
12th September, 2012

Name of Cabinet Member:

Cabinet Member (Strategic Finance and Resources) – Councillor Duggins

Director Approving Submission of the report:

Director of Customer and Workforce Services

Ward(s) affected:

All

Title:

Agency Workers and Interim Managers – Performance Management Report Q1 (1 April – 30 June 2012)

Is this a key decision?

No

Executive Summary:

1.1 To provide the Cabinet Member with performance information on the use of agency workers procured through the Master Vendor Contract for the Q1 period, 1 April to 30 June 2012; to compare Q4 2011/12 with Q1 2012/13 expenditure and finally to consider Interim Manager spends for the same period.

Recommendations:

The Cabinet Member is asked to:

Endorse the action taken in relation to agency workers and interim managers:

1. Require monitoring processes to continue for both Agency workers and Interim Managers
2. Ensure compliance with the corporate policy on the recruitment of Temporary Agency Workers through the Master Vendor, Reed Recruitment and Interim managers through the Preferred Suppliers List
3. Continue to work towards reducing expenditure on the use of agency workers.
4. That future orders are not accepted if no reason is given for the need for the agency worker

List of Appendices included:

The information attached in Appendix I shows the total expenditure on agency workers by Directorates for Q1 2012/13 for spends with Reed.

The information attached in Appendix II shows the justification of new orders placed by Directorates for agency workers during Q1 2012/13 for spends with Reed.

The information attached in Appendix III shows in more detail, for Q1, what type of workers are being employed through agencies, the reasons and Directorates' actions in trying to reduce the spend.

Appendix IV shows a diversity breakdown of agency workers under the contract with Reed Recruitment for Q1.

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 Mgt Report Q1 (1 April to 30 June 2012) and Interim Managers spends for Q1.

1. Context (or background)

The Master Vendor contract requires all agency workers to be ordered through Reed Recruitment and came into force on the 2 May 2011. Reed 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 Reed. The information supplied by Reed on the agency spends gives detailed and accurate information on agency worker usage and spends.

2. Options considered and recommended proposal

The table in 2.1 below shows a comparison for Q4 2011/12 and comparisons with Q1 for 2012/13 and indicates if there has been an increase or a decrease in spend. The Master Vendor Contract covers all agency workers with the exception of interim managers for HAY Graded posts and schools.

2.1 Table for comparison with Q3 2011/12 and Q4 2011/12 Agency Spend.

Directorate	Spend Q4 2011/12	Spend Q1 1012/13	Increase/decrease
Children Learning & Young People	£202,684	£175,873	Decrease
City Services & Development	£155,337	£181,754	Increase
Community Services	£281,846	£331,808	Increase
Customer & Workforce Services	£160,778	£207,383	Increase
Chief Executives	£0	0	-
Finance & Legal Services	£131,912	£112,859	Decrease
TOTAL	£932,557	£1,009,677	Increase

Directorate Commentary on increased Agency worker Spend for Q1 2012/13**Community Services**

Quarter 1 showed a significant increase in the use of agency workers required to meet service users' needs. This with slight increases in vacancy, sickness and holiday cover gave rise to an overall increase in expenditure. To reduce the use of agency workers Community Services is actively recruiting to a number of vacancies and further increasing the focus on reducing sickness absence. In order to meet minimum staffing levels when employees are on leave, training, etc, without increasing core staffing to a financially unsustainable level, relief workers are currently being recruited. This will enable Community Services to meet service requirements while reducing reliance on agency workers.

Customer and Workforce Services

The increased use of agency workers in Q1 is primarily associated with the implementation of the approved strategic changes to the ICT Target Operating Model. Agency workers were appointed initially to facilitate improved service delivery and strategic project support until the recruitment cycle had been completed. In addition, continuity of service was critical in areas

that experienced staff turnover and maternity leave. Agency worker assignments are being ended as quickly as possible and many of them ended immediately before the end of Q1. All remaining agency assignments are expected to end during Q2. This will be aided by the completion of the current recruitment processes.

