

Appendix 2

1.0 Business Case Assumptions

The Business Case has been developed in collaboration with Opus and the key assumptions are detailed in the table below:

Table 1 – Assumptions used in development of Business Case

Assumption	Comment
<p>The proposal is based upon Opus being able to sign up and provide agency workers directly to CCC. The financial savings are based on the assumptions on the share of direct supply detailed in Table 2 below.</p> <p>The % figures used for direct supply of social workers are slightly lower than those achieved in SCC to reflect the fact that Opus were already an established brand in Suffolk which will not be the case in Cambridgeshire</p>	<p>The figures are based on the experience of Suffolk CC over several years for agency workers for admin and professional staff and in the case of social workers since November 2015. As at June 2016 nearly 25% of new social worker placements are being made via direct placements. The proposal includes Opus recruiting two recruitment specialists based in Cambridgeshire to support the sign up of agency workers</p> <p>The assumptions include the scenario of only CCC participating, as well as the scenario under stage 2 where more authorities join, that will make the agency (Opus) more attractive for agency workers to sign up to.</p>
<p>The assumptions on the extra staff required to manage the additional agency requirements from CCC have been provided by Opus. Any potential TUPE implications from existing Guidant staff will also need to be considered.</p>	<p>The basis of the proposal is to have a small local presence in Cambridgeshire as described above with other back office functions being performed in Suffolk to minimise costs. It is not envisaged there will be any TUPE implications under Stage 1 but this may be a consideration under Stage 2</p>
<p>The working assumption is that bookings for agency staff will be made on- line with only occasional bookings be being made via phone as is the case in Suffolk</p>	<p>In the event that CCC make the majority of bookings being made via phone this will require additional back office resource at Opus that will reduce annual savings by up to £30,000 p.a.</p>
<p>The assumptions on future agency spend are based on current spend levels less existing committed reductions in the use of social workers and therefore any further reduction in agency numbers will reduce the supply chain savings detailed.</p>	<p>In the event that agency usage/spend falls within CCC the benefits outlined in this paper would fall although the overall costs to CCC will fall directly as a result of using less agency staff. The approach with a number of other partners reduces the risks associated with a reduction or increase in demand by any individual authority</p>

<p>The figures for stage 2 are based on MKC and NCC participating. Whilst this is supported at Officer level it does require Cabinet approval in each authority and the future assumptions on agency numbers may change particularly in NCC.</p> <p>Discussions are also underway with Peterborough but at this stage their volumes have not been included in the assumptions in Appendix 1. It is anticipated however that this would only make a marginal difference to the benefits for CCC.</p>	<p>MKC Officer and Cabinet Member briefed. Will require Cabinet approval that will be sought by the end of 2016. The current contract arrangements in MKC end on 31/8/17. NCC Cabinet approved the extension of the Guidant Contract until August 17. Commitment to take back business case based on working in partnership with Suffolk by the end of November 16.</p>
<p>The implementation will require support from HR, Finance, Procurement, IT and service users</p>	<p>Dialogue and input has already been sought and this will continue</p>

Table 2 – Assumptions on the % share of agency workers provided directly by Opus over five year period

Average % of agency workers provided direct by Opus (Start Jan 17) under Opus Model CCC only – Stage 1	Year 1	Year 2	Year 3	Year 4	Year 5
Social Workers (c70% of value)	10%	30%	40%	45%	45%
Others (c30% of value)	25%	60%	65%	75%	75%
Average % of agency workers provided direct by Opus (Start Jan 17) should participation from MKC and NCC also be agreed from August 2017- Stage 2 Case	Year 1	Year 2	Year 3	Year 4	Year 5
Social Workers (c70% of value)	12%	35%	45%	55%	55%
Others (c30% of value)	28%	66%	75%	80%	80%

The assumption of the increase in direct supply under stage 2 is based on the Agency being more attractive to agency workers to sign up to as they will be able to work across multiple authorities.

