

## REPORT OF THE CHIEF EXECUTIVE

### A. MANAGED SERVICE SOLUTION FOR TEMPORARY WORKERS

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

Following a successful trial period, this report seeks agreement to extend the arrangement with Essex County Council (ECC) for the use of the procurement framework 'CO0096 Temporary and Permanent Worker Supply Chain DPS'.

##### EXECUTIVE SUMMARY

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 benefits from being compliant with the Public Contracts Regulations 2015 (PCR15), flexible to allow additional providers to join the DPS on application and provides consistency and visibility of rates and markups.

At its meeting on 20 December 2024, the Cabinet considered a report on both the Levelling Up Fund and Capital Regeneration projects, whereby the Cabinet were asked to support the continuation of the various projects from planning submission to tender documentation stage. To support the capacity requirements of these schemes as per Resolution 4&5 of Minute 100, the same report also included the following recommendation(s):

That Cabinet:

1. Approves, subject to due diligence being undertaken on the terms and conditions, the Council entering into an agreement with Essex County Council for use of the Managed Service Solution framework for the appointment of temporary and permanent workers.
2. Subject to (1), delegates authority to the Chief Executive to undertake the due diligence, in consultation with the Monitoring and Section 151 Officers, and sign the agreement.

Therefore, the Council entered into an agreement with Essex County Council for the use of framework contract 'CO0096 Temporary and Permanent Worker Supply Chain DPS' for up to a value of £50,000 on a trial basis.

ECC has 250 agencies on their framework and has negotiated reduced rates that the Council would be unable to benefit from without the framework. ECC has also partnered with Matrix SCM, a private sector workforce management and enabling services provider, to engage the temporary worker, manage their timesheet, payroll, and billing, and invoice the Council directly.

Through the agreed interim arrangement, the Council secured a compliant procurement process to continue the services of a Capital Delivery Programme Manager to support the delivery of the Levelling Up Fund capital schemes in Clacton and Capital Regeneration Projects in Dovercourt. Additionally, the arrangement has facilitated the engagement of a Specialist Planning Consultant to support the development and delivery of the Local Plan, and, most recently, a Locum Contracts Lawyer. These roles are particularly challenging to fill due to

the very tight labour markets in these areas.

Following the successful interim arrangement, the Essex Procurement Team conducted a cost-benefit analysis, considering other similar frameworks. The review focused on three key factors:

**Agency Rates:** The ECC agency framework offers rates from 4.5% to 19.25%, depending on the complexity and tier of the hire. Findings demonstrate that this is competitive, with potential savings of 6-17% compared to market rates, which range from 15% to 30%.

**Framework Comparison:** The CCS MSTAR framework shows a wide range of agency costs, from £0.50 to £1.95 per hour (4% to 16%), with an average of £1.30 (11%) for basic admin roles. The ECC framework, at around 8%, is more competitive and offers a fixed-term rate of approximately 12%.

**Service Level:** The ECC framework provides a fully managed service, which is not always available with other frameworks.

The Procurement Team's assessment concludes that the ECC agency framework is competitive and should yield savings compared to other procurement options.

It is therefore recommended that the use of the ECC Framework is extended to allow all Council departments, subject to budgetary constraints, to access this as an alternative to ad hoc arrangements with various employment agencies.

The generalised use of the ECC Managed Service Solution framework for temporary workers will ensure compliance with procurement regulations, achieve best value by providing cost reduction opportunities, and make quality agency worker resources easily available. Additionally, it will simplify oversight and control of spending through management information and minimise the Council resources needed to engage agency workers and manage the contract. Appendix 1 sets out the percentage charge that ECC will apply to pay rates.

Finally, considering the recent announcement regarding Local Government Re-organisation, it is anticipated that during this period of uncertainty, the authority may need to rely more heavily on temporary resources to ensure the continued delivery of services to the residents of Tendring.

## **RECOMMENDATION(S)**

In accordance with the delegations provided by Cabinet to the Chief Executive in consultation with the Council's Monitoring Officer and Section 151 Officer, at its meeting on 20th December 2024 (as per Resolution 4&5 of Minute 100):

It is decided that the Council signs up to Essex County Council's Managed Service Solution framework for temporary workers for up to 3 years with effect from 10 February 2025.

## **REASON(S) FOR THE RECOMMENDATION(S)**

Essex County Council (ECC) has implemented a Dynamic Purchasing System (DPS) to efficiently place job roles with external agency worker providers within predefined rate bands and percentage mark-ups. This system complies with the Public Contracts Regulations 2015 (PCR15), allows new providers to join upon application, and ensures consistent and transparent rates and mark-ups.

With 250 agencies on its framework, ECC has secured reduced rates that would be unattainable without this arrangement. ECC collaborates with Matrix SCM, a private sector workforce management provider, to handle the engagement of temporary workers, including timesheet management, payroll, billing, and direct invoicing to the Council.

