

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

Date: **5 November 2013**

By: **Chief Operating Officer**

Title of report: **Spend on agency workers in East Sussex County Council**

Purpose of report: **To consider the latest information available about the use of agency workers via Comensura**

---

**RECOMMENDATION: The Committee is recommended to consider the findings and conclusions presented in this report.**

---

## **1. Financial Appraisal**

1.1 There are no direct financial implications resulting from the recommendations in this report as the use of agency workers is funded as part of the existing staffing establishment.

1.2 The Comensura contract provides for the Council to access agency workers via a contractual agreement with a neutral third party who sources agency workers on behalf of the Council. Essentially, this provides agency staff providers with some certainty (without giving any guarantees) of the level of spend by the Council and in return, the Council is able to access highly competitive rates.

1.3 Set against the above background, the forecasted savings on the contract for 2013/14 are approximately £280,000. It should be noted that these are not cashable savings; rather they are a reflection of the cheaper price charged to the Council as a result of belonging to the Comensura contract.

## **2. Background**

2.1 A report was presented to the Committee on 4 March 2011 detailing the outcomes of the scrutiny review of the use of agency workers and consultants in the Council. Progress updates were provided in October 2011 and June 2012.

2.2 The Council has a planned approach to strategic workforce planning and the use of agency workers is integral to this as it enables us to:

- i) manage capacity during periods of workload peaks;
- ii) facilitate the move to new structures and models of service delivery, for example, using agency workers rather than recruiting to posts to minimise the risk of redundancy to permanent staff;
- iii) provide a flexible staffing model to ensure cover for short term absences such as annual leave or sickness;
- iv) provide cover for vacancies where there are recruitment difficulties, and
- v) secure specialist knowledge or activity where it is not efficient for the Council to employ a permanent resource.

2.3 It is worth noting that the Adult Social Care department will shortly be moving to a mixed economy of using both agency workers and casual/relief workers. This is for a number of reasons but primarily, it is because of the greater flexibility casual workers provide to cover short periods of work, as the minimum length of an agency assignment is 4 hours, and the improved quality of the worker.

## **3. Summary and Key findings**

3.1 Attached at Appendix 1 is a summary of the use of agency workers in the Council showing spend for the periods 2011/12, 2012/13 and 2013/14. The figures for 2013/14 have been forecast based on the actual Q1 (April to June 2013) spend. It should therefore be noted that these figures may change as we progress through the year, for example, as a consequence of seasonal variations etc.

3.2 The predicted expenditure on agency workers for 2013/14 is less than that of 2012/13. This was expected given the unprecedented changes to staffing structures and the way in which services are organised in the Council that took place during 2012/13. This period of change saw a significant number of restructures, most notably the Resources Consolidation restructure which essentially brought together all back office functions previously located in departments into a single, consolidated Business Services department. In accordance with our planned approach, agency workers were used during this time of change and this is borne out by the 63% increase in spend for Business Services (formerly Corporate Resources) between 2011/12 and 2012/13. The new Business Services department was formally launched from September 2013 and spend will be closely monitored in Q3 and Q4 to see how this changes as we transition into the new arrangements.

3.3 In considering the departmental spend further:

- i) Adult Social Care (ASC) continues to be the largest user of agency workers with a £3.4m expenditure in 2012/13, predicted to decrease to £2.5m in 2013/14;
- ii) Children's Services (CS) has shown year on year reductions in spend and this is predicted to continue for 2013/14;
- iii) Communities, Economy and Transport (CET) is currently showing a predicted increase in spend which is largely attributable to the Customer Contact Team. The Q2 figures are due very shortly and these will be closely scrutinised to understand whether this is a one-off or an on-going trend, and
- iv) in overall terms, the predicted spend on agency workers for 2013/14 is approximately 15% less than the previous year's spend. In addition, as can be seen from Table 2, the total spend on agency is only some 5.5% of the total salary spend which is a relatively modest amount.

