
Cabinet Member for Strategic Finance and Resources

7 March 2016

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 Q3 (1 October to 31 December 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 Q3 period 1 October to 31 December 2015; to compare Q3 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 Q3 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 Q3 2015/16 for spends with Pertemps.

The information attached in Appendix III shows a summary of the usage of agency workers in Q3 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 Q3 (1 October to 31 December) 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 Q2 for 2015/16 with Q3 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 Q2 2015/16 and Q3 2015/16 Agency Spend.

Directorate	Spend Q2 2015/16	Spend Q3 2015/16	Increase/decrease
People Directorate	£1,598,753	£1,674,509	£75,756
Place Directorate	£78,337	£111,977	£33,640
Resources Directorate	£187,485	£227,082	£39,597
Chief Executives	£0	£0	--
TOTAL	£1,864,575	£2,013,568	£148,993

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

In this quarter, spend on children's social workers is 86% of the agency spend by the directorate. This figure is being restrained by the West Midlands regional agreement which has now been in place for 12-months. This involves 14 local authorities and has the effect of capping the rates paid to all newly appointed agency social workers. It is anticipated that the regional agreement will be reviewed during the next quarter.

A 6-week Social Worker recruitment campaign was started on Tuesday 22nd December 2015. This involves work with TMP Worldwide who have created a microsite inviting applicants to contact them to share CV's.

A longer term campaign linked to a national initiative is planned to go live in quarter 4 and will run for several months.

The Recruitment Team is working closely with colleagues in People Directorate to ensure a co-ordinated process for the recruitment of permanent staff and the reduction in Agency workers.

Place Directorate

In comparison to Quarter 2, the directorate has seen an increase in expenditure by £33,640. The vast majority of spend is in line service delivery. Historically, the directorate experiences higher spend on agency workers during the Christmas period, primarily due to additional workloads. For example in Domestic Waste, the additional spend was due to extra work in relation to preparations for Christmas collections, including training.

Resources Directorate

The legal services review in July 2015 introduced significant changes to staffing levels and posts. A recruitment exercise was undertaken in respect of a number of new posts and as a result of some officers deciding to exit the Council. During the implementation process locum lawyers continued to be used. Following a successful recruitment campaign the majority of posts have been filled and going forward there will no longer be the need to rely on locum lawyers. There are currently 3 locums within the Service. 2 of these are expected to finish following recruitment to all vacant posts. One locum was engaged to support the work required in defending a significant Judicial Review. This position will be reviewed following the Appeal hearing, which is listed for early February 2016.

Temporary homelessness team members have been recruited to this front line service team to manage an increase in demand in this service area and high absence levels over recent months. In tandem we have commenced a project to look at simplifying the processes to enable self-service and speed up decision making. This project will take a number of months to conclude but we are clear that this will enable the removal of temporary support from that business area once complete.

As part of the roll out of new equipment across the Council, a rapid deployment team has been set up to trial a new method of issuing IT equipment. This team was set up by offering secondment opportunities to existing staff. The current temporary appointment with ICT Infrastructure & Operations is backfilling one of these posts until the end of March 2016 when they will leave. The need and method of future backfill is under review at the moment but will aim to offer secondment opportunities to others within the Council rather than utilising agency staff.

2.2 Table for Comparison of Interims and authorised off contract spend on agency workers between Q2 2015/16 and Q3 2015/16

Directorate	Total Spends in Q2	Total Spends in Q3	Increase / Decrease in Spend
People	£144,213	£123,981	- £20,232
Place	£1,107,034	£1,613,340	£506,306
Resources	£12,273	£13,150	£877
TOTAL	£1,263,520	£1,750,471	£486,951

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 for both Place and Resources.

People Directorate

At the end of the quarter, three interim managers were still on assignment:

- Review & Quality Assurance
- Head of Children's Safeguarding
- Service Manager Fostering and Adoption.

