



Report to Leader (Accessible Housing and Resources portfolio)

Decision Date:	26 July 2022
Reference number:	FR04.22
Title:	Temporary staffing contract award
Cabinet Member(s):	Cllr John Chilver, Cabinet Member for Accessible Housing and Resources
Contact officer:	Lorna Fisher, HR Business Manager Lorna.Fisher@buckinghamshire.gov.uk
Ward(s) affected:	(All Wards);

There is a confidential part to this report, which is exempt by virtue of paragraph 3 of Schedule 12A of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Recommendations: **It's recommended that Provider A is awarded the contract for temporary agency, interim and specialist contracts for a period of 3 years + 1 to commence on 3rd September 2022.**

HR to work with Provider A to ensure we are the customer of choice to provide a good supply of high-quality candidates.

Reason for decision: Following in-depth analysis into costs, benefits and value for money, Provider A offers the best solution for the Council. More detail is attached as the confidential appendix.

1. Executive summary

- 1.1 The use of agency workers provides the Council with flexibility to meet temporary increases in demand, to acquire specialist skills to meet specific project / service outcomes and/or acquire people with skills that are scarce in the employment market. The use of agency workers provides organisational stability and flexibility through periods of change, helping to avoid and reduce the costs of redundancies. The current provider under the master vendor arrangement has provided the Council with: -
- An established local and national market presence and reach
 - A mature, stable and established network of second tier agencies
 - Ability to scale up and down to meet changing demands
 - Flexibility and speed of hire and withdrawal
 - Low/no cost temporary to permanent conversion (Appendix 3 of confidential appendix)
- 1.2 The current resourcing market is volatile, we have seen a sharp swing from an employer led market at the start of the pandemic in March 2020 to a strong candidate led market in the Summer of 2021. The labour market makes it essential that the Council has a well-established, trusted and stable resourcing partner with strong local knowledge.
- 1.3 HR has analysed the pricing from 35 suppliers across 3 frameworks to look at best value options. Framework suppliers have indicated that carrying out a mini-competition or tender process has not resulted in the reduction of existing framework fees. In view of the current challenging labour market, margins on future frameworks are likely to increase. Carrying out a tender/mini-competition will take additional resource and some months to deliver and is unlikely to reduce costs.
- 1.4 The contract with the current provider has evolved and includes interpreters and translators. Joint work has been delivered between BC Resourcing and the current provider on activities such as careers fairs, advertising campaigns and social media work. The current provider has regularly sponsored corporate events for the Council such as the Proud of you staff awards.
- 1.5 The current provider acts as our master vendor, managing an established and comprehensive supply chain of approximately 72 second tier suppliers, including 39 social care providers. The master vend arrangement allows us to quickly scale up requirements by adding additional suppliers with market reach and local knowledge. The breakdown of charges for the current provider is included in the confidential Appendix 1.
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- 1.6 The annualised gross agency spend for Buckinghamshire Council including Interims (who are typically senior/ specialist Agency workers) is approx. £22m for 2021/22 (Appendix 1 of confidential appendix). The contract is rated as platinum plus.
- 1.7 Looking at value for money, it is less costly to engage 29% of current agency workers through Provider A, than it would be to employ them direct, due to our on-costs including employers pension contributions. This equates to a cost reduction of c£550k compared with employing these workers.
- 1.8 The contract experiences the same market issues in sourcing hard to fill roles, such as Planners & Social Workers as other organisations across the UK. There is a strong and positive working relationship with a joint drive to deliver improvements and There is competition between agencies to source and place workers. The key issue for the Council is how to become the customer of choice to agencies and workers.
- 1.9 For hard to fill roles, there is a small market of candidates who can be easily placed in a number of organisations by their agencies and who can easily walk out of one organisation and straight into another. Reducing the fee paid to suppliers will exacerbate the supply of candidates for hard to fill roles as agencies will submit candidates to organisations paying higher margins. The Council needs to explore further options to become the customer of choice, providing the Council with a regular supply of high-quality candidates. This may mean paying a higher margin for some roles, but also acting as a good customer in providing clear requirements, engaging in supplier events and responding promptly to CVs/interview feedback.
- 1.10 The work to become the customer of choice for the supplier is vital , so that for specific roles a closer relationship can be built with the supplying agency. Using this model managers will also benefit from reduced administration as they will still access the benefits of the contract with regard to billing, onboarding checks and so on. This customer of choice model will mean a higher margin to the supplying agency however the overall benefits in terms of procurement, transparency of costs and employment checks will be beneficial.
- 1.11 The customer of choice model will also help to ensure that Managers do not source agency workers off-contract and procure workers outside the current contract, there are potential risks to the organisation in terms of safeguarding, and recruitment compliance checks and costs. As part of this contract award it is key that off contract spend is reduced as far as possible to zero so that there these risks are mitigated (Appendix 7 of confidential appendix).
- 1.12 HR has reached out to a number of partner organisations and will name these on the contract, they include – Bucks Fire & Rescue, Buckinghamshire College Group and Marlow Town Council. All schools will be named on the contract so that they can benefit from the preferential terms.