3.4 Attached at Appendix 2 is a detailed summary of the departmental agency spend and rationale for the use of agency workers. A direct comparison of the costs between agency workers and employees is not readily possible as there are a range of factors in play. For agency workers there are essentially three strands of cost: (i) the basic hourly rate (that is paid to the worker), (ii) Comensura's costs of 22p per hour, and (iii) the actual agency's costs (eg Blue Arrow etc).

3.5 The latter costs vary, ranging from, for example, 50p per hour for Admin & Clerical work through to £3.00 per hour for a qualified Social & Healthcare worker (eg a Social Worker). For staff directly employed, there are 2 strands of cost: (i) the basic hourly rate of pay (salary), and (ii) the on-costs, including pensions and national insurance contributions. As such, the costs of agency workers and employees are, in practice, relatively similar.

3.6 The Procurement Team is currently working collaboratively with our South East 7 partners to seek opportunities to undertake robust and transparent benchmarking through the use of comparative data.

## **4 Conclusion**

4.1 The Comensura system has provided the Council with a means of controlling the booking of agency workers and ensures consistent pay and charge rates for agency assignments. The Comensura Management Information Group (comprising of representatives from Comensura and across the Council) meets quarterly to monitor operational issues concerning the day to day management of the contract, as well as performance against the agreed key performance indicators of the contract.

4.2 In addition, agency spend and its relationship to the total salary bill continues to be reviewed on a monthly basis with details provided to the Corporate Management Team via the Workforce Dashboard. We are therefore confident that we have in place sound arrangements for monitoring and challenging the spend on agency workers.

KEVIN FOSTER  
Chief Operating Officer

Contact officer: Leatham Green, Assistant Director, PAT

Tel No: 01273 481415

Background Documents  
None

**Table 1: Summary of Departmental Comensura Expenditure for 11/12, 12/13 and 13/14**

<b>Department</b>	<b>2013 – 2014</b> <b>(Forecasted based on Q1 figures)</b>	<b>2012 – 2013</b>	<b>2011 – 2012</b>
ASC	£2,566,225.48	£3,445,513	£2,355,308
CSD	£735,602.28	£778,687	£835,361
BSD (formerly CRD)	£2,003,545.68	£2,008,878	£1,279,009
CET	£554,562.84	£309,909	£498,886
GCS	£258,600	£479,005	£393,854
<b>Total</b>	<b>£6,118,536.28</b>	<b>£7,021,992</b>	<b>£5,362,419</b>

**Table 2: Summary of Agency Spend as a Percentage of Total Salary Spend – Forecasted for 2013/14 using Q1 figures**

<b>Department</b>	<b>Salary Spend</b>	<b>Agency Spend</b>	<b>Total Spend</b>	<b>% Agency Spend</b>
ASC	£38,536,409	£2,566,225.48	£41,102,634	6.7%
CSD	£44,223,947	£735,602.28	£44,959,549	1.7%
BSD (formerly CRD)	£10,859,451	£2,003,545.68	£12,862,996	18.4%
CET	£10,083,240	£554,562.84	£10,637,802	5.5%
GCS	£8,229,959	£258,600	£8,488,559	3.1%
<b>Total</b>	<b>£111,933,005</b>	<b>£6,118,536.28</b>	<b>£118,051,541.28</b>	<b>5.5%</b>

**Table 3: 'Savings' by Department – Forecasted for 2013/14 using Q1 figures**

<b>Department</b>	<b>Charge to ESCC</b>	<b>Charge to Belong to Comensura Agreement</b>	<b>Savings to ESCC</b>
ASC	£2,566,225.48	£3,592.84	£107,478.64
CSD	£735,602.28	£757.40	£50,046.88
BSD (formerly CRD)	£2,003,545.68	£1,103.88	£89,507.52
CET	£554,562.84	£634.80	£21,543.36
GCS	£258,600	£360.60	£10,584.16
<b>Total</b>	<b>£6,118,536.28</b>	<b>£6,449.52</b>	<b>£279,160.56</b>



