
Procurement Strategy Report

Options Paper: Agency and Temporary Spend

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1. INTRODUCTION

Purpose

In 2016 as the result of a procurement review undertaken by ADR Consulting, it was agreed that the Council would undertake a category management approach to significant areas of spend within the Council with a view to reducing Council's overall spend. There were three categories of high spend which were identified as primary focus for category management work; print and stationery, agency spend and repairs and maintenance. Other categories will follow as opportunities are identified.

This document 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.

Agency and temporary recruitment within the Council is currently undertaken within individual service areas. The common reasons for agency spend is most frequently due to a gap due to one member of staff leaving and the successful recruitment of a new permanent post holder. In Adult Social Care (ASC) and Children and Family Services (CFS), it will be necessary to recruit specialised agency staff with relevant qualifications – ie locum social workers. There can also be a requirement to recruit agency or temporary staff to carry out a specific role for a defined period of time; for example project management of a time limited project. A consultant maybe required to deliver a specific technical skill for a time limited project. These short term posts are generally funded within service area budgets or via a specific pot of money obtained to carry out a project such as an external grant.

The Council currently contracts with Reed for general administrative roles. This contract is managed by HR and is due to expire on 31st October 2018. During discussions with services it became apparent that many recruiting managers in the Council were not aware of the Reed contracted arrangements and have been making their own arrangements with other agencies for these roles.

Social care is an area of high agency usage and spend within the Council. In 2017-18, West Berkshire Council used 108 agencies. Of the 108 agencies, ASC used 46 agencies and CFS 32. Social care are therefore the highest users of agency staff within the Council. There are some duplications in total between them to deliver roles such as care staff and locum social workers. There are other local arrangements which has been agreed with preferred agencies. In CFS, there is an agreed protocol in Berkshire around rates for Children's social workers so that authorities are not undercutting each other. However in general, spot purchasing is used widely across Council for all agency and temporary spend.

Objectives

The key aim to introduce a category management approach to procuring agency staff is to reduce the West Berkshire Council spend in this area per of approximately £4m per annum.

The table below shows agency spend across the Council for the last 3 years. Over the last two years 2015-16 and 2016-17, the council will have spent close to £10m in this category. Finance are currently carrying out a piece of work to look at agency budgets within service areas and how to report spend, as historically it has not been clear what the true cost of agency spend is within the Council. However due to a drive to bring down staffing budgets and reduce reliance on agency and temporary staff, the overall trajectory for

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spend is downwards which is positive. The final figure for the annual spend for 2017- 2018 is predicted to be similar to that of 2016-17.

Service	Service Description	Total FY15/16	Total FY16/17	YTD 17/18 (March 2018)
COMACP	ASC Efficiency Programme	48,888.00	0.00	0.00
COMASC	Adult Social Care	2,570,703.86	2,314,223.20	2,401,325.86
COMCS	Children and Family Services	2,019,744.01	1,205,216.50	888,587.10
COMDIR	Corporate Director – Communities	0.00	0.00	131.85
COMDSG	Education (DSG Funded)	6,311.80	6,926.11	0.00
COMES	Education	266,399.83	277,509.91	358,964.08
COMPHW	Public Health & Wellbeing	0.00	1,767.78	0.00
COMPS	Prevention and Safeguarding	227,122.84	53,730.51	93,619.66
ENVDP	Development and Planning	87,736.02	131,358.45	82,245.36
ENVPPC	Public Protection and Culture	147,393.01	115,690.55	80,076.87
ENVTC	Transport and Countryside	70,254.85	50,706.33	143,667.30
RESCOM	Commissioning	30,223.66	75,443.49	4,633.94
RESCSI	Customer Services and ICT	71,038.04	67,681.35	50,012.27
RESCX	Chief Executive	0.00	180.00	0.00
RESFIN	Finance and Property	119,278.33	104,310.63	86,576.46
RESHR	Human Resources	5,224.64	5,384.32	1,518.88
RESLEG	Legal Services	795.00	36,084.61	56,522.05
RESSS	Strategic Support	18,931.15	21,845.84	6,424.94
		5,690,045.04	4,468,059.58	4,254,306.62

Opportunities to reduce spend in this category can be achieved through the following:

- 1 Negotiating firm price rates with a smaller number of agencies
- 2 Reducing or negating finders fees
- 3 Negotiating commission rates
- 4 Consolidation of invoices to save on time and cost in relation to staffing of processing

These areas will be explored in more detail and the ability to achieve price reductions through the options appraisals.

