
Cabinet Member (Strategic Finance and Resources)

5 December 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 Q2 (1 July – 30 September 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 July to 30 September 2012; to compare Q1 2012/13 with Q2 2012/13 expenditure and finally to consider Interim Manager spends for the same period.

Recommendations:

The Cabinet Member is asked to:

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 Q2 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 Q2 2012/13 for spends with Reed.

The information attached in Appendix III shows in more detail, for Q2, 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 Q2.

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 July to 30 September 2012) and Interim Managers spends for Q2.

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 Q1 2012/13 and comparisons with Q2 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 Q1 2011/12 and Q2 2011/12 Agency Spend.

Directorate	Spend Q1 2012/13	Spend Q2 2012/13	Increase/decrease
Children Learning & Young People	£175,873	£162,228	Decrease
City Services & Development	£163,754	£191,775	Increased
Community Services	£331,808	£322,559	Decreased
Customer & Workforce Services	£207,383	£231,467	Increased
Chief Executives	0	£89	Increased
Finance & Legal Services	£112,859	£155,407	Increased
TOTAL	£991,677	£1,063,525	Increased

Directorate Commentary on increased Agency worker Spend for Q2 2012/13**Customer & Workforce Services**

The acquisition of capacity and specialist skills to deliver key strategic ICT projects have resulted in an increase in the use of agency workers. This is in addition to cover for vacancies in the TOM during the recruitment cycle. Also, continuity of service has been critical in areas that experience staff turnover and maternity leave.

Business Services have needed to use limited agency worker assignments to address a backlog of work in a critical service area.

Finance and Legal Services

Permanent appointments to current vacancies have been delayed pending the outcome of piloting new ways of working. This is to ensure minimum displacement of current employees as a consequence. In addition, ongoing specialist Legal support required for Child and Adult care matters has continued. It has not been possible to meet the need for this support from within the current service model and resources.

The Revenues and Benefits service currently has a high demand with the caseload increasing as well as extra work through a government initiative to reduce overpayments, and is also facing a challenging time with many significant issues on welfare reform to deal with. The service needs to ensure that customers receive their benefit quickly and accurately – and this is more important given the pending changes. The agency workers are providing critical interim support and without this, there is a potential that delaying paying a customer their Housing Benefit could lead to an eviction situation. It will also provide resilience against a potential loss of funds to the Council, by preventing additional overpayments and impacting on subsidy thresholds.

Due to the migration of Housing Benefit to Universal Credit starting October 2013, the service is experiencing higher than usual attrition rates, and it is expected that agency support will continue in the medium term. The situation is kept under review by FLS Management Team.

City Services and Development

The primary reasons for the use of agency workers within the directorate have been due to the increased activities and work as a result of the various events taking place across the City due to the Olympic Games. In addition, due to the poor weather over the summer additional grounds maintenance work needed to be carried out in the cemeteries to catch up on grass cutting which resulted in additional staff being required.

Interim Management Spend for Q1 2012/13 and Q2 2012/13

Table 2.3 shows a summary of spend for Interim Management in Q1 2012/13 and Q1 2012/13. 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 Q1	Total Spend Q1	Number of Managers Q2	Total Spend Q2
Community Services	3	£76,546	1	£24,360
Children Learning & Young People	1	£5480	1	£13,152
TOTAL	4	£82,026	2	£37,512

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 Q2 we received a rebate of £143,277. This gives a total rebate to date for Q1 and Q2 of £278,020.

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. We are expecting there may be a further increase in Q4 due to the Pension auto enrolment regulation which will come into effect with Reed for any work undertaken from the 1 January 2013. It will only impact initially on agency workers who are Pay as you Earn (PAYE) workers with Reed and will increase costs by 0.75% across the pay and Working Time Regulations elements.

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 £1,010,359 which equates to 2.46% 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. No equality impact assessment has been carried out as the recommendations do not constitute a change in service or policy

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

None

Report author(s):

