

## Finance and Contracts Committee

18 March 2019

### Recruitment Agency Contract

Director, Corporate & Commercial

#### **Purpose**

To approve a variation to the existing agency recruitment contract with Adecco for a period of twelve months until April 2020.

#### **Recommendations -**

- 1) the current agency contract with Adecco be extended by means of variation, for a period of twelve months to April 2020; and
- 2) the Director, Corporate and Commercial be authorised to put in place a deed of variation to allow a contract variation term of 12 months.

#### **Benefits to the Community**

The contract provides SME businesses an opportunity to supply their services to local authorities, while being commercially competitive in ensuring best value for the Council. 80% of the Adecco supply chain are SME businesses, which provides local workers with employment and training opportunities. We ensure expeditious payment to Adecco, which in turn ensures they can pay their supply chain promptly, which importantly helps the SME business cash flow.

#### **Key Points**

- A. The Council's contract for agency workers is currently delivered by Adecco. Achieving for Children also procure their agency workers by means of a contract addendum through this contract. This contract excludes any agency workers who are supplied through Executive Search agencies.
- B. The existing framework under which the contract is delivered is due to expire. Officers have evaluated that further time is needed to appraise the various commissioning options for how the Council secures its agency and professional services.
- C. It has also transpired that potential procurement routes that were expected to be active in preparation for the end of the original Adecco contract are not in place until October 2019 at the earliest and so further time is needed to ensure the Council has all options open to it. For these reasons, a variation of time on the original contract is recommended to ensure that BAU processes can continue and the Council has access to agency staff provision whilst it carries out its commissioning activity. As a result there is now a requirement to vary the end of the contract period from 18th April 2019 until 17th April 2020.
- D. This will provide the Council with continuity of service with the current providers (Adecco) while longer-term arrangements for the sourcing of agency workers are fully explored. The current contract offers the Council the greatest benefits commercially without any impact on services, internal clients or the wider market.

- E. HR are also undertaking an internal review and the route through which agency workers are engaged and the process in how the service is delivered is likely to change during the period of the variation term. Conversations with various stakeholders are underway to consider options for a new model and way of working.
- F. The variation is currently going through the formal sign off process in accordance with the Council's Contract Standing Orders and a verbal update will be given at Finance and Contracts Committee.

### **Context**

- 1. The variation value is approximately three and a half million pounds with a variation term of 12 months. Contracting with Adecco in this way has delivered year-on-year efficiency and financial savings to the council.
- 2. Over the last 6 months, Officers have led a wide-ranging programme of work to review and reduce the council's use of agency workers. This had led to a significant reduction in the number of agency workers engaged at the Council.

### **Proposal and Options**

- 3. The recommended option to vary the contract with Adecco provides the best commercial arrangements for the Council. This option delivers the financial benefit while also providing the service delivery and non-financial benefits available from the alternative options. In addition, the time and cost of transitioning to an alternative arrangement for a relatively short time frame are prohibitive.
- 4. Officers did consider the option of joining an alternative framework for the delivery of the services covered by the Contract as opposed to utilising the variation. However, currently the Council utilises a Master Vendor Framework with Adecco and there are a limited number of organisations that have the experience, scale and competence to manage this type of contract, with regards the volume and spend levels that the Council has, alongside the diversity of requirements that the Council typically requires.
- 5. It was therefore decided that there are no available frameworks that the Council could join from the expiration of the Contract that would maintain the continuity of service provision the Council is required to deliver.
- 6. A further option was to do nothing, allowing the current contract to continue and then expire. This would work against the current drive to reduce the use of agency workers, as managers would need to make their own arrangements for procuring agency workers and cost control across the Council would be extremely difficult to manage.
- 7. A final alternative option would be to access another Framework. Although this is a compliant option, the financial benefits from this arrangement are minimal, other frameworks are not as financially attractive and this would incur internal cost in a procurement activity.

## **Financial Implications**

8. The pricing model will remain the same during the twelve month extension of the Contract. Given the current climate and reduction in agency workers the maximum value of the contract is not expected to exceed three and half million pounds.

## **Consultations**

9. N/A

## **Timescale**

10. N/A

## **Legal Implications**

11. The Council is able to consider a variation to a contract where the variation is in accordance with any of the applicable options stated in Regulation 72 of the Public Contract Regulations (2015) (PCR).
12. Regulation 72(1)(e) of the PCR is the preferred option for this variation. This is available to the Council where modification, irrespective of its value, is not substantial and does not possess any of the conditions set out in Regulation 72(8). This includes the following considerations:
  - The services to be delivered by Adecco will be unchanged during the term of the contract variation and as such the modification is not likely to render this framework call off contract materially different in character from that originally concluded.
  - All bidders who were on the specific framework lot, from which Adecco were awarded the contract, submitted bids. As such no other candidates could have been selected.
  - The economic balance of the contract will not be changed in the suppliers' favour as a result of the variation.
  - The scope of the contract will not be changed as a result of the variation.

## **Equalities Analysis**

19. Equality consideration was undertaken in the original framework procurement process to ensure compliance with the Equality Act. We will ensure that in the extension of this contract this will continue to be adhered to.

## **Health, Environmental, Air Quality and Road Network Implications**

20. None arising from the specific recommendations of the report.

## **Background papers - None**

**Author of the report**, Emma Stracey, Head of HR Operations  
[emma.stracey@kingston.gov.uk](mailto:emma.stracey@kingston.gov.uk) tel no 020 8547 5167