

Opus LGSS Update

To: Strategy and Resources Committee
Meeting Date: 21 September 2021
From: Director of Customer and Digital Services.

Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

Outcome: This report sets out a proposed extension to the current arrangements in respect of Opus People Solutions (East) Limited (formerly Opus LGSS People Solutions Limited), a joint venture company, which provides agency workers to its shareholding councils, of which Cambridgeshire County Council is one. By participating in this joint venture Cambridgeshire is able to secure agency workers at a very competitive rate with any profits resulting from this joint venture being divided up between the shareholding councils. This helps us to reduce our costs when we need to secure temporary support for key services from agency workers.

Recommendation: It is recommended that the Committee approves:

- a) an extension of the joint venture for a further 5 years from 8 January 2022.
- b) to delegate the re-negotiation of the Services Agreement for Cambridgeshire to the Section 151 Officer, in consultation with the Chair of Strategy and Resources Committee.

Officer contact:

Name: Janet Atkin
Post: Assistant Director, HR Services
Digital Services
Email: Janet.atkin@cambridgeshire.gov.uk
Tel: 07775 024309

Member contacts:

Names: Councillors Nethsingha & Meschini
Post: Chair/Vice-Chair
Email: Lucy.Nethsingha@cambridgeshire.gov.uk
Elisa.Meschini@cambridgeshire.gov.uk
Tel: 01223 706398

1. Background

- 1.1 In July 2016 the former General Purposes Committee approved the creation of a new company, Opus LGSS People Solutions. The Company was established so that the council could access agency staff without the margins charged by private sector providers, and so that it would benefit from direct access to a wider pool of staff resources. Under the proposal Cambridgeshire County Council and Opus (who are owned by Suffolk County Council) were the initial shareholders.
- 1.2 The report to committee outlined the intention and benefits of other local authority partners, who were then part of the local government shared service known as LGSS, joining as shareholders at the end of their existing contractual arrangements with other providers.
- 1.3 Northamptonshire County Council joined the arrangement as planned in August 2017 and Milton Keynes Council joined as a shareholder in September 2018.
- 1.4 At that time consideration of the on-going arrangements for the joint venture were delegated to the then Managing Director of LGSS in consultation with the Chairman of the General Purposes Committee and the Council's Section 151 Officer.
- 1.5 The joint venture relies on Teckal exemptions under procurement contract regulations, which has been validated by legal teams across all shareholding authorities (Suffolk County Council, Cambridgeshire County Council, Northamptonshire County Council and Milton Keynes Council).
- 1.6 In the 1999 judgment of Teckal (C-107/98) the European Court of Justice established an exemption from public procurement for the award of contracts by a public authority to a separate entity provided certain requirements were met. Those requirements were that:
 - The contracting authority must exercise sufficient control over the separate entity
 - The separate legal entity must carry out the essential part of its activities for its owner authority/ies ("the essential activity test").
- 1.7 Under the Teckal exemption a contracting authority may award contracts directly to an organisation that it has control over and does the majority of its work for the contracting authority (which should mean that no more than 20% is for external clients). This is the case with Opus Cambridgeshire.
- 1.8 The joint venture provides a seat on its board of directors for all shareholders. The existing Service Agreement term is until 8th January 2022 with the initial term having been set at 5 years.
- 1.9 Opus have recently commenced a long-term arrangement with Peterborough City Council to deliver its temporary agency recruitment needs. This will bring further financial benefits to the joint venture and will enable recruitment processes and policies to be aligned with Cambridgeshire County Council in support of existing shared services such as those in Adults and Children's Social Care. This new arrangement will also facilitate improvements in management information for the two councils.

2. Original Joint Venture objectives

2.1 Objective 1 – Greater Influence and support to overall workforce strategy

2.1.1 The Opus model provides dedicated Opus staff who work closely with the council's HR service. This close working has been essential in the successful implementation of this joint venture and in driving overall performance, building relationships with managers and managing spend on agency staff that sits outside of this arrangement, ensuring that the council is satisfied with the service being provided.

2.1.2 Since implementation the council has benefited from having a representative on the joint venture's Board of Directors. This position is currently held by the Director of Customer and Digital Services, the lead Director with responsibility for HR services. The Board meets monthly to discuss the operational and financial progress of each council's contract as well as the progress of the joint venture as a whole. In addition, quarterly contract review engagement is carried out with the senior officers from the council's HR team.

2.1.3 This approach has enabled the joint venture to support the council on strategic workforce priorities as well as key risk areas like compliance with new or changes to legislation and how best to work with other recruitment companies when required. One of the services Opus delivers is audit visits to recruitment supply chain agencies. Here Opus conduct a series of checks to ensure standards are maintained across this supply chain for when we need to use these agencies in the recruitment of staff.

2.1.4 One of the hallmarks of Opus' work is compliance standards. We have seen that they work diligently to ensure that compliance is of the highest standard, and this is of particular importance to the workers we engage into roles where safeguarding is a key element.

