
A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to the financial and business affairs of any particular person (including the authority holding that information) and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services. The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Cabinet

6 March 2018

Name of Cabinet Member:

Cabinet Member for Strategic Finances and Resources – Councillor J Mutton

Director Approving Submission of the report:

Deputy Chief Executive (People)

Ward(s) affected: All

Title:

Managed Service for Temporary Agency Workers Award of Contract

Is this a key decision?

Yes - as it has the potential to affect all Wards within the City and expenditure is in excess of £1m

Executive Summary:

The Council currently has a contract for the supply of temporary agency workers which expires on the 3rd June 2018. This acts as a support contract if the Council's first choice sourcing routes of employment from its casual working pool or fixed term appointments are unsuccessful in fulfilling temporary staffing vacancies. The current provider of this contract delivers a managed service provider (MSP) solution, which will be replicated for the new contract.

Due to the contract having no options to compliantly extend it further, cabinet approval was awarded on the 4th October 2017 for a new contract to be procured to ensure compliance with the Public Contract Regulations 2015. Both Coventry and Solihull MBC agreed to collaborate on the new contract, with Coventry leading the procurement.

A further competition has been completed through the Eastern Shires Purchasing Organisation (ESPO) Managed Services for Temporary Agency Resources (MSTAR2) national framework, used heavily by Local Authorities for their procurement route. The framework enables a less resource intensive route to market whilst also allowing the Council to benefit from the competitive collaborated rates available through the framework. Benchmarking with other frameworks indicated that MSTAR2 would provide the most beneficial procurement route for the Councils.

Following the evaluation of the further competition it has been identified that Supplier A provided the most economically advantageous tender in line with the evaluation criteria set. Supplier A's

qualitative submission in particular indicates that the Council will receive significant benefits and savings to the contract by awarding to them.

The savings from Supplier A's submission were clear throughout their comprehensive qualitative response, demonstrating Supplier A's extensive supply chain that will allow them to fulfil a far greater number of requirements through the corporate contract without having to engage second tier suppliers.

Supplier A were clear that they intend to target and remove off contract spend at the Council, which will save the additional cost and resource currently lost through this. Supplier A's submission was supported by examples of high fulfilment rates they have delivered at other Local Authorities, in areas the Council has existing off contract spend. These include social care, education, homelessness officers and drivers.

It is expected from the benefits proposed by Supplier A, that savings will be achieved. For this reason this report is recommending that the new contract is awarded to Supplier A.

Recommendation:

Cabinet is requested to authorise the award of a new three year contract with the option to extend for one further year to Supplier A, as a managed service provider for the supply of temporary agency workers to commence from the 4th June 2018 and expire on the 3rd June May 2022 (if extension is taken).

List of Appendices included:

None

Background papers:

None

Other useful documents:

Cabinet report - Managed Service for Temporary Agency Workers dated 4th October 2017.
<http://democraticservices.coventry.gov.uk/ieListDocuments.aspx?CId=124&Mid=11475>

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or body?

No

Will this report go to Council?

No

Report title: Managed Service for Temporary Agency Workers

1. Context (or background)

- 1.1 Cabinet approval was given on the 4th October 2017 to procure a new three year contract with the option to extend for one further year for a managed service provider (MSP) for temporary agency workers to commence from the 4th June 2018 and expire on the 3rd June 2022 (if extension is taken).
- 1.2 The contract will be for the use of Coventry City Council and Solihull Metropolitan Borough Council. Warwickshire County Council has been named as a potential customer for the contract but will not use the contract from its commencement date.
- 1.3 The existing contract expires on the 3rd June 2018. There are no compliant options to extend the existing contract.
- 1.4 The new contract will replicate the existing contract's core service model of appointing a managed service provider for temporary agency workers. There will be no guarantee of value or volume offered for the new contract. If the Council's demand for temporary agency workers diminishes, there would be no negative impact as a result to the Council.
- 1.5 The procurement route approved was a further competition under the Eastern Shires Purchasing Organisations (ESPO) Managed Services for Temporary Agency Resources (MSTAR2) national framework. The framework evaluation criteria split of quality (60%) and cost (40%) was to be used for the further competition.

2. Options considered and recommended proposal

- 2.1 The qualitative evaluation was concluded by three members of Coventry City Council Human Resources (including our current contract manager) and three members of Solihull Metropolitan Borough Council (their current contract manager and a member from both Adults and Childrens Social Care).
- 2.2 Two responses were received to the further competition, with the outcome of the evaluation as below:

Tenderer	Cost Total (Max 40%)	Quality Total (Max 60%)	Total Evaluation	
			Total %	Rank
Supplier B	40.00%	33.60%	73.60%	2
Supplier A	32.15%	43.00%	75.15%	1

- 2.3 When comparing the potential increase in cost from awarding the contract to Supplier A compared to the potential benefits, it indicates that the benefits of awarding the contract outweigh the potential increase in cost.

