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| <p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">16 JANUARY 2017</p> |  |
| <p style="text-align: center;">RECRUITMENT ADVERTISING AND RELATED CONTRACTS</p> | |
| <p style="text-align: center;">Report of the Cabinet Member for Finance – Councillor Max Schmid</p> | |
| <p>Open Report</p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt financial information.</p> | |
| <p>Classification - For Decision</p> <p>Key Decision: Yes</p> | |
| <p>Wards Affected: None</p> | |
| <p>Other services consulted:</p> <ul style="list-style-type: none"> • Legal Service • Procurement Services • Finance Service | |
| <p>Accountable Director: Debbie Morris, Shared Services Director of Human Resources</p> | |
| <p>Report Author: (name and title) Veronique Vermeer, Bi-Borough Contracts Manager</p> | <p>Contact Details: Tel: 07747007300 E-mail: Veronique.Vermeer@lbhf.gov.uk</p> |

1. EXECUTIVE SUMMARY

1.1. Background

- 1.1.1. This report provides the business case for provision and delivery of 5 HR contracts relating to recruitment namely:
- 1.1.1.1. Recruitment Advertising
 - 1.1.1.2. Microsites (Recruitment system)
 - 1.1.1.3. Executive Search and Selection
 - 1.1.1.4. Interim Search and Selection
 - 1.1.1.5. Outplacement Services.

- 1.1.2. The need to procure services for Executive Search, Interim Search and Outplacement Services has arisen solely due to the early termination of the existing Framework under which current services are provided.
- 1.1.3. It is intended to access current suppliers under the relevant ESPO Framework for interim and executive search for the duration of that framework.
- 1.1.4. For the provision of microsites and outplacement services, it is the intention to call off without further competition from the relevant ESPO Framework to achieve best value and maintain stability and continuity of provision where required.
- 1.1.5. The recruitment advertising contract is due to terminate without the option for an extension. It is the intention to run a further mini competition from the relevant ESPO Framework to determine the successful provider for the council.
- 1.1.6. Award of contracts is as set out in the Council's Contract Standing Orders

2. RECOMMENDATIONS

2.1. Contract for provision of Recruitment Advertising

- 2.1.1 That ESPO Framework 3A- Advertising Solutions be utilised to run a mini competition to secure the services of a recruitment advertising provider under lot 1 of the said framework for a 2-year period with an option to extend for a further 2 periods of 12 months each.
- 2.1.2 That the Shared Services Director for Human Resources be given delegated authority, in consultation with the Cabinet Member for Finance, Cllr Max Schmid to enable any extensions of the contract as set out in para 2.1.1 following the initial 2-year period.

2.2. Contract for Provision of a Microsite

- 2.2.1 That ESPO Framework 3A- Advertising Solutions be utilised to call off without further competition to secure systems (a microsite) from a single supplier, under lot 4 of the said framework for a 2-year period with an option to extend for a further 2 periods of 12 months each.
- 2.2.2 That the Shared Services Director for Human Resources be given delegated authority, in consultation with the Cabinet Member for Finance, Councillor Max Schmid, to enable any extensions of the contract as set out in para 2.2.1 following the initial 2-year period.

2.3. Contracts for both Interim Search and Selection and Executive Search and Selection

- 2.3.1 That ESPO Framework 3S- Strategic Services, be utilised and accessed to secure services for the provision of 2 contracts namely:
(i) interim (Lot 1) and (ii) executive search and selection (Lot 2) of said framework.
- 2.3.2 That the relevant Service Director, in conjunction with the Shared Services Director of HR, award the individual contracts for individual vacancies in their service areas utilising Lot 1 and Lot 2 of the ESPO Framework 3S in the manner prescribed by the framework and retain the ability to do so for the duration of the framework.

2.4. Contract for provision of Outplacement Services

- 2.4.1 That ESPO Framework 3S- Strategic Services be utilised to call off without further competition to secure services of a single supplier for the delivery of outplacement services under Lot 5 of said framework until 31st March 2019 with an option to extend for a further 2 periods of 12 months each.
- 2.4.2 That the Shared Services Director for Human Resources be given delegated authority, in consultation with the Cabinet Member for Finance, Cllr Max Schmid to enable any extensions of the contract as set out in para 2.4.1 after 31st March 2019.

