

**PROCUREMENT GATEWAY 3 -  
CONTRACT AWARD REPORT – PART  
I**



**21173  
Managed Service for  
Temporary Agency  
Workers**

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## **1. INTRODUCTION**

This contract award report is in relation to the procurement of the agency worker managed service provider.

The scope of the requirement includes temporary agency resources for all staffing categories excluding schools staff, includes the procurement of independent consultants and the executive search service for the recruitment of permanent and fixed term chief and senior officers.

Contract Duration: Three (3) years plus another optional one (1) year.

## **2. BACKGROUND**

The Council's current agency worker spend, both on and off contract, is estimated at around £7 million per year and is increasing due to a number of strategies concurrently in process, in support of our transformation programmes as well as the Council's response to the COVID-19 pandemic. The Council wishes to ensure that any new arrangement in place is of suitable quality and is a cost effective provision for contingent resourcing and executive search wherever needed.

The new contract will be a change to the current contract's model with Pertemps who have been incumbent for 16 years, moving from a Master Vendor model (where the provider places workers from their own agency and/or group brands), to a Vendor Neutral model (where the provider does not place any preference to which agency/ies the workers are provided from), to open up the supply base and access the widest possible skillset for the wide range of skills required at PCC.

Temporary agency workers are an important part of the Council's workforce and help to ensure resilient and flexible service delivery. This enables the Council to ensure resources are in place where required to cover short term, statutory or specialist requirements and continue to deliver high quality services thereby meeting internal departmental needs and ultimately those of the Council's customers and residents.

The proposed contract for services has a value in excess of the Government Procurement Agreement (GPA) threshold for services and so the procurement process will need to comply with the Public Contracts Regulations 2015 and the Council's own governance processes on procurement and contracts.

## **3. PROCUREMENT PROCESS**

Following a procurement options appraisal, it was determined that the most suitable route to market to procure this requirement was via a pre-determined EU compliant Framework Agreement. It is proposed that the Council procures a Vendor Neutral Managed Service via entering into a mini competition through the YPO National Framework for Temporary Agency Resources for Local Authorities – 000942.

This framework is a nationally procured framework that was established in accordance with EU procurement regulations that will provide access to the key suppliers already procured for the considerable range of services required. This route will also eliminate the need to make checks on suppliers as this has already been undertaken by the YPO providers before they can subscribe therefore saving the Council time during the process. Finally, it will promote healthy competition resulting in competitive quotes and best value for money.

The Terms and Conditions applicable to this contract are: YPO Framework 000942 – Call-Off Terms and Conditions.

As the contract is governed by a framework, the contract will be for a maximum term of four years (an initial period of three years with the option to extend up to one further year). The proposed contract term is in line with industry standards and provides enough time for the

successful supplier to embed their service and gain a reasonable return on that investment, whilst allowing the Council the agility to react to market changes.

The service will be for the supply of agency workers across all categories of staffing (except Schools) and will include engaging contractors who are both deemed employed and self-employed for the purposes of tax and IR35. The mini-competition process also has included additions to the contract which do not exist within the current contract:

- The Council has included a 'Payroll Only' or 'Referral' service, where the MSP will either directly pay or nominate an agency to pay candidates that are known to officers of the Council and are therefore 'referred'. It is expected that the fee for this will be greatly reduced from a normal agency fee as the 'introduction' aspect of the hiring process is eliminated having been sourced by the Council.
- The Council has included a provision for Statement of Works contracts through the MSP, to deliver time-limited outcomes based contracts for PSCs and consultancy agreements.
- The Council has also included an Executive Search service for Senior and Chief Officers (permanent and fixed term).

## 4. PRE TENDER SELECTION CRITERIA AND EVALUATION

### Award Criteria and Methodology

#### Evaluation of Tenders

All responses have been assessed against the Evaluation Criteria set out below:

EVALUATION CRITERIA	WEIGHTING
Price	50%
Quality	50%

The rationality of the 50/50 split is as follows:

- As the Council is accessing a National Framework there are both minimum service standards and a capped pricing schedule (for direct call-off contracts) are already procured and available. This adds resilience to the basic service the Council will receive and price the Council will ultimately pay.
- Whilst the fundamental aspects of the service have been prescribed in the Specification, it is a wide-ranging and complex contract which warrants a higher weighting to Quality than many procurement exercises operated by the Council, to ensure PCC achieves the level of service required to fulfil the wide range of temporary resourcing and statutory needs.
- The weighting on Price is to not disincentivise the winning bidder to provide a strong service provision, but also to ensure that PCC's incumbent, already a good value-for-money contract with Pertemps is met and ideally exceeded.

