



Decision Report of the Corporate Director of Resources

Officer Decision	Date: 19 October 2017	Ward(s): All
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Delete as appropriate	Exempt	Non-exempt
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THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

SUBJECT: Contract award for the supply of agency workers to the council

1. Synopsis

- 1.1 The council requires a contract for the supply of agency workers and interims to cover short term vacancies and to provide additional capability, where there are skills shortages, to deliver responsive services.
- 1.2 This report summarises the outcome of a procurement process for the contract which was agreed on 9 February, 2017 when the executive approved the procurement strategy for the supply of agency workers via Lot 1 of the HR Services and Solutions (Temporary and Permanent Recruitment, Consultancy and Related HR Services) framework agreement, provided by **Yorkshire Purchasing Organisation (YPO)**.

2. Recommendation

- 2.1 To approve the award of the Council's Supply of Agency Workers Contract to Reed Specialist Recruitment for a maximum period of 48 months (36 months with the option to extend for 12 months).

3. Date of the decision

The decision will be taken on 27 October, 2017.

4. Background

- 4.1 Agency workers are used by the council to provide short-term resources to fill absences and vacancies and to add capacity to deal with peaks in workflow. Interims are highly skilled professionals who can enable the authority to fill skills gaps, and/or work on fixed term projects. It is important to the council to secure a service solution that is reflective of the changing needs of the business and the dynamic nature of the external market for skills and talent.
- 4.2 The purpose of this further competition was to procure agency worker and interim services from an established framework contract. The duration of the agreement proposed is for a period of 36 months with the option to extend for 12 months, subject to satisfactory performance and available funding. The contract is proposed to start on 1 February, 2018.
- 4.3 The options appraisal for this procurement was articulated in the procurement strategy. Five separate models of supply were reviewed as part of the exercise. These were master vendor, neutral vendor, internally managed service, outsourced service and a hybrid model. The selected option is the hybrid model. This provides a flexible solution, which is tailored to the needs of the council. The solution relies primarily on technology to meet demand where there is a strong supply of candidates, whilst using people reliant processes to source candidates for specialist and professional roles where supply is limited and the requirement is more complex.
- 4.4 The tender specification document was informed by consultation with managers. Thirty-five hiring managers responded to an online survey and a further fifteen managers took part in focus groups. Key messages from managers were that:
- It is important to them to have an intuitive easy-to-use system for placing orders, and for submitting and approving timesheets.
 - They want a closer match between Islington job descriptions and the job categories that are offered by providers.
 - It is highly important to managers that only candidates with the skills and training required and with appropriate current checks in place are put forward for consideration.

A review of job categories and role profiles was included in the specification and will happen before the new contract goes live. It will be carried out with the involvement of key stakeholders.

- 4.5 Prior to issuing the tender specification, the HR service also engaged with the suppliers on the YPO framework. Six of the ten suppliers on the framework accepted invitations to attend engagement events at which they provided their insights into the current market. Council officers articulated the council's priorities to create permanent employment opportunities and reduce long term reliance on agency workers. Bidders were asked to put forward their proposals for addressing inequalities in the borough, and helping long term unemployed, including care leavers, into employment.
- 4.6 This further competition was carried out via Lot 1 of the HR Services and Solutions (Temporary and Permanent Recruitment, Consultancy and Related HR Services) Framework Agreement number 569, provided by Yorkshire Purchasing Organisation. The benefits of the chosen option were that the council could select a supplier that provides a hybrid solution. In addition:
- The YPO framework offers a framework of pre-assessed providers against a broad set of requirements with the ability to carry out a further mini competition.
 - YPO offers a financial incentive via a dividend paid to all members of the purchasing group.
- 4.7 The tenders were evaluated internally, with no declared conflicts of interest, on the basis of the Most Economically Advantageous Tender (MEAT). The evaluation was conducted in accordance with the Procurement Strategy, and the council's Procurement Rules. The contract has been awarded to the Most Economically Advantageous Tender (MEAT), based on criteria of 60% quality and 40% cost. Quality was made up of:

- Proposed methodology for service delivery – 10%
- Proposed methodology for service delivery model – 10%
- Social value, equality, diversity and inclusion – 10%
- Implementation – 10%
- Contract Management -10%
- Information Technology Solution – 10%

Sub- criteria for the quality evaluation were included in the tender documentation.

