



Cabinet
13 November 2017

**Report from the Strategic Director of
Resources**

Wards Affected: All Wards

**Authority to Award a Contract for the Managed Services for
Contingent Labour**

Not for Publication:

Appendix 1 of this report is not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"

Appendix 3 of this report is not for publication as it contains the following category of exempt information as specified in Paragraph 5, Schedule 12A of the Local Government Act 1972, namely: "Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings".

1.0 Purpose of the Report

1.1 In accordance with Contract Standing Order 88, this report seeks Cabinet authority to award a contract for the Managed Services for Contingent Labor. The service will provide temporary staff, to fill vacant posts in the short term and on an interim basis, to manage fluctuations in workload and to obtain specialist skills quickly when the need arises. The contract for the existing service for the management of temporary staff is due to expire on 4 February 2018 and a replacement service must be in place by then to ensure no disruption to users. This report summarises the process undertaken in tendering the contract and, following the completion of the evaluation of the tenders, recommends to whom the contract should be awarded.

2.0 Recommendations

2.1 That Cabinet award the contract for the managed services for contingent labour to Comensura Limited for the period three years plus one year extension.

3.0 Background

- 3.1 Temporary workers represent an important part of the Council's workforce. The use of temporary workers enables staffing levels to be quickly flexed in line with peaks and troughs of overall workloads. Temps are sometimes used to fill vacant posts before and during restructures to manage the risk of redundancies. They are also used where permanent posts are hard to fill.
- 3.2 In December 2012 the Executive approved the award of a contract to Adecco Group UK and Ireland, however Adecco were unable to accept the award due to a shortage of resources. An alternative procurement route was therefore followed and an award was made to Reed Specialist Recruitment Limited from the Mstar (Managed Services for Temporary Agency Resources) under the ESPO framework
- 3.3 The current contract is a Master Vendor contract whereby Reed directly employs some categories of agency staff and contracts with other agencies for the remainder. The Reed contract commenced on 4 August 2013 for a period of 3 years plus 1 year extension. This contract was further extended in August 2017 for a period of 6 months and is due to expire on 4 February 2018.
- 3.4 The Council spent £12.7m on temporary workers through the Reed contract in 2016/2017. This includes the gross amount paid to the agency workers, the fees paid to the employing agency and the fee paid to Reed for their service.
- 3.5 Officers are proposing to award a contract for the provision of its temporary workers based on a Hybrid Model, whereby some categories of workers are provided directly by the appointed Managed Service Provider, and some based on a tiered Vendor Neutral Model. The Council has taken a flexible approach - the job categories delivered through each type of model have not been predetermined. It is however expected that at least one category will be delivered on a Master Vendor Basis, and at least one on a Vendor Neutral basis. The award proposed in this report is for a service to be operated on a Vendor Neutral Model, with the provider appointed able to flex to operate Master Vendor to source certain categories of staff. Please see description of services in the table below;

Managed Vendor	This model is a Managed Service Provider that have a supply of their own workers and then appoint 2nd and 3rd tier providers if the requirements are better met externally. The provider will manage their own staff and the supply chain including 2nd tier, 3rd tier providers to fulfil the requirements of the council.
Vendor Neutral	The model is a Managed Service Provider that will provide all temporary agency workers via 3rd

	party agencies and not provide the workers themselves. The provider will manage the supply chain including 2nd and 3rd tier providers to fulfil the requirements of the council.
Hybrid Model	This model is a bespoke service delivered flexibly which is tailored to specific needs and challenges. The Managed Service Provider will be the main point of contact for the customer and the provider will either fulfil requirements via internal workers or via 2nd and 3rd tier providers.

3.6 The advantages are:

- The model is based around the Council's needs and not one that requires the Council to adapt its resourcing of agency workers to a pre-determined and prescribed model.
- There is an effective supply chain that can meet demand for a broad range of very different skills, including those that are in short supply and those that cannot readily be met by a single agency
- A partner that can work with local communities to help provide a more diverse temporary workforce and to help reach those who are long term unemployed
- A dedicated on-site recruitment support.

4.0 The Selection Process

- 4.1 This is a mini competition under the Yorkshire Purchasing Organisation Framework.
- 4.2 The Yorkshire Purchasing Organisation ("YPO") tendered for a national framework for HR services and solutions in 2015. Prior to tendering, YPO conducted extensive pre-market engagement with customers and providers to ensure the Framework Agreement would meet the needs and outcomes of both buyers and suppliers. The YPO Framework Agreement commenced in December 2015 for a term of 3 years plus 1 possible year's extension. The YPO Framework Agreement gives access to a range of HR related services, Lot 1 of which is in respect of Managed Services for Contingent Labour. The YPO Framework Agreement has been let in accordance with the Public Contracts Regulations 2015 and was procured via the restricted procedure.
- 4.3 The YPO Framework Agreement is person focused and covered all aspects of HR services to enable flexibility for authorities to develop appropriate solutions.
- 4.4 The relevant lot of the YPO Framework Agreement has 10 market leading suppliers appointed to it; the use of the Framework Agreement ensures compliance with EU Regulations and reduced timescales. The YPO Framework Agreement also offers aggregated spend, with

authority spend amalgamated across the country to ensure best possible rates are provided.

5.0 Market Position Statement

5.1 By being awarded the right to supply through the YPO Framework, the Council is satisfied that tenderers will have already satisfied core operational and technological criteria. The Council has core requirements similar to YPO Framework Agreement criteria, so the specification focuses more on the bespoke requirements of the Council.

