
Cabinet Member for Strategic Finance and Resources

7 December 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 Q2 (1 July to 30 September 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 Q2 period 1 July to 30 September 2015; to compare Q1 2015/16 with Q2 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 Q2 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 Q2 2015/16 for spends with Pertemps.

The information attached in Appendix III shows a summary of the usage of agency workers in Q2 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 Q2 (1 July to 30 September) 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 Q1 for 2015/16 with Q2 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 Q1 2015/16 and Q2 2015/16 Agency Spend.

Directorate	Spend Q1 2015/16	Spend Q2 2015/16	Increase/decrease
People Directorate	£1,758,815	£1,598,753	-£160,062
Places Directorate	£83,101	£78,337	-£4,764
Resources Directorate	£244,856	£187,485	-£57,371
Chief Executives	£0	£0	--
TOTAL	£2,086,771	£1,864,575	-£222,197

Directorate Commentary on increased Agency worker Spend for Q2 2015/16

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

2.2 Table for Comparison of Interims and authorised off contract spend on agency workers between Q1 2015/16 and Q2 2015/16

Directorate	Total Spends in Q1	Total Spends in Q2	Increase / Decrease in Spend
People	£106,655	£144,213	£37,558
Place	£620,610	£1,107,034	£486,424
Resources	£8,329	£12,273	£3,944
TOTAL	£735,594	£1,263,520	£527,926

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.

There is an increase in off-contract spend across each directorate.

People Directorate

People Directorate have additional interim staff covering the roles of Business Systems Manager, Independent Reviewing officer and Head of Children's Safeguarding, who started towards the end of Quarter 1.

There were seven interims employed in the People Directorate during Quarter 2: covering vacant posts of:

- Interim Assistant Director Children's Social Care,
- Service Manager Fostering & Adoption
- Review & Quality Assurance Manager
- Business System Manager
- Independent Reviewing Officer (this assignment ended during the quarter)
- Head of Children's Safeguarding
- Care (this assignment ended early in the quarter)

Place Directorate

In Place Directorate, the figures include staff from the three companies on the Framework and encompass works being carried out on all the currently on-going major projects (Whitley Junction, Friargate, A4600 improvements, Warwick University, A45/Broad Lane junction improvements and Public Realm grant funded works) as well as specialist staff working within Highways and Traffic & Transportation. The charge may include traffic modelling and design charges for staff that are not seconded to Coventry.

Resources Directorate

The interim employed in the Resources Directorate during quarter 2 is covering the role of Customer Services Manager.

2.3 Unauthorised Off-Contract spends Q2 2015/16

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

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 rebate for quarter 2 is £306,539 compared with a

quarter 1 rebate of £360,263. This reduction reflects the reduced level of activity on the Pertemps contact during the quarter.

