

REPORT TO EXECUTIVE

Date of Meeting: 29th November 2022

Report of: Director Finance

Title: Management provision of the Councils Temporary Agency Staff

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Executive

1. What is the report about?

This reports seeks approval to award a new contract for the management provision of the Councils Temporary Agency Staff.

2. Recommendations:

It is recommended that the award of the contract is made to Comensura via a neutral vendor arrangement for an initial period of two years with an option to extend for a possible two further one year extensions.

3. Reasons for the recommendation:

This approach has been defined as a robust and value for money option for the Council offering both cashable savings on the rates paid for temporary labour and efficiency savings through consolidation of suppliers. It also aligns ECC with other district Councils in the County which will enable better responses from the temporary staff supply market to fill the types of roles which we historically struggle to fill.

4. What are the resource implications including non financial resources

A project implementation team has been established consisting of Officers from the HR, Audit, Strata, Finance and Procurement teams. Key stakeholders have also been included with Environmental Health, Waste & Recycling and Public & Green Spaces all represented due to their reliance and regular use of temporary agency staff.

5. Section 151 Officer comments:

The report requires Executive approval owing to the size of the contract and will bring a large area of spend into a managed contract. Whilst Agency spend is not always popular, it is essential that the Council has access to a robust and financially beneficial model to ensure the continued running of services when sudden issues arise with existing staff. The savings noted will be welcome given the current financial position of the Council, although it should be noted that not all of the benefit will directly lead to budget reductions as Agency staff are often funded using vacant posts, which will not necessarily be removed from the establishment.

6. What are the legal aspects?

The contract will be awarded via the MSTAR3 (Managed Services for Temporary Agency Resources) framework [reference 653F_19], Lot 1a – Managed Service Provision (Neutral Vendor).

This framework was procured by ESPO (Eastern Shires Purchasing Organisation) and runs from 11/04/2019 – 10/04/2023. The contract notice reference is 2018/S 223-510439 and it is open for use by all Public Bodies. It is fully compliant with UK Procurement legislation.

The framework allows for call off without competition (direct award) to any supplier under that lot where the Council has defined it as the most appropriate for the call-off requirement.

The contract will be awarded subject to the framework terms and conditions.

7. Monitoring Officer's comments:

The Comensura contract will really assist the HR team who currently struggle to deal with the administrative burden of dealing with many supplies who provide the Council with agency works. Additionally and probably more importantly, the predicated reduction in the cost of employing agency staff is very welcome. As such, the Monitoring officer is very supportive of the recommendation set out in this report.

8. Report details:

Exeter CC like many larger organisations the need to have flexibility and resilience in how it manages its workforce. One strand of supporting the capacity and resourcing needs for the Council has been the placement of temporary agency workers obtained from recruiting agencies. Regardless on how well the Council manages its wider resourcing plans there is an ongoing and continuing need to have capacity and resourcing gaps covered through agency workers.

Exeter CC currently fulfil these needs through placing requirements via Recruitment Agencies, and administers its own Preferred Suppliers List of recruitment agencies which is promoted on its [website](#).

Agencies are able to apply and HR then undertake a series of check to assess if they are suitable to be placed onto the Preferred List.

The current process to be followed requires a requisitioning manager for agency staff to liaise with HR around that placement with a view to putting that requirement out to the suitable agencies on the list. This is usually done in a mix of either email exchanges to phone calls and direct placements the back of this.

The Agency issues the relevant timesheets and invoices the Council (typically on a weekly basis).

Due to the complexities around how agencies are selected and there being multiple placements live at all times, the administration is currently very heavy and as such a decision was taken in early 2022 to remove the need for a purchase order and pay these agency invoices directly to lighten the load on the already stretched HR admin team.

Current spend for the 2021/2022 financial year is in excess of £1.83 million per year and an estimated number of invoices in excess of 2,700 and timesheets in excess of 4,980 from Agencies.

The main areas for agency placements to compliment the workforce are:

- Manual workforce
- Administration (including Benefits)

Savings

Two main elements of cost are associated here with firstly the “cashable” element of what is actually spent from budget, and secondly indirect costs through “efficiencies”. The influenceable cashable element is within agency margins, and with a large number of orders, comes a large number of invoices and processing costs associated with this. Current arrangements drives costs through being internally resource heavy (from onboarding and managing agencies, to placing / paying orders to timesheet approvals), which results in limited time to actively manage the agencies.

With such a heavily paper based process the opportunity to standardise arrangements and in the process streamline is significant.

As part of the considerations for this contract, the available options considered were:

- Do nothing: Retaining the status quo and accept the limitations as highlighted above.
- Vendor Neutral Supplier: In effect brokered arrangement managing the Recruitment Agency relationship and providing the system interface to place and recruit agency workers.
- Master Vendor Model: A master vendor looking to provide the first tier agency workers with other tiers obtained through the master vendor in a form that seeks agency workers through other Agencies.
- Formalise own arrangement: e.g. establish own framework / DPS for agency workers

The recommendation put forward is to enter into a commercial relationship with Comensura as a Neutral Vendor.

As highlighted in above there are a number of challenges which are in place around the current process, which are in effect increasing costs and inhibiting efficient service delivery. To drive the required improvements, this is not within the capacity of Exeter alone to do this, and as such the recommended model will bring two key advantages, firstly managing the relationship and interface with suppliers, and secondly the system capabilities to overcome the issues outlined previously.

