

**Cabinet Report**

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**Report of:** Eugene Walker, Executive Director Resources

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**Report to:** Cabinet

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**Date:** 22/06/16

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**Subject:** Agency Staffing Provision

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**Author of Report:** Peter White, HR Service Manager/Chris Goodacre,  
Category Manager - Business & Professional  
Services

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**Key Decision:** YES

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**Reason Key Decision:** Expenditure over £500,000

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**Summary:**

This project covers the procurement of a new agency staffing contract. A retender for the contract is required as the existing arrangement has been extended once and cannot be extended again.

The new contract will retain the Council's core agency requirements across all Portfolios whilst maximising social value benefits.

In addition to supporting existing Portfolio arrangements the new contract will also address new requirements such as insourcing of the Social Housing Repairs & Maintenance contracts (Kier & Kier KAPS).

A number of delivery models have been considered as part of the Outline Business Case. As we are unable to provide precise details of our requirements

regarding Social Value, the most pragmatic approach is an open tender process using a Competitive Dialogue procedure (CD). The CD procedure provides us with the flexibility to explore various solutions without commitment; and, at the same time, allows us to determine if suppliers are capable of meeting our needs.

This approach provides flexibility in terms of defining the specification of requirements. This flexibility is required as we require the market to help us hone and articulate our Social Value requirements so we can maximise these benefits to citizens of the Sheffield City Region.

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### **Reasons for Recommendations:**

A retender for the Agency staffing contract is required as the existing arrangement has been extended once and cannot be extended again.

The new contract will retain the Council's core agency requirements across all Portfolios whilst maximising social value benefits. In addition to supporting existing Portfolio arrangements the new contract will also address new requirements such as insourcing of the Social Housing Repairs & Maintenance contract (Kier).

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### **Recommendations:**

That Cabinet approves the strategy for procurement of a temporary agency supplier via a competitive dialogue process

That Cabinet delegates the power to award the contract for the Agency services to the Director of Finance and Commercial Services, in consultation with the Cabinet Member for Finance & Resources, on the basis that:

- The most suitable provider/partner is chosen via a competitive dialogue process as outlined above.
  - That the chosen provider/partner will work with Sheffield City Council to develop Social and Economic values that will benefit the people of Sheffield and the wider region.
  - That, in the event that the competitive dialogue process results in the Council forming a new business with the chosen provider, the chosen provider/partner works closely with the Council to grow the newly formed business within Sheffield and the wider region.
  - That the new contract is actively managed through the existing Human Resources Client Management arrangement with support from Commercial Services.
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**Background Papers: None**

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**Category of Report:      OPEN**

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
YES    Cleared by: Paul Schofield
<b>Legal Implications</b>
YES    Cleared by: Sarah Bennett
<b>Equality of Opportunity Implications</b>
YES    Cleared by: Michelle Hawley
<b>Tackling Health Inequalities Implications</b>
YES/NO    Cleared by: N/A
<b>Human Rights Implications</b>
YES    Cleared by: Julie Toner
<b>Environmental and Sustainability implications</b>
YES/NO    Cleared by: N/A
<b>Economic Impact</b>
YES    Cleared by: Marianne Betts
<b>Community Safety Implications</b>
YES/NO    Cleared by: N/A
<b>Human Resources Implications</b>
YES    Cleared by: Julie Toner
<b>Property Implications</b>
YES/NO    Cleared by: N/A
<b>Area(s) Affected</b>
Sheffield/Sheffield City Region
<b>Relevant Cabinet Portfolio Lead</b>
Cllr Ben Curran
<b>Relevant Scrutiny Committee</b>
Overview & Scrutiny
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press Release</b>
YES

## **REPORT TO THE CABINET**

### **AGENCY STAFFING PROVISION**

#### **1.0 SUMMARY**

- 1.1 This project covers the procurement of a new agency staffing contract. A retender for the contract is required as the existing arrangement has been extended once and cannot be extended again.

The new contract will retain the Council's core agency requirements across all Portfolios whilst maximising social value benefits.

In addition to supporting existing Portfolio arrangements the new contract will also address new requirements such as insourcing of the Social Housing Repairs & Maintenance contract (Kier).

A number of delivery models have been considered as part of the Outline Business Case. As we are unable to provide precise details of our requirements regarding Social Value, the most pragmatic approach is an open tender process using a Competitive Dialogue procedure (CD). The CD procedure provides us with the flexibility to explore various solutions without commitment; and, at the same time, allows us to determine if suppliers are capable of meeting our needs.

This approach provides flexibility in terms of defining the specification of requirements. This flexibility is required as we require the market to help us hone and articulate our Social Value requirements so we can maximise these benefits to citizens of the Sheffield City Region.

#### **2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE**

- 2.1 Improved access to temporary employment with clearly defined routes in to a variety of job roles including the development of individual career pathways.
- 2.2 Supply of an appropriately skilled, qualified and well trained temporary staffing base supporting the Councils core workforce in the delivery of Council services.
- 2.3 Payment of the Foundation Living Wage for Temporary staff supporting the Councils core workforce in delivery of its services.

#### **3.0 OUTCOME AND SUSTAINABILITY**

- 3.1 The provision of Agency staff will support the delivery of a wide range of services delivered by the City Council.

