



Cabinet

Item
8(iii)

24 January 2024

Report of	Head of People	Author	Jessica Douglas ☎ 222229
Title	Managed Service Solution for Temporary Workers (Ref: 0197)		
Wards affected	'Not applicable		

1. Executive Summary

- 1.1 This report sets out the proposal to sign up to the Essex County Council managed service solution for temporary worker services.
- 1.2 The provision of cost effective and quality agency workers is critical to enabling the Council to use resources effectively alongside its existing permanent and fixed-term staff. The use of agency and temporary staff, although kept to a minimum is often unavoidable, enabling the council to fill resource gaps due to sickness and other leave requirements in front line services and covering short term interim assignments in professional services.
- 1.3 The Council does not have a formal arrangement or contract in place for the provision of temporary workers. Currently managers liaise directly with individual agencies for the sourcing of temporary and interim workers mainly through a preferred suppliers list. This arrangement may not provide best value as fees are negotiated on an ad-hoc basis and have not been market tested for some time. In addition, the administrative burden of timesheet and invoice processing for temporary workers across several agencies is high.
- 1.4 Essex County Council (ECC) has established a Dynamic Purchasing System ("DPS") that allows it to quickly place job roles with external agency worker providers within set role rate bands and with set percentage mark-ups paid by ECC. This arrangement has the benefit of allowing access to providers through a route that is compliant with the Public Contracts Regulations 2015 (PCR15), is flexible to allow additional providers to join the DPS on application and provides consistency and visibility of rates and mark-ups.
- 1.5 Colchester City Council can utilise the DPS set up by ECC as the system is available for use by all Local Authorities within the County of Essex and is totally compliant with CCC's contract procedure rules and meets the current PCR 2015 regulations, ensuring the council is signing up to a competitively procured process which will bring additional benefit and cost reductions to the council, which we would be unlikely to replicate if we issued our own tender process.
- 1.6 The level of expenditure supports the proposal to review current arrangements and put in place a solution that enables the Council gets best value for money, make tangible cost reductions, keeps the process of procuring agency workers as streamlined as possible and fully complies with procurement regulations.

2. Recommended Decision

2.1 To sign up to the Essex County Council Managed Service Solution framework for temporary workers for 3 years from 1 April 2024.

3. Reason for Recommended Decision

3.1 This report is provided to Cabinet in accordance with the Council's Contract Procedure rules to seek approval to proceed to tender for a contract with a whole life cost valued above £500k.

3.2 Signing up to the ECC Managed Service Solution framework for temporary workers will ensure:

- Compliance with procurement regulations
- Best value is achieved, giving the Council the cost reduction opportunities
- Quality agency worker resources are easily available
- Simplify oversight and control of spend through management information
- Council resources to engage agency workers and to manage the contract are minimised.

4. Alternative Options

4.1 Consideration has been given to use the Eastern Shires Procurement Organisation (ESPO) agency framework, owned, and governed by a consortium of six-member local authorities including Leicestershire, Norfolk, Lincolnshire, Cambridgeshire and Warwickshire County Councils and Peterborough City Council. This procurement process would be more complex and lengthier and would not offer any additional benefit to the ECC solution.

4.2 In addition, signing up to the managed service solution will promote closer partnership working with Essex County Council and supports business development within the Essex council family.

5. Background Information

5.1 The current arrangements for the sourcing of temporary workers have been in place for years and possibly does not offer best value. The council is committing high levels of spend on agency workers without a procurement process. In 2022-23 £1.1 million was spent on temporary staff through 11 agencies. Under the proposed arrangement, all the council's temporary and interim staff sourcing will be managed through the ECC managed service solution.

5.2 ECC have 250 agencies on the framework and have signed up many of the council's agencies on negotiated reduced rates enabling the council to realise immediate savings. If specialist agency support is required ECC will access through its own direct supply chain of agencies. Essex CC have partnered with Matrix SCM who will engage the temporary worker, manage the time sheet, payroll, and billing, and invoice the council directly.

5.3 Appendix 1 sets out the percentage charge that ECC will apply to pay rates. There is a percentage differential between different tiers depending on how ECC sources the

temporary worker. The rates offer a significant reduction on current rates paid to agencies if temporary workers are sourced directly, particularly in tier 1. The percentage fee charged by agencies is between 12-30% depending on the role.

- 5.4 In addition to the reduced agency fees, the managed solution also provides savings for the conversion of temporary workers to permanent staff. Under the current arrangements agencies charge between 15-20% of the annual salary for a temporary to permanent conversion. Under the ECC managed service, no fees will be payable if the temporary worker is recruited to a permanent post through a recruitment exercise.
- 5.5 If the council appoints a temporary worker to a permanent position without a recruitment exercise, the following fees will apply which are significantly lower than the current temporary to permanent conversion fee.