The second purpose is to ensure that the suppliers engaged have suitably qualified people who can perform the duties required. The number of agencies the Council transacts with is excessive. For example, ASC currently use 46 different agencies for different functions. CFS are working with 32 agencies. Of the 78, agencies used, only 11 are used by both services. Although the work they do can be specialised, it is likely that there will be synergies that can lead to consolidation and reduction of the number of agencies used across both CFS, ASC and this can be replicated across all areas of the Council. By reducing the number of agencies worked with within the council, it will enable better relationships to be developed with a smaller number of providers as well as the ability to put a clear scrutiny path in place

The third aim is to ensure the temporary staff recruitment process is more streamlined and to cut down on administrative time associated with appointing agency staff. A clear structure in place will reduce the service areas time spent liaising with agencies and negotiating rates. There will be opportunities to consolidate invoicing and reduce burdensome paperwork

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Key performance indicators will be put in place which will monitor the effectiveness of the new agency strategy and enable easier monitoring of future spend trends. These will be standardised across all agency spend.

Current supply

West Berkshire Council currently uses in excess of 100 agencies across the Council. Only one supplier is currently contracted for general administrative and clerical roles (Reed). This contract expires on 31st October 2018. All the other agencies used are not contracted – although some agencies do currently give agreed rates as agreed individually by services on a spot purchase basis.

Going forward there will be a need to manage this area of work as a category of spend. Effective communication and publicising of any new processes will be paramount to ensure savings in this area.

This section below describes the supply market:

- Dynamics
 - The capacity and capabilities of some of the specialist agencies used is ad hoc and unconsolidated. It certainly differs service by service and also geographically. For example different agencies are used in the east of the district from the west with differing rates. This needs to be standardised and the options outlined below will enable this to be achieved
 - There are definitely agencies that could provide the skill sets we are looking for, but they require detailed job specifications so they fully understand the skills and qualities required for the various roles. This will be done as part of the specification or if we decide to embark on a managed provider route – this can be clarified with the provider
- Geography & Segmentation
 - Some agencies are locally based to various areas within our boundaries. Others have a wider geographic spread.
 - We need niche agencies for the supply of agency workers for roles such as Occupational Therapists, Social Workers, and Support Workers. These are required by both ASC and CFS
 - By ensuring all the agencies has the same job specifications then there should be little to differentiate one from the other. Selection will be on the best price or best placed agency in their locality.

Options for Procurement

Option 1: Managed Service Provider

Managed Service Provider

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, if they are not initially able to fill the positions within a certain time period, to ensure coverage. This route is generally considered to be cheaper. However candidates from the master vendor are given priority and the route does not support SME's and BME's as well.

Neutral vendor: Has no affiliation to a specific recruitment agency and will use a range of recruitment agencies to deliver their clients requirements. True neutral vendor partners have no affiliation to, or ownership of, any recruitment firms in their wider group. This means they can manage recruitment agency relationships extremely effectively as there is never any conflict of interest around margins. This route is particularly beneficial to SME's because it allows clear competition and a level playing field. Costs to LA can be negotiated as a flat fee or as a percentage.

Hybrid Model: This is a mixture of the two where the model can be tailored to meet our requirements. This route is particularly attractive as it enables us to specify our requirements – in particular for areas such as social care which need 24/7 turnaround and legal services who require specialist staff who are difficult to recruit

There are two national frameworks that the Council can use should we wish to procure a Managed Service Provider (MSP).

