

Report to: **Scrutiny Committee for Audit and Best Value**

Date: **4 March 2011**

By: **Director of Governance and Community Services**

Title of report: **Scrutiny review of the use of agency staff in East Sussex County Council**

Purpose of report: **to consider the latest information available about the use of agency staff via the Comensura project highlighting any key performance indicators that are causing concern**

RECOMMENDATION: The Committee is recommended to note the findings and conclusion from the latest information presented.

1. Financial Appraisal

1.1 There are no direct financial implications resulting from the recommendations in this report.

2. Background

2.1 The Committee received a report on 1 September 2010 presenting the outcomes of the scrutiny review of the use of agency staff and consultants in the Council. A further report was requested on progress for the March meeting.

2.2 The Comensura Management Information Group, (comprising of Comensura and Council representatives) meets quarterly to monitor operational issues concerning the day to day management of the contract and key performance indicators.

3 Supporting Information

3.1 Appendix 1 contains information relating to the use of agency staff and identifies expenditure for 2009/10 compared with 2010/11 to date.

3.2 Appendix 2 is a progress report and key reasons for engaging agency staff for the first three quarters of 2010/11.

4. Summary and Key findings

4.1 Total expenditure on Comensura agency staff for 2010/11 is forecast to exceed 2009/10. This is due to under recording in the first year of operation of the contract, the gradual transition of agencies on to the contract and moving casual staff from the Council's payroll to agencies.

4.2 Adult Social Care continues to procure the largest number of agency staff and have spent £1.8m to date in 2010/11 and Children's Services £1.2m, which is already higher than their out-turn figure for spend in 2009/10, due to filling post via temporary agency workers during periods of restructuring and associated recruitment freezes. (The table at the bottom of Appendix 2 highlights that the highest reason for engaging agency workers is to cover for permanent posts during recruitment processes).

4.3 Savings on the contract from April 2010 to January 2011 are in excess of the outturn savings for 2009/10 of £247,000, currently totally £346,167 or 5.75% which is above the minimum saving target of 5%. This increase in savings is due to the increase in the Council's 'gain share' proportion from 65% to 68%; the cessation of fixed rates which accompanied the transfer of agency staff to the contract; and the increase in

expenditure.

4.4 A number of steps have been taken throughout the year to improve the efficient use of the Comensura system including briefing managers within Directly Provided Services, in Adult Social Care, in best practice on how to use the system most effectively e.g. on-line ordering, which is reflected in reducing numbers of calls through the helpline. A pilot has also been launched in February 2011 at two specific care homes (Mount Denys and Milton Grange) to introduce multiple timesheets for managers. There is also on-going general awareness raising on the importance of correctly coding the reasons for ordering agency staff.

4.5 The vast majority of key performance indicators are being met, with the one exception being Comensura help desk cover when on-line ordering is not available. During the three quarters 2010/11 the number of calls to the Comensura helpdesk has reduced (in part to the initiatives highlighted in paragraph 4.4), however, the number of 'lost calls' has nearly doubled to 11.62% from 6.5%. Concern has been raised with Comensura who are investigating the causes behind this increase.

4.6 'Off- Contract' agency spend has also be monitored and remains within the target range of 5%, currently at 4.7%. Whilst it is within tolerance limits we will be challenging this spend to test whether or not it could be incorporated within the Comensura contract in the future e.g. Adult Social Care procuring agency workers via the Sussex Partnership NHS Trust

4.7 The January 2011 Internal Audit Report on Review of the Agency Staff Contract and the use of the Comensura system highlighted two major issues, the first related to processing of duplicate claims and the second agency staff working over and above the working time regulations (WTR). Both issues exposed the Council to risk of financial loss and legal challenge due to non compliance with working time regulations. Remedial action took place immediately following the report which included; training sessions for managers; improved guidance on the intranet; developing a checklist for timesheet approvers; and improved processes for monitoring hours worked to ensure compliance in these two areas, which are now monitored and reported at the quarterly progress meetings.

5. Recommendations

5.1 Quarterly monitoring systems remain in place with annual reports scheduled to Audit and Best Value Committee to be tabled to report on year end out-turn figures and performance levels.

5.2 The Comensura Management Information Group be tasked with developing two new KPIs to monitor duplicate claims and working time against the WTR.

5.3 Best practice and guidance on correct coding continues to be shared with managers at regular intervals.

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BACKGROUND DOCUMENTS

None

APPENDIX 1

Summary of Departmental Comensura Expenditure and Savings for 09/10 and YTD 10/11

Total Expenditure 2010-11

Month effective	Division					Grand Total
	ASC	CSD	CRD	GCS	T&E	
April	£203,101	£122,463	£52,482	£12,219	£40,499	£430,765
May	£272,445	£160,612	£72,083	£25,852	£60,078	£591,070
June	£214,597	£122,802	£51,226	£14,566	£49,113	£452,305
July	£194,526	£139,598	£57,039	£16,133	£43,097	£450,393
August	£244,224	£161,803	£59,428	£20,403	£54,423	£540,281
September	£155,975	£103,026	£43,648	£16,337	£46,472	£365,456
October	£183,432	£113,383	£70,036	£17,255	£63,563	£447,670
November	£118,112	£95,028	£58,673	£22,295	£54,527	£348,635
December	£104,123	£87,242	£49,651	£23,179	£43,419	£307,614
January	£134,413	£104,850	£55,667	£27,185	£50,088	£372,203
February						
March						
Grand Total	£1,824,947	£1,210,807	£569,933	£195,425	£505,281	£4,306,393

