
Cabinet Member (Strategic Finance and Resources)

13 March 2013

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 Q3 (1 October to 31 December 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 Q3 period, 1 October to 31 December 2012; to compare Q3 2012/13 with Q2 period, 1 July to 30 September 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 Q3 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 Q3 2012/13 for spends with Reed.

The information attached in Appendix III shows in more detail, for Q3, 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 Q3.

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 Q3 (1 October to 31 December) and Interim Managers spends for Q3.

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 information on agency worker usage and spends.

2. Options considered and recommended proposal

The table in 2.1 below shows a comparison for Q3 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 Q2 2012/13	Spend Q3 2012/13	Increase/decrease
Children Learning & Young People	£162,228	£204,036	Increase
City Services & Development	£191,775	£142,072	Decrease
Community Services	£322,559	£255,234	Decrease
Customer & Workforce Services	£231,467	£284,163	Increase
Chief Executives	£89	£0	Decrease
Finance & Legal Services	£155,407	£209,616	Increase
TOTAL	£1,063,525	£1,094,533	Increase

Directorate Commentary on increased Agency worker Spend for Q3 2012/13**Children Learning & Young People**

Agency spend has increased by £32,699 this quarter compared to the previous quarter.

The increase in spend is as a result of an increase in workload and covering for vacancies.

The directorate has also sought to cover key vacancies in the Family Placement Service to support our drive to increase our numbers of internal foster carers and adopters.

Customer & Workforce Services

The use and increased use during Quarter 3 has been a business decision in two areas of CWS as part of the overall strategy for workload management and delivery of specialist ICT projects.

There will continue to be a planned but time limited, reliance on short-term agency workers to meet exceptional IT skills requirements. The agency workers employed have particular skills and expertise which are not normally required by the service and therefore it would not be cost

effective to recruit to substantive posts for this short term purpose. The service is seeking to maximise skill transfer and reduce long term dependency on short term agency workers to a minimum.

Business Services have needed to use temporary agency worker resources to cover critical business support work until the structure evaluation was completed in Quarter 3. Business Services are now in the process of putting in place a strategy to remove dependency on agency workers.

Finance and Legal Services

Permanent appointments to current vacancies in Legal Services have been delayed pending the conclusion of a service review. This is to ensure minimum dis-placement of current employees as a consequence. In addition, on-going 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.

Agency staff continue to be employed in Revenues and Benefits to cover vacancies in a key service affecting many of the most vulnerable people in the City. In addition, planning for Welfare Reform has meant putting in place a range of temporary deployment arrangements of experienced Benefits Officers and agency workers are backfilling.

Maintaining and improving existing levels of service is vital with so many issues on welfare reform to deal with – including significant cuts in housing benefit payments. Maintaining the level of agency staff provides additional resilience through these difficult months, whilst the service manages the significant welfare reform changes ahead, seeks to minimise benefit overpayments and maximise government subsidy. Delays in assessing changes in circumstances means that resulting overpayments could be classed as 'local authority error'. If the Council exceeds the Local Authority error threshold, it will lose between £740,000 and £840,000.

Interim Management Spend for Q2 2012/13 and Q3 2012/13

Table 2.3 shows a summary of spend for Interim Management in Q2 2012/13 and Q3 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 Q2	Total Spend Q2	Number of Managers Q3	Total spend Q3
Community Services	1	£24,360	1	£24,916
Finance & Legal Services	0	0	1	£6,672
Children Learning & Young People	1	£13,152	1	£32,332
TOTAL	2	£37,512	3	£63,920

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 Q3 we received a rebate of £145,330. This gives a total rebate to date for Q1, 2 and Q3 of £423,350.

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. Please also note that the figures shown in the main body of the report will differ to those shown in the appendices. This reflects that there is some additional off contract spends added into the total spends from the Reed contract. This occurs generally where Reed is unable to supply an agency worker so we are forced to go to a supplier not on the Reed contract. However we keep this to a minimum and try to ensure that this is only for short term cover whilst Reed source an agency worker.

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. As an authority we managed to keep this increase to a minimum, 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, however, 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 £1,094,533 which equates to 2.68% 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 Q3.