## Departmental Agency Spend and Rationale for Agency Use

### Adult Social Care

- The nature of some services provided by Adult Social Care (ASC) requires staffing shortages to be covered by permanent staff or temporary workers to ensure that minimum staffing levels are met.
- The nature of ASC services also creates fluctuating staffing needs. Unplanned activity and changing conditions in client needs, additional numbers of clients, or clients with more complex needs can increase the staffing levels required for a period of time.
- The highest usage categories for agency workers within ASC were;
  - Social and Healthcare Unqualified (e.g. Care Worker) - £1,827,839
  - Social and Healthcare Qualified (e.g. Occupational Therapist) - £921,939
  - Admin and Clerical - £507,820

### **Social and Healthcare Qualified**

- The majority of Social and Healthcare Qualified assignments were to cover: a workload peak (50%) and to cover work during a recruitment process (17%).

### **Social and Healthcare Unqualified**

- The majority of Social and Healthcare Unqualified assignments were to cover: short term sickness (28%), work load peak (28%) and annual leave cover (19%).
- Across all job categories 1,667 ASC assignments were needed to cover short term absence, the majority of these assignments were for Social and Healthcare Unqualified (96%) workers in the Directly Provided Services where it is vital to maintain safe staff levels.

### **Summary of reason for assignment for highest spend categories in ASC (listed from highest to lowest spend):**

	Cover During Recruitment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Project	Total No
<b>Social and Healthcare Unqualified</b>	596 (10%)	448 (8%)	1105 (19%)	161 (3%)	1601 (28%)	1635 (28%)	231 (4%)	5777
<b>Social and Healthcare Qualified</b>	10 (17%)	7 (12%)	1 (2%)	1 (2%)	4 (7%)	29 (50%)	6 (10%)	58
<b>Admin and Clerical</b>	40 (20%)	16 (8%)	34 (17%)	7 (3%)	19 (9%)	74 (36%)	15 (7%)	205
<b>Total</b>	646 (11%)	471 (8%)	1140 (19%)	169 (3%)	1624 (27%)	1738 (29%)	252 (4%)	6040

### **Analysis of Agency Spend and Usage in ASC**

- Whilst much of the Comensura comparison information is provided by assignment numbers this can be a misleading measure in ASC when considered in isolation. For example an agency admin and clerical worker may be employed on one assignment for several months but in contrast an unqualified care worker in a Directly Provided Services (DPS) establishment can cover a large number of short-term, say one or two day, assignments over the same period but in fact works considerably less hours overall. The analysis of agency usage within ASC therefore needs to include actual spend as well as the number of assignments.

- The areas of highest agency spend in ASC are:
  - Older People's DPS £1,028,218
  - Learning Disability DPS £983,269
  - Occupational Therapists £610,617

### Older People's and Learning Disability Directly Provided Services

- The use of agency staff in DPS services has been particularly high in 2012/2013, and work has been underway with Personnel & Training to reduce sickness absence levels of permanent staff in DPS. This work has begun to significantly reduce absence levels as shown below:

#### Absence reduction between May/June 2012 and May/June 2013 in ASC Directly Provided Services

		May-12	May-13	change
Ave number of days absence per person	LD DPS	1.26	0.83	-34.10%
	OP DPS	1.35	0.95	-29.60%
	ASC (all)	1.14	0.83	-27.20%

		Jun-12	Jun-13	change
Ave number of days absence per person	LD DPS	0.98	0.79	-19.40%
	OP DPS	1.11	0.98	-11.70%
	ASC (all)	0.96	0.78	-18.80%
	ESCC	0.61	0.6	-1.60%

- Work is also underway with Personnel & Training to improve recruitment to permanent jobs that are difficult to fill and then have to be covered by agency staff.
- However, permanent staff numbers and recruitment to vacancies are also being carefully monitored whilst the DPS residential and day care services are undergoing major reviews to achieve the required Reconciling Policy, Performance and Resources (RPP&R) savings.
- Covering some permanent vacancies across the DPS by agency staff during such reviews enables the council to avoid the potential for compulsory redundancies and provides redeployment opportunities for staff who may be displaced as a result of such service reviews. This has inevitably led to an increase in agency staff expenditure, but it is offset by the savings in the permanent staff budget.

