

**TEMPORARY AGENCY STAFF CONTRACT AWARD**

**Cabinet Member:** Cllr Mrs M E Squires  
**Responsible Officer:** Chanelle Busby, Procurement Manager

**Reason for Report:** To advise Members on the results of the procurement for the provision of Temporary Agency staff

**RECOMMENDATION:** It is recommended that a contract be awarded to Supplier 1 for a period of 3 years with the option to extend for a further year.

**Relationship to Corporate Plan:**

**Financial Implications:** The total contract value (including extension options) for Mid Devon District Council was estimated at £1.8million excluding VAT. If Supplier 1 is awarded this contract based on our current volume of activity this will represent an annual saving of circa. £8k.

**Legal Implications:** The call-off terms and conditions had already been accepted by suppliers approved on the framework. As part of the procurement additional service levels were added in relation to response times and fulfilment rates which will need to be formally agreed as part of the pre-contract signing meeting. There is confidential and commercially sensitive information within the Part 2 report which accompanies this report. Any discussion of such information must only take place in Part 2 following the passing of the following resolution:

**Recommended** that under Section 100A(4) of the Local Government Act 1972 the public be excluded on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12 A to the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information)

**Risk Assessment:** The risks are identified within the report at 6.0.

**Equality Impact:** The need to adhere to Equalities legislation is set out within the terms and conditions of the MSTAR2 Customer Agreement.

**1.0 INTRODUCTION**

1.1 Mid Devon District Council have procured a new contract for Temporary Agency Staff. Teignbridge District Council led the procurement on behalf of a number of public sector bodies in the Devon region who have committed to use this contract.

1.2 The Contracting Authorities are:

- Dartmoor National Park

- Mid Devon District Council
- North Devon District Council
- South Hams District Council/ West Devon Borough Council
- Teignbridge District Council
- Torridge District Council

1.3 It was the intention of the Councils to procure a flexible solution that will meet the needs for all temporary staff requirements for each of the Contracting Authorities, which includes interim and executive roles.

1.4 The Service involves providing temporary agency staff plus any associated personal protective equipment (PPE), as required.

## 2.0 BACKGROUND

2.1 The current contract is due to expire on the 17<sup>th</sup> November 2017, this was procured collaboratively with seven other contracting authorities and has been in place for four years.

2.2 Temporary labour resources are an appropriate part of the overall workforce planning for the Council and are typically used to:

- Cover planned and unplanned absence (e.g. various types of leave/sickness)
- Obtain temporary additional resources for specific projects
- Obtain specialised skills that are not available in-house for specific projects where a secondment is unavailable or acting up is not possible
- Additional resource to assist in seasonal/cyclical fluctuations
- Interim resource whilst full time posts are being recruited

2.3 **The Contracting Authorities annual expenditure on temporary agency staff for 2016/17 has been set out below.**

<b>Contracting Authority</b>	<b>Total</b>
Dartmoor	£39,408
Mid Devon	£279,359
North Devon	£479,115
South Hams / West Devon	£982,547
Teignbridge	£655,931
Torridge	£467,035
<b>Total</b>	<b>£2,903,395</b>

## 3.0 THE PROCUREMENT PROCESS

3.1 The procurement was conducted using a further competition under the ESPO framework 635F for Managed Services for Temporary Agency Resources (MSTAR2).

3.2 The Council's intention is to let a contract for three years with the option to extend for a further year.

#### 4.0 TENDER STAGE

4.1 Tender documents were released through the e-tendering portal Supplying the South West on the 16th June 2017. Submissions were received on the 28th July 2017 from a total of 2 suppliers.

4.2 Eight suppliers chose not to submit a bid. Feedback obtained from the suppliers since the submission deadline has passed has indicated the following reasons for not participating in the procurement.

Organisation name	Explanation
Supplier 3	Unable to be competitive
Supplier 4	<p>Unable to be competitive</p> <p>Having carefully reviewed your requirements and spoken at length with our commercial and operations teams, we came to the conclusion that we are unfortunately unable to offer a competitive solution in this instance.</p> <p>We pride ourselves on delivering consultative, high-touch services and, owing to the projected spend in scope of this contract, we would not be able to do that without submitting an increased commercial offer, which would in turn cause us to become uncompetitive.</p>
Supplier 5	<p>My colleague worked on this opportunity but she is away until next week. I have checked our systems and her notes indicate it was due to your need/volume of requirements for drivers. We tend to utilise our supply chain for this type of worker rather than fill directly and on this basis, the opportunity was not commercially viable for us to pursue.</p>
Supplier 6	<p>On this occasion we reviewed the opportunity and decided that our limited footprint across the region meant it would not be an appropriate opportunity to pursue.</p> <p>Implementing technology across individual authorities and establishing a supply chain across such a geographical spread would also be very expensive and the volumes would not have delivered the required financial return.</p>

## 5.0 SUMMARY OF TENDER EVALUATION

### 5.1 Evaluation Criteria and Weightings

5.2 Any contract will be awarded on the basis of the most economically advantageous tender. The award criteria contained a mix of quality and commercial considerations.

