

To: Cabinet
Date: 12 August 2020
Report of: Head of Business Improvement
Title of Report: Temporary Staffing Contract

Summary and recommendations	
Purpose of report:	To seek delegated authority to award a contract for the supply of Temporary Staffing to the Council.
Key decision:	Yes
Cabinet Member:	Councillor Nigel Chapman, Customer Focused Services
Corporate Priority:	All
Policy Framework:	Council Strategy 2020 - 2024
Recommendation: That Cabinet resolves to:	
1. Delegate authority to the Chief Executive, authority to award a contract for the supply of Temporary Staffing following the procurement exercise outlined below.	

Appendices	
Appendix 1	Risk Register

Introduction and background

1. The Council spends approximately £4 million per annum on temporary staffing across a variety of professions. Approximately just under 50% of this expenditure is attributed to Oxford Direct Services (ODS). The current contract is with one supplier that provides a managed service, with access to multiple suppliers across their supply chain. Certain suppliers have proved difficult to access for the Council as they will not provide their services through the managed service supplier. In addition, there continues to be general supply issues with particularly specialist roles such as surveyors that are in demand nationally, and this has contributed to the increased temporary staffing expenditure.
2. There is a wider objective to reduce the number of agency workers and therefore the likely associated spend. This is in response to budget constraints but also most importantly underpins our aspiration to improve development opportunities for our staff and encourage a pipeline of our own specialists. For example, in other areas we would want to replicate the approach taken in our Planning Service, where there is an apprenticeship programme to grow our own talent.
3. The current 12 month contract extension ends on 31st August 2020 with an option to extend for up to 12 months if required.
4. A Prior Information Notice (PIN) was published in OJEU in January 2020 inviting suppliers to express an interest in attending an Industry Day at the Town Hall in Oxford on 3rd March 2020.

Industry Day

5. The idea of the Industry Day was for the Council, ODS and OCHL to present their current position to the market and then invite the market to offer their views. From the market perspective it was expected that the Council, ODS and OCHL would be updated in terms of how the industry has changed in recent years and what solutions there could be to the challenges the Council and its companies face.
6. The Industry Day was held on 3rd March 2020 and proved hugely successful, attracting approximately 40 suppliers across two sessions. This allowed for a high degree of engagement by key suppliers and offered a useful exchange of views on the challenges facing OCC, ODS and OCHL. Many suppliers signed up for a 1-2-1 session with members of the Human Resources and Procurement Teams.
7. The project team reviewed the open day and formulated a selection of options for discussion and approval.

Key Findings

8. The key findings from the Industry Day included :
 - a) The likelihood of finding a single supplier that can fully service all requirements across the Council and ODS is low
 - b) There are a wide variety of suppliers in the market
 - c) There is a clear need for specific requirements that are particular to OCC and ODS.

Procurement Options

9. There are a number of options open to the Council at this point in time including:
- a. Extend the existing contract** – Under the Public Contracts Regulations 2015 the Council can do it but this does not test the market, so the Council may not demonstrate value for money with this approach. It could also present a missed opportunity having ignited interest with suppliers through the Industry Day.
 - b. Run an open procurement either with:**
 - i). Single supplier contract** – Although there is general overall satisfaction with the current temporary supplier, it was felt that there were difficulties in filling some specialist roles via a single managed service supplier.
 - ii). Contract with multiple suppliers** – Following on from the above it was clear that the temporary staffing requirements within OCC and ODS are quite different, albeit with a degree of overlap for administrative and professional staff required by both OCC and ODS, although these categories of staff are only required in limited numbers by ODS. The agency staff requirement therefore falls into a number of different groups and could potentially be provided by different temporary agency providers. Additionally other specialist roles such as Investigations, Legal, Planning and Building Control are potentially better procured with direct access to specialist suppliers as opposed to one overall supplier. Generally for some of these roles there is a lack of supply as even specialist suppliers have not always been able to provide a solution. It should be noted that having multiple providers could incur additional resource pressures for Human Resources and recruiting managers.
 - iii). Create our own framework** – Creating the Council's own framework is quite a simple process, but it then requires ongoing management and administration that will require resource to oversee it. With a traditional framework all suppliers are asked to quote for a requirement, so each role could have multiple options from a variety of suppliers. This may present administrative pressures on recruiting managers and Human Resources.
 - c Procure from an existing framework** – Existing frameworks from buying organisations such as Eastern Shires Purchasing Organisation (ESPO) and Yorkshire Purchasing Organisation (YPO), a publically owned purchasing organisation based in Yorkshire, have been reviewed. However they generally provide a solution using a managed service or neutral vendor route, which the Council does not feel suits its requirements at this time.

