

Report to: **Audit, Best Value and Community Services Scrutiny Committee**
 Date: **18 November 2014**
 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 note and 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 for some certainty (without giving any guarantees) to be given to agency providers as to 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 2014/15 are approximately £170,000. These cashable savings have already been recognised and reflected in the baseline due to the cheaper price charged to the Council as a result of belonging to the Comensura contract.

2. Strategic Approach to Engaging Agency/Interim Workers

2.1 A report was presented to the Audit, Best Value & Community Services Scrutiny Committee (ABVCSSC) 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, June 2012 and November 2013.

2.2 As noted previously, the Council has a planned approach to strategic workforce planning and the use of agency workers is integral to this. There are a wide range of circumstances where the Council makes a clear choice to engage Agency workers, including 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) ensure minimum staffing levels are maintained in services where this is a regulatory requirement, for example, in ASC Directly Provided Services;
- v) provide cover for vacancies where there are recruitment difficulties;
- vi) secure specialist knowledge or activity where it is not efficient for the Council to employ a permanent resource, and
- vii) provide additional capacity to key projects and workstreams where it is not appropriate and/or viable for internal resources to be released.

3. Summary and Key findings

3.1 Attached at Appendix 1, Table 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 2014/15 have been forecast based on the actual Q1 (April to June 2014) 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 2014/15 is broadly similar to 2013/14. This was expected given the on-going significant level of changes to staffing structures and the way in which services are organised in the Council that took place during 2013/14 and continues to take place throughout 2014/15.

3.3 Salary spend by department is summarised in Appendix 1, Table 2. In considering the departmental spend further:

- i) In overall terms, the predicted spend on agency workers for 2014/15 is broadly similar to the previous year's spend;
- ii) Business Services Department (BSD) is currently forecast to be the largest user of agency workers with a predicted spend of just under £3.5m for 2014/15. Agency spend in BSD accounts for 16% of all spend on staff within BSD. There are a number of on going programmes of work within BSD, which require specialist skills to implement such as Agile and the Desktop Anywhere project. This is considered in more detail in Appendix 2;
- iii) Adult Social Care (ASC) is forecast to reduce spend on agency workers from a £2.5m expenditure in 2013/14, to a predicted spend of £2m in 2014/15;
- iv) Children's Services (CS) has shown year on year reductions in spend and this is predicted to continue for 2014/15;
- v) Communities, Economy and Transport (CET) and Governance and Services (GS) are currently showing a predicted, similar level of spend, to that of 2013/14.

3.4 Attached at Appendix 2 is a detailed summary of the departmental agency spend and rationale for the use of agency workers.

3.5 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 20p per hour, and (iii) the actual agency's costs (eg Blue Arrow etc).

3.6 The latter costs vary, ranging from, for example, 0.45p per hour for Admin & Clerical work through to £2.80 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.

3.7 The Procurement Service is currently working collaboratively with Surrey County Council to seek opportunities to undertake robust and transparent benchmarking through the use of comparative data. Alongside this, we will dovetail the contract end date of the agency worker contracts in both Surrey and East Sussex County Councils with a view to procuring a new, joint agency worker contract. This next generation of contract will enable us to gain better leverage from the market, ensuring segmentation where appropriate and thereby enabling us to ensure local demands are still catered for in such a large scale contract.

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 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 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.

5. Recommendations

5.1 The Committee is recommended to note and consider the findings and conclusions presented in this report.

KEVIN FOSTER
Chief Operating Officer

Table 1: Summary of Departmental Comensura Expenditure for 11/12, 12/13, 13/14 and 14/15

Department	2014 – 2015 (Forecasted based on Q1 figures)	2013 – 2014	2012 – 2013	2011 – 2012
ASC and Health	£2,002,311	£2,532,750	£3,445,513	£2,355,308
CSD	£731,690	£974,672	£778,687	£835,361
BSD (formerly CRD)	£3,471,854	£2,443,876	£2,008,878	£1,279,009
CET*	£425,301	£466,032	£309,909	£498,886
GCS & CEX*	£202,021	£203,549	£479,005	£393,854
Total	£6,833,177	£6,620,879	£7,021,992	£5,362,419

* These directorates restructured in 2013/14 and a number of departments have moved from GCS to CET

Table 2: Summary of Agency Spend as a Percentage of Total Salary Spend – Forecasted for 2014/15 using Q1 figures