3. REASONS FOR DECISION

3.1 Recruitment Advertising

- 3.1.1 The Council's contract with Penna, its existing recruitment advertising provider, expires without the option of an extension.
- 3.1.2. The existing contract was originally provided through the London Borough Recruitment Partnership (LBRP) which framework has now closed.
- 3.1.3 The ESPO Advertising Framework 3A- Advertising Solutions was let in July 2016 and provides a simple but competitive route to procure a recruitment advertising provider.

3.2 Microsites

- 3.2.1 The ESPO Advertising Framework 3A- Advertising Solutions provides a simple route to procure a provider to support the development and implementation of a microsite which will serve as a hub to link to ancillary social media platforms and drive 2-way traffic.

3.3 Interim, Executive Search and Outplacement Services

- 3.3.1 The council's Outplacement Services and Executive and Interim search and selection services are currently provided by means of call off contracts through the LGRP (Local Government Recruitment Partnership) Framework.

3.3.2. Although approval to access the LGRP Framework was given by Cabinet Decision (Recruitment Resourcing and HR Consultancy, dated 30 March 2015) for the provision of outplacement, interim and executive search and selection for a 4-year period until 31st March 2019, Sutton, the Lead Authority for the Framework, has given notice to terminate the framework early. The decision by Sutton was due to organisational changes and priorities prompted by the formation of a new Shared HR Service by Sutton with Kingston in May 2016. The early termination is due to be effective 31st March 2017. Under the terms of the framework, call off contracts from the framework will likewise cease. However, the services for executive and interim search and selection as well as outplacement are still required by the council. The relevant ESPO Framework 3S will provide a suitable effective procurement route whereby competitive rates, currently enjoyed are retained and stability with current providers for delivery of the same services in question is maintained.

3.4 Under the council's contract standing orders, it is appropriate to procure the contracts referenced in paragraphs 1.1.1 from the ESPO frameworks.

4. STRATEGY

4.1 Recruitment Advertising and the Use of Microsites

4.1.1. Recruitment advertising supports and underpins the council's ability to attract and harness talent while at the same time promoting both the corporate and employer profile. Traditional advertising methods benefit organisations most when applied in tandem with new facilities and methods generated on social media. The increasing use of social media to attract candidates and build talent pipelines is placing an increasing reliance on systems functionality. This includes use of microsites to target and attract candidates through 2-way engagement. Microsites containing content specific information underpinned by a strong employer brand support static presentation of generic job vacancy information held on vacancy pages.

4.1.2 Continued provision of procurement of recruitment advertising services will support the organisation's ambition to be the best, link to the Council's workforce attraction and retention strategy while at the same time contribute to an efficient and effective HR delivery.

4.1.3 The launch of the new ESPO Framework for Advertising Solutions in July 2016 provides the ability to deliver core traditional services as well as advising on methods and strategies to improve effectiveness and value for money in the advertising function.

4.1.4 The ESPO Framework for Advertising Solutions comprises a number of lots with the ability to either call off without further competition or procure following further competition.

- Lot 1 covers recruitment advertising and related services making use of several approaches in order to attract the most suitable candidates. It is this service which is currently being provided by Penna to the council.
- Lot 4 covers recruitment related systems that will enable handling of and supporting the recruitment process including microsites that deliver career portals, social job page sharing features and job page search optimisation.

4.2 Executive and Interim Search and Selection and Outplacement

4.2.1. The ESPO Framework for Strategic Services has been in place since 1 May 2014 until 30 April 2018, comprises a number of lots and can either call off without further competition or procure following further competition.

- Lot 1: Executive Interims
- Lot 2: Executive Search
- Lot 5: Outplacement and Career Transition Services

4.2.2 Executive and interim search suppliers with specialist knowledge of the market and sectors identify and search for suitable candidates for hard to fill roles. Depending on the nature of the vacancy and service area, different suppliers have demonstrated a stronger track record of delivery and candidate sourcing. All 6 current suppliers to the Council for both executive and interim search and selection, with the exception of 1 supplier are on Lots 1 and 2 of the ESPO Framework. There are also additional suppliers listed on Lots 1 and 2 of the ESPO Framework. Lot 1 has 15 suppliers listed and Lot 2 has 12 suppliers. There are therefore sufficient suppliers listed to provide viable competition and / or match requirements. It is intended that the current internal process in place for sourcing interims in terms of approval by the appropriate Cabinet Member will be retained.

