
Cabinet Member for Strategic Finance and Resources

22 March 2018

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 Q3 (1 October to 31 December 2017).

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 Q3 period 1 October to 31 December 2017 and to consider Interim Manager and other agency worker spends for the same period. In addition, the Cabinet Member asked for further information to be provided this quarter on how departments intend to reduce agency staff costs in Directorates and information regarding the agency spend in relation to the Performing Arts Service. This additional information is addressed within the commentaries contained within the report.

Recommendations:

The Cabinet Member for Strategic Finance and Resources is requested to:

1. Note the agency / interim spend for Q3.
2. Note the work done on providing in-house solutions as an alternative to 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 Q3 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 Q3 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 Q3 (1 October to 31 December 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 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 where this is the case service areas will use other suppliers.

2 Directorate Commentary on Agency worker Spend for Q3 2017/18

2.1 Table 2.2 below shows comparative expenditure in Q3 2017/18 and Q2 2017/18 and indicates an overall increase 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 Q3 2017/18 with Q2 2017/18

Directorate	Spend Q2 2017/18	Spend Q3 2017/18	Increase / decrease	
People Directorate	£783,950	£809,287	£25,337	Increase
Place Directorate	£205,456	£246,935	£41,479	Increase
TOTAL	£989,406	£1,056,222	£66,816	Increase

2.3 People Directorate

The overall breakdown of spend in People Directorate is:

	£'000
Children's Services: Social workers	522
Children's Services: Senior roles, including Social Work Managers.	50
Adults' Services: Social workers	87
Adults' Services: Care Workers & Driver	13
Customer Services & Transformation: several service areas including: Housing Assessment, ICT, HR & OD and Customer Services.	98
Other roles across People Directorate	39
Total Pertemps spend in People Directorate	809

Children's Services

The number of Children's social workers supplied by Pertemps has recently increased to 41 in December from 33 in September.

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 retention of employees and the permanent recruitment of Agency workers where possible. The ongoing recruitment campaign is attracting Children's social workers to Coventry with some Agency workers opting to take permanent roles with the service.

The cost of Children's Social Workers is controlled 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. Q3 spend on Children's social workers with Pertemps is £521,835.

There is an additional further spend of circa £50k on more senior roles, including social work managers.

Adults Services

The number of Agency Social Workers in Adults has slightly increased to 11 in December from 9 in September at an overall cost of £86,860 for the quarter. The reasons for employing agency social workers is:

- a) To cover vacancies and ensure that statutory duties are met in the All Age Disability, Mental Health and Older People Service areas.
- b) The need to meet increased demand during the winter period in order to minimise the need for hospital admissions and to facilitate hospital discharge. This was recognised as a need by the system-wide CQC review.

Further spend of circa £13k was for care workers and a driver.

Customer Services & Transformation

Had a spend of circa £98k engaging workers across several service areas including: Housing Assessment, ICT, HR & OD and Customer Services.

2.4 Place Directorate

The overall breakdown of spend in Place Directorate is:

	£'000
StreetScene: Waste Services	94
StreetScene: StreetPride	81
StreetScene: Planning & Regulation	20
Finance & Corporate Services:	44
Other roles across Place Directorate	8
Total Pertemps spend in People Directorate	247

A large proportion of the agency spend within the Place Directorate has been within Waste Services. This has been to cover vacancies/absences and to maintain the Service over the Christmas period when it was necessary to engage and train a number of temporary refuse collectors and refuse drivers. This resulted in additional costs of £90,430.

During the quarter there was also a one-off cost of £3,572 for the delivery of caddies which was required for the new service. Use of agency staff was identified as being the cheapest way to deliver this part of the project.

A Service Review within StreetPride and Greenspace resulted in a number of vacancies being held and covered by agency staff which has resulted in additional costs for the quarter of £62,080, pending recruitment. This cost is off-set by the corresponding underspend on the establishment. The review is now at an end and we are presently recruiting to these vacancies which will in turn reduce our demand for agency staff. In addition there is costs of £6,040 to cover long-term sickness absence. These absences are being closely managed and are reducing, again reducing the need for agency staff.