During the quarter, two assignments were ended:

- Interim Assistant Director Children's Social Care,
- Business Systems Manager

Hence the reduction in spend.

Place Directorate

The Professional Services Contract includes staff from the three companies in the Framework contract and encompasses works being carried out on all current major projects including Whitley Junction, Friargate, A4600 improvements, Warwick University, A45 / Broad Lane junction and the Public Realm grant funded works as well as specialist staff working within Highways and Traffic & Transportation. The figure quoted may also include traffic modelling and design charges for staff that are not seconded to Coventry.

It should also be noted that the ERDF Grant funded public realm works have now finished and that all invoices relating to these works had to be defrayed by 31st December 2015, this would account for the rise in spend in December 2015 to meet this deadline, as any invoices paid after the deadline could not be included on the final grant claim.

Resources Directorate

The two interims within resources which are both within the Pertemps contract:

As a consequence of a significant change programme within the Customer Services and the transformation associated with the move to Broadgate House we have seen a need to increase our management capacity. We anticipate that there will be a need to retain this level of support throughout the next financial year and funding is allocated to support this. The arrangement is considered on a regular basis to ensure that we are not incurring unnecessary cost and that we are releasing savings elsewhere as a result of the temporary input.

To support the transformation and redesign of the Housing services we have retained the services of an experienced Business Analyst to work with the Head of Customer Services and we will retain this service for dedicated pieces of work where we believe there is potential to make savings but where we do not have the skill or capacity internally to deliver this work. We

currently have internal staff on secondment within the business analyst team gaining business analyst skills to reduce our reliance on external resources.

2.3 Unauthorised Off-Contract spends Q3 2015/16

There has been no unauthorised off contract spends for Quarter 3 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 3 is £336,732 compared with a quarter 2 rebate of £306,539. This increase reflects the increased 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 £2,013,568 which equates to 5.38% 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.