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. We are actively working with Reed to keep the number of outstanding timesheets to a minimum by introducing a system whereby they will be dealt with promptly. We are still working to resolve some of the backlog queries but hope to have resolved these by the next quarter.

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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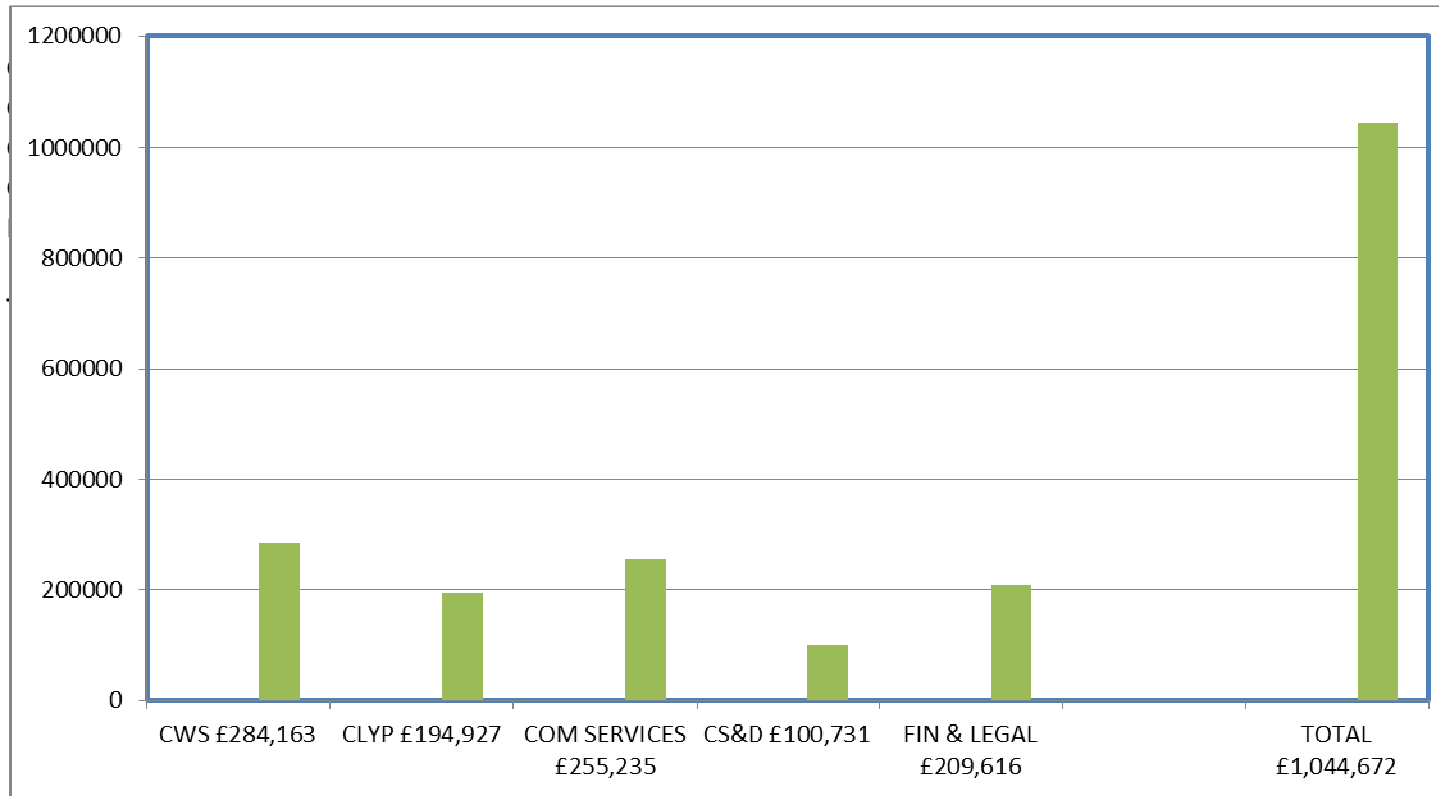
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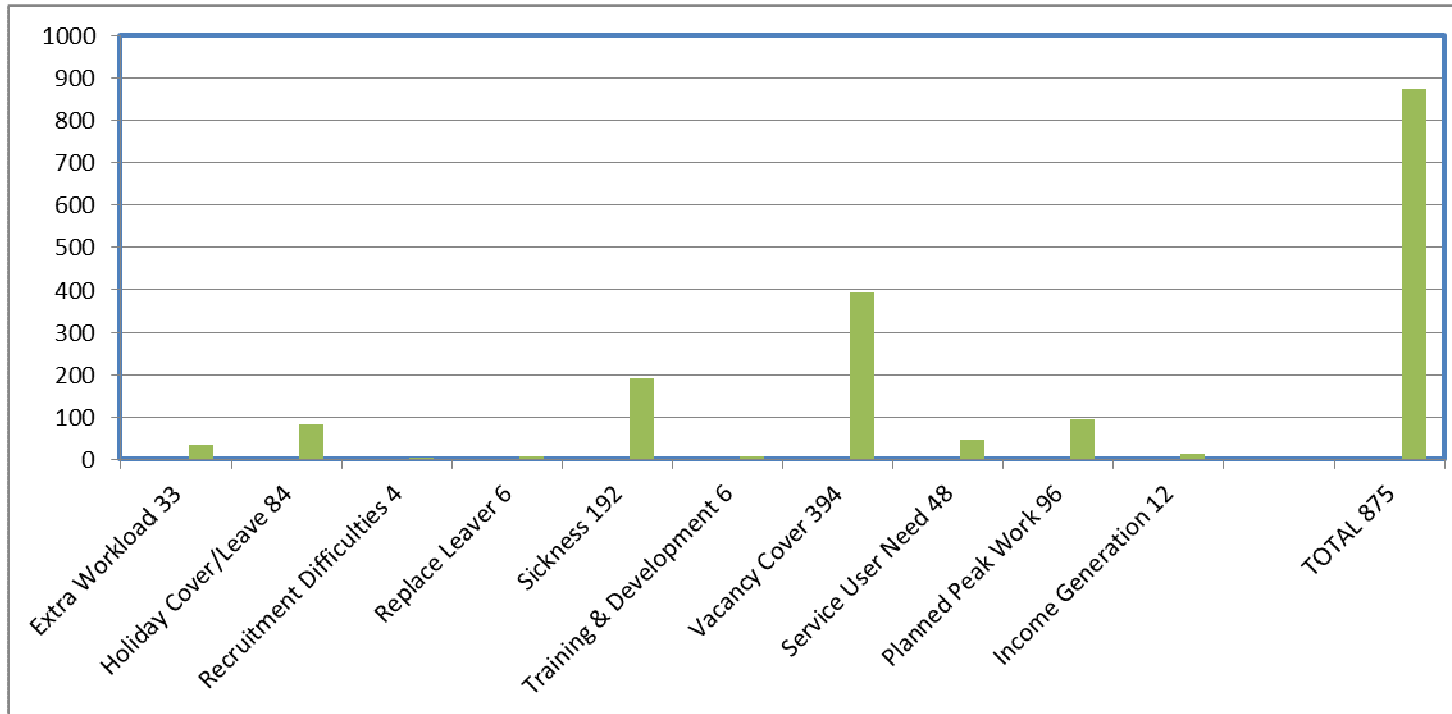
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Member: Councillor Duggins				