Other agency workers engaged by StreetPride and Greenspace included: Technical Support Assistant, Security Response Officer, Gardner, Administrative Support and Retail Information Assistant. Of this £13,097 reflects temporary arrangements to cover vacancies within the Security Response Team

A spend of £43,838 within Finance and Corporate Services reflected the need to cover vacancies pending recruitment and during long term absences, specifically for Lawyers and a Senior Solicitor.

We were using two agency Planning Officers and this has now reduced to one giving spend of £19,500 in the quarter to cover the service need pending recruitment. Recruitment to a permanent post continues to present difficulties. An initial attempt to recruit to a part-time role was not successful. However, permission has now been granted for recruitment to full-time and this is currently out to advert – it is hoped that this will be more successful.

3 Spend outside of the Pertemps Contract

3.1 Table for Comparison of expenditure outside of the Pertemps contract; Q3 2017/18 with Q2 2017/18:

Directorate	Total Spend Q2 2017/18	Total Spend Q3 2017/18	Increase / Decrease	
People: Children's	£333,869	£334,077	£ 208	Increase
People: Education	£99,870	£50,246	-£ 49,624	Reduction
People: Adults	£0	£0	--	
People: Cust. Serv.	£21,211	£5,359	-£ 15,852	Reduction
Place	£207,033	£527,516	£320,483	Increase
TOTAL	£661,983	£917,198	£255,215	increase

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 four interim contractors secured directly by the Council continuing to support service delivery and improvement. These posts are Area Social Work Managers, an improvement consultant and an interim Strategic Lead for Improvement required as part of the ongoing relationship with the Department of Education.

Of the total spend on agency social workers 28.5% is outside of the Pertemps contract.

The recruitment of social workers continues to be a national issue. A shortage of competent and experienced social workers regionally means that Children's Services continues to require Agency Social Workers, albeit that the numbers are decreasing in the longer term. The Children's Services Workforce Strategy and Recruitment Action Plan set out how the Service is addressing this issue. Good progress has been made but ongoing and continual recruitment is required to ensure we maintain sufficient social workers to meet our statutory duties.

3.3 People: Education

Coventry Music Service (formerly the Performing Arts Service):

The agency spend by the Coventry Music Service was just £334 in the quarter down from a figure of typically £50k to £90k per quarter. This virtual elimination of agency worker costs reflects implementation of the new delivery model of using self-employed contractors rather than agency staff.

Centrally employed teachers/teaching assistants [£23.7k]:

The LA maintains a range of direct teaching provision for vulnerable children, who are displaced from school or have SEN and attend a non-delegated 'unit' within a mainstream school. The law requires that the Local Authority ensures that children for whom it is responsible, receive an uninterrupted, full-time education. In addition we have a statutory duty to ensure that the specialist provision specified in an Education, Health and Care Plan is delivered. Failure to deliver opens up a right of complaint to the ombudsman. In summary, this means that action has to be taken to cover any sickness absence or vacancies. This applies specifically to the PRU, which operates as a school and the Enhanced Resourced Provisions (units) in schools. Staff have to be specialist in their field and can only be sourced from specialist agencies. These cover arrangements are always short-term.

Educational Psychology [£5.6k]:

Educational Psychologists (EPs) in Coventry, provide both a statutory and traded service. There is an acute national shortage of EPs. To qualify as an EP, graduates ordinarily have a teaching background and then complete a Doctorate qualification. The Government sponsors a very limited number of Doctorate placements at UK University's. Placements are therefore highly competitive and the challenge of securing sufficient capacity, grows year on year. The Educational Psychology service provides the Council's statutory function under part 3 of the Children and Families Act. This equates to circa 1/3 of service activity.

The service then trades directly with schools and colleges to provide specialist SEN support at a day rate, set at a market forces rate. Our education providers have been very clear, that they regard this service as invaluable and want it to expand to meet local demand. The traded income is offset against the overall service cost and meets all elements the full cost of the traded service, without subsidy.

We can use the trainee's to deliver many of the EP functions, under supervision which we do. This is because trainee's are in their 3rd year of post doctorate study and are therefore highly competent.

