

Cabinet Member for Strategic Finance and Resources

27 September 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 Q1, 1 April to 30 June 2018 (to 24 June for Master Vendor supply).

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 Q1 period 2018 and to consider Interim Manager and other agency worker spends for the same period.

During this quarter, the supply contract with Pertemps ended on Sunday 24 June 2018 with the new supplier, Reed, starting on Monday 25th June. As the new supplier has only supplied for one week during this quarter, this report relates only to the agency worker spend with Pertemps during the period up to 24th June. Reported spend with other suppliers is for the full quarter. The Q2 report of spend within the agency worker contract will therefore include an additional week of spend, commencing 25 June 2018.

Recommendations:

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

1. Note the agency / interim spend for Q1 and the corresponding numbers of agency workers
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 Q1 2018/19 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. It should be noted that the figures for this quarter reflect the loss of data for one week of the quarter.

The information attached in Appendix 2 show the justification of new orders placed by Directorates for agency workers during Q1 2018/19, 1st April to 24 June 2018 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 Q1, 1 April to 30 June 2018 (to 24 June for Master Vendor supply).

1 Context (or background)

- 1.1 Coventry City Council had a Master Vendor Contract with Pertemps for the supply of agency workers. This came into effect in December 2013 and following extension ended on 24 June 2018. Through the contract, Pertemps would supply all suitable agency workers either through their own agency or via a 2nd tier arrangement with other agencies, 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.

Having re-tendered this contract in late 2017, a new provider; Reed, has supplied agency workers since 25th June 2018.

2 Directorate Commentary on Agency Worker Spend for Q1 2018/19

Table 2.1 below shows comparative expenditure in Q1 2018/19 and Q4 2017/18 and indicates an overall decrease in total spend although the reduction of one week in the period should be noted. The Master Vendor Contract covers all agency workers required by the core Council as the Pertemps contract does not cover agency workers in schools.

Table 2.1: Spend with Pertemps: comparing Q1 2018/19 with Q4 2017/18
[Short by one week]

Division / Directorate	Spend Q4 2017/18	Spend Q1 2018/19	Increase / Decrease
Adult Services	£206,201	£182,644	-£23,557
Children's Services	£690,482	£751,398	£60,916
Customer Services & Transformation	£93,325	£70,171	-£23,154
People Directorate Total	£990,008	£1,004,213	£14,205
City Centre & Major Projects	£398	£4,505	£4,107
Finance & Corporate Services	£33,406	£29,202	-£4,204
Project Management & Property Services	0	£7,830	£7,830
Streetscene & Regulatory Services	£225,358	£163,480	-£61,878
Transportation & Highways	£5,917	£5,108	-£809
Place Directorate Total	£265,080	£210,127	-£54,953
TOTAL	£1,255,088	£1,214,340	-£40,748
			Decrease

2.1 People Directorate

The table below shows the main areas that contribute to the Children's and Adults spend in table 2.1 above:

	Q4 £'000	Q1 £'000
Children's Services: Social workers	* 610 525	699
Children's Services: Senior roles, including Social Work Managers.	80	52
Adults' Services: Social workers	175	161
Adults' Services: Care Workers & Driver	28	21

- * In producing this report an error was identified in the 2017/18 quarter 4. The figure for Children's Services Social Workers given above is the corrected figure and therefore different from the last report.

Children's Services

The number of Children's social workers supplied by Pertemps has increased from 48 in March 2018 to 63 in June.

The campaign to recruit Children's Social Workers continues with the Recruitment Team working closely with colleagues in the People Directorate to ensure a co-ordinated process for recruitment and retention of employees and the permanent recruitment of Agency workers where possible. The ongoing recruitment campaign to attract Children's social workers to Coventry is currently being boosted by use of a specialist recruitment agency.

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 continue to require Agency Social Workers. 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.

The cost of agency 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. The Pertemps Q1 spend on Children's social workers, including senior roles and managers is £704k (Q4 = £649k).

