
Cabinet Member for Strategic Finance and Resources

3 August 2017

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Deputy Chief Executive (People)

Ward(s) affected:

None

Title:

Agency Workers and Interim Managers – Performance Management Report Q4 (1 January to 31 March 2017) with a final summary of 2016/17 compared with 2015/16.

Is this a key decision?

No.

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 Q4 period 1 January to 31 March 2017 and to 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. Note the agency / interim spend for Q4.
2. Note the work done on providing in-house solutions to providing agency and interim workers.

List of Appendices included:

The information attached in Appendix 1 shows the total Directorate expenditure on agency workers up to and including Q4 2016/17 for spends with the Master Vendor supplier, Pertemps, including 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 Q4 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 Q4 (1 January to 31 March 2017) with a final summary of 2016/17 compared with 2015/16.

1 Context (or background)

1.1 Coventry City Council has a Master Vendor Contract with Pertemps for the supply of agency workers. This came into effect in December 2013 and has recently been extended. Through the contract, Pertemps will supply all suitable agency workers through their own agency or via 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 expenditure. However, Pertemps is not always able to supply the required agency workers and on occasion service areas will use other suppliers where this is the case.

2 Directorate Commentary on Agency worker Spend for Q4 2016/17

2.1 Table 2.2 below shows comparative expenditure in Q3 and Q4 2016/17 and indicates an overall decrease in total spend. The Master Vendor Contract covers all agency workers required by the core Council. The Pertemps contract does not cover agency workers in schools.

Please note that the Directorates listed in the table reflect the organisational structure during this reporting period. The next report will reflect the revised Directorate structures.

2.2 Table of Spend with Pertemps: comparing Q3 2016/17 and Q4 2016/17

Directorate	Spend Q3 2016/17	Spend Q4 2016/17	Increase/decrease
People Directorate	£1,066,522	£954,099	-£112,423
Place Directorate	£248,271	£160,663	-£87,608
Resources Directorate	£112,529	£133,361	£20,832
Chief Executives	£0	£0	--
TOTAL	£1,427,322	£1,248,123	-£179,199

2.3 People Directorate

There is a continuing reduction in spend this quarter as the service continues to recruit permanent, experienced Children’s social workers. Agency and interim spend is most significant in People and the 10.5% reduction in spend from Q3 to Q4 has contributed to the overall council reduction this quarter by 12.5%.

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 Children’s

social workers to Coventry with some Agency workers opting to take permanent roles with the service as indicated in table 2.3 below.

Table 2.3: Recruitment of Social Workers as at 12 July 2017

	Have accepted offer	Of those accepted: have started
Experienced	43	34
Newly Qualified	41	30
Total	84	64

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. Q4 spend on Children's social workers is £630,876 compared with £806,508 in Q3, representing a reduction in the monthly average from £268,836 in Q3 to £210,292 in Q4.

Q4 spend on Children's social workers represents 66.1% (Q3 = 75.6%) of the agency spend by People directorate and 50.55% (Q3 = 56.5%) of the corporate spend on the Pertemps contract.

2.4 Place Directorate

The Place Directorate recorded a 35% decrease in spend during Q4; there is a high use of agency staff to support services over the Christmas holiday period which accounts for the significant decrease in Q4. Roles covered during Q4 include:

- Waste Services (collectors and drivers)
- 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

2.5 Resources Directorate

The Resources Directorate recorded a rise during Q4 as a result of a variety of roles being covered, including:

- Lawyer – Vacancy Cover
- HR advisor – Vacancy Cover and Extra Workload
- ICT– Project Work
- Housing Assessment Officer – Extra Workload (now within the Pertemps contract)

Some of these roles are highly qualified and specialist and require an appropriate pay rate to attract those with the required skills.

