

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Policy and Resources
<b>Date:</b>	28 July 2021
<b>Title:</b>	Connect2Hampshire - an update on Hampshire's staffing agency
<b>Report From:</b>	Director of HR, Organisational Development, Communications & Engagement

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#### Purpose of this Report

1. The purpose of this report is to provide the Executive Member with an update on the County Councils joint venture agency, Connect2Hampshire.

#### Recommendation

2. The Executive Member is asked to note the challenges faced by Connect2Hampshire during 2020/21, and its performance during this period in relation to the provision of temporary agency workforce to the County Council.

#### Executive Summary

3. This report provides an update to the Executive Member on the performance of Connect2Hampshire during the second year of trading of the LLP, including the anticipated profit share for the County Council in respect of the financial year ended 31<sup>st</sup> March 2021.

#### Contextual information

4. Connect2Hampshire (C2H) is the trading name of Hampshire & Kent Commercial Services LLP, a Joint Venture between Hampshire County Council and Commercial Services Kent Ltd, for the delivery of agency worker supply to the County Council.

5. Following a decision by Cabinet in September 2018 the LLP was formally created, and after a subsequent period of implementation and migration to the new arrangements, Connect2Hampshire commenced the provision of agency services to the County Council on 1 April 2019. The LLP has now completed two full years of trading.
6. During 2020/21, C2H experienced some particularly difficult challenges which had the potential to seriously disrupt the agency worker services provided into the County Council. This report seeks to outline these challenges, C2H's response to these and performance during this time.

## **Performance**

7. As noted in a previous report to the Executive Member<sup>1</sup>, in April 2020 the Commercial Services Group (who provide a number of back-office services, as well as the IT platform and systems to C2H), experienced a significant and severe cyber-attack<sup>2</sup>. The cyber-attack did not result in the loss of any personal data held for C2H, but it did have the consequence of the agency needing to operate without the benefit of many of their key systems until late summer 2020 whilst these were re-built, and the data collected for the period since the incident was reconstructed.
8. The impact of the pandemic made this situation even more challenging, with the C2H team needing to be quickly transitioned to work from home, at around the same time as the cyber-attack occurring.
9. Despite these extremely challenging issues, C2H successfully managed to ensure that the agency requirements of the County Council continued to be responded to, with interim off-system processes quickly put in place to ensure that directly sourced agency workers as well as all 3rd party suppliers would continue to be paid promptly for work completed. On the whole C2H continued to perform very well, despite this issue as a result of the swift action taken.
10. The Covid pandemic also resulted in unprecedented challenges in the months following the initial lockdown in March 2020. In some areas of the County Council our demand for temporary workers reduced below expectations due to the consequences of the various lockdown restrictions in place throughout

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<sup>1</sup> Executive Member for Policy & Resources: briefing report "Connect2Hampshire – an update on Hampshire's Agency" dated 14 July 2020.

<sup>2</sup> Lessons learnt from the cyber-attack have separately been considered within the Commercial Services Group, and further measures have subsequently been taken to further increase security and controls to support the groups technical infrastructure.

the year. In some areas demand increased at times, particularly within some of our care and social work services.

11. One area of particular challenge for the County Council and C2H during this time has related to the sourcing and supply of agency workers into Adults Health & Care, Residential & Nursing Care homes. The County Council has experienced first-hand the impact of the pandemic on our services in terms of our own permanent workforce in this area (for example vulnerable workers needing to shield, or them or members of their household becoming ill with Covid and/or needing to self-isolate). This has also been seen within the agency market, resulting in disruption to (pre-covid) levels of temporary workers available (further impacted as a result of heightened competition with the private sector to secure workers).
12. At times it was harder for C2H to source sufficient numbers of registered nurses, care assistants and domestic workers to fully meet the County Council's demand. This has been particularly difficult when requirements for temporary workers changed or was identified (unavoidably) at short notice; for example, where a permanent member of staff was suddenly unable to work due to them or a member of their household testing positive for Covid or experiencing symptoms and needing to self-isolate.
13. C2H were quick to acknowledge these unprecedented challenges and the disruption caused to usual levels of available agency workers. Throughout the pandemic they have continued to work closely with Senior Officers across the County Council to ensure there has been clear visibility of any such emerging issues, and to enable a collaborative and timely response to these.
14. The issues experienced have again reinforced the critical importance of the County Council's original aims and objectives of investing in the creation of our own temporary workforce agency. In particular, the importance of the managed service provider model which seeks to source the majority of agency workers directly, thereby continuing to reduce the County Council's reliance on 3rd party suppliers.
15. Good progress has been made by C2H to increase our extended temporary workforce, with many roles now being directly sourced and provided by them, rather than through their broader supply chain. This has included successfully converting a number of specialist IT contractors to C2H from other agencies.
16. Further growth in directly sourced candidates, particularly to support care and social-work related roles, remains a key priority for the C2H LLP Executive Board during the coming year. This will help to ensure that we continue to build a sustainable and reliable temporary workforce which complements our permanent workforce, as well as being able to adapt to meet our future and evolving requirements. The County Council will continue to work closely with

