
Cabinet Member for Strategic Finance and Resources

21 July 2016

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Executive Director of Resources

Ward(s) affected:

All

Title:

Agency Workers and Interim Managers – Performance Management Report Q4 (1 January to 31 March 2016) with a final summary of 2015/16 compared with 2014/15.

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:

The purpose of this report is to provide the Cabinet Member with performance information on the use of agency workers procured through the Master Vendor Contract for the Q4 period 1 January to 31 March 2016; to compare Q4 2015/16 with Q3 2015/16 expenditure. To also compare the final figures on agency workers for 2015/16 with the previous year 2014/15. Finally to consider Interim Manager spends for the same periods.

Recommendations:

The Cabinet Member for Strategic Finance and Resources is requested 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 Q4 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 Q4 2015/16 for spends with Pertemps.

The information attached in Appendix III shows a summary of the usage of agency workers in Q4 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 Management Report Q4 (1 January to 31 March 2016) with a final summary of 2015/16 compared with 2014/15.

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 Q3 for 2015/16 with Q4 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 Q3 2015/16 and Q4 2015/16 Agency Spend.

Directorate	Spend Q3 2015/16	Spend Q4 2015/16	Increase/decrease
People Directorate	£1,674,509	£1,689,315	£14,806 Increase
Place Directorate	£111,977	£71,949	Decrease
Resources Directorate	£227,082	£127,570	Decrease
Chief Executives	£0	£0	--
TOTAL	£2,013,568	£1,888,837	Decrease

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

There is a small increase in spend this quarter of £14,806 (0.88%).

In this quarter, spend on Children's social workers is 80.6% of the agency spend by the directorate and 72% of the corporate spend on the Pertemps contract.

The cost of Children's Social Workers 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. The regional agreement was reviewed in Quarter 1. However, no immediate change in costs is anticipated as a result.

A recruitment campaign was launched in December 2015 working with a number of organisations. At the time of writing (09/06/2016) the numbers are:

	Have accepted offer	Of those accepted: have started
Experienced	9	0
Newly Qualified	1	1
Total	10	1

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

2.1.1 Table of Comparison of spends for agency workers between 2014/15 and 2015/16

Directorate	Spend 2014/15	Spend 2015/16	Increase/Decrease
People Directorate	£6,701,183	£6,721,392	Increase
Place Directorate	£412,203	£345,364	Decrease
Resources Directorate	£1,021,833	£786,993	Decrease
Chief Executives	£0	£0	--
TOTAL	£8,135,219	£7,853,749	Decrease

Decreases are shown on agency spend through the Master Vendor arrangement in Places and Resources Directorates and a small increase in the People Directorate.

2.2 Table for Comparison of Interim and authorised off contract spend on agency workers between Q3 2015/16 and Q4 2015/16

Directorate	Total Spends in Q3	Total Spends in Q4	Increase / Decrease in Spend
People	£123,981	£173,212	£49,231
Place	£1,613,340	£710,066	-£903,274
Resources	£13,150	£56,775	£43,625
TOTAL	£1,750,471	£940,053	-£810,418

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 People and Resources.

People Directorate

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

- Review & Quality Assurance
- Head of Children's Safeguarding
- Service Manager Fostering and Adoption
- Head of Service, Social Work and Family Intervention
- Improvement Partner
- Improvement Consultant

The majority of interims currently placed across the People Directorate are covering hard to recruit social work manager posts which reflect the difficulty in recruiting high calibre social work managers to Coventry. The Director of Children's Services is committed to reducing the reliance on agency and interim staff. Good progress has been made in recruiting social workers and reducing the reliance on agency social workers. Additional interim capacity is currently supporting service redesign and the development of an improved strategy for looked after children's placements. This improved strategy will improve outcomes for young people in the long term whilst reducing the overall spend on children's services. Once the service redesign is in place it is anticipated that the need for interim assignments will end.

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. Hence the figure for Q3 was particularly large and the Q4 figure is at a more normal level.

Resources Directorate

There are two interims within Resources 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.

Three members of staff have been engaged from Oyster Partnership in this quarter to support the Housing Options team whilst a number of staff had been off long term sick. The agency staff are delivering homeless on the night assessments whilst the team work through the volume of cases awaiting decisions. All staff are now returned from sick leave and the structure of the team is being assessed.

2.3 Unauthorised Off-Contract spends Q4 2015/16

During the quarter additional off-contract spend has been identified relating to the supply of Teachers and similar workers to central service areas within the People Directorate. The figures for Q4 and for the year are:

Service Area	Q4	Total for Yr
Performing Arts Service	£113,933	£258,539
Caludon / Wyken ELC	£7,524	£33,443
Behaviour Support - Primary Service	£5,101	£9,116
Behaviour Support - Primary Centres	£0	£218
Totals	£126,558	£301,316

These figures are not included in section 2.2 above.

