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Report title: Future Temporary Resourcing Services	
Report to: Cabinet	
Report author: Cllr Susan Barker, Cabinet Member for Customer, Communities, Culture and Corporate Services	
Date: 16 February 2021	For: Decision
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 To seek agreement to change the Essex County Council (ECC) approach to temporary worker recruitment by bringing all temporary resourcing activity, including management, in house and to procure a separate payroll service for temporary staff and a dynamic purchasing system for the provision of agency staff.
- 1.2 To seek funding from the Transformation Reserve to fund temporary worker attraction activity and to deliver the in-house temporary resourcing service.

2. Recommendations

- 2.1 Agree to bring temporary staff resourcing activity and management in-house.
- 2.2 Agree to go out to the market to procure a payroll and time-sheet service for management of ECC temporary staff and to agree that the Cabinet Member for Customer, Communities, Culture and Corporate Services in consultation with the Director Organisation, development and People and Service Transformation to:
 - (a) approve the procurement approach and strategy, procurement process and evaluation model; and
 - (b) following the completion of a compliant procurement process, to approve the winning bidder(s) and award the contract.
- 2.3 Agree to undertake a competitive procurement of a Dynamic Purchasing System (DPS) for recruitment of temporary staff for hard to fill posts for a period of 5 years, with an option to extend for 5 years and to agree that the Cabinet Member for Customer, Communities, Culture and Corporate Services in consultation with Director Organisation, development and People and Service Transformation will approve the procurement approach and strategy, procurement process and evaluation model.

- 2.4 Agree that the £65,000 for temporary staff attraction activity, including the cost of national job board posting and LinkedIn Job postings, to be funded from the Transformation Reserve in Year 1 and built into future years as part of the Medium-Term Resource Strategy.

3. Summary of issue

Current Position

- 3.1 Temporary recruitment activity for ECC has been outsourced to Matrix Supply Chain Management since November 2019. This contract allows ECC to reach a number of recruitment agencies via Matrix SCM as well as to engage temporary workers that ECC are able to source directly. Prior to this, temporary worker recruitment was delivered to Essex County Council (ECC) by Capita Resourcing. Temporary worker recruitment services have been delivered by an external service provider for in excess of a 10 years.
- 3.2 The purpose of our proposed model is so that ECC can prioritise the hiring of temporary staff directly without the use of third party recruitment agencies. This offers financial savings but also allows ECC control of resourcing and the ownership of talent we source to allow us to use this talent in more effective ways without the restrictions put in place by third party agencies (such as being able to make staff permanent with no fees to be paid) and to develop our own talent pools.
- 3.3 In 2018 the Cabinet agreed to insource permanent recruitment activity and to undertake a short-term procurement of a supplier for temporary staff whilst a long-term solution to the sourcing of temporary staff was considered. Matrix SCM were appointed following a Cabinet decision in 2018 (FP/160/05/18). The Matrix SCM contract expires in November 2021 and while there is an option to extend, the recommendation in this report is that we should not do so.
- 3.4 Under the terms of the current Matrix SCM contract, Matrix SCM act as an intermediary and release ECC temporary vacancies to a preferred list of agency suppliers. This allows ECC when needed to advertise to multiple agencies at once. This current contract also means Matrix SCM provide time-sheet submission and approval technology which is fully integrated with ECC finance and invoicing systems. The current contract also includes compliance checking for agency provided workers and management Information reporting. In addition to the Matrix SCM contract, the ECC resourcing team also attract temporary workers directly where possible, using only the time sheeting/payroll element of the services offered by Matrix SCM.
- 3.5 ECC have on average 550 temporary workers engaged at any one time with around 300 – 400 temporary workers actively submitting timesheets in any one week. In the last year, ECC engaged 293 temporary workers and of these ECC directly sourced 73.26% of these workers, meaning they are not represented by a recruitment agency and we utilise the payroll and time sheeting element of the

Matrix SRM contract to pay these workers who are often referred to as 'direct' temporary workers.

