

Report to	Cabinet Briefing
Date of meeting	03/04/2023
Lead Member / Officer	Cllr Julie Matthews
Head of Service	Louise Dougal
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Title	Managed Service for the Provision of Agency Workers

1. What is the report about?

- 1.1. This report is about the current contract in place in which we source external agency staff into the Council through a formal managed service provision.

2. What is the reason for making this report?

- 2.1. The Council currently has a contract in place with an external supplier to provide agency staff via a managed service. This contract is due to end on 28th August 2023. As a result this report seeks to obtain approval to commence a procurement process and request delegated authority to award a new contract following the tendering process in accordance with Section 2.7.2.iii of the Contract Procedure Rules. This will be a collaborative procurement exercise with Flintshire County Council.

3. What are the Recommendations?

- 3.1. To comply with the Authority's Contract Procedure Rules (5.5.4(iii)) we seek approval from Cabinet to commence the tendering process.
- 3.2. That cabinet delegates authority to Head of HR to award the contract to the successful provider in consultation with Monitoring Officer and Section 151 Officer.

4. Report details

- 4.1. The Council has a business need to retain a supply 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 services users.

- 4.2. The agency contract with Matrix does not encompass all Council agency spend. It excludes all school requirement for Supply Teachers, which are sourced via the National Procurement Service Framework and Social Services Home Care agency workers, who fall outside of the current Matrix contract.
- 4.3. Currently, the Council has a contract with Matrix SCS. This was a contract awarded under MSTAR2, the previous framework agreement which is due to be replaced by MSTAR4.

The amount the Council spend with Matrix is detailed in the first table below. Therefore, over the period of 4 years under the new contract, it is anticipated the contract spend will be approximately £1m per annum. This figure represents approximately no more than 1% of the total Denbighshire County Council pay bill.

Financial Year	Spend
2018/19	£854,209.50
2019/20	£743,555.80
2020/21	£976,529.40
2021/22	£1,262,262.60
Total	£3,836,557.30

The table below details the spend by service for the financial year 2022 to 2023. During this period the most common roles that agency staff have covered are Refuse Collector, Streetscene Operative, Grounds Maintenance Worker, Social Worker and Administrator.

Financial Year 2022 to 2023 – Spend by Service	
Highways, Facilities & Environmental Services	£685,574
Community Support Services	£276,916
Finance and Property Service	£171,888
Planning, Public Protection & Countryside Services	£167,904
Business Improvement & Modernisation	£48,513
Legal, HR & Democratic Services	£33,902
Education & Childrens Services	£1,817
Total	£1,386,513

- 4.4 To be compliant with the Council's Contract Procedure Rules and the Public Contract Regulations, a competitive tendering process needs to be undertaken. It is proposed to use the MSTAR4 (Managed Services for Temporary Agency Staff) framework which will

have been set up by ESPO (Eastern Shires Purchasing Organisation). The framework will be available for use nationally by any public sector body in the UK. The framework will be compliant with UK/EU procurement legislation.

- 4.5 It is anticipated that following the tendering process the Council will be in the position to award a new contract by mid-June 2023. Given the potential need to manage the transition from an existing provider to a new provider in readiness for the new contract to take effect at the end of August 2023 resulting in tight timescales we are seeking Cabinet approval to delegate the contract award decision.

5. How does the decision contribute to the Corporate Plan 2022 to 2027: The Denbighshire We Want?

- 5.1 A Prosperous Denbighshire (Theme 2) - Support economic recovery, capitalising on opportunities to enable residents to access decent employment and income. We want to use economic growth as a driver to reduce inequality and poverty.

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 also have the opportunity to receive on the job training and the option for applying for future job opportunities, both internal and external, as jobs arise.

- 5.2 A well-run, high performing council (Theme 9) - To be a council that is fair, transparent, performs well, represents value for money, and gives consistently good customer service. The council wants to be creative, brave, ambitious, outward-looking, and an excellent employer, backed by strong governance and assurance.

The 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.

The decision will have a neutral contribution to the Council becoming Net Carbon Zero and Ecologically Positive by 2030.

6. What are the main conclusions of the Well-being Impact Assessment?

- 6.1. 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.
- 6.2. The Council will employ agency workers in circumstances where full time employment is not feasible and the local workforce would not otherwise be employed. The use of agency workers ensures that Council is able to continue to deliver it's services to local residents whilst helping to protect the health and well-being of our employees. The positive impact on local residents is two-fold. Firstly ensuring the services that they expect are maintained and delivered. Secondly by providing local employment opportunities that delivers fair pay, good working conditions, good training, incorporates jobs that require the use of the Welsh language and ultimately opportunities to work on a permanent basis for the Council.
- 6.3. The assessment has been completed by representatives from Human Resources and Procurement departments. The impact assessment was completed in conjunction with the formation of the request for authorisation to re-tender for the provision of agency staff.
- 6.4. A Data Protection Impact Assessment has been completed and is attached for reference.

7. What consultations have been carried out with Scrutiny and others?

- 7.1. 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 Denbighshire CC Human Resources Service. There have been no public consultations or report to Scrutiny.

8. Chief Finance Officer Statement

- 8.1. 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.

9. What risks are there and is there anything we can do to reduce them?

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

- 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
- If there is a delay to the award of the MSTAR4 framework (expected award due 11th April 2024) a short contract extension to the existing provider may be required until an alternative procurement route can be determined or until MSTAR4 agreement becomes available.

10. Power to make the decision

10.1. 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.

10.2. Cabinet is required to consider the request to authorise the delegation of the decision to award the contract as detailed in Sections 3.2 and 4.5.

10.3 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).