

Report To: Cabinet

Date of Meeting: 12 December 2017

Lead Member / Officer: Councillor Julian Thompson-Hill / Gary Williams - Head of Legal, HR and Democratic Services

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Title: Managed Service for the Provision of Agency Workers

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**1. What is the report about?**

To seek approval to commence a procurement and enter into a contract to appoint an agency to supply temporary staff for use by Denbighshire County Council. This will be a collaborative procurement with Flintshire County Council.

**2. What is the reason for making this report?**

2.1 The Council has an existing agreement with Matrix SCM to supply agency staff to the Council. The agreement for Denbighshire County Council expires on 23<sup>rd</sup> February 2018 and the Flintshire County Council agreement expired on 20<sup>th</sup> October 2017 but was extended to be co terminus with the Denbighshire contract. There is an on-going requirement for agency staff. The contract will be for 3 years with the option to extend the contract for 1 further period of 12 months.

2.2 To be compliant with the Council's Contract Procedure Rules and EU Legislation, a competitive tendering process needs to be undertaken. It is proposed to use the Mstar2 (Managed Services for Temporary Agency Staff) framework which has been set up by ESPO (Eastern Shires Purchasing Organisation) .The framework is available for use nationally by any public sector body in the UK. This framework is compliant with UK/EU procurement legislation. Suppliers listed on the framework were assessed during the procurement process for their financial stability, track record, experience and technical & professional ability. The rates specified in the framework were assessed by ESPO during the procurement process and represent economically advantageous prices.

**3. What are the Recommendations?**

3.1 To commence the procurement using the ESPO MSTAR2 Framework Number 653F.

3.2 For Denbighshire County Council to work collaboratively with Flintshire County Council in leading and managing the procurement process.

3.3 For the Council to enter into a contract with the successful supplier. The contract will be for 3 years with the option to extend the contract for 1 further period of 12 months

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#### **4. Report details**

- 4.1 Currently, the Council has a contract with Matrix. This was a contract awarded under MSTAR1, the previous framework agreement which has been replaced by MSTAR2.
- 4.2 The Suppliers on the MSTAR framework are: Commensura; de Poel; Matrix; Manpower; Pertemps; Randstad Sourceright and Reed. These are all leading agencies for the supply of temporary workers.
- 4.3 The Procurement Service undertook a benchmarking exercise to compare the MSTAR2 agreement against the National Procurement Service (NPS) framework and the conclusion was that the MSTAR2 agreement was more beneficial to both Denbighshire CC & Flintshire CC due to the hourly uplift rate which is applied by the NPS for use of their framework, which is twice the rate applied by ESPO.

#### **5. How does the decision contribute to the Corporate Priorities?**

##### *5.1 Developing the Local Economy:*

The agreement will allow for newly established or yet to be created recruitment agencies in Denbighshire to sign up to the managed service at any time during the lifetime of the agreement. This in turn will allow residents of Denbighshire, both now and in the future to seek employment via these agencies. The income provided by these employment opportunities will have the potential to be regenerated into the local economy.

The agency workers have the opportunity to receive on the job training and the potential for applying for future job opportunities as jobs arise.

##### *5.2 Modernising the council to deliver efficiencies and improve services for our customers:*

Use of a managed agency service allows the Authority to deliver the standard of services expected by its residents during periods of unexpected resource shortages. The flexibility achieved by the use of agency staff, can allow services to develop their operations to deliver efficiencies, whilst maintaining control of its budgets.

#### **6. What will it cost and how will it affect other services?**

##### 6.1 The amount the Council spend with Matrix is:

Denbighshire CC 2016 – 2017 = £710,145 (Source Matrix Invoices)

Denbighshire CC 2017 – 2018 = £685,031 (Source Matrix Invoices, Apr – Nov inclusive)

Therefore, over the period of 4 years under the new contract, it is anticipated the contract spend will be approximately

Denbighshire CC = £4,110,186 (2017-18 Spend /8 x 48)

##### 6.2 The Council has a business need to retain a supplier of temporary workers to cover vacancies and unplanned absences, or to fill the requirement for specialist short term staff. Therefore there is a requirement to have a contract in place with a supplier who

has sufficient capacity and resources to meet the needs of Denbighshire County Council. The contract will enable the Council as a whole to continue to deliver services to the public and service users.

The agency contract with Matrix does not encompass all Council agency spend. It excludes all school requirements for Supply Teachers, which are sourced via the National Procurement Service Framework with New Directions, and also Social Services Home Care agency workers, who fall outside the scope of the Matrix contract.

The current agency revenue budget for 17/18 for DCC is £827,944 (excluding schools). However, this budget also includes spend for those non Matrix agencies mentioned above. The budget available does not cover all current spend on agency staff as Services fund these costs from amongst other things savings in vacant posts.

#### **7. What are the main conclusions of the Well-being Impact Assessment?**

The Well-being Impact Assessment summarises the likely impact of the contract on the social, economic, environmental and cultural well-being of Denbighshire, Wales and the World. The outcome of the assessment is that use of the Agency framework offers flexibility for both the Council and the local workforce. The Council will employ agency workers in circumstances where full time employment is not feasible and the local workforce would not otherwise be employed, receive training & gain experience. It will create local jobs including jobs that require the use of the Welsh language.

The full report can be found in the attached appendices as Appendix 1.

#### **8. What consultations have been carried out with Scrutiny and others?**

Throughout the current contract period, there have been regular quarterly business review meetings arranged with Matrix, attended by representatives of the Collaborative Procurement Service, Flintshire CC Human Resources Service and Flintshire CC Internal Audit.

Denbighshire CC Human Resources Service do not attend quarterly meetings, but do receive the quarterly reports.

There have been no public consultations or report to Scrutiny.

#### **9. Chief Finance Officer Statement**

The proposals in this report support the business needs of the Council and appear to deliver value for money and are therefore supported. The budgets are held within services and it is each Head of Service's responsibility to ensure that agency staff are used efficiently. This will become increasingly important over the coming years as the pressure to identify savings intensifies.

#### **10. What risks are there and is there anything we can do to reduce them?**

The following key risks have been identified and will be managed by the Collaborative Procurement Unit and Legal Services:

- Legal challenge in relation to the procurement process – managed by the input of specialist legal advice in terms of the process and drawing up the required documentation;
- Transition arrangements arising from change of supplier– a transition plan can be agreed between the incumbent supplier and the appointed supplier.
- An unplanned rise in the demand for temporary workers- the supplier’s ability to cope with rise and fall in demand will be evaluated as part of the procurement process.

## **11. Power to make the Decision**

- 11.1 Cabinet is required to authorise the commencement of this procurement procedure pursuant to section 2.7.2 iii of the Council’s Contract Procedure Rules.
- 11.2 The Council also has power to issue the procurement and enter into contracts pursuant to section 111 Local Government Act 1972 (power to undertake any act to facilitate, or which is conducive or incidental to, the discharge of any of their functions); section 135 Local Government Act 1972 (power to make standing orders to govern entering into contracts), section 112 Local Government Act 1972 (appoint such officers as they think necessary for the proper discharge by the authority of the authority’s functions); section 3(1) Local Government Act 1999 (general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised) and section 1(2) Local Government Contracts Act 1997 (empowers local authorities to enter into a wide range of contracts providing assets or services in connection with the discharge of their functions).