- 3.6 Since the 2018 Cabinet Decision, ECC officers have undertaken a market review of models of engaging temporary workers such as full managed service, neutral vend (appointing an intermediary to source workers on behalf of ECC) and directly controlled model. As part of the review of options, ECC officers spoke with other organisations, including local authorities, and market leading recruitment firms to understand the market offer.
- 3.7 Work was also undertaken to understand the key requirements for a temporary work recruitment service of ECC's hiring managers. It was concluded that any new approach to temporary worker recruitment would need to reflect:
- a. A pro-active, flexible service which can adapt to future needs
 - b. The ability to utilise specialist agencies when required in hard to fill areas such as qualified Social Workers and specialist skills e.g. planning.
 - c. The ability to access temporary talent quickly
 - d. Temporary talent which meets all required safeguarding legislation (both legally and in respect of governing bodies such as DfE)
 - e. Establishing better routes to secure the right talent at the right time e.g. direct advertising and referrals of known talent
 - f. The ability to attract talent on a more commercial basis such as statement of work and true output-based arrangements
 - g. Value for money in respect of fees
 - h. The opportunity to convert temporary talent to permanent hires with no fees applied by agency providers
- 3.8 Three main options were considered for a new approach to Temporary Worker recruitment. These are as follows:
- 3.8.1 **Option 1** Fully outsource temporary recruitment to a third party provider who will seek to fill requirements – this is an established market option where all temporary roles are managed and filled by a third-party provider on behalf of ECC. This is difficult as ECC has a diverse range of requirements.
- 3.8.2 **Option 2** Outsource temporary recruitment to a third party provider who will act as an intermediary and release requirements to third party recruitment agencies – this option is similar to the current model and allows ECC to source temporary workers via a third party provider.
- 3.8.3 **Option 3** ECC directly sources temporary workers itself, in house and procures a timesheet and payroll provider for temporary workers engaged. It is unlikely, however that ECC would be able to meet all its requirements via direct arrangements. It would therefore need to supplement its own endeavours with direct relationships with specialist agencies for hard to fill requirements. We would do this via a 'dynamic purchasing system'. This option would allow ECC direct control over temporary resourcing, reduce costs and would allow ECC to be a leader in implementing an emerging model for delivery. This model also allows ECC much greater flexibility in developing the service further in future

models. It also allows ECC to manage directly its own supply chain of agency for known hard to fill roles.

3.9 The recommended option is option 3 Each of the options set out above are fully detailed and appraised in paragraph 4 below. The Proposed model will meet the key requirements identified and set out in 3.7 above and would offer the following to ECC:

- The ECC Resourcing team will receive and manage newly raised temporary staffing requests from the hiring community.
- A 'talent pool' first approach to identify appropriate candidates who are already engaged with ECC, vetted and ready to work to drive faster time to hire of temporary resource. This means we will always consider temporary workers who have registered in our talent pools before considering the use of agencies.
- A direct advertising focus to attract temporary workers with no agency third party involvement
- Candidate shortlisting, meaning that resourcing will only present application for the hiring managers review if they meet the basic criteria of the role.
- Facilitation of selection processes including where needed interview arrangements
- Offer management
- Candidate and hiring manager support for the duration of the candidate's assignment with ECC
- Business Insight analysis in partnership with functional stakeholders to drive effective and compliant management of a large temporary workforce.

3.10 It will not be necessary to recruit new staff to deliver to proposed approach. The service would be delivered by the existing Resourcing Support team and the team would be trained to deliver the proposed model through training and development. It was previously agreed when the current model was approved that it would be short term whilst more innovate options were explored. As such the current team was built with the ability to adapt to future models in mind and be repurposed without the need for further resource:

- Since inception the end focus has been a move towards a direct hire model. As such we have in our first year of operational delivery continually developed the existing team members to be ready for such a change e.g. training on direct hire, relevant legislation and increasing measurements of securing new temporary resource without the use of third-party agency.
- As part of a separate project talent pool technology has been identified and procured which will allow the team to manage and communicate with those seeking temporary work at ECC directly without the need for third party support. This essentially replaces the 'keep warm' communication activity previously done by third parties meaning the team can do this locally in an efficient manner.
- Talent pool technology allows ECC to advertise temporary opportunities to the direct market, to communicate opportunities to our talent pool and should we wish to, to directly release opportunities to suppliers as part of the DPS solution. The efficiencies offered by this new technology mean that the team can deliver

these improvements without the need for more resource but by repurposing to a model underpinned by improved technology.

- Both the talent pool technology and the new recruitment technology highlighted above will be fully integrated to one and other meaning hiring managers will remain in existing ECC corporate systems throughout the temporary recruitment process.

3.11 The recommended model will require ECC to procure a payroll and time sheet system to manage the temporary workers the current time sheets and payroll are managed on behalf of ECC by Matrix SCM. It will also require ECC to have pool of talent to call on and recruit from. It is proposed that this is via a Dynamic Purchasing system (DPS)

Payroll and Time Sheets

3.12 ECC managers have decided that they do not wish to use its existing payroll system for temporary workers to maintain clear separation between ECC and temporary workers that ECC do not employ. It is important to keep temporary works separate to ensure that they do not receive employment rights although many other employers are able to manage this on one system.

