

	<p style="text-align: center;">Executive 18th March 2008</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources</p>
<p style="text-align: right;">Wards Affected: None</p>	
<p style="text-align: center;">Authority to award a contract under a Framework for Shared Recruitment Services</p>	

Forward Plan Ref: F&CR--07/08-32

1.0 Summary

- 1.1 This report requests authority to award a contract as required by Contract Standing Order No 88. The report outlines officers wish to procure recruitment services by means of a framework agreement established by the London Borough of Sutton.

2.0 Recommendations

- 2.1 That Members approve officers entering into a contract for Recruitment Advertising with Barkers Group Ltd under the London Borough of Sutton's Shared Recruitment Services Framework
- 2.2 That Members note Officers' intention to enter into access agreements enabling call-offs for Assessment and Testing and Executive Search under the London Borough of Sutton's Shared Recruitment Services Framework.

3.0 Detail

Background

- 3.1 Early in 2005, the London Borough of Sutton held an exploratory meeting at the Association of London Government's Offices with a number of other London boroughs who had expressed an interest, through the London Contracts Supply Group, in shared recruitment practices. Sutton took

responsibility for management of the project, creating a team to evaluate areas where shared working could produce benefits.

- 3.2 Feasibility studies were carried out in 2005 to record levels of administrative activity for recruitment, recording estimates of associated staff time and production costs of recruitment and highlighting potential models of sharing recruitment administration between Boroughs. The study revealed several areas where collaboration could lead to cost savings or efficiency gains.
- 3.3 The Project Team set about developing a framework agreement incorporating seven separate Lots covering the broad spectrum of Recruitment Services. These are:-
 - Core activity (Dispatch and receipt of job application forms)
 - Recruitment advertising
 - On line short listing
 - Interview administration
 - Assessment and testing
 - Clearances administration
 - Executive search and selection
- 3.4 The framework was competitively tendered through an EU compliant OJEU process on the basis that Sutton, the contracting authority, was acting on behalf of other contracting authorities namely all London Boroughs, the Corporation of the City of London and other organisations represented by the London Contract and Supplies Group of which Brent is a member.
- 3.5 Representative panels of partner boroughs were assembled to evaluate the tenders in September 2006. Evaluation panels for each lot comprised of mixed teams of Procurement and Human Resource professionals. A contractor was appointed for each individual lot with the exception of one lot, Executive Search, where three contractors were appointed.
- 3.6 Officers at Brent Council were concerned at the costs of current provision of recruitment services. Consideration was given to the best means of achieving savings and an improved service. Officers were aware of the framework established by Sutton and requested further details. Having examined the feasibility study carried out by the London boroughs, and with possible alternative methods of providing transactional Human Resource services being considered elsewhere the arrangement proposed in this report was chosen as the most appropriate means of providing recruitment services in the short to medium term. It was also considered that the use of an existing framework avoided the costs of separately procuring a recruitment services contract. The use of the proposed framework therefore provides cost and efficiency savings over current arrangements, and the flexibility to allow the council to adapt to any proposed future arrangements in this area.
- 3.7 While there are some immediate financial benefits to engaging in this contract, as outlined below, for some advertising the effect will be cost-neutral and the benefits are gained in efficiency, accuracy, increased resilience and the reduction of risk to the council. Significant intangible benefits are available in the longer term through the ability to utilise the contractor's expertise and experience in the advertising market to provide more effective marketing and advert placement. The greatest financial benefits to be gained from changes

to recruitment advertising would come from an in-depth re-evaluation of the way in which this is carried out by the council, with particular emphasis on the use of new technologies and methods. There are complex issues around diversity and technology which need to be addressed before the council could make a decision to proceed in this fashion and partnering with the contractor provides an ideal starting point for this evaluation.

How it works

3.8 The framework commenced on 1st April 2007 and runs for two years with an option to extend the framework for up to two further years. Under the terms of the framework, with Sutton's approval, any contracting authority covered by the OJEU notice may use the framework by selecting which of the seven lots they wish to use and signing an access agreement with the applicable appointed contractor or contractors (in the case of Lot 7)..

3.9 Brent's People Centre has initially expressed interest in three lots: the provision of Recruitment Advertising (Lot 2) , Executive Search (Lot 7) and Assessment and Testing (Lot 5). The contractors appointed to these lots are as follows:

Lot 2 Barkers Group Ltd

Lot 5 TMP (UK) Ltd

Lot 7 Tribal Resourcing
Odgers Ray & Berndtson
GatenbySanderson Ltd

3.10 In the case of Recruitment Advertising, once Brent signs the contract it is required to commit all external recruitment advertising business through the contract. The framework terms indicate that the contract would last for the duration of the framework. Officers however have discussed with the contractor appointed for Recruitment Advertising a provision permitting the council to terminate the contract by giving three months notice at any time. The contractor has confirmed that such a provision would be acceptable.