Many LA's have been unable to recruit or retain any EPs. Coventry has currently secured an EP service and is taking creative action to ensure that the service maintains a good reputation and continue to grow. However, service demand continues to exceed physical capacity. The trading demand of the service significantly outstrips supply. There is therefore no alternative but to balance the delivery of the service with independent/agency staff. The Council's 'grow your own' strategy, has enabled the service to recruit three trainee EPs, who will qualify in September 2018. The current indication is that the staff will then take up permanent posts with Coventry.

Quality Assurance Monitoring Officers [£21k]:

Coventry City Council aims to raise the achievement of Coventry pupils so that it is in line with, or better than, national standards, and to ensure all Coventry pupils attend schools that are judged by OFSTED to be at least good. The QA Monitoring Officers evaluate the effectiveness of support received for school improvement to ensure that all Coventry schools (primary, secondary and special schools) are making good progress.

3.4 People: Customer Services

The spend of £5.4k for Homelessness Officers and is in addition to those now supplied by Pertemps. This role is very hard to recruit to a permanent position. As of 28/02/2018,

recruitment is underway for the 8 vacant posts for which verbal offers have been made to four candidates and a further assessment centre is planned for next week.

3.5 Place

This spend of £527.5k was spent through the Professional Services Contract.

Out of the total £527,156.65 spend for Q3 paid from Revenue, £289,951.71 will be funded externally – these costs include Highways projects that are funded from Capital, Safety Audits and other projects that are funded from developers as part of section 278/38 agreements, Traffic Management works that are funded from Transport for West Midlands, highways inspections funded from Virgin and air quality project costs funded from Department for Transport. Transfers usually occur as part of year end accounting.

Revenue funded projects include work to produce a Supplementary Transport Planning document which informed the local plan, this amounts to £33,119.00 in quarter 3.

The remaining £204,085.94 consists of charges from suppliers on the framework for staff that are seconded and covering vacant posts, these charges are higher for the quarter than we would usually expect for a number of reasons. Firstly the contract was renewed from 3rd June 2018 but unavoidable delays in signing the contract meant that suppliers did not invoice initially and the payments made in Q3 include costs from June 2017 to October 2017 (and in some cases November 2017). In addition, due to a change in planning legislation the Surface Water Management service have to comment on planning applications, this has been covered by agency staff while a long term solution is worked out. The service also had vacant posts which have now been filled so agency costs will reduce however we will still require some ongoing agency cover for the planning applications.

In other areas we have filled a number of vacant posts, including an SM1 manager (Head of Transport & Innovation) who starts on 19th March 2018.

4 Alternative solutions to agency staff

4.1 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. The size of the pool is matched to the anticipated need to cover annual leave, sickness and peaks in demand so that we can offer work regularly. During the Christmas / New Year period the demand is much higher than can be met by the pool and it is judged that the use of agency workers during this period provides the most economical solution. At all other times of the year, use of agency workers is minimal.

4.2 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 and require 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. As of February 2017 we have made offers to six individuals ranging from grade 4 up to SM1 that will replace agency workers. 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 start to make a difference to the revenue agency costs in the coming months. In addition, the campaign has resulted in a four further job offers which although will not directly replace current agency staff, will support further developments.

5 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 provides the Council with additional advantages to the existing Master Vendor contract. The contract has gone out to re-tender in quarter 3 and the new contract is expected to start in June 2018.

6 Results of consultation undertaken

- 6.1 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.
- 6.2 The report is able to identify more accurately spend on agency workers and the reasons for spend.
- 6.3 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.
- 6.4 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.

7 Timetable for implementing this decision

Not applicable

8 Comments from the Director of Finance and Corporate Services

8.1 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 £1,056,222 which equates to 2.82% [Q2 = 2.60%] 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 Q3.

Pertemps system only incorporates timesheets authorised by managers and therefore the costs for a particular quarter will have a small tendency to increase throughout the year as more timesheets are authorised. We actively work with the master vendor to keep outstanding timesheets to a minimum.