3.13 The payroll system will be only for successfully hired temporary workers and will comprise a time sheeting system for time submission and approval and a payroll provision to pay temporary workers and a way for them to charge ECC. It is proposed that ECC will procure this system on the basis of a 'per transaction' for each approved timesheet for this service. The Council is already in effect paying this fee as part of the sum paid to the current contractor as part of the current managed service.

3.14 The payroll only service will support

- A way for workers to submit a weekly timesheet for work undertaken.
- A facility for recording working time via electronic recording, allowing for submission of hourly and daily rates.
- The submission of outputs-based agreements (statement of work) arrangements, which will clarify the lines between professional interim service provision and consultancy arrangements made via procurement routes where payment is made based on agreed milestone outputs rather than hours or days worked.
- The submission of time on a 'pay per assessment' route to support Social Care models where payments are made based on completed assessments rather than hours or days worked.
- The submission of time for different payment arrangements such as PAYE, via limited companies, 'umbrella companies' and direct contracts/
- Be fully integrated into ECC's systems to recharge costs to the correct budget.
- The payroll of all worker types mentioned with the legally required deduction made and paid to HMRC.

- 3.15 Should the proposed option be agreed ECC will need procure and manage a supply chain of specialist agencies. Two options have been considered for this including framework and a Dynamic Purchasing System (DPS) and they are further detailed in the Options section of this report. The recommended option is to create a DPS.
- 3.16 A DPS is similar to a framework for the supply of services. It is an electronic system which suppliers can join at any time provided that they prequalify. A DPS would give ECC access to a pool of pre-qualified suppliers and for ECC to add new suppliers. It will be necessary for ECC to run a procurement process compliant with the Public Contract Regulations 2015 to procure a payroll and time sheet system and also to set up a DPS. The procurement approach, process and documents will be taken forward once approval has been given to procure with the proposed option. The separate decision will be taken to approve the procurement approach, process and documents and in the case of the payroll and time sheet system, award of the contracts following the procurement process.
- 3.17 ECC will be one of the first local authorities to implement the proposed insourced model if approved and will be one of the first to deliver meet its workforce strategy commitment.
- 3.18 The proposed model will allow ECC control over the 'social value' aspect of temporary resourcing and the Council to develop a pool of talent which will primarily be advertised in Essex. We will also be able to undertake development activity by targeting people from areas of deprivation to ensure we continue to support economic growth within the County. All appointments will be made on merit.
- 3.19 If implemented, there would be no operational impact or change to the hiring manager operational experience of recruiting temporary workers as in the current operational process Hiring Managers do not interact with the current provider or agencies. They work via the ECC resourcing team. The benefits will be seen in both value for money and quality of talent hired directly.
- 3.20 There is an opportunity for ECC to commercialise temporary worker services in the future should it wish to do so. ECC could consider providing temporary worker solutions to other organisations and generate income. Any plans for selling services to other organisations would be the subject of a separate decision.

4 Options

Option 1 ECC to procure a managed service model - Not recommended

- 4.1 Option 1 would involve one procurement which would see ECC outsource the entire provision of temporary resourcing to a third-party organisation. The benefits of this approach are that only one procurement would be needed and very little internal resource would be required to make the contract. However, this would be inconsistent with the decision taken in 2018 to move away from

this model and it would not give ECC any control over the candidate and hiring manager experience. It also limits ECC's desire to control its brand, be innovative in resourcing and deliver service excellence. There would also be no opportunity for the direct hire of temporary workers and the model would be more expensive than the recommended option. For these reasons, option one is not recommended as it would be a backwards step for ECC and a more costly solution.

Option 2: ECC to extend the current arrangements for a further year until November 2022.

- 4.2 This model is successfully operating has delivered savings. Only limited work would be required to agree the extension. The current arrangements allow ECC to both direct temporary worker hires and access the agency market. However, this option would only delay the requirement for a longer-term solution and the need to re-visit our temporary worker services model. It is also not consistent with the previous decision of Cabinet and does not deliver any further opportunities for savings. It also limits ECC's ability to control its brand, be innovative in resourcing and deliver service excellence. This is not the recommended option as it does not give ECC the opportunity for innovation, savings and future commercialisation we are seeking.

