

# Cabinet Member for Performance

## Agenda

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**Date:** Monday, 7th December, 2015  
**Time:** 10.00 am  
**Venue:** Committee Suite 1,2 & 3, Westfields, Middlewich Road,  
Sandbach CW11 1HZ

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The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

### **PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT**

1. **Apologies for Absence**

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary and non-pecuniary interests in any item on the agenda.

3. **Public Speaking Time/Open Session**

In accordance with Procedure Rules Nos.11 and 35 a period of 10 minutes is allocated for members of the public to address the meeting on any matter relating to the work of the body in question. Individual members of the public may speak for up to 5 minutes but the Chairman or person presiding will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers. Members of the public are not required to give notice to use this facility. However, as a matter of courtesy, a period of 24 hours' notice is encouraged.

Members of the public wishing to ask a question at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given.

4. **Temporary Agency Workers Contract Award (Pages 1 - 6)**

To consider the award of the contract for temporary agency and other workers.

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For requests for further information

**Contact:** Cherry Foreman

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## CHESHIRE EAST COUNCIL PORTFOLIO HOLDER MEETING

<b>Date of Meeting:</b>	7 <sup>th</sup> December 2015
<b>Report of:</b>	Organisational Development Manager
<b>Subject/Title:</b>	Temporary Agency Workers Contract Award
<b>Portfolio Holder:</b>	Cllr Paul Findlow

### 1.0 Report Summary

- 1.1 The current contract for the supply of agency workers to the Council is due to expire on 31 March 2016. A collaborative procurement process has been undertaken with Cheshire West and Chester Council, Vivo, ANSA, and CoSocius to put in place a new compliant contract.
- 1.2 Cabinet approved the recommendation on 29<sup>th</sup> September 2015 to delegate authority to the Portfolio Holder for Performance (Cllr Paul Findlow) and the Chief Operating Officer to award the contract following the tender exercise and to take all necessary actions to implement the new contract.
- 1.3 The purpose of this report is to brief the Portfolio Holder on the outcome of the competitive tendering process for a Vendor Neutral Managed Service for temporary agency and other workers and request approval from the Portfolio Holder to formally award the new contract.

### 2.0 Recommendation

- 2.1 That the Portfolio Holder exercises his delegated authority to:
  - i. Approve the award of contract to the top ranking provider referred to in section 7, table 1, for a period of three years, with an option to extend for up to 12 months commencing 1<sup>st</sup> April 2016.

### 2.0 Other Options Considered

- 3.1 The procurement process for a Vendor Neutral arrangement has been sourced through the Eastern Shires Purchasing Organisation, MStar2 Temporary Agency staff framework (Lot1). MSTAR2 is a national framework for managed services for agency workers, covering supply for both local government and education. There are a number of suppliers on this framework and the Council has undertaken a mini-competition exercise.

- 3.2 The Council considered conducting a full tendering exercise rather than via a Framework agreement. It was considered that there would be no benefit in this approach as the Council would be dealing with the same supply market and not able to leverage demand with other Local Authorities.

### **4.0 Reasons for Recommendations**

- 4.1 To put in place a new EU compliant contract for the managed provision of temporary and permanent workers which will deliver a cost effective and quality solution for the Council, where resource is required.

### **5.0 Background**

- 5.1 The use of a managed service contract for Agency Workers offers the Council the ability to adopt flexible resourcing approaches to anticipate and respond to a changing environment. For the past three years, the Council has held a contract with Comensura to supply Agency Workers on a Neutral Vendor basis in order to fulfil business need.
- 5.2 The contract will provide temporary staff for all non-education related requirements. Such needs should be for temporary backfilling, temporary increases in resources, temporary fulfilment of new roles etc. Key job categories within the contract include Administrative and Clerical Staff, Social Care, IT, and Manual Labour.
- 5.3 The current agency staff contract was not designed to include senior interims and consultants, however, where senior or specialist skills are required, managing this through a single contract helps to streamline processes and governance. The tender included for various strategic services to include for 'direct hires', executive interims, and permanent recruitment where required.

### **6.0 Procurement Process**

- 6.1 A collaborative, (Cheshire East Council, Cheshire West & Chester, ANSA Environmental Ltd, CoSocius Ltd and Vivo Ltd ), project team was established and tenders were invited from the suppliers included on the MSTAR2 Framework for the provision of agency workers in the Neutral Vendor Lot 1. Suppliers were asked to submit a proposal against the laid down criteria of 60/40 price/quality.
- 6.2 The mini competition took the form of a written submission submitted via the Chest e-tendering portal, followed by a supplier clarification presentation and demonstration of their management system. The written submission was against method statements developed by the collaborative project team. Four of the seven MSTAR2 suppliers chose to submit a tender and the submissions have been evaluated.

## 7.0 Tender evaluation results

7.1 The final results of the tender evaluation are as follows. As the tenderers cannot be advised of the outcome until approval has been given, the names of the four tenderers are anonymous due to commercial sensitivity.

