

Somerset County Council Scrutiny for Polices and Place Committee

– 24 April 2018

Award of contract for the provision of Temporary Labour

Lead Officers: Richard Williams, Commercial & Business Services Director, Chris Squire, HR & OD Director

Author: Marie Stretch, Strategic Manager – Business, Commercial & Procurement

Contact Details: 077752 21297

Cabinet Member: Anna Groskop

Division and Local Member:

1. Summary

- 1.1. The current contract for the provision of Temporary Labour to the authority expires on 1st December 2018. A comprehensive review sourcing review has been conducted in conjunction with Richard Williams (Commercial & Business Services Director) and Chris Squire (HR & OD Director) and the decision to appoint the proposed future supplier is to be put to Cabinet on 21st March 2018.
- 1.2. This paper and the appendices outline the approach taken and the proposals which Cabinet will be asked to approve.

2. Issues for consideration / Recommendations

- 2.1. The proposals to be put to cabinet concerning the award of a contract for the provision of Temporary Labour to Somerset County Council.

Please note that appendix 4 contains commercially sensitive information which should remain confidential.

3. Background

- 3.1. The current Temporary Labour contract is with Reed and expires on 30th November 2018.

The contract is provided via a master vendor solution and that model provides benefits to SCC through a single point of contact for the authority, reduced supplier margins, increased contract governance, improved performance of the supplier, transparent management information and process efficiencies in terms of the end to end booking process and P2P process.

The contract categorises temporary labour into a number of distinct groups including Admin & Clerical, Engineering & Surveying, HR, IT, Management, Procurement, Social & Healthcare (qualified and non-qualified)

Reed's agency fee within the current contract is charged according to a pre-determined rate for each category as a fixed £ per hour worked by the candidate which is aligned to SCC Spinal Column Points. Under MSTAR2 the rates remain as a fixed £ per hour but vary by wage rates within bands, job category and whether the worker is supplied from Reed's own workers or has been sourced from a third party through Reed as managed vendor.

Spend over the term of the current contract with Reed is as per Appendix 1

There are no current concerns regarding the service from Reed. There have been difficulties at times in securing sufficient acceptable Qualified Social Work candidates, Reed have augmented their second tier support suppliers in an effort to resolve this but it is known that this is a marketplace with a high demand at the moment and resource is scarce within the region.

- 3.2. The spend on temporary labour is reducing (see appendix1) and this reduction is expected to increase. Temporary Labour adds flexibility to the workforce but is generally more expensive than the overall cost of a permanent employee. As an example, a temporary social worker costs c£80k pa whilst a permanent employee would be c£60k pa. There is a desire to reduce the reliance on temporary staff in this area and move to a permanent workforce but there is a shortage of supply in the region which impacts on our ability to transition workers to permanent.

4. Consultations undertaken

- 4.1. HR Organisation Development consulted with 80 key bookers and recruiting managers that use the current Reed arrangement to gather information on future requirements and any required changes to the current service. Responses were received from 30 users and their comments were incorporated into a set of future service requirements
- 4.2. Potential suppliers from the MSTAR2 framework were consulted on their ability to supply the profile of workers currently engaged by the authority on a temporary basis and their proposed rates.

5. Implications

- 5.1. The award of this contract will allow staff to continue to access a cost effective source for Temporary Labour, which will enable the authority to continue to provide services to the community.
- 5.2. A copy of the Impact Assessment is contained within the appendices

6. Background papers

- 6.1. Appendix 1 – current spend report
- 6.2. Appendix 2 – review process
- 6.3. Appendix 3 – Cabinet Key Decision Paper
- 6.4. Appendix 4 – Evaluation Report (confidential)
- 6.5. Appendix 5 – Impact Assessment

Note For sight of individual background papers please contact the report author.

Appendix 1 Current spend report (this is dependent on demand management)

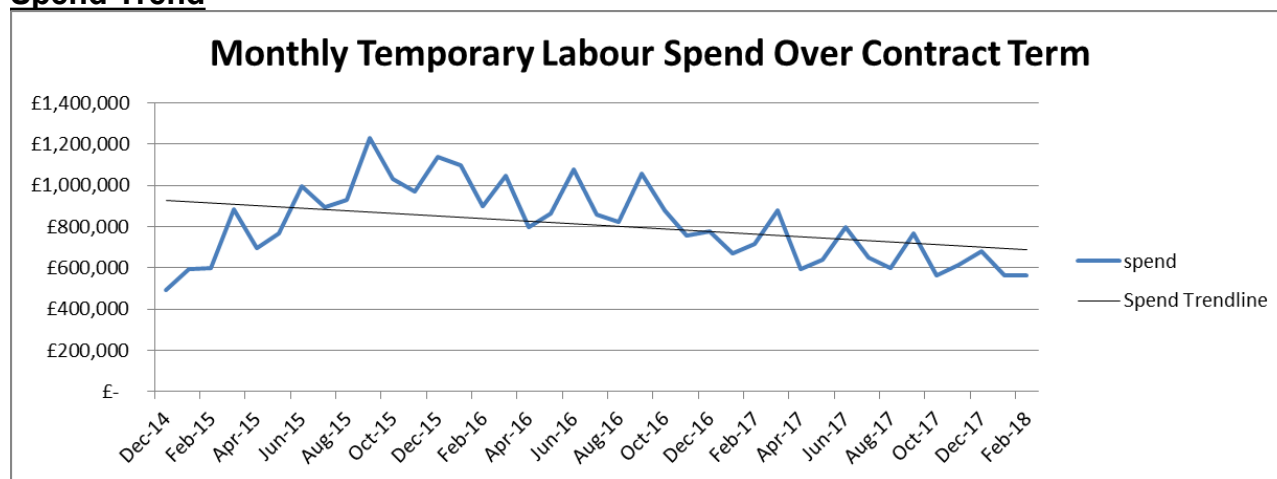
Total Spend

<u>Period</u>	<u>Spend</u>	<u>% change year on year</u>
Contract year 1 (Dec 14- Nov 15)	£10.2m	
Contract Year 2 (Dec 15 – Nov 16)	£11.4m	+11%
Contract Year 3 (Dec 16 – Nov 17)	£8.3m	-27.5%
Contract year 4 (Dec 17 – Nov 18)	£7.5m (projected figure using 12 month rolling average)	-6%
Total	£37.5m	

Spend By Business Area for last 12 months

Business Area	Spend Dec 16 to Nov 17	% of total
Adults & Health	£271,644	3.3%
Business Functions	£1,035,074	12.5%
Children's Services	£5,923,994	71.7%
ECI	£1,029,724	12.5%
Education	£3,765	0%
Total	£8,264,201	100%

Spend Trend



Appendix 2 – Supplier Selection Methodology

