

SURREY COUNTY COUNCIL

CABINET

DATE: 26 MARCH 2013

REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR CHANGE AND EFFICIENCY

LEAD OFFICER: LAURA LANGSTAFF – ACTING HEAD OF PROCUREMENT & COMMISSIONING

SUBJECT: AWARD OF TWO YEAR CONTRACT FOR THE PROVISION OF TEMPORARY AGENCY STAFF



SUMMARY OF ISSUE:

- 1 Surrey County Council (SCC) currently has a contract in place for the supply of temporary agency workers through Manpower which was awarded in March 2009. The annual spend on this Contract is £10.8 million (in the financial year 2011/12).
- 2 The current contract expires on 31 March 2013 and there is a need for temporary agency workers to continue to be provided or there will be a shortfall in services.
- 3 The provision for this service is currently being reviewed to consider all options for a long term strategic solution for the supply of temporary staff. A cross functional team has been formed to review the long term requirement and offer the best commercial approach.

This paper focuses on the proposed short term contract whilst the long term strategy is devised.

RECOMMENDATIONS:

It is recommended that Cabinet approves the award of a two year new contract under a national framework which commenced April 2011 (contract notice 2010/s 209 3197760, so as to continue the provision with the current provider Manpower, for the supply of temporary staff.

REASON FOR RECOMMENDATIONS:

The current contract works well in delivering temporary agency staff to the Council. However after consultation with stakeholders there are aspects within the service provision that users would like to see improved.

A project team has been formed consisting of representatives from Human Resources, Procurement, Children's and Adult Services to consider and create a strategy for the long term use of temporary staff.

This review will take into account market conditions and industry performance as well as recent changes in legislation regarding temporary agency workers. It will focus on the best options for delivering the Councils requirements and will potentially create innovative solutions to meet those needs.

The contract will provide the time required to complete and implement the outcomes of the review.

<u>DETAILS:</u>

1. Surrey County Council currently has a contract for the supply of temporary agency workers through Manpower. The annual spend on this contract is approximately £10.8 million (in the financial year 11/12) which has reduced from £18m in 2009. The current spend for 12/13 is £10.5m. The Contract currently covers the provision of all the council's temporary agency workers with the exception of educational psychologists, supply teachers and medical escorts, which are delivered through a variety of other contracts.
2. The Council places c. 500,000 hours of work through the contract per annum. Children, Schools and Families expenditure is highest at £4.3m per annum (2011/12). Adults Social Care place the largest number of hours through the contract at 233,364 hours in 2011/12 at a cost of £3.9m.
3. There remains a need to have a flexible workforce to cover sick leave, maternity cover, shortfalls in establishment and seasonal peaks in workloads.
4. The current contract provides a number of benefits listed below:
5. It ensures compliance to all employment legislation. This includes the agency worker regulations, which provide a significant change to the way that temporary staff pay is calculated. The legislation states that after twelve weeks the agency worker has to be paid on par with a permanent member of staff performing the same job role.
6. The arrangements also enable the Council to have a complete and thorough process for ensuring safeguarding compliance, which would apply to the new contract. Manpower as the first tier supplier has the responsibility for regularly auditing all of the second tier suppliers. These audits review the processes that ensure eligibility to work, references and Disclosure and Barring Service ('DBS') (formerly CRB) checks are carried out on all placements working with the Council where required.
7. The current approach also enables the Council to have real time and up to date reporting on all agency spend. This has enabled the Council to analyse the way it uses agency staff across all directorates and work streams.
8. However, a series of workshops held with users to gather requirements for the provision of temporary staff, have identified certain ongoing issues, which will form part of the strategic review.
9. Quality of candidates is often seen as variable. In some sectors, such as qualified social care, there is a shortage in the market place. It is difficult to grow or radically alter this market and the review will look at how SCC could increase the availability of experienced staff.

