

	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>27 APRIL 2015</b>
<b>CONTRACT FOR THE RECRUITMENT RESOURCING AND HR CONSULTANCY SERVICES LOTS</b>	
<b>Report of the Cabinet Member for Finance: Councillor Max Schmid</b>	
<b>Open report</b>  A separate report on the exempt part of the Cabinet agenda provides exempt financial information.	
<b>Classification - For Decision</b> <b>Key Decision: Yes</b>	
<b>Wards Affected: None</b>	
<b>Accountable Executive Director:</b> Debbie Morris Bi-Borough Director of Human Resources	
<b>Report Author:</b> Valerie Bolger Bi-Borough Business Manager	<b>Contact Details:</b> Tel: 020 8753 2621 E-mail: <a href="mailto:val.bolger@lbhf.gov.uk">val.bolger@lbhf.gov.uk</a>

## 1. EXECUTIVE SUMMARY

1.1. Once every four years, a framework agreement is procured called the Local Government Recruitment Partnership (LGRP), originally known as the London Borough Recruitment Partnership (LBRP). The LBRP Framework allows all London Boroughs to join. Cabinet Member approval is sought for H&F to join the framework.

### 1.2. Framework Composition

The framework comprises 4 separate Lots:

Lot 1 Strategic HR Management Consultancy Service

This includes microsites, organisational design and redesign, workforce delivery models, people management business options, organisational development, executive coaching and development, social media management, outplacement, employer branding, market intelligence, optimisation of employer recruitment and resourcing strategies and job fairs.

#### Lot 2 Executive and Interim Search and Selection

This lot provides consultancy services for executive search and selection covering permanent and interim appointments with salaries over £50K.

#### Lot 3 Redeployment Portal

This is a software that will be used for a redeployment site, with candidates loading their profiles (akin to LinkedIn rather than traditional CV's) as well as jobs boards for hiring councils to promote job opportunities.

#### Lot 4 Recruitment Advertising

LB Sutton's proposal for Lot 4 is the purchase of Papirfly's software that a new team at Sutton will use to prepare advertisements for paper and on-line media. We are recommending that we do not join that Lot initially and that we join the Eastern Shires Purchasing Organisation (ESPO) Framework which allows councils to use recruitment advertising agents to place the advertisements. This would maintain the same service as we currently operate.

- 1.3. All pricing is contained in the appendices (contained in the exempt report) and remains commercially sensitive.
- 1.4. Key benefits of the partnership include:
  - 1) achievement of savings from large economies of scale
  - 2) modernisation of recruitment and resourcing to ensure the Council can business process re-engineer their approaches for efficiency, savings and optimisation of people resource
  - 3) commission services that support the transformation of the workforce.

## 2. RECOMMENDATIONS

Lot Number	Description	Recommended Contractor	Recommended Contractor
Lot 1	Strategic HR Management Consultancy Service	LGRP Penna PLC	
Lot 2	Executive and Interim Search and Selection	LGRP Allen Lane, Gatenby Sanderson, Green Park, Hays, Penna PLC Solace Enterprises	
Lot 3	Redeployment Portal	LGRP Gatenby Sanderson	
Lot 4	Recruitment Advertising	ESPO Framework (3A) for Recruitment Advertising Services	

### 2.1. Lot 1 – Strategic HR Management Consultancy Service

The recommendation is to appoint Penna PLC on a pay as we use basis for Strategic HR Management Consultancy Services for an initial term of 2 years with the option to extend for up to 2 years (2+1+1) from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2019. This is a pay as you use service so the cost is unknown and will depend on department requirements over the 4 year period.

### 2.2. Lot 2 – Executive and Interim Search and Selection

Should we require to undertake Executive and Interim search and selection we invite the recommended recruitment companies to bid against each assignment on both quality and price.

To recommend the appointment of Allen Lane, Gatenby Sanderson, Green Park, Hays, Penna PLC and Solace Enterprises for Executive & Interim Search and Selection Services for an initial term of 2 years with the option to extend for up to 2 years (2+1+1) from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2019. This is a pay as you use service so the cost is unknown and will depend on department requirements over the 4 year period.

### 2.3. Lot 3 – Redeployment Portal

We do not recommend joining this Lot at the current time due to the fact that the costs are not known. Gatenby Sanderson is currently building a system to utilise software (Talent Wave Portal) which will provide a London wide redeployment platform. Until we can evaluate if this portal is effective and how many other boroughs may join, we are unable to make a recommendation. The table below shows the costs depending on the number of boroughs joining the framework. Appendix 8 (contained in the exempt report) shows the cost for up to 150 boroughs.