4.2.3 One supplier is currently tasked with outplacement services ie supporting staff who may be transitioning from the council as a result of re-organisations. The current supplier to the council for Outplacement Services, Penna is listed on Lot 5 for outplacement and career transition services.

5. OPTIONS AND ANALYSIS OF OPTIONS

5.1 A number of options have been actively considered in determining the most appropriate route to procurement. These include:

5.1.1 **ESPO Frameworks** are a simple and competitive route to procure. All suppliers on the framework have been pre-selected via competitive OJEU compliant process by ESPO for the ability to provide a comprehensive range of services that incorporates both quality and value for money. All suppliers included on the ESPO Framework have already been assessed during the ESPO procurement process for their financial stability, track record, experience and technical and professional ability.

Benefits include:

- Obtaining better value for money, minimising costs, improving contract delivery
- Compliance with UK / EU procurement legislation, negating the need to run a full procurement process
- All suppliers included on the framework have already been assessed during the ESPO procurement process for their financial stability, track record, experience and technical and professional ability.
- The ESPO Framework is especially established for use by public sector bodies in the UK including local authorities.

5.1.2 Alternate frameworks such as LGRP (Local Government Recruitment Partnership, YPO (Yorkshire Purchasing Organisation), CCS (Crown Commercial Services), CCSR (Civil Service Framework) have been considered but discounted on the basis that they have not concluded or do not meet the council requirements for specific services required or expire within the next 12 months.

5.2 **Contract Alignment with other councils.**

5.2.1 No other councils have indicated a willingness to partner up. It is therefore considered that parallel procurement exercises will be run for RBKC and H&F as appropriate.

5.3 **Run a standalone OJEU Procurement**

5.3.1 The full tendering process was rejected as too resource intensive with no guarantee that better prices would be achieved than those obtained by a national framework.

5.4 **Delivery of the service inhouse**

5.4.1 As the council continues to go through significant change in its operating processes for HR and Finance, it is considered desirable not to divert resources from achieving stability in these processes.

5.4.2 In terms of recruitment advertising, no in-house expertise or capacity exists to advise on media options or understanding of the market. No current technical capability exists to produce advert copy, track media spend and provide management information. Specialist expertise in terms of executive search and outplacement is not available in-house.

5.4.3 In terms of systems and supporting functions, the Council currently utilises a jobs portal hosted by the council's managed service provider, BT and located on the Council's jobs portal. All council external vacancies are posted to this site by BT with applications made from the site to the council's applicant tracking system, e-recruiter. The applicant tracking system is also hosted by BT. All vacancies advertised in external media are signposted to the council's corporate vacancy pages. The jobs portal is a static presentation of information reliant on one-way traffic to the portal.

6. THE MARKET

- 6.1 Delivery of recruitment advertising services is mature. Development in the market such as utilising emerging media channels, developing social media platforms and promoting a coherent employer brand are acknowledged and form a common understanding with leading suppliers in the market.
- 6.2 It is anticipated that mobilisation of a new contract for recruitment advertising services will be low risk. Advertising campaigns tend to be time limited with the council's managed service provider, BT, retaining the ability to post vacancies onto the corporate vacancy pages/ jobs portal irrespective of the recruitment advertising provider in place. BT also retain the responsibility for ensuring that vacancies are advertised with Job Centre Plus.
- 6.3 Executive Interim and Search and Select suppliers are used to source candidates for senior strategic or hard to fill roles where candidates may not be actively looking for an opportunity nor seeking a permanent placement. Reliance is placed on suppliers' knowledge of the market specific to the roles in question and ability to reach passive candidates. Utilisation of the services are specific to the recruitment campaigns in question and are time limited.
- 6.4 Outplacement support aims to minimise the effects of redundancy whilst maximising the opportunities for those affected, whether through exploring redeployment opportunities, alternative employment options or developing the requisite skills and confidence to pursue gainful employment at a later stage.

7. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

- 7.1 The ESPO Framework 3A for Advertising Solutions commenced on 5 July 2016 and will be in place until 4 July 2018 (with the option to extend the arrangement by a further 24 months). The duration of individual contracts awarded under the framework can be up to 4 years. It is intended to award the contract for recruitment advertising services and systems under Lots 1 and 4 respectively each for a period of 2 years with the option to extend for a further 2 periods of 12 months each.
- 7.2 While transactional and creative recruitment advertising remains a core service in delivery of the contract, it is recognised that a traditional transactional reactive service no longer suffices. Increased and more advanced use of analytics to demonstrate return on investment plus the ability to harness emerging media channels to create candidate pipelines and promote the council as a local employer of choice are included in the specification for the contract of recruitment advertising services.
- 7.3 Additional optional services, under recruitment advertising services, which may or may not be required, have also been specified. If required, these services will be agreed by the council prior to any work being carried out and undertaken by the successful tenderer, with such cost to be benchmarked by the council to ensure that best value is obtained. The additional services may

include advising on developing a social media strategy to engage and attract candidates and advising on articulating an employer branding strategy.