- 1.13 Taking all of the factor together the recommendation is that the current provider - Provider A - is direct awarded the contract for temporary agency, interim and specialist contracts for a period of 3 years + 1 to commence on 3rd September 2022.

2. Supplier Options Appraisal

- 2.1 Two main options have been explored in conjunction with Procurement colleagues. Firstly, the contract could be re-procured through a tendering/mini-competition process. Alternatively, a direct award could be made. A direct award is strongly recommended as a result of in-depth financial analysis of 35 suppliers across 3 frameworks. Provider A is eighth cheapest for our key agency staff categories with the variance between them and the cheapest, but untested supplier being £140k or 0.5% of current spend. Framework suppliers have also indicated that carrying out a mini-competition/tender has not resulted in lower prices and that prices for new frameworks will increase. A further benefit of a direct award is that it would maintain the status quo it would not divert capacity onto a lengthy procurement process and would then allow HR time to explore alternative arrangements such as partnering with another organisation or setting up different contractual arrangements, such as one contract for social care and another for all other categories of worker. At this time, HR will not be looking at setting up an in-house agency/bank of workers (Appendix 8 of confidential appendix).

Tendering/Mini-competition

- 2.2 The proposed supplier is not the cheapest but does provide best value for money and negates the cost of change.
- 2.3 Last time a full procurement exercise was undertaken, and the Council managed the change to a new supplier, it took a team of 4 people working full time for 12 months to manage the tender and the exit and re-award. More recently it took 6 months to migrate agency workers from District legacy providers to the BC/current contract.
- 2.4 HR would therefore require additional resource and funding to manage a tender, exit and re-award programme, which would be an additional cost to the organisation and would result in key, experienced staff being assigned to the programme for a period of approximately 12 months and backfilled by agency/fixed term/secondment arrangements. The estimated cost of change would be £210k
- 2.5 If the tender/mini competition process resulted in the Council awarding to the current supplier, this cost would be reduced as no resource would be required to manage the exit and transfer of workers to a new agency.

- 2.6 In addition, within HR there is a capacity challenge. HR has commenced its service review, which will last until March 2023, while continuing to support other teams through their reviews.

Direct Award

- 2.7 An in-depth financial analysis that has been carried out into 35 suppliers, Provider A via the ESPO framework are eighth cheapest for our key agency staff categories (Appendix 4 of confidential appendix). The variance between them and the cheapest, but untested supplier is £140k or 0.5% of current spend. Margins for new frameworks will increase due to the current labour market.
- 2.8 A single provider for both temporary and permanent recruitment would be beneficial. Recruiting Managers will sometimes have a range of requirements, eg temporary sickness absence cover and a permanent recruitment need to replace a leaver. Another major benefit of a single supplier is that the supplier will resolve any issues about who submitted a candidate first as well as any claims for introduction fees, this is an issue with off-contract spend. This approach should therefore be replicated, and a single provider should be awarded both contracts.
- 2.9 Looking at the prices for each framework, we focussed on where the Council had the largest spend, which was on qualified social care, admin and planning roles. Suppliers were ranked from cheapest to most expensive (Appendix 4 of confidential appendix).
- 2.10 A direct award to Provider A would involve staff time to carry out in-depth analysis of framework prices and the contract award process.
- 2.11 The recommendation is that the Council direct awards to Provider A. This minimises the cost of change; provides continuity of provision and ensures that the Council continues to access good quality temporary workers.

3. Legal and financial implications

- 3.1 There are no costs associated with the direct award to Provider A. Additional costs to exit and Re-award totalling £210k in backfill of experienced HR staff for a period of 12 months has been avoided by retaining the current supplier. The current arrangements whereby Directorates pay for the cost of agency staff including supplier margin to the supplier is met from Directorate budgets. For 2021/22 this totalled £22m.

4. Local councillors & community boards consultation & views

- 4.1 This decision does not affect any specific local Councillors. Councillor John Chilver and Councillor Tim Butcher have been consulted on this proposal.

5. Communication, engagement & further consultation

5.1 There are no plans for further engagement or consultation.

6. Next steps and review

6.1 If approved, HR will engage with Provider A to finalise contract arrangements and to implement the recommendations.

7. Background papers

7.1 Confidential appendices are attached.

8. Your questions and views (for key decisions)

8.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.