

REPORT TO:	Cabinet September 2022
SUBJECT:	Temporary Workers Staffing Contract
LEAD OFFICER:	Dean Shoemith, Chief People Officer, Human Resources
CABINET MEMBER:	Councillor Jason Cummings (Cabinet Member for Finance)
WARDS:	All

SUMMARY OF REPORT:

This report is to recommend that the Council award a replacement contract for the supply of temporary workers to enable the delivery of council services.

Having a managed service provision for an area of high spend within the Council provides economies of scale and avoids ad-hoc and therefore potentially more expensive recruitment process. In addition, expert market knowledge can source temporary staff with appropriate skills and on-board those staff using a standard recruitment process that is cost effective.

The recruitment of a skilled workforce is essential for the Council to deliver its services. The recruitment market is challenging and requires specialist skills to attract talented staff and to do this in a timely manner to avoid service delivery being impacted.

The Council has undertaken an extensive market engagement and benchmarked utilising data from other Councils to deliver a value driven recommendation for an award of a new contract.

FINANCIAL IMPACT:

The proposed award for the Temporary Workers Staffing contract starts from 7 November 2022 to 6 November 2026 up to a total contract value as set out in part B.

The budget for temporary workers is funded from existing departmental staff budgets, therefore only sourced due to vacancy of staff, or emerging short-term requirements. There is no dedicated budget for temporary workers or the temporary workers' margin and management fee associated with their use. Directorates are expected to contain these costs within their agreed salary budgets.

The contract value is a maximum ceiling, with no commitment to spend up to this value. The spend through this contract will be determined by the demand from the Council over the four-year term.

KEY DECISION REFERENCE NO.: 2422EM

RECOMMENDATION:

The Executive Mayor in Cabinet is recommended to approve the award of a four-year contract called off from the ESPO Mstar3 Framework London Collaboration Lot 1 Temporary Workers Staffing to the provider and for the maximum contract value stated in the part B report.

1. DETAIL OF REPORT

BACKGROUND

- 1.1 This report recommends the award of a four-year term contract to a preferred supplier of temporary workers following a thorough pre-market engagement for all categories of temporary workers across the Council.
- 1.2 Temporary workers are used by the Council to provide short-term resources to fill absences, vacancies and add capacity to deal with peaks in workflow. The contract will also allow for interim staff which includes highly skilled professionals who can enable the authority to fill skills gaps, work on fixed term projects and add an external perspective to the management of the organisation.
- 1.3 The Council's current contract for the provision of temporary workers with Adecco expires on 6th November 2022, with no further option to extend. In compliance with the Council's Contract Regulations and the Public Contract Regulations 2015, there is a need to renew the services to ensure best value for money and to keep up with market developments (e.g. a hybrid working approach potentially means a larger area of reach for the recruitment market).
- 1.4 The recommendation is to directly award a contract to the preferred supplier listed on the London Collaboration Lot of the Eastern Shires Purchasing Organisation (ESPO) MSTAR3 Framework. The ESPO MSTAR3 Framework provides a simple, compliant and best value route to procure a provider for temporary workers using a managed service model. All suppliers on the Framework have been preselected by ESPO as being capable of providing a comprehensive range of services that incorporates both quality and value for money.
- 1.5 A Managed Service provision oversees a large supply chain of agencies from which they fill vacancies. The Council receiving the services remains in contract only with the managed service provider and not with the supply chain, and so the provider arranges for all compliance checks of both the supply chain of agencies and the temporary workers employed by the Council.

1.6 A contract award to the supplier listed under the London Collaboration Lot of the ESPO MSTAR 3 Framework, proposes delivery of the optimum benefit to the Council. It also meets all of the critical operational requirements identified by stakeholders, while providing support on insight across all London boroughs to support efficiencies across temporary workers contracting activities.

1.7 The Council required a solution that was able to deliver the following requirements:

i) Resource

Sufficient resources to support Croydon Council, ensuring resourcing requirements and demands are met including traditionally hard to fill roles in Croydon such as within the Adult's and Children's Directorates. Effective digital compliance of temporary workers and the supply chain.

ii) Price

Maximising best value through securing best rates and margins, and working with the Council to achieve reduction in usage

iii) Technology

Technological integration with internal Croydon Council IT systems and provision of good quality management information and reporting tools

iv) General

Effective mobilisation plan and maximising operational benefits to the Council. Enhancing the candidate experience through the onboarding process and championing the Council at every opportunity.

v) Council Policies and priorities

Social value considerations, including engagement of local based people, schemes to support employability and retention in the local skills through workshops and training programmes partnering with Croydon College.