Temporary Worker's Length of Assignment	Temp to Perm Fee Payable (agency hire)	Temp to Perm Fee Payable (direct hire)
0 – 4 weeks	12.5%	0%
5 – 9 weeks	7.5%	0%
10 – 14 weeks	2.5%	0%
After 14 weeks	0%	0%

- 5.6 The managed service will also enable the council to advertise the temporary roles on the ECC Careers site www.workingforessex.com, post jobs on national job boards for a minimal fee of £200 and provide access to ECC's talent pool.
- 5.7 In addition to the general temporary worker services, ECC have established the Essex Waste Framework which brings together temporary recruitment agencies into one place, operating at pre-negotiated and set rates and provides a single point of contact for agency staff. ECC charge a small percentage fee for administration costs lower than accessing from agencies directly. There are no set up costs and is ready for the council to access. Basildon District Council have signed up to the Waste Service framework and other councils within the North Essex Partnership Braintree, Harlow and Maldon are considering signing up too.
- 5.8 The Council's Recycling and Waste Service have trialled the ECC Waste framework in advance of signing up to the full managed service solution to resource drivers for the delivery of the garden waste wheeled bins to residents. The cost saving of the ECC managed solution compared to going directly to the agency for two drivers for the 3-month assignment is £1500.
- 5.9 In addition to the cost savings of the managed solution, the arrangement will offer more transparency on total council agency spend as there will be one provider. It will also allow for management information and KPIs to be put in place to evaluate the service provided by ECC which is a currently a challenge with agency spend being distributed across service budgets.
- 5.10 The percentage agency charge applied to pay rates under the managed service should provide a 9% saving on current rates. Based on 2022/23 spend of £1.1 million this equates to a saving of £99k. This saving will be built into future budgets.
- 5.11 The proposal to sign up to the Essex CC managed service solution for temporary workers is recommended to Cabinet. In addition to the cost savings the proposal provides the following:
- Clear transparency on agreed agency fees set out in the table in appendix 1

- Ability to monitor and control agency spend across the council
- Minimising agency margins for ongoing agency worker placements
- Compliance with procurement legislation and ceasing agency spend outside a formal arrangement and contract
- Supports partnership working with Essex CC

6. Equality, Diversity and Human Rights implications

- 6.1 ECC is subject to the same public sector duties under the 2010 Equality Act as the council. ECC promotes diversity and inclusion through attraction channels specific to diverse talent applied to all roles.

7. Standard References

- 7.1 There are no particular references to the Strategic Plan; consultation or publicity considerations or community safety or risk management implications.

8. Financial implications

- 8.1 The managed service will provide significant savings on temporary staff. The provision of temporary and agency staff through a managed service and contract following a competitive tender process will ensure that the Council receives best value.
- 8.2 The commissioning of temporary and staff through a managed service will provide process efficiencies in the engagement of agency staff including invoicing and payments particularly within Neighbourhood services.

9. Health and Safety Implications

- 9.1 The provision of staff through a managed service will ensure a more consistent approach to training and induction of temporary staff.

10. Environmental and Sustainability Implications

- 10.1 Manual and paper processing will be more efficient and digitalised under the managed service.

Appendix 1

ECC will apply a % charge for these services, differentiated by direct or agency hire.

The tables below show the full % charge that will be applied to pay rates and invoiced to Colchester City Council, via Matrix SCM.

Job Categories	Examples	Direct Hire Sourced by ECC	Tier 1 ECC Supply Chain	Tier 2 ECC Supply Chain	Tier 3 ECC Supply Chain
Administration	Business Support Assistant	4.50%	8.25%	8.75%	9.75%
Business Continuity	Business Continuity Manager	6%	10.25%	11.25%	11.75%
Customer Services	Customer Specialist	4.50%	8.25%	8.75%	9.75%
Economic Development	Commissioning Officer Skills Development Economic Growth	8%	11.25%	11.75%	12.75%
Environments and Public Services	Independent Living Housing Advisor Development and Flood Risk Officer	8%	11.25%	11.75%	12.75%
Finance (unqualified)	Providing finance support Finance Assistant Credit Controller	5.50%	9.25%	10.25%	11.25%
Finance (qualified)	Finance Business Partner Accountant	8%	10.75%	11.75%	12.75%
Highways and Waste (technical)	Highways Engineer & Technical Business Analyst	8%	11.25%	11.75%	12.75%
Human Resources (qualified)	HR Business Partner People Technology Analyst	6.50%	10.25%	11.25%	13.25%
Information Services	TS Business Analyst	5.50%	9.25%	10.25%	11.25%
Legal and Governance (qualified)	Solicitor	8.50%	12.25%	13.25%	16.25%
Legal and Governance (un-qualified)	Paralegal	5.50%	9.25%	9.75%	10.25%
Marketing and Communications	Content advisor	4.50%	8.25%	8.75%	9.25%
Operations/Industrial	Canteen Assistant Chef / Catering Lead Assistant Manager – Essex Outdoors Refuse Recycling Centres	5.50%	9.25%	9.75%	10.25%
Procurement (qualified)	Category and Contract Manager Category and Contract Assistant Manager	7%	10.25%	11.25%	12.25%
Property	Engineer Planner	8%	10.75%	11.25%	14.25%
Public Health	Development and Flood Risk Officer	8%	11.75%	12.25%	13.25%
Strategy and Policy	Analyst – Data & Analytics Performance and Business Intelligence Analyst	8%	11.25%	11.75%	13.25%
Executive Interim	Pay rate of £451 per day + (or hourly equivalent)	8%	12.25%	14.25%	19.25%

A three- tiered pricing system is in use for agency supplied workers.

Tier 1 – First point of call for suppliers services for all job categories.

Tier 2 - second point of call for supplier services for all job categories (to be called upon after 48 hours of live role requirement)

Tier 3 – third point of call for supplier services for all job categories (to be called upon after 96 hours of live role requirement)