Option 3: ECC to act as the managed service, directly procuring a supply chain of specialist agencies and procuring a payroll solution for the temporary workforce – **Recommended Option**

- 4.3 This option will result in ECC delivering all temporary resourcing. The Council would develop its own contacts with temporary workers and contract with them directly, only using third party agencies for hard to fill vacancies. This gives full control of the brand and attraction to ECC and provided an opportunity for savings. It would be an innovative model in the market and provide future opportunities for savings. It will enable ECC to retain a specialist supply chain for hard to fill and specialist roles. The disadvantages are that ECC will have limited experience to draw upon and will need to develop a way of directly finding temporary workers, procurements will be required and, where agencies are used, ECC will need to directly manage agency supplier contracts.
- 4.4 The procurement issues can be mitigated by creating a Dynamic Purchasing System (DPS) for specialist agencies with a call of process for each recruitment which requires agencies to submit suitable CVs. This option would also allow ECC to eliminate reliance on a third-party provider and achieve cost savings. The additional benefits of using a DPS include the ability to keep it in place for up to 10 years and to approve new suppliers at any time during the term. A DPS can also provide a streamlined route to market for both the buyer and suppliers which should encourage participation from the market. Resource is required to manage a DP throughout the term to approve new suppliers within required timeframes and to complete electronic call offs.
- 4.5 ECC officers have considered a Framework rather than a DPS for specialist agencies. This would allow ECC to eliminate reliance on a third-party provider

and achieve cost savings. However, a DPS is a better option for ECC as creation of a framework requires significant resource and can only be in place for a maximum of 4 years. New suppliers cannot be added to a framework during the term which is limiting. Suppliers may be reluctant to complete the timely process required to join the framework.

- 4.6 Option 3 is the recommended option as it builds on the success of the in-house delivery of permanent recruitment services, offers the opportunity for commercialisation, savings and positions ECC as a market leader in this field.

5. Issues for consideration

5.1 Financial implications

- 5.1.1 In November 2019, the service migrated the recruitment of temporary workers from an externally provided managed service model to outsourcing temporary recruitment to a third-party provider, Matrix Supply Chain Management, who acted as an intermediary and release requirements to third party recruitment agencies.

- 5.1.2 The financial impacts of the three options are set-out below, analysing overall past and estimated future expenditure on temporary workers, along with the average supplier mark-up for each option.

- 5.1.3 During 2020/21, it is estimated that £14.5m will be spent on temporary workers. This is significantly lower than the spend on temporary workers in previous financial years however the organisation still pays a sizeable mark-up on these employees, particularly for agency workers. Staff budgets are managed by each of the functions; they do not sit centrally. The budget for the resourcing team is held in the function, 'Organisation Development & People'.

- 5.1.4 Each service is provided with the budget to fund their permanent establishment. If a service needs to hire a temporary worker, they need to ensure there is enough money in their budget so that the service does not overspend. If a temporary employee is significantly more expensive than a permanent member of staff, this puts additional strain on the service's budget and available funds throughout the year, preventing them from hiring more employees or spending more to improve outcomes and achieve service deliverables.

- 5.1.5 Temporary employees can be more expensive than permanent members of staff for a variety of reasons, including the availability of that position in the workforce and their integral importance to the organisation hiring them. A key factor which can be influenced by the hiring organisation is the mark-up. This is charged by agencies and third parties for sourcing temporary employees and for the provision of other services, such as payroll. The 'mark-up' is the amount charged on top of what the employees are actually paid for their services. Reducing this mark-up gives budget holders the ability to spend more resource on other areas of their service.

5.1.6 Expenditure across the organisation on the temporary workforce in 2020/21 is expected to be as follows:

Table 1:

Function	Total Charge Apr-20 to Oct-20 (£'000)	YTG Run Rate (£'000)	FY Estimate (£'000)
Adult Social Care	3,037	2,169	5,207
Children & families	1,066	762	1,828
Corporate & Customer Services	511	365	875
Education	474	339	813
Finance & Technology	1,241	886	2,128
Organisation Development & People	1,110	793	1,903
Place & Public Health	907	648	1,555
Traded Services	119	85	204
External Bodies	11	8	19
Grand Total	8,477	6,055	14,532

5.1.7 There are a number of variables which make it difficult to compare results year-on-year. The overall number of temporary workers employed by Essex County Council will have an impact on the overall cost – years with a higher number of temporary workers will obviously cost more. As an alternative, the models are evaluated using information provided on the supplier's mark-up for temporary workers. The supplier mark-up is the percentage suppliers charge ECC for sourcing agency staff and providing additional services, such as payroll.

