

Report to: **Audit, Best Value and Community Services Scrutiny Committee**
Date: **23 November 2015**
By: **Chief Operating Officer**
Title of report: **Spend on agency workers in East Sussex County Council 2015**
Purpose of report: **To consider the latest information available about the use of agency workers via Comensura**

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

1. Background

1.1 A report was presented to the Audit, Best Value and Community Services Scrutiny 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, June 2012, November 2013 and November 2014. This report is the latest update.

2. Supporting Information

2.1 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.

Summary and Key Findings

2.2 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, 2013/14 and 2014/15. The figures for 2015/16 have been forecast based on the actual Q1 (April to June 2015) 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.

2.3 The predicted expenditure on agency workers for 2015/16 is broadly similar to 2014/15. 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 in 2014/15 and continues to take place in 2015/16.

2.4 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 2015/16 is broadly similar to the previous year's spend;
- ii) Business Services Department (BSD) has the highest proportion of agency workers compared to permanent, contracted staff with 9.9% of the BSD workforce engaged through agencies;

- iii) BSD is forecast to reduce spend on agency workers from a £3.6m expenditure in 2014/15, to a predicted spend of £2.4m in 2015/16;
- iv) Children's Services (CS) has shown year on year reductions in spend and this is predicted to continue for 2015/16;
- v) Communities, Economy and Transport (CET) and Governance and Services (GS) are currently showing a predicted increase in spend, to that of 2014/15.

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

2.6 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).

2.7 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.

2.8 As noted in paragraph 2.1 above, one of the key reasons for the use of Agency workers is to cover for short term absences such as sickness and attached therefore at Appendix 3 is a summary of agency spend in relation to sickness absence, including a summary of the initiatives being taken to reduce sickness absence levels.

Contract re-tender

2.9 The current contract with Comensura expires on 31 December 2015. A mini-competition tender process, compliant with the Public Contracts Regulations 2015 and the Council's Procurement Standing Orders, has therefore been carried out, in collaboration with Surrey County Council, to appoint a single supplier to provide the managed service across both East Sussex and Surrey County Councils.

2.10 Following this process, Adecco has been appointed as the new provider, with the new arrangements expected to commence November/December 2015. The new contract offers a hybrid solution, with the managed provider fulfilling a number of roles and using local SMEs to support the delivery of niche and specialist roles. The new contract will provide an individual, customised sourcing strategy per service area to ensure the delivery of the contract is fit for purpose for all areas of the Council.

Financial Appraisal

2.11 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.

2.12 The current contract through Comensura 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.

2.13 Going forward however, the cost of the new contract with Adecco is approximately £49,000 per annum less than the current contract. As such, during the initial four year contract period it is predicted the Council will save approximately £196,000 compared to the current contract.

3. Conclusion and Reason for Recommendations

3.1 Over the last four years, the Comensura system has provided the Council with a means of controlling the booking of agency workers and ensuring consistent pay and charge rates for agency assignments. As part of our overall performance management arrangements, we have in place a 'Comensura Management Information Group' (comprising representatives from Comensura and across the Council) which has meet on a quarterly basis to monitor operational issues around the day to day management of the contract, as well as performance against the agreed key performance indicators of the contract.

3.2 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 appropriately the spend on agency workers.

3.3 The new contract will also have robust monitoring and review arrangements.

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

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Local Members: All

Background Documents: None