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Cabinet Member for Strategic Finance and Resources

14 December 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 Q2 (1 July to 31 September 2017).

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**Is this a key decision?**

No.

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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 for the Q2 period 1 **July** to 31 **September** 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 Q2.
2. Note the work done on providing in-house solutions as an alternative to agency and interim workers.
3. That senior officers be requested to provide the Cabinet Member with a detailed plan on how they intend to reduce agency staff costs in Directorates. These plans to be included in the next quarterly report.

**List of Appendices included:**

The information attached in Appendix 1 shows the total Directorate expenditure on agency workers up to and including Q2 2017/18 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 Q2 2017/18 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 2017)

**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 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 Pertemps gives detailed information on agency worker usage and expenditure. However, Pertemps is not always able to supply the required agency workers and where this is the case service areas will use other suppliers.

**2 Directorate Commentary on Agency worker Spend for Q2 2017/18**

2.1 Table 2.2 below shows comparative expenditure in Q1 2017/18 and Q2 2017/18 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.

**2.2 Table of Spend with Pertemps: comparing Q2 2017/18 with Q1 2017/18**

Directorate	Spend Q1 2017/18	Spend Q2 2017/18	Increase / decrease
People Directorate	£859,412	£783,950	-£75,462
Place Directorate	£151,196	£205,456	£54,260
<b>TOTAL</b>	<b>£1,010,609</b>	<b>£989,406</b>	<b>-£21,202</b>

**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.

The recruitment campaign continues with the Recruitment Team working closely with colleagues in the 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. During Q2, there were more new starters than leavers.

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. Q2 spend on Children’s social workers is £441,846 (44.66% of Corporate Spend with Pertemps) compared with £553,387 (54.76%) in Q1.

### 3 Spend outside of the Pertemps Contract

3.1 Table for Comparison of expenditure outside of the Pertemps contract; Q2 2017/18 with Q1 2017/18:

Directorate	Total Spend Q1 2017/18	Total Spend Q2 2017/18	Increase / Decrease
People: Children’s	£313,557	£333,869	<b>£20,312</b>
People: Education	£71,367	£99,870	<b>£28,503</b>
People: Adults	£0	£0	--
People: Cust. Serv.	£20,460	£21,211	<b>£751</b>
Place	£128,812	£207,033	<b>£78,221</b>
<b>TOTAL</b>	<b>£534,196</b>	<b>£661,983</b>	<b>£127,787</b>

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

#### 3.2 People: Children’s Services

At the end of the quarter there were three interim contractors secured directly by the Council continuing to support service delivery and improvement.

These post are Area Social Work Managers x2 and an improvement consultant required as part of the ongoing relationship with the Department of Education.

In addition there are a small number (less than 10) agency social workers who are not engaged via the Pertemps contract who are contributing to meeting the demands of this service.

#### 3.3 People: Education

Of this spend of circa £100k; agency staff to help meet demand on the Performing Arts Service was circa £52.5k (52.6%) while the remainder was to support centrally employed teaching teams and working directly with schools for quality.

The Coventry Music Service, as it is now called, supports schools in delivering music as part of the curriculum, both in providing guidance and in providing music tutors to deliver that curriculum. With effect from 1<sup>st</sup> September 2017, the delivery model of has changed. Instead of using a mixture of employees, casual workers and agency workers, the service is now facilitating self-employed music tutors to deliver the curriculum.

The period covered by the Q3 report will only include costs under this new delivery model.

#### 3.4 People: Customer Services

This spend is for Homelessness Officers and is in addition to those now supplied by Pertemps. This role is very hard to recruit to a permanent position.

#### 3.5 Place

This spend of £203k was spent through the Professional Services Contract. The costs comprise of some cover for vacant technical posts and ad hoc work packages, which due to their specialist nature are completed through the framework. There is a mixture of funding for these works and they are predominately Highways, Traffic and Infrastructure led. The successful recruitment to a casual pool within Waste Services has eliminated the need for agency staff this quarter although the Service still experiences difficulties in attracting Drivers. Agency workers are currently being recruited to provide cover within the waste services team over Christmas and New Year period and this spend will show in Q3.

### 4 Rebate

4.1 The rebate scheme was ended in March 2017 and so there is no resulting income to report.

### 5 Alternative solutions to agency staff

5.1 To reduce the reliance on agency workers within Waste there is a bank of casual workers usually drawn from workers who have previously worked for the Council via an agency. They are offered work when shifts cannot be covered through the substantive workforce or during times of peak activity. This bank of casual workers has been expanded in anticipation of increases in workload.

