

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

Date: **9 November 2011**

By: **Assistant Chief Executive, Governance and Community Services**

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

Purpose of report: **Follow up paper 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 4 March 2011 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 October 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 and departmental spend to date for 2011/12.

3.2 Appendix 2 is the list of Key Performance Indicators relating to the procurement of Agency Workers by the Council.

4. Summary and Key findings

4.1 There are 20 Key Performance Indicators (KPIs) on the Comensura contract, which are reported on monthly and monitored by Personnel, Procurement and Finance Officers. These indicators cover overall performance through to savings identified and continuous improvement as identified in Appendix 2.

4.2 Total expenditure on Comensura agency staff for 2010/11 exceeded 2009/10 by £420,753. This was 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. Total expenditure on Comensura agency staff to date in 2011/12 is £2.5m, £260,000 less than the same period in 2010/11. The forecasted spend for 2011/12 is £396,000 less than 2010/11 as shown in Appendix 1.

4.3 Adult Social Care (ASC) are the largest users of agency staff with £1m expenditure to date

this year. This is slightly lower than the ASC spend for the same period in 2010/2011 at £1.2m. Corporate Resources Directorate spend has seen a considerable increase against the same period in 2010/11 largely due to an increased spend in quarter 2. See Appendix 1.

4.4 Total savings on the contract from April to September 2011 is £236,885 or 5.94% which is above the minimum saving target of 5%. This is due to the increase in the Council's 'gain share' proportion from 65% to 70% and the cessation of fixed rates which accompanied the transfer of agency staff to the contract.

4.5 The majority of key performance indicators are being met, although adequate Comensura help desk cover, when on-line ordering is not available, has been identified as an area of concern. Increased scrutiny of this indicator has improved performance with the percentage of lost calls dropping from 13.37% in March 2011 to 8.53% in June. This was assisted by the restructuring of the Comensura helpdesk service in quarter 1 however consistency in service delivery needs to be maintained and this will be monitored closely.

4.7 The 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). Measures have been implemented to reduce the risk in both areas and increased auditing along with improved intranet guidance and training have been implemented. These risks are monitored and reported at the quarterly progress meetings.

4.8 In October 2011 Agency Worker Regulations came into force giving agency workers the same basic working and employment conditions as directly appointed staff. Personnel and Training (PAT) have been and will continue to work with Comensura to ensure Agencies have details of all comparable permanent posts and their pay and conditions to assist switching agency workers to Council rates after a 12 week qualifying period to comply with the new Regulations. In addition, Comensura have prepared an Impact Assessment that shows where we may expect an increase in costs and this will be closely monitored by the Comensura Management Information Group and has been shared with the wider management team. Recruiting managers have been made aware of the additional cost burden should they engage an agency worker for longer than 12 weeks and this will only be permitted in exceptional cases.

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

5.3 Review the Comensura Impact Assessment to determine the anticipated impact of Agency Worker Regulations on agency spend.

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Background Documents
None

Summary of Departmental Comensura Expenditure & Savings for 09/10 & 10/11

APPENDIX 1

Total Expenditure 2010-11

Month effective	Division					
	ASC	CSD	CRD	GCS	T&E	Grand Total
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	£143,484	£99,149	£73,929	£28,513	£52,767	£397,841
March	£144,492	£92,320	£72,624	£28,300	£63,998	£401,734
Total	£2,112,923	£1,402,276	£716,486	£252,237	£622,045	£5,105,967

Total Expenditure 2009-10

Month effective	Division					
	ASC	CSD	CRD	GCS	T&E	Grand Total
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
Total	£2,069,074	£1,056,165	£874,039	£135,408	£550,529	£4,685,214

Total Savings 2010-11

Month effective	Division					
	ASC	CSD	CRD	GCS	T&E	Grand Total
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	£15,687	£10,327	£2,120	£1,077	£2,645	£31,855
March	£15,995	£10,730	£1,858	£1,511	£3,344	£33,439
Total	£186,351	£162,990	£18,450	£13,169	£30,501	£411,461

Total Savings 2009-10

Month effective	Division					
	ASC	CSD	CRD	GCS	T&E	Grand Total
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
Total	£109,172	£91,902	£19,581	£7,406	£18,688	£246,749

