

SLOUGH BOROUGH COUNCIL

REPORT TO: Employment & Appeals Committee

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CONTACT OFFICER: Surjit Nagra, Service Lead People Services

AUTHOR/S: Craig Lorne, Procurement Consultant/People Services and
Lola Makinde, OD/HR Business Partner.

(For all enquiries) (01753) 875472

WARD(S): All

PART I

FOR COMMENT & CONSIDERATION

TEMPORARY AGENCY STAFF

1 Purpose of Report

This report seeks to provide Members with an update on the Council's actions regarding the supply and control of temporary labour.

2 Recommendation(s)/Proposed Action

The Committee is requested to resolve:

- a) That the actions from the last meeting be noted.
- b) That the report and its contents be noted.

3 Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

3a Slough Joint Wellbeing Strategy Priorities

The provision of temporary staff does not directly impact on the Slough Joint Wellbeing Strategy.

The provision does however enable the Council to deliver its services to the community through the provision of specialist skills or replacement labour where required.

3b Five Year Plan Outcomes

The proposals within this report meet the Five Year Plan objectives as follows:

Outcome 1, 2, 3, 4

The services provide labour necessary to deliver these outcomes when permanent labour is not available or specialist skills are required.

Outcome 5

The supplier of temporary workers engages with local suppliers of temporary labour whilst also working with a wider pool to ensure Slough has access to the best available talent to make Slough an attractive place to operate and work.

4 Other Implications

(a) Financial

The procurement actions described in this report assume that the Council continues to engage temporary labour at existing rates of £8-10m per year.

On this basis, the Council may expect to generate savings of circa £110k per year. This saving will be generated from reductions in contributions to statutory labour fees such as National Insurance, Pensions and Apprentice Levies charges in relation to the agency labour.

Due to rebasing of the costs of agencies, there is likely to be an increase of circa £20k per annum in agency fees. This is caused by a focus on increasing capability of agencies and enabling access to better quality of staff. As a consequence for having access to a better talent pool for interim labour, it is possible to displace expensive consultancy labour with lower cost interim labour with no detriment to quality and as such reducing overall expenditure.

(b) Risk Management

There are no specific risks to be managed for temporary labour provision beyond the need to ensure ongoing provision at appropriate costs.

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act Implications.

(d) Equalities Impact Assessment

There is no requirement for an Equalities Impact Assessment as we do not hold equalities data on temporary workers as they are not our employees.

(e) Workforce

There are no implications for permanent staff.

5. Update on the Procurement Process

At the last meeting officers advised the Committee the intentions of the Council to re-procure the temporary labour service contract. The Council had intended to have this exercise completed and implemented by January 7th 2020. However, due to the need to perform thorough due diligence between the top bidders and owing to the critical nature of the supply of temporary labour to the delivery of Council services, this date was varied to April 7th 2020.

The outcome of this process is that Matrix SCM was awarded the contract to provide a managed service using a hybrid model. A hybrid model means that the Council will engage with different worker types in different manners with, as a generalisation, lower graded labour being managed via a single agency with higher graded and interim labour being engaged via a number of pre-qualified agencies. The implementation of this updated model has been ongoing with some disruption due to COVID.

The procurement focused on delivering the following benefits to the Council and to address some of the issues experienced with the current contract:

- **A reduction in contribution to statutory costs of agency workers.** The Council currently pays for such on a flat rate basis. Given the proportion of lower graded temporary workforce, a move to a sliding scale will enable the Council to reduce its contributions whilst maintaining its compliance to legal requirements. Based on a 12 month sample and assuming no variation in usage, the Council can expect to reduce its contribution to these fees from 9.2% of pay to 7.9%. This reduction will result in a saving to the Council of circa £110k per annum.
- **A more resilient supply chain.** The Council has experienced difficulties in obtaining staff in some areas, with some of this caused by commercial restrictions placed by the Council on the incumbent, forcing companies out of the supply chain. Whilst reductions in agency fees provide measurable savings on a direct comparator, the variation causes leakage into the interim market and consequently higher rates and into use of consultants on a professional services basis with a further cost increase or into accepting the opportunity costs of lost labour.

As such, the rebasing of agency rates, with a minor increase of circa £10k on a like of like basis, is likely to result in a more resilient supply chain of capable and engaged agencies and consequent reductions in other forms of labour replacement.

- **The improvement in service through the provision of an on-site resource.** An issue often highlighted by end users has been the inability of staff to engage with the supplier directly, resulting in a reduction in effectiveness of recruitment exercises due to a receipt of sub-optimal CVs. The implementation of on-site personnel from the supplier will enable managers to interact with them, resulting in better outcomes from the sourcing process. This resource will be available to the Council from this month. It is this provision that will enable the displacement of consultancy labour to lower cost interim labour.
- **The contract management abilities of the Council will be enhanced through the creation of meaningful service level agreements for the provider,** with associated service credits creating a financial incentive on performance. The Council has also built in a levy on the contract to enable it to employ a contract manager to manage the supplier's performance.

The contract will be managed in line with the performance framework below:

- a. The new contract will have a designated on site contract manager who will be based at Observatory House.
- b. The contract manager will work with our recruiting officers proactively to source the right talent at the right price from their supply chains.
- c. Matrix will only provide CV's that matches the skills and knowledge we are looking for. There will be early engagement with our officers to understand their needs.
- d. Managers and the contract manager will have regular meetings to co-create a strategy on how to fill roles that are hot spots and difficult to recruit, and create actions plans on how this will be achieved.
- e. Matrix will work in partnership with People Services and the services on our resourcing strategy to ensure we attract the right talent.
- f. Matrix will devise a process to capture customers experience and evaluate their process on a regular basis and provide monthly data on the success of their interventions, measuring via the standard Net Promoter Score mechanism.
- g. People Services will manage the contract in an effective and efficient manner, and be looking at how this contract is adding value for money via monitoring the key performance indicators.
- h. Matrix will streamline the approval process, cleanse the data and ensure our users navigate their platform with ease.

6. Statistics

Councillors are provided in **Appendix 1** statistics relating to the use of temporary labour and **Appendix 2** presentation from Matrix. In assessing these, councillors should note that the in-sourcing of Arvato staff will have led to an increase in numbers of temporary labour from the increased organisation size.

Key trends emerging from the statistics:

As per below data, please note that March and April were 5 week months. The reports provided give an overview of directorate and Job category spends. Looking at between the 2 x 5 week month's in March and May. Whilst majority of the directorate departments have had a reduction in their spend. Adults and Communities have increased their spend by 34k and Chief Exec by £680.

7. Appendices Attached

Appendix 1 – Usage of Temporary Worker Trends

Appendix 2 – Matrix presentation