As this expenditure is all related to children and schools, the arrangements will continue until the end of the academic year. In the coming weeks, the HR service will review the requirement for such agency workers and ensure that the requirements are co-ordinated so that we get the best deal.

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 4 is £309,293 compared with a quarter 3 rebate of £336,732. This reduction reflects the reduced level of activity on the Pertemps contact during the quarter.

The total rebate for 2015/16 was £1,312,879 compared with the 2014/15 figure of £1,446,724. Again, this reduction reflects the lower level of activity for the year.

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 £1,888,837 which equates to 4.8% 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 Q4.

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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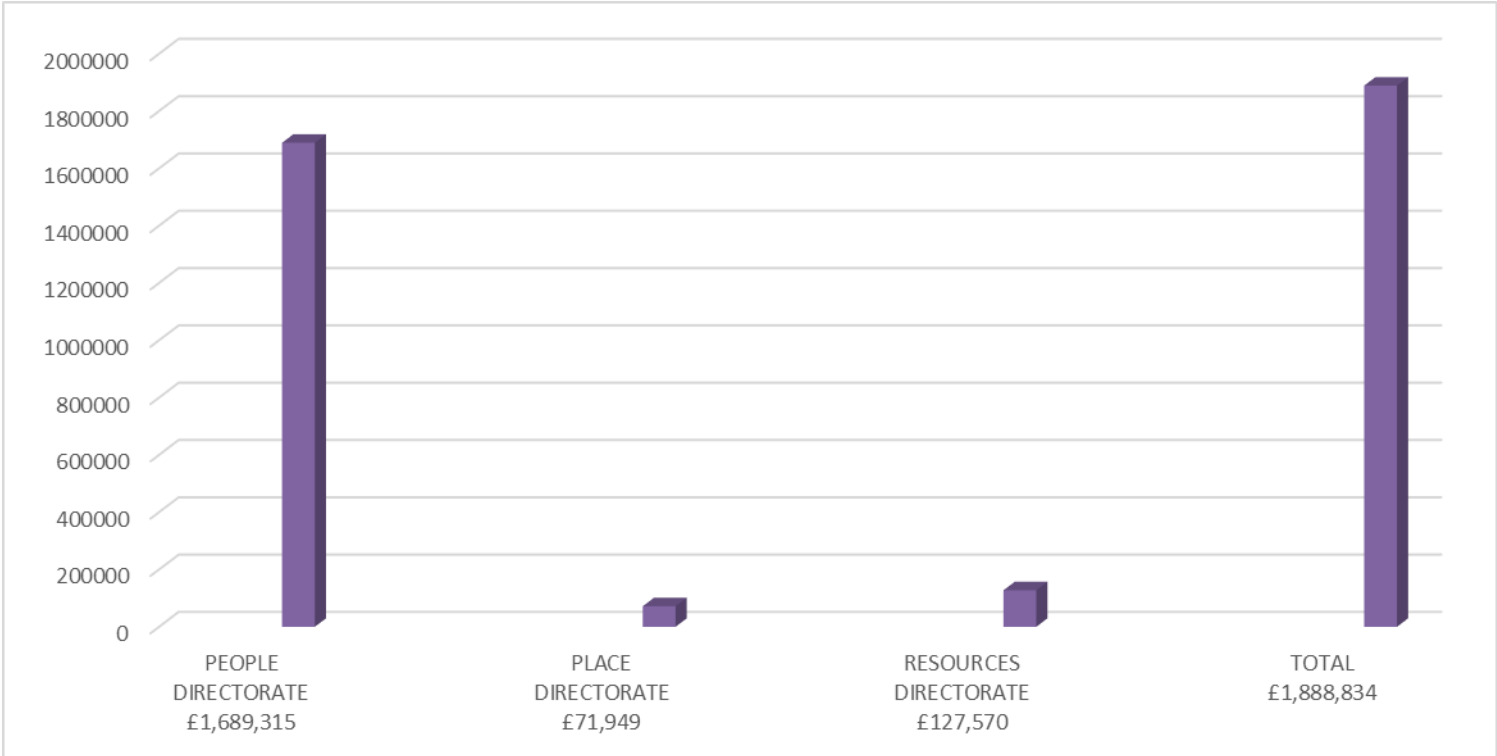
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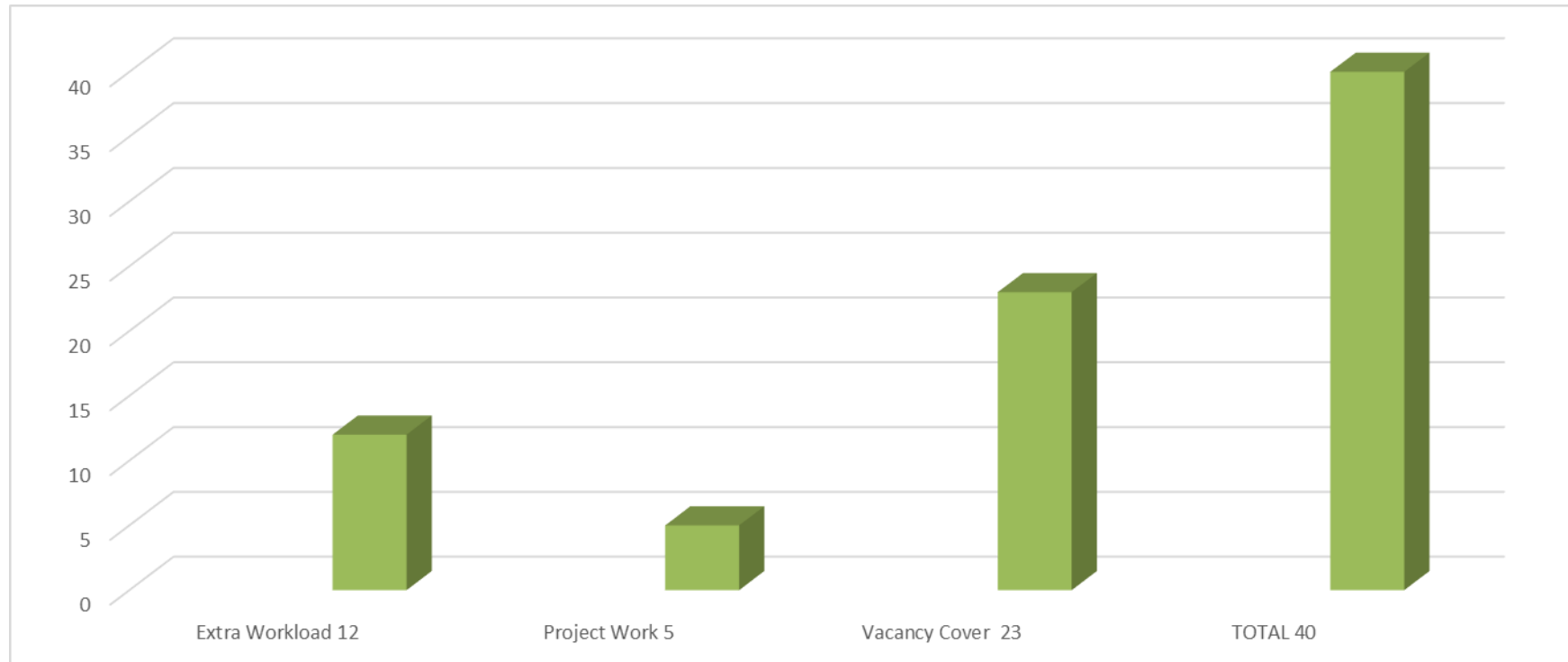
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APPENDIX I - AGENCY SPEND BY DIRECTORATE - JANUARY TO MARCH 2016