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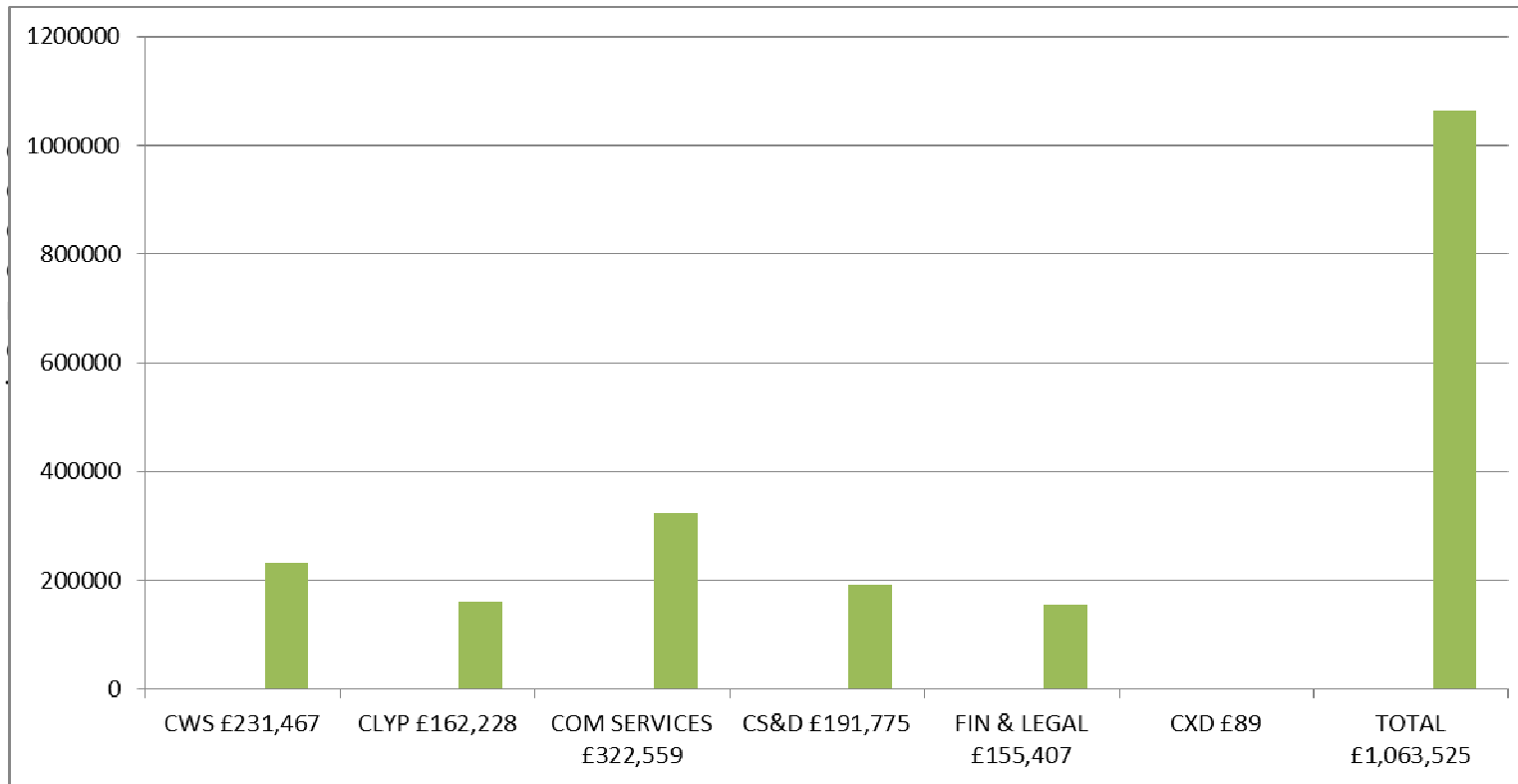
Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Clarissa Evans	Commercial Team Manager	Finance and Legal Services	15 November 2012	15 November
Kathryn Sutherland	Manager - Central Services Finances	Finance and Legal Services	15 November 2012	15 November
Su Symonds	Governance Services Officer	Customer and Workforce Services	15 November 2012	15 November
Other members				
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	Sutherland	Legal Services	2012	
ICT	Jonathan Guy	Customer and Workforce Services	15 November 2012	15 November 2012
Director Clearance details	Bev Messinger	Customer & Workforce Services	15 November 2012	
Member: Councillor Duggins				