3.11 Recruitment Advertising is currently undertaken in house; however the post of 'Advertising Officer' has been vacant since June 2007 and is currently filled via acting up. The advertising service provided in the People Centre currently requires resource in excess of one full time position and lacks resilience.

3.12 There are currently twenty local authorities participating in this lot. As the service forms part of the appointed contractor's core business, they have considerable experience and can offer a reliable and standardised process to meet Brent's needs.

3.13 The appointed contractor charges for the 'typesetting' of the advert and then places the advert on behalf of Brent after approval. In addition to this basic service, copywriting and creative campaign advertising services can be accessed. The appointed contractor provides advertising advice and training free of charge within the terms of the contract. The aim of this is to increase the effectiveness of advertising, both in terms of attracting a suitable field of candidates and in ensuring that expenditure is optimised.

- 3.14 Although the council has existing discount agreements in place with certain advertisers, due to the size of the appointed contractor's annual advertising spend – in excess of £120 million per annum - best prices are obtained for advertising rates in a variety of journals, magazines and newspapers.
- 3.15 Currently the council obtains media volume discounts with the Guardian and Times Educational Supplement. These will be at least matched under the terms of the agreement as will any rate card rates achieved through the council's status as a local authority.
- 3.16 Further, the appointed contractor obtains agency discounts which are not always available to the council. Under the terms of the framework agreement, for all agency discounts agreed with publishers, the appointed contractor keeps 2% of the discount rate with the remainder passed straight to the council.
- 3.17 The Executive Search function is currently procured by the council on a case by case basis. Under Sutton's Framework, three contractors have been appointed and under the framework terms, a mini competition is commissioned on each occasion. The three contractors are required to submit a methodology with costs of a maximum two pages within 48 hours; and the most economically advantageous bid can then be selected. Should none of the three contractors provide a satisfactory response, the council could approach the other agencies previously used.
- 3.18 Assessment and Testing is currently undertaken in house, with two staff members from the People Centre trained to administer tests to the British Psychological Society's Level B, which allows for the administration and evaluation of ability, aptitude and personality testing. Currently, much of the testing carried out is from the Saville & Holdsworth catalogue. Administering these tests is only part of their function as recruitment consultants, and there is the possibility that in some months demand for testing will exceed capacity, or that the most appropriate range of tests is not available.
- 3.19 It is anticipated that the two full time positions will remain and any excess demand or need for currently unavailable tests, would be channelled through to the framework's appointed contractor. The appointed contractor can offer a wide variety of tests from a range of suppliers as opposed to the council's current capacity which comes predominantly from one supplier; further there is no minimum spend required with this contract so tests would only be undertaken as and when staff members were too busy or could not offer appropriate testing.

4.0 Financial Implications

- 4.1 There is no charge to participate in any of these agreements, nor is a fee paid by the preferred contractors to Sutton for each new participant. For both the Executive Search lot and the Assessment and Testing lot, the council is free to use the services as much or as little as is necessary. For the Recruitment Advertising lot, whilst the contract would last for the duration of the framework, there is an intention to contract on the basis that the contract can be terminated on giving three months notice if there is a wish to use a different contractor.

- 4.2 In the case of the Recruitment Advertising Lot, in addition to discounts received, a rebate system operates so that the total spend of all participants is calculated and equates to a percentage cash back for each participant in relation to their personal spend. For example, if a total spend by the twenty participants for the Recruitment Advertising is in excess of £10 million, each participant will receive 1.25% of their total spend back.
- 4.3 On a spend of between £500,000 - £800,000, it is expected that the net cost of using the contractor to set and place advertisements, on an as and when required basis, will be at least £15,000 less than the full cost of employing an Advertising Officer.
- 4.4 This estimated saving of £15,000 will go towards the £200,000 savings included in the 2008/09 budget from staff rationalisation.
- 4.5 Further savings are likely to be realised from additional discounts, free advertising advice and training. The contractor also offers significant discounts on their commercial creative advertising rates to participants in this contract. It is expected that the overall effect of these measures and those in produce budget savings of £30,000, sufficient to enable the identified budget saving from recruitment advertising to be achieved.
- 4.6 Costs passed to individual service units will be no more than they currently meet. The funding of these costs is met from service unit recruitment budgets and it is expected that this will continue unchanged.
- 4.7 With the remaining lots, it is envisaged that as more and more London authorities participate, the leverage on the contractors will increase and discounts will be negotiated. The prices offered for Executive Search and Recruitment Testing will be amongst the very best on the market, however, should Brent be able to obtain better prices elsewhere, they would be permitted to use the facility as they are not required to put minimum levels of business through the contract.