### Qualified social workers and occupational therapy staff.

- ASC also used higher numbers of qualified social work and occupational therapy agency staff through Comensura in 2012/2013. This was partly due to the large structural review of assessment and care management operational services under Project Pathway. Some vacancies for permanent staff were held open until the outcome of the reorganisation was known, in order to avoid potential redundancies.
- Occupational Therapists were a high area of spend in 2012/2013, at £610,617; they are very difficult to recruit both locally and nationally for all local authorities, with strong competition from the NHS for qualified applicants as the NHS pay £6,000 per annum more than the Council at the top of their pay bands for Occupational Therapists.
- ASC is still relying on some agency Occupational Therapists cover whilst permanent staff are recruited. Some additional permanent Occupational Therapists posts were also created as part of the Project Pathway restructuring.

## Administrative and clerical staff

- Some of the administrative and clerical staff spend on agency staff was also to cover posts held vacant during the Project Pathway restructuring. The restructuring led to a reduction in these posts, which was achieved without compulsory redundancies.

## Other

- A total of £187,915 was spent within ASC on other job categories such as IT, Finance, Management, Procurement, Manual jobs and Catering. Again many of these were to cover staff gaps in DPS staff, for example £4,282 was used to provide short-term cover for a chef, cook and kitchen assistant between April and July 2012. Other Finance and IT assignments were to undertake specific work on tasks or projects where particular skills were needed but only for a short period.

## Children's Services

- As with ASC, the nature of some services provided by Children's Service's (CS) requires staffing shortages to be covered by permanent staff or temporary workers to ensure that minimum staffing levels are met.
- The highest usage categories for agency workers within Children's Services were;
  - Social and Healthcare Qualified (e.g. Social Workers) - £309,848
  - Social and Healthcare Unqualified (e.g. Care Worker) - £160,746
  - Admin and Clerical - £149,626

### Summary of reason for assignment for highest spend categories in Children's Services (listed from highest to lowest spend):

	Cover During Recruitment	Replace Leaver	Annual Leave	Long Term Sick	Short Term Sick	Work Peak	Project	Total No
<b>Social and Healthcare Unqualified</b>	19 (5%)	2 (1%)	124 (33%)	35 (9%)	152 (41%)	14 (4%)	26 (7%)	372
<b>Social and Healthcare Qualified</b>	12 (52%)	2 (9%)	0 (0%)	1 (4%)	0 (0%)	1 (4%)	7 (30%)	23
<b>Admin and Clerical.</b>	19 (26%)	5 (7%)	7 (9%)	7 (9%)	5 (7%)	25 (34%)	6 (8%)	74
<b>Total</b>	50 (11%)	9 (2%)	131 (28%)	43 (9%)	157 (33%)	40 (9%)	39 (8%)	469

## Social and Healthcare Qualified

- The majority of Social and Healthcare Qualified assignments were to cover: work whilst the post was recruited to (52%) and project work (30%).
- Recruiting experienced Social Workers and Senior Practitioners can often take longer than 2 months. There are a number of reasons for this, including the need to undertake the full range of pre-employment checks as well as successful candidate(s) often needing to give 2 months' (sometimes more) notice to their current employer. Agency workers are therefore being used to cover the work whilst the recruitment process takes place.

## Social and Healthcare Unqualified

- The majority of Social and Healthcare Unqualified assignments were to cover: short term sickness (41%) and annual leave cover (33%).

- Across all job categories, 242 Children's Services assignments were created to cover short term absence. The majority of these assignments were for Social and Healthcare Unqualified (63%). There were 2,817 short term absences within Children's Services during 2012/13 of which only 9% were covered by agency workers.

#### **Admin and Clerical.**

- The majority of Admin and Clerical assignments were to cover: a workload peak (34%) and cover whilst the post was being recruited to (26%).

#### **Other spend**

- A total of £158,467 was spent within Children's Services on other job categories such as Executive Interim, IT, Finance, procurement and catering.