the C2H team to develop and exploit opportunities and recruitment initiatives which will support achievement of this objective.

17. Due to the cyber-attack, C2H were unable to provide reporting against the agreed formal 'Key Performance Indicators' during the year. However, there has been no indication of any underlying performance concerns in terms of the service received from C2H during this time, and any emerging issues that were raised have been investigated and resolved swiftly by the team. Appendix 1 outlines a few examples of how C2H has enabled the County Council to quickly respond to new initiatives or particular challenges, as well as providing an overview of some of C2H's most recent achievements and the volumes of agency assignment and care shifts supported.
18. A key objective of creating Connect2Hampshire was to improve the quality and continuity of our temporary workforce, and this is a key performance measure for the success of the agency. Whilst we have limited information available from last year to quantify performance against this measure, Departments across the County Council have expressed much greater confidence in the quality of temporary agency candidates which are sourced by Connect2Hampshire.
19. This is an incredibly positive move away from the experience of previous years. We can safely assume therefore, that as the quality of our temporary workforce has improved, the underlying costs associated with recruiting, onboarding, and inducting temporary workers (whilst not able to be quantified), will have reduced across the County Council.
20. Now that all of the agency's systems have been restored and processes have returned to 'business as usual', formal performance meetings will be reintroduced during 2021/22.

### **Finance - estimated profit share from 2020/21**

21. Despite the challenges previously explained, C2H have had a positive year from a financial perspective, even though the County Council's demand in relation to our temporary workforce has been lower in some service areas as a consequence of the pandemic.
22. It is too soon to confirm the year-end financial position for the LLP; this will be declared once the accounts have been audited. However, currently the LLP's estimated net profit for the financial year ending 31 March 2021 is expected to be in the region of £352,000.
23. The LLP Board have agreed that the full value of any surplus profit for the 2020/21 financial year will be returned to partners. Subject to any further

amendments, this could see the County Councils (50%) profit share in relation to the 2020/21 financial year to be **in the region of £176,000**. The final position is expected to be confirmed by the LLP Board by the end of July 2021.

24. Once the payment has been received from the LLP, it is intended to share the full value of this with service departments, aligned with the proportion of the overall revenue expenditure they incurred during the financial year. This approach will be reviewed by the County Council's Corporate Management Team each year and would depend on the value of the profit share confirmed as being payable by the LLP.

## **Climate Change**

25. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
26. The decision for this report is essentially to note the performance of Connect2Hampshire during the financial year 2020/21. It does not recommend any changes, and as such does not have any climate change considerations.

## **Conclusions**

27. Despite the significant challenges faced by Connect2Hampshire during the 2020/21 financial year, the agency has continued to effectively support the County Council to meet our temporary workforce requirements throughout the year.
28. The LLP is expected to declare a net profit in the region of £352,000 in relation to the 2020/21 financial year. The final net profit declared for the year will be shared equally between the partners of the LLP. Based on the current estimate, this will result in the County Council receiving in the region of £176,000.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	Yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	Yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	Yes

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> Creation of a Joint Venture Local Authority Trading Company	<u>Date</u> 17 September 2018
Supply of Agency Workers to Hampshire County Council	8 March 2019
Connect2Hampshire – an update on Hampshire’s Agency	14 July 2020
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u> N/A	<u>Date</u>

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

There are no changes proposed in this report. As such a further equalities impact assessment has not been undertaken.