Eastern Shires Purchasing Organisation – known as ESPO, have a framework called MSTAR2 which caters for local authorities to provide recruitment services. This option allows us to have a Managed Service Provider (MSP) who can manage the Council's agency activity on our behalf.

An alternative framework is accessible via Yorkshire Purchasing Organisation (YPO). However ESPO framework is the preferred route for most LA's. Coventry City Council undertook a benchmarking exercise in 2016 comparing the two frameworks via ESPO and YPO and concluded that ESPO offered the best value for money route, although in practice there is very little to differentiate between the two frameworks.

Whilst the framework is available for LA's to call off, West Berks we can undertake our own competition within the existing framework providers to identify the preferred MSP and achieve VFM. However the competition element can be delivered relatively quickly compared to a regular procurement process.

The lots available reflecting this model variations through MSTAR2 are as follows:

Lot 1 – Neutral vendor (supply chain management) - the MSP manages a supply chain of agencies

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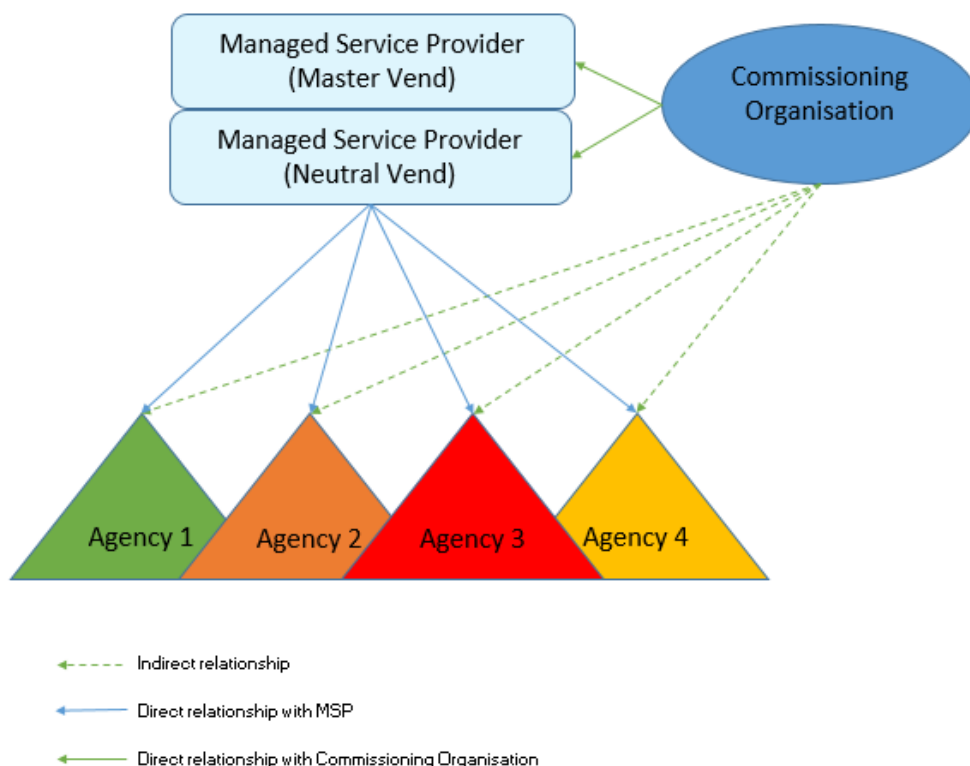
Lot 2 – Master vendor (supply chain management) - the MSP generates a resource pool of staff

Lot 3 – Supply chain optimisation (hybrid) – customers can define a sourcing strategy using a combination of models depending on their resourcing objectives

For the purposes of evaluation and to establish call-off rates for the framework, prices were submitted on the basis of the 'core' specification. For Lot 2 where the MSP provides services on a Master vendor basis, the suppliers submitted prices on the basis that they supply between 50-70% of the staff from within their own resource pool. However we will be able to agree different models and commercial where different percentages, or different parameters are set and we can do this through a further competition.