2.6 Table of Comparison of Pertemps spend between 2015/16 and 2016/17

Directorate	Spend 2015/16	Spend 2016/17	Increase/decrease
People Directorate	£6,721,392	£6,998,555	£277,163
Place Directorate	£345,364	£688,513	£343,149
Resources Directorate	£786,993	£545,813	-£241,180
Chief Executives	£0	£0	£0
TOTAL	£7,853,749	£8,232,845	£379,096

Overall there is a 4.8% increase for the year.

3 Spend outside of the Pertemps Contract

3.1 Table for Comparison of expenditure Q3 2016/17 with Q4 2016/17 outside of the Pertemps contract:

Directorate	Total Spends in Q3	Total Spends in Q4	Increase / Decrease in Spend
People: Children's	£228,452	£310,979	£82,527
People: Education	£80,720	£140,205	£59,485
People: Adults	£0	£0	--
Place	£294,801	£552,982	£258,181
Resources	£60,905	£28,525	-£32,380
TOTAL	£664,878	£1,032,691	£367,813

This includes workers contracted through other agencies outside of the Pertemps contract or contracted directly.

3.2 Directly Contracted Workers

The number of directly contracted workers has reduced significantly in Children's Services and at the end of the quarter there were 5 active contractors. In addition seven Quality Assurance Monitoring Officers undertook assignments in Coventry schools during the quarter.

3.3 People: Children's Services

There has been a reduction in the number of directly contracted interims during the quarter as a number of contracts have ended. At the end of the quarter there were four interims remaining. In addition there are a number of agency social workers who are not engaged via the Pertemps contract who are contributing to meeting the demands of this service.

3.4 People: Education

Of this spend, £117.5k; agency staff to help meet demand on the Performing Arts Service was £88k (75%) while the remaining 25% was to support centrally employed teaching teams and working directly with schools for quality monitoring and to improve the completion of early years PEPs.

3.5 Place

Of this spend, £594k was spent through the Professional Services Contract for infrastructure works which is externally funded.

3.6 Resources

Spend has reduced as one directly contracted interim joined permanent staff during the quarter. Also Pertemps has been able to locate Homelessness officers which has moved some of this spend onto the Pertemps contract.

3.7 Comparison of spend outside of the Pertemps Contract

The method of reporting was changed at the start of 2016/17 and so it is not possible to provide a meaningful comparison with the previous year.

4 Rebate

4.1 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, Pertemps procurement of agency workers is based on reducing agency mark ups in order to generate cashable savings. The rebate for Q4 is £206,149 which compares with a figure of £254,499 for Q3 and reflects the reduced level of activity shown in table 2.1.

4.2 A decision has been made to end the system of rebate payment with effect from the end of Q4, March 2017. In effect this will mean that the prices paid by service areas have reduced by circa 20% but there will be an identical reduction in the income to the authority.

5 Alternative solutions to agency staff

5.1 Work has commenced on developing in-house solutions to some of the Council's staff shortages. Within the People Directorate, Children's Services is developing some ideas on an alternative contract that pitches hourly rates similar to those that can be earned working through an agency. Other benefits and inducements are also being considered as part of a package to be offered to Social Workers to take roles with the Council.

The Place Directorate has two strategies to reduce the reliance on agency workers within Waste. Firstly there is a pool of employees, who are contracted full time but who may be placed within any team that requires them. These employees typically fill in to cover leave and absence. Secondly there is a small bank of casual workers, usually drawn from workers

who have previously worked for the Council via an agency, who are offered work when shifts cannot be covered through the substantive workforce or during times of peak activity. This bank of casual workers is being expanded in anticipation of increases in workload.

A Recruitment Plan has been developed with the objective of recruiting to 20 specialist roles within the Highways, Traffic and Transport Teams, reduce the cost of agency spend and promote Coventry City Council as the employer of choice.

Over 160 CVs were received through the creation of a Talent Pool which allowed applicants to register their interest. In addition a microsite has been developed which includes a career video promoting the major programme of capital investment in highways and infrastructure within the city and the benefits of working for Coventry City Council.

One appointment has been made and managers are confident in recruiting to other vacancies. A marketing plan will be implemented for vacancies that remain and an apprentice/graduate programme will be introduced.

