



Report to Policy Committee

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

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Report of: *Claire Taylor*

Report to: *Strategy & Resources Policy Committee*

Date of Decision: *18th October 2023*

Subject: *Agency Staffing Provision*

Type of Equality Impact Assessment (EIA) undertaken	Initial <input type="checkbox"/>	Full <input checked="" type="checkbox"/>
Insert EIA reference number and attach EIA	EIA 2346	
Has appropriate consultation/engagement taken place?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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: -		
<p><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“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”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></p>		

Purpose of Report:

This report sets out the need for a continuous Agency Staffing Service and provides background on the current service.

This report goes on to propose the commission of an Agency Staffing Service from an external provider and explains why this service is needed and cannot be delivered in-house.

Recommendations:

That the Strategy & Resources Policy Committee approves the commissioning of the Agency Staffing Service from an external provider over a period of 5 years and for an estimated value of £65m, as set out in this report.

Background Papers:

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

- Directorate Leadership Team – Management Report & Appendices
- Equalities Impact Assessment (see attached)
- Climate Impact Assessment (see attached)

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.	Finance: <i>Matthew Ardern</i>
		Legal: <i>Richard Marik / Tarmina Saville</i>
		Equalities & Consultation: <i>Richard Bartlett</i>
		Climate: <i>Kirsty Surtees</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	SLB member who approved submission:	<i>Claire Taylor – Chief Operating Officer</i>
3	Committee Chair consulted:	<i>Councillor Tom Hunt</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 Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Peter White	Job Title: HR Service Manager – Systems & Performance
	Date: 14/09/23	

1. PROPOSAL

- 1.1 This report seeks approval for the commissioning of an Agency Staffing service with an external provider. The proposed service is for a period of 5 years with an estimated total value £65m.
- 1.2 The Council proposes a service period of 5 years to give stability and ensure best value for money can be obtained from the market.
- 1.3 The majority of Agency spend relates to candidates that fill roles that help deliver essential Council services to the citizens of Sheffield and its visitors. These roles are primarily in our Adult and Child Care services, trades that keep our Housing stock maintained and in areas of key administration that support all our services.
- 1.4 The requirement for Agency staffing is mainly generated by short notice peaks in demand, a requirement for specialist skills that are difficult to recruit to and emergency cover for staff absence and are by and large paid for using existing Service staffing budgets.

Background

- 1.5 Employment has been high and unemployment low for the last couple of years resulting in low numbers of candidate availability via both the Council recruitment and in particular agency recruitment. This has resulted in difficulties recruiting staff (both permanent and via an employment agency) to deliver some of the Council's services.
- 1.6 These difficulties have been experienced across a number of services with Social Care being the most acutely affected. Other services that have found it difficult to recruit agency workers include housing with the recruitment of trade roles and specialist roles within IT.
- 1.7 To combat this issue, a number of solutions have been implemented including the Council recruiting candidates to Social Worker positions once they complete their qualifications but prior to gaining their results so the Council is ahead of the curve in securing newly qualified Social Workers.
- 1.8 Another solution involved working with Consultancy+ (a division of the current provider, Reed Talent Solutions) via a separate contract to create teams of typically eight social workers and a manager that could be parachuted into an organisation to ensure specific projects were completed or backlogs cleared.
- 1.9 Some of these and other practices particularly in the Childrens Service in the Council and other local authorities have resulted in a DfE Consultation for the Child & Family Agency Social Worker workforce. The

outcome of this consultation will inform new rules proposed to curb poor practice that is costly and works against providing stable professional relationships for children and families.