Joining the ECC Managed Service Solution framework for temporary workers guarantees compliance with procurement regulations, offers cost reduction opportunities, and ensures access to quality agency worker resources. Additionally, it streamlines oversight and control of spending through management information, reducing the Council's resource requirements for engaging agency workers and managing contracts.

The Council's Procurement Procedure Rules permit the use of Frameworks, and a DPS functions in a similar way to traditional frameworks in that it offers a range of services that are searchable, allowing buyers to filter and engage with the suppliers that offer the relevant goods and services they are looking for. It also offers those services on largely preset contract terms making the procurement process more efficient. DPSs are best for public sector organisations who are looking for standard goods and services or as innovative solutions in new and emerging markets.

#### **ALTERNATIVE OPTIONS CONSIDERED**

**Full Tender Process:** Initiating a full tender process for each service contract would be time-consuming, leading to service delivery gaps until a new contractor is appointed. Additionally, it is likely to incur higher costs compared to the proposed arrangement.

**Direct Employment:** While ideal, recruiting high-quality professionals for fixed-term positions in Tending is challenging due to tight labour markets in specialist roles and the existing salary structure.

**Alternative Compliant Frameworks:** Options like the East of England Local Government Association (EELGA) Talent Bank may be suitable for specific assignments requiring particular skill sets. However, they may not offer the comprehensive coverage for 'business as usual' roles that the ECC framework provides and may not be more cost-effective. Similar frameworks do not demonstrate the same value-for-money considerations.

## **PART 2 – IMPLICATIONS OF THE DECISION**

#### **DELIVERING PRIORITIES**

At its meeting on 12th March 2024, the Cabinet identified its Highlight Priorities for the coming financial year (minute no. 101).

It is considered that the use of the ECC Framework will contribute to the Council's aspiration to ensure 'Financial Sustainability and Openness' for our residents:

*"To continue to deliver effective services and get things done we must look after the public purse; that means carefully planning what we do, managing capacity, and prioritising what we focus our time, money and assets on. Tough decisions will not be shied away from, but will be taken transparently, be well-informed, and based upon engagement with our residents. We will give clarity on where the Council spends the money it is provided with".*

## LEGAL REQUIREMENTS (including legislation & constitutional powers)

### Best Value - The general duty.

(1) A best value Authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

It is considered that by engaging a managed service for the commissioning of temporary staff will bring about efficiencies in various aspects, including the engagement of agency staff, invoicing, and price. From an independent review of the proposals, Essex Procurement colleagues have determined that the ECC agency framework is competitive and should yield savings compared to other procurement options.

The proposed use of the ECC Framework described elsewhere in this report also benefits from being compliant with the Public Contracts Regulations 2015 (PCR15). Under those Regulations, there is a provision that allows for cooperation between public sector organisations without the need for a formal procurement process, under an article 12 exemption (as wording is in Regulation 12 of the PCR 2015). The exemptions outline the conditions under which contracts between public sector bodies are exempt from procurement rules, which include:

- a Cooperation Agreement: the contract establishes or implements a cooperation between the participating contracting authorities with the aim of ensuring that the public services they have to perform are provided with a view to achieving objectives they have in common;
- public interest: The cooperation is governed solely by considerations relating to the public interest; and
- no private sector participation: the participating contracting authorities perform less than 20 percent of the activities concerned by the cooperation on the open market.

The Council's Procurement Procedure Rules allow the use of frameworks and working with other public bodies, where appropriate to do so.

## FINANCE AND OTHER RESOURCE IMPLICATIONS

The Managed Services Solution would be available to all Council departments, subject to budgetary constraints, as an alternative to ad hoc arrangements with various employment agencies.

The use of a framework provides for a regularised public sector procurement route, which is important, given public sector financial limits to exemptions to procurement.

## USE OF RESOURCES AND VALUE FOR MONEY

The ECC framework offers value for money compared to other similar arrangements and provides a compliant route to employing staff.

A) **Financial sustainability:** how the body plans and manages its resources to ensure it can continue to deliver its services;

The opportunity provided by the ECC framework allows for further savings in the recruitment of temporary workers across the Council.

B) <b>Governance:</b> how the body ensures that it makes informed decisions and properly manages its risks	The use of the ECC framework will ensure that the Authority meets its requirements under the Best Value Duty.
C) <b>Improving economy, efficiency and effectiveness:</b> how the body uses information about its costs and performance to improve the way it manages and delivers its services.	The ECC Framework will improve efficiency in the employment of temporary workers at rates more competitive than contracting directly with private sector employment agencies, resulting in savings to revenue budgets across the Council.

