

Cabinet

15 December 2022

Approval to Procure Contracts for Temporary Resources (Agency and Interim Staff) Services

Recommendations

That Cabinet:

- (1) authorises the Strategic Director for Resources in consultation with the Portfolio Holder to commence a procurement for recruiting agency and interim staff ('temporary resources') for all Council services as set out in this report.
- (2) authorises the Strategic Director for Resources to enter into all relevant contracts for the provision of temporary resources on terms and conditions acceptable to him.

1. Executive Summary

- 1.1 The Council uses temporary resources to support its permanent workforce, most of which are supplied using the current corporate contract ('the Contract') with Pertemps Recruitment Partnerships ('Pertemps'). This is a 4-year contract which will end on 30 November 2023.
- 1.2 As a 'managed services' contract with a single supplier, it provides the Council with favourable pricing terms due to economies of scale ('volume discounts'), as well as the efficiencies arising from use of a single corporate contract. A managed service arrangement allows the Council to specify its requirements for individual temporary staff to the supplier who then sources appropriate candidates for the Council to consider.
- 1.3 The Council requires a new contract to be procured for temporary resources to begin on 1 December 2023. The aim of the procurement will be to seek a new supplier that can support and build on the successes of the current corporate contract, ensure continuity of service, and achieve value for money.
- 1.4 A detailed options appraisal has been undertaken with a recommendation that the Council's requirements would be most effectively achieved with the procurement of a refreshed temporary resources managed services corporate contract with a maximum term of seven (7) years on the Council's terms and conditions.
- 1.5 It is recognised that there will be instances whereby the corporate supplier and its supply chain will be unable to fulfil some requisitions for temporary staff. There are also specific challenges relating to the temporary recruitment of specialist and technical roles including, but not limited to, the limited supply pool of interim managers, large (heavy) goods drivers, engineers, auditors, and social workers due to local and national external supply market conditions. For these roles, experience suggests that a more bespoke approach would be more beneficial to the Council.

- 1.6 It is also recommended that a dynamic purchasing system ('DPS') for temporary staff is procured by the Council to add resilience and greater accessibility to the market for hiring managers should the need arise. The DPS would complement the new corporate contract and would form a compliant, innovative, and complete temporary resources solution that encourages dynamic participation and commercial competition from an open market. The DPS would also have a seven (7) year term, which can be accessible to other public sector bodies, with a rebate mechanism that could potentially generate a small revenue for the Council.

2. Supporting Information

- 2.1 The ongoing provision of new corporate contracts for the supply of temporary resources is recommended because it enables the Council:
- 2.1.1 To support its staffing levels, such as adding to or reducing the workforce to meet fluctuating demand for human resource in response to areas of growth, demand cycles, technology implementations, projects, and staff absence.
 - 2.1.2 To access temporary resource at pace to respond to emergency and unprecedented demands on services.
 - 2.1.3 To access the right people at the right time with specific or specialist knowledge, skills and behaviours of a type and number unavailable within the permanent workforce.
 - 2.1.4 To access agency suppliers that protect the Council against potential employment rights issues subject to the right terms and conditions being in place.
 - 2.1.5 To outsource the end-to-end temporary recruitment process and workers arrive with the Council 'ready to work' having undergone the necessary pre-employment checks.
 - 2.1.6 To meet ongoing challenges recruiting to fixed term and permanent roles, which is an ongoing workforce issue for the Council. It is noted that the incumbent supplier offers a 'temp to perm' route for services, which has proven effective in recruiting permanent staff.
- 2.2 A range of options were considered for the re-commissioning of the corporate contract for temporary resources. This included the use of existing national and regional framework agreements. However, for the reasons set out below in paragraph 2.3, a bespoke procurement process is the preferred option.
- 2.3 A bespoke procurement process will enable the Council to engage with an open marketplace on terms and conditions that balance risk and opportunity in a proportionate approach. It would allow the Council to approach its requirements holistically to best meet the needs as an authority, whilst maximising the benefits that can be gained by maintaining or increasing consolidation of spend under a corporate contract and using economies of scale.

This approach will also remove the indirect costs passed on by the supplier due to any framework charges. It would also allow the Council to increase the duration of the contract to 7 years to maximise commercial interest in the tendering opportunity among an open and unrestricted supply market, which increases the likelihood of the Council achieving favoured market rates and value for money.

- 2.4 In addition, the procurement of a Dynamic Purchasing System (DPS) for agency and interim recruitment is also recommended and would function alongside the new corporate contract as it would enable the Council:
- 2.4.1 To create a comprehensive temporary resources solution enabling services to compliantly balance business need with value for money.
 - 2.4.2 The flexibility and scope of the DPS as a route to market for specialist roles that are difficult to recruit to and need a more bespoke approach.
 - 2.4.3 To have call-off contracts awarded under the DPS formed using the Council's own terms and conditions, mitigating risk and creating efficiencies.
 - 2.4.4 To build effective relationships with participants and improve our understanding and visibility of this supply market.
 - 2.4.5 An opportunity to enhance and standardise management information, thus providing better data insights.

3. Financial Implications

- 3.1 Funding for temporary resources derives from existing staffing budgets, therefore, the delivery of the corporate contract and DPS will be made from existing resources.
- 3.2 Over the 3-year period 2019/20 to 2021/22, the Council spent an average of £11.2 million per annum via the existing contract, inclusive of salaries, national insurance, pensions and agency services fees. It is estimated that the value for the proposed new corporate contract should be set at £110 million over the term of the contract based on forecasts for annual inflation (including agency services fees and pay increases), national insurance rises and increases in Council demand over the full 7-year contract term.
- 3.3 The terms of the contract will be based on the successful applicant being the Council's preferred supplier. The Council will not be under any obligation to guarantee volume commitments or pay fixed fees to the supplier, with payments to the supplier being based only on the Council's actual usage of the contract.
- 3.4 A volume rebate structure of at least 1.75% of the total annual contract spend will be payable to the Council by the new supplier. This maintains the financial rebate mechanism within the existing corporate contract.
- 3.5 The contract value for the temporary resources DPS considers both the Council's sole anticipated spend alongside the potential spend of external public sector bodies. It is expected that the Council may spend an average of £3.5 million per annum (£24.5 million over a 7-year term) via the DPS based on the Council's average spend outside of the corporate contract in the 3-year period from 19/20 to 21/22. This includes the cost of salaries, national insurances, pensions and agency services fees alongside potential for inflationary rises over time and increases in usage by the Council.
- 3.6 External use of the DPS is an opportunity for income generation (through a rebate mechanism) and it is necessary to take this into account when determining the overall contract value in accordance with Public Contract Regulations. Any income generation from the DPS could also contribute towards MTFs savings and support the Council's commercial approach to contracting.

3.7 Whilst the procurement of the DPS would not create any fixed financial commitments or liabilities for the Council, the published contract value for the DPS over 7-years would be up to £100 million to maximise the potential scope for external use.

3.8 It is proposed that the overall rebate structure for the DPS for internal use will be the same as the new corporate contract as set out in 3.4.

4. Environmental Implications

4.1 None.

5. Timescales associated with the decision and next steps

5.1 Following Cabinet approval, a procurement process will be commenced. The proposed solutions and supporting contractual agreements need to be in place by 1 December 2023.

Appendices

None

Background Papers

None

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The report was circulated to the following members prior to publication:

The Chair and Party Spokes of the Resources and FRS Overview and Scrutiny Committee

Local Member(s): N/A – County-wide matter

Other members: