

# **MINUTES OF THE MEETING OF CABINET HELD ON 13 DECEMBER 2016 - 6.30pm**

**PRESENT: Councillors: Claire Kober (Chair), Peray Ahmet, Jason Arthur, Eugene Ayisi, Alan Strickland, Bernice Vanier and Elin Weston**

## **Councillors:**

In attendance - Councillors: Morris, Carter, Brabazon, Ibrahim, Hearn

### **128. FILMING AT MEETINGS**

The Leader referred to agenda item 1 as shown on the agenda in respect of filming at this meeting and Members noted this information.

### **129. APOLOGIES**

Apologies were received from Councillor Goldberg and Councillor Demirci.

### **130. URGENT BUSINESS**

There were no items of urgent business.

### **131. DECLARATIONS OF INTEREST**

There were no declarations of interest put forward.

### **132. NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATIONS RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS**

No representations were received.

### **133. MINUTES**

The minutes of the Cabinet meeting held on the 15<sup>th</sup> November 2016 were agreed as an accurate record of the meeting.

### **134. MATTERS REFERRED TO CABINET BY THE OVERVIEW AND SCRUTINY COMMITTEE**

The Leader advised Cabinet that they would be considering and noting the Scrutiny review which has been completed by The Children and Young People's Scrutiny Panel, Chaired by Cllr Hearn, on Disproportionality within the Youth Justice System. Cabinet would further be asked to agree the Cabinet responses to the

recommendations of the review. The Leader had agreed to await the attendance of Councillor Mark Blake who would be accompanying Cllr Hearn in the presentation of the Scrutiny review.

### **135. DISPROPORTIONALITY WITHIN THE YOUTH JUSTICE SYSTEM - SCRUTINY REVIEW AND CABINET RESPONSE TO RECOMMENDATIONS**

Following completion of all other Cabinet agenda items and in the absence of Cllr Blake, Councillor Hearn introduced the Scrutiny review. The review had demonstrated that if you were young and black, you were more likely to get into trouble and be a victim of crime, including serious violence. Long standing and complex issues with over 40 years of actions had not changed this position; apart from there now being an open recognition of this. Actions completed so far, had not worked and young black people still felt that how they were treated was on the basis of ethnicity, social class and background. The evidence in the review supports this view.

The review noted that this negative stereotyping drives agencies actions and that preventative intervention practices need to start earlier in the young person's life to stop them entering the youth justice system. It was concerning that diversionary activities were likely to reduce with government cuts to services and this would have a negative impact on youth offending.

Cllr Hearn outlined that education still provides a means of escape and clear career pathways are needed to support young people to deter engagement in criminal activities. Also having strong role models has a powerful effect. There was a need to take account of the views of young black people in Tottenham, that feel the current regeneration is not for them and use regeneration funding for taking forward initiatives to support young black people, like training to increase young black teachers.

Councillor Hearn was pleased that most of the Scrutiny recommendations were agreed and understood the reasoning on the partially agreed items.

The Cabinet Member for Communities thanked the Scrutiny Panel for their work on this important review. This was a national issue, which the borough was not exempt from. The review recognised the need for partners working together to deter young people entering the youth justice system. This meant particularly working together on mental health and education issues which the Council was already taking forward.

The Cabinet Member suggested reviewing the progress with the Cabinet responses to the recommendations in a few months time.

The Cabinet Member highlighted some of the headlines released from the Charlie Taylor review of the youth justice system, received yesterday. The main message was devolving responsibility of youth justice to local areas. The Youth Justice Board in Haringey was well equipped to take forward devolved powers. The Cabinet Member felt that the Haringey Youth Justice Board was also well placed to deal with the recommendations in the report, including development of campus locally in terms of alternatives for custody.

## **RESOLVED**

1. To note the Scrutiny Review Report in **Appendix 1** and approve the responses to the Scrutiny recommendations as outlined in **Appendix 2** of this report.
2. To agree proposals for an additional recommendation in the report: that the role of the wider voluntary sector is also considered and consulted with for its contribution in addressing the needs identified of this vulnerable group of young people.

### **Reasons for decision**

The evidence supporting the Panels' recommendations is outlined in the main body of the report (**Appendix 1**).

### **Alternative options considered**

The evidence supporting the Panels' recommendations is outlined in the main body of the report (**Appendix 1**). The Cabinet could choose not to accept the recommended response by officers to them, as outlined in Appendix 2. The potential implications of alternative courses of action are referred to within this, as appropriate.

## **136. DEPUTATIONS/PETITIONS/QUESTIONS**

The Leader of the Council invited Chris Taylor of UNISON to put forward his deputation which had been received in respect of the Shared Lives report at agenda item 12.

