



In accordance with the Procurement and Contracts Rules and Procedures (PCRP) (see section 3.1.1): a formal business case is required for any procurement with a total value above £50,000. The level of approval required for the Business Case depends on the type of procurement and total ascertainable value of the contract, as indicated in the table below:

1. Level of Approval

State “YES” in the applicable box at either Level 1 or Level 2:

Type of Procurement	Level 1		Level 2	
	Assistant Director & Director	“Yes”	Assistant Director, Director & Executive Approval	“Yes”
Goods and Services	£50k – £500k		> £500k	Yes
Schedule 3 Services	£50k – £615k		> £615k	
Works	£50k – £4,551k		> £4,551k	

NOTE: Executive meetings (Level 2) are held each month but the submission of papers is strictly controlled, resulting in a cycle of at least 6-weeks – speak to Democratic Services for assistance.

2. Project Information

Project / Contract Title	Temporary Agency Staffing Solutions.
Project / Contract Description	Supply of temporary agency workers on the basis of neutral vendor solution.
Expected Start Date & Duration (months)	Start date: 1 st February 2020; duration of contract: 1 year.
Any Extension/s Allowed (months) (e.g.: 1 x 24m / 1 x 12m + 1 x 12m)	Three extensions by 12 months each, e.g. 1x12m + 1x12m + 1x12m. Total term of the contract: 4 years (48 months).
Total Ascertainable Value	The estimated annual value of this contract is in the range of £3,000,000. The total ascertainable value of the contract, based on a total term of 4 years, is £12,000,000.
Procurement Procedure (Open, Restricted, other agreed procedure)	Call off from MSTAR 3 framework agreement, procured by ESPO – this means that we are entitled to select any of the suppliers on this framework agreement, which have been pre-qualified and shortlisted by ESPO in a transparent and compliant.
If not an Open or Restricted procedure, has it been approved by Procurement? (state “Yes”, “No” or “Not Applicable”)	N/A

Budget Available (please state the value)	Individual Services/Budget Managers are responsible to ensure that budget is available prior to each recruitment.
Source of Funding (revenue or capital or specified other)	It is a responsibility of the hiring manager to ensure that there is sufficient funding available for each worker. The source of the budget would depend on the specific role recruited for.
Any specific comments or notes associated with the budget	The total ascertainable value of the contract is based on historical data of the usage of the current contract.

3. Project Justification

Link to Service or Corporate Objectives

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 solution. 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), supplier/agency fee (a fixed pence margin, except for the Interims category which is a percentage on the day rate agreed), statutory employers contributions and management fee payable to the managed service provider (Matrix). 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.

An example of the costing structure for a role under the Management Category would be:

PAYE rate – this is how much the worker will get paid	£447.44 per day
Ltd rate – this is how much Matrix will pay to the agency and it will cover the mandatory annual leave allowance and National Insurance contributions.	£559.75 per day
Client charge – this is how much you will end up paying which will cover all of the above + agency fee + Matrix management fee	£714.38 per day

The TASS contract is currently managed by the Strategy & Commissioning Support team with no HR input.

There is a reluctance and resistance by hiring managers' to use this contract due to the self-service element involved in it. As a result, a significant proportion of agency workers are recruited outside of Matrix. Current volumes of spend via this service contract are as follows:

- Over the period of 1/04/2016 – 1/12/2018 a total of £9,765,863 have been spent through this contract with highest spend generated by Children Services and Adult Social Care.
- Over the same period approximately £7,356,127 have been spent for supply of agency workers outside this contract.
- Total rebate of £887,821.19 has been paid via this solution over the period February 2016 to December 2018.

Managers find it easier to verbally communicate their basic requirements to a single individual (recruitment agent) who would then send a number of applications for them to review. This approach, although quicker and easier to follow, raises a number of compliance, financial, legal and reputational risks to the Council.

1. By calling an agent and communicating their requirements, in the majority of the cases, managers are deemed to have accepted the agency's terms and conditions (T&Cs) without even realising this, committing to charges and sometimes extortionate conditions (e.g. 50% fee, should the worker be offered a fixed term or permanent contract, prohibition for the worker to apply for any WBC job opportunities advertised over a specified period after the end of the placement and others).
2. Choosing a supplier (agency) based on a personal preference, which is normally the case, and accepting third parties' T&Cs without involving SLS, represents a breach of the Council's Constitution, may be in breach of the Public Contracts Regulations 2015 and usually does not provide for a good value for money.
3. Using recruitment agencies directly can also raise different safeguarding and legal risks due to the lower level of pre-employment checks. Managers do not always have a full understanding of the requirements which agency workers should meet before they can be appointed and therefore workers can start at WBC without the necessary checks been completed. The pre-employment requirements are embedded in the Matrix process, all necessary documents are uploaded on the system and managers are notified upon completion of the check or if the worker has failed the pre-employment check.

