

5.6 AUTHORITY TO ACCESS PROCUREMENT AUSTRALIA CONTRACT (2312-0618 Recruitment, Training & Associated Services)

Responsible Officer: Dr Andi Diamond, Chief Executive Officer

DELEGATE'S DECISION

That Council:

1. *Approves access to the Procurement Australia contract for Recruitment, Training & Associated Services (PA Contract No. 2312-0618) for the following categories of service:*

- Category 1: Permanent Recruitment – Executive*
- Category 2: Permanent Recruitment – Entry/ Middle/ Senior*
- Category 3: Temporary Recruitment*
- Category 4: Managed Services Program (MSP) Providers for Contingent Labour*
- Category 9: Psychometric Testing & Skills Assessment*

2. *Authorises the Chief Executive Officer or her delegate to execute the contract agreement/s;*

3. *Notes that the contract will commence on notification to Procurement Australia, with an initial term ending 31 December 2023 and the contract has two separate extension options of one year each and authorises the Chief Executive Officer to approve extension options subject to extension by Procurement and Australia and satisfactory performance for the City of Monash;*

4. *Notes that spend under the contract will be governed by existing budget management processes, including current commitments to achieve savings related to temporary workforce (Agency) spend and is currently estimated at \$3,000,000 per year.*

*(*Please note that all dollar figures are GST Inclusive unless stated otherwise)*

INTRODUCTION

Under the Local Government Act, the Municipal Association of Victoria, Procurement Australia and the Victorian Government Department of Premier & Cabinet are able to establish contracts on behalf of, or make accessible to Local Government authorities so that they may access suppliers in an efficient and cost effective manner.

These organisations are focused on achieving better procurement outcomes by aggregating demand and achieving improved commercial and service outcomes.

Procurement Australia was Council's incumbent contract for Recruitment & Associated Services prior to the contract expiring in December 2020 and this report is seeking to re-engage for these services under Procurement Australia's renewed contract following their recent group tender process.

BACKGROUND

The provision of the temporary workforce recruitment was most recently provided through a Procurement Australia Panel Contract (Council Contract No. 2017061) and this expired on 31 December 2020. Temporary recruitment services remain as an existing business need to fill short term immediate service gaps and to ensure the continued delivery of key business services. Spend in this category has also been under heightened review and tighter management and savings have been delivered during the past 12 months.

In addition, the Procurement Australia panel contract has also provided us with access to Permanent Recruitment services and Psychometric and Skill Testing Services as required to support best value selection and recruitment options for our permanent workforce on an 'as required' basis.

DISCUSSION

Three options were considered in accessing recruitment services for Council:

1. Continuing engagement through Procurement Australia, under the renewed contract terms and rates
2. Engaging through an alternate aggregator contract facilitated by MAV Procurement
3. Running our own tender process

In assessing these options, consideration was given to:

- a. Internal resource requirements and costs for managing and evaluating our own tender process;
- b. Similarity of rate offerings between Procurement Australia and MAV Procurement;
- c. The enhanced market power available through aggregator contracts (such as those offered by Procurement Australia and MAV Procurement);
- d. The mid 2022 contract expiry of the current MAV Procurement contract (which would necessitate further resource effort to review options, again, within the next 12 to 18 months);
- e. The lack of a temporary workforce standard panel arrangement from MAV Procurement; and
- f. MAV Procurement only supports a Managed Vendor Service for Temporary Workforce Recruitment, and Council is not yet ready to move directly to this option (transition time from our panel based arrangements is required to ensure continuity of service to minimise business disruption).

The Procurement Australia contract offers services in 13 categories (details of all categories provided in Appendix A). The following five service categories are required by Council:

- Category 1 – Permanent Recruitment – Executive
- Category 2 – Permanent Recruitment – Entry/ Middle/ Senior
- Category 3 – Temporary Recruitment Panel
- Category 4 – Managed Service Provider (MSP) for Contingent Labour (*under review for future use to potentially replace Category 3*)
- Category 9 – Psychometric Testing & Skills Assessment

With the exception of Category 4, all of these services represent a continuation of supplier services currently utilised by Council. Engagement with the services is managed through the People and Culture department of Council, and the availability of such engagement provides

enhanced budget control by discouraging direct engagement with Managers from suppliers who do not have approved aggregator terms and rates. Current processes for the use and management of these engagements will be maintained.

Category 4 (Managed Service Provider (MSP) for Contingent Labour) represents engagement of a new service model for Council. Initial investigation of this service identifies:

- It is likely cost neutral, or better, once implemented;
- It provides much greater transparency and budget control of Temporary Recruitment spend by facilitating all temporary engagements through a single vendor channel supported by enhanced technology to review and approve engagements through online workflows;
- It provides additional efficiencies through the aggregation, and potential streamlined processing of invoices;
- It provides detailed analysis of temporary engagements supporting our workforce planning, gender equality and diversity initiatives and reporting requirements as required under the Local Government Act and other related legislation;
- This model is used by multiple aggregators (Procurement Australia and MAVP) where the Panel model is only available through Procurement Australia.

People and Culture will likely transition Temporary Recruitment spend and engagement (currently engaged under Category 3) to Category 4 during the life of this contract subject to further detailed analysis and confirmation that this option represents enhanced value for money to Council.

Based on the breadth of services available under the contract, efficient usage of Council resources, the historical ability to further negotiate discounts with suppliers under the Procurement Australia contract and the available contract duration continuing engagement through the Procurement Australia contract is the best option for Council in the engagement of recruitment and associated services for the period through until, at least, the end of calendar year 2023.

FINANCIAL IMPLICATIONS

In the 2018-19 Financial Year the annual spend for recruitment and associated services exceeded \$7M, however, during the 2019-20 FY this was reduced to around \$6.3M with significant back-end savings. Current spend is around \$250K per month and annualised spend is tracking at approximately \$3M pa.

With COVID impacts as a driver, enhanced review and approval processes have been implemented for all temporary recruitment spend. Continuation of these processes will ensure ongoing budget savings against this spend are maintained.

Based on the current level of spend, accessing the Procurement Australia contract and agreed rates offers savings of approximately \$150K per annum when compared against the standard advertised rates offered by those suppliers traditionally engaged by Council.

Engagements with recruitment services will continue to be on the basis of budget funding availability (at a total and local level), and approval processes will continue to take into account Council commitments to savings against budget and the overall reduction of the temporary (Agency) workforce.

CONCLUSION

For the reasons outline above we seek Council's approval of the recommendations contained at the beginning of this report.

APPENDIX 1**PROCUREMENT AUSTRALIA RECRUITMENT, TRAINING AND ASSOCIATED SERVICES CATEGORIES**

- Category 1: Permanent Recruitment - Executive
- Category 2: Permanent Recruitment: Entry/ Middle/ Senior
- Category 3: Temporary Recruitment
- Category 4: Managed Services Program (MSP) Providers for Contingent Labour
- Category 5: Training, Learning and Professional Development Services
- Category 6: e-learning and Training Solutions
- Category 7: Mentoring and Coaching
- Category 8: Career Transitions Program and Human Resource Consultancy Services
- Category 9: Psychometric Testing and Skills Assessments
- Category 10: Unbundled Recruitment Services
- Category 11: Employee Satisfaction and Organisational Survey Services
- Category 12: Performance Appraisal Management Services
- Category 13: Police & Background Check/ Fit to Work Solutions