
Cabinet Member for Strategic Finance and Resources

15 December 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 Q2 (1 July to 30 September 2016).

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 for the Q2 period 1 July to 30 September 2016; to compare Q2 2016/17 with Q1 2016/17 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.

List of Appendices included:

The information attached in Appendix 1 shows the total expenditure over time on agency workers by Directorates up to and including Q2 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 spend in future quarters.

The information attached in Appendix 2 show the justification of new orders placed by Directorates for agency workers during Q2 2016/17 which resulted in spend with Pertemps.

Appendix 3 shows equalities data for workers supplied through the Pertemps contract.

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 Q2 (1 July to 30 September 2016).

1. Context (or background)

Coventry City Council have a Master Vendor Contract with Pertemps for the supply of agency workers. This came into effect in December 2013 and has recently been extended until December 2017. Through the contract, Pertemps 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 Pertemps gives detailed information on agency worker usage and spends. However, it is recognised that Pertemps will not always be able to supply the needed agency workers and therefore it is possible, with appropriate safeguards, for service areas to use other supplies where Pertemps are not able to supply.

Options considered and recommended proposal

The table in 2.1 below shows a comparison for Q1 for 2016/17 with Q2 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 Q1 2016/17 and Q2 2016/17

Directorate	Spend Q1 2016/17	Spend Q2 2016/17	Increase/decrease
People Directorate	£1,719,826	£1,568,793	-£151,033
Place Directorate	£109,934	£169,609	£59,675
Resources Directorate	£104,453	£67,900	- £36,553
Chief Executives	£0	£0	--
TOTAL	£1,934,213	£1,806,302	-£127,911

Directorate Commentary on Agency worker Spend for Q2 2016/17

People Directorate

As suggested in the Q1 report, there has been a reduction in spend this quarter as the service continues to recruit permanent, experienced social workers.

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 ongoing recruitment campaign is attracting social workers to Coventry with some Agency workers opting to take on permanent roles with the service. The position on 17th November 2016 is:

	Have accepted offer	Of those accepted: have started
Experienced	28	23
Newly Qualified	28	27
Total	56	50

The cost of Children's Social Workers is being restrained by the West Midlands regional agreement. 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 £1,337,672 or 85.3% (Q1 = 84.6%) of the agency spend by People directorate and 74.1% (Q1 = 75.2%) of the corporate spend on the Pertemps contract.

Place Directorate

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

- Gardeners – Extra Workload
- Heritage Assistant – Vacancy Cover
- Neighbourhood Operative – Vacancy Cover and Extra Workload
- Planning Officer – Vacancy Cover
- Semi-Skilled Operator – Vacancy Cover and Extra Workload
- Visitor Information Assistant – Vacancy Cover
- General Driver – Vacancy Cover
- Drainage Operative – Vacancy Cover

2.2 a Table for Comparison of Interim Spend with Pertemps; Q1 2016/17 with Q2 2016/17

[These figures are also included in Table 2.1, above]

Directorate	Total Spends in Q1	Total Spends in Q2	Increase / Decrease in Spend
People: Children's	£49,419	£10,098	-£39,321
People: Education	£0	£0	£0
People: Adults	£0	£0	£0
Place	£0	£0	£0
Resources	£24,871	£20,155	-£4,716
TOTAL	£74,290	£30,253	-£44,037

2.2 b Table for Comparison of Spend Q1 2016/17 with Q2 2016/17 which does not go through the Pertemps contract

This includes workers contracted through agencies other than Pertemps contract or are directly contracted.

Directorate	Total Spends in Q1	Total Spends in Q2	Increase / Decrease in Spend
People: Children's	£178,460	£142,179	-£36,281
People: Education	£90,123	£74,363	-£15,760
People: Adults	£7,800	£0	-£7,800
Place	£307,152	£220,303	-£86,849
Resources	£37,281	£35,648	-£1,633
TOTAL	£620,816	£472,493	-£148,323

Overall there is a decrease in all areas.

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.

In addition to the interim managers a team of agency social workers have been taken on to support the work of the Child Sexual Exploitation team. This team were not supplied by Pertemps and incurred a cost of £73.7k which is included in section 2.3 below.

People Directorate - Education

The Education service has had one interim manager who has been in post since March 2016 to support the service restructure. In addition the central teams (PAS, Behaviour Support and Extended Learning Centres) make use of agency workers to meet the demands placed on them.

People Directorate - Adults

The one worker that had been taken on to support the work of the All Age Disability service finished the assignment within the quarter.

Place Directorate

The Professional Services Contract includes staff from the three companies in the Framework contract who provide technical staff in such fields as quantity surveying and the management of infrastructure projects. Previously the total spend has been reported. It is now possible to split out spend between Capital and Revenue and as it is felt the Revenue spend better reflects spend on agency workers, it is this figure that is reported here. The Revenue spend figure for Q2 is £286,054 which compares to a Q1 figure of £286,054.

In addition Waste Services have used agency collectors / drivers from an agency other than Pertemps. Spend in Q2 was £9,092 which is included in section 2.3 below.