The Comensura model is one where they bring their c.net5 system as an interface between ordering managers of the Council and the Agencies. The system provides functionality to place agency requests, for Agencies to put forward suitable candidates to fulfil the requirements and also the ability to then place the order request and manage the placement (e.g. timesheets, off-hiring, and variations to the placements as may be required).

In addition, Comensura deal with the agency relationship regarding on-boarding checks and vetting plus helping to stimulate the market place to ensure that hard to place placements are fulfilled with suitable candidates.

Placement requests and placement confirmations are made through and to the agencies via the web based c.net5 system, timesheet submissions and approvals element also managed through c.net5 with a weekly totalled invoice submitted for payment from Comensura.

Based on spend levels remaining in line with 2021/22 there is a likely cashable saving of between £91k–183k. This would be made up of realigning of agency margins.

Estimates from other implementations and experiences from elsewhere through smarter invoicing and timesheet approvals means a likely efficiency / indirect saving of up to £63k.

Therefore, the cashable and efficiency gain total savings are estimated at between £154k and £246k.

The overall project fits well with the Council-wide One Exeter organisational change programme and in particular:

- Optimised end to end processes that utilise business logic / digital tools
- Convenient and efficient services for customers (both Agencies and staff as a customer)
- Maximising efficiency through category procurement & extended supply chain with partners.

It is noted that inevitably there will be a cost associated with the proposed changes. Firstly, there is the commercial relationship which is proposed with Comensura, whereby the service wrap which they provide (e.g. managing the vendors / Recruitment Agencies plus the access to the system and resulting management information), this comes with a budgetary cost.

From the framework rates based on Comensura call-off rates the price model would see estimated annual costs to Comensura of in the region of £10,440 based on the previous throughput of spend.

The Comensura cost is made up from a direct pence per hour charge that is set from the original call off arrangements. From a budgetary perspective the 0.15p Managed Service Provider (MSP) element comes direct from the hourly rate for the commission.

It is therefore important to highlight that individual budgets where placements are being funded from will be impacted by this cost. However, research indicates that negative impact will be offset in the service through reduction of agency margins, efficiency in time spent around placements and improvements on tracking placements.

Based on offsetting the service charge aspects (£10.5k) this would mean cashable savings between £80.5k and £172.5k if the savings estimates materialise.

The project has already a project team and aligned resources in place to help assess the due diligence work and overall project management considerations.

From contract signature Comensura's experience roll out implementation typically takes up to 12 weeks. It is recognised that subject to the agreement of this reports recommendation, contracts are unlikely to be signed until mid-December so

implementation work is happening in tandem so that the contract can be on target to start with go live early in 2023.

In adopting the decision to proceed with the implementation and Go Live it should be done on the basis that for future agency worker requirements that this is the mandatory route to market for such needs and all Service areas comply with this approach.

The key resource requirements for the implementation phase will be from within the HR team around supporting the implementation. ECC will need to ensure that resource is also aligned to control and manage the overall project management aspects to the implementation.

9. How does the decision contribute to the Council's Corporate Plan?

The recommendation to award this contract will support the corporate plan objectives of leading a well-run council through value for money services, good governance and supported and developed staff members. It is also hoped that the cashable savings will contribute towards a balanced budget through the duration of the contract.

10. What risks are there and how can they be reduced?

Main risks and means of mitigations are the following:

Delays in signing off the invoicing and system elements and impacts on overall delivery of savings; means of mitigation being to continue to ensure project focus on this is maintained as part of the overall due diligence element to this work.

Ensuring resources are duly aligned in relation to supporting and driving forward the implementation; means of mitigation being to ensure that resource is aligned to support on the Project Control aspects, possibly from within Corporate Procurement Team.

Savings not materialised; means of mitigation, are that the due diligence work has been evidenced based and costs will be fixed for the duration of the contract.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and

new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 The report is for information only

12. Carbon Footprint (Environmental) Implications:

12.1 No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?

To continue as we are would leave the Council subject to a number of continued risks:

The current paper-based approach has a high amount of manual intervention in the process, with risk including the following: human error; duplication of effort; limited transparency, probity and accountability; lack of accurate management information; inefficiencies / time delays.

Preferred Supplier List

- Administration resource requirements to maintain the Preferred agency list
- The Preferred agency list is not compliant with Public procurement principles
- Lack of transparency around in how agencies are approached from the list

Accountability / Management Information

- Lack of management information / visibility leading to risks that agency worker placements are not appropriately monitored and placements remain active for longer than required / necessary without due scrutiny or challenge.
- Without timely, accurate and readily available information means that the ability to review and where necessary challenge spend / needs for placements is difficult at best or almost impossible. As a result being able to strategically and proactively control and drive spend down is not possible.
- Spend in relation to agency workers often falls under the spotlight for specific scrutiny, whether that is from Members or as a result of Freedom of Information FOI requests, and as such the current paper based manual process means time spent dealing with such queries is onerous and risks being inaccurate due to not all data being readily available. It is estimated there are around 4 to 6 FOI requests annually, with a trend that this figure is increasing, plus 6 to 10 Member queries.
- No purchase orders so no commitments/ management of spend and robust financial controls are lacking

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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