Number of partners	1st year cost (per partner)	2nd year cost (per partner)	3rd year cost (per partner)	4th year cost (per partner)	Total cost over 4 years	Average cost per year
1	£443,065	£30,000	£30,000	£30,000	£533,065	£133,266
2	£221,533	£15,000	£15,000	£15,000	£266,533	£66,633
3	£147,688	£10,000	£10,000	£10,000	£177,688	£44,422
4	£110,766	£7,500	£7,500	£7,500	£133,266	£33,317
5	£88,613	£6,000	£6,000	£6,000	£106,613	£26,653
6	£73,844	£5,000	£5,000	£5,000	£88,844	£22,211
7	£63,295	£4,286	£4,286	£4,286	£76,152	£19,038
8	£55,383	£3,750	£3,750	£3,750	£66,633	£16,658
9	£49,229	£3,333	£3,333	£3,333	£59,229	£14,807
10	£44,307	£3,000	£3,000	£3,000	£53,307	£13,327
11	£40,279	£2,727	£2,727	£2,727	£48,460	£12,115
12	£36,922	£2,500	£2,500	£2,500	£44,422	£11,106
13	£34,082	£2,308	£2,308	£2,308	£41,005	£10,251
14	£31,648	£2,143	£2,143	£2,143	£38,076	£9,519
15	£29,538	£2,000	£2,000	£2,000	£35,538	£8,884
16	£27,692	£1,875	£1,875	£1,875	£33,317	£8,329
17	£26,063	£1,765	£1,765	£1,765	£31,357	£7,839
18	£24,615	£1,667	£1,667	£1,667	£29,615	£7,404
19	£23,319	£1,579	£1,579	£1,579	£28,056	£7,014
20	£22,153	£1,500	£1,500	£1,500	£26,653	£6,663

Once we have that information, we may wish to bring back a recommendation to join this Lot.

### 2.4. Lot 4 – Recruitment Advertising

The recommendation is for Recruitment Advertising to remain with the current supplier Penna by joining the ESPO framework (3A) for the period 1<sup>st</sup> April 2015 to 30<sup>th</sup> September 2016. We do not recommend joining

LGRP's process to appoint Papirfly and LB Sutton to process our advertisements for paper and on-line media.

Once we assess how effective and the cost of the LB Sutton's model, we may wish to bring back a recommendation to join this Lot.

- 2.5. Any further decisions to be delegated to the Cabinet Member for Finance on implementing LB Sutton's Lot 3 and 4.

### **3. REASONS FOR DECISION**

- 3.1. The LGRP partners have let a Framework Agreement for all councils across England to participate in. The tender process was led by the London Borough of Sutton and comprised of representatives from other London Boroughs. Advertising the framework for such a large consortium, has resulted in better prices through increased leverage, which it is doubtful would have been achieved had the Council exposed the services to competition on its own.

### **4. BACKGROUND**

- 4.1. In 2011 H&F joined the LBRP framework which was made up of 28 members and the two Lots H&F covered Recruitment Advertising and Executive Search and Selection. The contract was for a period of two years with an option to extend for a further period of up to two years, expiring 31<sup>st</sup> March 2015. Notable financial savings have been achieved as a result with approximately £1.5 million per annum shared amongst the partners.
- 4.2. The Royal Borough of Kensington and Chelsea and Westminster City Council also access the LBRP Framework.
- 4.3. As a result of the savings previously achieved, interest was received from local authorities across the country to be included in the next Framework Agreement which was subsequently let on behalf of 171 participating boroughs and commences on 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2019 (2 years + 1 year+ 1 year). To reflect these changes the Partnerships name was changed to Local Government Recruitment Partnership (LGRP).

### **5. PROPOSAL AND ISSUES**

- 5.1. Recruitment and resourcing services have undergone extensive change and development in the last 10 years. With the emergence of digital recruitment solutions there has been a considerable reduction in hard copy press and journal advertising; replaced by the rapid emergence of online jobs boards and social media as an alternative means of advertising.

- 5.2. Research has been undertaken across a spectrum of advertising media sources, ranging from social media, online jobs boards, national press, and specialist journals apropos the future direction of recruitment advertising and the role of the recruitment advertising agent. It is clear in the medium term (likely to be within the life-cycle of these contracted services) that traditional recruitment advertising agencies will cease to operate in the same way, or at all. In the past the advertising agent held a pivotal role between client hiring managers and the media, in terms of preparing advertisements for the media including typesetting and production. The advertising agent has charged the client a rate for the service (including profit margin) whilst also charging the media a commission for the advertising placement.
- 5.3. The council is decreasing its use of expensive creative advertising approaches with over 90% of advertising now being in a standard format, requiring transactional processing only in the form of lineage advertisements.
- 5.4. The contract is designed so that we can adopt a pick and mix approach across the lots. There is a proposed management fee of £500 per Lot accessed under the framework per annum. This is to fund work the LB Sutton carry out for the LGRP.
- 5.5.1 ***Lot 1 Strategic HR Management Consultancy Service.***

The recommendation is for us to join the Penna PLC contract on a pay as you go service.

