



PROCUREMENT

## Streamlining Agency Staff Procurement

### Summary

Northamptonshire County Council uses more than 250,000 hours of agency resource and spends over £4 million a year on the provision of temporary labour.

With more than 100 suppliers on the books, the authority needed to develop an innovative agency staff procurement strategy to reduce the number of weekly invoices and achieve the effective delivery of its agency recruitment programme.

In 2005, under the umbrella of its continuing Procurement Improvement Programme, the council set out to reduce the time and cost associated with the procurement of temporary agency staff. It also wanted to streamline the agency staff recruitment process and achieve more control over the number and quality of staff procured.

### Quote

***“We wanted to retain some control over the suppliers who were appointed to first tier status and secure the best commercial deal without incurring the significant costs of completely outsourcing the arrangement. The solution also means that the fee to the managing supplier is reduced for suppliers that we have already procured.”***

Paul White,  
Head of Procurement

## Objectives

- To maintain and improve the quality of agency staff
- To streamline the process of acquiring agency staff
- To reduce the number of invoices
- To improve management information
- To improve control
- To reduce the overall cost of securing agency staff
- To reduce the employment-related risk to the council

The council produced three options to move the provision of agency staff forward in response to its set objectives:

### Option 1

Put in place a recruitment agency to manage the sourcing of all agencies and the procurement of agency staff.

**Advantage:** Creating a 'one stop shop' for the council cutting down on duplication and saving time and cost.

**Challenge:** Losing control of the supplier selection process that could result in the use of lower quality staff and also disguise the cost of the agent's fees and mark up.

### Option 2

To create a council preferred supplier list.

**Advantage:** An easily accessible list of specified suppliers in each area would ensure time savings for the council and would also help increase the provision of high quality staff.

**Challenge:** The management of a number of suppliers at one time and the potential for staff shortage issues if preferred suppliers were unable to fulfil requirements.

### The Solution - Option 3

An amalgamation of 'Option 1' and 'Option 2'. Select a recruitment agency with a pre-selected first tier of preferred suppliers. The managing supplier filters the council's recruitment requests through to the first tier of preferred council suppliers. If the suppliers in the first tier cannot fulfil the council's needs within an agreed time, the managing supplier can open out the request to their wide base of other suppliers.

**Advantage:** The council can procure high quality agency staff from preferred suppliers it can trust, at a competitive rate. Recruitment agencies on the first tier suppliers list are guaranteed a steady stream of work.

Following the decision that 'Option 3' would offer the best efficiency savings Northamptonshire County Council ran a reverse e-auction based on quality of staff and cost. From the e-auction the council picked a list of first tier suppliers.

## Benefits

- The council now receives one consolidated invoice per week for its agency recruitment staff instead of hundreds from various different suppliers
- Following a reverse e-Auction special rates have been agreed between the suppliers and the council
- Based on the e-Auction savings, and the management fee from the managing agent, it is estimated that the council will save £500k per year on its recruitment procurement
- Large efficiency savings have been made in terms of council time for procuring staff
- With a preferred first tier list of suppliers the council has improved and can maintain the quality of agency staff procured
- The council's staffing issues can always be dealt with quickly and easily
- The first tier suppliers are guaranteed a consistent workload from the council.

## Next Steps

All of the council's service users are trained on the new recruitment system and current temporary staff can transfer to preferred suppliers, so that the council can benefit from the first tier suppliers rates. Ultimately it is expected that all services under the council umbrella will benefit from the new agency staff procurement contract awarded to 'Comensura'.

## Contact

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