Summary of Options:

5.1.8 The estimated annual impact of the three proposed options is summarised in the tables below.

Table 2: Estimated Annual Cost of the Options (Years 1 to 4):

Options	Total Pay before Mark-Up 2020/21 (est.) £'000	YEAR 1: Total Charge incl. Mark-Up £'000	YEAR 2: Total Charge incl. Mark-Up £'000	YEAR 3: Total Charge incl. Mark-Up £'000	YEAR 4: Total Charge incl. Mark-Up £'000
ECC to Extend the Current Arrangements with Matrix Supply Chain Management	£13,653	£14,532	£14,532	£14,532	£14,532
ECC to Procure a Managed Service Model	£13,653	£15,197	£15,197	£15,197	£15,197
Recommended - ECC to Act as the Managed Service (Procure Agencies via DPS)	£13,653	£14,461	£14,373	£14,288	£14,273

Table 3: Potential (Net Savings)/ Cost Pressures of each Option in Comparison with the Current Arrangements (Years 1 to 4):

Options	YEAR 1: Cost Pressure/ (Savings) £'000	YEAR 2: Cost Pressure/ (Savings) £'000	YEAR 3: Cost Pressure/ (Savings) £'000	YEAR 4: Cost Pressure/ (Savings) £'000
ECC to Extend the Current Arrangements with Matrix Supply Chain Management	£0	£0	£0	£0
ECC to Procure a Managed Service Model	£665	£665	£665	£665
Recommended - ECC to Act as the Managed Service (Procure Agencies via DPS)	(£71)	(£159)	(£244)	(£259)

5.1.9 By Year 4, it is estimated the annual savings across the organisation and services who employ temporary workers will be **£259,000**. The savings will be realised across all functions in the organisation who have employed temporary workers. Provided that requirements and the cost of temporary workers at Essex County Council remains the same, the £259,000 annual savings will continue to be realised. The proposed option requires £65,000 of attraction costs, as discussed below, over a period of three financial years. These costs have been included in the figures estimated above. It is proposed that these one-off costs be funded from the transformation reserve. For a detailed analysis of options one and two in the above summary table, please see the financial appendix.

Recommended Option: ECC to act as the managed service, directly procuring a supply chain of specialist agencies via DPS and procuring a payroll solution for our temporary workforce. This will mean ECC will have effectively in-housed temporary resourcing.

5.1.10 In this option, Essex County Council would become the managed service. ECC will develop and manage its own Dynamic Purchasing System (DPS) to enable the council to continue providing a similar service to what is offered by the current third party. Essex would inherit the existing direct hires from Matrix SCM and move these employees to an organisation who would only need to provide an external payroll service for ECC's temporary workforce. Some existing agency workers may migrate to direct hire status depending on their length of service. If not, they would remain with their agency and their agency would join ECC's DPS supply chain.

5.1.11 For those who remain agency staff, the cost to ECC is likely to reduce slightly. Matrix SCM currently charge a 20p per hour fee for all agency employees. For direct hires, the service estimates a reduction in the mark-up for these employees as ECC will only need a supplier to provide payroll services for these workers.

5.1.12 The soft-market testing unfortunately did not return many bids to enable robust benchmarking of prices. The service approached ECC's current supplier, Matrix

SCM, who suggested they would only charge between 2% and 3% for a payroll-only service. Without further market testing, it is difficult to estimate the benefits of this option with complete accuracy, but it is very unlikely to be more expensive than the current model with Matrix SCM.

5.1.13 The following table uses the above assumptions to estimate 2020/21 costs and to compare options two (current arrangement) and three (recommended option). As mentioned previously, the current Matrix charge of 20p per hour would no longer apply. With regards to the supplier mark-up for directly employed temporary staff, the median percentage from Matrix's response, 2.5%, has been applied to analyse potential costs. The savings potential resulting from a reduction in the mark-up for direct hire employees, in comparison to the current 3.38% average, shown in table 4 in the appendix. There is potential for the supplier mark-up on agency staff to reduce further in this model, however it is unclear at this stage how much of the % mark-up goes to the agencies themselves and how much is taken by Matrix.

5.1.14 of the combined annual savings from a reduction in the direct hire mark-up and no longer paying the 20p per hour agency charge is estimated to be **£101,000** across all functions, although as stated this is a rough estimate as the mark-up for Matrix and other suppliers in the market for being a 'payroll-only' partner has/ not been explored in great detail.