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

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

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Resources Directorate

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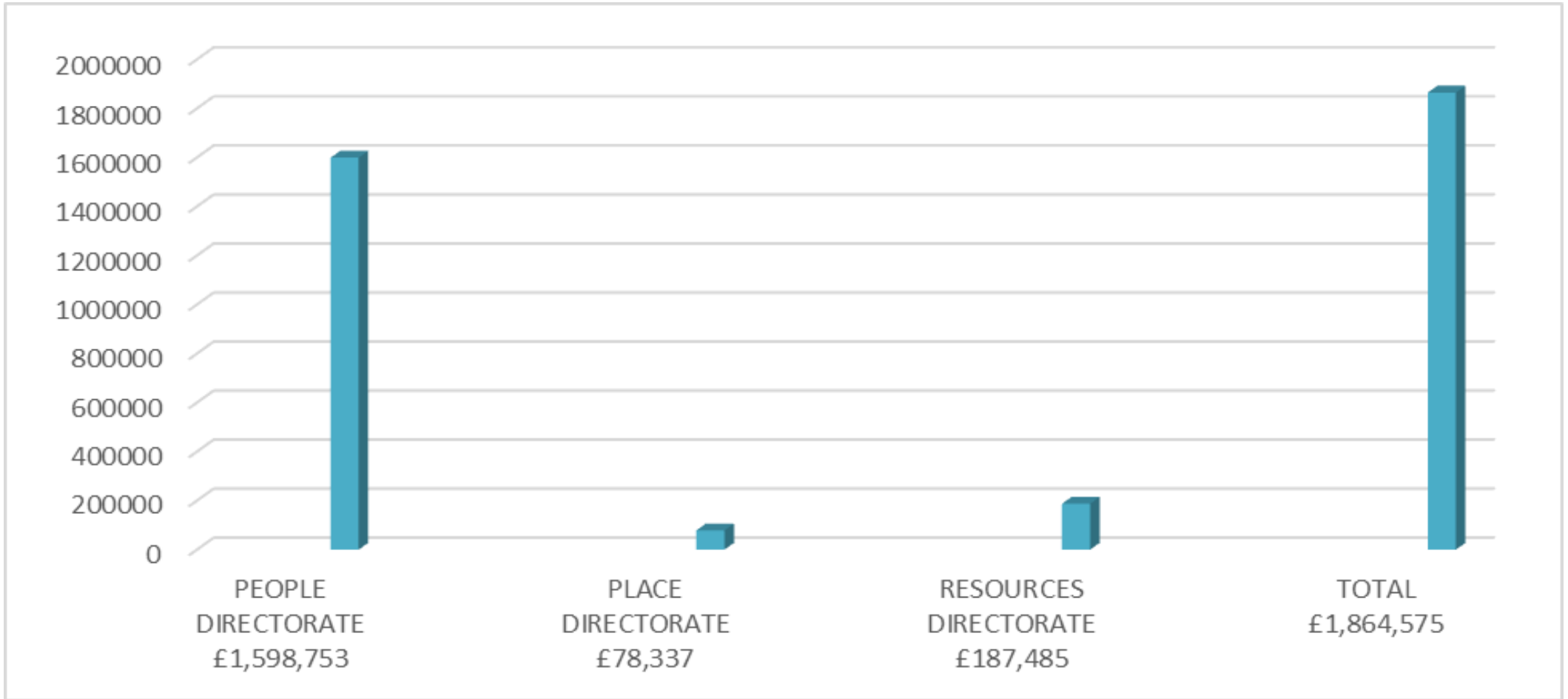
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Finance: Kathryn Sutherland	Lead Accountant	Resources	16/11/2015	23/11/2015
Legal: Julie Newman	Legal Services Manager, People	Resources	16/11/2015	23/11/2015
Director: Chris West	Executive Director	Resources	16/11/2015	23/11/2015
Member: Councillor Gannon	Cabinet Member		20/11/2015	23/11/2015