Procurement Conclusion

10. The conclusion reached by the project team was a contract for OCC and OCHL with a separate contract for ODS, each with multiple lots acknowledging the specialist roles that the Council is seeking to procure. Each party would be named on each contract to allow usage of both contracts by all parties. An open tender procurement process has been concluded as an appropriate way forward as outlined in paragraph 8 (b) (ii) above with the following Contracts and lots:

For the OCC Contract:

- Lot 1 – Business Support (Up to 3 Suppliers)
- Lot 2 – Housing/Property/Regulatory Services (up to 3 suppliers)

For the ODS Contract

- Lot 1 – Industrial and Operational
- Lot 2 – Technical, Trades and Operational Specialists

11. Whilst the overarching objectives are similar, the design and the delivery of the requirements will be different. ODS will own and manage their contract on behalf of all parties and OCC will own and manage their contract on behalf of all parties.

12. As each contract will name the other parties to allow for complete flexibility it means OCC, ODS and OCHL will be able to utilise all contracts if required.

13. The key service objectives that have been identified from the project so far are:

- Capacity to fulfil the requirements
- Flexibility
- Options to assist the sourcing of specialist/hard to fill roles
- Access to a range of specialists/expertise
- Competitive margins
- Value for money across the whole group (i.e. OCC/ODS/OCHL)
- Quick access to certain specialisms
- Transparent pricing

14. This approach will provide the following benefits:

- Ownership – OCC and ODS would be in charge of their own contracts, giving them the ability to manage them as they see fit for their main requirements.
- Flexibility – Direct approach to a range of critical Suppliers with the ability to use the most appropriate contract. This has the potential to limit the number of contract exemptions and reduce the time taken to access and appoint specialist resources.

Timetable

15. The timetable for the Council's procurement is as shown below with a go live date for the new contract managed by OCC of 1st December which allows time for the on boarding of suppliers especially if these are multiple. ODS is seeking to go live on 1st September 2020 and published their tender documents on 26th June.

Description	Date
Prepare Tender Documents*	22 nd May – 6 th July
Publish Tender	10 th July 2020
Tender Return	10 th August 2020
Evaluate by	24 th August 2020
Provisional Award (after internal approval)	31 st August 2020
Award after standstill	10 th September 2020
Contract Commencement	1 st October 2020
Mobilisation period	1 st October 2020 – 30 th November 2020
Contract Go Live	1 st December 2020

15 Within this timetable the Council has sought to extend the current contract with the existing supplier from its expiry on the 31st August 2020 to 31st August 2021. This includes break clauses after a minimum 3 month extension period, such that the contract can be terminated at the end of a calendar month with 30 days' notice. This gives the Council great flexibility to ensure the procurement process is completed effectively and any transition period to new contracts is smooth.

Financial implications

16 Sufficient budget is provided within the Council and its entities to support the employment of an agreed establishment of staff. Temporary staff taken on depending on the reason for employment are either funded by vacancies in the establishment or by virement in other parts of a service budget. The Council procurement process will seek to minimise the potential for an increase in costs for procurement of temporary staff by testing the whole market and realise any benefits that might arise. There is the possibility of additional administration costs arising from managing multiple suppliers.

Legal issues

17 There are no known legal implications. Both contracts will have a set of Terms and Conditions agreed with Legal Services. The tender process will be fully compliant with The Public Contracts Regulations 2015.

Level of risk

18 The risks are contained in Appendix 1 to the report.

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