3 Results of consultation undertaken

- 3.1 A contract award report has been approved by Place panel (24/01/2018) and is submitted for Procurement Board on the 22nd February 2018.
- 3.2 Solihull Metropolitan Borough Council have briefed their cabinet and have been approved to proceed with the award of contract for their spend.
- 3.3 Following cabinet approval and award of the contract, stakeholders will be engaged on the award of the contract.

4. Timetable for implementing this decision

- 4.1 The current contract expires on the 3rd June 2018. Subject to approval of this report, the Council intends to issue an intention to award notice to Supplier A that will start a 10 day standstill. This time gives suppliers the opportunity to challenge the decision and is a legal requirement imposed through the remedies directives. Following the conclusion of the standstill the Council will fully award the Contract to Supplier A.
- 4.2 The Council will immediately begin work on finalising the contract which is based on set terms and conditions from the ESPO MSTAR2 framework and will commence on the implementation of the new contract.

5 Comments from the Director of Finance and Corporate Services

5.1 Financial implications

Spend under the agency workers contract varies dependent on volume and mix of agency workers needed. In 2016/17 the spend was £6.5m and has fallen so far in 2017-2018 due to the successful permanent recruitment in areas of previous agency spend. The cost of agency workers is funded by the relevant service. These costs are funded from a combination of budgets designed to cover strategic use of agency in relation to regular work peaks and salary budget underspends arising from vacancies.

The Council will not provide Supplier A with a guarantee of value or volume under this contract. If our demand diminished for temporary agency workers, there would be no negative impact as a result to the Council and spend under the contract would reduce accordingly.

Quarterly monitoring of expenditure on agency workers will continue throughout the contract.

5.2 Legal implications

Due to the potential value of this contract, the procurement in financial terms exceeds the threshold for a full OJEU competition and as such, is subject to the Public Contracts Regulations 2015 (PCR 2015).

The procurement route for the contract, that it will be procured by a further competition using ESPO's MSTAR2 national framework allows a compliant procurement route in accordance with the PCR 2015 and meets our legislative obligations.

The procurement route also complies with the requirements of the Council's Rules for Contract

6 Other implications

6.1 How will this contribute to the Council's Plan?

This is a support contract if the Council's first choice sourcing routes of employment from the casual working pool or fixed term appointments are unsuccessful in fulfilling temporary staffing vacancies. It enables the Council to compliantly procure temporary workers and maintain a flexible workforce in line with current demands to support the delivery of the Council's priorities and services.

The contract provides value for money and compliance in relation to the procurement of agency workers. It also provides firmer controls on the use of agency workers and has in place sound management reporting to see where spend is taking place to target recruitment, maximise resources, and reduce spend on agency workers.

6.2 How is risk being managed?

Supplier A will be closely contract managed by both Procurement and Human Resources to ensure the successful delivery of the contract and realisation of the benefits identified.

6.3 What is the impact on the organisation?

An implementation for the new Contract will take place to decommission the existing contract and install the new Contract so that it will commence on the 4th June 2018. The intention will be for the implementation to be delivered as seamlessly as possible to minimise any disruption to services when the new contract commences.

As per the award recommendation, it is expected that by awarding to Supplier A, the organisation will benefit through the greater fulfilment of requirements. This will allow for financial savings as well as savings in resource, time and process compared to that required to administer our requirements through the existing contract.

6.4 Equalities / EIA

Supplier A have been evaluated on equality including compliance with the Equality Act 2010. Supplier A have equality legislation and initiatives high on their agenda due to the nature of the service they provide and how important it is to this market. Supplier A has confirmed that they will adhere and apply the Council's policies on equality. As a MSP they will also manage the 2nd tier supply chain applying and monitoring equality adherence on the Councils behalf.

6.5 Implications for (or impact on) the environment

Due to the nature of the contract there are no implications on the environment.

6.6 Implications for partner organisations

This is a shared contract between CCC and Solihull MBC. As Solihull MBC already have approval to proceed with the award of the contract, failure by the Council to award the contract may threaten continued collaboration on this Contract in future. By no longer collaborating, the Councils may lose the opportunity to obtain more competitive agency rates due to our current combined spend between both Authorities, as well as the sharing of best practice and knowledge that is currently exchanged between officers working between both Authorities on the contract.

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