

**NORTH LINCOLNSHIRE COUNCIL**

**POLICY AND FINANCE CABINET MEMBER**

**CONTRACT AWARD: TEMPORARY AGENCY WORKERS**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 This report sets out the findings from a recent procurement exercise to renew the corporate arrangement for temporary agency workers.
- 1.2 Contract Procedure Rules (CPRs) detail that where projects exceed £1m in value the outcomes from the procurement should be notified to the relevant cabinet member.
- 1.3 The key points in this report are:
  - The council's corporate arrangement for temporary agency workers expires on 30 November 2015
  - The new arrangement will provide improved measures to monitor and control spend on temporary agency workers
  - Local agencies will continue to supply the council through an open supply chain arrangement with the successful tenderer

**2. BACKGROUND INFORMATION**

- 2.1 In August 2015 the policy and finance cabinet member approved a procurement for temporary agency workers via the national MSTAR<sup>2</sup> framework. The purpose of this report is to outline the outcome of the procurement process as required under Contract Procedure Rules (CPRs).
- 2.2. MSTAR<sup>2</sup> is the successor arrangement to the former MSTAR national framework providing managed service provision (MSP) for the supply of agency workers across the local government sector. It has been developed by Eastern Shires Purchasing Organisation (ESPO) on behalf of the Pro5 cohort of local government public buying organisations. It was selected following an options appraisal as the best solution to meet the council's temporary agency worker needs, providing:
  - a single point of contact for the council - a "one stop shop"
  - structured and detailed management information and reporting on usage
  - streamlined payments and invoicing
  - reduced and standardised rates of commission
  - accurate and transparent charges and savings
  - performance based tiering of agencies to encourage service quality
  - audits of agencies – ensuring compliance with employment checks
  - requirements supporting management of the Agency Worker Directive
  - adherence to safeguarding matters and consistent compliance
  - access to a number of (tiered) agencies to ensure sufficient capacity exists

- improved opportunity for 'local' and SME suppliers
- "neutral vendor" managed service model addressing the need for any "off contract" arrangements
- recommended as best practice for the public sector

2.3 There are 7 approved suppliers (MSPs) available through Lot 1 of MSTAR<sup>2</sup>:

- Comensura
- De Poel
- Manpower
- Matrix
- Pertemps
- Randstad and
- Reed

2.4 Providers on the framework have been subject to a robust quality assessment process by Eastern Shires Purchasing Organisation (ESPO) in order to gain admittance to the MSTAR framework

2.5 A joint procurement with North East Lincolnshire Council was undertaken to maximise economies of scale and joint purchasing capabilities. North East Lincolnshire Council led the procurement exercise. Opening bids were invited from the 7 suppliers through the council's electronic tender portal and two bids were received. Best and final prices were secured via a mini-competition process. Matrix (incumbent provider) submitted the lowest priced offer and received the highest overall quality score, as detailed below:

<b>Supplier</b>	<b>Matrix</b>	<b>Supplier B</b>
Quality Score (Maximum 40%)	40%	37.5%
Price (Maximum 60%)	59.2%	51.4%
<b>Total</b>	<b>99.2%</b>	<b>84.4%</b>

2.6 As part of the implementation of the new arrangement services will be required to submit agency worker requests to HR for vetting and approval. Matrix has agreed not to progress any requests without prior approval from HR.

2.7 Subject to the satisfactory conclusion of the mandatory "standstill period", a contract will be awarded to Matrix on 2 November 2015 for two years plus two possible extensions of one year.

2.8 Local suppliers will continue to access opportunities through becoming part of Matrix's supply chain. Importantly the opportunity for local companies to join the supply chain remains open throughout the life of the arrangement.

### **3. OPTIONS FOR CONSIDERATION**

3.1 As this is an information report there are no options for consideration

### **4. ANALYSIS OF OPTIONS**

4.1 N/A

## **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

### **5.1 Financial**

The use of agency workers should be kept to minimum levels and used as an interim measure only to support fluctuations in service and/or skill demands.

As a strengthened internal control and demand management measure, services are now required to submit agency worker request to HR for vetting and approval.

### **5.2 Staffing**

The new arrangement will provide HR with increased control and monitoring measures for all temporary agency staffing requests which will support the council in reducing costs through improved demand management.

The engagement of an MSP essentially ensures compliance with the Working Time regulations 2006, Agency Worker Directives 2011 and the Public Contracts Regulations 2015. Having the third party system allows all workers to be tracked and ensures that they are being treated fairly in line with relevant employment law and council policy.

### **5.3 Property & IT**

None

## **6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 CRIME AND DISORDER, RISK AND OTHER)**

6.1 A corporate approach to the procurement and management of agency workers together with service adherence to council policy and procedures will provide compliance with legal requirements.

## **7. OUTCOMES OF CONSULTATION**

7.1 The evaluation process was undertaken by representatives from various client services and the award of MSP status to Matrix was supported. The process was supported by the Assistant Director Human Resources.

## **8. RECOMMENDATIONS**

8.1 That the outcomes of the procurement exercise together with the internal control improvements are noted.

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