

ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	04 December 2014
DIRECTOR	Pete Leonard
TITLE OF REPORT	Tender for an Agency Service Framework Agreement
REPORT NUMBER	CHI/14/073
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose of this report is seek approval from committee to enter into a tendering process in collaboration with seven other Local Authorities to procure a framework agreement to source agency staff for trades operating within the Council's Building Services division.

2. RECOMMENDATION(S)

It is recommended that the Committee

- a) Approves that Building services enter into the proposed collaboration arrangements for re-tendering the building trades agency staff framework.
- b) Approves the extension of the Current Framework by two Months to facilitate in the transition of the new building trades agency staff framework.

3. FINANCIAL IMPLICATIONS

The precise financial impact is uncertain as this will be determined by the results of the tendering exercise. However, we expect that market pressure, economies of scale from collaborative procurement and more focused reward mechanisms will ensure that the cost of procuring agency staff is, at worst, comparable to current costs. The budgets for agency staffing are already contained within Building Services overall budgets.

4. OTHER IMPLICATIONS

Failure to proceed with the recommendations would severely constrain the ability of Building Services to undertake parts of its core service delivery as well as reducing the surplus to be returned to the Council.

The demand for Building Services' directly employed resource exceeds capacity. Our ability to recruit new direct labour is severely restricted by market conditions, particularly for the skilled trades such as electricians, gas fitters and joiners.

The collaboration has been promoted and supported by the Council's Central Procurement Services (CPS).

5. BACKGROUND/MAIN ISSUES

Building Services requires a number of agency staff to cover work which is of a short term nature and therefore cannot be converted into established posts or where the Service has found it difficult to recruit full-time staff.

In 2014/15 the budgeted figure for agency staff is approximately £3.5 million.

Our current agency staff framework agreement expires on 28 February 2015, so in order to ensure that the Council achieves the best value for money and that agency staff have all of the necessary qualifications, experience and competencies, it is intended to tender for a new framework agreement in collaboration with seven other Scottish Councils.

Building Services would be unable to provide large elements of the capital programme work it undertakes, or to carry out project work for the Council and other public sector bodies, without the ability to take on agency labour.

This would mean a large reduction in Building Services' turnover and would have a significant impact on the organisation's profitability and ability to return a dividend to both the General Fund and HRA.

The voids service, and to a lesser extent the responsive repairs service, also use agency labour to cover staff shortages and recruitment problems. If these services were unable to use agency labour would have a severely detrimental impact on statutory performance targets, particularly in relation to void re-let times. This in turn could increase the level of rent loss suffered by the Council, and of course has a tangible impact upon the service standard experienced by our customers.

By entering into a collaborated approach towards procurement of agency staff, Building Services is also able to ensure best value in an increasingly competitive market which is affecting the current resourcing and retention of tradesmen required to complete works.

6. IMPACT

The Single Outcome Agreement refers to a need to enhance the quality of housing and environment for individuals and the community.

Furthermore within “Aberdeen – the Smarter City”, the Council’s policy document for 2012-2017, the following policy targets are set out:

Smarter Living (Quality of Life):

We will provide quality services to our council tenants to enable them to have a dry, warm home in a safe and enjoyable environment.

The recommendation meets the National Outcome Measure 15

- Our public services are high quality, continually improving, efficient and responsive to local people’s needs

7. MANAGEMENT OF RISK

A risk management plan has been introduced and will be reviewed as matter of course during the project process. Risks relating to the supply of this service have been identified within the plan and will be addressed through risk management techniques.

8. BACKGROUND PAPERS

N/A

9. REPORT AUTHOR DETAILS

Kiemon Stewart
Property Manager (Operations)
Building Services
Tel. 01224489365
kiestewart@aberdeencity.gov.uk