2.0 Benefits and Risks associated with Proposal

The major advantages of the proposed two stage approach with Opus are:

- Opus has been operating successfully for a number of years and supply c£10m annually of professional and admin agency workers and have now extended this to include social workers into Suffolk CC from November 2015. They have established systems and processes in place that will enable implementation and the benefits to be realised earlier than a standalone implementation;
- By entering into an agreement with Opus and a wider range of partners under stage 2 we will secure greater economies of scale both from a staffing perspective and system costs;
- An Agency company covering multiple partners will be more likely to attract candidates to sign up for the agency thereby increasing the lower cost direct supply especially for areas where candidates are prepared to travel such as social workers and professional staff;
- An agency involving other partners across a wide geographical region is more likely to be able to influence the market forces of supply and demand which are driving up hourly rates and the cost of agency worker pay, as well as shaping wider issues associated with recruitment and retention;
- In the event that more partners and customers join, CCC will benefit directly from a lower unit cost being achieved via the proposed share in success business model;
- The approach of working with other partners is more viable than a 'standalone' agency for a single local authority.

Table 3 Risks identified and proposed mitigation are:

Risk	Proposed Mitigation
The business case is based on a number of assumptions including the gradual increase of agency workers being supplied directly by Opus. This is also based on assumed CCC demand levels for agency workers remaining static over the next 5 years.	All the assumptions have been developed and tested with Opus based on their direct experience with Suffolk CC. The assumptions have also been reviewed with and validated by the Head of Finance and Performance. The arrangement will include KPI's based on the assumptions and if the targets are not met then CCC would have the option of looking at alternative arrangements. The assumptions on CCC demand levels have taken account of CCC plans to reduce the use of agency workers during 2016/17.
The current contract arrangement with Guidant and their extended supply chain generally provides security of supply for agency workers who are often required at short	The proposed arrangement is based on Opus securing and providing agency workers directly where possible, with the balance being supplemented by an extended supply chain. Opus have a robust framework in place with the extended supply chain

<p>notice.</p> <p>In addition suppliers from the existing supply chain managed by Guidant will not sign up to the new arrangements and will try to increase their margins as they will be getting a smaller share of the market in future.</p>	<p>already that includes a vetting process to ensure the suppliers meet the quality standards required.</p> <p>It is possible that some of our existing supply chain will not sign up but given the range of market providers it is felt there will be sufficient suppliers prepared to sign up to maintain supply. Opus currently have over 100 suppliers signed up.</p>
<p>The proposed approach will reduce the supply chain costs associated with securing agency staff but will not directly change either the demand for agency workers or the direct pay they receive</p>	<p>LGSS HR will continue to support CCC to exploit further opportunities to reduce their reliance on agency workers through the overall workforce strategy including the targeted recruitment and retention strategies and improved workforce planning. LGSS HR have also worked with the service to benchmark CCC pay levels against the market and make appropriate adjustments to ensure CCC remains an employer of choice.</p>
<p>The proposed approach involves Opus signing up agency workers to work in CCC and utilising support contracts procured by Suffolk CC to cover demand Opus cannot satisfy and this approach does carry some procurement risk</p>	<p>Assurance will be required that the external contracts that CCC will benefit from are available for CCC to use and if this is not the case, CCC will need to procure and contracts for these services directly and assign these contracts, if necessary.</p> <p>Appropriate joint arrangements will need to be put in place with Opus that may include the creation of a jointly owned Agency Company that could be expanded upon in Stage 2.</p>
<p>Anticipated that the proposal will deliver both financial and non financial benefits but these are dependent upon the assumptions used being correct.</p>	<p>It is proposed that the Stage 1 arrangement with Opus has specific targets relating to savings and performance and in the event that these are not met the agreement will include the option of CCC terminating the arrangements with Opus.</p>
<p>The anticipated benefits under Stage 2 are subject to current assumptions on agency numbers in MKC/NCC and them joining the arrangement and successfully negotiating an agreement with all parties that will require Cabinet approval in those authorities.</p>	<p>If the Stage 2 arrangements do not materialise then CCC would have the option of terminating or continuing with the Stage 1 arrangement.</p> <p>The agency numbers in MKC and NCC have been forecast based on current estimates but particularly in NCC may change in the future that could impact forecast savings.</p>