

The Procurement Steering Group
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Cllr Culver Deputy Cabinet Member for Resources

REPORT

TEMPORARY AGENCY STAFF

1. Purpose of the Report

- 1.1 To agree a management arrangement making Personnel Placements and Badenoch & Clark the Council's preferred suppliers for the purchase of temporary agency staff.

2. Background

- 2.1 **Current Temporary Supply**
Salisbury District Council currently sources its needs for temporary staff through more than 20 agencies. Each service unit is responsible for monitoring its own expenditure and therefore determines which agency is used for the type of vacancy there is. There appears to be no negotiated contracts with any agency and as a result SDC pays the full rate for a temporary worker.
- 2.2 **Temp to Permanent**
During the past year there have been a number of temporaries on long term contracts from 3-9 months who have since become employees of SDC. We have paid the full temp to perm rate in these circumstances, i.e. between 15 and 25% of annual salary.
- 2.3 **Financial Services** receive numerous invoices from many different agencies for the supply of temporaries to all the service units. The total expenditure for temporaries during 2002/03 amounted to £369,000.00.

3. A Management Arrangement

- 3.1 In order to reduce these substantial costs, and in line with several other local authorities, quotations were sought from 8 leading suppliers of agency staff. These included both national and local companies. Each agency was required to submit their quotation to supply temporaries in the category of clerical, technical and industrial. They were also asked to propose rates for temporary to permanent placements.
- 3.2 **Short-list**
The quotations were considered carefully against a number of specific requirements. A short list of 4 Agencies were then invited to attend a formal meeting to discuss their quotation in detail and to answer a number of pre-determined questions. Whilst cost savings were key to the provision of temporary supply, the need to retain service levels remained paramount.

During discussions it became apparent that both Personnel Placements and Badenoch & Clark were keen to develop a management arrangement with SDC and in return for becoming a preferred supplier to the Council were willing to;

- (a) offer the Council a reduced temporary hourly rate for each category of temporary staff.

- (b) work with the Council to source appropriately skilled staff
- (c) offer the council considerably reduced rates for temp to permanent placements
- (d) provide a service level agreement

3.3 Taking advantage of this offer would :-

- (a) reduce the hourly rate for a typical clerical, industrial or technical temporary by between 2 – 4.5% per hour. An anticipated weekly saving assuming an average of 15 temporaries of £177.00 per week. (Appendix A)
- (b) immediately reduce the annual current temp to permanent placement fees cost (i.e.10 temps placed permanently in 2002/03 at cost of £23,400) by reducing current fee rates of 18-22% to 15% with minimum anticipated savings of £13,650. Should temps be made perm after 13 weeks work a nil fee rate will apply with further anticipated savings, giving a total of £23,400 per annum). (a) & (b) combined giving possible savings of £36,084 per annum.
- (c) Provide efficiency savings with managers having only 2 points of contact to source temps as opposed to ringing around several agencies
- (d) Ensure comparability of pay for temporary agency staff placed throughout SDC
- (e) Ensure a continuous review to obtain the most competitive rates available at all times.

4. Competition Issues

- 4.1 Ideally all potential suppliers should be offered the opportunity to discuss a management arrangement; however, in this particular instance it was considered beneficial to discuss the proposal with agencies familiar with the Salisbury employment labour market. Those approached already supply temporary staff on a regular basis to the Council. It was considered highly improbable and potentially a high-risk strategy to consider a management agreement with unknown suppliers.
- 4.2 It will be necessary for the Standing Orders covering Contract Regulations to be waived in order for the Council to accept the proposals set out in this report. The total value of the proposed new contract for the supply of temporaries exceeds £25,000 and therefore Contract regulations apply. It would not have been possible to negotiate the proposals set out in this report whilst fully complying with the Regulations.

5. Other points

- 5.1 The proposed partnership arrangement with Personnel Placements and Badenoch & Clark would be a one year deal, with a review after 3 months.
- 5.2 There will be a need for a policy to give guidance to managers as to when and how temporary staff should be sought.
- 5.3 An officer as a point of contact should be named for the management of the partnership arrangement with the agencies concerned.
- 5.4 The Agencies will make a presentation to managers on the strategy for providing the partnership arrangement for temporary supply.

6. Recommendations

- 6.1 It is recommended that Standing Orders relating to Contract Regulations be waived in order that
 - (a) a partnership arrangement with Personnel Placements and Badenoch and Clark as preferred supplier's be agreed for the period of one year
 - (b) The quotation from Personnel Placements and Badenoch & Clark be accepted
 - (c) The council accepts and takes immediate advantage of the arrangements set out in para 3.3(a) to (d)

7. **Background Papers:** None

8. **Implications:**

- **Financial:** The proposed centralised arrangements will help to reduce the actual amounts paid out for agency and temporary staff. Budget holders are still responsible for managing the cost of temporary agency staff within their own areas.
- **Legal** : none other than those contained in this report
- **Personnel** : none
- **Community Safety** : none
- **Council's Core Values** : excellent service, progressive employer
- **Environmental** : none
- **Ward(s) Affected** : none
- **Consultation Undertaken** : Other service units within the Council

COSTINGS**Temp to permanent fees****CLERICAL 2002/03**

Say 10 temps at 18% of average salary of £13,000
 (Average 6 month temp contact) = £2,340 x 10 = £23,400

2003/04

say 10 temps at reduced rate of 15% = £1,950 x 10 = £19,500
 if temp to perm after 13 weeks **NIL** cost

Possible Savings of between £3,900 and £23,400**TECHNICAL 2002/03**

2 temps at 22% average salary of £25,000 = £5,500 x 2 =£11,000

2003/04

2 temps at reduced rate of 15% = £3,750 x 2 =£ 7,500

Possible Saving of £3,500**TEMP HOURLY RATES**

clerical		industrial		technical	
02/03	03/04	02/03	03/04	02/03	03/04
hrly £8.98	£8.83	£8.05	£7.92	£23.00	£22.00
saving 15p x 37 hrs = £5.60		saving 13p x37 hrs =£4.80		saving £ 1x37 hrs =£37.00	
x 10 temps = £56.00 pw		x 2 temps = £9.60 pw		x 3 temps = £111 pw	
x 5 weeks = £280		x 5 weeks = £48		x 5 weeks = £555	
x 10 weeks= £560		x 10 weeks =£96		x 10 weeks = £1,110	
x20 weeks = £1,120		x 20 weeks = £192		x 20 weeks = £2,220	
x52 weeks = £2,912		x 52 weeks = £500		x 52 weeks = £5,772	

Possible savings of £9,184**TOTAL POSSIBLE ANNUAL SAVINGS £36,084**