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 to cover a backlog of homeless on the night assessments whilst the team work through the volume of cases awaiting decisions. The structure of the team is being assessed.

2.3 Unapproved Agency spend

Whilst the agency spend may be authorised appropriately within the service area, there are several agency workers who have been contracted outside of the Pertemps contract and without the knowledge and approval of the CCC contract manager. For the purposes of this document this is being referred to as unapproved agency spend.

During the quarter such spend was discovered in two areas:

- Social Workers to support the work of the CSE team with a spend of £73.7k for the quarter
- HGV Drivers and Refuse collectors in Street Pride; with a spend of £9k for the quarter

These costs are included in table 2.2b above.

Following a recommendation contained in the quarter 1 report, a briefing note was sent out to managers on 28/10/2016 reminding them of the correct process for sourcing agency workers.

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 £283,892 which compares with a figure of £284,721 in quarter1, 2016/17.

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 £1,806,302 which equates to 4.6% 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 Q2.

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

The master vendor has made considerable efforts to ensure that the equalities monitoring form is completed. The graphs in appendix 3 show the main equalities data at corporate level for the agency workers who were on assignment with us in the month of September 2016.

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:**

Philip Johnson, HR Advisor – Corporate Support

Directorate:

Resources Directorate

Tel and email contact:Telephone 024 7683 3261 philip.johnson@coventry.gov.uk

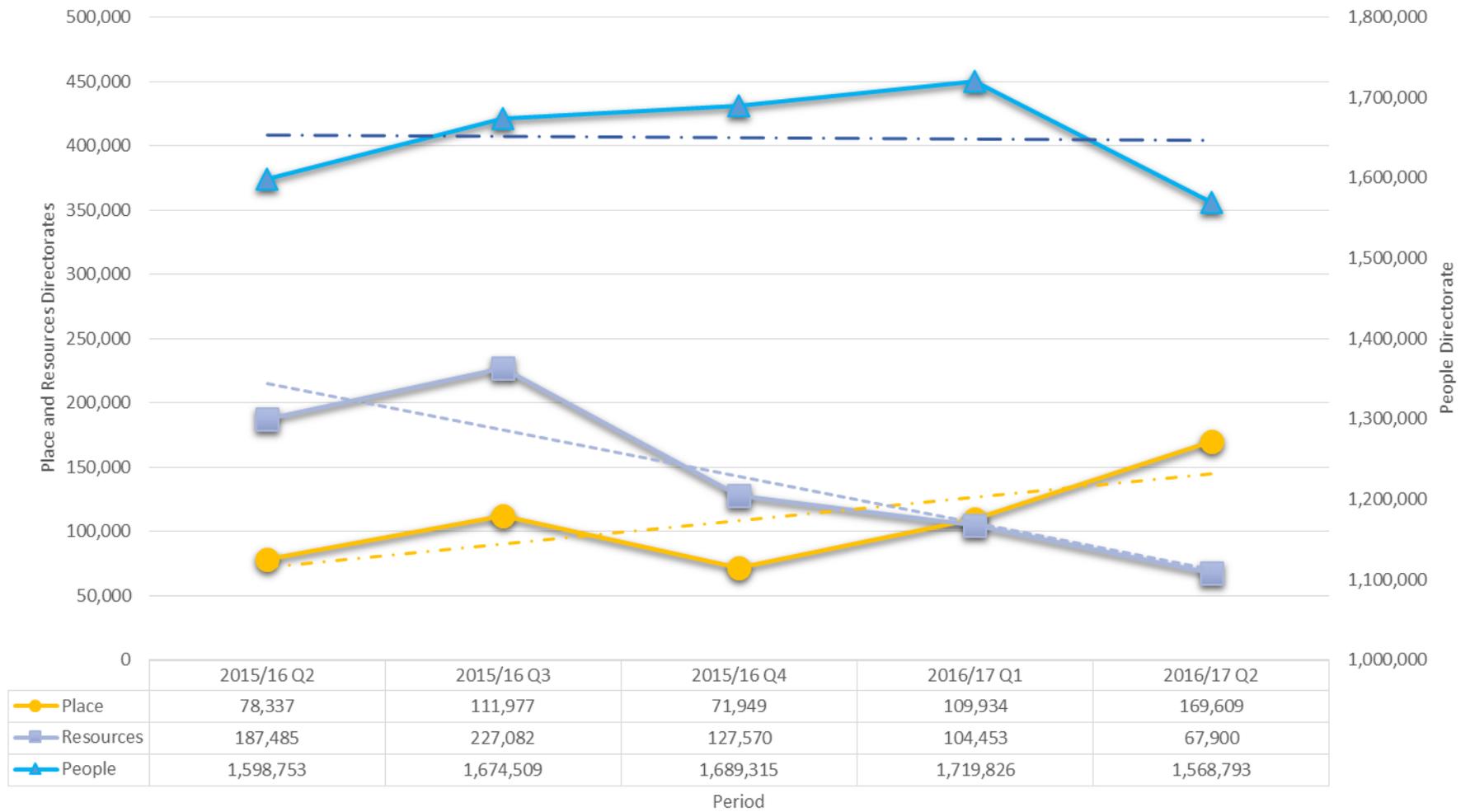
Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Suzanne Bennett	Governance Services Officer	Resources	21/11/2016	21/11/2016
Other members				
Names of approvers: (officers and members)				
Human Resources & Organisation Development: Barbara Barratt	Head of HR & OD	Resources	22/11/2016	23/11/2016
Human Resources: Helen Joyce	Interim Senior HR Manager	Resources	22/11/2016	23/11/2016
Finance: Kathryn Sutherland	Lead Accountant	Resources	22/11/2016	23/11/2016
Legal: Julie Newman	Legal Services Manager, People	Resources	22/11/2016	22/11/2016
Director: Chris West	Executive Director	Resources	22/11/2016	22/11/2016
Member: Councillor J Mutton	Cabinet Member for Strategic Finance and Resources		23/11/2016	