Table 4:

	£'000
Direct Hire – Reduction in Mark-Up	62
Reduction in Hourly Agency Fee (20p per hour)	39
Potential Savings	101

* A detailed breakdown of the potential savings can be found in the financial appendix.

Additional Investment Required:

5.1.15 The service has estimated total investment costs of £65,000 to be split over three financial years, as displayed in the table below. It is proposed that this will be funded from the transformation reserve in year 1 and built into future years as part of the medium-term resource strategy.

Table 5:

Service Delivery Investments	Year 1 (£'000)	Year 2 (£'000)	Year 3 (£'000)
Attraction	30	20	15

This investment should enable the service to reach-out to and attract further talent, reducing the need for agencies. The increasing percentage of temporary workers that are 'direct hires' rather than 'agency staff' should reduce the overall mark-up paid on temporary employees and reduce the overall cost to the services who employ temporary workers.

The existing split of the temporary workforce at ECC is 70% direct hire and 30% agency. The service believes that over the next three years, with the additional attraction work, 80% of temporary employees will be direct hires.

Table 6 details how much could potentially be saved if 75% of the organisation's existing temporary workforce were 'direct hires' by year 2, and if 80% were 'direct hires' by year 3. This analysis assumes the existing level of temporary worker activity continues. In reality, use of temporary workers fluctuates each year, depending on service requirements:

Table 6:

Temp Worker – Source	Total Mark-up Year 1 (£'000)	Total Mark-up Year 2 (£'000)	Total Mark-up Year 3 (£'000)
Agency	602	502	401
Direct	175	197	218
Grand Total	777	699	619
Potential Savings		78	158

A more in-depth look at this potential savings can be found in the financial appendix.

The estimated net savings potential from the recommended option over the next three years is detailed in the table below. Any savings realised will be across all functions in the organisation who have employed temporary workers. Although the overall savings can be estimated, the amount attributed across the organisation cannot be identified against specific services with accuracy as the use of temporary staff varies year-on-year. Therefore, the services will simply benefit from marginally lower costs when temporary staff are required:

Table 7:

	Year 1 (£'000)	Year 2 (£'000)	Year 3 (£'000)	Year 4 (£'000)
Direct Hire – Reduction in Mark-Up	62	62	62	62
Reduction in Hourly Agency Fee (20p per hour)	39	39	39	39
Increasing the Percentage of Direct Hires	0	78	158	158

Attraction Costs	(30)	(20)	(15)	0
Net Potential Savings (recommended option)	71	159	244	259

5.1.16 According to the service, there will be no additional resources required to manage the new model. Setting-up a DPS and managing agencies initially, may be time-consuming during the early months, but the service believes managing this demand should become much easier after that.

5.1.17 Procurement will be involved with the set-up and establishment of this model. After that the resourcing team will manage the day-to-day aspects of the business. This will likely require a 'refocus' of the temporary recruitment team's activities to managing the suppliers/agencies rather than Matrix – however priorities will remain the same and this should not put additional strain on service provision.

5.2 Legal implications

5.2.1 ECC are a contracting Authority for the purposes of the Public Contract regulations 2015 and are required to run compliant procurement processes when purchasing goods and services.

5.2.2 ECC will need to undertake a procurement exercise in accordance with the provisions set out in the Public Contracts Regulations 2015 and ECC's procurement policy and procedures in order to set up the DPS and also to purchase the Payroll system. The detail of these procurements along with the evaluation methodology and contract terms will be subject to a separate decision by the Cabinet Member.

5.1.3 There is no legal requirement to have a separate payroll system. The current payroll system is used for the pay arrangements of many people who are not employees, such as councillors, independent members and various statutory roles. There may however be other operational requirements to have a separate payroll system.

5.1.4 The Council already has ways of recruiting permanent or fixed term employees. This would be used for recruiting temporary workers who would not legally be employees, either because they work through an agency or because the nature of the work does not the legal test for employees. People engaged in this way usually have rights as 'workers' but not full employment rights. This way of meeting the council's need for work enables us to manage peaks of work, provide cover for temporary absences, resource short term projects or providing cover pending permanent recruitment.

6. Equality and Diversity implications

6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

6.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic. All temporary requirements will be advertised openly by ECC and the application process will be open and transparent. All appointments are made on merit but ECC will also honour schemes already in place to offer Care Leaver, those with a disability and veterans a guaranteed interview.

7. List of appendices

Financial appendix
Equality Impact Assessment

8. List of Background papers

None.