2.2 Objective 2 – To provide financial savings.

2.2.1 Financial performance and savings are covered in 2.4 and 2.5 below.

2.3 Objective 3 – To ensure continuity of supply of agency workers

2.3.1 Opus directly supply on average 88% of the required agency workers (outside of social work) and utilise a supply chain of over 150 national and local supply agencies for those they cannot fill directly. These agencies have been accredited to ensure high-quality provision, at pace, that meets the council's needs. All suppliers are signed up to the same terms and conditions to ensure a consistent approach to both standards and price.

2.3.2 Currently, Opus are the second biggest supplier of social workers into their contracts, behind only the UK's largest social work agency. This has been achieved by the operation of specialist recruitment desks across hard to fill sectors, like Social Work and Residential Care.

2.4 Financial Performance

2.4.1 Since incorporation the Opus Cambridgeshire, Northamptonshire and Milton Keynes joint venture has realised excellent financial performance (as required by the original objective to provide financial savings) as follows:

Financial year	Net profit	Commentary
2017/18	£131k loss (Actual)	Initial period, loss expected due to set-up costs. Cambridgeshire – from Jan 17 Northamptonshire – from Aug 17
2018/19	£129k profit (Actual)	Set-up costs recovered Milton Keynes – from Aug 18
2019/20	£320k profit (Actual)	£200k dividend paid to Shareholders
2020/21	£407k profit (Actual)	Increase demand due to Covid response roles. £330k dividend voted for shareholders
2021/22	£344k (Forecast)	

2.4.2 In addition to the excellent financial performance of the Joint Venture, the councils have received the following benefits:

- 10% of annual spend on agency staff has been saved by the councils in the first 4 years, to March 2021. This has significantly exceeded expectations of the original business case signed off by the councils.
- Of the placements made in 2020/21 (excluding social work), 88% were filled via OPUS' own talent pool where there was no requirement to utilise 3rd party agencies. Placements supplied from the OPUS talent pool ensures control on quality and also reduces the cost to the council.
- Strong relationships have developed with operational management in the HR service and the wider organisation via Opus teams being embedded with the service, delivering quality recruitment solutions at pace, which provides significant savings to both the time and resources for our staff.
- Excellent customer satisfaction (96%), compliance (100%) and a high proportion of roles directly filled by Opus (88% direct fill rates outside of social work).
- Opus have upheld and enforced Cambridgeshire County Council's policies and processes and where required have supported the organisation through recruitment freezes.

- Significant and robust supply chain of over 150 agencies, all on standardised terms which enable OPUS to fill roles across all job categories, even in hard to fill areas.
- The supply chain is managed via a Dynamic Purchasing System which enables new supply agencies to be added at any time giving flexibility and opportunity to on-board local niche agencies

3. Alignment with corporate priorities

- 3.1 Communities at the heart of everything we do
There are no significant implications for this priority.
- 3.2 A good quality of life for everyone
There are no significant implications for this priority.
- 3.3 Helping our children learn, develop and live life to the full
There are no significant implications for this priority.
- 3.4 Cambridgeshire: a well-connected, safe, clean, green environment
There are no significant implications for this priority.
- 3.5 Protecting and caring for those who need us
There are no significant implications for this priority.

4. Significant Implications

- 4.1 Resource Implications
There are no significant implications within this category. The financial and human resource implications are set out in the report. There are no property or IT related matters appertaining to the content of the report.
- 4.2 Procurement/Contractual/Council Contract Procedure Rules Implications
The relevant Procurement information is set out in Section 1 of this report in relation to the Teckal exemption.
- 4.3 Statutory, Legal and Risk Implications
Having this well-established working arrangement with Opus helps us to manage risks particularly in relation to hard to fill roles and through the pandemic when we have had to step up high volumes of staff at short notice to support our outbreak management activity.
- 4.4 Equality and Diversity Implications
Opus uphold and work within Cambridgeshire employment policies and practices including our commitment to equalities through the recruitment of staff – an area that we are strengthening as part of our council wide commitment to equalities, diversity and inclusion.
- 4.5 Engagement and Communications Implications
There are no significant implications within this category.
- 4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 Public Health Implications

No direct implications, but Opus have played a key role in engaging large numbers of agency workers against tight timescales to support the Council's covid response over the last 18 months.

4.8 Environment and Climate Change Implications on Priority Areas

There are no significant implications within this category.

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Tom Kelly, Section 151 Officer

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes

Name of Officer: Henry Swan, Interim Head of Procurement

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes

Name of Legal Officer: Fiona McMillan, Director of Legal and Governance

Have the equality and diversity implications been cleared by your Service Contact?

Not applicable

Have any engagement and communication implications been cleared by Communications?

Not applicable

Have any localism and Local Member involvement issues been cleared by your Service Contact? Not applicable

Have any Public Health implications been cleared by Public Health? Not applicable

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Not applicable

5. Source documents

5.1 Source documents

None