In summary, Mr Taylor put forward reasons against the proposed outsourcing of the Shared Lives service and opposition to the Council entering into a social investment model with Shared Lives Incubator (SLI] together with an award of contract to Ategi Ltd for a period of five years for delivery of the Shared Lives service. This decision would also involve the TUPE transfer of 4 staff. These reasons were:

- No evidence provided that outsourcing the service will help expand it and lead to growth in the number of carers. Mr Taylor argued that this could actually lead to less growth.
- Council could recruit additional staff themselves if they wanted to grow the scheme.
- Management had not answered questions on the barriers to the recruitment of carers .If the issue was the lack of referrals, then these numbers have historically been low and this issue not previously explored by the local authority. Also the proposed provider could not provide answers on how they could increase referrals.
- The money the Council would need to borrow for supporting the running of the outsourced service and then pay back with an additional return for investors

could instead be invested in the existing in house provision and an improvement plan.

- The proposed provider did not guarantee London Living Wage to new employees and there would be a 2 tier workforce systems in place.
- Although the provider was keeping transferred staff on existing Council terms and conditions, the Council would need to ensure that these agreements were kept to

The Cabinet Member for Finance and Health responded to the deputation and highlighted the common agreement expressed, that expansion of the service was needed. It was critical to deliver this through investment but by keeping the service in house, the Council could not provide the income required to grow this service to potentially also include older people and people with physical disabilities. Therefore the choice had been made to consider an outside provider.

It was critical to boost referrals from the Learning Disabilities Team but also to gather referrals for people with physical health needs and the elderly and provide them with long term placements. Therefore in coming to this proposal, the Council had considered the experience of Ategi in both management and growth of other Shared Lives Services in the country and also noted the additional benefit the Council would gain from access to two senior managers in this organisation.

The Cabinet Member reiterated that the Council was committed to expanding the Shared Lives Service. In this arrangement, the investors were actually taking on the financial risk as they would not get a return until the 70% target of recruited carers was reached so this arrangement did provide good achievement of value for money.

### **137. MEDIUM TERM FINANCIAL STRATEGY 2017/18-2021/22**

The Cabinet Member for Finance and Health introduced the report which set out the strategic financial context and details of the major budget changes being proposed for the five year planning period 2017/18 to 2021/22, and, in addition, the process for setting the Council's 2017/18 budget.

The Cabinet were aware that this had been a difficult year for the budget with a £20m overspend. However, it was important to keep in mind that the MTFs, devised in 2015, had provided real clarity on how to deliver a sustainable financial plan and had made the required strategic choices on how to prioritise resources in the context of staggering cuts to services and budgets.

The Cabinet Member continued to outline the context in delivering savings against the backdrop of a 45% reduction in staff and by having 12 fewer Council buildings.

The Cabinet Member further described the key influences on the budget for this year which were not known in 2015. These were: business rate devolution with details of how devolution will work still to be agreed, Brexit, Housing policy reforms, welfare reform. Therefore, it was prudent to examine the MTFs assumptions made in 2015 to understand if accurate which these changes in mind.

Ultimately there was a £20m shortfall and the budget papers examined closing this gap through the use of the MTFs principles agreed in 2015 which still applied and focussed on growth, early help and intervention .

The Cabinet Member thanked participants in the pre -budget consultation which had highlighted the difficulties both residents and officers had faced in finding priorities for spend. The Cabinet Member further encouraged residents, interested in the financial sustainability of the Council, to examine and comment on the proposals which would be released for consultation this week.

Councillor Weston, Cabinet Member for Children and Families provided assurance to Members and colleagues that, in coming to Priority 1 saving proposals, the Children's Service had continued to prioritise providing the support of safeguarding services to vulnerable children. The majority of the proposals focused on transformation and improvement of the service. There would be continuing investment in early help and targeted services to stop escalations into social care services. The Children's Service were not compromising the safeguarding of children and young people and the continued aim was to provide high quality support against a back drop of the significant cuts to Council budget funding.

In response to questions from Councillor Morris, the following information was noted:

- The Haringey Development Vehicle meets the growth priority for the borough and would enable the Council to increase income through the business rates and Council tax rate base by the provision of additional homes and businesses. The Council did not currently have the funding and expertise to drive growth through the development of new homes and business. The Council have land and already undertake transactions with developers. A joint partnership with a preferred partner would allow the Council to better patrol what happens with land deals to generate regeneration. The Council were currently, rightly cautious with budget plans as a partner had not yet been selected.
- There was £25m of funding available in reserves, but at his present time an indication could not be given on how much of this funding would be spent on the overspend as it was prudent to await the forthcoming budget monitoring reports to understand if the overspend will reduce further. There had already been indication, in the previous two budget monitoring reports, that the overspend was reducing. The use of the reserves would likely be a combination of General Fund reserves and allocated reserves. The Cabinet Member for Finance and Health re-iterated that Council could not continue to be reliant on reserves in the long term and the budget proposals had this in mind.
- In previously bringing forward the unachievable savings, it was important to note that Members and officers would have used information at their disposal and would have been trying to bring forward the best proposals to not negatively impact on residents. There was better data now in place and a strong finance team, with the officer core working hard to use improved data and having a wider understanding of the best practices outside of the borough when compiling savings proposals.

- The cost of borrowing was at historically low rates. The Council could ultimately drive better outcomes for the borough through capital spend on parks, schools, buildings. Therefore, the Council may borrow to do this but in the long term the returns would be significant and sustainable.

