

DECISION-MAKER:	COUNCIL
SUBJECT:	Temporary Staff Supplier Contract
DATE OF DECISION:	26 FEBRUARY 2025 (COUNCIL)
REPORT OF:	CABINET MEMBER FINANCE AND CORPORATE SERVICES

<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
Not applicable	
BRIEF SUMMARY	
<p>Southampton City Council (“the Council”) has a contract in place with Comensura Limited (“Comensura”) for the supply of temporary agency staff through what is known as a “Neutral Vendor” model. This contract commenced on 1st April 2021 for a duration of 3 years, with the option to extend the contract for a further year. This contract was extended from April 2024 for a further year.</p> <p>The current contract expires in April 2025. Exploratory work has been undertaken to review supplier options that can meet the Council’s requirements whilst maintaining the competitive rates currently available through the Comensura contract for the wide range of services the Council provides. Following completion of this review work, this report recommends the award of a further contract to Comensura by a direct award for 12 x months through the ESPO MSTAR4 (“MSTAR4”) framework.</p>	
RECOMMENDATIONS:	
COUNCIL	
	<p>(i) To approve the direct award of the contract for the supply of temporary staff to Comensura through the MSTAR4 framework for a period of one year from April 2025 with the option to extend for up to a maximum of one further year. This will allow further market testing to be undertaken whilst the HR & OD target operating model is reviewed.</p>
	<p>(ii) To delegate authority to the Executive Director for Enabling Services and Section 151 Officer following consultation with the Deputy Leader and Cabinet Member for Finance and Corporate Services to take all necessary actions to implement the recommendations of this report.</p>

REASONS FOR REPORT RECOMMENDATIONS

1.	The Council will always have the need for some temporary staff, and in certain services will need these staff at very short notice. This applies particularly to essential customer facing roles, such as those in social care, waste and recycling and roles supporting The Council's cultural and visitor economy. The reasons for this include covering unforeseen absences and vacancies that would lead to service failure if not backfilled prior to them being filled permanently.
2.	<p>The Neutral Vendor model is where the Managed Service Provider does not have their own agency but has contracts with a number of temporary employment agencies which allows the council to access these agencies and thereby meet the majority of the temporary agency staff needs.</p> <p>This also means we receive one consolidated invoice per period which significantly reduces the finance administration associated with this.</p>
3.	The Council's Recruitment team assists managers to recruit employees on a fixed-term basis if a temporary post is needed for longer than six months. Further measures are being piloted to move temporary staff to Fixed Term Contracts (FTC) if there is a need for a post for longer than 14 weeks. This will further reduce temporary spend and increase scrutiny around this area of spend. A Statement of Works model has been developed and implemented with Comensura. This involves temporary staff being paid for the work completed rather than for time, is working well and is an area that continues to be developed.
4.	The recruitment of temporary agency staff must be done effectively and compliantly. The current arrangement terminates at the end of this Financial Year and cannot be extended. The current contract provides a service which supplies temporary staff but further work will be done to determine the best value over the next 6 months.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5.	The Council will always need to recruit agency temporary workers to meet reactionary, operational demand. The roles that are required across the organisation are diverse and often specialist and therefore not to have a temporary agency supplier in place would severely impact on operational delivery especially in areas where basic staffing levels are a statutory requirement.
6.	Extending the current contract is not compliant with the Public Contract Regulations 2015. The annual value far exceeds the services threshold of £214,904 including Value Added Tax, therefore, in accordance with Public Contract Regulations and The Council's Contract Procedure Rules, the Council would be unable to extend or the current contract compliantly.
7.	<p>The Council has tested the market in two ways. Firstly, the completion of a Pre-Market Engagement Exercise via a Prior Information Notice. This attracted interest from a variety of suppliers but none that were able to meet the requirements of the proposed contract in full.</p> <p>The second method that the Council has utilised to test the market is for a review of potential routes to market. Having established that the MSTAR4 Framework was the most robust, compliant route to market, the Council has undertaken a desktop price analysis of the providers. The Council also</p>