6 Overall Management 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 at least 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 identify 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 children's social workers we have had some success with the current campaign which has been evolved to make extensive use of social media. The result of the current campaign are shown in table 2.3 above. Nevertheless recruitment of experienced, high quality children's social workers continues to be difficult.

The contract with Pertemps came into effect on the 2 December 2013 and is joint with Warwickshire and Solihull following an extensive tendering process. The contract is a hybrid Master Vendor arrangement which will provide the Council with additional advantages to the existing Master Vendor contract. Background work is currently being undertaken on the future supply of agency workers.

7 Results of consultation undertaken

- 7.1 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.
- 7.2 The report is able to identify more accurately spend on agency workers and the reasons for spend.
- 7.3 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.
- 7.4 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.

8 Timetable for implementing this decision

Not applicable

9 Comments from Director Customer Services & Transformation

9.1 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 £1,248,123 which equates to 4.12% 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.

The total Pertemps expenditure for the full year of £6.42m equates to 4.12% of the overall wage bill (excluding schools) for the same period.

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.

9.2 Legal implications

There are no specific legal implications associated with this report.

10 Other implications

10.1 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.

10.2 How is risk being managed?

There may be a risk to the Council where managers go outside of the Pertemps and contract directly with workers with the advent of changes to IR35 arrangements. There has been numerous communications across the Council to inform managers of changes and there will continue to be as the changes that have been made bed in.

10.3 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.

10.4 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.