Cabinet agreed that Councillor Carter is provided with written responses to the following questions.

1. A breakdown of the expected £150,000 savings concerning the Library services?
2. What is the cost of implementing these savings (in terms of redundancy payments or any other related costs of this nature)?
3. Will there be redundancies (Voluntary? Compulsory?)?
4. Of the 95 staff in our Library Service, how many are managers please?
5. How many people have been upgraded with a pay increase (say, in the last 12 months)? Why was that done prior to working out what hours will be worked

## **RESOLVED**

1. To note the initial budget proposals and financial planning assumptions set out in this report and note that they will be refined and updated after the provisional Local Government Finance Settlement is published in December;
2. To note the 5 year MTFS 2017/18 to 2021/22 to be reviewed at Cabinet in February 2017, to recommended for approval at Full Council's meeting in February 2017 to set the budget for 2017/18;
3. To agree consultation with residents, businesses, partners, staff and other groups as necessary on the draft revenue proposals for 2017/18-2021/22 as set out in Appendix 2;
4. To note that the results of the consultation on the draft revenue proposals will be considered by Cabinet in February 2017 and recommendations made to Full Council at its meeting in February 2017 for the Council's formal budget setting for 2017/18;
5. To note that the detailed proposals will be submitted to Scrutiny Committees in December and January for scrutiny and comments;
6. To note proposed changes to Fees and Charges in respect of executive functions will be considered by Cabinet in February 2017 and those requiring approval by the Regulatory Committee to be considered at its meeting in January 2017;
7. To note the capital programme for 2017/18-2021/22 for those schemes requiring corporate resources and grant, to be considered again by Cabinet in February 2017 and then to be recommended to the Council at its meeting in February 2017;

8. To note the draft Housing Revenue Account (HRA) budget for 2017/18 as set out in Appendix 5 which will be considered again by Cabinet in February 2017 and then recommended to the Council at its meeting in February 2017;
9. To note that the proposed housing Council rent changes and service charges for 2017/2018 set out in section 16 and 17 of the report will be considered by Cabinet for approval in February 2017, that:
10. Rent charged to tenants for general needs accommodation is reduced by 1% from their current levels from Monday, 3 April 2017;
11. That the proposed weekly tenants' service charges set out in section 17, table 22 is approved;
12. That the existing rents in HRA hostels should remain unchanged for 2017/18.
13. To approve the proposed changes to the draft Dedicated Schools Budget (DSB) set out in section 19.

### **Reasons for decision**

The Council has a statutory requirement to set a balanced budget for 2017/18 and this report forms a key part of the budget setting process by setting out the likely funding and expenditure for that year. Additionally in order to ensure the Council's finances for the medium term are put on a sound basis, this report also sets out the funding and expenditure assumptions for the following four years in the form of a Medium Term Financial Strategy.

### **Alternative options considered**

This report recommends that the Cabinet should consider proposals to deliver a balanced and sustainable MTFs over the five year period 2017/18 to 2021/22, to be reviewed further at Cabinet in February, and ultimately adopted at its final budget meeting at Full Council in February 2017, which is a statutory requirement in terms of agreeing the Council's 2017/18 budget.

Clearly there were a number of options available to achieve a balanced budget and officers have developed the proposals for determining levels of both income and service provision in this report taking account of the Council's priorities, the extent of the estimated funding shortfall and the Council's overall financial position.

## **138. TRAVEL POLICY - CONSULTATION RESULTS**

Cabinet agreed to defer this report to a later meeting to allow further consultation to be undertaken.

## **139. SHARED LIVES SERVICE**

The Cabinet Member for Finance and Health introduced the report which set out the proposition for the Council entering into a new partnership with the Shared Lives Incubator [SLI] to provide investment and support to the new proposed provider, Ategi, building on the established in house Shared Lives Service and growing it further so that more people can feel the benefits of Shared Lives.

## **RESOLVED**

1. To approve the proposed social investment model with the Shared Lives Incubator (SLI), which includes a 'growth premium payment' paid together with the weekly management fee through a new provider.
2. In accordance with Contract Standing Order (CSO) 9.06.1(b)(i) and CSO 9.06.1(d), to approve the award of a contract to Ategi Ltd, a not-for-profit Shared Lives provider, to deliver Haringey's Shared Lives Scheme from April 2017
3. To award the contract to Ategi Ltd for a period of five years with an option to extend for two further periods of one year each at a fixed weekly management fee as identified in Part B (exempt information) of this report. The estimated contract value for managing the Shared Lives service could be £1.85million over the 5 year contract term. The value of each extension year could be £500,000.
4. To note the TUPE transfer of 4 staff (3.6 FTE) to Ategi concurrent with the commencement of the contract.
5. To delegate authority to the Deputy Chief Executive to approve the total amount of the social investment required and the corresponding growth premium payment, which will not exceed £35 per week, once it has been finalised.