#### **Comparison with ASC**

- Both ASC and CS use agency workers for similar reasons with similar levels of agency workers used to cover during recruitment, annual leave, short term sickness and project work. The main difference is ASC use a higher proportion of assignments to cover work peaks, 29% of all assignments in ASC compared to 9% in CS. ASC have a greater demand than CS for short term, short duration work for unplanned support work which may be due to the need to have one to one support with a client or due to staffing to client ratio requirements. This is one of the reasons ASC have chosen to revert to using a bank staff system instead of using agency workers to cover these types of assignments.

#### **Corporate Resources / Business Services**

- The highest usage categories for agency workers within CRD were;

Executive Interim - £813,891

Information Technology - £515,412

Management - £208,636

Financial - £143,142

#### **Summary of reason for assignment for highest spend categories in CRD (listed from highest to lowest spend):**

	<b>Cover During Recruitment</b>	<b>Replace Leaver</b>	<b>Annual Leave</b>	<b>Long Term Sick</b>	<b>Short Term Sick</b>	<b>Work Peak</b>	<b>Project</b>	<b>Total No</b>
<b>Executive and Information Technology</b>	7 (18%)	3 (8%)	0 (0%)	2 (5%)	2 (5%)	4 (11%)	20 (53%)	38
<b>Management</b>	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	3 (100%)	3
<b>Financial</b>	0 (0%)	1 (9%)	1 (9%)	0 (0%)	0 (0%)	5 (45%)	4 (36%)	11
<b>Total</b>	7 (14%)	4 (8%)	1 (2%)	2 (4%)	2 (4%)	8 (16%)	27 (53%)	51

#### **Executive Interim and Management**

- Many of the services delivered by CRD/BSD are of a specialist nature, for example, ICT roles and Executive Interims are therefore engaged for their specialist knowledge, which is not generally available in the wider market.
- During the recent Resources Consolidation restructure, which created the new Business Services Department, a number of senior roles such as the Director of Corporate Resources and Assistant Director, Property were covered by Executive Interims. It was essential that these roles were covered in order to provide appropriate leadership during this significant period of change. Given the level of these roles, they have inevitably contributed significantly to the increased costs in 2012/13.



## ICT

- A number of the assignments were for ICT roles at a senior level. The majority of these were to cover projects (53%) and to provide cover whilst the post was being recruited to (18%).
- There are several ongoing projects within ICT such as the desktop anywhere project and a project to replace the telephone system across the county. These projects require a high level of technical expertise to manage them. Alongside this, higher market rates has been a key issue whereby the salaries we offer for some specialist roles are not competitive in the wider market. This is compounded by a general shortage of individuals with these skills and experience.
- Set against the above issues, it has not proved possible to recruit to these roles on a substantive basis.
- The only non-ICT assignment was for an Estates Team Leader to cover work whilst the post was being recruited to.

## Financial

- The majority of Financial assignments were to cover a workload peak (45%) and work (36%).
- During the last year a number of agency assignments were used to support the finance function. The whole function was subject to a restructure as part of the consolidation process and as vacancies arose agency workers were used rather than advertising the post to ensure that maximum re-deployment opportunities were available to staff who may have otherwise found themselves at risk of redundancy. Uncertainty over the timing and the duration of the consolidation restructure in the early days precluded the use of fixed term contracts.
- A number of priority programmes (including SAP development and exchequer improvement programmes) and the restructure itself have also contributed to some peaks in workload which, for the same reasons, agency staff have also been used.

## Other spend

- A total of £327,797 was spent within CRD on other job categories such as Admin and Clerical, Facilities and Environmental Services, Procurement and Technical.