- 7.4 The council's current jobs portal, is a destination point, predicated on one way traffic, setting out basic information about vacancies, job content, role requirements and how to apply. Microsites can be used in conjunction to provide a comprehensive solution to candidate attraction and communication, contain all the key messages and link to ancillary social media platforms. Utilisation would require clarity in terms of the council's employer brand and social media strategy to inform content. Microsites have the flexibility to be used for standalone single or multiple campaigns and can form a permanent feature or switched on and off when required. A sufficient period of time, will be required to measure return on investment, build and review appropriate content and raise awareness of the microsite. It is therefore proposed that the contract delivery of a microsite be for a period of 2 years with an option to extend for a further 2 periods of 12 months each.
- 7.5 The ESPO Framework 3S (Strategic Services) commenced on 1 May 2014 and is in place for a 4 year period. It is intended to access suppliers under Lots 1 and 2 for interim and executive search for the duration of the framework. For outplacement services, it is intended to award a contract without further competition under the framework for a period up to 31st March 2019 , which mirrors the original authority given as per cabinet decision dated 30 March 2015. But include an option to extend for a further 2 periods of 12 months each. This will enable review of contract performance, assess future need and enable an informed decision be made as to future procurement strategies including any frameworks available.

8. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

- 8.1 Engagement with both representatives of ESPO and leading suppliers and analysis of local businesses confirm that the number of SME's in this market are limited. Local suppliers tend to focus either as marketing or recruitment agencies at lower salary levels.
- 8.2 The specification for recruitment advertising requires the successful tenderer to work with the Council to engage with the local community to raise awareness of job vacancies as well as promote the council as a local employer of choice.

9. CONSULTATION

- 9.1 In accordance with s8(3) of the council's Standing Orders, The Director for Procurement &IT Strategy has been consulted on the use of the ESPO Framework and the format of the mini competition under the framework including the specification and evaluation criteria.
- 9.2 In accordance with s8(3) of the council's Standing Orders, the Director of Law has been consulted on the terms and conditions of the proposed contract.

Use of the ESPO Framework is based on ESPO's pre agreed terms and conditions of contract.

- 9.3 Engagement with leading market suppliers has been undertaken to inform requirements
- 9.4 Feedback on the current service challenges and opportunities is provided to the Shared Services Head of People Management or authorised representative.
- 9.5 Key Services users will be invited to inform the evaluation process

10. EQUALITY IMPLICATIONS

- 10.1. The ESPO terms and conditions for this contract include anti discrimination provisions and require the provider to take all reasonable steps to ensure that anyone engaged in the performance of the contract with the council observes these provisions

11. FINANCIAL INFORMATION

- 11.1. Spend is demand led. Budgetary responsibility for recruitment advertising rests with the services. The services/recruiting manager are invoiced directly by the supplier for advertisements placed for each vacancy. The costs for each order are approved by the recruiting manager who then raises the associated Purchase Order against which invoices are paid. Media spend comprises the cost of placing the advert in the relevant media plus associated costs to produce the advert eg typesetting, production costs, writing of the advertisement where requested. Confirmation of media spend across the council is confirmed by the supplier in the monthly management information provided to Shared HR Services. Media spend over the last 3 years has equated as follows:

2013-14: £132,832
2014-15: £72,483
2015-16: £93,152

Purchase of additional services such as articulation of the employer brand and the council's social media strategy for recruitment or additional systems such as microsites will be funded by the relevant department .

- 11.2 Budgetary responsibility for interim and executive search as well as outplacement rests with the services. Spend is demand led as requested by the individual services / appropriate manager. Services are invoiced directly against Purchase Orders raised by the service at point of request. Confirmation of spend across the council is confirmed by the supplier in management information provided to Shared HR Services. Spend in the last financial year 15/16 relating to Interim Spend (comprising agency fees plus wages) equated to £1,446,775.