Camden have been using the Managed Service Provider model and their current contract is to use a managed service provider who directly provides staff (master vendor). Essex Borough Council use the neutral vendor route. Reading Council have a predominantly master vendor solution but do have a hybrid element whereby they have additional subcontracted agencies (similar to neutral vendor model). Brighton and Hove have developed a hybrid model that they used successfully since 2011.

The diagram below shows the relationship between Commissioner, MSP and agencies.



Financial Impact

London Borough of Camden chose a master vendor model through Hays for its MSP as their main priority was cost savings. Camden spends £32m per annum on agency and temporary staff and have identified cashable savings of over £2m.

They have first tier and second tier agencies. Second tier agencies submit CVs directly to the service manager. 50% of their business is conducted through master vendor route and the other 50% through second tier agencies. This has caused some issues with invoicing which they still need to resolve.

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In Reading, who also chose a master vendor model, rates were negotiated for each agency role type – or in the case of regular off contract suppliers, fixed rates were set in place depending upon the role. This meant only one invoice and saved time and expenditure on large volumes of invoices needing to be processed.

Pricing

Options for pricing are as follows:

Payment Method	Advantages	Disadvantages
Flat fee	Cheaper per worker if spend level goes up	Will be expensive if spend level on agency decreases.
Percentage of total cost (or fixed percentage) on agency worker salary	Total paid will fluctuate on overall spend /volume of business Fee is fixed if the cost of wages increases	Not proportionate to agency workers' wages
Gain share	Will incentivise savings as MSP shares in the profits	Difficult to calculate a baseline for savings Will need to be careful that we do not give away too much of our savings

The first two options do not incentivise savings as there is no reason for the MSP to go the extra mile in securing savings. Therefore recommendation is to look at a gain share option which is strictly tailored to our needs. We can agree to have current agency workers transferred across on their existing rates. Any savings achieved will then be returned to the Council in the form of a rebate at the end of the year.

The MSP charge for their services by applying a 'pence per hour' fee to the hourly charge rate of each Temporary Agency Worker. This rate would be inclusive of all costs associated with providing the Services, to include, for example, but not be limited to Account Management, Implementation, Training, Electronic Systems, and end of contract procedures, including transfer of any data etc.

National frameworks such as ESPO and YPO will also charge a rebate fee. This is added to annual charge which we will negotiate as part of the contract with the preferred MSP. The rebate is charged retrospectively and is payable by the Managed Service Providers to ESPO or YPO based upon the turnover of business conducted in the areas of operation.

Therefore the total cost charged will consist of the cost of the Temporary Agency Worker (the pay rate plus statutory contributions) plus the Agency Fee, plus the MSP Fee and the ESPO rebate. If a Temporary Agency Worker is appointed who would typically command a higher rate of pay (higher than the set pay rate or maximum rate if a range is in operation), payment will only be made as per the grade requested.

The Council will be able to negotiate moving all contracts over to the new supplier at the current rates. One way this can be achieved is by asking for a credit note from the MSP at the end of the financial year.

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There will be no introductory fees so this will negate those excess costs which are so common when procuring agency staff who subsequently become permanent where the person has been with the authority for more than 14 weeks.

The following are example scenarios.

1. If the temporary agency worker works for the customer and prior to 14 weeks from the start of the first assignment with the customer, the customer wants to take on the temporary agency worker to a permanent contract (or fixed-term contract) without advertising the role and completing a recruitment process then a fee shall be incurred in relation to the rates below.
2. If the temporary agency worker has worked for more than 14 weeks in the role, no fee shall be incurred.
3. If the temporary agency worker has worked for less than 14 weeks, and identifies a position within the authority that has been advertised (either internally or externally) and applies for that position, providing the job has been openly and fairly advertised, no charge shall be made to the customer for the temporary agency worker by the MSP (either themselves or on behalf of one of their supply chain agencies).