#### 5.2 Specialist Recruitment in Highways, Traffic & Transport

We have undertaken a Recruitment Campaign with the objective of recruiting to specialist roles within the Highways, Traffic and Transport Teams. These posts have proved to be difficult to recruit to previously and required a different approach. A microsite and talent pool were created which included a career video, promoting the major programme of capital investment in highways and infrastructure within the city and highlighting the benefits of working for Coventry City Council - this continues to attract CV's and applications of interest. We have had some success with this approach and continue to work through the recruitment process. Where we have made appointments, we are still using agency cover to allow for notice periods, which can be up to three months. We expect that the recent recruitments will make start to make a difference to the revenue agency costs in the coming months.

### 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 higher than we would like 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. 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. The contract has gone out to re-tender in quarter 3.

## **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 the Director of Finance and Corporate Services**

### **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 £989,406 which equates to 2.60% [Q1=2.52%] 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.

### **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 2017.

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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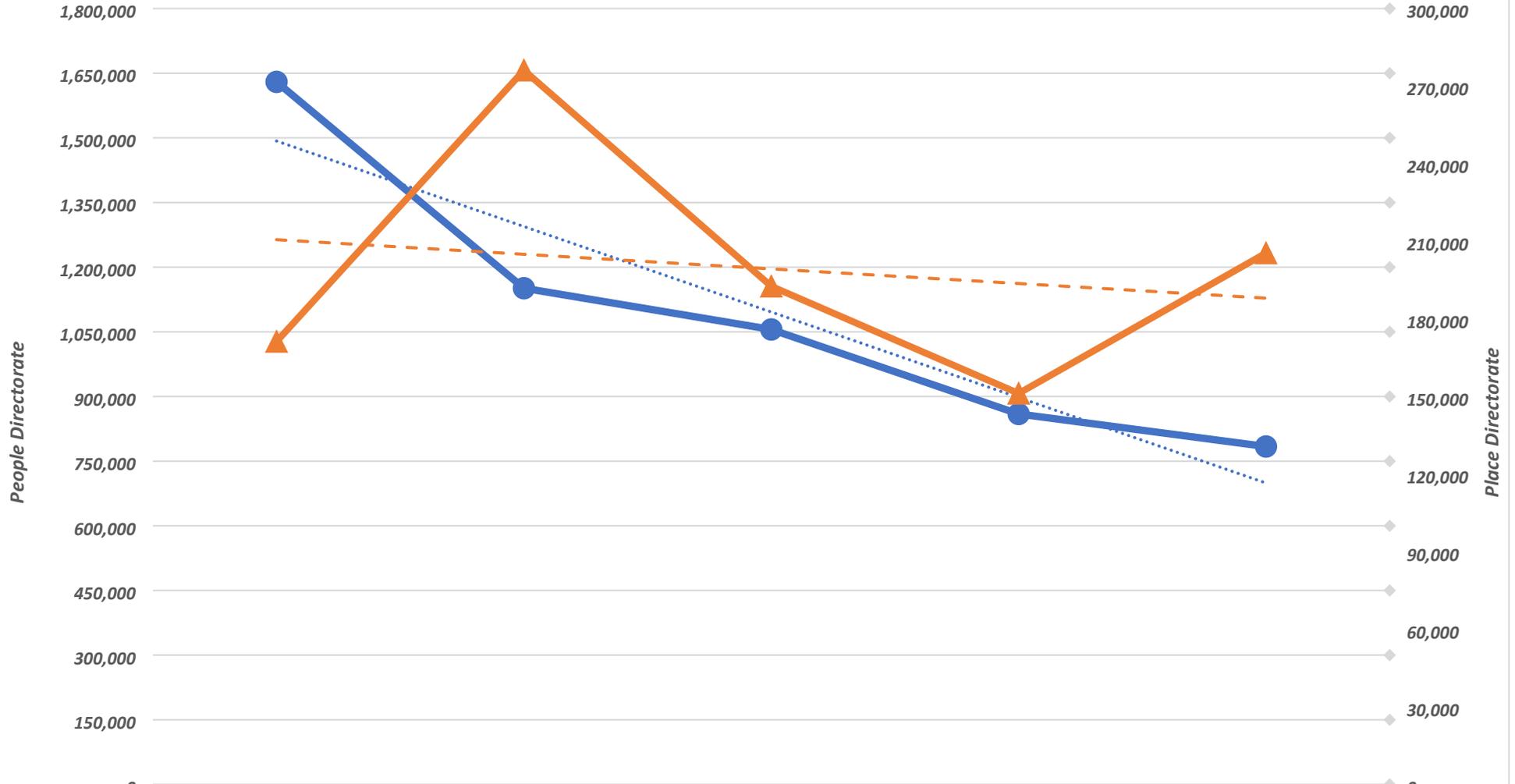
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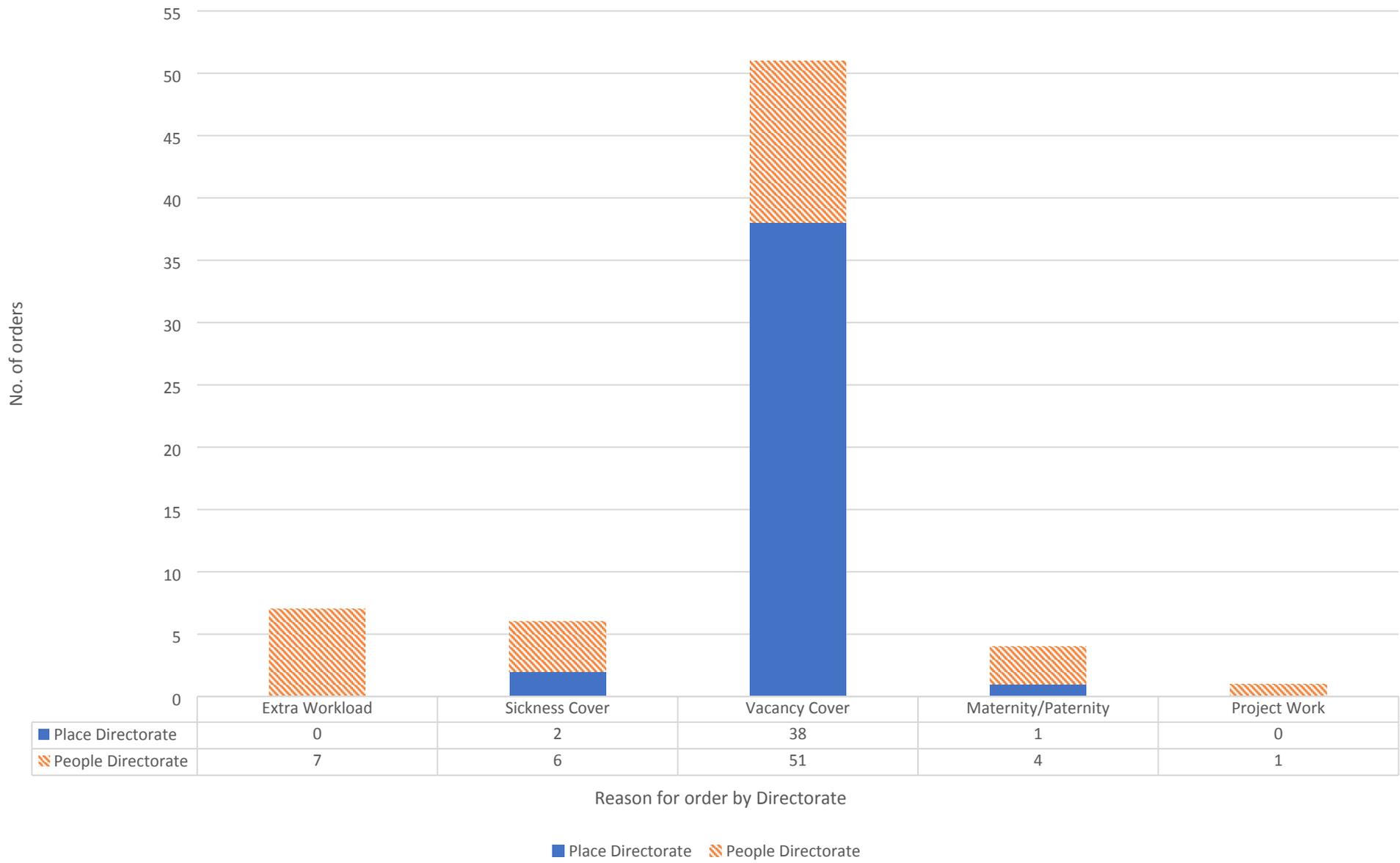
**Appendix 1 - Comparison of Agency Spend Q2 2016/17 to Q2 2017/18**



	2016/17 Q2	2016/17 Q3	2016/17 Q4	2017/18 Q1	2017/18 Q2
● People	1,629,924	1,151,173	1,055,523	859,412	783,950
▲ Place	171,254	276,149	192,613	151,196	205,456

● People    ..... Linear (People)    ▲ Place    - - - Linear (Place)

**Appendix 2: Reason for orders Q2 July-Sept 2017**



**Appendix 3 - Equality Data for Agency Workers via the Pertemps Contract (Q2 2017/18)**