See Appendix 1 for Penna PLC's pricing schedule, Appendix 2 for Penna PLC's Outplacement pricing matrix and Appendix 3 for the rebate based on volume spend (all appendices contained in the exempt report).

Penna PLC are able to provide interview and assessor training plus awareness training to cover diversity and disability to ensure there are no adverse impacts on our processes and procedures. They can bespoke 1 to 1 coaching and development for individual's needs.

#### **5.5.2 *Lot 2 Executive and Interim Search and Selection***

The Council's on-going requirement for senior managers on a permanent or interim basis remains a key issue. The use of executive search consultants (who have specialist market knowledge and influence) remains a feature of local government recruitment market and with the scale and pace of change across the sector, this aspect of the contract is highly unlikely to change. Skills requirements and the ability to source niche talent for the sector is if anything likely to increase.

The agents fee is a fixed percentage of the annual salary cost of the executive manager placement. The LBRP Framework has made an

average percentage rate saving of 5%. In terms of the interim placement, there are additional suppliers ( the current contract has 4) and whilst the existing providers' rates have not decreased in value, the new suppliers' rates are more competitive. Further competition (call-off) between suppliers on the framework should also result in further reductions in cost for participating boroughs.

This Lot was awarded to 6 companies; Allen Lane, Gatenby Sanderson, Green Park, Hays, Penna PLC and Solace Enterprises. Managers can choose this option alongside or separate from the Comensura agency route for rolls with a salary of above £50K p.a. The framework requires that all 6 companies are given the opportunity to bid for the work. This will avoid negotiating a fee rate for every appointment.

See Appendix 4 and 5 for the pricing schedule, Appendix 6 for the Permanent Appointments fee and Appendix 7 for the turnover bandings (all appendices contained in the exempt report).

### **5.5.3 Lot 3 Redeployment Portal**

The Chief Executives' London Committee have expressed keen interest in improving the redeployment opportunities for staff displaced as a result of the severe financial challenges many councils face. A specification has been developed by Gatenby Sanderson for a redeployment portal (Talent Wave) to assist with the successful placement of otherwise redundant staff which will reduce the associated costs as well as having wider socio-economic benefits. Staff, Redeployees and other job seekers would be connected through hyperlinks to council job sites and/or applicant tracking systems.

This Lot was awarded to Gatenby Sanderson who will build the software for councils to use. As this is new innovation and concept, there is no previous price comparison. The aim is to reduce the cost of redundancy to the partners' by enabling increased transfer of employment between councils. The go live date is yet to be confirmed.

See Appendix 8 (contained in the exempt report) for the cost which depends on how many councils sign up to it. At this stage it is not certain how many councils wish to join and the costs are exceedingly high, therefore it is proposed that H&F delays participating until the cost is known.

### **5.5.4 Lot 4 Recruitment Advertising**

It is recommended that the alternative to Lot 4 is to join the ESPO framework (3A) for recruitment advertising services. Their framework has been established through a collaborative procurement exercise on behalf of the Pro5 group with Cambridgeshire, Leicestershire, Warwickshire, Lincolnshire and Norfolk County Councils. It commenced on the 12th June

2012 to 31st May 2015 with the option to extend up to 31st May 2016. It allows H&F to join and to either choose one agency or run a mini competition between the 4 agencies appointed in accordance with the terms and conditions of the Framework Agreement. There are 4 companies to choose from; CJA Group, Havas People, Penna PLC and TMP Worldwide.

This will enable H&F to continue placing advertisements with a recruitment advertising agent for the period 1st April 2015 to 30th September 2016 whilst the Agresso system which goes live on the 1st April 2015 is fully implemented. The Council will not have a recruitment team as BT will be managing the placement of adverts for the manager. There is the potential to switch on functionality on the Agresso system when the new provider is on-board and settled in to business as usual. This will also allow LB Sutton to manage the surge in councils' wanting to use this service and sort out any teething problems with the software in the first year.

H&F can remain with Penna PLC who it has used for the last 4 years and reduce costs as the framework gives us a discount on media costs: they have H&F's template adverts and this will cause minimal disruption to managers and BT.

