

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Sukvinder Kalsi, Executive Director, Finance & Corporate Services

Date: 30/09/2024

Subject: Contract extension for the provision of agency, interim and temporary workers

Report of: Lucy Robinson, Strategic Resourcing Lead

SUMMARY

In 2022, Pertemps Limited were awarded the contract for the provision of agency, interim and temporary workers via the Eastern Shires Purchasing Organisations (ESPO) MSTAR3 Lot1a Neutral vend framework in 2022, for an initial period of 2 years with an option to extend for a further 2 years. This report sets out the rationale to extend for the further 2-year period.

The current contract commenced on 1 October 2022 for the provision of agency workers with Pertemps Limited, the initial 2-year period expires on 30th September 2024.

RECOMMENDATIONS

1. To note that Appendix 2 and 4 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
 2. To approve the option to extend the contract with Pertemps Limited for a further 2 years, commencing on 1 October 2024, for the provision of the agency, interim and temporary workers.
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Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Corporate Plan and the H&F Values
Building shared prosperity	Working with local SMEs, local jobs for local people, supporting returners to work, youth unemployment and supporting the Council's vision.
Creating a compassionate and inclusive	The supplier will align with the Council's

council	objectives and policies. All recruitment will be based on equal, fair treatment to all candidates.
Doing things with local residents, not to them	All agency staff workers recruited by the supplier will participate in co-production activities (if applicable) and will have the residents at the core of their decision-making.
Being ruthlessly financially efficient	Reducing agency spend and underpinning the Council's current agency reduction programme.
Taking pride in H&F	All agency staff workers recruited by the supplier will take part in delivering the Council's vision.
Rising to the challenge of the climate and ecological emergency	Under the framework the supplier is required to demonstrate how they support H&F in rising to the challenge of the climate and ecological emergency. The supplier will be required to prove what actions they are taking to reduce their carbon emissions, how they promote local employment to reduce the carbon emission generated by transportation and how they can assure the staff they recommend to H&F will use a sustainable transportation method. The supplier will also demonstrate how they train their workers and agency staff in sustainability.

Financial Impact

Expenditure on agency spend is managed and monitored by services within their overall staffing budget envelopes, with corporate oversight provided through corporate revenue monitoring reports, quarterly corporate performance reporting and Resource Management Board. Services are expected to ensure that there is adequate budget provision in place and to providing mitigating actions so that costs are kept within control.

No additional contract implementation costs are required, and any associated costs are approved as part of the overall Council's budget for staffing.

Andre Mark, Head of Finance (strategic planning and investment), 21st June 2024

Verified by James Newman, AD Finance, 3 July 2024

Legal Implications

Pertemps Limited were awarded the contract for the provision of agency, interim and temporary workers via the Eastern Shires Purchasing Organisations (ESPO) MSTAR3 Lot1a Neutral vend framework in 2022, for an initial period of 2 years with an option to extend for a further 2 years.

Exercising the option to extend is in accordance with the Public Contracts Regulations 2015 and the Council's Contract Standing Orders.

Where the award report concerns the award of contract in excess of £300,000 in value or the expenditure is otherwise significant, then it is a Key Decision (see Article 12 of the Constitution) and must be submitted to Committee Services for publication on the Council's website. The award decision cannot be implemented without the expiry of the call-in period for that decision as shown on the website.

Joginder Bola, Senior Solicitor (Contracts & Procurement), 24 June 2024

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The Council's current contract for the provision of agency workers with Pertemps Limited expires on 30th September 2024 with the option to extend for a further 2 years.
2. The contract was awarded in 2022 following a mini competition with suppliers through the ESPO (Eastern Shires Purchasing Organisation) MSTAR3 Lot 1a to ensure both quality and best value for money.
3. H&F set additional criteria to assess the quality of each submission through a range of different questions specific to the needs of the Council.
4. Contract Standing Orders is 60:40 quality to price. The weighting adopted in the further competition was 50:50.
5. The tender evaluation weighting was varied from the standard CSOs 60:40 to 50:50 in the procurement strategy and applied to this procurement. This was because The MSTAR 3 Core specification - Appendix 1 provided reassurance that the assessment already undertaken by ESPO demonstrated suppliers' capability of providing a comprehensive range of services that incorporates both quality and value for money. The weighting of 50:50 for the further competition was to ensure suppliers were assessed on price and quality equally against the H&F specification.

