

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

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WARD(S): All

PART I **FOR INFORMATION**

TEMPORARY STAFFING CONTRACT - UPDATE

1. **Purpose of Report**

Overview and Scrutiny Committee requested that a report on this matter be placed before them at this time advising them of the progress of the Master Vendor Contract with Pertemps Recruitment Partnerships since the contract began on 1 October 2007. An earlier report on this matter was noted by the Employment and Appeals Committee at its meeting on 7th April 2008.

2. **Recommendation(s)/Proposed Action**

The Committee is requested to note the contents of the report and Appendices.

3. **Key Priorities – Taking Pride in Slough and Making a Difference to Communities and our Environment**

Priority 5 – Maintaining excellent governance within the council to ensure it is efficient, effective and economic in everything it does.

Aims

- 5.1 Improve financial and asset planning, monitoring and stewardship.
- 5.2 Improve project, performance and major project management.
- 5.3 Gain efficiencies and ensure effective procurement.
- 5.4 Ensure compliance with the law.
- 5.5 Improve corporate governance and democracy and ensure people and management practices are in place.

4. **Other Implications**

(a) **Financial**

Agency spend is not separately budgeted for in the Council's accounting system as it forms part of the overall staffing costs. These increased from 2006/7 to 2007/8 by 1.5%, but within this agency costs decreased by 5.9% over the period. The table in Appendix 1 shows the actual spend against Agency staff for the financial year 2007/8 as £7.1 million which is a reduction on the previous year 2006/7 of £7.6 million. This demonstrates a significant reduction in costs against agency spend and is shown graphically in the chart in Appendix 1.

The table also shows the combined cost of Consultancy and Agency staff for the year as £7.9 million for 2007/8. The consultancy figure reflects the supply of consultant project staff as well as consultancy on non-staff related work.

(b) Human Rights Act and other Legal Implications

A single source for the deployment of temporary staff is enabling the Council via Pertemps to ensure that all recruitment checks are taking place across all agencies supplying the Council.

(c) Workforce

The provision of key performance indicators under the contract will enable the Council to monitor and analyse the use of temporary staff to ensure best use of resources. This was not available prior to the contract being put in place.

5. Supporting Information

Background

5.1 The Master Vendor Contract went live on 1 October 2007 for a period of 4 years up to 30 September 2011 with the provision to extend for a further two years.

5.2 **Implementation of the contract**

Pertemps provide a range of staff through two teams operating from offices in Slough. The 'healthcare' team manage the supply of care assistants, social workers, occupational therapists, youth workers. The 'commercial' team cover general office work such as secretaries, administrators, clerical as well as specialist support such as planners, building control, environmental health officers, housing, accountants, legal, senior managers. As part of the tender it was agreed that Pertemps would sign up as many of our incumbent agencies as 2nd tier providers as were needed to provide the full range of staffing to the Council. Priority has been given to specialist agencies and agencies where the Council had high volumes of bookings.

Pertemps continue to make progress in registering agency staff onto their own register and signing up 2nd tier suppliers. The situation at mid-June is:

- 43 agencies signed up with Pertemps as 2nd tier suppliers
- 3 continue negotiations over terms as 2nd tier suppliers
- 1 agency is closing (owner retiring) in September 08 and transferring bookings to Pertemps
- 5 have said they will not 2nd tier under the contract but continue to supply to the Council outside the contract
- 6 are continuing to supply outside the contract and rejecting invitations to discuss 2nd tier arrangements
- 9 are new agencies that have been given new bookings outside the contract and Pertemps are making contact to discuss 2nd tier arrangements
- All other agencies supplying the Council prior to October 2007 have either refused to join the master vendor contract or have been rejected as non-compliant with recruitment agency standards, however bookings are no longer being made with these companies.

The anticipated efficiencies and savings of the Master Vendor Contract were calculated on the basis of all bookings being made via the master Vendor Contract, eg. In order to take advantage of the low agency margins negotiated with Pertemps and 2nd tier suppliers, and to gain efficiencies in invoicing processes. Actions have been agreed between the Council and Pertemps to address the bookings that are being made outside of the Contract. This involves working closely with managers to ensure that their needs can be met by Pertemps or 2nd tier suppliers so that we can terminate arrangements with agencies who do not wish to comply with the terms of the contract agreed by the Council, and transfer workers into long-standing vacancies with the Council or to register directly with Pertemps. The implementation of the contract has been very labour intensive and looking forward if all the benefits of the contract are to be realised there is a real need for resources to support the project.

5.3 **Internal processes**

E-ordering is due to be implemented with Oracle purchasing in July 2008. Frontline services operating outside of office hours such as care homes, children's centres, will continue to have access to a 24/7 telephone service to call on staff at short notice.

In order to improve communications in the booking system between the Pertemps team and Managers in the Council, from 1 April all bookings to Pertemps go through the HR Recruitment Team in order that they can be monitored and tracked. This has improved the process such that fewer bookings are going astray and communication is now working effectively. The Recruitment team act on managers' behalf to ensure bookings are processed; Pertemps continue to liaise with managers to discuss the job requirements.

5.4 **Invoices & Costs**

The Council receives one monthly invoice from Pertemps with full detail of all bookings. These are distributed to Finance Managers and Cost Centre Managers for verification. Pertemps have set up a system for responding to any invoice queries from managers. The reduction in the number of invoices being processed by the Council will give us the opportunity to improve efficiency and make savings, although as there is still a high proportion of bookings outside of the contract, we are not yet able to maximise efficiencies. The work being done to bring all bookings under the contract will allow a review of workload in this area.

