

Report Title:	Award of contract to supply agency workers
Contains Confidential or Exempt Information?	Part I, except: Tables 3 and 4 Part II 'Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.'
Member reporting:	Councillor Rayner, Lead Member for HR, IT, Legal (including Performance Management) and Windsor.
Meeting and Date:	Cabinet - 31 October 2019
Responsible Officer(s):	Duncan Sharkey, Managing Director and Nikki Craig, Head of HR and Corporate Projects
Wards affected:	None

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REPORT SUMMARY

1. This report sets out the proposal to award a contract to Alexander Mann Solutions (AMS), via the Crown Commercial Services Public Sector Resourcing Framework to supply the Council's agency workers from 23 March 2020 (estimated and based upon available implementation dates from 2019) until 15 January 2024, plus a potential 18 month extension.
2. The framework is a single provider arrangement and allows the Council to make a direct award. This represents the best value for money on the grounds that AMS has been selected to deliver agency services following a full procurement process, the framework is designed to meet the needs of the public sector including local government and the Council's requirements for agency workers have reduced since the transfer to partners of a range of services including adult social care and children's services. The estimated expenditure for the full term of the contract including the extension period is £6.7 million. This approach supports the Council's priority of – 'Well managed resources delivering value for money'

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet notes the report and:

- i) **Awards a contract for the supply of the Council's agency workers to Alexander Mann Solutions, via the Crown Commercial Services Public Sector Resourcing Framework, effective March 2020 to January 2024.**
- ii) **Authorises the Managing Director, in consultation with the Lead Member, to extend the contract for a further 18 months, to July 2025, subject to satisfactory performance.**

- iii) **Approve the continued use of the existing service via Geometric Results International Limited (GRI) until the start of the new contract with AMS.**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Options

Table 1: Options arising from this report

Option	Comments
Award the contract for the supply of agency workers to Alexander Mann Solutions. This is the recommended option	This represents the most cost effective option, which secures the Council a long term contract that the Council can terminate on written notice if necessary.
Undertake a procurement exercise to identify a suitable provider.	The low value of the anticipated spend indicates that the contract is likely to be of little interest to providers due to the resources required to submit a bid and the potential income it would generate.
Decide not to have a contract for the supply of agency workers and allow managers to use any agency of their choice.	This would result in the Council paying higher costs to use agency workers and due to the collective value of spend would be in breach of the EU Public Procurement Directives and the UK Public Contract Regulations 2015.

- 2.1 The Council has a current contract with GRI to supply its agency workers. The contract, which was for a period of two years, with an option to extend for two years, commenced on 1 March 2016. The Council exercised the extension option and the contract is due to end on 29 February 2020.
- 2.2 The use of a preferred supplier ensures that the agency fees associated with the use of agency workers are fixed via a contract and that economies of scale were achieved. The ad-hoc use of agencies to supply workers means that the Council has no control over the fees that agencies charge. In addition given the value of Council spend annually a compliantly sourced contract is required to comply with the Public Contract Regulations 2015.
- 2.3 Since the contract has been in place the needs of the Council have changed considerably as a number of services have been transferred to partner organisations. Much of the requirement for agency workers was for social care staff, which represented 63% of the annual spend at the start of the contract. These workers have not been a requirement for the Council since August 2017. Achieving for Children has been using GRI to source agency workers

since that time. They are currently reviewing their needs and how they will source workers from March 2020.

