



Author/Lead Officer of Report: Peter White, HR Service Manager – Systems & Performance

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Report of: Eugene Walker, Executive Director of Resources
Report to: Co-operative Executive
Date of Decision: 15th December 2021
Subject: Agency Staffing Provision

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
- Expenditure and/or savings over £500,000		<input checked="" type="checkbox"/>		
- Affects 2 or more Wards		<input type="checkbox"/>		
Which Executive Member Portfolio does this relate to? <i>Finance & Resources</i>				
Which Scrutiny and Policy Development Committee does this relate to? <i>Overview and Scrutiny Management Committee</i>				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(984)</i>				
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

The purpose of this report is to request approval to agree a two-year extension to the current Agency Temporary Staffing contract with Reed Talent Solutions.

Recommendations:

It is recommended that the Co-operative Executive:

1. Approves the extension of the Reed Talent Solutions contract, to enable continuity of service during an unprecedented challenging time, which will accommodate a more detailed assessment of the options
2. Approves HR and Commercial Services engagement with Elected Members, Senior Officers, Hiring Managers and Trade Unions to gain views on the future of temporary staffing during the agreed extension period.
3. Approves HR and Commercial Services to work with Reed Talent Solutions to continue to exploit further Agency savings opportunities whilst increasing social value interventions during the two-year extension period.
4. Delegates authority to the Executive Director of Resources, in consultation with the Director of Finance and Commercial Services and the Director of Legal and Governance to:
 - agree the terms of the extension.
 - take all other decisions necessary to meet the aims, objectives and outcomes of this report which are not already covered by existing delegations in the Leaders Scheme of Delegation.

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: <i>Kayleigh Inman</i>
	Legal: <i>Gemma Day</i>
	Equalities: <i>Bev Law</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission: <i>Eugene Walker</i>
3	Executive Member consulted: <i>Cllr Cate McDonald and Cllr Mike Chaplin</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated

on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
Lead Officer Name: <i>Peter White</i>	Job Title: <i>HR Service Manager – Systems & Performance</i>
Date: <i>11/11/21</i>	

1. PROPOSAL

- 1.1 The purpose of this report is to request approval to extend our current Agency Temporary Staffing contract with Reed Talent Solutions for a period of two-years until 31 March 2024.
- 1.2 This would give the Council the opportunity to seek Senior Officer and Elected Member views on the future of temporary staffing, whilst giving HR and Commercial Services Officers the opportunity to focus on other contract start-ups/renewals. This would also ensure a more robust level of engagement with Managers and Trade Union representatives and enable a thorough analysis of future requirements to be considered.
- 1.3 The current Agency contract arrangement for Reed Talent Solutions to supply Temporary staff to the Council comes to an end on 31 March 2022.
- 1.4 The current Agency contract has been in place since 1 April 2017 although the Council has had a contract arrangement with Reed Talent Solutions to supply temporary staff since August 2010.
- 1.5 The current contract was originally for three-years with an option to extend by 12 months on two separate occasions. Both extensions have now been taken so a new arrangement needs to be in place by 31 March 2022.
- 1.6 Reed Talent Solutions currently maintain a master vendor service for the Council across all categories of staff. They act as the Council's first tier supplier but also manage an extensive second tier supply chain of over 50 local and regional agencies to give the Council access to a rich staffing resource.
- 1.7 During the last 12 months (July 20 to July 21) contract spend has risen to £13,457,579 per annum, this equates to a headcount of 588 temporary staff working for the Council during the month of July 2021. From 2015/16 to January 2020 (pre-pandemic) annual spend had risen modestly from £8,293,035 to £9,930,186. This was an anticipated increase mainly due to in-sourcing during this period adding new temporary staffing requirements and movement of off-contract spend onto the Reed contract.
- 1.8 The substantial increase in spend from February 2020 to date is mainly due to additional staffing needs in the Social Care, Admin & Clerical, Legal and Technical categories and is directly related to issues raised by the pandemic. There is a national shortage of candidates of the right calibre particularly in social care and trades and Reed has been instrumental in finding solutions and working with the Council to fill these posts due to their extensive second tier supply

chain and dedication of the account manager.

