

Cabinet

Date of Meeting: 10 September 2019

Report Title: Agency Worker Contract Procurement

Portfolio Holder: Cllr Jill Rhodes, Portfolio Holder - Public Health and Corporate Services

Senior Officer: Frank Jordan – Executive Director Place

1. Report Summary

- 1.1. The Council delivers a wide range of services including a number of essential front line services such as social care and waste collection. Where there are vacancies in these services, it is important that they are covered so that the council can maintain appropriate service levels to our customers.
- 1.2. The Council's priority is to recruit and retain permanent staff but as outlined above there are times when the council needs to appoint staff on a temporary or interim basis.
- 1.3. Establishing a contract for the supply of temporary staff through agency contracts delivers a number of benefits to the council as outlined in this report.
- 1.4. Cheshire East Council currently has a contract with Comensura for the supply of agency staff. This contract expires 31 March 2020 and it is proposed to re-tender this contract on a collaborative basis with Cheshire West and Chester Council.
- 1.4. This arrangement ensures that appropriate governance for temporary recruitment is in place, and that there is active management of the contract including the management of expenditure.
- 1.5. It is proposed that the procurement process is undertaken using a framework provided through the Yorkshire Purchasing Organisation (YPO),

where there is no obligation or commitment required from the Council to purchase any specific volume of work in the future or commit to any specific spend.

- 1.6. The procurement would be undertaken in collaboration with Cheshire West and Chester and ANSA. It is anticipated that the contract will be awarded by the end of December 2019 enabling a smooth transition to the new contract commencing on 1 April 2020.

2. Recommendation

- 2.1. That Cabinet delegate authority to the Executive Director Corporate Services in consultation with the Portfolio Holder for Public Health and Corporate Services to award and implement the new contract following a tender exercise.

3. Reasons for Recommendation

- 3.1. The current Agency Contract commenced in April 2016 and is due to expire on the 31st March 2020. Therefore, it is recommended that the council undertakes a tender process to ensure that the Council has access to an appropriate Agency Worker contract when the current contract expires.
- 3.2. It is proposed that competitive tenders would be invited and evaluated from up to ten suppliers included on the YPO Framework for the provision of agency workers. This competitive process would enable costs to be reduced below the "direct award" rates currently stated in the framework, thus delivering an efficient and effective mechanism to ensure the Councils' requirements can be met.

4. Other Options Considered

- 4.1. Alternative framework providers have been explored, including two key regional frameworks for agency staff held by Eastern Shires Purchasing Organisation (ESPO) and Yorkshire Procurement Organisation (YPO). Meetings were held with both consortia with both framework offering very similar services that they provide, the suppliers they have approved and the help and support they provide.
- 4.2. The key difference is that Cheshire East Council is an associate member of YPO and as a result we benefit from an annual rebate based on level of accumulative expenditure we put through the range of frameworks they offer. This is an additional benefit for using the framework. The panel also agreed that there was a good level of support available from the contacts at YPO. Therefore, it is recommended that the Council procures its contract utilising this YPO framework.

- 4.3. The Council could independently conduct a full tendering exercise rather than using a Framework agreement. It is considered that there is no benefit in this approach as the Council would be dealing with the same supply market and would not benefit from the framework efficiencies available.

5. Background

- 5.1. The use of a managed service contract for Agency Workers offers the Council the ability to temporary and interim staff as part of a flexible resourcing approach which can respond to demand pressures, staff turnover and a changing environment.
- 5.2. The Council's strategic priority is to recruit and retain permanent staff. As a large organisation that delivers in excess of 500 services, with a broad range of roles and skill requirements there is a need to recruit staff on a temporary and interim basis through agency contracts to cover short term vacancies etc.
- 5.3. A managed service contract enables the Council to recruit staff on a temporary and interim, in a timely manner and with relative ease; thus increasing resilience and maintaining the skills base across the workforce and ensuring continuity of service to our residents.
- 5.4. Agency staff are predominantly used to manage peaks in demand, cover for maternity leave or sickness absence and to cover specific skills gaps where recruitment processes may take longer to complete as skills are not readily available on the open recruitment market. While the use of temporary workers is not a default position, this workforce solution provides immediate access to additional workers such as social workers, IT staff and waste collectors. The proposed approach using a managed service contract will provide temporary staff for all Council requirements.

Procurement Framework

- 5.5. A framework is an agreement put in place with a provider or range of providers that enables buyers to place orders for services without running lengthy tendering exercises each and every time. Frameworks are based on large volume buying. They aggregate different buyers' potential needs meaning individual buyers can source services at lower prices, or with special added benefits and/or more advantageous conditions. The terms and conditions cover all purchases under that framework making it an easy and efficient method of procuring. There is no obligation or commitment required from the Council to purchase any specific volume under a framework.