10.5 Implications for (or impact on) the environment

None

10.6 Implications for partner organisations?

None

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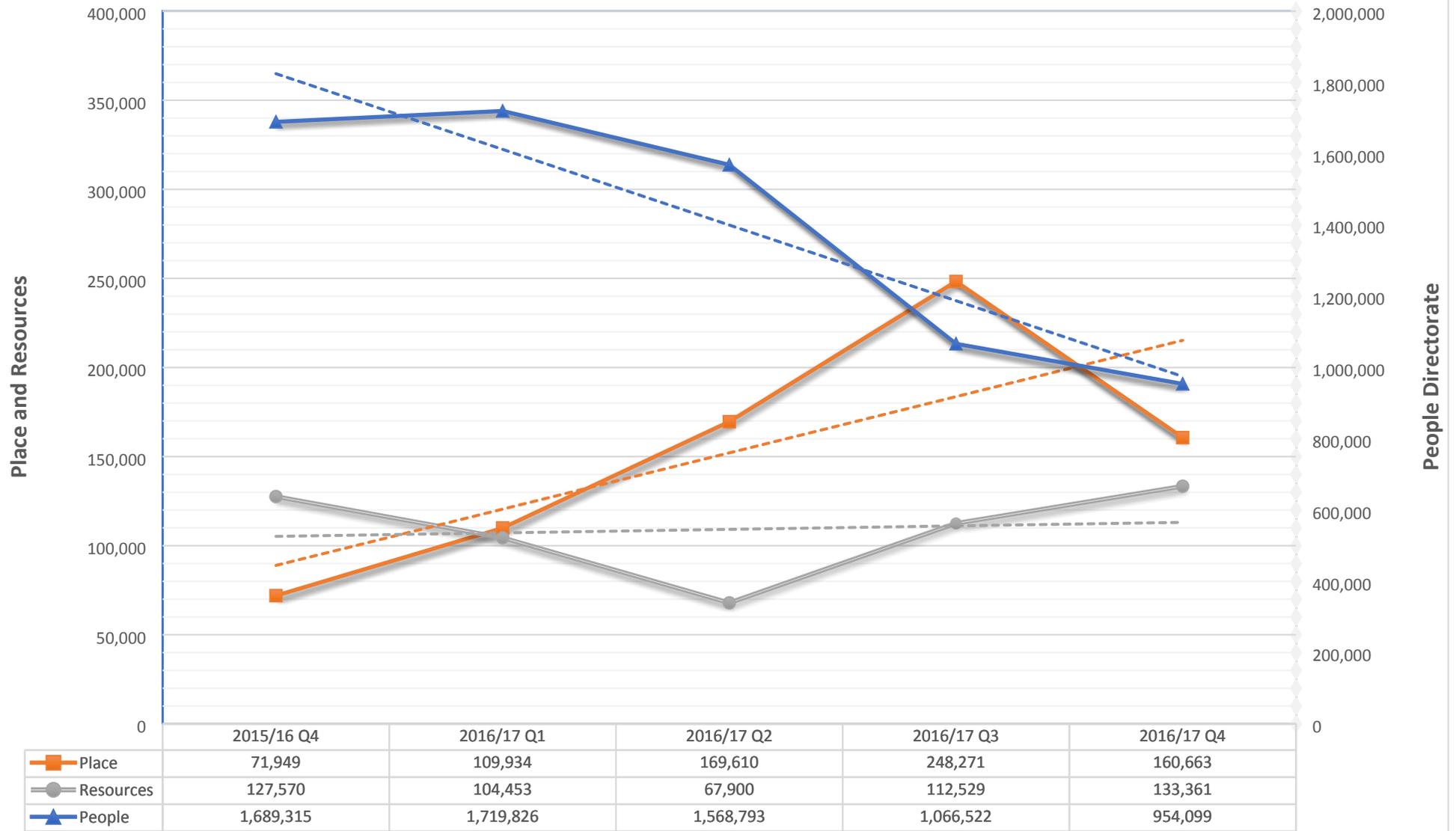
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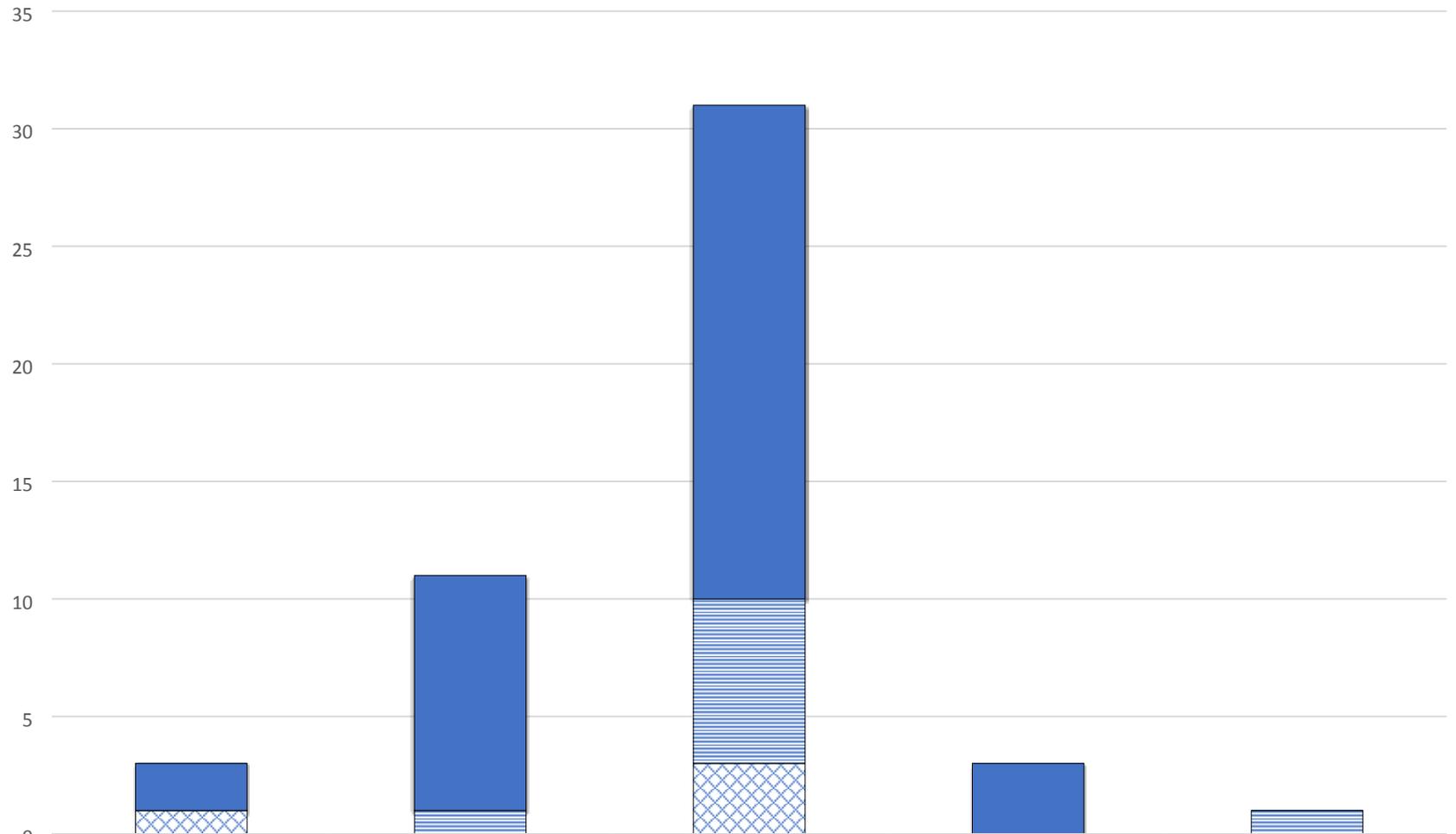
www.coventry.gov.uk/meetings