Current Service

- 1.10 The current agency staffing service is delivered by Reed Talent Solutions and is due to expire on 31 March 2024. As such, agency staffing services must be commissioned in order to ensure service continuity.
- 1.11 Reed Talent Solutions currently maintain a master vendor service for the Council across all categories of roles. 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.
- 1.12 The key areas of spend for the Council have consistently remained in the categories of Social Care, Trades Operatives, Technical, Interims and Admin & Clerical throughout the duration of the current service.
- 1.13 During the pandemic, Reed acted as a key strategic partner to the Council in ensuring temporary staffing was made available to maintain essential services whilst supplying additional staff to support our track and trace requirements. This activity increased annual agency spend by 60% and the Council would not have been able to fill these posts in the timeframes without Reed.
- 1.14 The current spend is now largely in line with pre-pandemic spend levels and has remained at this level for a number of months. Taking inflationary pressures, Foundation Living wage increases, employees pay rises, cost reduction measures and DfE recommendations into account over the next 5 years the cost of service provision is estimated to be approximately £65m over the next five years. It is difficult to set an accurate spend forecast as the overall contract spend for the agency services will depend upon usage (i.e. pay as you go).
- 1.15 To ensure agency service costs are kept on a needs only basis, managers are asked to consider all flexible resourcing options to meet service delivery requirements prior to engaging an agency candidate. Flexible resourcing options can include recruiting to temporary Council contracts, additional hours, overtime and Temporary Additional Responsibility Allowances.
- 1.16 In addition to the annual spend on agency services through Reed, there is an amount of spend for some specialist roles where the Councils demand is greater than supply leading to spend with agencies outside the current agency service. Human Resources and Finance & Commercial Services work together to manage this demand by assisting Managers to find the best value for money route to sourcing agency

staffing.

- 1.17 A recent analysis indicates the spend with Reed accounts for approximately 85% of all agency spend and 15% split between a number of other agency suppliers.

Agency service provision

- 1.18 The in-house delivery of temporary staffing as opposed to an external Agency has been considered at each contract commissioning over the last 13 years. However, the decision to externalise is based on the following factors, which would require added expense and resources from the Council and make it unviable for the Council to deliver in-house:

- The need to set up our own company/agreement
- The need to recruit specialist staff to help manage the business and agency service provision
- The need to purchase a new systems to manage bookings
- a requirement to develop a network of candidates in a highly competitive market
- A requirement to have a high level investment in marketing for roles
- a requirement to have and manage a candidate vetting programme
- a requirement to manage and process payments to candidates and other suppliers
- Additional pension contributions would need to be factored
- A requirement to procure and develop a supply chain for specialist roles
- A requirement to deliver an out of hours service (e.g the current external provider is required to deliver a 24/7 out of hours service to deliver short notice staff (usually care homes) in case of SCC staff sickness).
- The associated employment costs and financial risks would need to be factored e.g. insurance of staff in the work environment, risk of closure of services due staff shortages, maintenance of IT booking systems, cost of training additional staff, cost of right to work checks etc

- 1.19 Options associated with specific sector requirements (e.g. Social Care) where we generate a need for Agency staff are best delivered via market leading providers that have access to the appropriately qualified and experienced local transient workforce. The complexity of the Council operating as an in-house Agency or external arm's length management organisation (ALMO) would create significant additional cost and resource requirements (as outlined in 1.18) whilst resulting in the Council trying to enter a highly competitive temporary staffing market.

- 1.20 The Council therefore proposes to commission an external provider to deliver a similar scope of agency services to those currently in place. The provider will be required to work in partnership with the Council to deliver good quality temporary staffing needs across all job categories whilst ensuring services are delivered in a cost-effective manner. There will be a requirement for the provider to have a focus on social values, work with the Council's schools and communities to create pathways into temporary employment and ultimately secure permanent roles with the Council. The provider will also be required to adhere to the Council's commitment to pay the Foundation Living wage.
- 1.21 If there is a break in provision, there is a significant risk that statutory services will not be delivered and there would be significant pressure placed on existing employees. Additional resource and expense would also be incurred recruiting staff in place of a temporary worker and running a large number of procurement exercises to appoint an agency each time an agency worker is required. This would be more resource intensive and would lead to the Council having less control over spend and fees charged as it would likely result in each service directorate/head of service entering separate and multiple staffing arrangements. Having a single agency provider therefore enables the Council to have rates and associated fees agreed up front as well as the contract terms. This helps prevent the Council from being subjected to adverse terms and varying rates especially when urgent staffing arrangements are required.
- 1.22 An external agency provider is able to respond to the Council's ongoing recruitment urgencies. External agency providers have the ability to resource and capacity to respond to recruitment urgencies (both during and out of hours) such as for social care workers where it is necessary to cover shifts at short notice in Sheffield's Residential Care Homes and through community support.
- 1.23 It is therefore proposed that the Council commission the Agency Staffing Service from an external provider over a period of 5 years and for an estimated value of £65m..