## **Reasons for decision**

### Investment model

At a time of limited financial resources, the Council continues to seek innovative solutions to fund schemes that deliver good outcomes for local people. For Shared Lives, social investment provides such an option, as it:

Leverages funds from investors who want to put their money into causes that improves people lives, particularly vulnerable people

- a) Ensures investment is only paid back to investors when outcomes are achieved
- b) Provides a 'catalyst' to schemes to grow and deliver good outcomes by providing additional funding up front, alongside existing investment from the local authority



As part of seeking an alternative provider for Haringey's Shared Lives scheme, the Council has worked with the Shared Lives Incubator (SLI) – a group of four organisations comprising Social Finance, Shared Lives Plus, Community Catalysts and Shared Lives Investments Limited Partnership – who are specifically focused on supporting the growth of Shared Lives schemes across the country. Working in partnership with SLI enables the Council to leverage investment, expert advice and business support to help achieve growth of the Shared Lives Service whilst repayment is on the basis of achievement of outcomes. All of this is a critical component to helping Haringey's Shared Lives Service grow.

The contract itself is a payment by results delivery model. The Council pays the Provider a fixed weekly management fee for each arrangement supported. This model is enabled by the social investment. It is estimated that the social investment requirement will be £190,000. This is made up of £150,000 worth of cash investment paid directly to the Provider, together with expert advice and business support valued at £40,000 over the 5 years. The risk on this investment is borne by the social investors. The Council will repay the investment via a fixed 'growth premium payment' on top of the weekly management fee for each placement. This has been calculated at £35 per week. The social investors share in the success of the scheme, but will only receive a return in the event that at least 70% of the target is reached. The total investor return is expected to be around 4%. More details are set out in section 6 of this report.

### Contract award

This contract award, and related procurement process, is the implementation of the November 2015 Cabinet decision to deliver the Council's in-house Shared Lives Scheme through an alternative provider. The purpose of seeking an alternative provider is to grow the scheme so that the benefits – both improved outcomes and as a more cost-effective care option – can be felt throughout the system. It is part of Haringey's objective to keep people healthy and living in their own communities for longer and to see a greater emphasis on promoting independence, dignity and choice - with care and support shifting away from institutional care towards community and home based support.

As a result of the procurement exercise, which was carried out in accordance with the Procurement Code of Practice, it is now recommended that the successful tenderer be awarded a contract as outlined in 3.1 in accordance with CSO 9.06.1(b)(i) and CSO 9.06.1(d).

The recommendations as outlined above in 3.1 are based on the provider which scored the highest on a most economically advantageous (MEAT) basis and therefore would offer the best value to the Council in terms of quality and price.

The successful tenderer, Ategi Ltd, are a not-for-profit, co-operative company, who have managed a number of Shared Lives services since 2001. They have successfully nurtured and grown Shared Lives schemes in South Wales, Herefordshire and Buckinghamshire, including a number which were previously local authority run schemes. They will be able to draw on this experience to ensure a

smooth transition for the staff, carers and service users. For more details see 6.40-6.42.

### **Alternative options considered**

An options appraisal was undertaken, in consultation with representatives from UNISON that evaluated the best option for growing the Shared Lives Service. The alternative options considered as part of this are set out below:

**Do nothing (as is)** – keep the service in house and provide no extra investment to increase the size of the staff team. The number of new placements established through the service has slowed and the total number of placements has remained roughly the same for a number of years. This suggests that without additional investment an increase in the number of placements is unlikely and would result in failure to achieve the target of growing the scheme and delivering efficiency savings as a more cost effective form of care with good outcomes.

**Enhanced as is** – this would require significant investment from the Council to invest in more staff and expert support to help the service to improve and grow with no guarantee of an increased number of placements. The risk of the investment would be fully borne by the Council. The social investors that are part of the Shared Lives Incubator are not able to invest directly into the public sector.

**Alternative Provider (without the Shared Lives Incubator)** – it is unlikely that without the support of social investment an alternative provider would be able to achieve the rapid growth whilst also operating a payment by results delivery model. In addition we believe that the expert support offered by the Incubator is critical to the success of growing the service in a sustainable way.

Two further suppliers were considered as part of the procurement process. The scores for these bidders are presented in this report (see 6.37).

## **140. FUTURE FUNDING OF REGIONAL ADOPTION AGENCIES**

The Cabinet Member for Children and Families introduced the report which put forward an in principle decision to join the London Regional Adoption Agency .This had been developed by the Association of London Directors of Children's Services (ALDCS) with the aim of speeding up the matching of children, deemed to be suitable for adoption, to suitable adoptees and to improve outcomes for adopted children.

The Cabinet Member reiterated the in principle decision being sought with no further commitments to join the agency until a business case and detailed financial analysis is considered by Cabinet, later in the new year.

In response to a question from Councillor Morris, there was not expected to be an increase in out of borough adoptions.

**RESOLVED**

1. To agree to the development of the London Regional Adoption Agency, a not-for-profit corporate entity, jointly owned by the founding London boroughs and working in partnership with Voluntary Adoption Agencies to deliver adoption services and as set out in paragraph 15 of this report;
2. To agree in principle to join the proposed London Regional Adoption Agency subject to the detailed business case and financial analysis; and
3. That there be a further report to Cabinet on the details of the proposed arrangement including the business case, financial analysis, arrangement for consultation with staff and other stakeholders and related legal documentation and for a final decision on joining the London Regional Adoption Agency.