## 4.0 MAIN BODY OF THE REPORT

4.1 The new contract will maintain the core requirement of the agency contract including;

- Online tools to ensure effective and efficient requisitioning, ordering and approval of temporary staff
- Effective account management
- Accurate and timely contract management and performance management information
- Generate measurable and realistic savings over and above those achieved by the existing contract

At the same time the new contract will maximise social value outcomes. These will include (but not limited to);

- Improving Council/provider engagement with socially deprived groups and their access to routes into employment
- Improving the Council's temporary and permanent staffing workforce profile
- Improving links from apprenticeship through to temporary and permanent employment
- Targeting employment hotspots and setting out career pathways in markets where SCC has a lack of capacity/talent.
- Challenging the market to fully articulate innovative and smart ideas to improve the social value aspects on the contract.

In addition to this;

- The new contract will look to create additional draw down options including the potential for the successful provider to deliver additional services including end to end recruitment processes.
- Through the tender process explore opportunities for SCC to have a greater commercial stake in the business of Agency staffing provision.
- Require the successful bidder to pay the Foundation Living Wage from the first day of employment to its staff and to agency workers.

4.2 The key benefits of the new contract can be summarised as follows:

- Continuation of the one-stop-shop approach for managers when requesting temporary workers.
- Leverage greater Social Value for Sheffield out of the contract by helping us to promote employment, link to development of careers paths in markets where SCC has a lack of capacity / talent, support the local economy by greater use of local supply

chains, and assist us to grow and develop our relationship with the diverse range of sectors within the Sheffield City Region.

- Provide expert advice about the agency staff market including appropriate market intelligence, for example relating to pay rates, benchmarking and Social Value.
- Provide the right environment for a positive working partnership between Sheffield City Council and Partners, the Contractor, supplying Agencies, and temporary workers
- Contribute to savings targets and help to reduce the amount spent on temporary workers and provide accurate and timely management information with appropriate analysis and market intelligence

#### 4.3 **Financial Implications**

The report proposes a number of changes to the way the Council procures Agency workers. Any review offers the opportunity to improve procedures and realise efficiency savings. These savings should contribute to the financial budgetary pressures faced by the Council. The proposed Award criteria include a significant weighting to this consideration. The final decision will need to balance the existing budgetary constraints against the projected non-financial benefits.

The Agency Worker regulations require any agency worker appointed to be on terms that match the employing organisation's Terms & Conditions of Employment. Thus there should be no cost differential to the Council.

#### 4.4 **Legal Implications**

Under Section 111 of the Local Government Act 1972 local authorities have the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions. Access to appropriately qualified temporary staff does support the Council in providing statutory and other essential services to the citizens of Sheffield.

The proposed procurement strategy will ensure that the new agency contract will be procured in an open, transparent fair and non-discriminatory way and is consistent with the Council's standing orders and EU procurement law.

The Transfer of Undertakings (Protection of Employment) Regulations may apply as between the current supplier, Reed, and the successful tenderer.

The anticipated value of the proposed contract is such that the Contract Notice will need to be published in the Official Journal of the European Union

#### **4.5 Equalities Implications**

The Equalities Lead for the Resources Portfolio has reviewed the Agency retender report and EIA 913 that has been created in relation to this proposal. She is satisfied that we have fully considered the equality impacts of the proposal at this stage in the process. The likely impacts are positive and could improve the representation of many protected characteristics within the workforce. The EIA is a live document so should the criteria for the tender change during the competitive dialogue process the EIA will be updated and resubmitted for further approval.

#### **5.0 ALTERNATIVE OPTIONS CONSIDERED**

5.1 A number of delivery models have been considered as part of this exercise and include ;

- Establish an in-house Agency or Traded Company
- Establish Council's own framework of providers
- Procurement of Managed Services or Neutral Vendor, either through a consortia, collaboration or directly to the market
- Establish a non-traded company
- Set up a Public Sector/Private Sector collaboration (e.g. SCC / Reed)
- Set up a Public Sector collaboration (e.g. SCC / University of Sheffield / NHS Sheffield)

#### **6.0 REASONS FOR RECOMMENDATIONS**

6.1 To ensure access to an Agency with market place presence and expertise in providing temporary staffing for a wide range of job roles.

6.2 To use Agency provider expertise in developing our strategy to deliver improved social values for the people of Sheffield and the Sheffield City region.

6.3 To minimise the risks that were identified during the consideration of alternative options.

#### **7.0 REASONS FOR EXEMPTION (if a Closed report)**

7.1 N/A

#### **8.0 RECOMMENDATIONS**



- 8.1 That Cabinet approve the strategy for procurement of a temporary agency supplier via a competitive dialogue process
- 8.2 That Cabinet delegates the power to award the contract for the Agency services to the Director of Finance and Commercial Services, in consultation with the Cabinet Member for Finance & Resources, on the basis that:
- The most suitable provider/partner is chosen via a competitive dialogue process as outlined above.
  - That the chosen provider/partner will work with Sheffield City Council to develop Social and Economic values that will benefit the people of Sheffield and the wider region.
  - That, in the event that the competitive dialogue process results in the Council forming a new business with the chosen provider, the chosen provider/partner works closely with the Council to grow the newly formed business within Sheffield and the wider region.
  - That the new contract is actively managed through the existing Human Resources Client Management arrangement with support from Commercial Services.

Author: Peter White/Chris Goodacre

Job Title: Human Resources Service Manager/Commercial Services Category Manager

Date: 10/6/16

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