**MILESTONES AND DELIVERY**

- Consultation with the Council’s Monitoring Officer & Section 151 Officer
- Consultation with the Leader/Portfolio Holder for Corporate Finance and Governance
- Officer Decision Published

**ASSOCIATED RISKS AND MITIGATION**

The primary risks involve the organisation's capacity to manage the delivery of major capital schemes and projects. Utilizing this framework to secure specialist agency resources mitigates these risks.

There is a risk with the framework that it is not possible to recruit, or that the costs are high compared to direct recruitment. However, ECC has 250 agencies on their framework and has negotiated reduced rates that the Council would be unable to benefit from without the framework. ECC also have partnered with Matrix SCM - a private sector workforce management and enabling services provider - to engage the temporary worker, manage their timesheet, payroll and billing, and invoice the Council directly.

In terms of cost risks, while it is more cost effective to employ staff directly, experience to date has demonstrated that with a tight labour market it is difficult to recruit, especially to temporary and highly skilled roles, or to recruit at short notice to maintain operational performance.

**OUTCOME OF CONSULTATION AND ENGAGEMENT**

This recommendation follows on from the successful trial of the ECC temporary employer framework, as previously agreed by Cabinet at its meeting on 20<sup>th</sup> December 2024.

**EQUALITIES**

Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

The Equality Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

**SOCIAL VALUE CONSIDERATIONS**

Social Value is defined through the Public Services (Social Value) Act 2012 and requires all public sector organisations (and their suppliers) to look beyond the financial cost of a contract and consider how the services they commission and procure might improve the economic, social and environmental well-being of an area.

**IMPLICATIONS FOR THE COUNCIL’S AIM TO BE NET ZERO BY 2050**

This report has no direct implication on the Council’s aspiration to be net zero by 2050.

**OTHER RELEVANT IMPLICATIONS**

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

<b>Crime and Disorder</b>	<b>N/A</b>
<b>Health Inequalities</b>	<b>N/A</b>
<b>Area or Ward affected</b>	<b>None directly.</b>

**PART 3 – SUPPORTING INFORMATION**

**BACKGROUND**

The Council secured £19,958,224 from the Government’s Levelling Up Fund for Clacton Town Centre and £6.65m for Dovercourt Town Centre under the Capital Regeneration Scheme, funding five projects: Clacton Hub, Carnarvon Terrace, Kingsway Improvements, Homes in Dovercourt, and the Learning and Library Project. Managed by a Capital Delivery Programme Manager, initial recruitment was unsuccessful, leading to contractor engagement through Vivid Resourcing, with the current contractor appointed in August 2023. Cabinet approved extending the Capital Programme Manager’s engagement, and an agreement with Essex County Council was trialled from December 2024 to February 2025 to use their procurement framework to maintain this resource.

Additionally, the arrangement has facilitated the engagement of a Specialist Planning Consultant to support the development and delivery of the Local Plan and, most recently, a Locum Contracts Lawyer. These roles are particularly challenging to fill due to the very tight labour markets in these areas.

In the attached Appendix, the table shows 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 from ECC are significantly lower than the current rates paid to the various agencies by services which is between 12-30% depending on the role.

In addition to the cost savings achieved through reduced agency fees, the managed solution offers savings for converting temporary workers to permanent staff. Currently, agencies charge between 15-20% of the annual salary. However, with the ECC manager service, no fee is payable if the temporary worker is recruited to a permanent position through a formal

recruitment exercise. If for any reason a formal recruitment process is not entered into, a fee will apply, but this is a significantly lower rate compared to the current fees

Temporary Workers 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%

This arrangement will bring greater transparency to the total agency spend of the Council. By having a single provider, it will be easier to track and monitor the expenses.

The ECC Framework is available to use by all Local Authorities within Essex and is currently utilised by both Colchester City Council and Braintree District Council both of which have endorsed its benefits.

#### **PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.**

**Previous decisions.**

##### **March 2023**

[Decision - Allocation of LUF Capacity Fund to secure resources required](#)

##### **July 2023**

[Decision - PROCUREMENT OF INTERIM CAPITAL PROGRAMME MANAGER \(LUF/CRP PROJECTS\)](#)

##### **October 2023 Cabinet Report**

<https://tdcdemocracy.tendringdc.gov.uk/documents/s71531/230927%20LUF-CRP%20Cabinet%20Report%206%20Oct%202023.pdf>

##### **November 2023**

[Decision - Agreement for extending the engagement of the Capital Programme Manager](#)

##### **December 2024**

[Decision - approves, subject to due diligence being undertaken on the terms and conditions, the Council entering into an agreement with Essex County Council for use of the Managed Service Solution framework for the appointment of temporary and permanent workers;](#)

#### **BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL**

N/A

#### **APPENDICES**

Appendix 1 – ECC charges for services

#### **REPORT CONTACT OFFICER(S)**

*Include here the Name, Job Title and Email/Telephone details of the person(s) who wrote the report and who can answer questions on the content.*

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