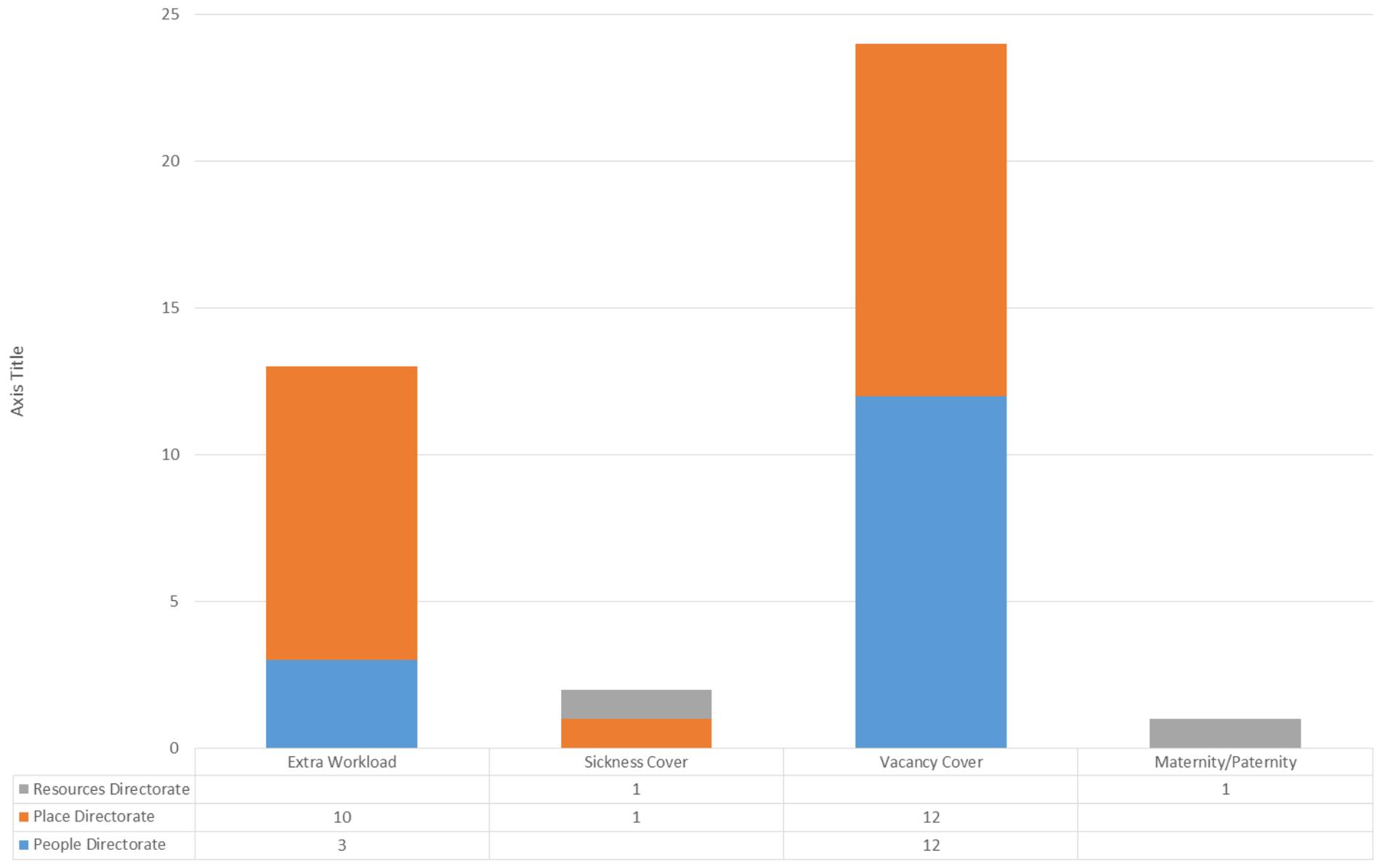
This report is published on the Council's website:

www.coventry.gov.uk/meetings

Appendix 1 - Comparison of Directorate Spend with Pertemps (Q2 2015/2016 to Q2 2016/2017)



Appendix 2: Breakdown of Reason for Order for new orders placed in Q2 2016/17



Appendix 3 Equality Data for Agency Workers via the Pertemps Contract (September 2016)