To manage these risks, the Human Resources team proposed and was granted approval to appoint a Recruitment Specialist to support managers from identifying the need to recruit, selecting the most appropriate recruitment route through to supplying a short list of candidates. This Specialist will be appointed on a 1 year fixed term contract in order to determine whether there is a longer term cost benefit of having this role on the permanent establishment. It is expected that this new role will contribute to the reduction in agency spend overall but, according to the HR team, will assist with promoting the use of Matrix for where agency staff are the best option, decrease in time to hire, increased conversion rate from agency to permanent or fixed term contract, increased compliance with procurement, finance and employment regulations, reducing the risk of fines, etc.

Since the contract is due to expire at the end of January 2020, a decision of future agency workers recruitment solution will need to be taken as soon as possible to ensure that a corporate contract is in place providing for a compliant and efficient solutions for managers to use.

Project Specific Objectives, Appraisal of Options and Project Timetable

The following alternative future options were considered:

1. Procure a new contract for the provision of managed service for supply of agency workers within the most common categories and appoint a specialist agency (master vendor) to manage the supply of workers within critical categories such as Social Care, IMT, etc., where there is a high volume of staffing needs which cannot currently be successfully met by the existing contract with Matrix.

This option was not considered viable: despite of the many occasions of unsuccessful recruitment on Matrix, around 60% of the overall spend on agency workers recruited through the TASS contract, is generated by Children Services under the Social Care category. Should this category be taken out of the scope of the future contract and placed with a specialist provider, the remaining volumes will not be sufficient to attract a competitive proposal for delivery of this service.

2. Set up a dynamic purchasing system (DPS) or framework agreement with a number of suppliers, managed in-house and covering either both temporary and permanent recruitment, or temporary workers only, split into a number of lots to cover the most essential job categories (e.g. Social Care, Admin, Interims, Management, etc.). In essence the outcome of this option will be a list of approved suppliers/agencies, grouped into different categories (Finance, Management, Social Care, etc.) which managers can use when they need agency workers.

This option was rejected due to the lack of resources within the organisation to manage a DPS which will require daily monitoring and pre-qualifying new agencies willing to be added on the DPS. It was considered that this will be a preferred option, if the new Recruitment Specialist role proves to be effective in managing the supply of agency workers across the Council.

3. Do not procure a temporary agency staffing solutions contract and allow managers to do their own arrangements and recruit directly from agencies.

This option was rejected due to the financial and legal risks involved.

4. Recommended option

Following series of discussions with HR Specialists and Relationship Managers, it was agreed that procurement of a new managed service contract for supply of agency workers with our existing supplier (Matrix SCM), through a framework agreement that allows for direct award, covering the period from 1 February 2020 to 31st January 2021, is the best option to support the strategy proposed by the HR team.

A 1-year contract term with the current provider represents good value for money, whilst minimising disruption to business processes across the organisation and will allow time for the impact of the Recruitment Specialist Role to be understood. This approach offers a compliant method whilst we continue to review our existing arrangements and determine whether the introduction of the Recruitment Specialist role to coordinate and provide strategic overview of recruitment across the whole Council can increase 'on-contract' spend, improve 'time-to-hire' and increase compliance with procurement, employment and financial regulations. It would also maintain the benefits of a reliable database, with flexible reporting capabilities, and income from the quarterly rebate payable, subject to an agreement with Matrix SCM.

From procurement perspective, an initial contract term longer than 1 year will most likely attract more competitive proposals and secure a higher level of commitment by the supplier, however, it

may not allow for the necessary flexibility to terminate the contract or change the recruitment strategy, should the outcome of the new Recruitment Specialist impact require this.

The new contract will need to be in place by November 2019 to allow for sufficient mobilisation period, if any substantial changes to the existing arrangement are agreed and therefore the decision to start the process of a direct award must start now.

4. Approval

Please fill in the applicable fields according to the level of approval required.

Note: If Level-2 approval is required, the document should be signed by Assistant Director and Director at Level-1 first, and then presented to the Executive for final approval.

Level 1

<i>Position</i>	<i>Department</i>	<i>Signature</i>
Assistant Director		
Director		

Level 2

NOTE: Level 1 approval must be completed first.

Please state the date of the relevant Executive meeting or Individual Executive Member Decision at which the Business Case has been approved.

<i>Date of Executive meeting / approval</i>
Executive Approval

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