### **Reason for decision**

The Cabinet approval is required for the Council to work collaboratively with other London boroughs to continue to develop the London Regional Adoption Agency with the intention of joining the agency, when it becomes operational in 2017/18.

### **Alternative options considered**

The London Regional Adoption Agency has been developed to meet the needs of London boroughs. It would operate in a similar manner to the London Admissions and London Grid for Learning Teams, with governance through ALDCS and London Councils.

The DfE require all local authorities to join a regional agency by 2020, therefore 'do nothing' is not an available option within the current policy and political landscape.

Alternatives to the London option would be to join another developing regional agency or create a new model. Other developing regional agencies have not been developed with the involvement of London boroughs. No other regional agencies have proposed a model linked to the governance of London local authorities. The London model is being developed with the complexity of the borough and provider landscape in mind. Many of the models being developed in other regions e.g. single LA host would not be appropriate to meet this complexity of need.

Any new agency being developed would have the same timescale requirements and would need to access development funding independently. ALDCS identified that using existing arrangements (e.g. consortia) would not remove the performance and service variation across London and most current consortia regions would not achieve the DfE aims for scale. A sub-divided London would lose the benefit of the wider pool of adopters and the standardisation of service offering.

Given the policy drive from the Government and examples of good joint working in other areas of children's services, a Regional Adoption Agency as described in this paper is considered to be the only viable option at present.

**141. COMMUNITY SEXUAL HEALTH SERVICES - LOT 1 OUTREACH AND HEALTH PROMOTION & LOT 2 REPRODUCTIVE HEALTH SERVICE - YOUNG PEOPLE AND LONG ACTING REVERSIBLE CONTRACEPTION**

The Cabinet Member for Finance and Health introduced the report which recommended an award of contract to Embrace UK to allow them to continue providing a community sexual health service focussing on outreach and health promotion. The service would include; sexual health promotion, awareness raising and STI & HIV testing at the point of request.

The Council were already working with this organisation which provided excellent outcomes and would continue the Step Change programme.

In response to a question from Councillor Morris, Cabinet noted that the Council would be working with charities to support the LGBT community. The Council already worked with the London HIV prevention programme on outreach work and also accessed London level expertise through this programme. The community were also able to make use of inner London services and the Council was working locally with the 'Wise Thoughts' Charity and London Friends.

The Leader further reported that London Council's have agreed to expedite the Pan London HIV prevention programmes from March 2017 to 2019 to ensure services were available in central London

**RESOLVED**

To agree to award, in accordance with Contract Standing Order (CSO) 9.07.1 (d), a contract for a community sexual health service focusing on outreach and health promotion to Embrace UK Community Support Centre, Selby Road, London, N17 8JL for a period of three years with options to extend for 2 further periods of 1 year at an annual value of £220,000.

**Reasons for decision**

From 1 April 2013, local authorities are mandated to ensure that comprehensive, open access, confidential sexual health services are available to all people who are present in their area (whether resident in that area or not).

A procurement exercise was carried out in accordance with the Council's Contract Standing Orders and Procurement Code of Practice. As a result, it is recommended that the successful tenderer be awarded a contract as outlined in 3.1 in accordance with CSO 9.07.1(d).

**Alternative options considered**

As part of a rigorous exercise to explore potential options to strengthen sexual health service provision in defined target groups, the public health team considered merging the community sexual health service - outreach and promotion, back into the specialist Genito-Urinary Medicine (GUM) service. However, after careful consideration it was deemed that this option was neither viable, sustainable or in line with the Council's medium term financial strategy.

## **142. PHARMACIES ENHANCED SERVICES FRAMEWORK**

The Cabinet Member for Finance and Health introduced the report which set out a Framework Agreement for the provision of pharmacies enhanced services. The award of these contracts would enable the Council to tackle three important issues: poor sexual and reproductive health, smoking and vitamin deficiency in pregnant women, breast feeding mothers and children who are under 4 years of age, all of which are areas that were creating health inequalities across the life course, particularly for young people, black and minority ethnic groups and hard-to-reach groups.

The Cabinet Member welcomed the proposals contained in the report which would continue to enhance community pharmacy services for Haringey residents over the next 5 years.

### **RESOLVED**

1. To approve the setting up of a Framework Agreement for the provision of pharmacies enhanced services; and
2. That the providers listed in paragraph 7.7 of the report be awarded contracts under the Framework Agreement.
3. That the contracts awarded under the Framework Agreement will be for a period of four years. The total value of the contracts awarded under the Framework Agreement will be £967,200.

### **Reasons for decision**

The services being commissioned are required to support delivery of the Council's corporate plan and are in line with its commitment to prevention and early intervention, empowering residents to live healthier lives.

The Council undertook a competitive procurement exercise, inviting applications from community pharmacists to provide a suite of public health services.