Total Expenditure 2009-10

Month	Division					Grand Total
	ASC	CSD	CRD	GCS	T&E	
April	£89,095	£49,188	£58,009	£6,476	£26,774	£229,543
May	£168,534	£78,687	£102,746	£10,569	£42,850	£403,386
June	£154,130	£62,903	£82,838	£10,172	£37,792	£347,835
July	£171,049	£80,519	£79,785	£9,379	£48,688	£389,420
August	£223,480	£124,495	£89,826	£11,353	£53,928	£503,082
September	£153,284	£74,884	£68,869	£6,929	£45,881	£349,847
October	£150,217	£83,933	£66,141	£11,110	£50,188	£361,589
November	£183,613	£105,757	£80,045	£12,192	£61,087	£442,695
December	£165,903	£80,009	£54,911	£9,858	£44,563	£355,244
January	£189,188	£91,046	£61,790	£15,171	£49,034	£406,229
February	£194,064	£105,277	£64,562	£15,468	£42,421	£421,791
March	£226,517	£119,466	£64,515	£16,732	£47,323	£474,553
Gr.Total	£2,069,074	£1,056,165	£874,039	£135,408	£550,529	£4,685,214

Total Savings 2010-11

Month effective	Division					Grand Total
	ASC	CSD	CRD	GCS	T&E	
April	£10,035	£12,159	£1,196	£573	£1,657	£25,620
May	£15,803	£18,282	£1,745	£1,298	£2,804	£39,931
June	£12,596	£13,126	£1,393	£681	£2,235	£30,031
July	£9,617	£14,912	£1,628	£841	£1,759	£28,757
August	£13,017	£15,712	£1,800	£1,050	£2,522	£34,100
September	£24,058	£15,670	£624	£840	£2,257	£43,449
October	£22,623	£14,432	£1,708	£880	£3,500	£43,143
November	£11,760	£11,802	£1,592	£1,446	£3,132	£29,733
December	£14,829	£11,689	£1,454	£1,361	£2,087	£31,420
January	£20,331	£14,151	£1,333	£1,609	£2,558	£39,982
February						
March						
Grand Total	£154,669	£141,934	£14,472	£10,581	£24,512	£346,167

Total Savings 2009-10

Month	Division					Grand Total
	ASC	CSD	CRD	GCS	T&E	
April	£5,326	£3,729	£1,279	£297	£1,079	£11,711
May	£9,642	£5,786	£2,122	£502	£1,099	£19,151
June	£8,307	£4,549	£1,604	£520	£946	£15,927
July	£9,505	£6,325	£1,518	£524	£1,509	£19,381
August	£11,729	£8,655	£2,290	£654	£1,713	£25,041
September	£7,240	£5,753	£1,744	£410	£1,399	£16,546
October	£7,576	£6,970	£1,503	£654	£1,891	£18,594
November	£9,406	£9,288	£1,878	£709	£2,054	£23,335
December	£8,258	£7,911	£1,373	£574	£1,540	£19,657
January	£9,929	£9,631	£1,536	£877	£1,508	£23,481
February	£10,083	£10,543	£1,375	£845	£1,850	£24,696
March	£12,169	£12,763	£1,360	£839	£2,098	£29,229
Gr.Total	£109,172	£91,902	£19,581	£7,406	£18,688	£246,749

APPENDIX 2

The County Council's use of Agency staff via the Comensura project

1. A key message from the scrutiny review undertaken in July 2010 was that the Comensura contract has resulted in efficiencies and greater accountability and transparency for the County Council's expenditure on agency staff, and this continues to be the case.
2. The tables presented at Appendix 1 show the total Comensura expenditure and savings for 2009/10, the first year of operation, compared with the current year to date, April-January 2010/11. The following conclusions can be drawn from the data:
 - total expenditure for 2010/11 will exceed 2009/10 and could result in an outturn around £5m following the inclusion of figures for February and March. This increase reflects that 2009/10, the first year, involved a gradual transition of agencies to the Comensura contract and staff previously paid as casuals transferred to employment via the agencies during 2009.
 - Adult Social Care continues to be the largest user of agency staff, having incurred £1.8m expenditure this year to date, with Children's Services at £1.2m, already higher than their total expenditure for 2009/10.
 - during its first year of operation, 2009/10, the Comensura contract resulted in savings of almost £247,000, representing 5.3% of the agency staff spend. The tables show a comparison with April-January 2010/11 and already show savings in excess of this amount, at £346,167. This excellent increase in savings, which is due to the discount that Comensura has negotiated with the agencies which were previously unavailable, is mostly due to an increase in the proportion of the savings allocated to the Council, which for 2010/11 was increased to 68% from 65% (Comensura taking the remainder), the cessation of the fixed rates that accompanied the transfer of some staff to the agencies - notably IT staff, and the general increase in expenditure.
3. New monitoring data for June - December 2010 has provided the reasons for engagement of Agency Staff plus associated costs. Of interest is the main reason for engaging temporary staff, which is to provide cover for a permanent post during the recruitment process. The second highest reason is for sickness absence cover, suggesting that as sickness absence continues to reduce, agency costs for cover should also reduce, so this will be monitored annually using 2010/11 as the base year. Schools are omitted from this data as they continue to use directly employed casuals rather than Comensura for their temporary staff, so the costs of covering sickness absence across the authority is actually much higher.

Reason for Engaging Agency Staff	Percentage (%)
Cover for Permanent post during recruitment process	46.01%
Short Term Sickness Absence Cover	19.0%
Work Load Peak	9.80%
Project Work	9.40%
Holiday Cover	5.90%
Long Term Sickness Absence Cover	4.20%
Maternity Leave	2.30%
Planned Peak	1.80%
New Post	0.60%
Planning Training/Meeting	0.50%
Short Term Demand	0.40%
Parental Leave	0.08%
Paternity Leave	0.03%