## Economy, Transport and Environment / Communities, Economy and Transport

- The highest usage categories for agency workers within ETE were;

Admin and Clerical - £95,401

Executive Interim - £60,300

Financial - £47,261

Engineering and Surveying - £46,804

## Summary of reason for assignment for highest spend categories in ETE (listed from highest to lowest spend):

	Cover During Recruitment	Replace Leaver	Annual Leave	Long Term Sick	Short Term Sick	Work Peak	Project	Total No
<b>Admin and Clerical</b>	3 (13%)	0 (0%)	1 (4%)	0 (0%)	0 (0%)	15 (65%)	4 (17%)	23
<b>Executive</b>	1 (50%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (50%)	0 (0%)	2
<b>Financial</b>	2 (50%)	0 (0%)	1 (25%)	1 (25%)	0 (0%)	0 (0%)	0 (0%)	4
<b>Engineering</b>	1 (17%)	0 (0%)	0 (0%)	1 (17%)	0 (0%)	4 (67%)	0 (0%)	6
<b>Total</b>	7 (20%)	0 (0%)	2 (6%)	2 (6%)	0 (0%)	20 (57%)	4 (11%)	35

## Admin and Clerical

- The majority of Admin and Clerical assignments were to cover: a workload peak (65%) and project work (17%).
- The ET& E department underwent a major restructure 3 years ago, a key rationale of which was to remove general administrator posts. Staff now do their own administration and agency workers were mainly used during periods of peak workload or to support projects within the department.

## Executive Interim

- There were two executive interim assignments; one to cover the actual post whilst the recruitment process was undertaken and the other to cover a workload peak.
- One of the assignments was for a Senior Bridge Engineer. This is a specialist post and despite attempts, a suitable candidate could not be recruited as the market rates are highly competitive for such a specialist post. An agency worker was therefore required to cover the work.
- The other assignment was for a Head of Service Finance. This assignment was needed to cover workload during the recruitment process.

## Financial

- There were four financial assignments: two to cover work whilst the recruitment process was undertaken, one to cover annual leave and one to cover long term sickness.

## Engineering and Surveying

- The majority of Engineering and Surveying assignments were to cover a workload peak (67%).
- The Council has a statutory duty to inspect the roads and pathways across the County and keep regular reports which can be used in Court as evidence. If the Council is unable to provide these reports, it will not be possible to defend any cases brought against them. This in turn would result in the Council being unable to claim any awards payable from the insurance company. Five agency workers were therefore used to cover the work of Highway Inspectors when low staffing levels presented a risk to the Council being able to meet this statutory duty.

## Other spend

A total of £60,143 was spent within ETE on other job categories such as Management, Information Technology, Trades and Operatives and Technical.

## Governance and Community Services

- The highest usage categories for agency workers within GCS were;

Legal - £213,911

Admin and Clerical - £131,490

Executive Interim - £87,286

## Summary of reason for assignment for highest spend categories in GCS (listed from highest to lowest spend):

	Cover During Recruitment	Replace Leaver	Annual Leave	Long Term Sick	Short Term Sick	Work Peak	Project	Total No
Legal	13 (81%)	0 (0%)	0 (0%)	0 (0%)	1 (6%)	1 (6%)	1 (6%)	16
Admin and Clerical	13 (31%)	8 (19%)	0 (0%)	2 (7%)	3 (7%)	10 (24%)	6 (14%)	42
Executive	0 (0%)	1 (100%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1
Total	26 (43%)	10 (17%)	0 (0%)	2 (3%)	4 (7%)	11 (18%)	7 (12%)	60

## **Legal**

- The majority of Legal assignments were to cover work during recruitment (81%).

## **Admin and Clerical**

- The majority of Admin and Clerical assignments were to cover: the recruitment process of the substantive post (31%) and a workload peak (24%).
- One of the areas provided by the Customer Services Team is information and advice to the public on highways issues. In order to ensure that all calls can be covered, agency workers are used during peak periods when call volumes are high, for example, during the winter months. Thirteen (31%) of the Admin and Clerical assignments were for customer service roles.

## **Executive Interim**

- There was one executive assignment within GCS for the Head of Communications. This post was covered on an interim basis as the service was subject to a restructure and it was not therefore appropriate at that stage to make a permanent appointment. It was nonetheless critical that the role was covered in order to ensure appropriate leadership of the restructure and the on-going management of the Team during a period of significant change.