The process for selecting the preferred community pharmacies was based on the applications achieving the highest score based on quality.

### **Alternative options considered**

As part of a rigorous exercise the public health team considered no longer commissioning pharmacies to deliver these services relying on other specialist services. The conclusion was that pharmacies offer good quality, easy access services to residents at a lower cost than specialist services. They therefore enable the Council to increase its prevention activity and achieve its medium term financial strategy.

## **143. AWARD OF CONTRACT FOR A MASTER VENDOR SOLUTION FOR THE SUPPLY OF TEMPORARY AGENCY STAFF AND PERMANENT STAFF**

In the absence of the Cabinet Member for Corporate Resources, the Leader introduced the report which proposed awarding a new contract for the supply of Permanent and Temporary Agency Workers to Hays Specialist Recruitment Limited ('Hays') for a period of 3 years from 1 February 2017 with the option to extend the contract for a further period of one year.

The award was proposed under the Eastern Shires Purchasing Organisation (ESPO) EU Procurement Compliant Framework 'MSTAR2 - Managed Service for Temporary and Agency Resources'.

In response to a question from Councillor Morris, temporary staff would not be replacing permanent staff as part of the budget proposals.

## **RESOLVED**

1. To approve the award of a Master Vendor contract under the Eastern Shires Purchasing Organisation (ESPO) EU Procurement Compliant Framework 'MSTAR2 - Managed Service for Temporary and Agency Resources' to Hays Specialist Recruitment Limited ('Hays') for a three year period with effect from 1 February 2017 with an option to extend for a further period of one year, for the supply of temporary agency workers and to administer the recruitment of all permanent Council staff at Tier 4 and below (below Head of Service level), and optionally to administer recruitment above Tier 4.
2. The total value for the management fees payable for the temporary and permanent staff resource centre is on average £860k per annum and a total of £3.49m over the period of the contract (including the option to extend for one year).

## **Reasons for Decision**

Hays have successfully supplied temporary agency workers to the Council since 2006 when they were awarded a seven year contract and in 2013, were again appointed as the preferred supplier following a mini tender competition using the 'MSTAR1' framework.

The Council awarded Hays the contract in 2013 primarily due to value, where on average, Hays were 10% more cost effective than other bidders. Hays have continued to offer competitive rates which is demonstrated as they were the highest scoring bidder in 'Quality' and 'Price' in the MSTAR2 framework.

The MSTAR framework was established following an EU procurement process and is supported by the Government Procurement Service (GPS) and Local Government Association (LGA). It is recommended to directly award with a Master Vendor model of delivery as this provides the optimum value for money that includes a mixture of large organisations and SMEs to deliver the resources the Council requires.

Over 30 local authorities were involved in developing the scope, specification and evaluation of the MSTAR2 framework to meet a broad range of user requirements. As

the framework will be managed by ESPO at a national level, this will help drive performance on an ongoing basis and build strategic relationships with suppliers to gain better value for money, cashable savings and improve performance. Furthermore, having access to a national framework will enable the Council to share commercial knowledge, including supplier and market intelligence and expert advice.

Significant cost savings and efficiency gains have been made through the on-going relationship between the Council and Hays, including a reduction in average charge rates by £3.40 per hour in five years, providing a saving on the rates charged equivalent to over £2.6m and a reduction in the cost of long term engagement of temporary workers by 39%. Following the award of the 2013 contract a further £1.1m savings were achieved in the first year of the contract.

After nearly 10 years of delivering the service with staff who are not professional recruiters, the Council is seeking to build a 'Recruitment Partnership' with Hays in order to provide a single point of contact for all staff recruitment.

A single point of contact will enable the Council to better control recruitment activity by channelling all recruitment requirements through a single process, thus enabling Hays to have a single view of the Councils staffing requirements and using their existing market experience, recruitment expertise and multiple sourcing channels, will improve permanent recruitment attraction or placement of temporary workers by ensuring the right resources are matched to the Councils requirements. Maximising the economic benefits of sourcing temporary agency workers through a move to a Master Vendor Contract and moving to an online recruitment system to significantly streamline recruitment processes and procedures, enabling a better candidate experience and shorter recruitment timescales.

The new business model for recruitment introduces both on-site and off-site service delivery. The on-site team will include Recruitment Partners who are professional and experienced recruiters that will work directly with senior leaders in each directorate to better manage their workforce requirements, and Sourcing and Compliance Partners who will ensure internal management and compliance with recruitment policies and procedures. Off-site services will include Talent Sourcing, Engagement and Management specialists who will manage talent mapping, and contract co-ordinators that will ensure efficient administration of all stages of the recruitment process.

#### Spend Fees and Savings:

Hays will continue to charge a fixed management fee to administer around £20m of temporary worker spend per year through its existing Resource Centre. The fees are £146,900 per annum. The £20m projected spend in temporary workers includes the wages paid to the workers that are capped to a maximum hourly rate as well as a mark up fee. The mark up pricing for each role is consistent whether sourced by Hays or an alternate supplier partner. The total expenditure will vary year-on-year dependent on the number of temporary agency workers engaged by the Council. The new Master Vendor Contract for the provision of temporary agency workers is expected to reduce the level of fees payable by the Council by approximately 5%.