	considered the impact of mobilising a new contract in cost, officer time, training and potential system implementation time and achieving Best Value.
8.	The Council has applied its Southampton City Council First (“SCC First”) policy and determined that the Council Recruitment team will not be able to source all temporary staff, as they do not have the market reach of an established specialist supplier. Such as supplier has access to a wide range of specialist temporary agencies and can therefore source specialists such as Solicitors and IT professionals.
DETAIL (Including consultation carried out)	
9.	<p>The Council aims to minimise the need for, and the volume of temporary staff and thereby reduce spend in this area. For example, Human Resources and Organisational Development (“HR&OD”) will continue to work with service managers to identify their current and future workforce needs, and then assist with attraction activity and filling posts with permanent staff wherever possible. HR&OD will also work with managers to encourage temporary contracts of more than 14 weeks are ended and temporary workers moved to Fixed Term Contract (FTC) for a further three month period following further approval. This will reduce agency spend and add further scrutiny to resource need in specific areas where there is a pattern of agency spend.</p> <p>Furthermore, there is currently a full review being undertaken of permanent and fixed term recruitment at the Council, where further recommendations will be presented to help strengthen the in house recruitment offer.</p> <p>As new joiners to Southampton City Council, we are reviewing our People Services operating model and will be combining temporary resourcing into the Recruitment function to give a more comprehensive service offering to support the service and transformational needs of the organisation. Additional work will then be done to then assess the best fit for the organisation.</p>
10.	<p>It is proposed to direct award to Comensura for a further year contract via the MSTAR4 framework. The supplier will need to accept this proposal.</p> <p>This will enable further market testing to be considered during that period and allow a new target operating model for HR & OD to be embedded before determining whether to extend the contract further.</p>
11.	This contract will be for a maximum period of a year. During the course of this year a further procurement exercise will be required to go to market or an alternative delivery model implemented.
12.	The MSTAR4 framework contract terms require standard timeframes to be met for the provision of suitably qualified and experienced temporary agency workers. The Council will be able to agree more localised targets where needed, as it has previously done, for example to ensure immediate cover for waste and recycling drivers and will seek to introduce measures and requirements consistent with the Social Value and Green City Procurement Policy. Performance will be monitored against the specified timeframes and requirements.
13.	There is recognition that the current contract serves the majority of resourcing needs in operational roles rather than Chief Officer roles and therefore the

	provision sought through Comensura will concentrate on this area. It is likely that the Council will utilise an alternative framework to source a separate supplier for the recruitment of Chief Officer positions subject to the authorisation of the Director of People and Culture and the Council's Contract Procedure Rules.
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RESOURCE IMPLICATIONS

Capital/Revenue

14. Expenditure over the life of the contract is shown in the table below this has dropped from a high of over £13.1M in the first year down to £8.1M forecast for 2024/25. The average annual spend across the whole lifetime of the current contract up to November 30 2024 being around £10.9M per annum.

2021/22	£13,058,380
2022/23	£13,652,413
2023/24	£7,976,247
2024/25 (actual expenditure to end Nov 24)	£5,454,400
Project total spend 2024/25	£8,181,600

Reduced expenditure is in the main are due to reduced supply. It should be noted that the Council is not committed to minimum levels of expenditure or usage of the contract. The Council aims to minimise the need for temporary agency staff further, through the transformation work which has a view to improving workforce planning across the council. However, it is recognised that to meet current operational demand, the Council will need to use agency staff.

Further reductions to this expenditure will also be made through minimising off-contract spend. We recommend further scrutiny of agency spend at Senior Leadership level. It is recommended that delegated powers are given to the Executive Director of Enabling Services to authorise future spend as required throughout the entire length the contract

15. The cost of agency staff and the associated fees is met from the budget of the hiring service area. When agency staff are used to cover a vacancy, budgets are likely to be insufficient due to the higher costs including fees and the vacancy management factor applied to all salary budgets.

16. Budget overspends as a result of the use of agency staff not met within cash limited budgets as with all budget overspends will impact on the authorities outturn position and use of reserves.

Property/Other

17. There are no known property or other implications.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

18. S.112 Local Government Act 1972 permits a Local Authority to appoint such staff as it thinks fit in order to deliver its functions. S.111 Local Government Act 1972 and S.1 Localism Act 2011 permits a Council to do anything calculated to facilitate the delivery of its powers, functions and duties and this includes entering into contracts and service arrangements necessary to deliver those functions.

Other Legal Implications:	
19.	Procurement will be subject to compliance with public procurement legislation and the Council's Constitution and policy including the Contract Procedure Rules.
RISK MANAGEMENT IMPLICATIONS	
20.	The market is aware of the opportunity through a Prior Information Notice (PIN) that was conducted to see if there was a supplier that could incorporate all areas including DBS checks, advertising and permanent recruitment. We could find no supplier that could meet all these requirements. Comensura can meet most and coupled with the lack of setup fees puts Comensura in the strongest position.
21.	The main risks of the temporary agency staff contract itself are financial and operational, in terms of the levels of demand for temporary staff and off-contract spend and to stop service failure. The in-house Recruiting Team will work with the HR Business Partners and Service Managers to identify their current and future workforce needs, and then assist with attraction activity and filling posts with permanent and fixed term staff wherever possible. This should reduce the overall need for agency staff.
22.	The Council will ensure that spend is channelled through the contract through effective contract management and support to hiring managers. The People and Organisational Culture Director, who is responsible for Recruitment, and the Director of Contracting and Procurement and their teams are already working together in this regard. Regular meetings are being jointly held with the service provider, spend is being monitored and investigated, and both the Recruiting Team and the service provider will proactively liaise with hiring managers.
POLICY FRAMEWORK IMPLICATIONS	
23.	Procurement of a new temporary agency staff contract will have no direct impact on the Council's Policy Framework. However, it will support delivery of the Council's priority outcome of Successful, Sustainable Organisation in the Council's Corporate Plan 2022-2030.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	Not applicable
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
Data Protection Impact Assessment	

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		Yes
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	