

Report to: **Scrutiny Committee for Audit, Best Value and Community Services**

Date: **1 June 2012**

By: **Assistant Chief Executive**

Title of report: **Annual update of the use of agency staff in East Sussex County Council**

Purpose of report: **Annual update to consider the latest information available about the use of agency staff via Comensura, highlighting any matters 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 progress update was requested for November 2011 that recommended an annual report should be scheduled to Audit, Best Value and Community Services Scrutiny Committee showing the year end out-turn figures and performance levels for agency staff.

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.

2.3 In October 2011 Agency Worker Regulations 2010 (AWR) came into force giving agency workers the same basic working and employment conditions as directly appointed staff. An impact assessment prepared by Comensura indicated that there would be a 2.77% increase in costs as a result of the introduction of the Regulations which was shared with the wider management team. The Regulations have been fully implemented across the Comensura contract.

2.4 A re-procurement exercise was undertaken in 2011 following a decision to extend the existing Comensura contract for one year (1 July 2011 – 30 June 2012). The Human Resource Management Board concluded that the most cost effective option was to access Comensura by direct call-off from the MSTAR framework agreement. The new arrangement will commence on 2 July 2012.

3. Supporting Information

3.1 Appendix 1 contains information relating to the use of agency staff and identifies expenditure and departmental spend for 2009/10 and 2010/11 compared with 2011/12.

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

4. Summary and Key findings

4.1 Total expenditure on Comensura agency staff for 2011/12 exceeded 2010/11 by £256,452, an

increase of 5%. This increased spend may have been impacted by the introduction of the Agency Worker Regulations (AWR) in October as the forecasted spend for 2011/12 based on expenditure in Quarter 1 and 2 was due to be £396,000 less than the previous year. Agency spend and its relationship to the total salary bill continues to be reviewed on a monthly basis by the Chief Officer Management Team and managers are encouraged to resource posts by alternative methods. The new pricing model introduced under the MSTAR arrangement will impact on the ability to determine the cost implications of the Regulations however it will continue to be monitored over the next financial year.

4.2 Adult Social Care (ASC) continues to be the largest user of agency staff with a £2.3m expenditure in 2011/12. Expenditure in the department has marginally increased year on year since the implementation of the Comensura contract however this has been counteracted by a significant reduction in spend in Children's Services. (See Appendix 1)

4.3 Total savings on the contract for 2011/12 are £345,665 or 6.06% which is above the minimum saving target of 5%. This is in part 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.

4.4 The Follow up report to the 2011 Internal Audit on the Agency Staff Contract and use of the Comensura system reported improved monitoring and practice and concluded substantial assurance. The report confirmed that appropriate risk monitoring arrangements were in place and that the two significant risks previously identified relating to claim duplication and Working Time Regulations had been sufficiently addressed.

4.5 There are 20 Key Performance Indicators (KPI's) 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 3.

4.6 An implementation plan is underway to manage the transfer from the current Comensura contract to the access arrangement under the MSTAR Framework. The new arrangement brings a revised pricing structure and savings model which guarantees a 2% saving against benchmark rates for the 2011/12 financial year and a gain share split of 90/10 to the Council and Comensura for any additional savings achieved beyond this. Modelling has commenced to determine the anticipated savings from the transition to the MSTAR Framework and the findings will be shared in the next report.

5. Recommendations

5.1 Review cost implications of the MSTAR framework agreement and new pricing structure when available. These will be provided through quarterly monitoring systems with annual reports scheduled to Audit, Best Value and Community Services Scrutiny Committee.