Adults Services

The number of Agency Social Workers in Adults is unchanged being 15 in both March and June 2018. The Q1 cost is £161,513 (Q4 = £175,207). The reasons for employing agency social workers are:

- 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.

2.2 Place Directorate

The table below shows the main areas that contribute to the "StreetScene and Regulatory Services" line in the table above:

	Q4 £'000	Q1 £'000
StreetScene: Waste Services	120	29
StreetScene: StreetPride	67	52
StreetScene: Planning & Regulation	16	15

Waste Services use of agency staff has significantly reduced with the end of the Christmas closure period and the subsequent inclement weather.

The StreetPride spend of £52k (Q4 = £67k) is expected to further reduce as the service has been actively recruiting to a number of vacancies some of which are currently covered by

Agency Staff. As a result 9 new employees are due to start employment in the service area in late August and early September. Another recruitment campaign is scheduled for the end of September to hopefully fill the remaining vacancies. Some Agency contracts are due to end on 31 August and have not been extended and the number of Agency workers used by the service will significantly reduce as a result of both recruitment exercises.

A spend of £29,202 (Q4 = £33,406) within Finance and Corporate Services reflected the need in Legal Services to cover vacancies pending recruitment and to cover maternity absence. The vacancy cover ended in April. In addition, an Enforcement Officer for Housing Benefit Overpayments covered for long-term sickness absence during April and May.

Planning still has a vacant Planning Assistant post which is currently being advertised. In addition due to a significant increase in workload a business case has been approved for 2 additional Planning Officers, one funded by Warwick University and one funded from income. As such a further 2 agency officers are required to fill the gap until recruitment to these posts. The anticipated spend for all 3 agency posts is estimated at approximately £55k.

3 Spend outside of the Pertemps Contract

Table 3.1: Comparison of expenditure outside of the Pertemps contract; Q1 2018/19 with Q4 2017/18:

Directorate	Total Spend Q4 2017/18	Total Spend Q1 2018/19	Increase / Decrease	
People: Children's	£107,266	£87,624	-£19,642	Decrease
People: Education	£67,437	£27,765	-£39,672	Decrease
People: Adults	£0	£0	£0	
People: Cust. Serv.	£34,639	£20,934	-£13,705	Decrease
Place: Professional Services Contract	£335,299	£70,323	-£264,976	Decrease
Place: Other	£0	£0	£0	
TOTAL	£544,641	£206,646	-£337,995	Decrease

This table reflects the full quarter of 1 April to 30 June 2018 and includes both workers contracted through other agencies outside of the Pertemps contract or individuals contracted directly.

3.1 People: Children's Services

During the quarter, there were three interim contractors secured directly by the Council who supported service delivery and improvement. Of these, one left in March, one is filling a

Team Manager post and the third is an Improvement Partner working closely with external bodies.

There was no spend on agency social workers outside of the Pertemps contract in this quarter.

3.2 People: Education

Centrally employed teachers/teaching assistants:

Quarter 1 spend of £27.7k (Q4 = £24.6k)

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 undisrupted, 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.

3.3 People: Customer Services

Spend of £21k (Q4 = £34.6k) 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 August, there has been some success in recruitment and efforts to fill the remaining vacancies continue.

3.4 Place

This spend of £70k (Q4 = £335.3k) was through the Professional Services Contract.

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

The specialist recruitment campaign continues to be successful, and we have been able to appoint a further 2 staff to vacant posts. For posts that have proved difficult to recruit to, we continue to look at other options, such as career grading and graduate placement. Where possible, we recharge relevant revenue costs to Capital projects and external funding to reduce the impact on core budgets.

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 was joint with Warwickshire and Solihull following an extensive tendering process. The contract was a hybrid Master Vendor arrangement which ended on 24th June 2018. The contract has been re-tendered and the new contract with Reed started on 25th June 2018. The new contract is joint with Solihull and again is a hybrid Master Vendor.