- 1.9 This level of spend equates to 6.14% of the overall Council pay bill and compares with an average of 4% to 5% in recent years. The impact of the pandemic and re-focussing of Council services over the last 18 months has led to an increased reliance on our temporary staffing base as we have reacted to new pressures and stretched to maintain key services to the citizens of Sheffield.
- 1.10 The impact of both the Covid pandemic and current financial challenges have led to a period of uncertainty when assessing our future temporary staffing resource requirement and the last 18 months spend on Agency staffing is atypical. There are also several other organisational interventions underway including an organisation wide VER/VS scheme to support workforce planning. In addition, resource controls have been introduced, requiring all new or extensions to resourcing requests, including agency to be approved at Portfolio Leadership Team. The impact of these controls is being monitored and will support the assessment of our future temporary staffing needs.
- 1.11 The partnership with Reed has been a key part in the Council demonstrating a sustained level of resilience whilst continuing to deliver against the Social Value ambitions of the contract.
- 1.12 Although Agency Temporary staffing can be accessed directly from a number of providers the master vendor approach has delivered significant savings over many years for the Council. This approach also ensures legal compliance by the supplier through a contractual relationship that extends through to the second tier supply chain with Reed acting as the auditor. Whilst Reed manage this supply chain, other Agency suppliers can be admitted to the framework or be accessed directly via a waiver through Commercial Services should the need arise and a set criteria be met.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The agreement of allowing an extension to the contract arrangement with Reed Talent Solutions offers the opportunity to explore savings to the Council.

Initial discussions with Reed Talent Solutions have identified significant indicative savings over a two-year period. This would be achievable through several measures including cashable savings, overtime caps, contract day rate changes, clients supplied rates and free temp to perm.

HR is already assessing prior to any extension period being granted how valid and palatable each of the measures may be to determine a

course of action to help realise these savings. This has resulted in work being carried out to realise some of these savings now, to ensure maximum benefit can be achieved during the remaining months of the contract.

The current contract was set up to deliver Social Values to the citizens of Sheffield and the wider Sheffield City Region.

Reed Talent Solutions provide a positive contribution to the city of Sheffield and work toward mutual themes that help benefit the citizens of Sheffield.

Growth & Jobs

Reed support some of our local schools by conducting Mock Interviews, acting as an Enterprise Advisor to Chaucer school helping them to reach their Gatsby benchmarks, creating videos of women in engineering, planning roles for a Year 9 virtual options evening and hosting Attendance and Punctuality lessons to multiple classes.

They also created a Roadmap to career success document covering CV advice, interview advice and how to find a job that has been shared with local schools

One of Reed's account coordination team gained an apprenticeship through their role and most recently that post has been replaced by offering a placement year for a Sheffield Hallam student providing them vital exposure and experience

They also act as a partner to the Care Leavers Covenant and have a dedicated Care Leavers email address where care leavers can reach out for support.

Improving Employability

Reed offer any employee on the Council talent pool confidential career advice on both a one to one and group session.

This was recently extended to those affected by redundancies at John Lewis

They work closely with local job centres, are a key arm for the kick start campaign and during 2021 have placed over 55 candidates who were unemployed in the previous 3 months to gain a temporary position in Sheffield.

Healthier, Stronger, and Safer Communities

Their account coordination team helped support the Council throughout the height of the pandemic preparing and delivering care packages to drop off for the children and families supported by the council.

They also collected and donated for the local Sheffield food bank, donating to the S2 Foodbank since the start of the pandemic

Reed donated to help support the recent Summer Camp ran by the Eagles Foundation that provided both a breakfast, lunch, and 3 hours of physical activity for 4 weeks in Parson Cross for children who required lunch time vouchers.

The Reed team also get involved in their local community by donating hours to help litter pick.

Promoting Local Business

Reed specifically work with local SME's that are based with South Yorkshire, who can deliver into the contract. A significant amount of contract spend goes through local SME's creating a social value contribution for Sheffield.

They also help develop supplier's businesses by giving them additional business to surrounding contracts run by Reed. For example, Lynx a Sheffield based independent recruitment company now have opportunities to deliver in 4 other Reed contracts

3. HAS THERE BEEN ANY CONSULTATION?

3.1 None

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 There are no risks relating to equality of opportunity. All equality implications have been considered and detailed on the attached Equality Impact Assessment (see Appendix 1 attached). All equality impacts are either neutral or positive.

Whilst it has been identified there are some equality impacts, mitigations have been put in place and will be reviewed to ensure these are kept to a minimum.

4.2 Financial and Commercial Implications

4.2.1 The contract does not guarantee a minimum spend with Reed Talent Solutions and it is purely based on demand for staff.

