

Cabinet – 10 September 2014

Award of contract for managed service provision for the supply of temporary agency staff

Portfolio: Councillor Chambers - Personnel and Business Support.

Related portfolios: All portfolios

Service: Human Resources

Wards: All

Key decision: Yes

Forward plan: Yes

1. Summary

To seek to award the Council's Contract for Managed Service Provision for the supply of Temporary Agency Staff and outline the measures to be put in place to control their usage.

2. Recommendations

- 2.1 That Cabinet awards the contract for a Managed Service provider for Temporary Agency Staff following the procurement exercise to Starting Point Recruitment Limited for a period of three years with an option to extend for one further year.
- 2.2 That Cabinet delegates authority to the Executive Director for Resources to finalise negotiation on the terms and conditions of contract and authorise execution of the contract.

3. Report detail

- 3.1 The current provider for a managed service for the provision of temporary agency staff is Starting Point Recruitment Limited. They were identified as the preferred provider following a procurement process that completed in April 2011.
- 3.2 Cabinet agreed to award a new short-term interim contract to Starting Point Recruitment Limited, for the provision of temporary agency staff, with effect from the 1st May 2014 until a procurement process for this service provision in the medium term had been completed, which was anticipated to be completed by no later than the 30th September 2014.
- 3.3 The Council have a requirement to use temporary agency staff for;
 - A) Short notice cover. Where there is a statutory or business critical need to cover work (e.g. in Social Care or in Waste Management).

In this instance pools of pre-cleared staff are accessed at short notice in the event of sickness or similar emergency circumstance to ensure continued service delivery.

B) Vacancy cover.

On occasion the time taken to recruit to positions can exceed any notice periods that staff need to give especially where the successful candidate for a permanent appointment also has to give notice with their present employer. This together with certain positions requiring the highest levels of pre-employment checks there can be a need to bring in some temporary resource to ensure that business functions can continue without disruption.

C) Specialists.

Where there is no appropriate internal resource for this work. This is often project based, where a specific skill set is needed that is not held within any present job role held on a direct basis with the council.

D) Cover for medium to long term absence. Where there are no other internal resources to provide cover for long term sickness, maternity leave, career break, etc.

In many ways this is a similar circumstance to example B however there is normally a definitive end point to any permanent staff absence the time scales of either the absence or recruitment cycle do not make a direct fixed term appointment a realistic option.

E) To maintain the delivery of front line services. Where workforce flexibility is required i.e. seasonal demands or project delivery.

Peaks in demand both expected and not can be met by the provision of staff already with the correct safeguards and clearances to work in their specific fields. Recent examples include additional staff to deliver the splash pools in parks, prepare a mailing for a public health initiative on diabetes and telephonists to help provide better response times for service users contacting the council's benefits department.

In all of the above instances temporary staffing via a managed contract provides a flexible solution which can be implemented to support service delivery quickly and within clearly defined budgetary parameters. However, on a departmental level, it is important that the use of temporary staff should be evaluated alongside other options such as fixed term-contracts, overtime or extra hours for present staff.

3.4 Agency Staff spend has risen over the past three years. This has been mainly due to external pressures such as Agency Worker Regulations increasing costs and charges for low paid workers in neighbourhoods and for care positions, supporting the improvement journey within Children's Services and extra demand in areas new to the council following the transfer in of Education and Public Health.

The latter cases have however provided direct comparison between our arrangements and those used previously by external organisations which has proved the corporate arrangements to be very cost effective to date.

Year	2011 -12	2012 -13	2013-14	Apr - Jun 2014
Children's	£2,250,549	£4,313,522	£6,749,039	£1,941,496
Neighbourhoods	£1,753,501	£1,970,884	£1,612,726	£392,653
Regeneration	£209,297	£611,510	£404,151	£86,080
Resources	£1,547,736	£1,622,725	£1,613,336	£260,658
SC&I	£665,672	£469,281.54	£885,808	£144,290
TOTAL	£6,426,755	£9,006,705	£11,265,061	£2,825,177

3.5 The current and future operating model will be a bespoke solution where one agency provider will supply temporary workers either directly or through a 3rd party supply network. This model has previously been the subject of a best practice case study from the Office of Government Commerce. It has also been acknowledged in the private sector as an innovative model of service delivery in line with best recruitment practice offering these benefits:

- Reduced risk from employment tribunal claims over employment status
- Efficiency and speed of supply and response
- Addressing worklessness in the borough
- No introductory fee payment if permanent / fixed term recruitment conducted in line with agreed procedures
- Full safeguarding arrangements
- Boosting supply opportunities to local businesses
- Focus on sourcing the best candidate available from the market

3.6 The new contract will not commit the Council to minimum volumes but will ensure maximum flexibility to respond to the changing demand for temporary workers in the future.

