

Options Paper Agency and Temporary Spend

Committee considering report: Executive on 26 July 2018

Portfolio Member: Councillor Anthony Chadley

Date Portfolio Member agreed report: 12 July 2018

Report Author: Karen Felgate

Forward Plan Ref: EX3573

1. Purpose of the Report

This report sets out the options available for the supply and provision of agency and temporary workers following consideration of all of the options, and their relative benefits and risks. The proposals are based upon an analysis of spend and category data that is available to review the options for purchasing.

2. Recommendations

2.1 The Executive resolves to:

- (a) use the ESPO framework and
- (b) delegate authority to the Head of Commissioning (in consultation with the Head of Finance and Head of Legal) to enter into a call off contract to the successful managed service provider via mini competition.

3. Implications

3.1 **Financial:** West Berkshire Council currently spends circa £4m per annum on agency and temporary spend. Master or hybrid vendor route typically yields around 5-6% savings although this will need to be tested for West Berkshire. Therefore on a spend of £4,000,000 we should yield an average of £200,000 pa. This is caveated as has not been tested.

3.2 **Policy:** All services will be required to sign up to new agreed process for delivering agency staff within the Council.

3.3 **Personnel:** Potential requirement for a contracts manager dedicated to the management of this spend and contract. This would be achieved on an invest to save basis and costed at approximately £50k per annum.

3.4 **Legal:** The Council remains responsible for any challenge to the award via a framework. It would be necessary to make sure that the framework has been procured correctly and any call off made is in accordance with the framework rules and procurement regulations.

3.5 **Risk Management:**

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3.6 **Property:** N/A

3.7 **Other:** N/A

Executive Summary

4. Proposal

4.1 Managed Service Provider MSP

Managed services is the practice of outsourcing on a proactive basis management responsibilities and functions intended to improve operations and cut expenses. The service provider performs on-demand services and bills the customer only for the work done.

Variations to this model are as follows:

Master vendor: Master vendor solutions are typically run by a lead recruitment firm which will farm out jobs to other recruitment firms at lower margins

Neutral vendor: Has no affiliation to a specific recruitment agency and will use a range of recruitment agencies to deliver their clients requirements

Hybrid Model: This is a mixture of the two where the model can be tailored to meet our requirements. This will suit services ie social care and specialist areas such as legal who will require bespoke agencies

Eastern Shires Purchasing Organisation – known as ESPO, have a framework called MSTAR2 which caters for local authorities to provide recruitment services. It is recommended that we use this route and carry out a mini competition to pick the best supplier and managed service route through the framework

4.2 Analysis of Top Two Preferred Options

	Framework	MSP
Proposal	Collection of agencies managed through a framework agreement, assessed for quality and price. Client can pick off the framework from relevant lot.	Existing framework through which commissioning will run a competition to select MSP. MSP will then be responsible for managing the selection process.
Management	Commissioning will run the competition to get agencies onto the framework but services will need to carry out their own mini competition to select the relevant agency from the framework	The Managed Service Provider shall be responsible for ensuring all Agencies utilised meet the required standards and policies of the Customer. The Managed Service Provider shall vet potential Agencies, both in terms of business and financial suitability when signing them up to supply Services
Savings	Savings projected at £150K gross for the Council as a whole. This is the figure that was badged against	West Berkshire Council currently spends circa £4m per annum on agency and temporary spend.

	Framework	MSP
	this work for Commissioning to achieve— however this is not tested and based upon the potential of ability to introduce efficiencies into the system and bringing in processes to manage spend.	Master or hybrid vendor route typically yields around 5-6% savings although this will need to be tested for West Berkshire. Therefore on a spend of £4,000,000 we should yield an average of £200,000 pa. This is caveated as has not been tested
Beneficiaries	Four lots which will provide general clerical/admin staff. Children's social care, adult social care social workers and provider services staff. Individual Services will still be required to find their own specialist staff as this will be outside the scope of the framework	Has the ability to provide agency staff across the Council as a whole including specialist staff for services as MSP will manage the whole process.
Staff requirement	Once contract is procured then it is anticipated that services will pick their agency workers from the framework and carry out their mini competition – but this will be carried out as part of the day to day role of the service. Alternatively this could be managed by Commissioning or HR but would require additional resources. Assuming gross cost of Agency Category officer at £50,000, there will be a net saving on this route of £90,000	There may be a requirement for a contracts manager to oversee the contract particularly if we go for a hybrid or neutral vendor version. Based upon assumption that gross cost of agency contracts officer will be £50,000. Net saving of £150,000.
Speed introduction of new process	This route will take a lot of pre tender work to ensure we are getting what we want from the process as an authority. Tender process will be approximately 3 months.	Much of the pretender work has been completed by ESPO and the tender process should be straightforward – both routes will need to be signed up to by all senior managers in the Council to ensure it works

4.3 Other Options Considered

- (1) Competitive Procedure with Negotiation – too restrictive and would not provide agency cover for the whole council services
- (2) A further option would be to set up our own employment agency for temporary staff. Whilst this is the most innovative option – the overheads are likely to be high
- (3) Joint commissioning an MSP. This would be a potential options for the future but currently other LA's have their own arrangements
- (4) Maintain the status quo: Contract with Reed expires in October 2018 but would not recognise any savings

5. Conclusion

- 5.1 The preferred route for procurement for West Berkshire Agency staff is for the managed service provider (MSP) option. Hybrid option will allow for Council to tailor service to our requirements.

6. Appendices

- 6.1 Appendix A – Equalities Impact Assessment
- 6.2 Appendix B – Supporting Information

APPENDIX A

Equality Impact Assessment – Stage One

We need to ensure that our strategies, polices, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; this includes the need to:**
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
 - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Executive to make:	Options paper for Agency and Temporary spend
Summary of relevant legislation:	
Does the proposed decision conflict with any of the Council's key strategy priorities?	None
Name of assessor:	Karen Felgate
Date of assessment:	30 th April 2018

Is this a:	Is this:		
Policy	No	New or proposed	Yes
Strategy	No	Already exists and is being reviewed	No
Function	No	Is changing	Yes
Service	Yes		

1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?

Aims:	Rationalise the spend for agency and temporary staff within the Council
Objectives:	Explore the options for agency and temporary spend within the Council
Outcomes:	Reduce agency and temporary spend and deliver savings
Benefits:	Realise cashable savings and cost avoidance

2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this.

(Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)

Group Affected	What might be the effect?	Information to support this
Age	None	
Disability		

Gender Reassignment	None	
Marriage and Civil Partnership	None	
Pregnancy and Maternity	None	
Race	None	
Religion or Belief	None	
Sex	None	
Sexual Orientation	None	
Further Comments relating to the item:		

3 Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	No
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	No
Please provide an explanation for your answer:	
This is an options paper providing recommendations on preferred procurement routes for agency spend within the Council.	

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

4 Identify next steps as appropriate:	
Stage Two required	No
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name: Karen Felgate

Date: 30th April 2018

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) (rachel.craggs@westberks.gov.uk), for publication on the WBC website.