See Appendix 10 (contained in the exempt report) for the 4 agencies costs, including fixed fees, Media discounts, Variable fees, Other charges, CJA Group prices' Havas People media card rate, Penna PLC media card rate and TMP Worldwide media card rate.

As covered earlier in the report, recruitment advertising has undergone significant changes with the emergence of social media and online jobs boards, replacing the traditional press and journal advertising. Traditional advertising agents are either no longer in business, or moving to strategic consultancy services such as LOT1. The LGRP has undertaken extensive research and soft market testing to address future needs. Intelligent software has been developed to provide a direct interface between hiring organisations and the media.

Spend per financial year including media costs and Penna's fees

2012-13	£88,838
2013-14	£132,832
2014-15	£72,483



## Penna's fees

	Production fees	Additional/ creative fees	Retrospective Rebate for LBRP volume spend	Media Charges	No. of adverts placed
1-4-13 to 31-3-14	1,190	6,367	-8,284	175,705	123 adverts - 107 basic, 15 semi creative, & 1 search engine optimisation
1-4-14 to 31-1-15	90	4,987	To be confirmed	91,504	85 adverts - 79 basic, 6 semi creative,

See Appendix 9 (contained in the exempt report) for the cost which depends on how many council's sign up to it. At this stage it is not certain how many councils wish to join therefore we are proposing to join the ESPO framework.

## 6. **OPTIONS AND ANALYSIS**

- 6.1. Please see the table under recommendation which details the options and analysis.

## 7. **CONSULTATION**

- 7.1. All Boroughs have participated in the procurement exercise for the 4 Lots as detailed above.

## 8. **EQUALITY IMPLICATIONS**

- 8.1. There are no equality implications.

## 9. **LEGAL IMPLICATIONS**

- 9.1. The procurement of the Framework Agreement for various HR related services was led by the Local Government Recruitment Partnership. It is understood that H&F are able to access the Framework Agreement. Legal Services will carry out a review of the terms and conditions for each call-off prior to execution and will work with officers to arrange for the execution of these contracts.

- 9.2. Implications verified/completed by: Kar-Yee Chan, Solicitor (Contracts), Legal Services, 020 8753 2772.

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. Although the cost of these contracts are unknown, they are expected to replicate the functionality of existing pay as you go contracts used by H&F and RBKC as part of the LGRP which are managed within existing departmental budgets. The costs will depend on departmental requirements and budget availability over the contract period, therefore savings cannot be quantified at this stage.
- 10.2. The newer Lot 4 contract where there is higher uncertainty regarding cost will be revisited in 18 months to ensure it is fit for purpose and delivering value for money.
- 10.3. Implications verified by: Maria Campagna, Head of Financial Controls, Payments and Systems (Acting), 020 8753 6014.

## **11. RISK MANAGEMENT**

- 11.1. Local government continues to face significant change and financial challenges, this is a risk recognised on the corporate risk register as risk number 1, managing budgets. The report proposals contribute positively to the management of this risk. Market testing is also acknowledged as a corporate risk, risk number 4 so as to ensure that best value is achieved to the taxpayer. Officers will benefit from the familiarity and use of the same systems as the Royal Borough of Kensington and Chelsea and Westminster City Council should the recommendations be approved. Any necessary changes to the delivery of the service will need to be reflected in the council's service continuity plans. Information management risks are to be considered by the completion of a privacy impact assessment.
- 11.2. Implications verified by: Michael Sloniowski Telephone 020 8753 2587

## **12. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

- 12.1. The proposal to call off from the framework is commercially beneficial and therefore the Director of Procurement and IT Strategy agrees with the recommendations contained within this report
- 12.2. Implications verified/completed by: Mark Cottis, e-Procurement Consultant, 020 8753 2757

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	None		

**LIST OF APPENDICES** (contained in the exempt report):

Lot 1 Appendix 1 for the pricing schedule,  
Appendix 2 for the Outplacement pricing matrix  
Appendix 3 for the rebate based on volume spend.

Lot 2 Appendix 4 and 5 for the pricing schedule,  
Appendix 6 for the Permanent Appointments fee  
Appendix 7 for the turnover bandings.

Lot 3 Appendix 8 for the cost

Lot 4 Appendix 9 for the cost

ESPO Framework (3a) Appendix 10 for the costs

Pricing of fixed fee for CJA Group, Havas People, Penna PLC and TMP Worldwide:

Media discounts

Variable fees

Other charges

CJA Group prices

Havas People media card rate

Penna PLC media card rate

TMP Worldwide media card rate.