

**TO: THE EXECUTIVE
9 FEBRUARY 2016**

**AGENCY WORKERS FRAMEWORK 2016-2020 - FURTHER COMPETITION UNDER
ESPO MSTAR2 FRAMEWORK 653F_15 LOT 1
Director of Adult Social Care, Health & Housing**

1 PURPOSE OF REPORT

- 1.1 In accordance with the recommendation contained in the Procurement Plan approved by the Director of Corporate Services and the Executive Member for Transformation & Finance in October 2015, the Council has undertaken a mini competition under the MSTAR2 Framework reference 653F_15 (Lot 1 – Neutral Supply Chain Management) Framework Agreement managed by the Eastern Shires Purchasing Organisation (ESPO). The evaluation of tenders has now been completed and this paper seeks agreement to place the Council's own contract under the ESPO framework for a period of 4 years from 1 April 2016.
- 1.2 Current arrangements with the Council's Managed Service Provider (Comensura) were put in place under the previous iteration of the ESPO framework covering the 2012 to 2016 period.
- 1.3 The ESPO framework is fully compliant with the Public Contracts Regulations, and further competition has been carried out fully in accordance with framework rules.

2 RECOMMENDATION

- 2.1 That the Agency Worker Contract be awarded to Tenderer D.**

3 REASONS FOR RECOMMENDATION

- 3.1 To ensure, that the Council has an effective and reliable contractor offering an efficient and reliable service to hiring managers minimising the need for intervention by Council officers, and which delivers best value for money.
- 3.2 To ensure that the Council adopts, in accordance with the principles of Category Management, a solution which addresses the needs of the whole Council and maximises the Council's spending power, delivering both direct savings and process improvements.
- 3.3 To ensure that the Council has a contract in place which facilitates continued compliance with the Agency Workers Regulations.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None considered. Continued use of the ESPO framework is consistent with the principles of Category Management and enables the Council access to a well developed market and mature contractual process. Furthermore, there are 7 established Managed Service Providers available on Lot 1 of the framework which has enabled a robust competition to be undertaken for Council requirements.

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- 4.2 The ESPO Framework embodies current best practice with regard to the management of Agency Workers and it has been tendered and awarded in full compliance with the Public Contracts Regulations 2015.

5 SUPPORTING INFORMATION

- 5.1 A Project Team drawn from all Council Directorates (including representatives from ICT, Finance and Corporate Procurement), and led by the Chief Officer: Older People & Long-term Conditions (Category Manager: Agency Staff), was established at the outset. The Project Team liaised closely with Hiring Managers across the Council to learn which areas of the current contract could be improved. The objective of such consultation was to ensure that, wherever possible, the new contract takes into account and addresses such areas.
- 5.2 The majority of Council spend on Agency Workers (circa 75% of the total) is on social workers and care staff within Adult Social Care, Health and Housing and Children, Young People and Learning. Of this spend on care staff, the majority is in Adult Social Care Health and Housing, and therefore the Chief Officer, Older People and Long Term Conditions has been designated Category Manager. The key principle of Category Management is that products or services acquired (such as Agency Staff) with common attributes, markets or suppliers are grouped together and managed as a single category. This enables optimal strategies to be developed for managing: the supply market, the internal demand for the commodities involved and the procurement methods required to best meet the needs of the organization. A key principle of the strategy developed is the use of this Agency Worker framework as the primary method in the Council for obtaining Agency Workers.
- 5.3 There are 7 suppliers on Lot 1 of this ESPO framework, and those suppliers were asked in October 2015 to confirm their interest in submitting a bid for the Council contract. At this stage, only 1 supplier (Tenderer F withdrew from the exercise). Tenders were invited from the 6 remaining tenderers in early November, following which 3 further tenderers withdrew (Tenderers C, E and G). Tenders from the 3 remaining suppliers were received at the end of November and were marked by the evaluation team prior to interviews/ system demonstrations on 9th December. In accordance with usual Council practice, these interviews were used by the evaluation team to confirm understanding of the bids received and to validate the marks awarded. The interviews themselves were not marked.
- 5.4 Marks were awarded based on the answers given to the Method Statement (qualitative) questions agreed by the Evaluation Team and to the cost information submitted in the pricing schedule. This schedule represented a model of a typical annual spend for cost evaluation purposes. Tenderer D scored highest overall based on combined cost/ quality scores and they are recommended for acceptance. Details of the evaluation are set out in the confidential annexe.
- 5.5 Agency Worker spend will be accommodated within existing budgets.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 No significant legal issues arise from the matter discussed in this report.

Borough Treasurer

- 6.2 The tendering process as outlined in the report should ensure that value-for-money is secured and offer up the best option for longer-term savings. The evaluation criteria of 50:50 Quality:Price is appropriate given the nature of the service being procured.

Equalities Impact Assessment

- 6.3 This has been completed for this requirement and was attached to the Procurement Plan.

Data Protection

- 6.4 A Privacy Impact Assessment was considered appropriate for this project and was accordingly prepared and attached to the Procurement Plan.

Strategic Risk Management Issues

- 6.5 Failure to deliver the contract is a risk. Suppliers on this ESPO framework are, however, organisations with significant financial and other resources, all of which have been subject to detailed checks by ESPO in order to minimise the risk of non-delivery.
- 6.6 Failure of the supplier's purchase to pay system could be a risk to the Council. As required by ESPO, Tenderer D has robust business continuity arrangements in place to cover such matters.
- 6.7 Poor performance could also be a risk to the Council. The Council now has considerable experience in managing the Agency Worker framework and will proactively manage it going forward. Persistent poor performance may be escalated to ESPO, who will be able to use their considerable leverage within the market to ensure improved performance, where necessary.
- 6.8 Failure to commit the appropriate levels of staff resources to support the Category Strategy could put the project objectives at risk. A contract manager is already in place to monitor and measure supplier performance and to address particular concerns such as the current level of off-contract spend. This risk should therefore be kept to a minimum.

7 CONSULTATION

Principal Groups Consulted

- 7.1 The Project and Tender Evaluation Teams were drawn from Adult Social Care, Children, Young People & Learning, Environment, Culture & Communities and Corporate Services Directorates. The teams included the Chief Officer: Older People & Long-term Conditions (Category Manager: Agency Staff), Corporate Procurement, ICT and Finance to ensure there was satisfactory representation to perform an effective assessment. Use of the ESPO framework was approved by the Assistant Borough Solicitor.

Method of Consultation

- 7.2 During September 2015, a meeting was convened with a representative selection of current hiring managers to ensure that any problems or issues with current

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arrangements were captured. Such issues were then taken forward where possible and reflected in the Invitation to Tender to be addressed in the future. At project initiation, the Procurement Plan was reviewed by the Service Efficiency Steering Group and approved by the Corporate Services Director and the Executive Member for Transformation & Finance. The Project and Evaluation Teams met and were consulted throughout the project and documents were circulated to all for review to ensure that all comments and views were reflected. Draft tender documentation was also forwarded for review to the Assistant Borough Solicitor. ESPO were also consulted for advice throughout the procurement process.

Representations Received

7.3 N/A

Background Papers

Invitation to Tender document including Conditions of Contract
Tender Evaluation Spreadsheet
Procurement Plan

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