Other additional fees are £110,399 for the cost (over four years) to implement and manage a new eRecruitment system delivered through an existing eRecruitment technology contract. This supplier was selected following a tender process earlier this year. The service has waited for the new contractual arrangements to be in place and will provide the platform to support significantly improved permanent and fixed term contract recruitment. Hays have negotiated further system enhancements to the software at no extra cost to the Council. In the event that Hays can secure an enhanced commercial offer for the provision of the technology with other customers, such benefit will also be passed back to the Council.

The contract will also include the on-going provision of the HAYS online Careers Transition Portal. The HAYS portal was purchased in 2015 to help deliver some of the commitments made in the Council's Workforce Plan around better supporting staff with their personal development and careers. In light of the continued budgetary savings which the Council is required to make, there is an ongoing need to continue to provide staff with a wider range of career tools and support to apply for new roles in and outside of the organisation. The cost is £7,000 per year, which equates to approximately £16 per person. This represents excellent value for money and offers continued support for those within the organisation.

The Council recruited 200 permanent roles externally and 76 internally in the last year. Hays have offered extremely competitive fees for both permanent recruitment and internal placements. These fees are fully inclusive and include any costs incurred from advertising vacancies in the marketplace. Using data based on recruitment activity last year for permanent recruitment, the total cost of recruitment is in the region of £690,000 per annum.

A target for savings on permanent staff recruitment is more difficult to ascertain as the total costs involved of recruiting permanent staff is not captured. It has been established that the mark up rates offered by the recommended provider are 4-10% lower than standard agency and recruitment framework rates. This equates to a reduction of around 30–50% in total fees payable under the current arrangements. The new recruitment arrangements gives the Council much more effective control on permanent recruitment spend. Ad hoc off-contract spend; especially around advertising spend, will be stopped as all recruitment will need to follow a single process via Hays in the first instance. All other spend will be blocked giving the Council much firmer control and grip on spending, which will support the Councils need to reduce spend.

Summary of Fees:

	Year 1	Year 2	Year 3	Year 4	Total over Contract Period
Temporary Resource Centre Management Fee	£ 146,900	£ 146,900	£ 146,900	£ 146,900	£ 587,600
eRecruitment Technology	£ 60,359	£ 16,680	£ 16,680	£ 16,680	£ 110,399
Career Transition Portal	£ 7,000	£ 7,000	£ 7,000	£ 7,000	£ 28,000
Permanent Recruitment Placement Fee	£ 690,000	£ 690,000	£ 690,000	£ 690,000	£ 2,760,000
Annual Fee	£ 904,259	£ 860,580	£ 860,580	£ 860,580	£ 3,485,999



\* Note: *the above permanent recruitment fees are based upon activity during the last 12 months and will fluctuate year on year*

It is anticipated the migration to these revised commercial structures will deliver in excess of £1m of cumulative contractual related savings over the initial 3 year term of the contract. These savings will be delivered through lower mark up rates in relation to temporary staff, significantly reduced permanent recruitment fees and minimal advertising fees and will contribute to the planned savings from Supplier Engagement Programme.

#### Benefits:

Directly awarding the contract to Hays for the provision of temporary agency workers and to administer the recruitment of all permanent Council staff offers a number of benefits:

- Direct award provides significant savings in resources by eliminating the need to carry out a tender or mini competition exercise. The cost of undertaking a full tender exercise with the market could have exceeded £100k and taken up to 12 months to complete when considering the following complexities:
  - Delivery and implementation of a new service operating model,
  - an eRecruitment system, and
  - transfer of all existing temporary agency workers to the new provider
- An innovative and flexible delivery model with a single point of contact for all recruitment activity will be established. A tiered service delivery model will include both on and off-site teams managing all aspects of the recruitment process, from face-to-face Recruitment Partners working with senior leaders on all aspects of workforce planning and recruitment, to off-site teams managing sourcing and attraction, talent mapping, supplier engagement, contract co-ordinators and administrators.
- The single point of contact offers substantial efficiency improvements in processes (typical 35 percent improvement in time to hire) and procedures as well as using the latest online eRecruitment systems. A single point of contact will enable Hays to have a single view of the Councils staffing requirements and using their existing market experience, recruitment expertise and multiple sourcing channels, will improve permanent recruitment attraction or placement of temporary workers by ensuring the right resources are matched to the Councils requirements.
- Through the new contract arrangements, the provider has greater incentive to fulfil vacant positions (paid by performance), fulfilment rates form part of the service level agreement and simplified all inclusive fee structures for recruitment (no additional advertising costs). If Hays fail to provide the right candidates, the Council will not pay a fee
- The overall recruitment experience will be enhanced at every stage of the process:
  - Awareness – support and understand the Council’s workforce strategy and headcount changes, develop forward planning of resourcing demands and providing information to Council on market changes
  - Understanding Needs – continuous engagement with recruiting managers, ensuring needs are fully understood