**Table 1- Evaluation results in ranked order**

Tenderer	Price Score 40%	Price Score 20%	Quality Score	Total Overall Score	Ranking
<b>Supplier 1</b>	<b>40%</b>	<b>14.21%</b>	<b>35%</b>	<b>89.21%</b>	<b>1</b>
Supplier 2	39.35%	9.04%	22.75%	71.14%	2
Supplier 3	28.91%	12.70%	21%	62.61%	3
Supplier 4	20.32%	16.42%	14.75%	51.49%	4

**Note:**

a) The 40% price score is for the total cost of agency margins and the managed service provider booking fee.

b) The 20% price score is made up of other fees such as senior interim and permanent recruitment and direct hire fees, alongside a price innovation question.

7.2 When comparing the current cost of agency margins and managed service provider fees against the newly tendered fees a 9% saving of £77,445.56 has been made based on the current mix and level of temporary agency workers combined spend by CEC and CoSocius.

7.3 The main benefits of entering into a contract with 'Supplier 1' are summarised below:

- Improvement on costs/savings including additional strategic services;
- A robust supply chain of agencies to meet resourcing requirements, including local suppliers;
- A user friendly IT system which will enable comprehensive reporting;
- Divest managers of the responsibility and significant effort required in order to source requirements for temporary workers; and;
- Provide protection against claims arising under the Agency Worker Regulations.

## 8.0 Implementation of the new arrangements

8.1 A joint implementation team will be put in place and work will commence in producing the information required for a smooth transition to the new arrangement with effect from 1 April 2016. The implementation team will consist of representatives from HR, Business

Solutions, Procurement, Audit, Legal, IT and CoSocius/payments together with users in Services to ensure that specific needs are met.

8.2 Key measures of success from the new Agency workers contract are as follows:

- % fulfilment of positions
- % of agencies within Cheshire East borough
- Hiring manager satisfaction
- Zero off contract spend

### **9.0 Wards Affected and Local Ward Members**

9.1 No impact on any specific wards and Local Ward Members.

### **10.0 Implications of recommendation**

10.1 Policy Implication

No significant policy implications.

10.2 Legal Implications

Contracts of this value are subject to the Public Procurement Regulations 2015 (the Regulations) and the Council has conducted a call off from a framework agreement in compliance with the Regulations. The Councils, ASDV's are able to utilise this contract. The Council will be liable for any breach of the contract by the ASDVs where a direct contract is not put in place. ANSA has a significant temporary staff requirement and will therefore enter into a separate contract to that of the Council.

10.3 Financial Implications

The level of spend on agency workers identified through Comensura for Cheshire East in 2014/15 was approximately £8.8m which includes the Council's Alternative Service Delivery Vehicles (ASDVs). Agency Worker spend is around 1.6% of the Council's total annual spend (excluding schools) and forms around 8% of total annual expenditure on employees.

Cheshire East Council and Cheshire West and Chester Council announced in October 2015 that CoSocius was to be brought back in-house. HR/Finance services will revert to Cheshire West and ICT will be the responsibility of Cheshire East. These staff will be contracted under the CWAC or CEC agency workers contract. The 14/15 expenditure on temporary staff for CoSocius (which is predominantly ICT staff) was £6.5 million. The use of temporary workers in these shared service areas is different to traditional usage, for example, to cover for sickness, vacancies etc. The resourcing model is based on a small permanent staffing complement which is then flexed through the

use of specialist temporary workers to meet business needs, therefore reducing unnecessary overheads. This resourcing approach has been a key consideration in the tendering of the contract and reduced agency fees for longer term assignments and the inclusion of longer notice periods has resulted.

Council services are focusing on reducing their reliance on agency workers, so the expenditure figures for 2014/15 are indicative and may change year on year. Temporary workers can however be a cost effective approach to some aspects workforce planning meaning that permanent resource and associated fixed cost is not required to cover peaks in workload and absence.

The vast majority of the total spend through the Agency Workers contract comprises workers' salaries. The only costs that can be influenced through the agency workers contract are the recruitment agency fees and managed service provider booking fees. Within this tender process however, we have now secured long tenure discounts as well as competitive senior interim and permanent recruitment fees which will also help to reduce costs in the future.

#### 10.4 Equality Implications

None

#### 10.5 Rural Community Implications

None

#### 10.6 Human Resources Implications

Ensuring a smooth transition from the current to 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.

#### 10.7 Public Health Implications

None

#### 10.8 Other Implications

None

### **11.0 Risk Management**

- 11.1 All contract agreements will be closely monitored throughout the contracted period to ensure that the Council continues to obtain and maximise value for money and consistent levels of service. A

requirement of the contract is for continuous improvement throughout the term of the contract to ensure that best value is achieved.

- 11.2 To enhance visibility and control over the usage of agency workers, management information reports will be requested from the supplier to assist with the monitoring of, for example, order justification, assignment duration, charge rates compared to those defined for particular roles, invoicing detail and workforce diversity. The management information reports will provide accurate spend data for the use of agency workers across the Council.

## **12. Contact Information**

- 12.1 Contact details for this report are as follows:-

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