- 5.6. Procurement framework agreements are OJEU (Official Journal of the European Union) compliant, removing the need to independently undertake a full (OJEU) procurement process, as this has already been done as part of setting up the framework.
- 5.7. The Yorkshire Purchasing Organisation (YPO) is a publicly owned central purchasing body providing framework agreements to the public sector. They have put in place a Framework Agreement for the Provision of HR Services and Solutions (Temporary and Permanent Recruitment, Consultancy and Related HR Services). This is a national framework for managed services for agency workers.

Joint Working

- 5.8. The current Comensura contract for agency workers was jointly procured with Cheshire West and Chester Council in 2015. There is now an opportunity to go to the market with the aggregated spends of both Councils and ANSA and to include other relevant ASDV expenditure in the future. Whilst both Councils are seeking to reduce spend on agency workers a joint offering would be more attractive to the market and, through the shared buying power, should lead improved margins from the suppliers. There are also economies of scale through shared services and procure to pay processes e.g. consolidated billing.
- 5.9. The new contract will be available to other Council ASDVs to utilise where appropriate.
- 5.10. The proposed arrangement will provide:
- The flexibility of dealing with a wide range of agencies through one managed provider
 - The separation of demand and supply, as well as keeping in touch with the wider market.
 - Management information and monitoring of the performance of each agency in accordance with the Councils requirements
 - There is one consolidated weekly invoice rather than separate invoices to each agency for multiple agency workers
 - Improved buying power and reduced agency rates
- Channelling of requirements through a network of competing agencies to ensure a better calibre of candidates and a larger pool to select from.

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1 The YPO has procured a Framework Agreement for HR Services and Solutions in accordance with the Public Contract Regulations 2015. This is an “umbrella” agreement setting out the terms and conditions under which individual contracts (call-offs) can be made throughout the period of the agreement. Although undertaking a joint mini competition under the EU compliant framework each organisation will enter into its own call-off contract with the successful tenderer.

6.1.2 The current Framework Agreement expires on 5 December 2019 and the proposed call-off contracts will need to be completed by that date i.e. signed by all parties to the contracts.

Finance Implications

6.2.1 The Comensura contract is used to source agency staff for the Council and its ASDVs. Comensura charge a management fee based on a percentage of the cost of agency staff provided. An indicative level of spend for Cheshire East is £8.0m, but this does not guarantee a future spend of £8.0m and is provided only to give the market a sense of the potential future volume.

6.2.2 The majority of agency staff costs are met from revenue staffing budgets for substantive posts across the Directorates of the Council, they are not funded from a specific agency budget. ANSA hold their own separate contract and their level of expenditure is circa £3.0m.

6.2.2 ANSAs requirement for Agency Workers is predominantly within the Waste Collection Service, with usage being mainly to cover for holidays, long term sickness and during periods of recruitment. The Company has recently entered into a Collective Agreement with its recognised trade unions that will see a significant change to the way in which its Waste Collection Service operates. It is anticipated that this will further reduce the requirement for Agency Workers going forward.

6.2.3 Council services continue to focus on reducing reliance on agency workers, so the expenditure figures are expected to reduce year on year. It is accepted however, that temporary workers can be a cost effective approach to some aspects of workforce planning meaning that permanent resource and associated fixed cost is not required to cover peaks in workload and absence.

- 6.2.4 Agency Workers orders are subject to recruitment request approval and must be supported by a business case. This ensures that Agency Workers are only recruited against a clear business case. This assists in managing the expenditure on Agency Workers.

6.2. Policy Implications

- 6.2.1. None

6.3. Equality Implications

- 6.3.1. None

6.4. Human Resources Implications

- 6.4.1. Ensuring a smooth transition from the current to the new contract is essential. During implementation and launch of the new Agency contract, hiring managers who regularly use Agency Workers will be trained on the suppliers ICT platform. This will ensure that Agency Workers can be selected for new assignments and paid on time.

6.5. Risk Management Implications

- 6.5.1. All contract agreements are closely monitored throughout the contracted period to ensure that the Council continues to obtain and maximise value for money and consistent levels of service.
- 6.5.2. To enhance visibility and control over the usage of agency workers, management information reports will be requested from any future provider to assist with the monitoring of, for example, order justification, assignment duration, and charge rates compared to those defined for particular roles, invoicing detail and workforce diversity. The management information report will continue to provide accurate spend and usage data about the use of Agency Workers across the Council.

6.6. Rural Communities Implications

- 6.6.1. There are no direct implications for rural communities.

6.7. Implications for Children & Young People/Cared for Children

- 6.7.1. There are no direct implications for children and young people.

6.8. Public Health Implications

- 6.8.1. There are no direct implications for public health.

6.9. Climate Change Implications

6.9.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. There is no impact on any specific wards and Local Ward Members.

8. Consultation & Engagement

8.1. As part of this project, Recruiting Managers who currently use the Comensura system will be consulted to obtain feedback on their experience by way of a short survey. Feedback from this survey will be taken into account for the new contract specification.

9. Access to Information

9.1. Further information about YPO HR Service and Solutions Framework can be found at:

https://www.ypo.co.uk/framework/detail/900257#framework_details

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

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