



**Brighton & Hove
City Council**

**CENTRAL SERVICES CABINET
MEMBER SPECIAL MEETING
ADDENDUM**

4.30PM, MONDAY, 7 DECEMBER 2009

COMMITTEE ROOM 3, HOVE TOWN HALL

ADDENDUM

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CENTRAL SERVICES CABINET MEMBER SPECIAL MEETING

Agenda Item 34

Brighton & Hove City Council

Subject: Temporary Staff Agency Tender
Date of Meeting: 7 December 2009
Report of: Director of Strategy & Government
Contact Officer: Name: Lance Richard Tel: 29-5925
E-mail: lance.richard@brighton-hove.gov.uk
Key Decision: Yes Forward Plan No: CS12570
Wards Affected: All

FOR GENERAL RELEASE

The special circumstances for non-compliance with Council Procedure Rules, Access to Information Rule 5 and Section 100B (4) of the Local Government Act as amended (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) was that, due to the legal requirements of contract award following full European Union directives, the procurement procedure contract evaluation was completed week ending 27 November 2009.

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The purpose of the report is to agree the contractual supply of temporary staff to Brighton & Hove City Council through the issuing of a contract for the management of temporary staff agency services for the next five years.

2. RECOMMENDATIONS:

- 2.1 That the Cabinet Member agrees to appoint Carlisle Managed Solutions CMS to supply the council with temporary workers under a contract for five years.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 Currently the council has a contract with CMS to provide agency staff. The contract has been in operation for four years and is due to expire in March 2010. The planned expenditure on agency personnel is currently £4.6 million with an addition £1 Million spend on interims per annum. This is reflecting a year on year reduction in bookings and spends of 1.5 million, when taking in account minimum wage & Working Time Regulation increases.
- 3.2 The current contract is based on a neutral vendor model. A neutral vendor model is where CMS act as a single point of contact for booking managers and manage the agencies on the council behalf in a neutral way, i.e. all agencies are treated equally with regard to winning work. The booking process centres around an online system. Booking managers can place requirements online, by telephone or fax with 80% of the requirements placed online.

- 3.3 The four year contract has been in operation since 20 March 2006 following a full EU competitive tendering process. CMS manage and co-ordinate the whole recruitment process for all categories of temporary (agency) staff, except City Clean, on behalf of the city council
- 3.4 To ensure continuation of service a procurement process was undertaken to appoint a contractor capable of delivering the service. Additionally, market research was carried out to investigate how the contract could be improved to deliver additional savings.
- 3.5 Following the consultation process it was decided to opt for a hybrid solution. The hybrid solution means that the new contractor will be able to provide the most advantageous routes for provision of temporary staffing. This may include direct supply, niche suppliers and master supply to meet certain departmental needs. This option also allows further efficiencies to be drawn out of the contract as the supplier will be able to draw on their own staff more readily with an associated reduction in margins which will in turn benefit the council.
- 3.6 The contract scope was increased to include interim staff so that this spend area will be regulated with fees reviewed prior to individual staffing contracts being let.
- 3.7 The target for the employment of local people was increased to 85% for all staff provided through the contract.
- 3.8 The contract length will be for 5 years with the option to extend by a further two years. This contract length will allow the supplier to commit appropriate levels of investment into the contract. There are also commitments within the contract for the supplier to work with the council to reduce the levels of agency staff over the life of the contract.
- 3.9 To foster greater collaboration across public sector bodies in Sussex the contract was let as a framework. This will allow any public sector body in Sussex to utilise this contract reducing their time and cost to market.
- 3.10 The contract was advertised in the European Journal attracting significant interest from the Market. All tenders were evaluated using the criteria set out in the evaluation framework document found in appendix 1.
- 3.11 Following a careful and diligent evaluation process with representation from Finance, Corporate procurement, ICT and operations Carlisle Managed Solutions were the winner with the highest overall score.
- 3.12 Carlisle Managed Solutions identified savings in the region of £130K per annum whilst maintaining the current pay rate to workers supplied through the contract. Additional benefits include:
- an improved technology solution for ordering and completion of timesheets with ability to use mobile telephony rolled out in 2010
 - better management information
 - an improved level of temporary worker induction
 - the ability to monitor the carbon footprint of the contract
 - Closer liaison and electronic timesheeting for the temporary worker pools#
 - Minimal disruption to council staff and the local supply chain

4. CONSULTATION

- 4.1 Prior to writing the specification visits were undertaken to Luton Borough Council and Microsoft at Milton Keynes, both operating second generation managed vendor models.
- 4.2 All directorate management teams were consulted on the specification and given opportunity to input before being sent out to shortlisted bidders.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The cost of agency staffing, including interims, covered in this contract is currently over £5.7m per annum.