The graph in Appendix 1 shows that spend in the first six months of the contract has reduced significantly and the spend in the financial year was £448,365 less than the previous year prior to the Master Vendor Contract being in place. The costs from February 2008 to April 2009 have mirrored the spend in the previous year prior to the introduction of the contract, but have not reached the peaks seen in 2006/7. The overall staffing costs for the Council increased by 1.5% from £57.5million in 2006/7 to £58.1million in 2007/8. This is within the overall budget for each year, and the increase has been due to increases in permanent over temporary staff as the element of costs on agency workers has decreased by 5.9% for the same periods.

Since the contract began on 1 October 2007 the Council and Pertemps have worked with managers, temporary staff and Agencies to bring all the bookings under the Contract. This can be seen in the column headed 'Pertemps % of Agency Spend' as this column represents bookings going via the contract to Pertemps or

2nd tier suppliers. It can be seen that at March 2008 60% of the spend was under the contract but this has decreased in April 2008 to 51%.

This indicates that 49% of bookings in April 2008 were outside of the master vendor contract, and this figure has increased since March. In some cases these are ongoing bookings which pre-dated the introduction of the contract and SBC and Pertemps continue to work with other agencies in regard to signing as 2nd tiers or transferring temporary workers (as described in 5.2). In other cases these are new bookings that have been made outside the master vendor contract. This is occurring in hard to recruit areas, where neither Pertemps nor current 2nd tier suppliers can fill the bookings. Pertemps are continuing to sign up agencies.

Information on the average hourly charge rate is now available as part of the management information through the contract, however as this was not previously available no comparisons can be drawn. The charge rates through the master vendor contract have not changed since October 2007. The average rate paid over the period of the contract has increased, but this is due to the effect of the contract becoming more successful in recruiting professional and specialist staff (who have higher individual rates) and signing up their agencies.

5.5 Safeguarding

One of the benefits of the Master Vendor Contract was to ensure that all agency staff supplied by the council had effective recruitment checks, such as identification check, references, qualification and Criminal Records Bureau checks where needed. Previously this responsibility rested with individual managers. Pertemps are responsible for checking their own staff and ensuring that 2nd tier suppliers check their workers and hold accurate records. This is important to ensure that our service users, particular those vulnerable adults and children are protected, and to be able to demonstrate this during service inspections.

5.6 Performance Management

Monthly performance meetings have been taking place since December between Pertemps and Slough Borough Council to review the progress of the contract and performance against the Service Level Agreement. Management Information (MI) is being developed to be sent out to Directorate teams regarding performance. Overall the MI shows that Pertemps are meeting the Key Performance Indicators (KPIs) in all but one area across the whole contract which is in Order Fulfilment of Specialist/Niche staff in the healthcare area of the contract. The progress that has been made since December is in signing up significant numbers of 2nd tier suppliers of specialist staff to meet demand.

Provision	KPI (Standard expected)	Commercial Performance (Apr 08 to Date)	Healthcare Performance (Apr 08 to Date)	Overall Performance (Oct 07-Mar 08)
Order fulfilment (overall)	95%	100%	95.8%	95.5%
Order fulfilment (ad hoc)	95%	100%	99.0%	96.5%
Order fulfilment (volume)	90%	100%	100%	100%
Order fulfilment (specialist)	90%	100%	46.2%	73.9%

Retention of temporary workers	95%	90%	100%	96.8%
Equal opportunities monitoring	100%	100%	100%	100%
Management information	100%	100%	100%	100%
Overall performance against KPIs		97.5%	99.0%	98.1%

The indicators where performance against KPI is lower than target will be monitored at performance review meetings.

5.6 **Job Roles & Rates of pay**

Rates of pay for temporary workers are set according to current grades. In order to reflect pay rates under the new Hay Job Evaluation scheme, pay rates will be reviewed and agreed after implementation and in light of market pressures.

5.7 **Communications**

Pertemps and SBC HR are continuing a programme of meeting managers to discuss how the contract is working and to address any issues arising. An Adult Social Care Agency User Group has been set up to deal with issues arising in adult care settings as this area operates on a 24/7 basis, with short-notice bookings and has particular problems due to the reprovisioning project affecting some units, where a conscious decision has been made to protect existing staff by utilising more agency workers prior to changes in the way the service is to be provided. This User Group is intended to improve communication and foster partnership working.

5.8 **Next Steps**

The next steps in realising the benefits of the project will include:

- Actions agreed between the Council and Pertemps to address the bookings that are outside of the contract, working closely with managers to use the contract for the benefit of managers, service users and the council.
- An analysis of temporary staffing usage and costs as part of the overall use of the staffing budget across the Council, to assess the effectiveness of the temporary staffing contract and the use of staffing resources
- Analysis of the use of consultancy staff on projects

6. **Comments of Other Committees** – None.

7. **Conclusion**

There is still progress to be made in conjunction with Pertemps, managers and 2nd tier suppliers to bring all agency bookings and spend under the Master Vendor arrangement, to enable to Council to achieve the efficiencies and benefits of the contract.

8. **Background Papers**

Employment & Appeals Committee papers	-	7 th April 2008
	-	21 st June 2007
Cabinet papers	-	9 th July 2007
	-	24 th July 2007

9. **Appendices**

Appendix 1 – Agency and consultancy spend

Appendix 2 – Management Information April 2008 – Commercial

Appendix 3 – Management Information April 2008 - Healthcare