Department	Salary Spend	Agency Spend	Total Spend	% Agency Spend 2014/15	% Agency Spend 2013/14
ASC and Health	£49,061,573	£2,002,311	£51,063,884	3.92%	5.19%
CSD	£55,253,866	£731,690	£55,985,556	1.31%	1.35%
BSD (formerly CRD)	£18,125,894	£3,471,854	£21,597,748	16.08%	11.5%
CET	£19,841,280	£425,301	£20,266,581	2.10%	2.92%
GCS & CEX	£4,289,998	£202,021	£4,492,019	4.50%	4.92%
Total	£146,572,611	£6,833,177	£153,405,788	4.45%	4.21%

Departmental Agency Spend and Rationale for Agency Use

The figures in this appendix are from 2013/14 agency spend and usage as using 2014/15 figures from quarter 1 to forecast the year would not provide a complete or accurate picture, due to seasonal variations in usage.

Adult Social Care & Health

- The nature of some services provided by Adult Social Care & Health (ASC&H) requires that staffing shortages must be covered to ensure that minimum staffing levels are met.
- The nature of ASC&H 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&H (13/14) were;
 Social and Healthcare Unqualified (e.g. Care Worker) - £1,280,423
 Social and Healthcare Qualified (e.g. Social Worker) - £712,540
 Admin and Clerical - £365,003
- These categories were also the highest spend areas in 2012/13;
 Social and Healthcare Unqualified (e.g. Care Worker) - £1,827,839
 Social and Healthcare Qualified (e.g. Social Worker) - £921,939
 Admin and Clerical - £507,820
- The spend for the categories has reduced since 2012/13 by 30%, 23% and 28% respectively. The total spend on agency staff in ASC&H has reduced significantly. In 12/13 the total ASC&H spend was £3.4m, in 13/14 it was £xxx and the predicted spend (based on half year performance) for 14/15 is currently £2.2m

The table below summarises the number of assignments for each category (listed from highest to lowest category of spend for ASC&H) for each reason:

	Cover During Recruitment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Project	Total No
Social and Healthcare Unqualified	280 (13%)	178 (8%)	429 (20%)	57 (3%)	293 (14%)	860 (39%)	56 (3%)	2153
Social and Healthcare Qualified	12 (21%)	15 (26%)	3 (5%)	1 (2%)	1 (2%)	17 (30%)	8 (14%)	57
Admin and Clerical	35 (31%)	12 (11%)	10 (7%)	8 (7%)	8 (7%)	33 (29%)	7 (6%)	113
All other categories	23 (3%)	12 (1%)	44 (5%)	3 (1%)	755 (89%)	11 (1%)	3 (1%)	851
Total All Categories	350 (11%)	217 (7%)	486 (15%)	69 (2%)	1057 (33%)	921 (30%)	74 (2%)	3174 (100%)

Social and Healthcare Unqualified

- The majority of Social and Healthcare Unqualified assignments were to cover a work load peak (39%), annual leave (20%) and short term sickness (14%).

Social and Healthcare Qualified

- The majority of Social and Healthcare Qualified assignments were to cover a work load peak (30%), replace a leaver (26%) and for cover during recruitment (21%). These assignments were to cover Occupational Therapists, Physiotherapists, Senior Practitioners (Social Work) and experienced Social Workers which are all hard to recruit to roles. These roles also require DBS checks which can delay the start date of a new starter and agency workers are used in the interim period.

Admin and Clerical

- The majority of Admin and Clerical assignments were to cover during recruitment (31%), cover a work load peak (29%) and replace a leaver (11%).

Analysis of Agency Spend and Usage in ASC&H

- Whilst much of the Comensura comparison information is provided by assignment numbers this can be a misleading measure in ASC&H 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&H therefore needs to include actual spend as well as the number of assignments.

In DPS, a major closure and reprovisioning exercise has been underway in 13/14. Some permanent vacancies across the service are covered for short periods by agency staff in order to subsequently provide redeployment opportunities for staff displaced by the closure programme. This increase in agency staff expenditure is offset by the savings in the permanent staff budget.

- The areas of highest agency spend in ASC are:
 - Care Assistants £729,535
 - Care Officers £401,811
 - Occupational Therapists £198,524

Sickness absence Management

- The use of agency staff in ASC to cover short term sickness absences is high; 33% of all assignments. Work took place last year with Personnel & Training to reduce sickness absence levels of permanent staff.
- The new Occupational Health Provider HML is now in place, enabling managers to have a direct advice line to a Practitioner and for a significant reduction in turn around time for reports. An associated reduction in absence length is anticipated.
- A new individual stress tool, and a 'Management Stress Awareness for Managers' training course is currently being piloted in Children's services with the intention to roll out to ASC&H

Qualified Social Workers and Occupational Therapy staff.