3.7 The new contract will ensure continued value for money in terms of agency charges and allow the Council to ensure a fit for purpose provision, which is responsive to fundamental workforce changes and future legislative changes that may occur.

Considerable savings have been achieved during the 10 years of contracts of this type being implemented at the council. Throughout this time there have, on occasions, been situations that have allowed for direct comparison with prices charged to other organisations. The transfers of temporary staff from partner organisation allowed for direct comparison with both public and private sector business. Considerable savings are proven in all instances.

3.8 Based on the consultation undertaken and projections of usage, the new contract will include:

- **A master/neutral hybrid model approach:** It is proposed to continue with the current approach as this provides the Council with a single provider of agency

staff but does entail the provider submitting candidates alongside other agencies on an equal framework.

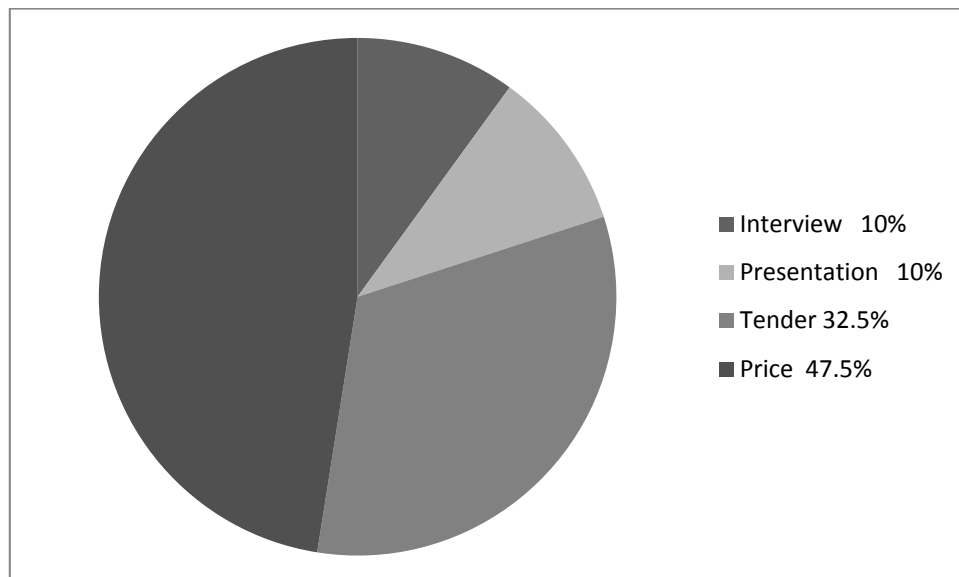
Unlike a master vendor model this approach provides greater support for local recruitment businesses within the borough which allows for greater interaction with diverse members of the community within the borough for jobs at the council and provide a better quality of candidate rather than from a single source.

The model provides advantages over a vendor neutral system in terms of being more responsive to our specific requirements, being flexible enough to address any bespoke needs and able to conduct specific recruitments on our behalf.

- **Continuation with a pay-rate lead model:** This will give greater flexibility to allow for changes in the market position as well as being able to modify to legislative changes through a non-prescriptive pay rate mechanism.
- **School based staff:** To make the model accessible to schools for all staff including supply teachers.
- **Social Workers:** Social Workers will be included, however there will be a separate contractual clause for Qualified Social workers to allow the council to step out if new initiatives are identified for example within the Black Country, which prove more beneficial in terms of supply and pricing.
- **Senior Appointments:** Tiers 1 to 3 (Chief Executive, Executive Director and Assistant Directors) will remain outside the remit of this contract, this allows for a separation between the market differential of Executive Search and Selection and sector specific recruiters above this level.
- **Nominated Agency Supply:** All nominated agency supply into the Council will be by this contract unless exclusions are agreed.
- **Auto Enrolment:** New Corporate contract will incorporate Auto Enrolment for pensions
- **Directorates Opt Out:** Even with the flexibilities built in to the new arrangements, some Directorates may decide that compliant tendering for their own arrangements may provide them with a more tailored service. Therefore the contract will include the option for Directorates to opt out if they wish to put their own arrangements in place.

