

<b>Subject:</b>	<b>Managed Services for Temporary Agency Resource</b>		
<b>Date of Meeting:</b>	<b>7<sup>th</sup> October 2021</b>		
<b>Report of:</b>	<b>Alison McManaman Head of HR &amp; Organisational Development</b>		
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The purpose of this report is to obtain approval for a five-year contract to be procured and awarded for the supply of temporary agency staff to Brighton & Hove City Council through a Managed Service Provider (MSP).
- 1.2 The requested approval relates to the vehicle for sourcing agency staff via an MSP which has cost, pricing and administrative benefits. This is not related to a commitment to use agency staff, nor to approve the Council's agency spend. The Council's spend on agency staffing is controlled and determined by each Council service.
- 1.3 The Procurement Advisory Board unanimously supported the recommendations put forward within this report on the 6<sup>th</sup> September 2021. (see Part 2 document Appendix A).

**2. RECOMMENDATIONS:**

- 2.1 That the Executive Director Finance & Resources is granted delegated authority to:
  - 2.1.1 procure and award a contract, in accordance with the approach outlined in 4.3 to provide the Council with a Managed Service for temporary agency staff for an initial term of three years with an option to extend for two further periods of 12 months; and
  - 2.1.2 grant the optional extension to the contract referred to in 2.1.1 subject to satisfactory performance of the service provider.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 Wherever possible, the council seeks to directly employ staff and there is ongoing work with our Trade Union colleagues to review and reduce the use of agency staff.

- 3.2 In some cases, the use of agency workers is unavoidable to cover staff absences, unexpected increases in work, recruitment difficulties, short term requirements or to provide specialist skills for specific projects.
- 3.3 A programme of work, agreed through the council’s Joint Staff Consultation Forum, has been commissioned to reduce agency spend. This work is increasing challenge and scrutiny of agency usage at directorate level, reviewing policy regarding long term agency staff and reviewing areas of high spend to consider whether there are alternative strategies for managing temporary demands, such as increasing numbers of permanently employed staff.
- 3.4 Where the use of agency is unavoidable the MSP contract ensures the council is getting best value and minimising any additional associated costs, such as agency fees. The contract also provides assurance that agency workers are employed on a fair and equitable basis. Managers are provided with a single point of contact to manage bookings with the MSP managing relationships with a supply chain of employment agencies.
- 3.5 The Council currently has an MSP contract with Guidant Global and this contract also includes a booking service for some directly employed temporary staff within our care services. The contract was for a term of 5 years and expires on the 1<sup>st</sup> October 2022.
- 3.6 The following table summarises the Council’s agency spend for the 5-year period up to March 2021.

<b>Financial Year</b>	<b>Annual Spend with Guidant £</b>	<b>FTE</b>	<b>Working Hours</b>
2016/17	7.5m	1,506	Not Available
2017/18	6.1m	1,762	286,462
2018/19	6.0m	1,656	267,370
2019/20	5.7m	1,592	258,742
2020/21	7.6m	2,044	332,163

- 3.7 The council was successful in reducing the agency spend during the 3 years prior to the pandemic. During the pandemic, the cost of agency staff has increased mainly due to:
- The restrictions on movement between care establishments;
  - An increase in demand for Covid19 support roles, such as the Covid testing centres, and an increase in some qualified care roles.
- 3.8 The main use of agency staff is in the ‘Industrial’ category (e.g. CityClean, Estates, Domestic Assts) and specialist roles in IT&D including technical specialists who are developing the council’s digital customer offer. See Part 2 Appendix A section 3.4.3 for a breakdown of roles.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 There are three models of MSP for agency staff:

- **Neutral Vendor** to manage a supply chain of Agencies. The MSP does not supply any temporary agency workers directly but instead manages a supply chain to fulfil bookings.
- **Master Vendor** to supply staff directly and via other agencies, but the customer only has contact with the MSP.
- **Hybrid Model** to manage a supply chain of agencies and supply staff directly but the customer can also determine their sourcing strategy and ask the MSP to engage with specialist agencies where necessary (such as with Blue Arrow for CityClean staff).