4.2.2 During the 12-month period July 20 to July 21 the Council has spent £13,457,579 on temporary staff through the Agency contract with Reed Talent Solutions. A small proportion of this spend was paid to Reed as an agency fee and the remainder paid to the agency staff as

wages. Agency providers typically make between 8% to 10% on their contracts which covers their own staffing costs, accommodation, booking systems, marketing, advertising, supply chain management and profit. In addition, Reed can supply agency staff through their second tier supply chain and the fees payable to these other agencies are also included in this spend.

- 4.2.3 Some Reed Agency candidates go on to gain a position with the Council, should this happen after 12 weeks of placement with the Council then no temp to perm fees are levied. Temp to perm appointments within the first 12 weeks of a placement attract a fee based on a depreciating sliding scale from week 1 to the end of week 12.
- 4.2.4 Reed candidates are generally aligned with the bottom spinal column point (SCP) in the Council pay grade that the post attracts. In some circumstances the rate of pay can be less than the Council SCP for the first 12 weeks of tenure until the Agency Worker Regulations are applied ensuring minimum SCP within grade is achieved.
- 4.2.5 This report proposes an extension to the contract with Reed Talent Solutions for a further two years. The two-year extension will be contracted on the same terms and conditions as the original contract. Reed Talent Solutions, the current incumbent, has proposed some initiatives that could generate significant savings over the duration of the two-year extension (split broadly 50/50 in each year). These initiatives are currently being validated and will be tracked and monitored throughout the extension.
- 4.2.6 In addition, the Council has implemented vacancy management controls and schemes to aim to reduce the spend on agency staff and overtime during the next two years. These savings will contribute to the financial budgetary pressures faced by the Council.
- 4.2.6 The extension to the contract is of no commercial detriment to the Council and it does not preclude other agencies from supplying our agency staffing requirements as Reed Talent Solutions can onboard other agencies as part of their second-tier supply chain arrangements to ensure the Council can fulfil its requirements

4.3 Legal Implications

- 4.3.1 The ability to extend the contract with Reed Talent Solutions for a further two years beyond the expiry of the original term falls under Regulation 72(1)(c) of the Public Contract Regulations 2015. This regulation allows modifications to be made without a new procurement where all the following conditions are met:

- *'The need for the modification has been brought about by circumstances which a diligent authority could not have foreseen*

- *The modification does not alter the overall nature of the contract*
- *The increase in price does not exceed 50% of the original contract value or framework agreement'*

4.3.2 The impact the Covid pandemic has had on the Council could not have been foreseen and a change of provider now would be disadvantageous for economic and business continuity reasons as the Council needs to assess the future agency requirements based on a changing workforce.

4.3.3 Officers must also be satisfied that the proposed modification does not change the overall nature of the contract, for example that it is still fundamentally the same service being provided, and that the value of the modification is less than 50% of the original value of the contract.

4.3.4 In addition, Regulation 72(1)(e) may also be used if the modification is not deemed to be substantial.

4.3.5 Access to appropriately qualified temporary staff supports the Council in providing statutory and other essential services to the citizens of Sheffield.

4.4 Other Implications

4.4.1 None

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 Other options considered were:

- Proceed to a re-tender, to determine the most appropriate Agency staffing provider. Timescale 12 months.
- Access an existing framework and set up a mini competition to determine the most appropriate Agency staffing provider. Timescale 6 months including mobilisation

5.2 The impact of the Covid pandemic and current financial challenges have led to a period of uncertainty when assessing our temporary staffing resource requirements. During the last 18 months our type and level of spend on Agency staffing is atypical.

5.3 We have several interventions underway including an organisation wide VER/VS scheme to support workforce planning and the introduction of new resource control measures to help control the Councils recruitment activity.

5.4 This makes it difficult for the Council to clearly articulate its Temporary Staffing Resource requirements at this time and is why these

alternatives have been discounted in favour of a 2-year extension which would give us the opportunity to carry out a comprehensive assessment of our needs.

6. REASONS FOR RECOMMENDATIONS

- 6.1 It is recommended that the Co-operative Executive approves the request to extend the current contract arrangement with Reed Talent Solutions to ensure continuity of Temporary staffing provision, to realise potential savings opportunities and ensure social value initiatives remain in place.
- 6.2 A 24-month extension to the Agency contract will give us the necessary time to complete the VER/VS scheme and judge the impact of our resource controls on our workforce planning thus enabling us to understand our future workforce requirements before the tender specification is developed.
- 6.3 The lead time for this tender would be 12 months which includes options appraisal and market engagement, followed by an implementation of 6 months.
- 6.4 The extension will give the Council time to thoroughly consider future Temporary Agency Staffing supply, with a view to exploit further savings and review the service specification in line with our strategic objectives.