

Agenda Item IMD21

INDIVIDUAL EXECUTIVE MEMBER DECISION

REFERENCE IMD: 2019/21

TITLE	Procurement of a contract for temporary agency staffing solutions
DECISION TO BE MADE BY	Executive Member for Finance and Housing - John Kaiser and The Leader of the Council – John Halsall
DATE, MEETING ROOM and TIME	12/08/2019 FF14, 11.00 am.
WARD	None Specific;
DIRECTOR / KEY OFFICER	Deputy Chief Executive - Graham Ebers

PURPOSE OF REPORT (Inc Strategic Outcomes)

To seek agreement to commence procurement of a contract to secure a managed service solution for the recruitment and supply of agency workers. A managed service solution provides access to a range of specialist agency worker suppliers and ensures that any potential financial and legal risks associated with the recruitment are managed accordingly ensuring legislative compliance and value for money.

Due to the estimated value of the contract of £3,000,000 and in accordance with the Council Constitution, a business case to commence procurement requires agreement from the Executive. As the recommended approach is a direct award to the current provider, a prompt start of the procurement will allow for a number of improvements to be negotiated, as the supplier will be aware of the availability of sufficient time to choose an alternative procurement option (e.g. competitive procurement), if the desired changes/improvements are not agreed. Should the procurement be delayed, we will be in a situation where direct award to the current provider will be the only option and Matrix will not necessarily be prone to agree on any of the proposed changes. Therefore, in this instance, due to the timing of the end of the current contract and the need to commence the procurement process as soon as possible, it is deemed necessary to seek agreement of the business case through this Individual Member Decision.

RECOMMENDATION

That the Executive Member for Finance and Housing, and The Leader of the Council agree that Wokingham Borough Council:

- 1) Approve the business case as set out in Appendix A to the report;
- 2) Commence the procurement process to secure a direct award to the current managed service provider, Matrix SCM, for one year.

SUMMARY OF REPORT

The Council currently spends between £4m and £5m annually upon temporary workers, however, this is estimated to decrease due to the restructure within some parts of the Council coming to an end and permanent posts being gradually filled. .Since 2016 a significant amount of agency recruitment has taken place through a neutral vendor Managed Service company called Matrix SCM but this contract is due to end in January 2020.

Different options have been considered for the future recruitment and supply of temporary agency staff such as arrangements with a number of agencies which we manage (framework agreement or dynamic purchasing system) or a contract with a single agency which will be responsible for meeting the Council's temporary worker demand. It is considered that the most appropriate option that meets the current recruitment needs of the organisation is to secure a 1 year contract (with 3 options to extend by 1 year each) with the current supplier Matrix SCM. This also aligns with the appointment of a Recruitment Specialist role which aims to provide strategic overview and support of recruitment across the Council. Procuring a contract with the managed service provider for 1 year provides the flexibility to review the arrangements to align with any developing HR Strategy.

Background

In January 2016 WBC awarded the contract for temporary agency staffing solutions to Matrix SCM with an initial term of 2 years and an option to extend for a further period of 2 years. Following a review of the performance, the contract was extended in July 2017 and it is due to end on 31st January 2020. No further options to extend are included in the contract.

The service is being provided via a web-based portal offering a neutral, compliant, competitive solution to the Council's temporary staffing needs – a full managed service. The recruitment process includes advertising the need by placing an order on the system and inviting all suppliers/agencies, signed up to supply workers for WBC, to submit candidates for hiring managers to review, interview and potentially appoint. The costing structure of the contract is based on: PAYE rate (the actual rate payable to the worker), statutory contributions, supplier/agency fee and management fee payable to the managed service provider (Matrix SCM). These four elements form the total service charge, however, the Council receives back about 10% of the total spend in the form of a rebate payable quarterly.

A new contract needs to be in place before the expiry of the current one to ensure a competitive and compliant way of recruitment of agency workers.

Business Case (including Analysis of Issues)

A significant proportion of temporary agency staff have been recruited through Matrix SCM since 2016, although it has not been used as effectively as envisaged, resulting in some recruitment taking place outside of the managed service provider.

This has been in part due to a reluctance and resistance by hiring managers to use the service provider due to the self-service element involved but also the range of candidates available through the service provider has not always met with the Council's recruitment needs.

The HR team have now appointed a Recruitment Specialist (1 year FTC) to coordinate and provide strategic overview of recruitment across the whole council to advise and support with the most appropriate method of recruitment including supporting the use of a managed service provider such as Matrix SCM.

It is considered therefore that to align with the purpose and aims of the Recruitment Specialist, that an initial 1-year contract term with the current provider, Matrix SCM, would represent good value for money and an opportunity to understand the impact of the new Recruitment Specialist, whilst maintaining the benefits of an existing system and provider which would minimise disruption to business processes across the organisation.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context.

	Estimated Value of contract	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£3,000,000	Dependent upon demand	Both
Next Financial Year (Year 2)	£3,000,000	Dependent upon demand	Both
Following Financial Year (Year 3)	£3,000,000	Dependent upon demand	Both

Other financial information relevant to the Recommendation/Decision
N/A

Cross-Council Implications
A managed service solution ensures that any potential financial and legal risks associated with recruitment are managed accordingly ensuring legislative compliance and value for money across the organisation.

SUMMARY OF CONSULTATION RESPONSES	
Director – Corporate Services	No comments.
Monitoring Officer	No comments.
Leader of the Council	No comments.

Reasons for considering the report in Part 2
N/A

List of Background Papers
Temporary Agency Workers Business Case

Contact Valentina Velcheva	Service Business Services
Telephone No Tel: 07730320959	Email valentina.velcheva@wokingham.gov.uk