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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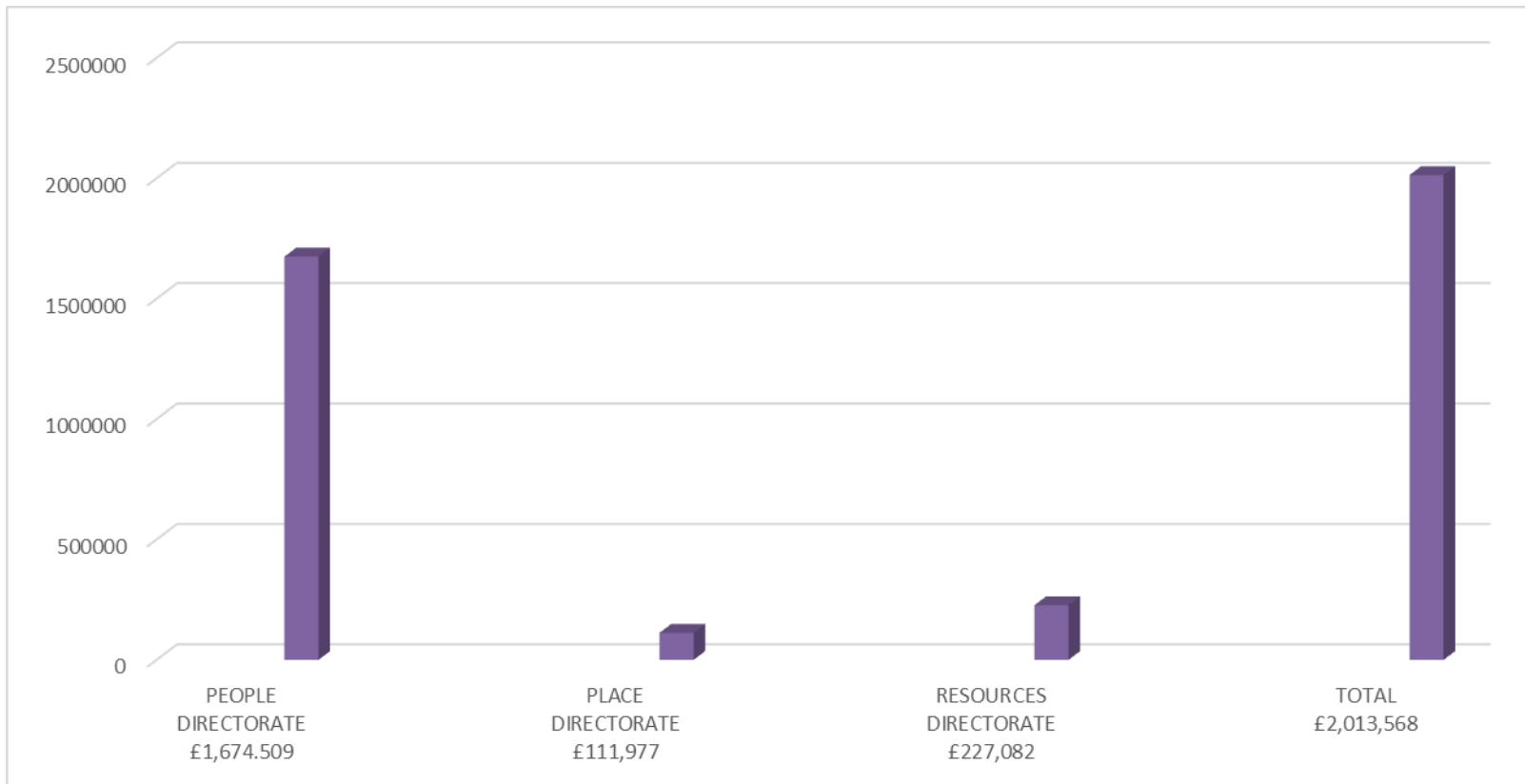
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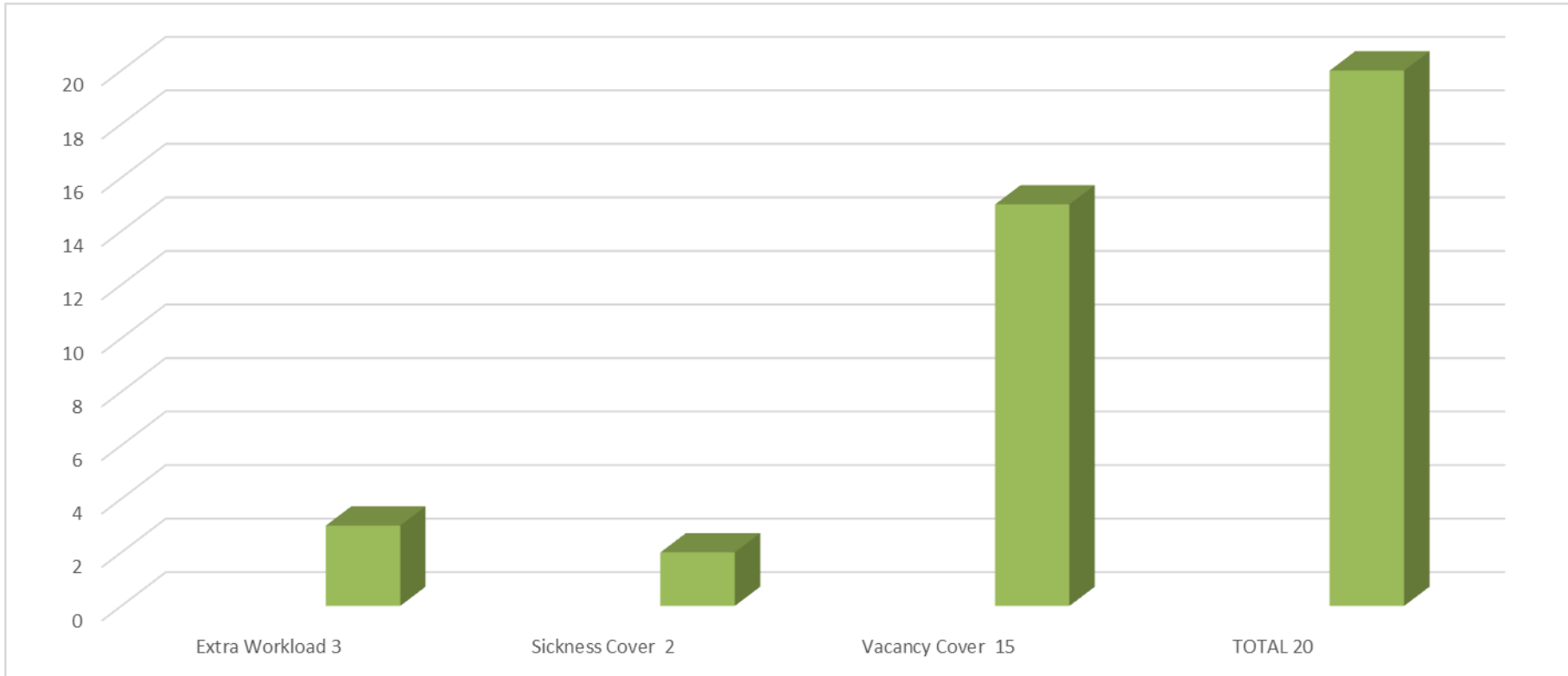
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APPENDIX I - AGENCY SPEND BY DIRECTORATE - OCTOBER TO DECEMBER 2015



