

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Finance and Resources	<b>DATE</b>	17 June 2010
<b>CORPORATE DIRECTOR</b>	Stewart Carruth		
<b>TITLE OF REPORT</b>	Variation to Contract - Temporary Labour and Permission to Tender the Provision of Trades Agency Workers		
<b>REPORT NUMBER</b>	CG/10/099		

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### 1. PURPOSE OF REPORT

To obtain approval to:

- i. Issue a Letter of Variation to vary the terms of the current temporary labour contract with Manpower UK Limited to accommodate a six month extension; and
- ii. Conduct a tender exercise for the provision of trades agency workers.
- iii. Adopt and implement the Scottish Government's national contract for temporary labour from 1<sup>st</sup> March 2011.

### 2. RECOMMENDATION(S)

It is recommended that the Committee approve:

- i. a six month extension of the contract with Manpower UK Limited for the provision of Administration, ICT, Technical, Care, Professional, and Trades Agency Works and in accordance with Standing Order 1(6)(i) sanction that such extension shall be exempt from Part A of the Standing Orders;
- ii. the adoption of the Scottish Government's national contract for temporary labour from 1<sup>st</sup> March 2011.
- iii. the Central Procurement Unit (CPU) conducting a competitive tendering exercise in line with Council Standing Orders, Financial Regulations and EU Legislation for the provision of Trades agency workers; and

- iv. that the Head of Procurement and Head of Human Resources and Organisational Development, in consultation with the Head of Finance and Head of Legal and Democratic Services, following the tender exercise, appoint a supplier to provide Trades agency workers.

### **3. FINANCIAL IMPLICATIONS**

The Council shall continue to benefit from the savings derived from the temporary labour contract during the extended period. Currently a recurring saving of £550,000 is budgeted for in 2010/2011.

The value of the tender for the provision of Trades agency workers is estimated to be £ 1.4M pa.

### **4. SERVICE & COMMUNITY IMPACT**

The report supports the aim to continue to strive for best value for money and maximum efficiency in service delivery. It also addresses the Scottish Government's Shared Service Agenda.

### **5. OTHER IMPLICATIONS**

The current contract expires on the 31<sup>st</sup> August 2010. If the Council extends this contract until 28<sup>th</sup> February 2011 the extension could be deemed as being a direct award under The Public Contracts (Scotland) Regulations 2006. There is a risk that this could be challenged. Extending the duration of a fixed term contract will be problematic unless ACC can demonstrate no real prejudice to other contractors. The Head of Procurement has undertaken a commercial risk assessment to show through three key factors that this can be evidenced:

- i) It can be evidenced that the requirement to extend was unforeseen at contract award.
- ii) The Central Procurement Unit (CPU) has been totally transparent throughout the process and has engaged with the marketplace as to their intended course of action and the reasons for it.
- iii) The marketplace will have opportunity over the coming six months to participate in the mini-competition process that will result from the multi-provider and multi-disciplinary frameworks that will be in place from the Scottish Government tender.

HR Recruitment Officers and Hiring Managers will be required to assist with the utilisation of the national contracts once they are in place and the tender exercise to procure trades agency workers requirement which was not tendered for nationally.

## **6. REPORT**

Following an open EU compliant tender exercise (in collaboration with Aberdeenshire Council) the Council signed a one year contract in July 2008 with Manpower UK Limited for the provision of Administration, ICT, Technical, Care, Professional, and Trades Agency Workers. The option under the contract to extend for a 12 month period has already been exercised. The contract is currently due to expire on 31 August 2010.

The contract implementation phase was complex due to a number of factors. These included the need to engage second tier suppliers, the building up of the bank of staff required to meet the Council's specific needs in particular locations and in general, managing the sheer scale and diversity of the joint arrangement.

A national tender for the provision of temporary and interim staff is currently being progressed by Procurement Scotland (Scottish Government National Contracts). This tender will result in 8 national framework agreements across a full range of staff categories. However, Trades workers fall outwith the scope of these agreements and therefore provision of temporary workers in this category will require procuring under a separate tender exercise. Subject to the outcome of the national tender demonstrating best value, the Head of Procurement will recommend migration to these national framework agreements upon the expiry of the current contract.

Whilst it is the aim of the Council to reduce the use of temporary staff there remains a requirement to maintain a provision of these services.

A similar report is being presented to Aberdeenshire Council's respective standing committee on 10<sup>th</sup> June 2010.

## **7. AUTHORISED SIGNATURE**

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## **8. REPORT AUTHORS DETAILS**

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