

2		<p><b>CHIEF OFFICER IN CONSULTATION WITH COMMITTEE CHAIRMAN DELEGATED POWERS REPORT</b></p>
<b>Title</b>	<p><b>Award of Provision of Temporary Worker Services Contract</b></p>	
<b>Report of</b>	<p>Interim Assistant Chief Executive in consultation with Chairman of the Policy and Resources Committee.</p>	
<b>Wards</b>	<p>N/A</p>	
<b>Status</b>	<p>Public (with exempt Appendix which is exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains Information relating to the financial and business affairs of tenderers and the Council)</p>	
<b>Enclosures</b>	<p>Yes (Exempt Appendix)</p>	
<b>Officer Contact Details</b>	<p>Strategic HR Lead (Interim), Commissioning Group 0208 359 2978</p>	

<p><b>Summary</b></p>
<p>This report confirms the award of a contract to Matrix SCM for the Provision of Temporary Worker Services</p>

<p><b>Decisions</b></p>
<p><b>1. Confirmation of award of the Provision of Temporary Worker Services contract to Matrix SCM. The contract will commence on the 1 October 2018 for a period of two years, with the option to extend for a further period of up to one year.</b></p>

**1. WHY THIS REPORT IS NEEDED**

- 1.1 A Temporary Worker service is required to supplement the resources of the Council to ensure it can continue to provide Council services.

1.2 The current contract expires on the 30 September 2018 and a decision was made not to take up the option for a 12-month contract extension, to test the market and ensure the Council was receiving value for money.

**2. REASONS FOR RECOMMENDATIONS**

2.1 The current contract was put in place under the Eastern Shires Purchasing Organisation (ESPO) Framework Agreement for Temporary Workers called MStar2.

2.2 The current service delivery model is based on a Neutral Master Vendor model whereby the Supplier will provide temporary workers via third party agencies and not provide the workers themselves. Comensura are the current Management Service Provider (MSP) providing this service to the Council. The current contract commenced on the 1 October 2016 and expires on the 30 September 2018.

2.3 The value of £52 million for Temporary Worker requirements was included in the Annual Procurement Forward Plan (APFP) for 2018/19 which was approved by Policy and Resources Committee on the 13 February 2018.

2.4 A further competitive procurement process in accordance with the terms of the Eastern Shires Purchasing Organisation (ESPO) framework agreement for Managed Services for Temporary Agency Resources (MSTAR2) has been completed which complies with the Council’s Contract Procedure Rules and the Public Contract Regulations 2015.

2.5 These bids have been evaluated in accordance with the tender evaluation methodology. Only 2 bids were received from Bidder A and Matrix SCM. It was considered it was not in the Council’s interests to run an e-Auction as there would be insufficient competition. It was therefore decided to proceed to Best and Final Offer (BAFO) and explore some additional price elements.

2.6 The outcome of the evaluation of the bids is summarised in the table below

Supplier	Technical Score (Weighted 30%)	Commercial Score (Weighted 70%)		Total Score
		Value for Money Score (Weighted 20%)	Price Score (Weighted 50%)	
Bidder A	19.2%	12.0%	49.76%	80.96%
Matrix SCM	20.4%	18.0%	45.87%	84.27%

Matrix SCM have the highest weighted score and are therefore considered to have submitted the most economically advantageous tender which will deliver the best value for money to the Council.

2.9 Going forward, the cost of interims need to be carefully considered and other routes to market for interims (rather than using this Temporary Worker contract) may deliver better value for money to the Council. This will be factored into the contract going forward.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

3.1 The Council undertook a benchmarking exercise and market consultation as it considered several options about how this service could be delivered in the future to meet the Council's needs and provide the best value for money.

3.2 This included i) a Master Vendor Model, ii) using an alternative framework agreement to ESPO's such as the Crown Commercial Services (CCS), the Yorkshire Purchasing Organisation (YPO), North East Purchasing Organisation (NEPO) framework agreements and iii) the establishment of a Dynamic Purchasing System (as operated by the Royal London Borough of Greenwich and in Suffolk), These alternative options were not considered the most appropriate to pursue at this time:

- i. a neutral vendor model (as the Council currently uses) was chosen to give greater flexibility, as the master vendor option would restrict the pool of agencies that the Council could use;
- ii. the ESPO framework was the most competitively priced framework in comparison with YPO, CCS and the NEPO frameworks;
- iii. establishing a Dynamic Purchasing System (DPS) takes significant time and investment so was not considered a viable option for the provision of staff from October 2018.