Comensura Agency Spend and Savings Monitoring QTR 2 April - September 2011

2011-12							2010-11	2009-10
<u>Sum of ESCC Timesheet Saving</u>								
	ASC	CSD	CRD	ETE	GCS	TOTAL		
April	£19,402	£13,660	£4,324	£3,886	£1,016	£42,287		
May	£25,901	£19,968	£3,684	£4,648	£1,546	£55,748		
June	£25,381	£13,596	£2,287	£2,946	£1,425	£45,635		
1st QTR	£70,684	£47,223	£10,295	£11,481	£3,987	£143,670	£95,583	£46,788
July	£14,514	£10,158	£4,183	£4,282	£2,384	£35,521		
August	£12,525	£8,191	£4,238	£2,328	£2,074	£29,357		
September	£13,955	£6,006	£4,321	£2,133	£1,923	£28,337		
2nd QTR	£40,994	£24,355	£12,741	£8,743	£6,381	£93,215	£106,306	£60,968
Full Year Forecast						£1,421,308	£411,461	£246,749
<u>Sum of Timesheet Charge</u>								
	ASC	CSD	CRD	ETE	GCS	TOTAL		
April	£131,218	£79,975	£82,163	£52,145	£20,950	£366,450		
May	£154,486	£91,319	£89,401	£71,585	£27,810	£434,601		
June	£156,881	£68,897	£73,778	£56,543	£20,262	£376,361		
1st QTR	£442,584	£240,190	£245,342	£180,274	£69,021	£1,177,411	£1,474,140	£980,764
July	£205,940	£89,003	£114,392	£78,023	£37,269	£524,628		
August	£189,098	£73,627	£101,669	£38,134	£32,648	£435,176		
September	£197,512	£58,599	£113,551	£34,133	£29,375	£433,170		
2nd QTR	£592,551	£221,229	£329,612	£150,290	£99,293	£1,392,975	£1,356,130	£1,242,349
Full Year Forecast						£4,709,646	£5,105,967	£4,685,214

Comensura Contract – Key Performance Indicators

APPENDIX 2

KPI	Basis of measurement	Monitoring	Target
Temporary Agency Workers			
1. Overall performance	Timesheet evaluation	Quarterly	>90% average or above
2. Ability to carry out tasks	Timesheet evaluation	Quarterly	>90% average or above
3. Would manage again	Timesheet evaluation	Quarterly	>90% average or above
4. The provision of an induction process which ensures temporary agency staff are fully conversant with all ESCC policies and procedures as seen in Appendix 4	Comensura Supplier Agreement, point of candidate submission and Supplier Audit	Comensura to add to requirement card. Formal audit report, biannually	100%
5. Confirmation that all staff subject to the contract are eligible to work and have been suitably screened to meet all legal obligations including CRB checks	Comensura Supplier Agreement, point of candidate submission and Supplier Audit	Formal audit report, biannually	100%
6. The achievement of a 100% first time person match with the job profile	Monitoring of no-show and replacement bookings. Monitoring of system score and evaluations	Quarterly	The achievement of a 100% first time match
7. Breadth of coverage of agency staff to meet all Council demands	Management report (Fulfilment)	Discussed at Quarterly Review Meetings and the Consortium	95% fulfilment rate
8. An agreed minimum % of agency staff to be sourced from within the area of East Sussex (similarly for other participating authorities in West Sussex)	MI report by postcode. Comensura to ask agencies to put postcodes on for their staff, this would not be visible to managers when booking	Quarterly	ESCC suggest target to be defined after the first quarterly results have been recorded - TARGET TO BE MET 95%
9. The utilisation of black and minority ethnic groups (BMEs) in the provision of staff	Management Report (ethnicity)	Quarterly	To be agreed and set by the Council at first quarterly review. Should be no lower than target set for BME proportion of ESCC workforce which is 2.5% for 09/10
Suppliers			
10. A continuous improvement program for suppliers that categorises Contractors by service quality, range of service, value and response times	Balanced Scorecard	Quarterly	Agencies should achieve 60% score (top agency within category sets benchmark for balanced scorecard)

11. The utilization of small and medium sized enterprises (SMEs) in the provision of staff. There are 3 bands of SMEs: Medium-sized enterprise: <250 employees or <£40mil turnover Small enterprise: <50 employees or <£8mil turnover Micro enterprise: <10 emp	Detailed spend report	Quarterly	Comensura to show that the SMEs ESCC identified in Implementation are being used. Comensura to show evidence of having proposed SMEs wherever possible if new suppliers are needed.
12. Flexibility in agreeing with the Council to add or remove agency staff categories	Perpetual Procurement Portal & Change Management Process / Balanced Scorecard performance & audit	Ongoing	100% availability. Quarterly Balanced Scorecard report & biannual audit report
Comensura.net			
13. Provision of an on-line ordering service	System uptime, as run by Comensura IT Dept	Quarterly	>95%
14. The 24/7 availability of the Helpdesk to cover the processes when on-line ordering is not available			100% availability of the Helpdesk
15. Invoice processing	Five consolidated invoices issued within agreed timescales	KG to check with AP Clerks monthly that invoices arrive on time	100% weekly provision
16. To show the level of compliance with the performance monitoring programme as shown in Appendix 3.	Monthly Management report, ESCC can request reports	Monthly	100% of reports delivered / available in required format
Ordering			
17. Fulfilment rate calculated as % of orders filled by start date excluding retrospective orders	Quarterly Report 'Order Status: Detailed'.	Start date:	Yr1 Yr2 Yr3
Cost			
18. Actual savings to the Council meet agreed targets	A detailed breakdown of spend	Monthly	Target Minimum 5.4% working towards 7%
19. A year on year reduction of the % charge Comensura make from the Council's savings	Pricing Proposal		Adjusted automatically annually
20. The Contractor shall carry out market research and benchmarking of hourly rates to ensure that the Council receives the most competitive rate available	Benchmark reports		Delivered bi-annually