By moving to a hybrid model as outlined in paragraph 3.5 of the report, and including some commitments to cost reductions within the contract, significant corporate savings can be made. Carlisle, the recommended supplier, would save the authority £0.13m per annum. In year one this will be from reductions in mark-up costs, and in the remaining four years of the contract from the reduction in usage of agency staff.

Carlisle are also the current supplier of agency staff (except CityClean) to the council. By continuing to use this contractor, transition costs into the new contract will be kept to a minimum.

Finance Officer Consulted: Peter Francis

Date: 30/11/2009

Legal Implications:

- 5.2 A contract providing this type of service falls under 'Part B' of the EU Procurement Directive and accompanying UK Regulations. As a result, the contract is subject to the partial application of both the Directive and Regulations has been tendered accordingly. Contracts over £75,000 must be prepared in a form approved by the Head of Law. The Council must take the Human Rights Act into account in respect of its actions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in this report.

Lawyer Consulted: Sonia Likhari

Date: 30/11/2009

Equalities Implications:

- 5.3 The contract is drawn up and awarded to support the council's Equalities and inclusion policy and its statutory equalities duties. The performance indicators set for the diversity of workers supplied through the contractual arrangements mirror those of the council.

Sustainability Implications:

- 5.4 Carlisle, as part of Impellam Group plc, is included in the Group's Environmental Management System, which has recently been accredited to ISO 14001 standard. Carlisle employs local staff with local knowledge. All of the existing account team travel to work by bus or on foot and use local buses to attend all meetings at Council buildings. Carlisle will implement a system that allows the carbon footprint of the contract to be measured. This will allow target to be set in relation to the level of carbon emissions

Crime & Disorder Implications:

- 5.5 This contract will ensure that staff working for the council have the appropriate checks e.g. CRB, eligibility to work in the UK etc ensuring that the council meets its legal requirements.

Risk and Opportunity Management Implications:

- 5.6 If the council does not let the contract then there will be no formalised contract in place leading to maverick spend and a high degree of risk associated with staff working for the council without having the appropriate checks e.g. CRB, eligibility to work in the UK etc

Corporate / Citywide Implications:

- 5.7 Carlisle has signed up to the Council's Be Local Buy Local campaign, aimed at supporting local jobs and wages and helping protect shopping districts. Carlisle will approach and support local SMEs and BMEs to ensure a full diversity of suppliers. Carlisle offers support and encouragement to these suppliers to join the supply chain for the Council.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 None

7 REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The existing contract with Carlisle Managed Solutions for the provision of temporary staff comes to an end on 20 March 2010. The tendering process to re-let the contract for 5 years from 21 March 2010 has now been completed following evaluations of bids and presentations from the potential suppliers. Approval from members is now required so that the implementation process can now begin.

SUPPORTING DOCUMENTATION

Appendices:

1. Evaluation Framework

Documents In Members' Rooms

1. None

Background Documents

1. None

Appendix 1

Evaluation Framework for the Temporary Staffing tender

The bidders proposals will be evaluated using the following split

Quality 50% & Cost 50%

Quality Evaluation (max score 100 marks)

Evaluation will be of the submission together with the presentation and interview.

Each of the following 10 categories will be scored out of 5 using the scale set out below

5	Meets the standard exactly as specified	Excellent
4	Meets the standard well, but not exactly	Good
3	Meets standard in most aspects, fails in some	Satisfactory
2	Fails standard in most aspects, meets it in some	Doubtful
1	Significantly fails to meet the standard	Poor
0	Completely fails to meet the standard	Not worth considering

and marks awarded will then be weighted accordingly

Quality Evaluation Criteria

Quality Criteria	Weightings
Implementation plan	15
Evidence of the ability of how to implement the business model	25
Innovation & added value	5
Ability to accept all forms of ordering	13
Demonstrate the monitoring and evaluation process of vendors	12
Detailed evidence of staff audit process	10
Equalities & Diversity	Pass/fail
Health & Safety	Pass/fail
Interims	10
ICT Requirements	10
Total	100

Implementation plan

Tenderers should have provided a detailed implementation plan indicating how the service will be set up; this should include getting appropriate supply Vendors on board.

The evaluation team should review this with a view to its achievability within the given timescales with the resources identified.

The plan needs to recognise the current providers, as spend is currently in excess of 5 million pounds, spent annually in the local economy and the impact on local small business could be negative if this is not taken in to account, both in the implementation and subsequent business model.

Ability to implement the business model

Tenderers should have set out their ability to implement their proposed business model.

This should include a proven track record ideally with the staff identified within the tender documents.

- How will the contractor engage with current providers?
- How well they retain current experienced temporary workforce?
- Ensure that 90% of temporary staff are sourced within the Brighton & Hove locality.