Further work will take place to assess the longer-term business case for the DPS option.

3.3 Considering the above, it was decided to continue with the Master Neutral Vendor Model, and to adopt the ESPO framework agreement and run a further competition.

### **4. POST DECISION IMPLEMENTATION**

4.1 Following award of the contract to Matrix SCM, arrangements will be made for the contract agreement to be executed by both parties.

4.2 HR and Procurement (the contract managers) will work with Council Officers to manage the exit from the existing contract and mobilise the new contract immediately.

### **5. IMPLICATIONS OF DECISION**

#### **5.1 Corporate Priorities and Performance**

5.1.1 This decision supports the delivery of the Corporate Plan 2015-2020 as the use of Temporary Workers is essential to ensure the continued delivery of Council Services to the public and the Council's customers.

#### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 The Council has expressed a preference to move away from the current rebated and gain share model, to what is called a net/net model and the new contract will implement this.

- 5.2.2 The anticipated value of the service for the first year of the new contract for the period 1 October 2018 – 30 September 2019 based on hourly usage in the last full contract year (October 2016 to September 17) including interims is estimated to be £21.2m. Of this c£9.1m is the cost of interims.
- 5.2.3 With the recently introduced Temporary Worker/Resources Panel which will be managing the demand for resource requirements across the Council the aim is to reduce spend on agency workers.
- 5.2.4 The bids were evaluated in accordance with the Tender Evaluation Methodology issued within the ITT, which was allocated with the weighting of technical/quality at 30% and commercial at 70%. The outcome of the evaluation is set out in 2.11. As set out in section 2, the Matrix SCM tender was assessed as the most economically advantageous tender.
- 5.2.5 The contract will require the Supplier to directly work with the Council on demand management ensuring suitable levels of temporary workers when needed.
- 5.2.6 The contract requires the Supplier to ensure that temporary workers have been appropriately vetted and have the right to work in the UK with the relevant and appropriate qualifications.
- 5.2.7 Resources will need to be made available to mobilise the new contract.
- 5.2.8 It is expected that the use of Temporary Workers by the services will be delivered within their current agreed budgets as set by the Council.

### 5.3 **Social Value**

- 5.3.1 The requirements on the council under the Public Services (Social Value) Act 2012 have been considered through the procurement process, and all bidders were asked to submit a response on how they would meet these requirements.

### 5.4 **Legal and Constitutional References**

- 5.4.1 Under the council's Contract Procedure Rules, acceptance of contracts must be in accordance with Article 10, Table B of the Constitution, and in all cases, is subject to budget provision, a compliant procurement process, and confirmation of acceptable financial status of the contractor. For contracts of this value within budget, acceptance is by a full Delegated Powers Report by a Chief Officer in consultation with a Theme Committee Chairman.
- 5.4.2 The procurement has been conducted in compliance with the Public Procurement Regulations 2015 and the rules of the ESPO Framework and so the contract can be awarded to Matrix SCM as they submitted the most economically advantageous tender.

### 5.5 **Risk Management**

- 5.5.1 Legal and Procurement advice has been sought to minimise any risk associated with this contract.

5.5.2 A risk log will be developed as part of the mobilisation of the contract to manage and monitor identified risks.

**5.6 Equalities and Diversity**

5.6.1 The procurement process specifically factored in questions around providing opportunities for those with disabilities, local people and local communities.

**5.7 Corporate Parenting**

5.7.1 Suppliers were invited to put forward proposals around social value which could include how they would enhance job opportunities for care leavers and for those Not in Education, Employment or Training (NEET).

**5.8 Consultation and Engagement**

5.8.1 As detailed in Section 3 above.

**5.9 Insight**

5.9.1 N/A

**6. BACKGROUND PAPERS**

6.1 N/A

Signed Richard Cornelius

Date 12 September 2018

Chief Officer: Jenny McArdle, Interim Assistant Chief Executive  
Decision maker having taken into account the views of the Chairman

Signed J Mccardle

Date 12 September 2018