

TITLE	Authorisation of Procurement Strategy of the Agency Worker Contract
FOR CONSIDERATION BY	Council on 21 September 2023
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

The temporary resources contract provides the best value for money and supports the community by providing:

- **The ability to source high quality resource across a wide range of council services** –to ensure high quality provision across all Council services.
- **Flexibility to fill project/specialist/senior roles** –to build on the benefits derived from an integrated approach to resourcing executive and project roles and be able to respond to changing needs.
- **Greater transparency** – a robust contract management model based on accurate and timely data that ensures accountability of supply chain and benchmarks against the wider market.
- **Provides Value for Money and supports control over spend** – to ensure controls are in place to manage spend and decision making.

RECOMMENDATION

That the Council agree the procurement strategy for the Temporary Agency Staffing Solutions contract. This is to procure a new managed service contract for supply of agency workers through a national framework agreement (Managed Services for Temporary Agency Resources (“MSTAR”) via the Eastern Shires Purchasing Organisation (ESPO) in the same service model as we have currently, for an initial period of one year from 1st February 2024 with options to extend by one year for each of the following 3 years.

This is the best option to support the strategy proposed by Procurement and supported by Human Resources.

SUMMARY OF REPORT

Whilst the council actively manages and wherever possible minimises the use of temporary agency resources, they are an important part of the Council’s workforce. This report considers and recommends an approach to the re-tendering of the current arrangements for the provision of agency staff. The managed service provider arrangement allows the Council to ensure where it does need temporary agency resources it achieves consistent employment terms and conditions and the best value for money arrangements.

The scope of this report is to detail options and recommend the best approach to re-procuring these key services, and does not cover the internal processes and governance

for recruiting and retaining agency staff, which is managed internally and reported through the Personnel Committee.

In order to develop the best approach for the re-procurement the Council has recently been through a period of improvement with regards to how it resources and manages temporary agency staff. We have established robust corporate control by mandating the current corporate contract which the Council has already seen cost benefits from.

The most cost-effective solution is now recommended to be to continue with the current model of service, which is available at a competitive price by the framework owner - ESPO. The call off pricing for the next generation of the MSTAR Framework, is similar to what we are currently spending and is competitive.

The decision is subject to finalisation of the finer contract arrangements. The report is brought to Council due to the annual value of spend through the contract being above £5m.

Background

The Council's current agency contract with Matrix SCM was originally procured in 2015-16 by way of calling off the Managed Services for Temporary Agency Resources (MSTAR) Framework led by the Eastern Shires Purchasing Organisation (ESPO) and went live on 1st February 2016. Prior to this agreement there was no managed service provider in place and the Council operated a preferred supplier list of agencies. The contract then went through a procurement exercise in 2018, again directly awarding to the same supplier, calling off the next generation of MSTAR Framework via ESPO and went live on 1st February 2019. The expiry date for the current contract is 31st January 2024 and has no further options to extend.

Matrix SCM place corporate, professional and social care agency workers across much of the Council. The Council continues to make efforts to reduce the requirement for Agency staff through permanent recruitment and ensuring they are only commissioned when needed, through the single supplier managed service (which provides the economies of scale, best value rates and consistent employment terms). On 3rd April 2023 a mandate to use the contract with Matrix was introduced to harness further corporate control and ensure the best possible value for money in hiring agency workers.

Analysis of Issues

The Temporary Agency Staffing Solutions (TASS) contract is needed to secure a source of contingent workforce and provide value-for-money skills throughout the organisation. The TASS contract harnesses corporate governance to hire temporary agency resources at a value-for-money rate through a procured supply chain of agencies by the Provider.