APPENDIX II - NEW ORDER JUSTIFICATION QUARTER 3 : OCTOBER TO DECEMBER 2015



APPENDIX III - SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS
Q3 OCTOBER TO DECEMBER 2015

Directorate	Q2 July to Sept 2015 Spend by Service Area	Q3 Oct to Dec 2015 Spend 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>£1,598,753</u>	Total Expenditure Q3 <u>£1,674,509</u>	<p>Spend on agency workers in Quarter 3 has increased on the previous quarter by £76k. Of the total Directorate spend on agency workers, approximately 88% is in Children's Services. Of the total Directorate spend 86% is on Qualified Social Workers within Children's Services. The high level of spend continues to be as a result of vacancies within with area, and on-going recruitment and retention issues.</p>	<p>Actions to reduce the number of agency workers include:</p> <ul style="list-style-type: none"> • A new recruitment campaign which is due to be launched in February with a revised recruitment and retention package • A newly developed workforce strategy for Children's Services which includes a number of different initiatives designed to create stability within the workforce
Place Directorate	Total Expenditure Q2 <u>£78,337</u>	Total Expenditure Q3 <u>£111,977</u>	<p>In comparison to Quarter 2, the directorate has seen an increase in expenditure by £33,640. The vast majority of the spend is in areas actively monitored in front line service delivery. Historically, the directorate experiences higher spend on agency workers during the Christmas period. The primary reason for use of agency workers has been due to additional workloads. For example in Domestic Waste, the additional spend was due to extra work in relation to preparations for Christmas collections, i.e. training.</p> <p>The other main reasons for the use of agency workers are due to vacancy cover and sickness.</p>	<p>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:</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 an agency worker or short term contract 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 Q2 <u>£187,485</u>	Total Expenditure Q3 <u>£227,082</u>	<p>Agency use in the Directorate is not concentrated into any one area, but is dependent on local need. Recruitment following restructure of legal services is nearing completion and therefore should reduce further. The Homelessness team currently has high demand coupled to high levels of sickness absence which need to be cover. While in ICT a new team is being trialled using a mixture of secondment and agency staff.</p>	<p>Legal Services: successful recruitment is reducing the need for agency staff</p> <p>Homelessness team is actively addressing sickness absence levels</p> <p>ICT is a time limited trial – if the new team is retained, it will be staffed entirely by employees.</p>
OVERALL TOTALS	Q2 1,864,575	Q3 2,013,568		