The rates applicable to be paid by the customer to the supplier only in circumstances where a charge is legitimate are:

- 0-5 weeks 12.5%
- 5-10 weeks 7.5%
- 10-14 weeks 2.5%
- 14 weeks + no charge

Percentage charge would be based on annualised salary.

As an alternative to paying the transfer fee, the customer may elect to hire the Temporary Agency Worker(s) in question for an extended period. This extended period should be of reasonable length and in no circumstances longer than 3 months.

This route will result in a reduction in the administrative burden of spot purchasing agency staff and invoicing. This will result in time saved by officers contacting and negotiating with agencies on a case by case basis.

Invoicing will be managed by the MSP so West Berks will have one supplier through whom invoices will be channelled

MSP provider will carry much of the risk. For example, issues such as IR35 will have already been resolved through the ESPO framework process so we can be assured that this has already been dealt with.

Savings

Based upon the available data from LA's who have undertaken an MSP route for agency staff – the average savings achieved is in the region of 5% on original spend. Therefore on a current annual spend of £4,000,000 based upon this premise West Berks should save around £200,000 per annum. This is currently caveated as will need to be tested. However the framework spec requires the MSP to make savings as a requirement.

The table below compares savings made by four local authorities, Brighton and Hove, Essex, Camden and Reading who are using the MSP route. Overall it appears that approximately 80% of local authorities in

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England including all London Boroughs are using this model. Master vendor or hybrid route appears to be the most lucrative from a savings point of view with average savings of around 5-6% mark.

	Reading	Essex	Camden	Brighton and Hove
Annual agency spend	8,000,000	9,700,000	32,000,000	8,334,009
Annual cashable savings	400,000	250,000	2,000,000	757,594
% saving on agency spend	5.0%	2.6%	6.3%	9%
Route	Hybrid model	Neutral Vendor	Master Vendor	Hybrid model

Brighton and Hove state they have achieved their savings primarily through savings on mark up. They have achieved 9% savings based upon a hybrid model of master and neutral vend. Brighton and Hove have also achieved 100% fill rate on all vacancies.

All the London Councils, such as Tri-borough in London, (Hammersmith and Fulham, Royal, Borough of Kensington and Chelsea and Westminster City Council). Havering Council, LB Islington and Lambeth Council use the MSP route

Coventry City Council introduced an MSP service in 2016. They realised a £920K reduction in contract spend in the 1st quarter of 2017-18 compared to the same period on 2016-17. They chose Pertemps as their preferred MSP via a competition using the ESPO framework.

Islington use a neutral vendor route and have achieved 9% cashable savings from their £28m annual spend. There has been £300k saved in staff time. 9 out of 10 agencies they use are based within the Borough.

Essex County Council also use the neutral vendor model and were suffering from too many agencies used which lead to loss of control, accountability and excessive back office costs. By installing a vendor neutral managed service they were able to retain existing agency providers as long as they signed up to the managed service. They had savings guaranteed in their contract; year 1 was £250k. The service is paid via a 70/30 shared savings arrangement whereby 70% of savings is given to council and 30% to the MSP.

Camden Council use the master vendor route. They chose Hays from the framework. Camden spend £32k annually on agency staff. Their annual cashable savings is greater than £2m.

We can advertise for a specific route - ie master vendor or neutral vendor, or enter into a hybrid version of both which enables us to develop lots which reflect West Berkshire requirements.

Lincolnshire County Council have been delivering the hybrid route for over ten years. Lincoln re-procured their MSP in September 2017 and now have three separate lots through the hybrid route: Social care, legal services and 'other'. Like West Berkshire, they are a rural Council who also struggle to recruit for social care staff. Lincolnshire spend is circa £8m. In the early days of their contract when they moved from unfettered spend to MSP - they made approximately £1m savings in the first year. Last year, 2017-18, they made £170K.