- 3.9 This contract for services was procured in accordance with the Council's Contract Rules and in accordance with legislation, including the Public Contracts Regulations 2006 (as amended). A managed service for the provision of temporary agency staff is categorised under the legislation as a "Part B" service, for which a full OJEU-advertised procurement exercise does not need to be carried out, however following legal and procurement advice, the Council did undertake a full OJEU-advertised procurement process to minimise the inherent risk of future challenge following the final award of the contract. Any risk to the Council of a future challenge is reduced, by the fact that the Council can evidence an open and transparent procurement process in respect of this contract.

- 3.10 The procurement process was initiated on the 27th March 2014. A Prior Information Notice (PIN) notice was issued informing the market of an opportunity to Tender, this was undertaken in line with EU procurement regulations and in compliance with the Council's Contract Rules.
- 3.11 Following the initial PQQ (Pre Qualification Questionnaire stage), five companies received an ITT (Invitation to Tender) as part of a tender conducted under a restricted procedure.
- 3.12 The Tenders were opened by Councillor Andrew on the 23rd July 2014.
- 3.13 4 completed Tenders were returned by; de pol ltd, First Personnel, Resourcing group (RGMS), and Starting Point Recruitment.
- 3.14 Tenders were evaluated using an appropriate scoring method (as shown below) based on price and quality. Tendering organisations in the process were interviewed and presented their proposals to the Council on the 7th August 2014.



- 3.15 The outcome of the tenders for the non-recommended submissions saw scores (in ascending order) awarded of 60.84%, 63.72%, 66.21%. The tender for Starting Point Recruitment scored 80.38%.
- 3.16 Appointments Board have delegated authority under the constitution for the appointment of all tier 1 to 3 positions. The process for the recruitment and selection of interim positions at these levels entails an executive search with sector specific recruiters to secure the right candidates; this may include, but not exclusively the Council's managed service provider.

4. Council priorities

The access to short term temporary labour helps to ensure the delivery of many key council services, including social care services and waste collection.

Agency workers supplied through the contract are monitored geographically to monitor the supply of workers living within the Walsall Borough.

5. Risk management

The proposed arrangements enable the Council to continue to manage the risk to continuity of service from short-term staff absence and other skills shortages.

6. Financial implications

- 6.1 The total contract value is estimated at £11m per annum based on current usage. Over the three year contract period this would equate to a contract value of £33m. The management of temporary staff through a single route will ensure transparency of cost and enable robust management procedures to be put in place to control the demand for and use of temporary staff.
- 6.2 In line with the current process, to ensure that the financial implications for the authority are appropriately managed, the funding for temporary staff will need to be identified by the relevant service prior to appointment.

7. Legal implications

Once the final negotiation and approval of the contract terms and conditions has been done, the contract will be executed by legal services on behalf of the Council.

8. Property implications

None identified.

9. Health and wellbeing implications

None identified.

10. Staffing implications

- 10.1 The Council continues to be a major employer within the Walsall, Black Country and the wider West Midlands area. It practically and appropriately seeks to provide permanent jobs for local people and makes conscious efforts to optimise permanent roles and minimise the need for temporary roles. The Council is conscious of the increased costs that may arise from temporary arrangements when not properly managed however there are a range of situations where it can be cost effective as highlighted in 3.3.
- 10.2 As Starting Point Recruitment Limited is the incumbent provider of the Managed Service for Temporary Agency Staff there are no TUPE implications for the Council to consider by making the award as recommended in this report.

11. Equality implications

The contract will provide distinct monitoring of the council's temporary workforce against all equality strands as determined by the Equality Act 2010 and in line with the Council's equality duty and current provisions.

12. Consultation

Extensive consultation has been undertaken with service users to identify the preferred operating model, best suiting the needs of the Council.

Author

Lisa Hemus
Senior HR Manager – HR Direct
☎ 655657
✉ hemusl@walsall.gov.uk



The image shows two handwritten signatures. On the left is 'Rory Borealis' and on the right is 'Keith Chambers'.

Rory Borealis
Executive Director
21st August 2014

Councillor Chambers
Personnel and business support portfolio holder.
21st August 2014