

Cabinet Meeting on Wednesday 18 March 2020

Renewal of the Contract for the Provision of Agency Workers



Cllr Philip White, Cabinet Member for Learning and Employability

The County Council is committed to reducing reliance on agency staff wherever possible, but when it is necessary to call on them we expect an efficient, cost-effective service which provides the right people at the right time.

This contract continues that provision and gives the council the flexibility it needs, while providing small local businesses with an opportunity to supply services.

Report Summary:

The report outlines the requirements to recontract for a provision to supply agency workers to the County Council to provide cover for vital frontline services. It provides background details on the current provider and the benefits of awarding through an established framework to retain the current provider for the next 2 years with the option to extend for two periods of 12 months.

Recommendation(s)

I recommend that:

- a. The County Council awards and enters into a 2 +1+1 year call-off contract from Eastern Shires Purchasing Organisation (ESPO) framework agreement 653F – Managed Services for Temporary Agency Resources (MSTAR3) with Comensura Limited ('Comensura')

Local Members Interest
N/A

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Recommendations of the Cabinet Member for Learning and Employability

I recommend that:

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Report of the Director of Corporate Services

Reasons for Recommendations:

1. The County Council is one of the largest employers in the county, employing around 3,800 people, equivalent to just over 3100 FTE. The County Council makes use of temporary and interim Human Resources for a variety of reasons but in the main to provide cover in vital frontline services and to ensure staffing ratios in regulated services.
2. Temporary staffing is a vital resource for the County Council; whilst it is a significant area of expenditure it forms a valuable, highly flexible key resource to assist the County Council in delivering important frontline services.
3. Spend is split between the pay rate for the worker, the fee to the agency and the fee to the current provider, Comensura.
4. The current call-off contract for the County Council Vendor Neutral provider is PC708 Temporary and Interim Human Resources for the Period: 8 April 2017 to 31 March 2019, with an option to extend to 31 March 2020 is with Comensura. This call-off contract was procured through the ESPO Managed Services for Temporary Agency Resources Framework Agreement 653F_15 MSTAR2 on ESPO's terms and conditions. The extension period has been utilised.
5. Comensura do not provide temporary workers directly, but draw resources from a large supply base to fulfil orders. They engage other providers of agency staff to become approved providers to the County Council. Those providers meeting minimum standards in terms of business suitability compete equally against others in the locality to supply temporary workers to the County Council departments, irrespective of their size or reputation which gives local SMEs & BAMs the opportunity to provide services.
6. Comensura use a web-based electronic system to communicate temporary staffing requirements to the County Council's list of potential suppliers.

7. Around 50 different employment agencies supply temporary human resources to the County Council through Comensura, and a number of self-employed workers contract with Comensura via their own Limited Company's.
8. Using this approach to source agency workers has over time achieved significant non-cashable process and administration savings through the use of consolidated invoices, automation of time sheets, time spent procuring and negotiating with suppliers, time spent collating job specifications/selection of candidates and resources required to check compliance on insurance, credit rating, Disclosure and Barring Service (DBS), etc.
9. The arrangement is internally mandated, requiring all hiring managers to use the service and not deal directly with agencies.
10. It is proposed that a 2+1+1 year call-off contract from Eastern Shires Purchasing Organisation (ESPO) framework agreement 653F – Managed Services for Temporary Agency Resources (MSTAR3) is entered into with Comensura
11. The reasons underpinning the suggested procurement route include:
 - a. A compliant procurement route (Comensura appointed via a framework agreement)
 - b. Use of ESPO terms and conditions of call-off contract which are in the County Council's favour and offer protection (e.g. introduction fees, liabilities etc)
 - c. The approach has proven to be successful for the County Council as it provides a wide range of agency staff whilst enabling SMEs & BAMs to provide services.
 - d. The provision will meet stringent safeguarding requirements, and offers value for money.
 - e. Visibility of workers in spend and Management Information reports; Comensura is required to conduct bi-monthly review meetings to discuss Management Information reports.
 - f. There is also a guaranteed saving on rates of between 2-3% with a gain share agreement
12. With the current call-off contract coming to an end, the County Council has been reviewing its requirements with a view to planning future service provision. The Comensura arrangement has been a success and is working well. There may be further scope for savings and service improvements.
13. Alternative options have been considered such as
 - a. bringing the service in-house; this would be costly and required considerable resource to deliver. It would take considerable time to build relationships with agencies and require expert management;
 - b. doing nothing and allowing managers to source agency workers directly; this would potentially elevate agency fees, reduce transparency of management information and could ultimately breach procurement regulations as spend with one provider may exceed procurement thresholds;