- Supporting Requirements – providing quality candidates, talent mapping and sourcing and assisting recruiting managers with recruitment decisions
- On-boarding Staff – supporting candidates through the recruitment process, maintaining engagement and candidate feedback
- Giving Council access to Hays’ extensive recruitment channels within the marketplace including an extensive network of offices, talent pools, specialist online and employer brand presence and extensive online social media channels e.g. LinkedIn, job boards, microsites and social media outlets.
- Investment in real time management information on recruitment activity including real-time recruitment progress updates, tracking of candidate progress, monitoring of inclusion and diversity information and access to a fully auditable recruitment process
- Creation of a Social Value Fund to support employment and career initiatives to support local recruitment initiatives within the borough

#### KPIs & SLA:

The Council will implement all Key Performance Indicators and Service Level Agreements specified under the ESPO EU Procurement Compliant Framework ‘MSTAR2 - Managed Service for Temporary and Agency Resources’ will form part of the Council’s contract with Hays.

Incorporated in the Hays contract are provisions to deduct up to 20% of the managed service fee for non-performance in relation to not meeting the fulfilment threshold.

HR will contract manage the performance of Hays ensuring they comply with the SLAs and KPIs stated in the contract. This approach will assist the Council in delivering its business needs and strategic objectives, whilst offering the best opportunity to achieve further significant savings in both temporary agency and permanent recruitment activity via a recruitment partnership

Robust contract governance and management overview will be implemented to ensure Hays deliver the services to the agreed Service Level Agreements and Key Performance Indicators. Quarterly contract meetings; led by Strategic Procurement, will be held to ensure high-level compliance with all agreed contractual arrangements through monitoring of key performance reports, and where appropriate, service credits will be levied on Hays for any service non-performance. Monthly operational meetings; led by Shared Service Centre, will monitor ‘in play’ recruitment, address any immediate shortfalls in performance, ensure Hays are meeting the needs of recruiting managers and where necessary, consider alternative recruitment activity to meet hard to fill roles.

#### **Alternative options considered**

Do Nothing - the Council is required to ensure that its temporary agency workforce continues to be engaged using an EU procurement compliant approach. The current contract expires in January 2017. Ending the contract without alternative provision would undermine the ability of the Council to flexibly manage its workforce and breach EU Procurement Regulations; therefore this is not an option.

Extend the current contract for a further year - the contract was awarded in January 2014 with the option to extend for a further one year. The Vendor Neutral model is not currently fulfilling the Council's recruitment needs and does not facilitate the provision of permanent recruitment services. In addition the contractual rates under the existing arrangements are not as favourable as the new arrangements under the Master vendor arrangement.

Carry out an EU tender exercise - this option involves the highest demand of time and resources, with an estimated cost in excess of £100k, and is unlikely to achieve the best value for the Council. It is also likely that the suppliers that would be shortlisted will be very similar to those on existing national and regional frameworks. The MSTAR2 framework was created nationally in 2015 to enable Councils to engage quickly and cost effectively with temporary agency Managed Service Providers.

Utilise another direct call off Framework - procurement has explored other frameworks; many of the alternate frameworks contain the same supplier choice, with the selected provider also being a supplier on those frameworks. The MSTAR2 Framework is one of the most up to date and most recently tendered frameworks involving consultation with over 30 local authorities. The MSTAR2 Framework provides a quick route to market, together with greater clarity on the pricing to be charged and terms of the contract compared with alternate framework options.

Run a mini competition via a framework - the Council previously ran a mini-competition using the MSTAR framework involving all suppliers. This would not be considered best value for money, since it still involves significant resources to run the tender and evaluation process, with the likelihood of the same outcome. Currently Hays fees are 20% - 50% less than other providers on frameworks, something other providers would struggle to compensate for when being evaluated. In addition to the fees provided by the suppliers, the Council would need to consider the cost of transition from the current provider to an alternate provider. Therefore this option is not regarded as the most cost effective use of the Council's resources.

#### **144. MINUTES OF OTHER BODIES**

##### **RESOLVED**

To note the minutes of the following:

Cabinet Member Signing on the 7<sup>th</sup> November 2016

Leader Signing on the 7<sup>th</sup> of November 2016

#### **145. SIGNIFICANT AND DELEGATED ACTIONS**

##### **RESOLVED**

To note significant and delegated actions taken by Directors in November.

#### **146. NEW ITEMS OF URGENT BUSINESS**

None

**147. EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**

That the press and public be excluded from the remainder of the meeting as the items below contain exempt information, as defined under paragraph, 3 Part 1, schedule 12A of the Local Government Act 1972.

**148. SHARED LIVES CONTRACT**

As per decision 139.

**149. COMMUNITY SEXUAL HEALTH SERVICES - LOT 1 OUTREACH AND HEALTH PROMOTION & LOT 2 REPRODUCTIVE HEALTH SERVICE - YOUNG PEOPLE AND LONG ACTING REVERSIBLE CONTRA**

As per decision 141.

**150. NEW ITEMS OF EXEMPT URGENT BUSINESS**

None