5.0 Legal Implications

- 5.1 The value of the London Borough of Sutton's Shared Recruitment Services Framework over its lifetime is higher than the EU threshold for services and the award of the framework was therefore governed by the Public Contracts Regulations 2006 (EU Regulations"). Recruitment services covered by the framework consist of services some of which fall under Part A of the EU Regulations and some of which fall under Part B. The framework was procured in accordance with EU Regulations applicable to Part A services.
- 5.2 Contracts "called-off" under the framework are required to comply with procedures set out in the EU Regulations. This requires, inter alia, that the terms of any contract called-off are not substantially amended from the terms laid down in the framework agreement. With regard to Recruitment Advertising, it is proposed that provision is included allowing the Council to determine the contract without reason on giving 3 month notice instead of the term in the framework agreement that provides for 6 month notice following default by the contractor. It is considered that this would not constitute substantial amendment of the terms laid down in the framework agreement and therefore this would be permitted.

- 5.3 Standing Orders provide that no formal tendering procedures apply where contracts are “called-off” under a framework agreement established by another contracting authority, where call off under the framework is recommended by the relevant Chief Officer provided that that the Borough Solicitor has advised that participation in the framework is legally permissible and that approval to participate has been obtained from the Director of Finance and Corporate Resources. In this case the Borough Solicitor has advised that participation in the Sutton Shared Recruitment Service Framework is legally permissible and the Director of Finance and Corporate Resources has given approval to participate.
- 5.4 Given the estimated value of call-off contracts following the signing of the access agreement under Lots 5 and 7 of the framework agreement, Officers have delegated authority pursuant to paragraph 2.5 of Part 4 of the Constitution to enter into such contracts. However, the value of entering into a contract under the framework in respect of Lot 2, Recruitment Advertising, is estimated to be in the region of £500,000 - £800,000 and as a result Executive authority is required to enter into this contract.
- 5.5 As one contractor has been appointed to Lots 2 and 5, any contract called off under these Lots will be with the relevant appointed contractor. For Lot 7 (Executive Search) however, 3 contractors have been appointed. As detailed at paragraph 3.17, it will be necessary for the council to approach all 3 contractors and hold a mini competition with award based on the most economically advantageous bid. This is in accordance with EU Regulations.

6.0 Diversity Implications

- 6.1 As part of the tendering process for the framework, all submissions were assessed on factors such as equality issues and encouraging diversity through recruitment. Each tenderer was asked to specify how their particular organisation would respond to individual clients needs in terms of equality and diversity.
- 6.2 The proposals in this report have been subject to screening and officers believe that there are no diversity implications for Brent staff. Workforce Monitoring will continue to be monitored in house with applications being sent out, and returned direct to Brent.
- 6.3 All of Brent Council’s current policies and procedures applicable to the recruitment process will be clearly communicated to and followed by the appointed contractor(s) for each lot. In the case of Recruitment Advertising, the appointed contractor can reach potential applicants that represent Brent’s diverse population and have a specialist diversity team for this purpose. An example of the appointed contractor’s ability to reach applicants was a research-led, community targeted campaign that led to British Transport Police meeting targets for recruiting women and black officers for the first time. The campaign started by building a sound understanding of the diverse communities that British Transport Police wanted to increase representation. The creative work was designed to help break down barriers and perceptions that various communities had about British Transport Police and the campaign was delivered through a variety of community groups and advertising channels, specifically designed to reach particular groups of the population.

7.0 Staffing/Accommodation Implications

- 7.1 There are no issues for Council staff arising from joining the framework agreement. The Executive Search function is currently carried out by a range of external contractors as and when required. The Recruitment Advertising position is currently vacant and the role is covered by an 'acting up' arrangement thus the position can be left unfilled, or ultimately deleted without redundancy repercussions. Recruitment Testing will only be commissioned in cases where demand exceeds current in-house capacity or where relevant tests are not available in house.
- 7.2 It is not considered that there are any accommodation implications.

8.0 Sustainability Issues

Sustainability issues were assessed at tender return stage for appointment to the framework in a similar manner as diversity implications. Those tendering were also encouraged to submit e-technology solutions to as many aspects of the service as possible in order to reduce paper consumption, as a result, virtually all aspects of services covered by the framework are available electronically.

9.0 Background Papers

London Borough of Sutton's Shared Recruitment Services Framework documentation

Contact Officers

Andy James
Head of Recruitment and Assessment
People Centre
Chesterfield House

Tel - 020 8937 3230
Email – andy.james@brent.gov.uk

DUNCAN MCLEOD
DIRECTOR OF FINANCE AND CORPORATE RESOURCES