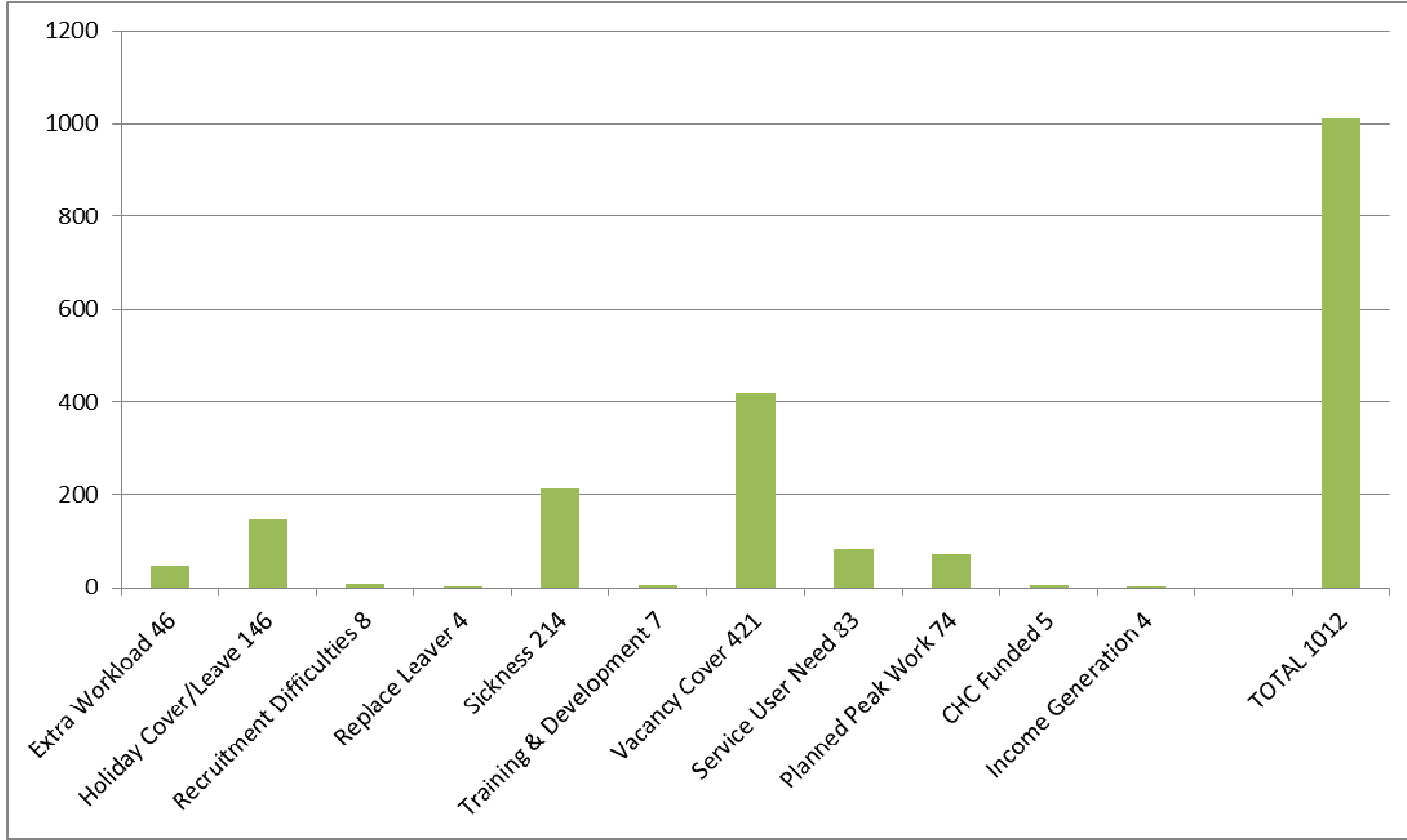
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APPENDIX I - TOTAL SPEND BY DIRECTORATE QUARTER 2: JULY TO SEPTEMBER 2012



APPENDIX II - ORDER JUSTIFICATION QUARTER 2: JULY - SEPTEMBER 2012



APPENDIX III DIVERSITY BREAKDOWN OF AGENCY WORKERS QUARTER 2 JULY - SEPT 2012

Ethnic Origin	Total
African	36
Any Other Black Background	5
British	43
Caribbean	8
Indian	6
None Stated	417
Pakistani	1
White (European)	6
White (Other)	0
White & Asian	0
	522

Age	Total
16-19	4
20-30	105
31-40	139
41-50	190
51+	84
None Stated	0
	522

Gender	Total
Female	289
Male	233
	522

APPENDIX IV SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS
Q2 July - September 2012

Directorate	Q1 April - June 2012 Expenditure by Service Area	Q2 July – Sept 2012 Expenditure by Service Area	Justification of new Orders placed in Q2	State Usage of Agency Workers in Q2	What Strategies are in place for Reducing Dependency on Agency Workers
Chief Executive	£0	<u>£89</u>	Market Research: 3	Agency workers were used to contribute to the evaluation of events during Coventry's Olympic year. Specialist skills aided the development of long term plans for future events and ensuring that the city benefited from the Games and associated activity. Agency workers were used only to collect information during events.	The requirement was time limited and no further dependency is expected.
Children, Learning and Young People	Total Expenditure Q 1 £175,873	Total Expenditure Q 2 <u>£162,228</u>	Extra Workload: 17 Service User Need:8 Vacancy Cover: 14 Leave/Hol Cover: 4 Planned peak work:1 Sickness cover: 1 Total: 45		
City Services & Development	Total Expenditure Q 1 £99,754	Total Expenditure Q 2 <u>£191,775</u>	Recruit Difficulties: 3 Extra Workload: 8 Sickness Cover: 21 Leave/Hol Cover: 1 Vacancy Cover: 17 Planned Peak Work: 33 Service User need: 8 Total: 91	Total spend on agency workers within the directorate during the 2nd quarter of 2012/13 was £138,609. This is an increase of £38,855 over the expenditure in Quarter 1. The primary reasons for the use of agency workers within the directorate have	CS&D has a number of used strategies in place to ensure the use and expenditure on Agency Workers is monitored and steps are taken to reduce their use, e.g: -Before going down either route we look at the opportunity for internal