6.0 The Tender and Evaluation Process

6.1 All of the ten potential providers on Lot 1 (Managed Service for Contingent labor) of the YPO Framework Agreement had the opportunity to bid for the proposed contract under a further competition issued via the London Tenders Portal.

6.2 The quality element of the evaluation consisted of 40% of the overall 100% score with cost/price being 60%. The evaluation was carried out by a panel of officers from Human Resources, Digital Services and Planning, Transport & Licensing. Details of the evaluation criteria and weightings are detailed below:

Temporary Agency Staff Managed Service	Weighting
Quality of which:	100%
Implementation	25%
Delivery Model	10%
Service Delivery	30%
Contract Management	15%
Savings	20%
Quality Total	100%
Adjusted for quality weighting	35%
Social Value	5%
Price	60%
Total Tender Score	100%

6.3 All bids had to be submitted electronically no later than 29 September 2017 at 12.00pm. Bids were opened on 29 September 2017 and four bids were received. Certain clarification of tenders took place following which each member of the evaluation panel read the tenders using evaluation sheets to note down their comments on how well each of the award criteria was addressed.

- 6.4 Officers carried out an initial evaluation of bids independently. The panel, alongside the Procurement Category Manager, then met on the 09 October 2017 to moderate the allocated scores and agree an overall quality result. The 10% quality question allocated to price was evaluated during the moderation meeting and scored appropriately between the four evaluators. Following this, the cost element was scored by the Procurement Category Manager, overseen by the Head of Human Resources, where the lowest cost received the maximum 50% score and the remainder a proportion of the 50% dependent on their difference to the lowest.
- 6.5 During this evaluation it was noted that two of the bids were significantly lower than the other 2. Officers therefore sought evidence from the organisations with the two lowest priced bid that their bids were achievable and sustainable. Evidence was provided by both organisations that satisfied the evaluation panel that all bids were achievable and sustainable.
- 6.6 The names of the tenderers are contained in Appendix 1. The scores received by the tenderers are included in Appendix 2. It will be noted that the following Tenderer gained the highest score and Officers therefore recommend the award for the contract as follows:

Tender	Recommend Provider
Lot 1 - Managed Services for Contingent Labour	Comensura

- 6.7 It is proposed that the contract will commence 5 February 2018 subject to the Council's observation of the Council's call-in period.

7.0 Financial Implications

- 7.1 The Council's Contract Standing Orders state that contracts for supplies and services exceeding £250k or works contracts exceeding £500k shall be referred to the Cabinet for approval of the award of the contract. The estimated value of this contract is over this threshold.
- 7.2 Total spend through the contract for the three year period is expected to be approximately £38.1m (based on £12.7 million spend in 2016/17 through the current contract). Based on the tender documentation from the winning bidder, the actual fees generated (administration/booking fees and supplier margins) will be approximately £2.7m over the contract period, i.e. £0.9m per annum. However, these fees will vary depending on the volume and type of bookings made. This represents (on a like for like basis) a saving on fees of £0.2m compared to the current contract. Continued pressure on public sector finances means that, like other Councils, Brent will deliver cost savings through demand management by hiring managers of agency workers to deliver savings and efficiencies throughout the term of the contract.

7.3 The cost of the contract will be met from existing service budgets and is dependent on the overall use of agency staff. Each individual assignment is subject to an internal budget authorisation before any spend is committed under the contract. On the whole, the Council does not budget specifically for agency costs as the cost is usually offset against underspends in direct employee budgets through vacancies.

8.0 Legal Implications

8.1 The estimated value of this contract over its lifetime is higher than the EU threshold for Services and the award of the contracts therefore is governed by the Public Contracts Regulations 2015 (the “EU Regulations”). The award is subject to the Council’s own Standing Orders in respect of High Value contracts and Financial Regulations.

8.2 The Procurement Regulations allow the use of framework agreements and prescribe rules and controls for their procurement. Contracts may then be called off under such framework agreements without the need for them to be separately advertised and procured through a full EU process.

8.3 The Council’s Contract Standing Orders state 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 agreement is approved by the relevant Chief Officer and provided that the Chief Legal Officer has advised that participation in the framework is legally permissible. Legal Services have reviewed the YPO Framework Agreement used and is able to confirm that participation in the framework is legally permissible.

8.4 As this is a mini competition under the YPO Framework Agreement, a standstill period of 10 days is not required although Officers are required to observe the council’s call-in period prior to any award.

8.5 Further Legal Implications are contained in Appendix 3.

9.0 Equality Implications

9.1 The proposals in this report have been subject to screening and officers believe that there are no equality implications.

10.0 Staffing/Accommodation Implications

10.1 This service is currently provided by an external contractor and there are no implications for Council staff arising from retendering the contract.

11.0 Public Services (Social Value) Act 2012

- 11.1 It should be noted that the nature of the services being procured naturally align themselves to the requirements of the Public Services (Social Value) Act 2012 as they are aimed at supporting and improving the lives of some of the most vulnerable and deprived sections of the local community. The procurement process itself involved consideration of social value, with providers invited to describe how they would advance social value as part of the bid and their responses evaluated against social value criteria.
- 11.2 Where a new provider has been selected then staff assigned to the contracts who are eligible to transfer pursuant to TUPE, will transfer from the current providers to the new providers save in the circumstances described in paragraph 7.3.

12.0 Contract Mobilisation Implications

- 12.1 Current contract expires 04 February 2017 therefore very tight implementation and contract mobilisation which could potentially be a risk due to the complexity of implementing a new system.

13.0 Background Papers

- 13.1 None

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