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APPENDIX I - TOTAL SPEND BY DIRECTORATE QUARTER 2: OCTOBER TO DECEMBER 2012



APPENDIX II - ORDER JUSTIFICATION: OCTOBER TO DECEMBER 2012



APPENDIX III - DIVERSITY BREAKDOWN OF AGENCY WORKERS QUARTER 3: OCTOBER TO DEC 2012

Ethnic Origin	Headcount
African	30
Any Other Black Background	3
Any Other White Background	
British	34
Caribbean	6
Indian	6
None Stated	422
White & Asian	3
White (European)	6
TOTAL	510

Age	Headcount
16-19	5
20-30	95
31-40	133
41-50	190
51+	87
None Stated	0
TOTAL	510

Gender	Headcount
Female	265
Male	245
TOTAL	510

APPENDIX IV SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS
Q3 October - December 2012

Directorate	Q2 July – Sept 2012 Expenditure by Service Area	Q3 Oct - Dec 2012 Expenditure by Service Area	Justification of new Orders placed in Q3	State Usage of Agency Workers in Q3	What Strategies are in place for Reducing Dependency on Agency Workers
Chief Executive	£89	<u>£0</u>			
Children, Learning and Young People	Total Expenditure Q 2 £162,228	Total Expenditure Q 3 <u>£194,927</u>	Extra Workload: 11 Service User Need:9 Vacancy Cover: 28 Leave/Hol Cover: 0 Planned peak work:3 Sickness cover: 0 Total: 51	Agency spend has increased by £32,699 this quarter compared to the previous quarter. The increase in spend is as a result of an increase in workload and covering for vacancies. The directorate has also sought to cover key vacancies in the Family Placement Service to support our drive to increase our numbers of internal foster carers and adopters.	Assistant Directors regularly review and monitor the use of individual Social Workers. The Directorate is continuing its recruitment drive for Social workers and hopes to convert a number of agency staff into permanent Social Worker positions and thus reduce future agency requirements and associated costs. The application of the promoting health at work procedure is also contributing to supporting employees to remain in and attend work.
City Services & Development	Total Expenditure Q 2 £191,775	Total Expenditure Q 3 £100,731	Recruit Difficulties: 1 Extra Workload: 7 Sickness Cover: 42 Leave/Hol Cover: 0 Vacancy Cover: 26 Planned Peak Work: 26 Service User need: 13 Training: 1 Total: 116	There has been a reduction in Agency spend since Q2	There has been a reduction in Agency spend since Q2

Community Services	Total Expenditure Q 2 £322,559	Total Expenditure Q 3 <u>£255,235</u>	Replace Leaver:3 Extra Workload:3 Sickness Cover: 147 Hol Cover: 81 Service User need:13 Training & Dev: 5 Vacancy Cover: 304 CHC Funded: 0 Planned Peak Work: 12 Income Gen: 12 Total: 580	There has been a reduction in Agency spend since Q2	There has been a reduction in Agency spend since Q2
Customer & Workforce Services	Total Expenditure Q 2 £231,467	Total Expenditure Q 3 £284,163	Recruitment Difficulties: 3 Extra Workload: 6 Vacancy cover: 27 Sickness: 0 Service User Need:4 Planned Peak Work: 28 Total: 68	There is a continuing need to provide additional specialist short-term resources to meet key strategic IT development needs, in line with projects approved by the ICT strategy group. Business Services have had to use temporary resources to cover critical business support work until the structure evaluation was completed in Quarter 2.	There will continue to be a limited reliance on short term agency workers to meet exceptional IT skills requirements. These are not normally core skills required by the substantive workforce. It would not be cost effective to recruit to substantive posts for this purpose. The service is seeking to maximise skill transfer and reduce long term dependency on short term agency workers to a minimum. Business Services are now in the process of putting in place a strategy to remove dependency on agency workers.
Finance & Legal Services	Total Expenditure Q 2: £155,407	Total Expenditure Q 3: <u>£209,616</u>	Replace Leaver: 3 Extra Workload: 6 Sick: 3 Leave: 3 Planned peak work: 27 Service User Need: 9	The advent of Welfare Reform has required careful consideration to be given to filling of vacancies to ensure appropriate experience at the right	There is expected to be on-going dependency on agency workers until the implications of Welfare Reform on the Council's staffing structures are clearer.

			<p>Vacancy Cover: 9 Income Gen: 0 Total: 60</p>	<p>levels in order that the Council does not exceed the benefit error threshold which would have a significant financial impact on the service. A range of temporary redeployment arrangements of Council employees have been put in place, with backfilling by agency workers to sustain the level of service. Legal Services are nearing the completion of a service wide review. In the meantime there has been a dependency on Locums to cover temporary and permanent vacancies as well as provide the necessary level of increased service required by CLYP and Community Services.</p>	<p>Legal Services are nearing the completion of a revised organisation structure that would determine the future staffing levels. The requirements of CLYP and Community Services would be met from within the new structure and the population of the new structure would remove the on-going dependency on agency workers.</p>
OVERALL TOTALS	Q2 £1,063,525	Q3 1,044,672	Q3 Total orders placed: 875		