Temporary agency workers are an important part of the Council's workforce. The use of temporary staff enables the Council to operate without interruption to service levels,

ensuring resilience and service continuity. There always will be a corporate requirement to engage temporary agency workers for a number of reasons:

- to cover for vacancies pending recruitment (particularly in some industries where it is difficult to employ to such as social work, building control, project/programme management and some commissioning roles)
- to cover for planned or unplanned absence (e.g. sickness or maternity)
- to cover for filling a post pending a restructure/reorganisation
- to ensure statutory requirements are met in certain social care roles
- to cover for peaks in demand where capacity might be stretched in the established permanent workforce
- to deliver time-limited projects where capacity and/or skills base does not exist internally, such as transformation or improvement work.

A number of internal controls are in place within the organisation to ensure agency workers are only employed when there is a clear business need and it is the best option in terms of value for money, skills and experience required and the length of time the resource is needed. These include;

1. All recruitment business cases signed off at Director level,
2. All agency recruitment will be placed through the corporate contract initially – with exceptions only where the provider can not source the appropriate skills/experience or where the specialist level of role is not provided.
3. Details of agency staff recruitment and provider performance are reported to CLT monthly
4. The council has employed a dedicated management role to oversee and support the use of the contract. This ensures the right information to the provider to source the right applications and holds the provider to account with regard to the quality and quantity of applicants and to the pricing and value from the contract.

Key Considerations of proposed approach

1. The only way to ensure a consistency in employment terms, to manage agency margins and to drive better overall rates through economies of scale is by purchasing through a **single provider**. A single provider also reduces the administration costs for the council and allows the authority to utilise a single corporate market expertise across all its engagement.
2. The **'MStar' framework** has been identified as the most effective approach to procuring the best provider because it is the longest standing and best known (has the most affiliates) framework. It is most proven and used in the Local authority market, and is the most responsive to market needs and particularly to the technical requirements of Local authorities (It has been running since 2011 and is in its 4th generation).
3. **Value for money and effectiveness of service provider** is critical for this service to properly support services across the council. The framework provides a transparent and competitive rate, continual benchmarking of rates and a number of key service performance indicators and service level agreements for

which regular performance information is provided. These include data in respect of all workforce and equalities requirements. These allow the Council to actively monitor and manage the level of service, and to work with the provider to ensure the service provides value for money and meets current market demands. This is managed both in the daily management of specific recruitments and monthly formal performance management arrangements.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Spend will be dependent on requirements through the contract however there is no guaranteed level of spend	Yes, to be met within existing resources	Both
Next Financial Year (Year 2)	Spend will be dependent on requirements through the contract however there is no guaranteed level of spend	Yes, to be met within existing resources	Both
Following Financial Year (Year 3)	Spend will be dependent on requirements through the contract however there is no guaranteed level of spend	Yes, to be met within existing resources	Both

Other financial information relevant to the Recommendation/Decision
The purpose of the contract is to get value for money and better market prices for agency resources where they are key to service or project delivery. Without this contract in place, recruitment will be made through independent agencies result in prices increasing and inconsistencies in employment terms & conditions. Whilst the internal management of Agency recruitment and retention is critical, this contract then allows the Council to ensure prices are managed down and competitive.

Cross-Council Implications (how does this decision impact on other Council services, including properties and priorities?)
The temporary labour contract supports the delivery of the entire Corporate Plan as well supporting the majority of Council services, both internal and external, by ensuring there is a suitable workforce and helps to ensure resilient and flexible service delivery. This contract enables the Council to ensure resources are in place, where required, to cover short term, statutory or specialist requirements and continue to deliver high quality

services thereby meeting internal departmental needs and ultimately those of the Council's customers and residents.

Public Sector Equality Duty
The contract is about a workforce provision, however, it is essential to enable statutory services through contingent workforce. Equality Impact Assessment has not been carried out on this basis.

Climate Emergency – *This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030*
N/A

Reasons for considering the report in Part 2
The appendix contains commercially sensitive information, which could prejudice the Council's commercial interest if communicated widely at this stage.

List of Background Papers
TASS Procurement Strategy 2023 Part 1 Final

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