11.3 Implications verified by Edwin Thomas, Finance Manager, 020 8753 4618

12. LEGAL IMPLICATIONS

12.1. This report provides for the procurement of five agreements from identified ESPO framework procurements. It is necessary to ensure that the Council has been named as eligible to call off from the framework and that there is sufficient funding remaining within the framework for the Council's estimated expenditure.

12.2. The Council is responsible for ensuring lawful compliance with the obligations stated in calling off from a framework agreement. It must ensure that such call-off agreement is possible and that it complies with the obligations stated therein as well as not being such that it distorts competition.

12.3 Implications verified/ completed by Jonathan Miller, Contracts and Employment Team, Shared Legal Services, 07779333041

13. IMPLICATIONS FOR BUSINESS

13.1. Successful providers will be required to work with the council to raise awareness within the local community and further afield of opportunities available and to promote the council as an employer of choice.

14. PROCUREMENT PROCEDURE

14.1 The procurement process for a new contract including award, is laid down in the Council's Contract Standing Orders (CSOs).

14.2 For recruitment advertising services, the intention is to issue a invitation to tender as a further competition under Lot 1 of the ESPO Framework- 3A (Advertising Solutions). Competition under a specific lot is closed to only those suppliers listed under that particular lot. Award will be made on the basis that the successful supplier's bid represents the most economically advantageous offer.

14.3. All 5 tenderers awarded and listed under ESPO 3A Lot 1 for recruitment advertising and related services will be invited to tender.

14.4 For recruitment systems, in particular, microsites, the intention is to call off from Lot 4 of the ESPO Framework without further competition where a supplier is offering microsites and can meet the council's requirements. This is an acceptable manner for procuring through the Framework.

14.5 For outplacement services, the intention is to call off without further competition under ESPO Framework 3S- Strategic Services Lot 5. A call off

without further competition is possible under the framework where requirements are met and value for money can be demonstrated.

- 14.6 For interim and executive search, the intention is to undertake further competition for each and all campaigns unless it can be clearly demonstrated that 1 particular supplier best meets the council's need for a specific campaign.

15. CONTRACT AWARD CRITERIA for further competition.

15.1 Recruitment Advertising Services

- 15.1.1 It is the intention to award the contract to the supplier that has tendered the most economically advantageous offer to the council.

15.2 Interim and Executive Search

- 15.2.1 Where further competition is carried out, suppliers will be assessed in terms of service delivery and price.

16. PROJECT MANAGEMENT AND GOVERNANCE

- 16.1 Management of all contracts listed in this report is currently with the Shared Services Director for Human Resources.
- 16.2 A Service Review Team (SRT) established by the Shared Services Director includes senior members of the HR team, key service users, the Shared Services HR Contract Manager and relevant professional officers (including legal, finance and procurement) to inform the procurement timetable and supporting documentation such as the specification for the relet of the advertising contract under Lot 1 of the ESPO 3A Framework.
- 16.3 The Evaluation Panel will be chaired by the Shared Service Head of People Management, with the Shared Services Director of HR as sponsor and will include a senior member of the HR team and Shared Services Contracts Manager. It will consult and engage relevant professional officers in legal, finance, procurement.
- 16.4 The procurement exercise for further competition under Lot 1 of the ESPO 3A Framework will be undertaken using the Council's e-tender software.
- 16.5 Indicative Timetable further competition for recruitment advertising services is as follows:

| Activity | Dates and Deadlines |
|--|----------------------------|
| Publication of opportunity | w/c 20 February 2017 |
| Closing Date for submission of Tenders | w/c 20 March 2017 |
| Award of Contract by Council | June 2017 |

17. CONTRACT MANAGEMENT

- 17.1 Post award, the contract for recruitment advertising will be managed by the Shared Services Head of People Management or authorised representative
- 17.2 Regular contract review meetings will take place at a minimum on a quarterly basis.
- 17.3 Key Performance indicators will be used to monitor, measure and report on the contractor's performance. These include the ability to:
- provide the most appropriate team to deliver a consistent and robust service
 - deal with requests within the agreed process and time scales,
 - provide the most appropriate solution to meet the requirements in the most cost effective manner
 - establish effective communication lines with recruiting managers
 - provide accurate and robust management information and review performance quarterly to ensure continuous development and improvement
- 17.4 Options to extend contracts where relevant, will be considered and exercised by the Shared Services Director of HR

18. BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

None