- ASC continued to use a high numbers of qualified Social Workers and Occupational Therapy agency staff through Comensura in 2013/2014. This was partly due to the difficulty in recruiting to these roles permanently.
- Occupational Therapists were a high area of spend in 2013/14 at £198,524 however this is a significant improvement on 2012/13 spend on agency Occupational Therapists 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.

Other

- A total of £158,161 was spent within ASC on other job categories such as Procurement, Manual jobs and Catering. Many of these were to fill gaps in DPS staff for example £42,488 was spent on cooks, £8,465 on catering assistants.

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) - £339,427
Executive Interim - £238,622
Admin and Clerical - £195,082
- Two of these categories were also the highest spend areas in 2012/13;
Social and Healthcare Qualified (e.g. Social Workers) - £309,848
Admin and Clerical - £149,626
- The spend for the categories has increased since 2012/13 by 9.5% and 30% respectively. There were a number of service reviews within CSD in 2013/14. Covering some permanent vacancies across CSD 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.

The table below summarises the number of assignments for each category (listed from highest to lowest category of spend for Children's Services) for each reason:

	Cover During Recruitment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Project	Total No
Social and Healthcare Qualified	8 (36%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	11 (50%)	3 (14%)	22
Executive Interim	3 (60%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	2 (40%)	5
Admin and Clerical	26 (36%)	7 (10%)	4 (5%)	9 (12%)	2 (3%)	24 (33%)	1 (1%)	73
All other categories	4 (1%)	1 (1%)	154 (32%)	17 (3%)	264 (54%)	44 (9%)	4 (1%)	488
Total All Categories	41 (7%)	8 (2%)	158 (27%)	26 (4%)	266 (45%)	79 (13%)	10 (2%)	588 (100%)

Social and Healthcare Qualified

- The majority of Social and Healthcare Unqualified assignments were to cover a work load peak (50%) and to cover during recruitment (36%).

Executive Interim

- Executive Interims are engaged for their specialist knowledge, which is not generally available in the wider market, whilst permanent recruitment is underway. Such roles are usually at a senior management level.

Admin and Clerical.

- The majority of Admin and Clerical assignments were to cover during recruitment (36%) and to cover a work load peak (33%).

Other spend

- A total of £179,428 was spent within Children's Services on other job categories such as Facilities and Catering.

Comparison with ASC

- Both ASC and CS use agency workers for broadly similar reasons with similar levels of agency workers used to cover during recruitment, to replace a leaver, long term sickness and project work. The main difference is ASC use a higher proportion of assignments to cover work peaks; 30% of all assignments in ASC compared to 13% in CS. This was also the position in 2012/13. 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 relief staff system instead of using agency workers to cover these types of assignments.
- CS use a higher proportion of assignments to cover sickness and annual leave compared to ASC.

Business Services

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

Executive Interim - £1,311,300

Information Technology - £708,977

Financial - £183,555

The table below summarises the number of assignments for each category (listed from highest to lowest category of spend for BSD) for each reason:

	Cover During Recruit- ment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Proje ct	Total No
Executive Interim	2 (8%)	1 (4%)	0 (0%)	1 (4%)	1 (4%)	1 (4%)	19 (76%)	25
Information Technology	8 (17%)	1 (2%)	0 (0%)	3 (6%)	1 (2%)	3 (6%)	31 (66%)	47
Financial	4 (15%)	2 (8%)	1 (4%)	0 (0%)	1 (4%)	11 (42%)	7 (27%)	26
All other categories	4 (6%)	0 (0%)	0 (0%)	1 (1%)	47 (69%)	11 (16%)	5 (7%)	68
Total All Categories	18 (11%)	4 (2%)	1 (1%)	5 (3%)	50 (30%)	26 (16%)	62 (37%)	166 (100%)

Work Programmes

- There are a number of significant corporate on going programmes of work that BSD are leading on for the organisation including Agile, the Desktop Anywhere project and replacement of the current Social Care Information System. These programmes require high level specialist skills and significant additional capacity to implement meaning that the requirement for project work assignments has been high. The need for this specialist capability and additional capacity is on going in order to drive the corporate work programmes, and this is reflected in the Q1 figures for 2014/15 which show 61 assignments across ICT, Agile and Finance. BSD is therefore exploring options to manage this requirement (potential solutions could include fixed term contracts) to ensure a sustainable balance of establishment and agency staff.