- c. Going out to full tender; this would take considerable time, approximately 12 months and require additional resource to manage. In addition, the cost of change is greater than potential cost savings that could be achieved.
 - d. Using other call off contracts; The MSTAR3 framework agreement was the most recent of the framework agreements considered and it's procurement process involved input from local authorities to identify key requirements. This should ensure that the most competitive rates are available. Experience of using the MSTAR2 agreement has been positive and the MSTAR3 agreement has a caveat that if better rates have already been enjoyed from the MSTAR2 agreement, they will be substituted, meaning better value for the County Council.
14. Comensura have been proactive to work with our services to reduce spend and to source hard to fill posts. They have met the KPIs set in the current call-off contract which can be viewed in Appendix 2.
15. There are additional benefits of remaining with the current provider, these include:
- a. Comensura is well regarded by agency suppliers due to their fair payment processes, ability to offer additional opportunity with other customers, efficient process management / systems and personalised supplier relationship management;
 - b. The County Council having the option of integrating external partners such as welfare to work providers into the service where this is deemed practical. Comensura currently support several schemes of this nature, such as one in operation with Brent Council and its welfare to work provider Brent Works;
 - c. Comensura also support the armed forces covenant and are currently working with customers such as Veolia to support the rehabilitation of ex-offenders. The County Council has been invited to support such events, including an employers' open day at Drake Hall Women's Prison in Staffordshire; and
 - d. The County Council's apprenticeship strategy is supported by Comensura and it is unclear how other providers can provide equivalent support

Legal Implications

16. ESPO's MSTAR3 Framework is compliant with the Public Contracts Regulations 2015. The County Council was named within the OJEU Notice as a participant. The County Council's Procurement Regulations provide for the use of a framework where appropriate. The contract with Comensura will be a call-off contract from the MSTAR3 framework agreement. There does not appear to be any notable differences to the terms of this contract to that of the current call-off contract. There do not appear to be any other legal implications at this stage.

Resource and Value for Money Implications

17. The County Council's expenditure on the provision of agency workers is in the region of £7million per annum. The majority of this spend is used to support vital services. Appendix One outline usage and Spend for 2019.
 - a. Families and Communities has the highest usage by expenditure and assignment volume.
 - b. Social Work is a distinct category which has its own dynamics such as high market pay-rates in various areas and councils effectively competing thus driving up rates.
18. It is anticipated that increasing capacity within HR will result in a reduction in spend due to more proactive support to recruit into vacancies, the identification of temporary staffing which should be transferred to permanent posts and robust control of engagement of temporary staff.
19. The fees payable to the provider are set out in the framework agreement – currently £0.18 per hour. Comensura charge this transaction fee per hour booked via the call-off contract. For the 12 months Feb 2018 – Jan 2019 this equated to approx. £60K which approx. 0.8% of the total spend through the call-off contract for the same period.
20. Agency fees are negotiated by Comensura and held at agreed rates for all transactions across the County Council. The agency fee will vary dependent on supply and role.
21. Following an analysis of all the providers on the MSTAR framework, Comensura came out as the second cheapest by a small margin. A significant factor in assessing the cost of this provision is the cost of switching providers. The resources required to change systems is considered prohibitive and not cost effective when compared to the small cost saving that might be achieved by changing supplier who offer slightly reduced rates.
22. In addition, Comensura have a proven track record in fulfilling job roles, which has impacts on both the wellbeing of staff where welfare would be compromised if posts were unfulfilled and consistency of service.
23. Due regard should also be given to a race to the bottom with rates which would provide a false economy where the focus should be on addressing the reduction in use of temporary staffing across the County Council.
24. It is proposed that the call-off contract would be for 2 years with the option of extending for 1 year and then a further 1 year, for the following reasons:
 - a. This will prompt a continuous review of the market and model of provision enabling change or retention at key points in time.
 - b. The agreement with Comensura is now well established and captures most if not all of the expenditure on this provision.

25. Discussions have taken place with Comensura with a view to achieving further savings against expenditure. The County Council's needs are changing and at this time a change of a key strategic resource provider would be very disruptive

List of Background Documents/Appendices:

Appendix 1: Agency Worker Usage and Spend January 2019 - December 2019

Appendix 2: Comensura KPIs

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