Spend outside of the Pertemps contract, relates to the invoices paid during the relevant period. This expenditure relates to both temporary workers supplied by other agencies and to interim workers who operate under a PSC (Personal Service Company) with whom we contract directly.

8.2 Legal implications

There are no specific legal implications associated with this report.

9 Other implications

9.1 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.

9.2 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.

9.3 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.

9.4 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.

9.5 Implications for (or impact on) the environment

None

9.6 Implications for partner organisations?

None

Report author(s):**Name and job title:**

Philip Johnson, HR Advisor – Corporate Support

Directorate:

People Directorate

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

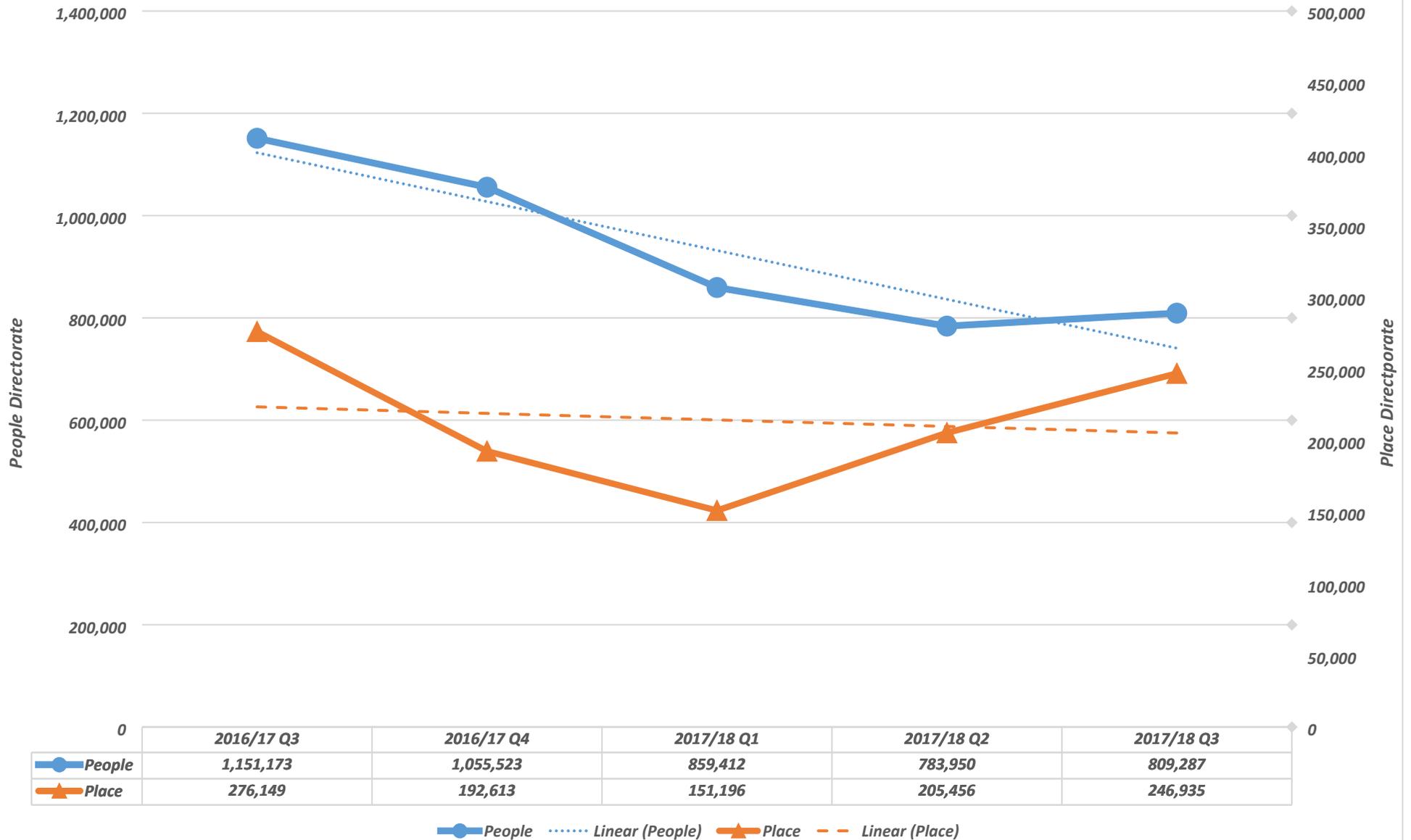
Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Suzanne Bennett	Governance Services Officer	Place	22/02/2018	27/02/2018
Other members				
Names of approvers: (officers and members)				
Gail Quinton	Deputy Chief Executive (People)	People	22/02/2018	14/03/18
Dave Ashmore	Director of Customer Services & Transformation	People	22/02/2018	06/03/18
Barbara Barratt	Head of HR & OD	People	22/02/2018	06/03/18
Pat Chen	Head of Employment Policy & Practice	People	22/02/2018	27/2/2018
Kathryn Sutherland	Lead Accountant, Finance	Place	22/02/2018	27/02/2018
Julie Newman	Legal Services Manager, People	Place	22/02/2018	27/02/2018
Member: Councillor J Mutton	Cabinet Member for Strategic Finance and Resources		01/03/18	01/03/18

