

# **CENTRAL SERVICES CABINET MEMBER SPECIAL MEETING**

## **Agenda Item 34**

Brighton & Hove City Council

<b>Subject:</b>	<b>Temporary Staff Agency Tender</b>		
<b>Date of Meeting:</b>	<b>7 December 2009</b>		
<b>Report of:</b>	<b>Director of Strategy &amp; Government</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Lance Richard</b>	<b>Tel:</b> <b>29-5925</b>
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<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No: CS12570</b>	
<b>Wards Affected:</b>	<b>All</b>		

### **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