4.2 The Council currently has a hybrid model of delivery.

4.3 The Council has explored a number of options to determine the best route to market to procure this contract. These are set out in Part 2 Appendix A section 5, and it is recommended that the preferred route is through the established ESPO framework agreement via a mini competition. This will provide assurance that the contract is awarded to a financially stable provider which has the experience and technical professional ability to fulfil the Council's temporary staffing needs. In addition, this procurement route will help achieve greater value for money and possible savings on associated contract provision costs for the Council.

4.4 Consideration has been given to whether this service could be provided in-house. It would be a complex service to deliver in-house and would not support the council's aim to reduce overall the use of agency staff. Instead, providing the MSP provision in-house would significantly increase the cost of using agency staff when necessary. (See Part 2 PAB report Section 5.1.1 for details).

## 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 Feedback from directorates across the council has been sought to inform this tender process and ensure the MSP meets the needs of services to secure high quality, well trained and well supported temporary staff.

5.2 Discussions are ongoing with TU colleagues, through work commissioned at the JSCF, to continue to reduce the level of agency usage across the council.

## 6. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

6.1 The council spent £7.6m on agency staff through the Guidant contract in 2020/21, including the management fee paid to Guidant. This fee is a small proportion of the overall agency staff cost; agency spend will fluctuate depending on council demand and therefore historical spend serves as a guide only. The new contract is not expected to deliver significant savings although the mini competition could reduce management fees. The cost of the managed service is projected to be significantly lower than an in-house alternative and is more flexible as the fee relates to the level of agency hours rather than the fixed cost of directly employed staff. The council could make some savings by reducing the use of agency but this is subject to service needs.

6.2 Further financial information is contained within Part 2 PAB Report Sections 1.5 & 8.1.

*Finance Officer Consulted: James Hengeveld*

*Date: 23/09/2021*

**Legal Implications:**

- 6.3 The use of a framework agreement complies with the Public Contracts Regulations 2015 and the Council's Contract Standing Orders.

*Lawyer Consulted: Barbara Hurwood*

*Date: 23/09/21*

**Equalities Implications:**

- 6.4 This procurement tendering process will include a requirement for potential suppliers to provide a Policy Statement to demonstrate how they meet the [Councils standards for Equalities in Procurement](#).
- 6.5 The tender specification will also include a requirement for potential suppliers to demonstrate how their employment and recruitment practice actively promote a fair and inclusive offer and seek to ensure an agency workforce that is reflective of the community. This will be monitored through regular equalities data that is reviewed regularly and used to assess the equality implications of the contract. This data is currently being used to complete a full EIA that will be used to inform the final contract.
- 6.6 The Council is an accredited Real Living Wage employer. The Service Provider employees and all agencies on their supplier list will be required to pay the Real Living Wage to their employees.
- 6.7 Agency workers are protected by the Agency Working Regulations (AWR's), and the council stipulate that workers have parity with directly employed staff from day one of employment, rather than after 12 weeks as stipulated by the AWR's. This protects workers employed via any agency from any exploitation or unfair conditions.

**Sustainability and Social Value Implications:**

- 6.8 The contract will be awarded to support the Council's sustainability and social value strategies. Full detail is set out in Part 2 Appendix (PAB report section 6 & 7). Service Providers will be expected to demonstrate how they will support the Councils' objectives on local sustainability improvement and social values. This will include for example providers being asked to:
- Demonstrate how supply chain agencies will promote the Council's objectives for sustainability
  - Promote the Council's sustainability objectives and actively encourage workers placed to consider sustainable travel options;
  - Demonstrate how the MSP supply chain of agencies will include a proportion of local businesses.

**Brexit Implications:**

- 6.9 The pipeline of workers may be impacted by Brexit, and there is some evidence that the Council is experiencing difficulties as a result of Brexit. The MSP contract will alleviate some of the impacts of these recruitment difficulties.

### **SUPPORTING DOCUMENTATION**

**Supporting documents: Part 2 - Appendix A Procurement Advisory Board (PAB)  
Report 6/09/2021**