- 4.8 Ten suppliers on the YPO Framework were invited to participate in the mini competition. Six suppliers submitted tenders. Suppliers were informed that in order to be awarded a contract, they must score a minimum of three (3) points for each question/or a particular question(s) in the method statements section. Where these were not met, a financial analysis of the pricing schedule was not undertaken. Four suppliers failed to meet the minimum of three (3) points required for one or more of the method statements.
- 4.9 A financial analysis was undertaken of the pricing schedules of the remaining 2 bidders.
- 4.10 The winning bidder scored 50% out of a maximum of 60% for quality and 39.9% for price. The price submitted was £21,625,753 per annum, and represents a saving compared to current costs. This figure includes the costs of agency workers' pay and on-costs such as NI, agency margins and management fees. In addition to the saving on the costs of the contract the council will receive a dividend from Yorkshire Purchasing Organisation. This is estimated to be in the region of £60,000 per annum.
- 4.11 The value of the contract that may be awarded by the council under the framework agreement is up to £112 million over the maximum period of 4 years. The council is under no obligation to use the framework agreement. No guarantee is given to volume or value of work to be awarded under the framework.
- 4.12 All tenderers understood the council's priorities to reduce dependence on agency workers and interims and to provide active support for local people to gain employment.
- 4.13 The winning bidder was selected on the basis of its robust response to the quality method statement questions. The response demonstrated:
- A sound understanding and interpretation of the council's priorities.
 - A methodology for working in partnership with the council to reduce its long term reliance on agency workers throughout the lifetime of the contract.
 - Strong proposals for delivering social value; in particular, employment opportunities for long term unemployed residents and those residents who need additional support to gain access to the workplace.
 - A high level of support for business continuity.
 - Strong evidence with proposals for systems reporting capability.
 - Full proposals for a smooth implementation of the new service.

5. Implications

5.1 Financial implications

"The agreement is for the supply of agency workers via Lot 1 of the HR Services and Solutions (Temporary and Permanent Recruitment, Consultancy and Related HR Services) framework agreement, provided by Yorkshire Purchasing Organisation (YPO). The contract drawn from the framework agreement is for a maximum value of £112 million over the maximum 48 months duration. No guarantee is given to volume or value of agency workers supplied.

Agency workers are funded through departmental budgets. The Council has processes in place to control the costs of agency workers. These include authorising the initial assignment, pay for workers,

extending assignments etc. The recommended provider has been awarded based on the published evaluation criteria. Based on current volumes, savings have been identified within the report and a rebate to the Council for use.

As part of due diligence, a financial assessment has been completed on the recommended provider. As part of good contract management, the financial position of the provider shall be reviewed on an on-going basis (at least annually). The Council's normal practice is for payments to be made in arrears once timesheets for agency workers on assignments have been approved."

5.2 Legal Implications

The council has powers under section 112 of the Local Government Act 1972 to procure staff as it thinks is necessary for the proper discharge of its functions. The Council has power to enter into contracts with providers of contingent labour under section 1 of the Local Government (Contracts) Act 1997. The procurement strategy for this contract was approved by the Executive on 9th February 2017 when the Executive also provided authority for the Corporate Director of Finance and Resources in consultation with the Executive Member for Finance, Performance and Community Safety to award the contract following a competitive tendering procedure.

The proposed contract is a contract for services. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £164,176.00 for service contracts. Contracts above this threshold must be procured with advertisement in the Official Journal of the European Union and with full compliance of the Regulations. The council's Procurement Rules also require contracts over the value of £164,176.00 to be subject to competitive tender.

In accordance with the requirements of the Regulations and the council's Procurement Rules the contract has been procured using the framework for HR Services and Solutions (Temporary and permanent recruitment, consultancy and related HR services), Ref 569, established by the Yorkshire Procurement Organisation (YPO) on behalf of various organisations, including all local authorities. The YPO framework was procured in compliance with the Public Contracts Regulations 2015 and OJEU advertisement.

Bids were evaluated in accordance with the provisions set out in the framework. The highest scoring tenderer was Reed Specialist Recruitment Ltd. Therefore, the contract may be awarded as recommended in the report. In deciding whether to award the contract as recommended the Corporate Director of Finance and Resources should be satisfied as to the competence of the supplier to provide the services and that the contract price represents value for money for the council. Regard must also be had to the information set out in the attached appendix.

5.3 Environmental Implications

There are no known environmental impacts linked to this contract.

5.4 Resident Impact Assessment

The council has due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The chosen supplier demonstrated how it is already working in partnership with the Council and its stakeholders to provide employment opportunities for long term unemployed residents, and makes proposals for supporting young BAME people, those with mental health and housing problems, and those with caring responsibilities to find employment. The provider is a Disability Confident and Mindful Employer and works with specialist providers such as Disability Rights UK.

6. Reasons for the decision

- 6.1 The council requires a provider of short term agency workers and interims to maintain service delivery at peak work times and to cover absences and vacancies. This framework contract offers flexible resourcing solutions and can be used to provide that supply as and when required, while officers continue to work to reduce long term dependency which is a council priority. The selected provider was chosen for the robustness of its response, the strength of its implementation plan and social value proposals which may provide added value to the contract.

7. Record of the decision

- 7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Signed by

Mike Curtis
Corporate Director of Resources

Date:

Appendices

- Exempt Appendix 1 – evaluation scores.

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