Most of the savings through an MSP are achieved by saving on the mark up that agencies charge to use their services. The following table demonstrates the percentage mark-up which agencies charge based upon different commissioning routes.

West Berkshire Council	Commission/Fee Percentage			
				MSP
	25%	20%	15%	7%
Annual agency spend	£4,000,000	£4,000,000	£4,000,000	£4,000,000
Commission/fee	£1,000,000	£800,000	£600,000	£280,000
Annual saving	£0	£200,000	£400,000	£720,000
% saving on agency spend	0%	5%	10%	18%

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25% is the unfettered spend. (ie spot purchasing within services) which is often used by services at present to procure staff

20% is realistic assumption of margin using a usual contracting method – i.e. framework or single contract

15% is the best margin expected outside of an MSP through a framework or contract with a single agency provider

The final column is the MSP charge rate - the expected MSP margin.

Option 2: Establish a West Berkshire Council Agency Framework

Option 2 explores creating a West Berkshire Council framework for agency category split into four (4) lots.

- Lot 1 General Administrative & Clerical roles. (currently contracted to Reed until 31st Oct 2018)
- Lot 2 Adult Social Care provider services (care staff,)
- Lot 3 Adult Social Care social care staff
- Lot 4 Children's Services social care staff

Agencies will be invited to submit their prices and quality assurance will take place up front. Services will then be able to make their agency selection via a mini competition based upon price. This route has the advantage of inviting all agencies onto the framework – however there is limited opportunity for pre-procurement negotiation which will help to drive down the overall cost of agency procurement to the council.

Specialist roles will continue to be negotiated on a spot purchase basis due to the diversity of the roles involved.

- Market engagement event would be required to set out the Council's expectations. It is likely that sessions will need to be held to focus upon three distinct areas – general administrative roles and social work disciplines (ASC and CFS)
- The framework will be in place for the maximum four years. Firm prices to be agreed for this period with no inflation costs or mark ups.

The maximum length of contract period for a framework is four years. We can consider a two year period, with an option to extend for further two years. Alternatively we can agree to run the framework for the full four years with no extension provision

It is planned that by introducing efficiencies into the process, an anticipated saving of up to £150K gross maybe realised annually. This would be achieved by using the following strategies:

1. Negotiating agreed rates as pertinent to the roles with each of the suppliers
2. Reducing introductory fees on temporary to permanent roles. Currently introductory fees can be anything from 15% of salary depending on the role. The aim is to reduce this closer to 10%.
3. Achieve volume reductions on bookings– thereby reducing overall costs to services.
4. Fix inflation costs over the life of the contract with a firm price negotiated with each supplier prior to award.

All services will be required to follow the new arrangements for engaging temporary staff through agencies. Commissioning team will be responsible for ensuring the process is widely published. Procedures for running mini-competitions through framework will be made clear and transparent to all services. However services will need to run their own mini competitions through the framework to recruit staff.

IR35 rules will apply. All agencies who participate in the process will need to be responsible for their client's on-cost arrangements and they will need to demonstrate this as part of the process.

In line with Public Contract Regulations 2015 and contract rules of procedure. The tender process will be subject to OJEU

The following risk for this route have been identified:

1. Hourly rates may be higher in comparison to existing rates, however this is unlikely as the charge rates will have been negotiated and will not fluctuate throughout the year. The aim to negate inflation costs throughout the life of the contract.
2. Some stakeholders maybe resistant to change and want to use the agents they have always used even if they do not represent value for money. Support from senior management will be requested to ensure that all services are signed up to the process. Should stakeholders wish to use agencies outside the framework, then agreement must be obtained by Head of Service.
3. Agencies may not wish to participate in the framework
 - Pricing
 - A mechanisms for pricing, including an annual return based on the volume of agency staff placed with the agencies throughout the year will be implemented.
 - Firm prices and percentage costs for all roles will be agreed across all agencies.
 - Introductory fees will be capped and reduced weekly until week 14 whereby no introductory fee will be applicable
4. Potential savings/efficiencies:
 - Cost Avoidance
 - Reduction in the administrative burden of spot purchasing agency staff. This will result in time saved by officers contacting and negotiating with agencies on a case by case basis.
 - There will be a consolidation and reduction of the number of invoices
 - Cashable savings
 - Through negotiation with agencies it is anticipated that there could be a £150,000 saving per annum on agency costs across the Council. This will be achieved through negotiation on rates, introduction fees and negotiated reductions on volume purchasing. Clearly this will need to be tested through the procurement process. However this will need to be tested.

