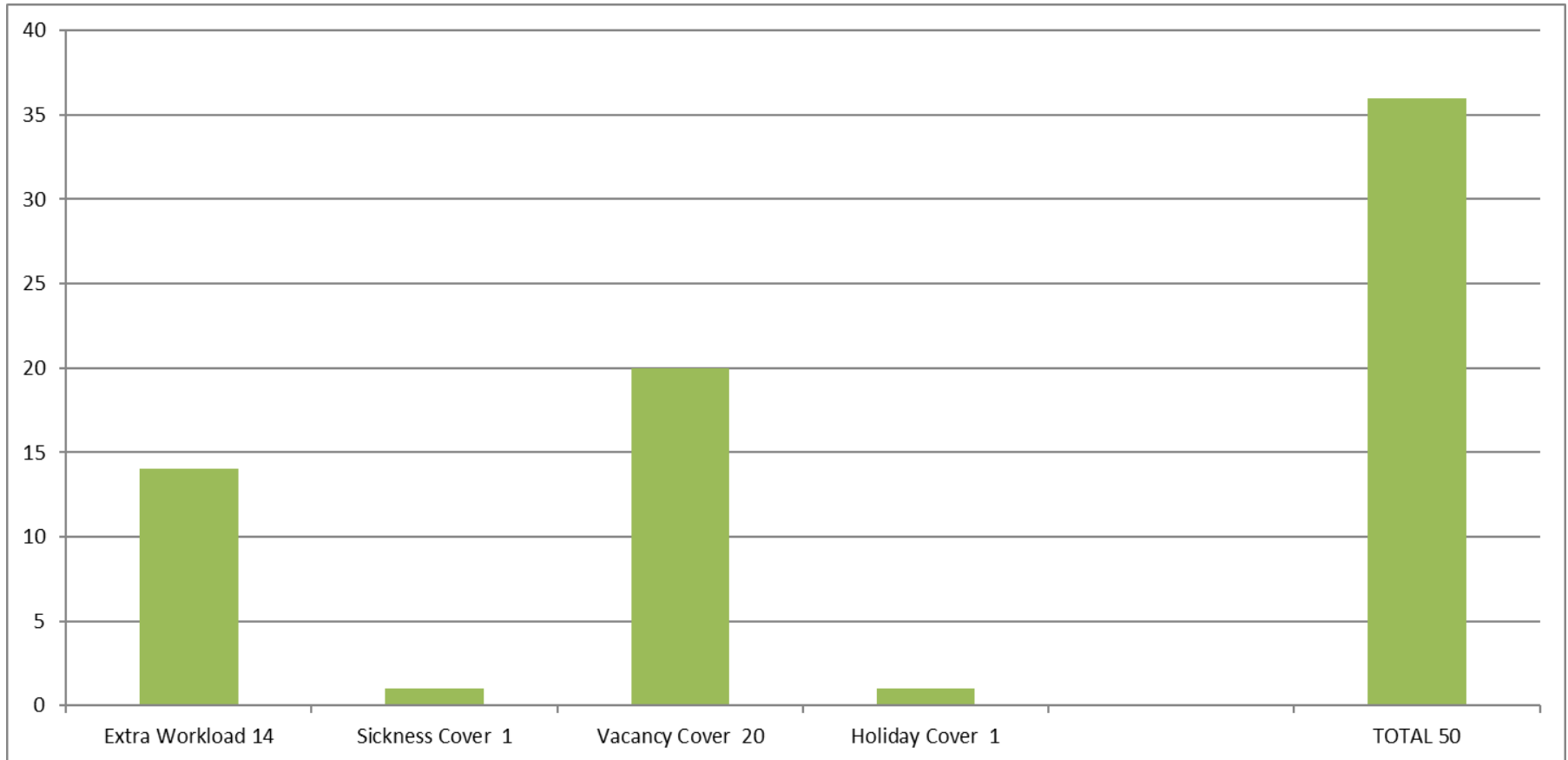
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APPENDIX I: Agency Spend by Directorate quarter 1. April to June 2015



APPENDIX II: Order Justification quarter 1. April to June 2015



APPENDIX III - SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS
Q1 APRIL to JUNE 2015

Directorate	Q4 January to March 2015 Expenditure by Service Area	Q1 April to June 2015 Expenditure by Service Area	State Usage of Agency Workers in Q1 (if increased)	What Strategies are in place for Reducing Dependency on Agency Workers
People Directorate	Total Expenditure Q4 <u>£1,924,873</u>	Total Expenditure Q1 <u>£1,758,815</u>	Reduction in Agency spend since Quarter 4 The regional agreement on agency rates for experienced social workers has mitigated against the previously increasing charge rates.	The introduction of greater challenge by adding an extra approval stage for the ordering of social workers.
Place Directorate	Total Expenditure Q3 <u>£84,576</u>	Total Expenditure Q4 <u>£83,101</u>	Reduction in Agency spend since Quarter 4	
Resources Directorate	Total Expenditure Q3 <u>£276,945</u>	Total Expenditure Q4 <u>£244,856</u>	Reduction in Agency spend since Quarter 4	
OVERALL TOTALS	Q4 £2,286,394	Q £2,086,771	Overall a reduction in Agency spend since Quarter 4	