Executive Interim and Management

- Many of the services delivered by BSD are of a specialist nature, for example, ICT roles and Executive Interims are therefore engaged for their specialist knowledge and expertise. The majority of the executive interim assignments were for specialist or senior ICT assignments.
- Two assignments during 2013/14 covered the recruitment periods for senior management vacancies during the transition period following the consolidation of resource functions and development of the new Business Services department.

ICT

- A number of the assignments were for specialist ICT roles at a senior but non-managerial level. The majority of these were to cover project work (66%) and to cover during recruitment (17%).
- There are several on-going projects within ICT such as the Citrix rollout. 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, it has not proved possible to recruit to these roles on a substantive basis. As referenced above, BSD is reviewing options to ensure that this is managed sustainably.

Financial

- The majority of Financial assignments were to cover a work load peak (42%) and project work (27%).

Other spend

- A total of £282,241 was spent within BSD on other job categories such as Admin and Clerical, Facilities and Environmental Services, Procurement and Engineering.
- The highest percentage of assignments for a particular category and reason was 'All other categories' for 'Short term sickness' at 69%. A significant majority of these assignments were to cover catering roles in order to ensure adequate staffing of the front facing income generating role and to maintain customer service. This pattern continues in Q1 of 2014/15 where 97% of assignments for the same category and reason are in the catering teams.

Economy, Transport and Environment / Communities, Economy and Transport

- Economy, Transport and Environment and Governance and Community Services were restructured in 2013/14 to form Communities, Economy and Transport and Governance Services, with a number of services moving from GCS to CET and fewer services moving to GS from GCS.
- Whilst the spend for ETE/CET in 2013/14 is therefore higher than the spend in ETE 2012/13, as a result of this departmental change, the overall annual spend for ETE/CET and GCS/GS in 2013/14 is lower than the spend in 2012/13.
- The highest usage categories for agency workers within ETE/CET were;
Admin and Clerical - £254,666
Engineering and Surveying - £182,833
Trades and Operatives (e.g. Driver) - £37,280

The table below summarises the number of assignments for each category (listed from highest to lowest category of spend for ETE/CET) for each reason:

	Cover During Recruitment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Project	Total No
Admin and Clerical	16 (28%)	6 (10%)	3 (5%)	0 (0%)	3 (5%)	18 (31%)	12 (21%)	58
Engineering and Surveying	6 (55%)	0 (0%)	0 (0%)	1 (9%)	0 (0%)	4 (36%)	0 (0%)	11
Trades and Operatives	0 (0%)	5 (21%)	12 (50%)	0 (0%)	1 (4%)	5 (21%)	1 (4%)	24
All other categories	2 (33%)	2 (33%)	0 (%)	0 (%)	0 (%)	1 (17%)	1 (17%)	6
Total All Categories	24 (24%)	13 (13%)	15 (15%)	1 (1%)	4 (4%)	28 (28%)	14 (14%)	99 (100%)

Admin and Clerical

- The majority of Admin and Clerical assignments were to cover a work load peak (31%) and to cover during recruitment (28%).

Engineering and Surveying

- The majority of Engineering and Surveying assignments were to cover during recruitment (55%) and during a work load peak (36%).
- 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. Seven 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.

Drivers

- The majority of these assignments were to cover a work peak (28%) and to cover during recruitment (24%).
- The majority of assignments were within the library service for mobile library drivers.

Other spend

A total of £65,604 was spent within ETE/CET on other job categories such as Executive Interim and Management.

Governance and Community Services

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

Legal - £57,323

Admin and Clerical - £40,740

Management - £7,116

The table below summarises the number of assignments for each category (listed from highest to lowest category of spend for GCS) for each reason:

	Cover During Recruit -ment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Proje ct	Total No
Legal	2 (20%)	0 (0%)	1 (10%)	0 (0%)	0 (0%)	5 (50%)	2 (20%)	10
Admin and Clerical	2 (13%)	4 (27%)	0 (0%)	0 (0%)	2 (13%)	5 (33%)	2 (13%)	15
Management	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (100 %)	1
All other categories	0 (0%)	9 (32%)	9 (32%)	0 (0%)	4 (14%)	1 (4%)	4 (14%)	28
Total All Categories	4 (15%)	13 (50%)	10 (38%)	1 (4%)	6 (23%)	11 (42%)	9 (35%)	54 (100%)

Legal

- The majority of Legal assignments were to cover a work load peak (50%) and to cover work during recruitment (20%) and project work (20%).

Admin and Clerical

- The majority of Admin and Clerical assignments were to cover a work load peak (33%) and to replace a leaver (27%).

Management

- The management assignment was to cover a project.

Other spend

A total of £7,661 was spent within GCS on other job categories such as Marketing.