Should we decide to create our own framework, it may be possible in the future to trade this to other local authorities once implemented, particularly with our nearest neighbours in Berkshire. However this has not been explored in any detail.

A limitation of this route is that we will not be able to include all specialist roles into the framework. It will be too cumbersome and will mean that they will need to remain outside the framework and continue to be purchased by the service area on a spot basis. This will not enable us to make sufficient savings.

It will take considerable time to set up the framework and each service will still have to run a mini-competition to select their preferred supplier from the shortlisted providers.

Alternative procurement options

The two options above were considered the most viable options to market for the agency spend category. The other options which were considered and discounted for the following reasons are outlined below:

1. Competitive Procedure with Negotiation was considered as an alternative route to procurement which would enable negotiation to take place at pre-procurement stage to select a supplier. However after consideration this route was rejected as it was felt it would restrict the market. In particular it would limit the service areas ability to make choices on agency which can be achieved via a framework or an MSP
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 – although not explored in any great detail at this stage. There will be opportunities to consider this option in more detail in future should Members wish to take this forward.
3. Discussion has taken place with Reading BC around the potential of joint commissioning with them for the MSP using this process. However this is not an option at the moment. Reading started their latest MSP arrangements in 2017 and are not looking to divert from this at the moment.
4. Tender each lot separately either via a framework or through a competitive procedure. This route will be long winded, take up considerable officer time. Focus would need to initially be on the general administrative roles to ensure that there is a service in place after October 2018.
5. Maintain the status quo: Contract with Reed expires in October 2018 and alternative provision needs to be identified. There will be limited opportunities to recognise any savings for ASC of CFS under the current spot purchase arrangements.

Preferred Options Comparison

	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 mini 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 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.

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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. Master Vendor route MSP will manage the whole process. Hybrid version we would need to have a relationship with a number of agencies which will require more management.
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 £100,000	MSP will need to be managed at a central point. In many authorities this is managed by a category manager in Commissioning. Framework providers ESPO and YPO recommend a dedicated resource to manage the ongoing contract management. Assuming gross saving of £200,000, cost of Agency Category officer at approx. £50,000 will result in a net saving of £150,000.
Speed of 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 mini competition process should be straightforward – both routes will need to be signed up to by all senior managers in the Council to ensure it works

Conclusion

The preferred route for procurement for West Berkshire Agency staff is for the managed service provider (MSP) option.

This is for the following reasons:

1. Projected savings are based upon examples from other LA's who have used this route so the projections are caveated. However going with an MSP it is estimated that we can make a saving of £200,000 per annum on the current £4m agency spend. If an additional staffing resource is required to manage the service then there will be a net saving of £150k per annum
2. MSP route will allow us to incorporate all agency spend. Framework will only deal with the main categories; administrative and social care. Other areas will still need to be dealt with on a spot purchase basis
3. MSP will be a quicker route as the framework is already established. This means that the Council will be able to see the benefits of any savings quicker. Framework work will be front loaded and will require a lot of pre-tender work.

We can simply pick an MSP from the framework as preselection has already taken place. However it is recommended that we hold our own mini competition within the preferred framework suppliers to choose our preferred MSP.

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In order to get the best outcome the recommendation is to go with the hybrid model (lot 3 on the ESPO framework) which will enable us to fit to our own requirements.

Recommendation

It is recommended that Executive approve award of agency and temporary work through the ESPO framework and it is awarded to the successful tenderer of the mini competition.