Development of good retention capacity and exploring a qualified social worker development programme.

Commitment to the real living wage for staff employed through the temporary workers staffing contract.

2. **OPTIONS CONSIDERED AND REJECTED**

Option 1 – Do Nothing. If the current contract expires without a compliant replacement, the Council will face risks associated with delivery of key services as capacity will not be available or the Council would require constant competition on the open market to engage temporary staff on an individual basis. **Not recommended.**

Option 2 – Continue as is. Continuing with the current supplier by rolling on the contract will breach the Public Contracts Regulations (PCR 2015) and the Councils Tender and Contract Regulations as there is no scope for further extensions within the current contract. This would expose the Council to considerable risk of litigation. **Not recommended.**

Option 3 – In-house Recruitment Service. This would require setting up a team to deliver and manage the recruitment service within the Council. Robust knowledge, expertise and skills would be required and would take time to implement, and all accountability would lie with the organisation. Using this approach will be costly and the lead in time to create an effective function would be extensive.

In addition individual contractual arrangements would have to be negotiated with all potential suppliers and terms are not likely to be harmonised nor commercially advantageous. **Not recommended.**

Option 4 – Further Competition under a Framework. This option is resource intensive and rates may not be as favourable when compared across managed service providers procured under the framework. **Not recommended.**

Option 5 – Open Tender. This approach is the most resource intensive option, with no guarantees that the rates we currently have can be secured or reduced further. **Not recommended.**

Option 6 – Direct award of Contract from the London Collaboration Framework of the MSTAR 3 (Lot 1): The use of either a neutral vendor or master vendor model is available through the London Collaboration framework (Lots 1a/b). This is the best value for money option whilst also meeting the Council's priorities such as Social Value. The MSTAR Framework allows for a contracting authority to directly award a contract to a provider that meets its criteria and the criteria set out in the MSTAR Framework. This route has been successfully and widely used by over 15 London Local Authorities in the last 2 years and delivers efficient use of resource. Further details are provided in Part B. **Recommended Option.**

3. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 3.1 Of all the options considered, the recommended option delivers the greatest financial benefit to the Council. However, a further financial benefit will be achieved through demand management of the use of temporary workers.
- 3.2 Utilising a Managed Service Provider enables access to a significant agency supply chain and allows the Council oversight and control of expenditure whilst maintaining a compliant route to engaging temporary workers.

- 3.3 A Managed Service Provision also allows for generation of real time and reliable management information, which is crucial for the Council to control expenditure in this area.
- 3.4 Taking part in the London Collaboration provides access to benchmarking data and information sharing between other Councils within the Collaboration.
- 3.5 The relationship management function within a Managed Service Provider allows for issue escalation and resolution, either with agency workers or the agency supply chain, and exploring opportunities for savings within supply chains.

4. CONSULTATION

- 4.1 Views from colleagues across Council's directorates were sought to develop the requirements and determine the optimum model for the Council. This included Senior Managers/Heads of Service across Adults and Children's Social Care, Finance, Procurement, Recruitment and Digital & Resident Access.
- 4.2 There are no changes to the service delivery model that would require consultation with the wider public.

5. FINANCIAL CONSIDERATIONS

- 5.1 There is no separate budget for temporary workers, or the margin and management fee associated with their use. Directorates are expected to contain these costs within their agreed salary budgets. All costs are revenue expenditure. The on-costs of the contract are added to the invoice weekly as a cost against the agency worker, which directly apportioned to the service as a cost of the agency worker for that week.

Revenue and Capital Consequences of Report Recommendations

- 5.2 The Council modelled the annual cost of the contract using existing usage data, including the cost of supplier margins and any management fees (included in the Part B report). Actual costs will depend on the number and type of temporary workers engaged during the lifetime of the contract.
- 5.3 Agency spend has been significantly higher in previous years than it is currently, reaching a peak of £40.6m in 2019/20. Following a significant reduction in spend and new oversight through the Spend Control Panel, this has reduced to £16.3m last year, although this is expected to increase to approximately £21.9m this year. See part B for projected costs within the new contract.
- 5.4 It should be noted that it is the agency staff salaries that make up the majority of the annual spend figures listed above. The agency and management fees are included within the annual figures but are a small percentage of the overall cost.