Appendix 1 - Comparison of Directorate Spend with Pertemps Q4 2015/2016 to Q4 2016/17



Appendix 2: Breakdown of Reason for Order for New Orders Placed in Q4 2016/2017

Number of orders placed Jan-March 2017

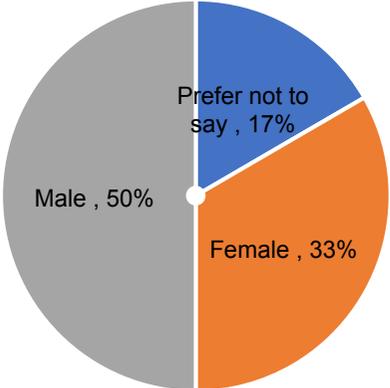


	Extra Workload	Sickness Cover	Vacancy Cover	Maternity/Paternity	Holiday leave
Resources Directorate	1	0	3	0	0
Place Directorate	1	1	10	0	1
People Directorate	3	11	31	3	1

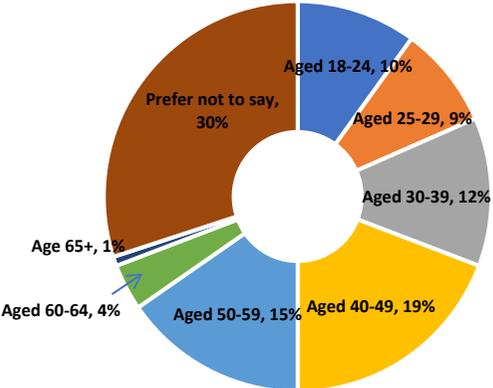
Resources Directorate Place Directorate People Directorate

Appendix 3 - Equality Data for Agency Workers via the Pertemps Contract (Q4 2016/2017)

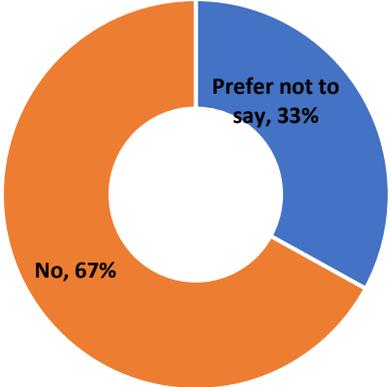
By Gender



By Age Range



By Disability



Ethnic Origin