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The delivery of Agency Staffing services by a highly competent provider supports the delivery of Council services through the provision of short tenure staff that possess specific skills, qualifications and experience.
- 2.2 The Climate Impact Assessment (see attached) focusses on the movement of Agency staff around the city to assist in delivering Services to the citizens of Sheffield and its visitors. The current provider ensures its candidates work in similar ways (attend the same sites, hybrid

working, working from home) as Council employees.

- 2.3 The use of digital technology to reduce the need for travel is explored as part of Service delivery requirements.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Although there is no requirement for public consultation, Human Resources and Commercial Services started regular consultation on the future of Agency Staffing provision with the Trade Unions via fortnightly meeting on 4 July 2023. The meetings focus on current provision and future Agency Staffing needs of the Council.

- 3.2 The meetings membership includes TU Representatives from GMB, Unison and Unite to keep them informed and up to date about the current contract to influence any future contract needs and formalise their role in this project.

- 3.3 Human Resources also ran an internal manager engagement group on Tuesday 8th August to gain feedback on the current approach and how well this works and what they would like to see in any future Agency contract. The group was made up of the heaviest users of the current Agency contract with feedback through both the session and a pre-issued Mentimeter poll. The feedback given by managers helped scope the proposed agency service.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 The equality impacts of the proposal have been fully considered at this stage in the process. The likely impacts are positive and could further the employment of many protected characteristics within Council services. The contract does present an opportunity to support the council to drive equality, diversity and inclusion improvements both within the workforce and wider community to meet its statutory equality objectives. In order to maximise these opportunities, the council should work with the new provider to look at ways it can improve access to employment for underrepresented groups, empower those communities in more deprived wards in the city to improve their employability and use positive action principles in the recruitment of agency staff to help improve workforce diversity in the longer term. The EIA (see attached) is a live document so should the criteria for the tender change during this process then the EIA will be updated and resubmitted for further approval.

4.2 Financial and Commercial Implications

- 4.2.1 Supporting the recommendation set out in this report will result in the continuation of the current practice to outsource agency worker activity.

Therefore, the decision being taken should have no material impact on the costs of the service being provided.

- 4.2.1 The re-procurement of the contract will be undertaken within the Councils procurement arrangements.

4.3 Legal Implications

- 4.3.2 The Council has a multitude of powers and duties, some of which could not be exercised or discharged without agency services providing extra capacity in the Council's workforce.

- 4.3.3 Under Section 111 of the Local Government Act 1972, local authorities have the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions. The use of agency workers is made in accordance with this power.

- 4.3.4 By exercising this power, the Council can ensure that a broad variety of duties are met.

- 4.3.5 The contracting arrangements in this report are permitted under the Local Government (Contracts) Act 1997.

4.4 Climate Implications

- 4.4.1 The Head of Service for HR Business Services has reviewed the Agency Staffing Provision documentation and Climate Impact Assessment that has been created in relation to this proposal. She is satisfied that we have fully considered the Climate impacts of the proposal at this stage in the process. The CIA will be reviewed regularly during the term of any future provision.

4.5 Other Implications

- 4.5.1 A Procurement Strategy is being developed alongside this Committee Report and the earlier Management Report by the Councils Commercial Services team.

5. ALTERNATIVE OPTIONS CONSIDERED

Provision of an In-house Service

- 5.1 The provision of an in-house service has been considered but due to the factors set out in the report, in particular paragraph 1.18 this option has been discounted.

Do Nothing

- 5.2 The option to do nothing would mean upon the expiry of the current contract on 31 March 2024 the Council would be unable to deliver a number of critical services impacting on the citizens of Sheffield.

6. REASONS FOR RECOMMENDATIONS

- 6.1 To commission an external provider to provide the service for 5 years for an estimated value of £65m to:

- ensure continued access to an Agency Staffing Provision that supports the Councils service delivery requirements.

- minimise the risks that were identified during the consideration of alternative options.

- ensure statutory services are delivered and to avoid significant pressure placed on existing employees.

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