- 2.4 In the past 18 months or so the Council's needs have mainly been around hard to fill or professional/specialist roles such as Planning, Property, Environmental Health and Housing roles. In these professional areas it is not unusual for workers to prefer the flexibility of interim assignments, particularly as there are national skill shortages and high demand. The Council has also recently required highly specialist support in Planning, which is generally only available via the interim worker market. These professional skills tend to be supplied via specialist agencies, who resisted becoming a second tier supplier to GRI as their fees are less generous. Therefore, the majority of these assignments have had to be sourced and fulfilled off contract.
- 2.5 When the current provider was awarded the contract in 2016, the Council's spend was in excess of £5.5 million per year on agency workers. In 2018 the expenditure on agency workers by the Council was £1.3 million, of this £1 million related to those specialist professional roles referred to in 2.4. Between April and July 2019, the Council has used 33 agency workers and the expenditure has been £423,000, the majority of this spend was off contract. This includes cover for some roles that have now been filled. If it is assumed that this level of spend continues then this projects to £1,269,000 for the year 2019/20. Although given the recruitment to a number of permanent roles, it is anticipated that this level of spend would reduce.
- 2.6 The volume of activity for this type of contract is difficult to predict and the size of the Council now means that the overall estimated annual value of spend is relatively small in comparison to other agency worker contracts. Especially those containing requirements for social care roles.
- 2.7 Due to the reduced scale of requirements and anticipated level of spend, consideration was given to the most appropriate procurement process for the new contract, especially as the predicted level of spend will most likely not be seen as attractive to suppliers. Procurement processes are very time consuming and require significant resources from both providers and the Council.
- 2.8 In 2018, following a fully compliant procurement process, the Crown Commercial Service let a single supplier framework for the sourcing of agency workers for the public sector. The successful provider was Alexander Mann Solutions. Public sector organisations can access the contract via a call off process in the knowledge that all the due diligence processes required of a procurement exercise have already been undertaken and that the chosen provider was assessed as the best in terms of meeting the service delivery and cost effectiveness criteria.
- 2.9 HR in conjunction with Procurement, reviewed the service available and the terms of the contract to determine if it would be suitable for the Council. The following advantages were identified:

Advantages

- The service is designed specifically for the public sector.
- It is accessible to all organisations regardless of anticipated spend.

- The agency fees are fixed across the framework regardless of volume of activity.
- The online system is simple to use and designed specifically for the needs of the public sector
- The online system offers improvements in the areas of system reporting on the agency workforce, including fulfilment rates, length of placement, average hourly rates etc.
- Alexander Mann Solutions anticipate supplying the majority of workers themselves.
- As a national government procured contract Alexander Mann Solutions has already signed up many of the agencies which supply to the public sector.

2.10 In reviewing the contract terms and provision the following disadvantages were identified:

Disadvantages

- There are fixed contract start dates.
- As with most frameworks, there is no flexibility regarding contract terms.
- Invoices will be processed weekly, rather than monthly as under the current contract.
- If the Council wishes to employ an agency worker 'temp to perm transfer fees' are payable if the worker has been on assignment for less than six months, rather than three months as under the current contract.
- As yet there are no Local Authorities using the framework. In part due to the fact that social care roles are not included in the scope of the framework.

2.11 The issue of access to specialist agencies via a framework is problematic, given their reluctance to sign up to the GRI framework. However the terms of this framework for second tier agencies are more generous than the current contract and therefore it is anticipated that where second tier agencies are needed, AMS have set their sourcing fees at a level where specialist agencies will sign up due to the improved terms and the framework has a national public sector focus. A number of off contract suppliers used in the past by the Council are already part of the AMS supply chain.

2.12 On balance it is felt that overall the benefits of using a single supplier framework outweigh the disadvantages.

2.13 The service start dates for 2020 are due to be published in the autumn and are expected to be similar to those that have been published for 2019. In 2019 the first start date was at the end of March. This would fit in well with the end of the current contract. It would be necessary to continue with the service provided by GRI for a short period until the new contract starts.

3. KEY IMPLICATIONS

3.1 Table 2 identifies the key implications.

Table 2: Key Implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Fulfilment* rate standard assignments 90%	<90%	90%	95%	100%	Within 6 months of start date and ongoing during lifetime of contract
Fulfilment rate hard to fill assignments** 75%	<75%	75%	80%	90%	Within 6 months of start date and ongoing during lifetime of contract
<p>* Fulfilment rate is the percentage of assignments that have been filled out of those actually required.</p> <p>**As set out in 2.4 and as determined from time to time by HR</p>					

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 The costs associated with agency workers is funded by the hiring service area from their salary budget. The contract will apply fixed agency fees, so managers will know up front what the charges are. In the case of off contract spend, agencies are generally in the driving seat and managers have very little control or influence over the fees they are charged.
- 4.2 As part of the current contract, there is a 2% HR admin fee, which is credited to the HR service budget. For 2019/20 the income projection is £26,000. The application of this fee is not possible under the terms of the AMS contract.
- 4.3 Based on the projected spend for 2019/20, the estimated total value of the contract is £6.7 million, including the extension period.
- 4.4 The fees associated with the contract are set out in Table 3. This is Part II information as it is commercially sensitive.