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Local Member: All

Background Documents

None

Appendix 1 Summary of Departmental Comensura Expenditure and Savings for 09/10, 10/11 and 11/12

Total Expenditure

	ASC	CSD	CRD	ET&E	GCS	TOTAL
2011-12						
April	£131,220	£79,714	£82,163	£52,839	£21,353	£367,288
May	£151,886	£89,451	£89,401	£71,585	£27,810	£430,133
June	£158,036	£70,294	£74,407	£56,543	£21,714	£380,995
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	£204,596	£60,722	£112,130	£34,133	£30,124	£441,706
October	£265,267	£64,991	£133,007	£54,558	£36,283	£554,106
November	£217,429	£47,887	£112,432	£31,449	£29,759	£438,956
December	£194,397	£47,305	£112,164	£28,150	£26,909	£408,925
January	£197,168	£61,893	£117,437	£18,505	£36,983	£431,985
February	£213,605	£70,774	£120,741	£18,686	£46,570	£470,376
March	£226,666	£79,699	£109,066	£16,281	£46,431	£478,144
TOTAL	£2,355,308	£835,361	£1,279,009	£498,886	£393,854	£5,362,419

Total Savings

	ASC	CSD	CRD	ET&E	GCS	TOTAL
April	£7,903	£6,119	£2,544	£2,975	£974	£20,516
May	£9,435	£6,618	£2,146	£3,458	£1,329	£22,985
June	£11,049	£8,023	£2,324	£2,946	£1,257	£25,599
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	£14,311	£6,147	£4,319	£2,133	£1,986	£28,895
October	£18,691	£6,546	£4,945	£3,360	£2,239	£35,781
November	£15,456	£5,373	£4,174	£1,759	£1,864	£28,626
December	£13,370	£5,670	£4,167	£1,661	£1,688	£26,555
January	£12,991	£7,510	£4,542	£721	£2,650	£28,414
February	£14,717	£7,988	£4,891	£655	£3,443	£31,694
March	£15,219	£8,143	£4,199	£667	£3,495	£31,722
TOTAL	£160,180	£86,485	£46,671	£26,945	£25,383	£345,665

2010-

	ASC	CSD	CRD	ET&E	GCS	TOTAL
11						
April	£203,101	£122,463	£52,482	£40,499	£12,219	£430,765
May	£272,445	£160,612	£72,083	£60,078	£25,852	£591,070
June	£214,597	£122,802	£51,226	£49,113	£14,566	£452,305
July	£194,526	£139,598	£57,039	£43,097	£16,133	£450,393
August	£244,224	£161,803	£59,428	£54,423	£20,403	£540,281
September	£155,975	£103,026	£43,648	£46,472	£16,337	£365,456
October	£183,432	£113,383	£70,036	£63,563	£17,255	£447,670
November	£118,112	£95,028	£58,673	£54,527	£22,295	£348,635
December	£104,123	£87,242	£49,651	£43,419	£23,179	£307,614
January	£134,413	£104,850	£55,667	£50,088	£27,185	£372,203
February	£143,484	£99,149	£73,929	£52,767	£28,513	£397,841
March	£144,492	£92,320	£72,624	£63,998	£28,300	£401,734
TOTAL	£2,112,923	£1,402,276	£716,486	£622,045	£252,237	£5,105,967

	ASC	CSD	CRD	ET&E	GCS	TOTAL
April	£10,035	£12,159	£1,196	£1,657	£573	£25,620
May	£15,803	£18,282	£1,745	£2,804	£1,298	£39,931
June	£12,596	£13,126	£1,393	£2,235	£681	£30,031
July	£9,617	£14,912	£1,628	£1,759	£841	£28,757
August	£13,017	£15,712	£1,800	£2,522	£1,050	£34,100
September	£24,058	£15,670	£624	£2,257	£840	£43,449
October	£22,623	£14,432	£1,708	£3,500	£880	£43,143
November	£11,760	£11,802	£1,592	£3,132	£1,446	£29,733
December	£14,829	£11,689	£1,454	£2,087	£1,361	£31,420
January	£20,331	£14,151	£1,333	£2,558	£1,609	£39,982
February	£15,687	£10,327	£2,120	£2,645	£1,077	£31,855
March	£15,995	£10,730	£1,858	£3,344	£1,511	£33,439
TOTAL	£186,351	£162,990	£18,450	£30,501	£13,169	£411,461

2009-

10

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

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

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)

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