The need for managers to ensure that the process of filling vacancies is undertaken at the earlier opportunity has been communicated to senior management teams and this has been reflected in the processes to be used for the new contract.

The requirement that all engagement of agency staff be approved by senior management has been communicated to management teams. This requirement has been built into the set-up for the new contract.

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

The financial spend on agency workers and interim managers is highlighted throughout this report.

Quarterly monitoring of expenditure on agency workers will continue throughout the year. 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 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 agencies other than Pertemps 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 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 this will continue into the future.

9.3 What is the impact on the organisation?

Through the rigorous monitoring of agency worker usage 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 that 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 June 2018.

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

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Grace Haynes	Head of Workforce Transformation	People	24/08/2018	14/09/2018
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Julie Newman	Legal Services Manager, People	Place	30/08/2018	03/09/2018
Member: Councillor J Mutton	Cabinet Member for Strategic Finance and Resources		06/09/18	06/09/18

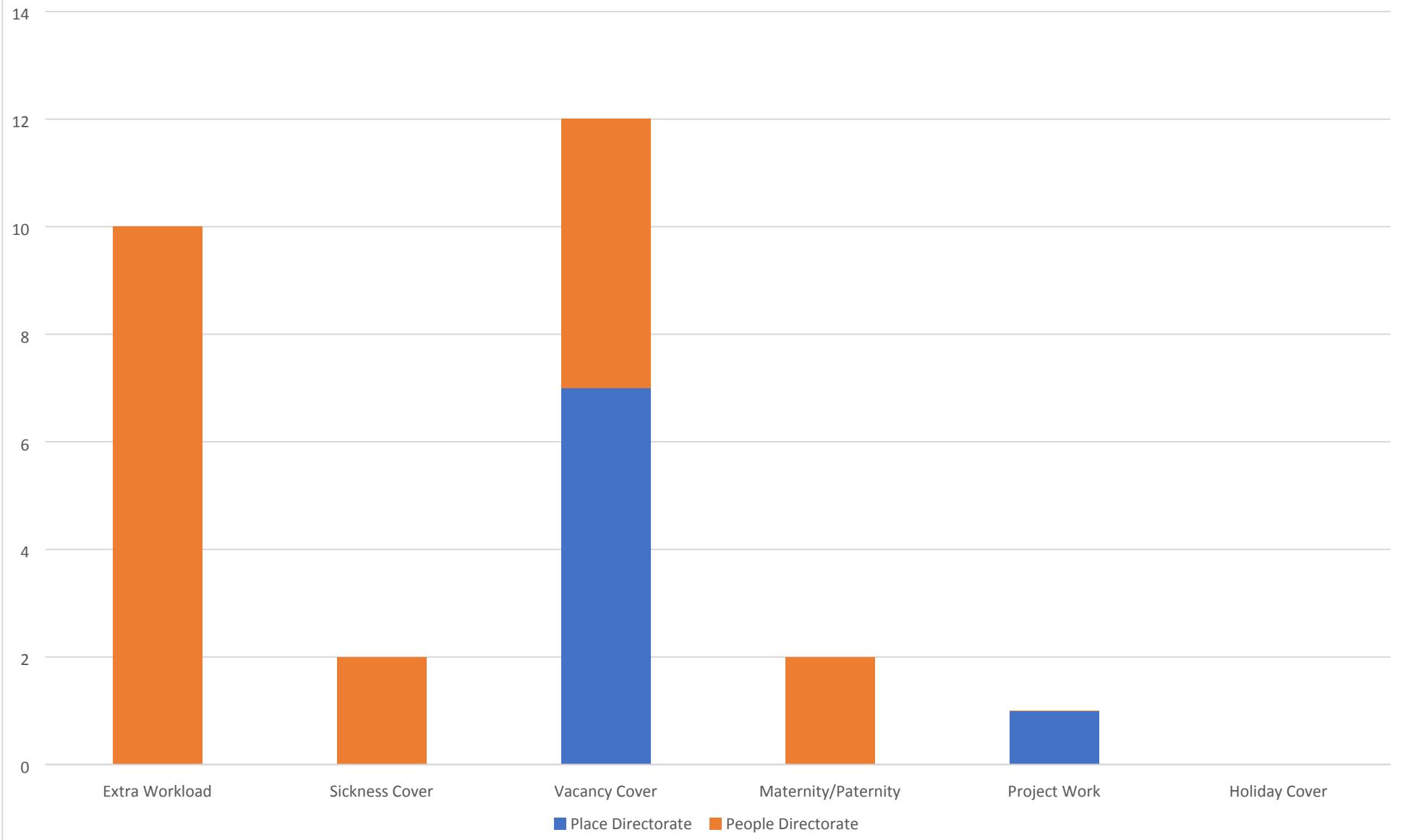
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Appendix 1: Comparison of Agency Spend with Pertemps Q1 2017/18 to Q1 2018/19