10. Analysis of the usage of the current contract has revealed that the Council uses its temporary staff for a period of 12 weeks on average. The duration of placements is partly due to the fact that it is hard to recruit roles such as qualified social workers and unqualified care workers.
11. Training is not always adequate. Training of staff is currently the responsibility of the supply chain and much is delivered via e-learning packages. Whilst this might be acceptable for some areas of training, it is not adequate in all, for instance manual handling for moving people. SCC carries out classroom based training for its own staff and would like to have the same level of training amongst temporary agency staff.
12. Further the temporary agency market does not work towards developing their staff in the same way the Council does. The result of this is that temporary employees can remain at a static point in their personal development or SCC takes on the role of training temporary staff at its own cost.
13. The short term need to have this proposed contract in place is to enable the Council to identify potential ways of delivering a temporary workforce which is not necessarily using one of the traditional routes to market. The Council wishes to fully explore all potential models.
14. However, some of the feedback that has been received through the workshops can be addressed within the new short term contract:
 - Manpower will target and develop local suppliers in some of those locations where it is difficult to fill roles
 - Regular feedback meetings will be implemented for senior management and HR relationship managers to attend. These meetings will enable the Council to not only discuss contract performance, but market trends and future resourcing needs. This will also enable Manpower to work more proactively to meet the Council's requirements.

CONSULTATION:

15. Consultation has been across all services within the Council. Every service that uses temporary agency staff have been involved in workshops to establish what is working on the current contract as well as future requirements.
16. Requirements were gathered as part of the review of the service across a range of services and departments via a series of workshops. These workshops included service co-ordinators, hiring managers and HR Relationship Managers.

RISK MANAGEMENT AND IMPLICATIONS:

17. Manpower may lose motivation if the future strategic direction precludes them as a solution. However this will be mitigated by robust contract management.
18. A long term strategy has to be in place before SCC can source the next route to market. This needs to be completed in time to ensure that all procurement activity can be completed within the two year contract period. Robust project management disciplines will help mitigate against this.

Financial and Value for Money Implications

19. The budgets for temporary agency staff are included within Service departmental budgets.
20. During the current contract the Council has constantly driven through efficiency savings and it has negotiated the reduction in margins it pays for temporary staff of up to 6 percent depending on the sector. The proposed contract has been assessed against this reduced pricing.
21. Manpower will continue to charge at the current contract rates until the start of the new contract.
22. SCC is able to call off the new contract directly from a recent competitively tendered national framework. The recommended contract will provide an annual saving of £0.5m (based on a comparison of January costs under the current and recommended new contract).
23. In addition, the agency fee will remain fixed for the duration of the contract.

Continuing with the current supplier will mean that SCC will not have to undertake a large exercise to transfer staff to a new agency. Therefore, SCC will save on the cost of change by awarding to Manpower.

Section 151 Officer Commentary

24. The Section 151 Officer confirms that the financial implications of moving to a new agency contract have been addressed in this report. The savings from the new contract will be dependent upon future volumes, but notes that the estimated saving of £0.5m per annum has been calculated on the basis of the agency staff usage in January 2013, which is slightly below the average for the year.

Legal Implications – Monitoring Officer

25. The Monitoring Officer confirms that all material legal implications and legislative requirements have been considered in this report.

Equalities and Diversity

26. The Council has been mindful of its equalities duties in carrying out the procurements relating to this paper. Under the Equality Act 2012 when considering this item, the Cabinet should have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it - the relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation
27. The contract which the tiered suppliers will sign stipulates that they will comply with the relevant equality and diversity legislation (including the Equality Act 2010) whilst performing the services. The contract also requires

the suppliers to adopt SCC's equal opportunities policy when recruiting and dealing with their personnel.

28. The contract will deliver a robust approach to recruiting temporary staff from all segments within society. The contract will have the same expectations to recruitment that the Council has. The contract will be awarded to the current provider who already meets our requirements for equalities and diversity.

Safeguarding responsibilities for vulnerable children and adults implications

29. The recruitment process is key to ensuring that vulnerable adults and children are not put at risk by those working in direct contact with them. The safeguarding element of the contract is very clear and stringent. There is a requirement for all temporary staff to have annual DBS checks and as well as full references on appointment.

The entire supply chain that sits behind the Manpower (MSP) are regularly audited to ensure compliance to these explicit requirements. Agencies that fail the audit are suspended from the supply chain, ensuring that no further bookings can be filled by the agency. Once issues have been resolved the agency can re-enter the supply chain if suitable to do so.

WHAT HAPPENS NEXT:

30. Approval by Cabinet 26 March 2013
31. Award contract 5 April 2013
32. Long term strategy to be signed off by CLT by May 2013
33. Communications will be both to agency staff and SCC staff. The Council will agree a joint statement with Manpower that will be released to both organisations.

Contact Officer:

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Consulted:

CLT
Service Co-ordinators
Hiring Managers
Temporary Labour Project Board

Sources/background papers:

- None.
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