

**REPORT TO:** Executive Board

**DATE:** 14 December 2017

**REPORTING OFFICER:** Strategic Director Enterprise, Community & Resources

**PORTFOLIO:** Resources

**SUBJECT:** Agency Worker Contract Procurement – 2018 to 2022.

**WARDS:** All

**1. PURPOSE OF REPORT**

1.1 To seek Executive Board approval to award a collaborative contract for the supply of Agency Workers, beyond 2018 for the Liverpool City Region.

**2. RECOMMENDED: That in accordance with Standing Order 2.10.1, the Executive Board authorise the Strategic Director Enterprise, Community & Resources to enter into a contract with the preferred supplier who has been assessed as being the most economically advantageous and effective organisation to supply agency workers to the Council, and three other authorities within the Liverpool City Region. The contract will be awarded for a period of 4 years.**

**3. SUPPORTING INFORMATION**

3.1 In 2014 the Council, as part of the Merseyside Procurement Partnership (MPP), accessed a contract through a framework procured by the Eastern Shires Purchasing Organisation (ESPO) for the supply of agency workers.

3.2 The framework, known as MSTAR1 (Managed Services for Temporary Agency Resources) had been procured by ESPO, and then subsequently made available to other public sector bodies via a procurement framework.

3.3 This meant that the contract was pre-procured and the Council / Merseyside Procurement Partnership did not need to go through a tender process. Instead, a contract could be directly awarded to a supplier within the framework.

3.4 The framework contained a number of suppliers, referred to as 'Neutral Vendors', these being companies who offer a managed service to source agency workers from individual employment agencies covering a wide range of operational disciplines likely to be used by public sector bodies.

3.5 Following evaluation by the Merseyside Procurement Partnership, a direct

award was made to Matrix for the provision of a Neutral Vendor Managed Service for Agency Workers. Matrix is a neutral vendor supplier within the framework. The award was collaborative, and in place for the six Councils in the Liverpool City Region.

3.6 The contract awarded in 2014 comes to an end in February 2018. In order to secure a new contract, new procurement activity has taken place.

3.7 Halton are the lead Authority for the review of Agency provision on behalf of the Liverpool City Region and have led the re-procurement of a collaborative contract for agency worker supply to Liverpool City Region authorities.

3.8 An options appraisal was conducted, and the following options considered;

**Option 1** Do Nothing

**Option 2** Direct Award to a single provider accessing the YPO framework – Ref: 00569 HR Services and Solutions

**Option 3** Direct Award to a single provider accessing the ESPO framework – Ref: 653F – Managed Services for Temporary Agency Resources (MSTAR2)

**Option 4** Award the contract as a result of conducting a mini competition with the nominated providers on the Eastern Shires Purchasing Organisation (ESPO) or Yorkshire Purchasing Organisation (YPO) framework.

**Option 5** Undertake a new tender process from scratch on behalf of LCR

3.9 Option 1 presented a risk of increased cost per placement as current rates could not be guaranteed beyond the end of the contract in February 2018.

3.10 Options 2, 4 did not deliver new savings and in addition carried the risk of additional cost were the provider to change as a result of the procurement process, which might have required some redesigning of internal processes, system design, and re-training.

3.11 Option 5 would require significant resource to undertake the full tendering process, with no guarantee that rates could be any more favourable than those secured by ESPO with suppliers in their framework. In addition the same risks were present as in options 2 and 4.

3.12 Option 3 was assessed as being the most economically advantageous, identifying contract savings of £104,790 per annum across the Liverpool City Region, based on active placements at 20<sup>th</sup> June 2017. This equates to circa 8% of spend.

3.13 Option 3 mirrors the procurement route followed by the Merseyside

Procurement Partnership in 2014. The framework is in accordance with the Public Contract Regulations 2015 and was procured, by ESPO, via the restricted procedure.

- 3.14 The ESPO Framework is open for access by the Liverpool City Region members, via a direct award option within Lot 1: Neutral Supply Chain Management, which has 7 shortlisted providers. The preferred supplier will be the incumbent provider, Matrix.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 The contract is awarded in line with Halton Borough Council's Procurement Policy and the contract will support peripheral resourcing where it is required to ensure that services are sufficiently resourced to deliver a range of provision to Halton residents.
- 4.2 Peripheral resourcing is strictly controlled and monitored across the Council through the Policy, People, Performance and Efficiency Division.

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The value of Halton's use (known as 'call-off') from the current agency contract is £1.7m per annum. This has reduced from £3.6m per annum in 2014/15. The aggregate contract spend across the four year period of the new contract (2018 – 2022) is anticipated to be £6.8m.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

- 6.1 Use of the contract may contribute to any or all of the Council's priorities from time to time, by providing peripheral resources to any services where a requirement is identified in order to ensure continuity of provision of service to residents in Halton.

#### **7.0 RISK ANALYSIS**

- 7.1 Financial risk is minimised by awarding the contract within confirmed budgets.
- 7.2 As part of the procurement process, Halton Borough Council has carried out a financial assessment on the preferred supplier and has confirmed that they are a financially viable organisation.

#### **8.0 EQUALITY AND DIVERSITY ISSUES**

- 8.1 The preferred supplier will be required to demonstrate that they embrace and comply with the Equality Act, and their services will be monitored to ensure

this is the case.

**9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE  
LOCAL GOVERNMENT ACT 1972**

9.1 None.