APPENDIX II - NEW ORDER JUSTIFICATION QUARTER 4 : JANUARY TO MARCH 2016



APPENDIX III - SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS

Q4 JANUARY TO MARCH 2016

Directorate	Q3 Oct to Dec 2015 Spend by Service Area	Q4 Jan-March 2016 Spend by Service Area	Usage of Agency Workers in Q4	What Strategies are in place for Reducing Dependency on Agency Workers
People Directorate	Total Expenditure Q3 <u>£1,674,509</u>	Total Expenditure Q4 <u>£1,689,315</u>	<p>The Directorate has seen a small increase in spend on agency workers in Quarter 4 in comparison to the previous quarter by £14,806.</p> <p>The majority of spend on agency workers within the Directorate is in Children's Services accounting for 85% of the total Directorate spend. The primary post for expenditure is role of Qualified Social Workers within Children's Services.</p>	<p>The high level of spend continues to be as a result of vacancies within Children's Services, 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 was 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 Q3 <u>£111,977</u>	Total Expenditure Q4 <u>£71,949</u>	<p>The Directorate continues to reduce its expenditure on agency workers by carefully monitoring and robustly challenging the deployment of agency workers. In comparison to Q3 the Directorate has managed to reduce further its expenditure on agency workers by £40,028. :</p>	<p>The Directorate continues to manage the use of agency workers by the following means:</p> <ul style="list-style-type: none"> • Assistant Directors monitor the use and expenditure on Agency Workers • Creation and use of causal pools within relevant service areas. <p>To look at alternative routes for cover such as secondments and/or short term contracts</p>
Resources Directorate	Total Expenditure Q3 <u>£227,082</u>	Total Expenditure Q4 <u>£127,570</u>	<p>In comparison to the previous quarter the Directorate has reduced in expenditure of Agency Workers by £99,512.</p>	<p>The Directorate continues to monitor its expenditure and ensure strategies are in place within the services where there has been expenditure on Agency Workers. For example, within Legal Services successful recruitment is reducing the need for Agency Workers and all are expected to have finished by the end of June 2016. The Homelessness Team is actively addressing sickness absence levels.</p>
OVERALL TOTALS	Q3 2,013,568	Q4 £1,888,834		