				<p>been due to the increased activities and work as a result of the various events taking place across the City due to the Olympic Games. In addition, due to the poor weather over the summer additional grounds maintenance work needed to be carried out in the cemeteries to catch up on grass cutting which resulted in additional staff being required.</p>	<p>secondment of an existing employee. -Managers are required to consider if the use of agency staff or a short term contract is justified in terms of providing value for money against the alternative of recruitment. Recruitment remains the normal way in which the vast majority of posts are filled. -Assistant Directors monitor the use and expenditure on Agency Workers -The Directorate has completed work on creating casual worker pools.</p>
Community Services	<p>Total Expenditure Q 1</p> <p>£331,808</p>	<p>Total Expenditure Q 2</p> <p><u>£322,559</u></p>	<p>Replace Leaver:2 Extra Workload:4 Sickness Cover: 188 Hol Cover: 141 Service User need:50 Training & Dev: 7 Vacancy Cover: 364 CHC Funded: 5 Planned Peak Work: 5 Income Gen: 2</p> <p>Total: 768</p>		<p>Strategies in place to ensure the use and expenditure on Agency workers is monitored and steps taken to reduce their use include:</p> <ul style="list-style-type: none"> *setting up a relief worker and casual workers pool *Managers are required to gain authorisation from a General Manager prior to taking on agency staff. This began in late September. Recruitment initiatives are ongoing for all Internally Provided Services. A number of contracts are now temporary due to future reviews. PHAW is being followed resulting in some dismissals requiring agency staff to cover temporarily. A flexible staffing policy currently being developed

					will enable staff to move more easily between units to provide cover.
Customer & Workforce Services	Total Expenditure Q 1 £207,383	Total Expenditure Q 2 <u>£231,467</u>	Recruitment Difficulties: 5 Extra Workload: 10 Vacancy cover: 17 Sickness: 1 Service User Need: 10 Planned Peak Work: 17 Total: 60	The acquisition of capacity and specialist skills to deliver key strategic projects have resulted in an increase in the use of agency workers. This is in addition to cover for vacancies in the TOM during the recruitment cycle. Also, continuity of service has been critical in areas that experience staff turnover and maternity leave. Business Services have needed to use limited agency worker assignments to address a backlog of work in a critical service area.	Agency contracts are ended as soon as the key skills requirements can be released and the knowledge transfer has been achieved. Every effort is being made to achieve a fully staff Target Operating Model to reduce the dependency on short term agency workers used to backfill vacancies. Business Services are continuing to recruit to vacancies alongside identifying improved efficiencies in service delivery and ongoing dependency on agency workers is not anticipated.
Finance & Legal Services	Total Expenditure Q 1: £112,859	Total Expenditure Q 2: <u>£155,407</u>	Replace Leaver: 2 Extra Workload: 7 Sick: 3 Planned peak work: 15 Service User Need: 7 Vacancy Cover: 9 Income Gen: 2 Total: 45	Permanent appointments to current vacancies have been delayed pending the outcome of piloting new ways of working. This is to ensure minimum displacement of current employees as a consequence. In addition, ongoing specialist Legal support required for Child and Adult care matters has continued. It has not been possible to meet the need for this support from within the current service model and resources. The Revenues and	A strategy has been developed and is awaiting approval to remove all agency workers in early 2013 following a successful pilot of new ways of working and an assessment of demand for growing areas in legal demand. Revenue and Benefits have undertaken a recruitment campaign to fill vacancies and remove dependency on agency workers.

				<p>Benefits service currently has a high demand with the caseload increasing as well as extra work through a government initiative to reduce overpayments, and is also facing a challenging time with many significant issues on welfare reform to deal with. The service needs to ensure that customers receive their benefit quickly and accurately – and this is more important given the pending changes. The agency workers are providing critical interim support and without this, there is a potential that delaying paying a customer their Housing Benefit could lead to an eviction situation. It will also provide resilience against a potential loss of funds to the Council, by preventing additional overpayments and impacting on subsidy thresholds.</p> <p>Due to the migration of Housing Benefit to Universal Credit starting October 2013, the service is experiencing higher than usual attrition</p>	
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				rates, and it is expected that agency support will continue in the medium term. The situation is kept under review by FLS Management Team.	
OVERALL TOTALS	Q1 £927,677	Q2 1,063,525	Q2 Total orders placed: 1012		