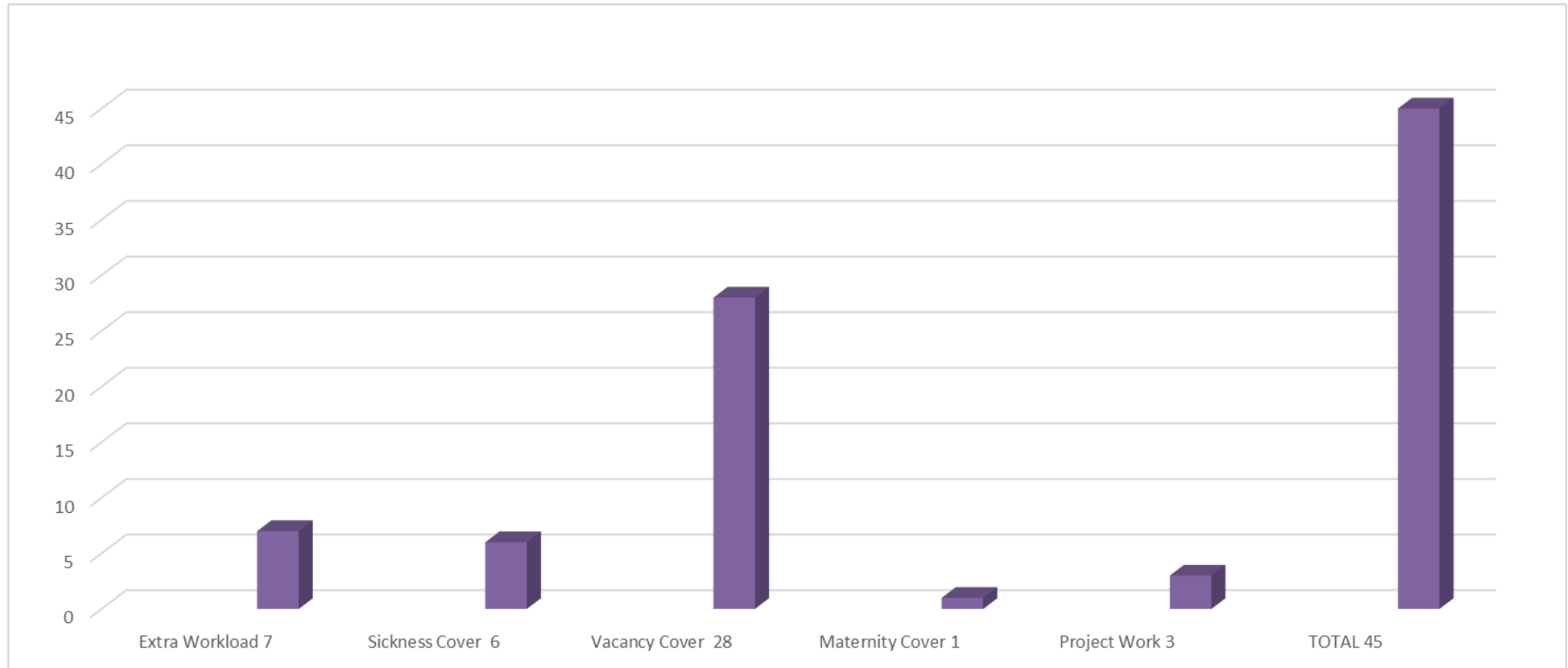
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APPENDIX I - AGENCY SPEND BY DIRECTORATE - JULY TO SEPTEMBER 2015



APPENDIX II - ORDER JUSTIFICATION QUARTER 2 : JULY TO SEPTEMBER 2015



APPENDIX III - SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS
Q2 JULY TO SEPTEMBER 2015

Directorate	Q1 April to June 2015 Spend by Service Area	Q2 July to Sept 2015 Spend 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 Q1 <u>£1,758,815</u>	Total Expenditure Q2 <u>£1,598,753</u>	Expenditure overall has reduced on the first quarter although expenditure continues to be at the same level for the same period in 2014/2015. 81% of total Directorate spend in Q2 is on Qualified Social Workers – the vast majority of this spend being in Children’s Services. Workload and Vacancy Cover in Children’s Services and Vacancy Cover in Adult’s Services continue to be the main reason for agency spend.	A new recruitment campaign for Children’s Social Workers is under development. Recruitment and retention measures are in place to attract applicants and retain existing staff. A Children’s Social Care workforce strategy will address plans for recruitment, retention and development of Social Workers
Place Directorate	Total Expenditure Q1 <u>£83,101</u>	Total Expenditure Q2 <u>£78,337</u>	There has been a further decrease in agency worker expenditure by £4,764 in Q2 of 2015/2016 in comparison to Q1. The primary reasons for the use of agency workers within the Directorate for Q2 has been due to Additional Work and Vacancy Cover.	The Directorate continues to reduce its expenditure on agency workers by carefully monitoring and robustly challenging the deployment of agency workers. In addition the Directorate continues to manage the use of agency workers by the following means: <ul style="list-style-type: none"> * Before going down either route we would look at the opportunity for internal secondment of existing employees * Managers are required to consider if the use of agency staff or short term contracts is justified in terms of providing value for money against the alternative of recruitment. Recruitment remains the normal way in which the vast majority of posts are filled. * Assistant Directors monitor the use and expenditure on Agency Workers

Resources Directorate	Total Expenditure Q1 <u>£244,856</u>	Total Expenditure Q2 <u>£187,485</u>	Reduction in Spend from Q1	Use of agency workers in Resources continues to be in ICT and Legal Services. The usage in Legal Services will decrease with the recruitment of permanent staff following the recent restructure.
OVERALL TOTALS	Q1 2,086,772	Q2 1,864,575		