5.3 The high level award criteria and weightings used for this procurement are set out below:

- Quality 40%
  - Service Delivery 16%
  - Candidates 10%
  - Systems / Technology 7%
  - Implementation 5%
  - Additional Benefits 2%
  
- Price 60%
  - Individual roles 28%
  - Inside IR35 10%
  - Outside IR35 10%
  - Commercial Questions 12%

### 5.2 Scoring Methodology

5.2.1 The scoring methodology used to evaluate the quality criteria was:

Response	Score	Definition
Unacceptable	0	Nil or inadequate response. Fails to demonstrate an ability to meet the requirement.
Poor	2	Response is partially relevant and poor. The response addresses some elements of the requirements but contains insufficient/limited detail or explanation to demonstrate how the requirements will be fulfilled
Satisfactory	5	Response is relevant and acceptable. The response addresses a broad understanding of the requirements but may lack details on how the requirement will be fulfilled in certain areas.
Good	8	Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements will be fulfilled.

Excellent	10	Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement and provides details of how the requirement will be met in full.
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5.2.2 The scoring methodology used to evaluate price was:

<p>Lowest price submitted from all Quotes receives maximum % score. Other Applicants prices are scored in accordance with the following equation:</p> $\% \text{ Score} = \frac{\text{Lowest Tendered price}}{\text{Tenderer's price}} \times \text{weighting for either tab 1, 2 or 3}$
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5.2.3 The scoring methodology used to evaluate the commercial questions was:

Response	Score	Definition
Unacceptable	0	Gives rise to major concerns regarding financial proposals (or no answer given)
Poor	2	Lacks conviction resulting in concern that the proposed approach is not practical and is unrealistic
Satisfactory	5	Offers some innovation to address financial matters
Good	8	Generally convincing, perceived to be realistic in most respects
Excellent	10	Excellent, convincing and realistic, offering benefits and exceeding expectations in respect of financial matters particularly where cost reduction and savings are concerned

### 5.3 Pricing

5.3.1 A breakdown of the pricing has been set out in the confidential Part 2 report which accompanies this report. This information must only be discussed following the passing of the resolution set out in “Legal Implications” above.

### 5.4 Scores and ranking

5.4.1 Evaluation was conducted individually by officers of the contracting authorities who then came together in a moderation meeting to review and agree final scores and comments.

5.4.2 The summary scores have been set out below:

<b>List of Tenderers</b>		<b>Supplier 1</b>	<b>Supplier 2</b>
<b>Deliverables</b>	<b>Weighting</b>	<b>Weighted Score</b>	<b>Weighted Score</b>
<b>Total Price</b>	<b>60%</b>	<b>55.68</b>	<b>53.52</b>
<b>Total Quality</b>	<b>40%</b>	<b>30.15</b>	<b>25.75</b>
<b>Grand Total</b>	<b>100%</b>	<b>85.83</b>	<b>79.27</b>
<b>Rank</b>		<b>1</b>	<b>2</b>

5.4.3 A detailed breakdown of the scoring has been set out in the confidential Part 2 report which accompanies this report. This information must only be discussed following the passing of the resolution set out in “Legal Implications” above.

## **6.0 PROJECT RISKS/ BENEFITS**

### **6.1 Quality/service/products**

6.1.1 A new element which shall be incorporated into the new contract will be the ability to use an online system for requesting assignments. This should lead to service efficiencies for internal staff. The new system will also enable better and improved reporting instantly from the system, with the ability to pull off standard reports as well as bespoke.

### **6.2 Commercial**

6.2.1 The business case set out that some costs were outside of the control of the council and therefore would impact on annual spend.

6.2.2 Elements outside the control of the Council are:

- Statutory deductions e.g. pension and National Insurance (NI)
- Agency Worker Regulation legislation
- Minimum wage/living wage increases

6.2.3 Costs which have been incorporated into the new contract which will have a financial impact are the apprenticeship levy at 0.5% per worker and the NI rate of 13.8% which is the standard rate. Our current contract had an agreed NI level of 8.6% across the board and no applied apprenticeship levy. Taking these factors into account, this therefore has impacted on the costs of the new contract and is likely to see an increase of 3.41% in real terms.

6.2.4 To put this into context, if you were to strip out these two increases, the cost of the new contract would see a 0.54% decrease.

## 7.0 CONCLUSION

- 7.1 The outcome of the tender process shows **Supplier 1** as the winning bidder.
- 7.2 Approval is required from Cabinet for this contract to be formally awarded.
- 7.3 Following the decision, there will be a compulsory 10 day standstill period after which the contract will be awarded.
- 7.4 It is envisaged that the contract will start on 18<sup>th</sup> November 2017.

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<b>Background papers:</b>	None
<b>File reference</b>	None
<b>Circulation of the Report:</b>	Cllr. Squires, LT, Legal. Audit