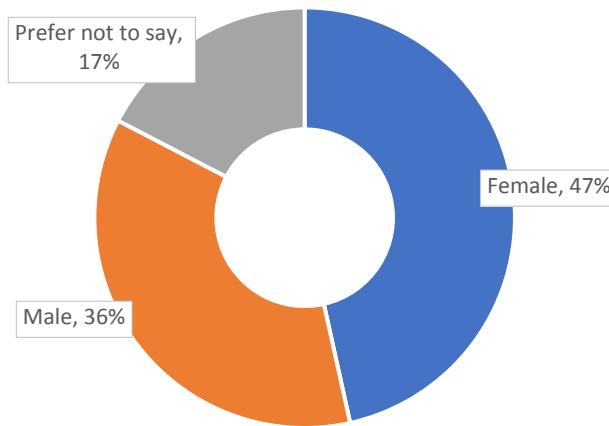


Appendix 2: Reason for Orders Q1 (April to June 2018)

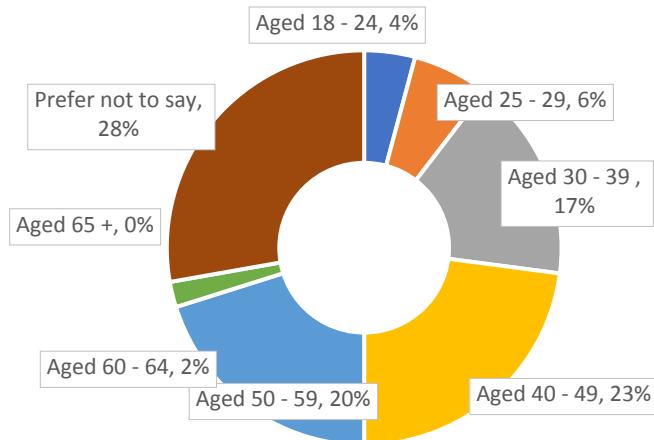


Appendix 3 - Equality Data for Agency Workers via the Pertemps Contract (Q1 2018/19)

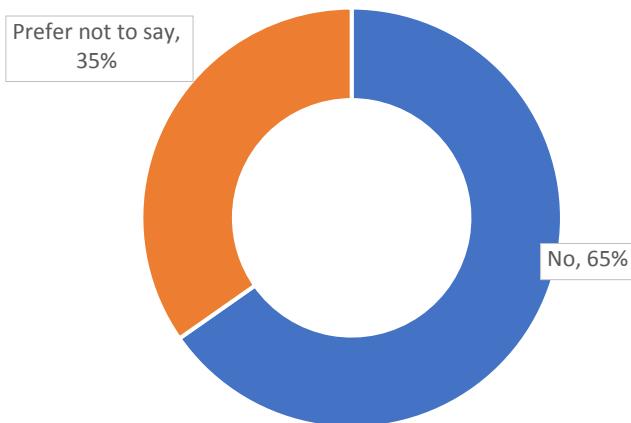
By Gender



By Age Range



By Disability



Ethnic Origin