Approved by Lesley Shields, Interim Head of Finance for Resources & ACE

6. LEGAL CONSIDERATIONS

- 6.1 The Head of Commercial and Property Law comments on behalf of the Director of Legal Services & Monitoring Officer that:
- 6.2 The Council may enter into contracts under the general power of competence (Localism Act 2011). The Council must comply with the Public Contracts Regulations 2015 and its own Tenders and Contracts Regulations when awarding contracts.
- 6.3 The Council can use the MSTAR3 Framework and follow the direct award process prescribed by that framework.
- 6.4 The Council is under a general Duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007). This report addresses Best Value considerations.

Approved by Kiri Bailey, Head of Commercial and Property Law on behalf of the Director of Legal Services & Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 The HR impact is addressed within this report. If there are any other implications arising, these will be dealt with throughout the Council policies and process as standard.

Approved by: Gillian Bevan, Head of HR for Resources and Assistant Chief Executives on behalf of the Director of Human Resources

8. OTHER CORPORATE IMPACT

This contract will support the resourcing across all Directorates within the Council.

9. EQUALITIES IMPACT

- 9.1 The Council has a statutory duty, when exercising its functions, to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must, in the performance of its functions, therefore, have due regard to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

9.2 Section 149 involves the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. This requires organisations to undertake the following:

- Remove or minimise disadvantages suffered by people due to their protected characteristics.
- Take steps to meet the needs of people from protected groups where these are different from the needs of other people.

9.3 This may involve meeting the needs of disabled persons that are different from the needs of persons who are not disabled. This may involve treating people more favourably than others though this does not equate to conduct which is in breach of the Equality Act 2010.

9.4 The Act provides that fostering good relations between persons who share a relevant protected characteristic and persons who do not share it involves understanding between people from different groups.

9.5 The Equality Strategy has the following outcomes (i) Develop annual performance indicators to measure recruitment, learning and development, career progression and employee relations (ii) Develop annual performance indicators to measure recruitment, learning and development, career progression and employee relations. The recruitment of agency staff should also be monitored to this regard.

9.6 In discharging its duties the Council will ensure that the online application process is suitable for applicants with neurodiverse requirements such as dyslexia. The Council will ensure that it follows the guidelines from the British Dyslexia Association. It will also ensure that the application process is written in plain English to support business owners who do not have English as a first language. The Council will also ensure that reasonable adjustments are provided for disabled staff both in employment and at interview.

9.7 The provision to include mandatory local labour meets the Council's core priority of to tackle ingrained inequality and poverty in the borough, following the evidence to tackle the underlying causes

9.8 An initial equality analysis has been undertaken. There is no adverse impact on protected groups. The equality analysis will be reviewed and updated on a quarterly basis.

9.9 There are no other significant risks to consider.

Approved by Denise McCausland, Equalities Manager

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10. ENVIRONMENTAL IMPACT

- 10.1 There are no significant implications or risks to consider. Council has taken significant consideration in encouraging work from home where possible reducing the need to travel and usage of cars, diesel or petrol and consequences of CO2 emissions.
- 10.2 Renewed energy promoted through electronic transfer of data and management Information. There will be an obligation to support the Council's commitment to make the borough more sustainable and Carbon neutral by 2030.

Approved by: Bob Fiddik on behalf of the Director of Commercial Investment

11. CRIME AND DISORDER REDUCTION IMPACT

- 11.1 There are no significant implications or risks to consider.

12 DATA PROTECTION IMPLICATIONS

WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF PERSONAL DATA?

YES

HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

YES

- 12.1 The Contract will process personal data such as names, dates of birth, addresses. The Supplier and the Council will adhere to the Data Protection Act (DPA) 2018 and ensure that any individual, supplier or the supply chain commissioned to work with the Council are fully compliant with the policy and understand their GDPR responsibilities. The processes of data and data requirements will be confirmed with the new supplier as part of new contract process.
- 12.2 The Chief People Officer, Director of Human Resources comments that there are no additional data protection implications arising directly from the report.

Approved by: Dean Shoesmith; Chief People Officer.

CONTACT OFFICER: Dean Shoesmith; Chief People Officer.
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APPENDICES TO THIS REPORT: – DPIA attachment

BACKGROUND DOCUMENTS : None