City Services and Development

There is additional spends of £82,000 that was procured outside of the Reed contract via a highway service memorandum of understanding with Warwickshire County Council.

Interim Management Spend for Q4 2011/12 and Q1 2012/13

Table 2.3 shows a summary of spend for Interim Management in Q3 2011/12 and Q4 2011/12. This relates to cover for Senior Hay graded jobs over £50,000 pa. The Interim Manager Contract started in January 2009.

Directorate	Number of Managers Q4	Total Spend Q4	Number of Managers Q1	Total Spend Q1
Community Services	4	£84,723	3	£76,546
Children Learning & Young People	2	£24,300	1	£5480
TOTAL	7	£109,023	3	£82,026

Savings

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, Reed's procurement of agency workers is based on reducing agency mark ups in order to generate cashable savings.

The Management rebate for 2012/13 was set at £400K based on last years rebate. For Q1 we received a rebate of £134,743.

Management Board Comment

The Master Vendor contract was 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, cover whilst Fundamental Service Reviews are taking place with the need for scarce skills and workers required during these reviews and organisational restructures.

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 budgets. 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 covered 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. This became more important with the onset of the Agency Workers Directive on the 1 October 2011 when we expected to see spends on agency workers to rise to take account of increased rates brought on by the introduction of the Directive. The Agency Workers Directive may entitle some agency workers, who complete a 12 week qualifying period, to be eligible to receive a higher hourly rate, ensuring they have equal rights in terms and conditions of employment to those of our own employees. Reed Recruitment, our agency worker Master Vendor supplier, recently produced a report to estimate the impact on the costs of agency workers based on the previous 6 months spends on agency workers and who would have qualified under the Agency Workers Regulations. The report showed that there had been a very low impact on the increased costs of agency workers. This was due, in part, to the work that had been undertaken by Human Resources, prior to the previous Neutral Vendor Contract, on ensuring our rates of pay for agency workers were based on our existing workers' pay rates, for the most part.

3. Results of consultation undertaken

- 3.1 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.
- 3.2 The report is able to identify more accurately spend on agency workers and the reasons for spend.
- 3.3 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.
- 3.4 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.

4. Timetable for implementing this decision

Not applicable

5. Comments from Director of Finance and Legal Services

5.1 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 Reed system is £927,677 and equates to approx 2.26% of the overall wage bill for this quarter (excluding schools).

Reed operates 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. Reed's 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.

Reed's 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. At present Reed are unable to provide us with a figure for the unauthorised timesheets outstanding and we have asked if a report could be developed to enable us to report on this figure in the future.

5.2 Legal implications

There are no specific legal implications associated with this report.

6. Other implications

6.1 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.

6.2 How is risk being managed?

No risks identified

6.3 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.

6.4 Equalities / EIA

We are now able to show the Ethnic Monitoring data that has been provided by Reed and is shown in Appendix III. This information will inform workforce planning, Entry to Employment initiatives and recruitment drives.

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

None

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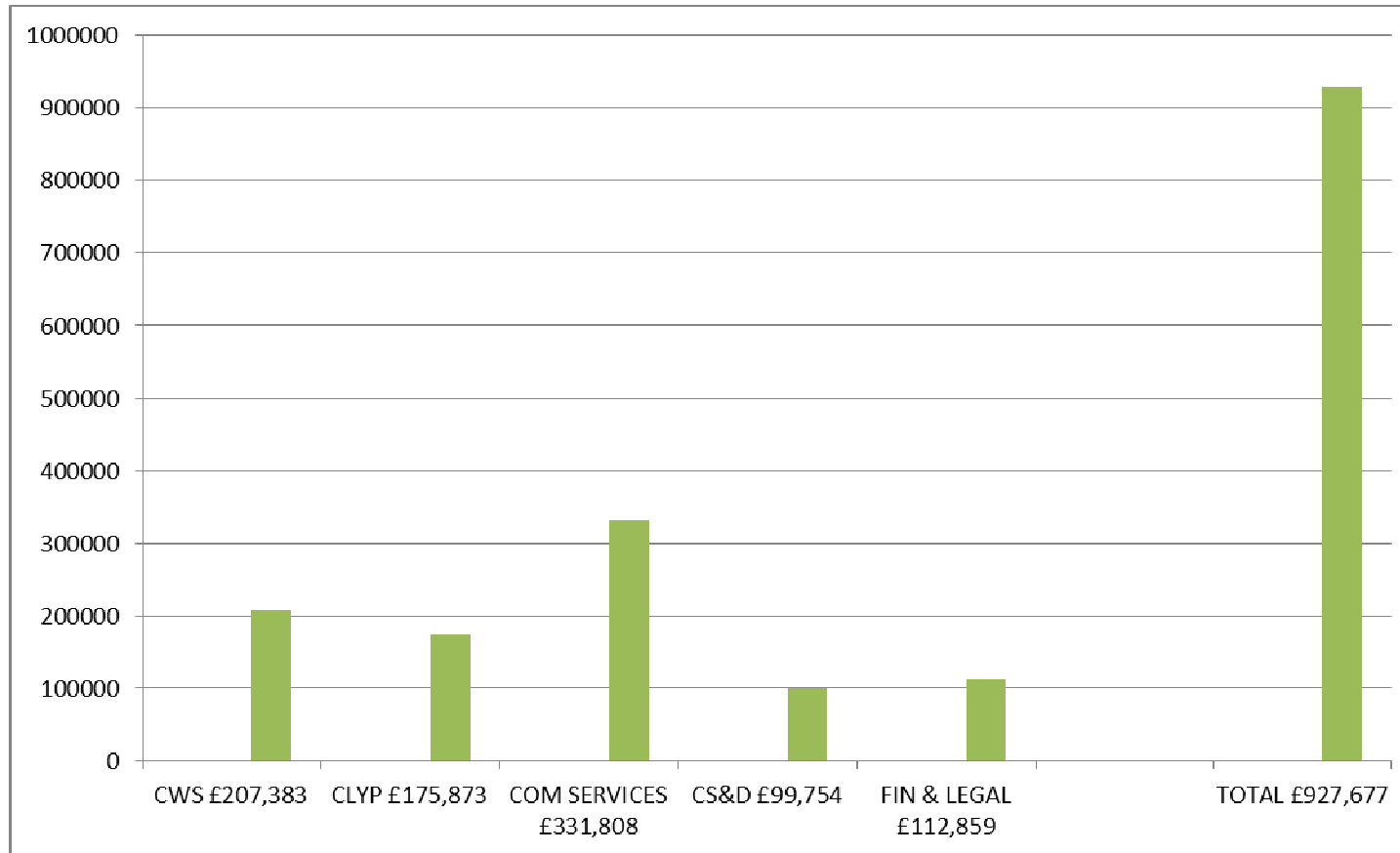
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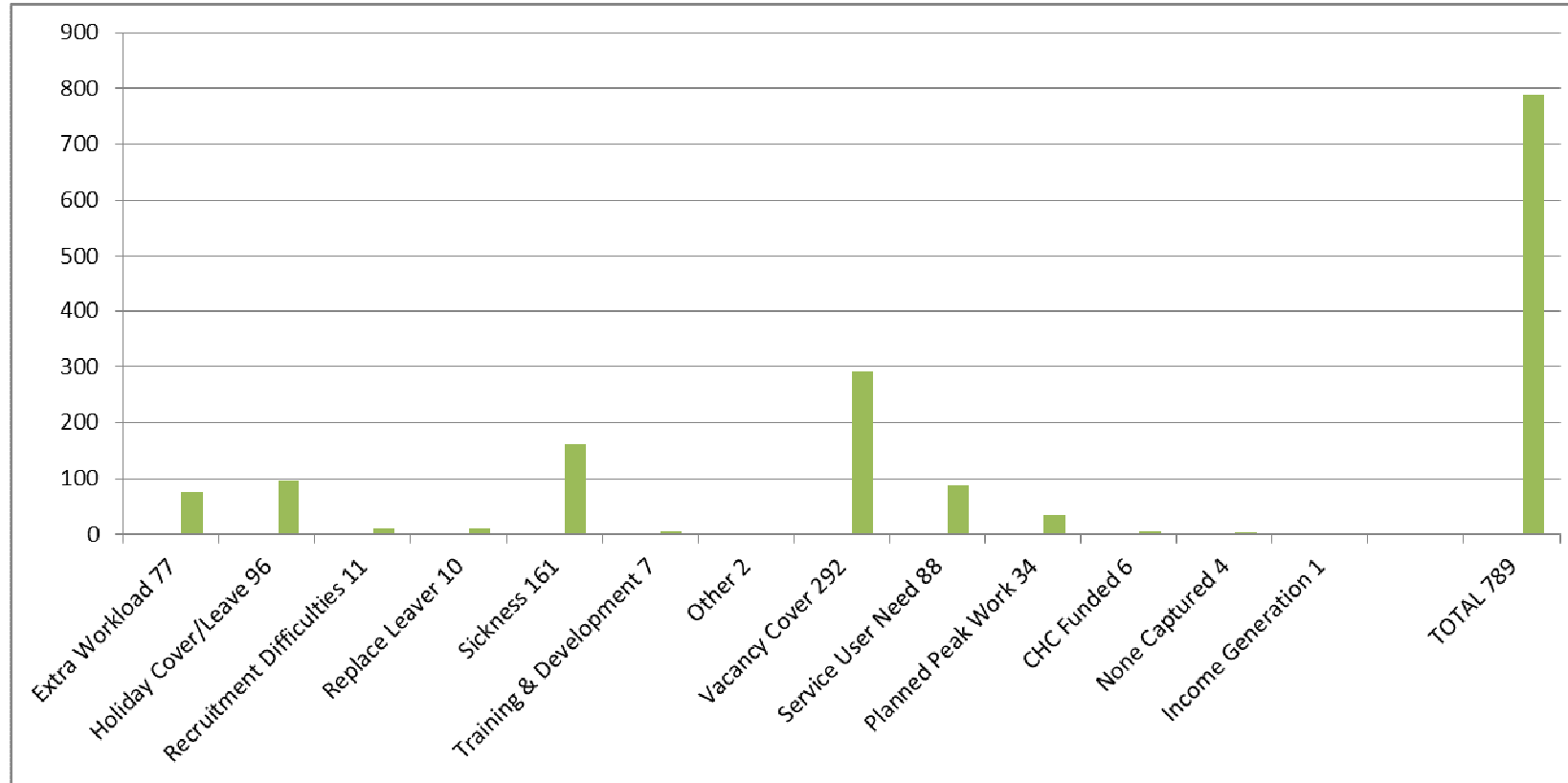
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This report is published on the Council's website:
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APPENDIX I - TOTAL SPEND BY DIRECTORATE QUARTER 4: APRIL TO JUNE 2012



