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Cabinet Member for Strategic Finance and Resources

13 October 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 Q1 (1 April to 30 June 2016).

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**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.

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**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 Q1 period 1 April to 30 June 2016; to compare Q1 2016/17 with Q4 2015/16 expenditure. To also consider Interim Manager and other agency worker spends for the same period.

**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.
4. Instruct officers to use the Pertemps Master Vendor contract except when Pertemps have not been able to supply appropriate staff.

**List of Appendices included:**

The information attached in Appendix I shows the total expenditure over time on agency workers by Directorates up to and including Q1 2016/17 for spends with the Master Vendor supplier, Pertemps, including for interims. The dotted line shows the trend line for the data shown; it does not predict the spend in future quarters.

The information attached in Appendix II show the justification of new orders placed by Directorates for agency workers during Q1 2016/17 which resulted in spend with Pertemps.

**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 Q1 (1 April to 30 April 2016).

**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 for a period of 3-years with the option of a one year extension. The Master Vendor will supply all suitable agency workers through their own agency or through a 2<sup>nd</sup> 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 2015/16 with Q1 2016/17 and indicates if there has been an increase or a decrease in spend. The Master Vendor Contract covers all agency workers required by the core council. Where Pertemps are not able to meet an order, following a discussion with the HR Contract permission to go off contract will not be unreasonably withheld. The Pertemps contract does not cover agency workers in schools.

**2.1 Table of spend with Pertemps: comparing Q4 2015/16 and Q1 2016/17**

Directorate	Spend Q4 2015/16	Spend Q1 2016/17	Increase/decrease
People Directorate	£1,689,315	£1,719,826	£30,511
Place Directorate	£71,949	£109,934	£37,985
Resources Directorate	£127,570	£104,453	- £23,117
Chief Executives	£0	£0	--
<b>TOTAL</b>	<b>£1,888,834</b>	<b>£1,934,213</b>	<b>£45,379</b>

**Directorate Commentary on increased Agency worker Spend for Q1 2016/17**People Directorate

There is a small increase in spend this quarter of £30,511 (1.81%) due to ongoing vacancies however, this should show some reduction during the next quarter as the service continues to recruit permanent, experienced social workers.

The ongoing recruitment campaign is attracting social workers to Coventry with some Agency workers opting to take on permanent roles with the service. At the time of writing (17/08/2016) the numbers are:

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. The position on 29<sup>th</sup> September 2016 is:

	Have accepted offer	Of those accepted: have started
Experienced	24	18
Newly Qualified	28	24
<b>Total</b>	<b>52</b>	<b>42</b>

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.

In this quarter, spend on Children’s social workers is £1,455,098 or 84.6% (Q4 = 80.6%) of the agency spend by People directorate and 75.2% (Q4 = 72%) of the corporate spend on the Pertemps contract.

Place Directorate

During the quarter a wide variety of roles were covered including:

- Cleaners - Sickness Cover
- Gardeners – Extra Workload
- Heritage Assistant – Vacancy Cover
- Neighbourhood Operative – Vacancy Cover and Extra Workload
- Planning Officer – Vacancy Cover
- Refuse Collector – Extra Workload
- Semi-Skilled Operator – Vacancy Cover
- Visitor Information Assistant – Vacancy Cover

**2.2 a Table for Comparison of Interim Spend with Pertemps; Q4 2015/16 with Q1 2016/17**  
 [These figures are also included in Table 2.1, above]

Directorate	Total Spends in Q4	Total Spends in Q1	Increase / Decrease in Spend
People: Children’s	£59,222	£49,419	<b>-£9,803</b>
People: Education	£0	£0	£0
People: Adults	£0	£0	£0
Place	£0	£0	£0
Resources	£37,979	£24,871	<b>-£13,108</b>
<b>TOTAL</b>	<b>£97,201</b>	<b>£74,290</b>	<b>-£22,911</b>

There is a decrease in spend on Interim staff within the Pertemps Contract.

2.2 b Table for Comparison of Spend Q4 2015/16 with Q1 2016/17 which does not go through the Pertemps contract;

Directorate	Total Spends in Q4	Total Spends in Q1	Increase / Decrease in Spend
People: Children's	£113,990	£178,460	£64,470
People: Education	£130,308	£90,123	(£40,185)
People: Adults	£0	£7,800	£7,800
Place	£710,065	£307,152	(£402,913)
Resources	£18,795	£37,281	£18,486
<b>TOTAL</b>	<b>£973,158</b>	<b>£620,816</b>	<b>(£352,342)</b>

Overall there is an increase in spend in People and Resources and a reduction in Place

### **People Directorate - Children's**

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

- CSE Specialist
- Head of Social Care
- LAC Improvement Partner
- Principal Social Worker
- Integrated Service Manager

The majority of interims currently placed across the People Directorate are covering hard to recruit social work manager posts which reflects the difficulty in recruiting high calibre social work managers to Coventry. However, over the past month the service has been able to make three permanent appointments to posts which are being covered by Interims. 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.