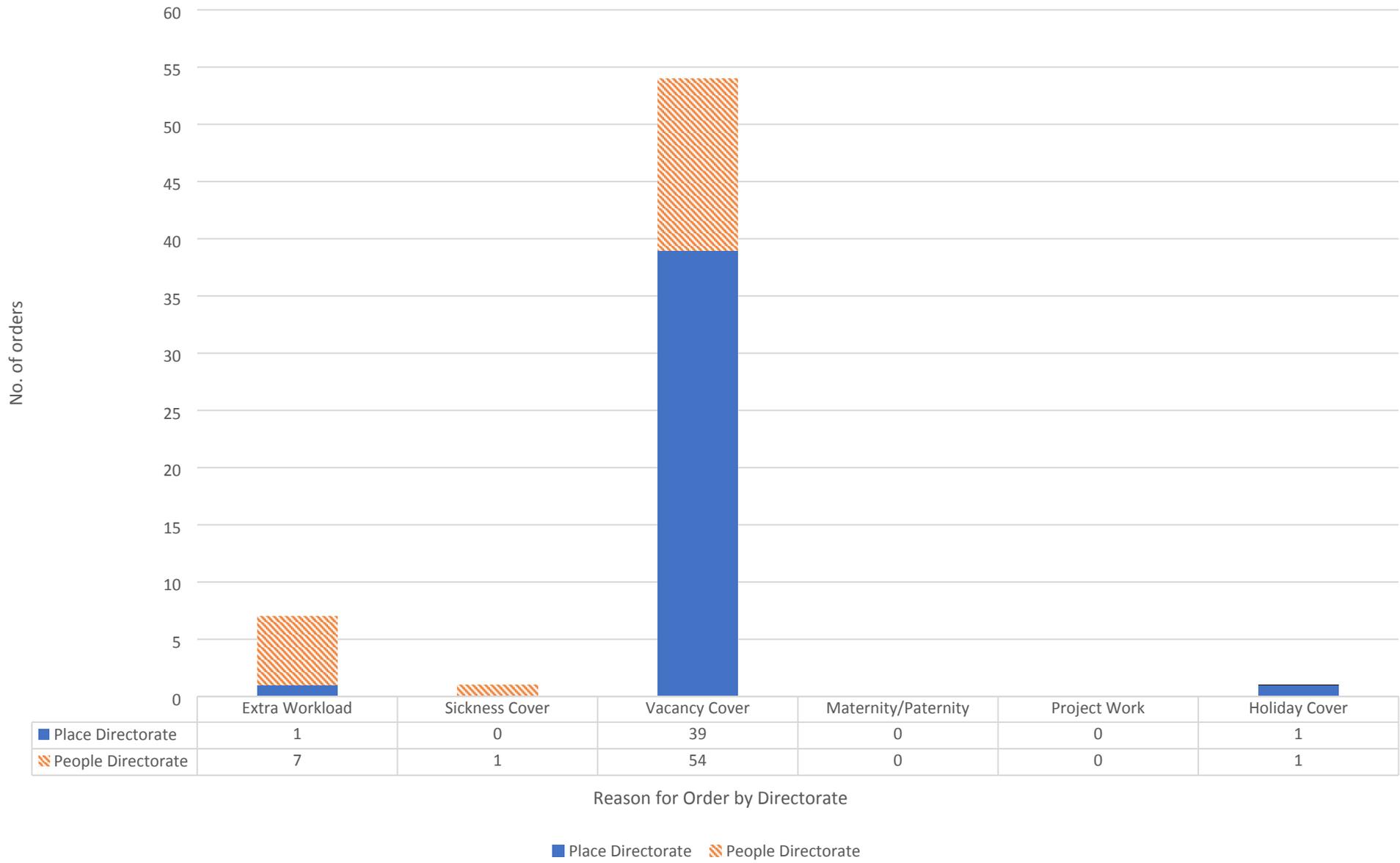
This report is published on the Council's website:

