

To: City Executive Board

Date: 8th December 2010

Item No: 17

Report of: Head of People & Equalities

Title of Report: Contract for the Supply of Temporary Agency Staff

Summary and Recommendations

Purpose of report: To grant project approval and to request delegated powers to the Director of Finance and Efficiency to award a new contract for the supply of temporary agency staff.

Key decision? Yes

Executive lead member: Councillor Price

Policy Framework: Oxford City Council Corporate Plan
Be an effective and responsive organisation, providing value for money services.

Recommendation(s): That City Executive Board Agrees

- 1) To grant project approval and authorise the Council to enter into a single supplier contract for the supply of temporary agency staff for the next 4 years. This contract is to be available to the other Oxfordshire Authorities and named public sector organisations to use.**
- 2) To delegate, to the Director of Finance and Efficiency, the authority to award the contract for the supply to Oxford City Council of temporary agency staff.**

1.0 Background

- 1.1 For the past eight years, the Oxfordshire Councils have had a very successful contract and working relationship with Champion Employment Services for the supply of temporary agency staff.**

- 1.2 During last financial year, Oxford City Council spent £3m (excluding VAT) on temporary agency staff through the existing contract (however, the combination of this spend and that on the permanent establishment remains within the overall section budget), which has a fixed open book pricing arrangement and offered a discount for paying within 30 days. A further 1% discount on the contract was negotiated by the Procurement team in April 2009, for the prompt payment of invoices within 10 days, in accordance with the directive by central government to pay suppliers within 10 days. This saved the council an additional £21.5k in 2009/10 (this is only applied when Champion supply and not when staff come from a 2nd tier supplier). The benefit was made available to all of the Oxfordshire Councils.
- 1.3 This contract is shortly due to expire. Oxford City Council is, once again, leading on the re-tender.
- 1.4 The Procurement Team were conscious that it was going to be difficult to build further savings into the next contract and so decided to open discussions with ProCure, the procurement organisation for the NHS trusts to see if they would be interested in joining the contract for the supply of clerical non-medical temporary agency staff. The NHS spend in excess of £10m a year at the Oxford hospitals alone and it was expected that this boost to the aggregated yearly spend would prove enticing to suppliers.
- 1.5 NHS ProCure is currently using the Office of Government & Commerce (OGC) framework for temporary agency staff and has to pay 1% of all their spend on the contract to the OGC. If Procure choose to utilise this contract, then a further saving to the Councils will arise. It is therefore recommended that the contract is also made available to ProCure.

2.0 Tender Process

- 2.1 The value of this contract meant that an advert was placed in the European Journal of the European Union, South East Business Portal and on the Councils' websites.
- 2.2 The evaluation panel is made up of Officers from all 6 Councils participating in the Contract with all parties contributing to the contents of the PQQ and the tender documents. These Officers are also marking the tenders and will agree on the award recommendation.
- 2.3 The evaluation panel have determined the relevant financial and technical evaluation criteria that will provide the most economically advantageous contract. Suppliers must demonstrate that they are technically and operationally competent and able to meet the specification. Price is also a very important factor moving forward with this contract.

- 2.4 Seven tender submissions have been received and are currently being evaluated by the panel. A recommendation is due to be made by the panel in early December.

3.0 Other Options

- 3.1 The Council's Constitution and Procurement Strategy advises that the City Executive Board should consider what other options are available before granting major project approval and awarding a contract over £100k. These are detailed below;

3.1.1 Continue as we are.

The contract that is currently being used is shortly due to expire and is therefore in need of re-tendering.

3.1.2 Use a Contract Set up by another Organisation.

There is a contract available via the Office of Government and Commerce (OGC); however, with over 350 suppliers on the framework this does not prove value for money for the Oxfordshire Councils. The Councils would also be required to pay 1% of the contract value to the OGC for using the contract. The Councils are currently getting a far better deal from their current contract and are confident that they can achieve a similar level of benefit again.

4.0 Benefits of this Contract

- 4.1 The Councils will continue to benefit from reduced administrative costs by having only one supplier to deal with.
- 4.2 By continuing with a similar style of contract (known as Master Vendor) the supplier will be able to source specialised staff from its network of 2nd tier suppliers. This increases the chance of being able to supply staff with the relevant experience and qualifications necessary.
- 4.3 It is expected that the calibre of temporary agency staff will continue to improve as people experience the difficulties associated with the current economic climate and are forced to sign onto temporary agency staff books.

5.0 Financial Implications

- 5.1 Last financial year the temporary agency staff contract resulted in £21.5k of additional savings, these were realised by the implementation of the prompt payment discount.
- 5.2 It is the intention of the evaluation panel to select the most economically advantageous tender, which is estimated, will achieve a

further 0.5% of savings on the total contract spend. However, there are 2 points to be borne in mind. The amount of temporary agency staff placed within the Council is expected to decline. It is also uncertain what impact the Agency Workers Directive will have on the contract – this point is addressed in 8.0.

6.0 Legal Implications

- 6.1 It is anticipated that the Agency Workers Directive may impact on how we use temporary agency staff in the future – this point is addressed in 8.0
- 6.2 Under the Councils standing orders this contract needs to be re-tendered

7.0 Climate change/Environmental Impact

- 7.1 Oxford City Council's Procurement Strategy ensures that the tender process addresses all aspects of projects concerning environmental impact.
- 7.2 The Procurement Team are currently working with the energy team to explore the possibility of temporary staff signing up to the corporate energy management objectives as permanent employees currently do.

8.0 Risk

Risk	Likelihood	Mitigation
Councils need less temporary staff	H	This is a call off contract, so level of business is not guaranteed
Agency Workers Directive adversely affects the Council's ability to get temporary staff for longer periods	H	Oxfordshire Council's are looking into solutions surrounding this, for example the joint management of talent pools
Contractor does not adequately vet candidates for placement	M	Clear KPI's and strong contract management procedures
Agency is unable to source suitable candidates	L	Terms and Conditions contain a clause allowing Councils to source off contract should this be the case

9.0 Equalities Impact

- 9.1 The contract for temporary agency staff requires the supplier to provide management reporting. This will allow People and Equalities to measure the Council's temporary agency staff against equality and diversity representation.
- 9.2 The procurement process ensures that the supplier's recruitment policy complies with the Equalities Act.

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List of background papers:

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