Innovation and added value

Tenderers should have provided details of innovation (s) and service enhancements within their rates and costs and demonstrate how this will bring benefits to the Council in terms of cost savings, improved quality, and management. Only innovations linked to the scope and objectives of this Tender will be evaluated.

Note: This is an output specification, and therefore the opportunity for innovation in delivery is evident.

This area of response needs to reflect a high degree of partnership working and recognise, for instance, the cost savings of the Council's own internal worker pools, including Admin All Areas and Care Crew. The contractor also needs to recognise that it is the Council's ongoing desire to reduce its reliance on temporary and agency staff, how will they/the contractor support the Council in doing this?

Forms of ordering

Tenderers should have detailed how council officers will be able to place orders for temporary staff and interims via:

- Face-to-face;
- Telephone;
- Fax;
- E-mail;
- Online.

The methods set out should be easy to use and realistic in relation to implementation

Monitoring of Vendors

There should be an explanation of how the bidder intends to monitor the performance of vendors and the quality of staff provided by them including:

- The process for procuring and managing vendors;
- The criteria used to measure performance;
- The process for agreeing margins;
- The processes in place to ensure that mark-ups, margins etc are in-line with current market rates.

The methods identified should be aligned to the resources available to the bidders.

Staff Audit

There should be a clear explanation as to how this will be carried out across all types of staff and will highlight the depth and regularity

Specific reference needs to be made to CRB, eligibility to work in the UK and professional registration and checks i.e. Social Worker.

Equality & Diversity

There should be a clear explanation as to how they intend to ensure that equality and diversity requirements are met e.g. monitoring etc

This should include compliance with legislation and examples of best practice

Health & Safety

Bidders should set out how they intend to manage Health & Safety for this contract.

They should also outline the way they will monitor the Health & Safety performance of the Vendors and the workers that they provide through the contract.

They should also outline how they will ensure that:

- agency workers have the adequate Health & Safety training for their role; and
- they receive a comprehensive induction at the client site?

The methods set out should be easy to use and realistic and aligned to the resources available to them

Interims

Tenderers should explain how they intend to identify and supply suitably skilled individuals for all categories of interim worker requests.

How will the contractor enable the Council to cast 'a wide net' in accessing the best interims available.

Price Evaluation (max score 100 marks)

Financial Evaluation Criteria

Financial	Weightings
Cost Model (first 24 months).	50
Transactional rates	50
Total	100

Cost model

The Cost Model will be scored out of 5 using the scale set out below

5	Meets the standard exactly as specified	Excellent
4	Meets the standard well, but not exactly	Good
3	Meets standard in most aspects, fails in some	Satisfactory
2	Fails standard in most aspects, meets it in some	Doubtful
1	Significantly fails to meet the standard	Poor

0	Completely fails to meet the standard	Not worth considering
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- 11.1 The tenderers are required to prepare a trading account to show their assumptions for the first 24 months of a contract with BHCC. This will reflect the additional savings achieved through your business model.
- 11.2 Tender submissions should prudently identify projected savings from their proposed model and to demonstrate how they would implement this model and in what areas cost reductions would realistically expect to be achieve.

Transactional Rates

Transactional Rates	Weightings
Administrative Staff	43
Interims	7
Total	50

The Score for the transactional rates will be calculated as follows:

Administrative Staff

The total price for administrative staff will be calculated by using BHCC usage information for the w/c

Maximum marks will be given to the lowest bid with other bids scoring proportionally.

$$\text{Score} = (\text{lowest bid} / \text{bid}) \times 100$$

Interims

Each category of interim will carry equal weighting and will be scored in the following way

$$\text{Score} = (\text{lowest bid} / \text{bid}) \times 100$$

The process

The Evaluation Team

The evaluation team will consist of but not limited to:

Lance Richard	Recruitment Strategy Manager
Julian Wood	Procurement Strategy manager (acting)
Peter Francis	Accountant (Culture & Enterprise and Strategy & Governance)
Duncan Campbell	Commissioning and Partnership Manager
Dan Snowdon*	ICT Consultant

*score the ICT requirements section only

Additional support will be given by the Health & Safety Team

This is a two stage process

Stage 1 - Initial scoring

The Evaluation Team will read the submissions and give initial scores. This initial evaluation will also indicate where further clarification is needed. Questions relating to this will be drawn up for each bidder.

Stage two – Presentations

Each bidder will present to the Evaluation Team and the Expert Advisors. The Evaluation Team and the Expert Advisors will then be given the opportunity to ask questions of the bidders. These questions will be made up of questions drawn from the initial scoring and any questions arising from the presentation.

Following the end of the presentation the Evaluation Team and the Expert Advisors will discuss the presentations and responses to questions asked.

Following this discussion the Evaluation Team will score the tenders accordingly.