APPENDIX II - ORDER JUSTIFICATION: APRIL TO JUNE 2012



APPENDIX III - DIVERSITY BREAKDOWN OF AGENCY WORKERS QUARTER 4: APRIL- JUNE 2012

Ethnic Origin	Total
African	41
Any Other Black Background	5
British	41
Caribbean	7
Indian	6
None Stated	397
Pakistani	3
White (European)	7
White (Other)	3
White & Asian	1
	511

Age	Total
16-19	7
20-30	90
31-40	156
41-50	169
51+	89
None Stated	0
	511

Gender	Total
Female	288
Male	223
	511

APPENDIX IV SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS
Q1 April – June 2012

Directorate	Q4 Jan – March 2012 Expenditure by Service Area	Q1 April – June 2012 Expenditure by Service Area	Justification of new Orders placed in Q1	State Usage of Agency Workers in Q1	What Strategies are in place for Reducing Dependency on Agency Workers
Chief Executive	Total £0	Total £0		No spend in Quarter	No spend in Quarter
Children, Learning and Young People	Total Expenditure Quarter 4 £202,684	Total Expenditure Quarter 1 <u>£175,873</u>	Extra Workload: 27 Service User Need: 4 Vacancy Cover: 11 Leave/Hol Cover: 2 Total: 44	There has been a reduction in Agency spend in CLYP between Q4 and Q1	
City Services & Development	Total Expenditure Quarter 4 £155,337	Total Expenditure Quarter 1 <u>£181,754</u>	Recruit Difficulties: 2 Replace Leaver: 1 Extra Workload: 15 Sickness Cover: 64 Leave/Hol Cover: 4 Vacancy Cover: 23 Planned Peak Work: 10 Total: 119	There has been an increase in Agency spend in City Services & Development between Q4 and Q1.	
Community Services	Total Expenditure Quarter 4 £281,846	Total Expenditure Quarter 1 <u>£331,808</u>	Replace Leaver: 3 Other: 2 Extra Workload: 10 Sickness Cover: 97 Leave/Hol Cover: 94 Service User need: 59 Training & Dev: 8 Vacancy Cover: 236	Agency use in the quarter was predominantly to cover posts in regulated services where there are minimum staffing levels which have to be maintained. There has been an increase in agency worker nos. from Q4 (612) to 675 in Q1.	Guidance has been introduced on the notification and management of leave. Managers have put in place a new procedure for signing off the use of agency cover ensuring greater levels of planning and

			<p>CHC Funded: 6 Planned Peak Work: 9 None: 4</p> <p>Total: 528</p>	<p>Vacancy cover went up by 10. Service user needs have increased with no. of occurrences going up by 29. Sickness cover has risen slightly. Leave and Holiday cover rose by 23.</p> <p>£29,940.48 is the difference in expenditure between Q4 and Q1 for Vacancy Cover for Social Workers which accounts for part of the increase. We are ensuring these are recruited to shortly.</p>	<p>preparation.</p> <p>Reducing sickness absence remains a priority in Community Services, with greater scrutiny being placed on the Promoting Health at Work Process with a 25% reduction target for sickness absence in Provider Services. The Directorate is actively recruiting to vacancies with over 40 posts being approved for recruitment in the last two months and relief worker pools being established. It is anticipated that these actions will take some time to take effect and reduce agency spend.</p>
Customer & Workforce Services	<p>Total Expenditure Quarter 4</p> <p>£160,778</p>	<p>Total Expenditure Quarter 1</p> <p>£207,383</p>	<p>Recruitment Difficulties: 8 Extra Workload: 12 Vacancy cover: 19 Training: 0 Sickness: 4 Service User Need: 15 Planned Peak Work: 3</p> <p>Total: 61</p>	<p>The increased cost in Q1 is primarily associated with the implementation of the approved strategic changes to the Target Operating Model until the recruitment cycle had been completed. In addition, continuity of service was critical in areas that experience limited staff turnover and maternity leave. This was in addition to the need for the acquisition of capacity to deliver key strategic projects.</p>	<p>A number of agency contracts ended immediately before the end of Q1. All remaining agency assignments are expected to end during Q2. This will be aided by the completion of the current recruitment processes.</p>

Finance & Legal Services	Total Expenditure Quarter 4: £131,912	Total Expenditure Quarter 1: £112,859	Replace Leaver: 6 Extra Workload: 7 Sick: 3 Planned peak work: 9 Service User Need: 2 Vacancy Cover: 10 Total: 37	There has been a reduction in Agency spend between Q4 and Q1	
OVERALL TOTALS	Q4 £932,557	Q1 £927,677	Q1 Total orders placed: 789		