### **People Directorate - Adults**

One worker has been taken on to support the work of the All Age Disability service.

### **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.

### **Resources Directorate**

An interim has joined the HR service to support the service during the current restructure.

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 permanent staff are now returned from sick leave and the structure of the team is being assessed.

### **2.3 Unauthorised Agency spend**

During the quarter no non-compliant agency worker spend was 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 1 is £284,721 which compares with a figure of ££309,293 in quarter 4, 2015/16.

### **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 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 £1,934,213 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 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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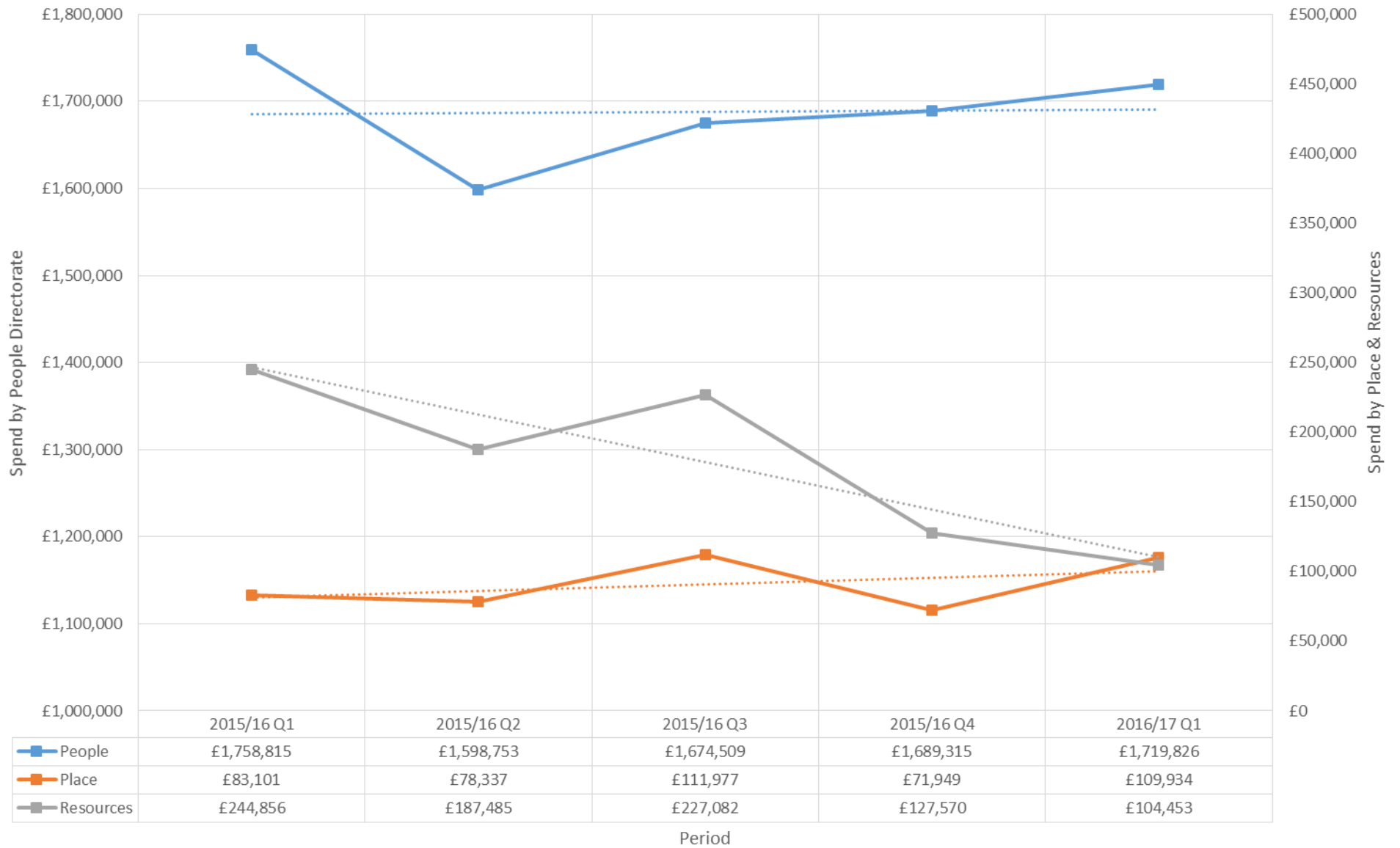
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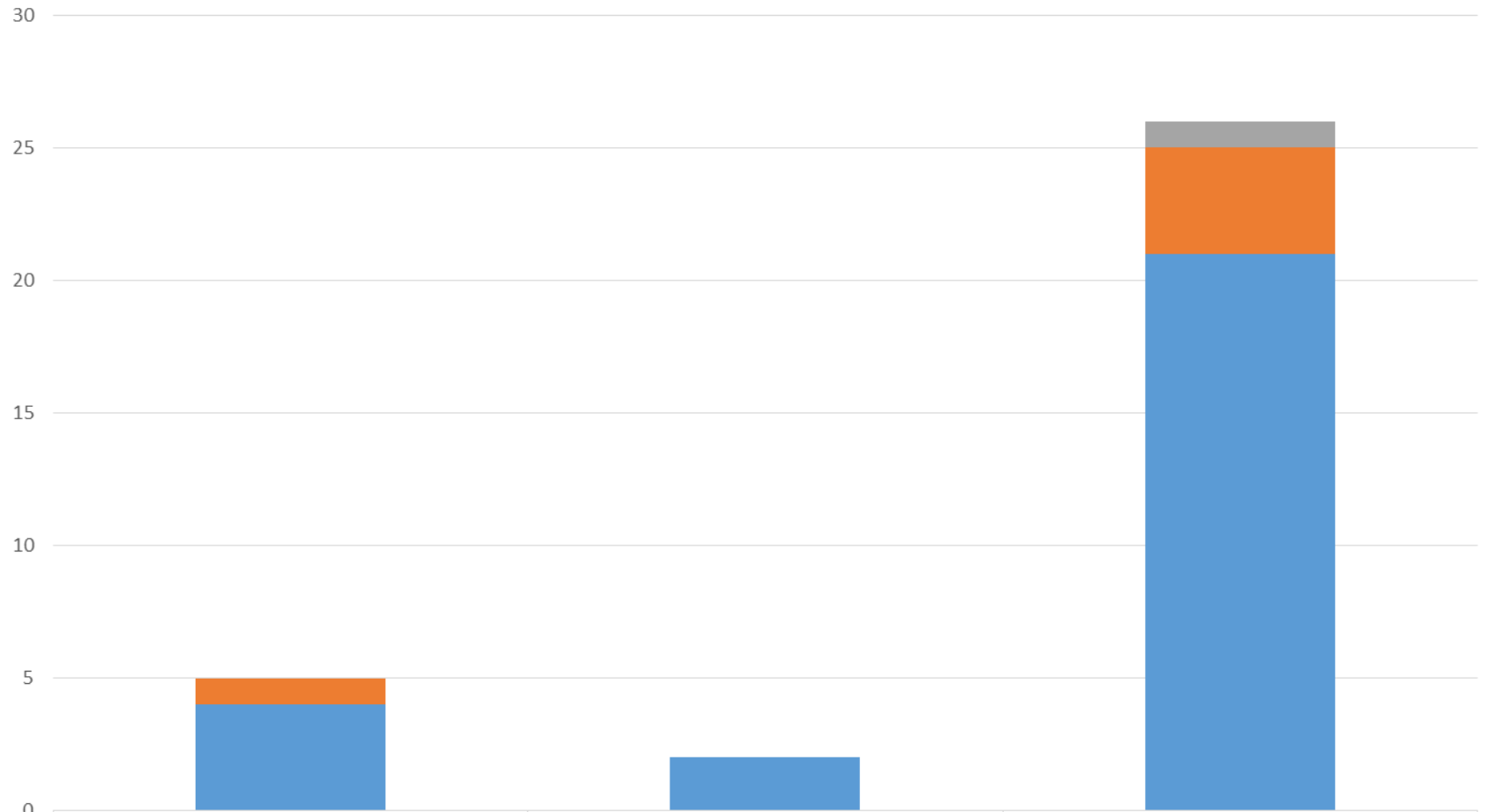
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Appendix 1: Agency Spend on the Pertemps Contract by Directorates over time.



Breakdown of Reason for Order for new orders placed in Q1 2016/17



	Extra Workload	Sickness Cover	Vacancy Cover
Total	5	2	26
Resources Directorate			1
Place Directorate	1		4
People Directorate	4	2	21

■ People Directorate ■ Place Directorate ■ Resources Directorate Total