Reasons for Decision

6. The Council, in common with all local authorities, requires the potential to be able to engage a wide range of agency placements to cover vacant posts or for specific time-limited projects or roles where it does not have internal capacity or expertise. It is normal practice to use a neutral vendor provider through which suitable candidates can be sourced and engaged.

7. Working with the supplier has, particularly over the last two years, been highly collaborative as the council focusses on spend control in this area whilst supporting key areas of the Council to meet services demands. The contract extension and arrangements will continue and accelerate that collaboration to control spend whilst remaining adaptive to sudden changes in the labour market.
8. The Eastern Shires Purchasing Organisation (ESPO) is a recognised consortium set up to tender for National frameworks that are accessible to local authorities and public sector bodies.
9. This is the third in a series of successful frameworks, (MSTAR1, MSTAR2 and now MSTAR3) further demonstrating ESPO's proven experience, market knowledge and procurement know-how in the temporary/interim staffing market. The market was tested with the Mstar3 framework in place from 11 April 2019 to 10 April 2021 with an option to extend for a further 24 months until 10 April 2023.
10. Under MSTAR3 Lot1a, there are 10 suppliers. All suppliers were assessed during the procurement process for their financial stability, track record, experience, technical and professional ability.
11. Suppliers are not ranked under the framework. The delivery model under Lot1a is Neutral Vendor i.e., where the supplier manages a chain of agencies but may also supply temporary agency workers where this is done through a subsidiary company.
12. The MSTAR3 customer agreement Appendix 2 sets out contract specifications with the option for additional modular build services in line with H&F specification.
13. The Neutral vend supply and manage the effective provision of temporary agency workers across H&F for the duration of the contract.
14. Through the contract Pertemps Limited demonstrate good technical knowledge and provided value for money.

Equality Implications

15. It is not anticipated that there are any adverse impacts on groups that share protected characteristics arising from this contract award.
16. Through the tender specification and evaluation process, Pertemps Limited will be required to demonstrate, how they will promote equity and fairness and support H&F in meeting their equality objectives and how they will manage the service in a way that ensures the priorities on equalities are met.
17. The Agency Worker Regulations (effective from 1 October 2011 i.e., contract commencement) are intended to ensure that there is appropriate protection of temporary agency workers through the application of the principle of equal treatment, including pay. The supplier will be required to provide Management Information reports on agency workers' pay, which will be monitored to ensure compliance with Agency Worker Regulations.

Yvonne Okiyo, Strategic Lead Equity, Diversity and Inclusion 21 June 2024

Risk Management Implications

18. To deliver all services effectively for its residents the Council contracts with third parties and employs permanent staff. Where vacancies exist in key staffing roles, roles are difficult to recruit to or specific skills, expertise or additional capacity are required for time-limited projects, it is normal practice for councils to engage workers on a temporary basis via agencies.
19. By appointing a neutral vendor provider to source suitable candidates, the Council mitigates a number of risks including pre-engagement vetting/eligibility to work checks and ensuring that key posts (often in front line services) can be filled quickly to protect continuity of service. Carrying out a competitive process to appoint a third party to do this is in line with the Council objective of being ruthlessly financially efficient.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 21 June 2024

Climate and Ecological Emergency Implications

20. There is no direct climate implication from extending the contract, however there should be an indirect contribution towards H&F's objectives. Under the framework the supplier will be required to demonstrate how they support H&F in rising to the challenge of the climate and ecological emergency. The supplier will be required to prove what actions they are taking to reduce their carbon emissions, how they promote local employment to reduce the carbon emission generated by transportation and how they can assure the staff they recommend to H&F will use a sustainable transportation method. The supplier will also demonstrate how they train their workers and agency staff in sustainability.

Mark Thomlinson, Climate Engagement Lead 21 June 2024

Procurement implications

21. The contract record will be updated in the contract register and a signed copy of the contract uploaded to ensure compliance with statutory transparency requirement.

Jacqueline Rutherford Category Specialist 20.6.24

LIST OF APPENDICES

- Appendix 1 - MSTAR 3 Core specification
- Exempt Appendix 2 – MSTAR 3 Customer Agreement
- Appendix 3 - Equality Impact Assessment (EIA)
- Exempt Appendix 4 – Financial Aspects