www.coventry.gov.uk/meetings

Appendix 1 - Comparison of Agency Spend Q3 2016/17 to Q3 2017/18

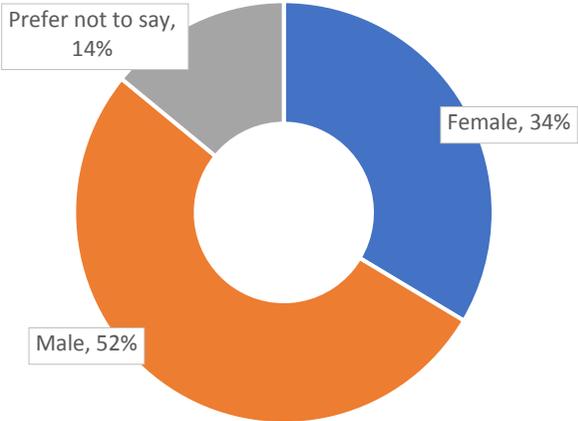


Appendix 2: Reason for Orders Q3 (October to December 2017)

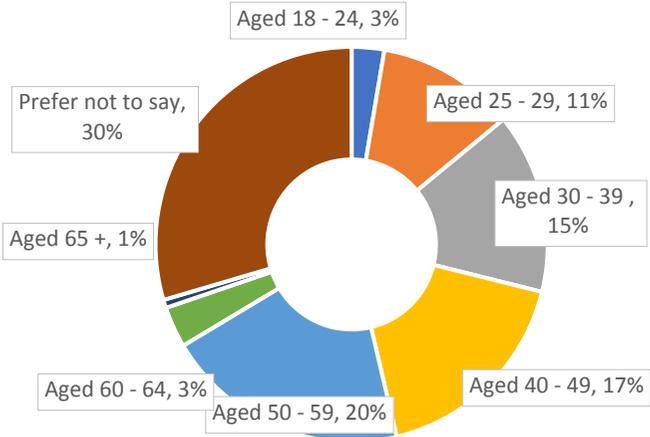


Appendix 3 - Equality Data for Agency Workers via the Pertemps Contract (Q2 2017/18)

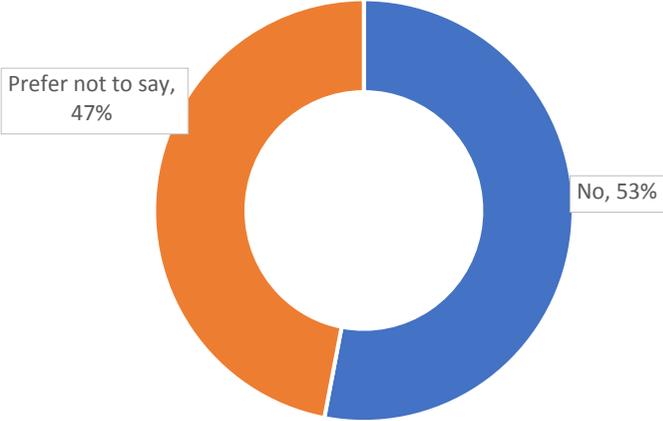
By Gender Q3 2017/18



By Age Range



By Disability



Ethnic Origin

