

**Report of the Chief Constable to the Chair and Members  
of Policy & Resources / Corporate Development Panel  
10<sup>th</sup> September 2009**

**Executive and Presenting Officer: Mrs Ann Hall, Assistant Chief Officer  
(Finance & Commissioning)**

**Status: For Decision**

**Procurement report for the provision of Temporary Staff**

**1 Purpose**

- 1.1 This report is intended to provide Members with a summation of the procurement exercise carried out to award a contract for the provision of Temporary Staff.

**2 Recommendations**

- 2.1 A full tender process in line with EU Legislation has been carried out by the North East Purchasing Organisation (NEPO). It is recommended that Members note the procurement method used.
- 2.2 That Members approve the recommendation put forward by the Evaluation Team for the use of a Vendor Neutral Contract and the award of the contract to the successful tenderer for the NEPO contract.

**3 Reasons**

- 3.1 Cleveland Police have used the Emergency Services Collaborative Framework Agreement for the supply of Temporary Staff since 2003. This contract is a Master Vendor, tiered approach system.
- 3.2 A Master vendor, tiered approach agreement is where the Authority contracts with a temporary staff agency, who will in the first instance look to their own pool of temporary staff to fulfil our requirements, only if they do not have any

suitable staff will they go to their second tier (sub-contractors) to see if they are able to fulfil the requirement. Many of the second tier suppliers are reluctant to put staff forward on this basis for fear that the main company will try to get the temporary staff on their books.

- 3.3 Cleveland Police have a requirement for temporary staff on an ongoing basis. The current process for engaging the Master Vendor for the recruitment of temporary staff is inefficient and ineffective. The Master Vendor is reluctant to engage tiered suppliers as and when requirements cannot be fulfilled by the Master Vendor. Therefore managing the supplier community has become difficult and there is limited visibility over supplier usage.
- 3.4 This contract was let by Thames Valley Police who are the Lead Authority, however it expired in 2009. This contract has been extended via exemption whilst an options appraisal has been completed by the Procurement Unit in conjunction with People and Diversity.
- 3.5 Options investigated included a mini-competition exercise on the new Emergency Services Collaborative Agreement, however as this Framework is a Master Vendor, tiered approach, it was agreed by the Evaluation Team that this option was not viable for the Authority.
- 3.6 The North East Purchasing Organisation (NEPO) awarded a contract for temporary staff on a Vendor Neutral basis earlier in 2009. This contract was awarded in line with European Legislation and is available to all Public Authorities and Emergency Services within the North East.
- 3.7 A Vendor Neutral basis means that the tenderer does not directly employ any temporary staff, but works as a third party who sits in the middle and co-ordinates our requirements. The Vendor neutral company contracts with the temporary staff agencies, which are willing to work with the vendor neutral company as there is no risk of them trying to get the staff on board within their own agency. The Vendor Neutral company does not recruit staff onto their 'books' but contracts with a vast number of recruitment agencies across the Region and the UK to supply temporary staff. This route allows greater scope of locating the appropriate staff to fulfil roles within the organisation particularly in relation to roles which are highly specialised.
- 3.8 In addition the Vendor Neutral route also allows us to support the local economy through encouraging local Small to Medium Enterprises (SMEs) to contract with the Vendor Neutral Company, giving them scope to break into the 'Police' market for the provision of temporary staff much easier than with a Master Vender approach.
- 3.9 This Vendor Neutral route has the capacity to deliver cost reduction, process efficiencies and improve levels of service surrounding the management of temporary workers across Cleveland Police Authority. In addition People and

Diversity will have tighter control over the processes involved in recruiting Temporary members of staff, as all requests will be handled by them.

## **4 Implications**

### **4.1 Financial**

Due to the number of Authorities signed up to the Vendor Neutral Contract, the successful tenderer is able to negotiate significant discounts on mark up costs with the Recruitment Agencies.

4.2 The NEPO Contract have a guaranteed 4% saving within the contract, and the successful tenderer has assured this can be achieved. Based on spend of £250,000 per annum (estimated spend by the Authority), there is an estimated cashable saving of £10,000 per annum.

4.3 The rates paid by the Authority for Temporary Staff are made up of:

- Pay Rate to the employee
- Mark up to the recruitment agency (negotiated by the successful tenderer)
- 20p per hour transaction fee to the tenderer

4.4 In addition there is a gain share agreement which involves any savings on the mark up negotiated by the tenderer over 6% being shared between the Authority and the tenderer on a 70/30% basis (70% to the Authority).

4.5 Efficiency savings (non-cashable) will be achieved by:

- A one weekly consolidated invoice will be provided representing an annual saving of £20,820.
- Time spent processing time sheets which equates to £668.
- A single point of order for all its temporary staffing requirements will be provided which will significantly reduce the amount of time previously spent by Ordering Managers contacting numerous agencies to recruit staff.
- The successful tenderer will take responsibility for ongoing procurement and management of all temporary staffing vendors required which would produce an estimated non-cashable efficiency saving of £4,000 per annum non cashable.

4.6 In summary the sustainable non cashable savings that can be achieved as a result of automating the temporary staff ordering, time sheeting and invoice processing is estimated at £25,088.

### **4.7 Diversity & Equal Opportunities**

The NEPO contract complies with all Diversity issues.

### **4.8 Human Rights Act**

There are no Human Rights Act implications arising from this report.

#### 4.9 Sustainability

Using the Vendor Neutral route allows us to support the local SMEs contributing to the local economy.

#### 4.10 Risk

The risk is that insufficient and suitably qualified people are available to cover temporary assignments in an efficient and effective manner. This is mitigated by adopting the NEPO contract.

### **5 Conclusions**

5.1 The North East Purchasing Organisation has awarded the Contract in line with European Legislation. This contract is open to Cleveland Police Authority to use.

5.2 The Vendor Neutral approach offers value for money by implementing internal process efficiencies to reduce costs, mitigate risk, improve candidate quality and access improved Management Information.

5.3 This option also supports the local economy and is considered to be a low risk option.

5.4 The recommendation is for the contract to be awarded to the successful tenderer for the NEPO contract.

Sean Price  
Chief Constable

#### Evaluation Team

Commercial – Interim Procurement Manager, Commissioning

Commercial – Contract Monitoring & Review Officer, Commissioning

Commercial – Category Leader, Commissioning

Technical – HR Advisor Resourcing, People and Diversity