Table 3: Agency fees – See Part II

- 4.5 AMS is incentivised to supply workers themselves, as their income is limited to the Managed Service Provider (MSP) fee where second tier agencies supply workers. The terms of this contract for second tier agencies are more generous than the current contract with GRI and therefore it is anticipated that where second tier agencies are needed, AMS have set their sourcing fees at a level where specialist agencies will sign up to be a part of the AMS supply chain due to the improved terms and the national spread of the framework. Overall it is anticipated that there will be a reduction in the amount of off

contract spend, meaning that services will benefit from better and controlled agency rates.

- 4.6 Table 4 sets out some examples of the charges associated with using agency workers via AMS. This is Part II as it is commercially sensitive information.

Table 4: Examples of the charges for agency workers - See Part II

5. LEGAL IMPLICATIONS

- 5.1 The use of this single provider framework in the manner set out in the framework documentation allows the Council to let a compliant contract, without the resources that would be required to undertake a full procurement exercise. The Council has to accept the terms of the framework with no variation. The terms are set by the framework operator, are designed to balance the interests of purchasers and the supplier and have been reviewed by HR and Procurement. It is believed that the terms are acceptable.

6. RISK MANAGEMENT

- 6.1 Table 5 details the risk and mitigations.

Table 5: Impact of risk and mitigation

Risks	Uncontrolled risk	Controls	Controlled risk
Off contract spend results in higher costs for the use of agency workers	High	Approval is required from HR for all agency workers. Off contract sourcing is only approved where AMS cannot source a worker.	Low

7. POTENTIAL IMPACTS

Equalities

- 7.1 An EQIA was not completed. The framework selection process included appropriate equalities assessments.

Climate change/sustainability

- 7.2 The service operates remotely with managers and workers managing the assignment, timesheet processing etc. on line. This reduces the need for travel and hard copy documentation, thus reducing carbon emissions.

Data Protection/GDPR

- 7.3 Personal data will be processed as part of this service, however a Privacy Impact Assessment was not undertaken. The contract terms contain detailed provision regarding the processing of personal data. They have been reviewed by the Council's DPO, who confirmed they are acceptable.

8. CONSULTATION

- 8.1 None.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 Implementation date if not called in: Envisaged to be 23 March 2020 subject to actual 2020 implementation dates once published. The full implementation stages are set out in table 6.

Table 6: Implementation timetable

Date	Details
Week 1 January 2020	Project start date
Weeks 2 - 10	System preparation
Weeks 11 - 12	Training and final data preparation
Week 13 - 23 March 2020	Go live
23 March 2020	GRI extended period of use ends

10. APPENDICES

- 10.1 Tables 3 and 4 Part II

11. BACKGROUND DOCUMENTS

- 11.1 There are no background documents.

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Rayner	Lead Member for HR, Legal and IT (including Performance Management)	02/10/19	02/10/19
Duncan Sharkey	Managing Director	13/9/19	18/09/19
Russell O'Keefe	Executive Director	13/9/19	18/09/19
Andy Jeffs	Executive Director	13/9/19	18/09/19
Rob Stubbs	Section 151 Officer	13/9/19	18/09/19
Nikki Craig	Head of HR, Corporate Projects and ICT	13/9/19	23/09/19
Kevin McDaniel	Director of Children's Services	13/9/19	18/09/19
Hilary Hall	Deputy Director of Commissioning and Strategy and Interim DASS	13/9/19	15/9/19
Elaine Browne	Interim Head of Law and Governance	13/9/19	18/09/19
Louisa Dean	Communications	13/9/19	18/09/19

REPORT HISTORY

Decision type: Key decision June 2019	Urgency item? No	To Follow item? N/a
Report Author: Karin Zussman-Ward, Lead HR Consultant 01628 796211		