Tenders would not have been accepted that significantly failed to satisfy any specific criterion (such as neutrality), even if it scores relatively well against all other criteria.

A team of ten (10) evaluators were selected from across the organisation to evaluate the quality bid. The team of evaluators were made up of the core HR team that will ultimately be responsible for partnering with the winning bidder and managing the contract as well as at least one evaluator

from each directorate who are in a high using area of temporary agency workers and are familiar with not only how agency worker contracts run, but also of their individual markets.

## 5. TENDER EVALUATION CRITERIA

### PRICE (50%)

Tenderers were asked to complete the Pricing Schedule – Further Competition via YPO 000942 – Return Document.

Tenderers' price scores were calculated based upon the lowest price submitted.

$$\left( \frac{\text{Lowest Total Tender Sum}}{\text{Tenderer's Total Tender Sum}} \right) \times \text{Weighting} = \text{Weighted score}$$

The Tenderer with the lowest price has been awarded the full score of 50 [50%], with the remaining Tenderers gaining pro-rata scores in relation to how much higher their prices are when compared to the lowest price.

#### **Table A – Price evaluation model**

**Example below shows maximum points available = 50 (50%)**

Tender	Price	Calculation	Final Score
1	£110,000	110,000/110,000 x 50	50.00
2	£130,000	110,000/130,000 x 50	42.31
3	£150,000	110,000/150,000 x 50	36.67
4	£175,000	110,000/175,000 x 50	31.43

The pricing schedule was made up of the following elements with their individual weighted sections:

Pricing Element	Weighting (%)
Management Fee and Agency Fee (Mark-up)	30%
Payroll Only	10%
Executive Search for Chief & Senior Officers (permanent & fixed term)	5%
Statement of Works	5%

#### **Management Fee & Agency Fee (Mark-up)**

- The management fee is the fee that the bidding Provider takes for their services and is a fixed pence mark up so it does not fluctuate with varied pay rates.
- The Agency Fee is the fee that each agency per category takes for the introduction and payrolling of the agency worker. There are 22 categories of staffing that were placed in the

tender for population in which each bidder had to place a rate in which they can procure agencies to.

- The Agency Fee is a fixed pence rate (as opposed to a percentage) therefore allowing the pay rate to fluctuate and the agency fee stays the same. The one exception to this is the ‘Interim’ category for senior and specialist day-raters in which the market norm is ‘set’ with a percentage. The Council will need to implement its own due diligence to ensure interim agencies don’t push up the pay rate to ensure a bigger agency fee for themselves.
- The Agency fee is a ‘mark-up’ and not a ‘margin’ as mark ups are more economically advantageous for the Council.

**Payroll Only**

- Was tendered as a fixed pence mark up, like the management and agency fee to prevent price fluctuation with individuals’ pay rates.
- Was split into two categories: General Staffing and Interim/Specialist/Executive.

**Executive Search for Chief & Senior Officers**

- Specifically for the permanent and fixed term appointments to compete with the frameworks currently used for this type of recruitment.
- Was tendered as a fixed price for each pay scale band for Head of Service level and upwards.

**Statement of Works facility**

- For the sake of the bidders the Statement of Works facility was described in the specification as “a document routinely engaged in the field of project management. It is the narrative description of a project's work requirement. It defines project-specific activities, deliverables and timelines for a vendor providing services to the client”.
- Tendered for as a %, simply because the price of a statement of works contract is so variable it would have been unsustainable to pin a specific price to this category.

**Additionally to ‘Management Fee and Agency Fee’ section, there has been due diligence added to the award which is factored into the time-line. At the point of award and contained in the award letter, it has been stipulated that the awarded bidder must provide evidence to the Council within 5 working days of the award letter being received, that the priced added to the ‘Agency Fee’ section is provided in the form of agencies agreeing to the rates stipulated. This is to ensure sustainability of the category and that the bidder is not placing a rate in order to win the tender, that the contracting supply chain would not agree to. If the awarded bidder cannot provide such evidence, the award will be void and will be given to the runner up, who will be asked to provide the same evidence. This is however a small risk, but extra time must be factored into the award process to complete this.**

**QUALITY (50% weighting) – Quality is split as follows:**

Method Statements		Tier 1	Tier 2
Quality		50%	
MS1	<b>Recruitment Service Provision</b> Describe how you will deliver the Service as detailed within the Service Specification and how the hiring of temporary agency workers will operate.		6%
MS2	<b>Recruitment Service Provision</b>		5%

Method Statements		Tier 1	Tier 2
	Detail what support you will provide to Hiring Managers and the relevant HR staff in the delivery of this Contract. This should include process and professional recruitment support.		
MS3	<b>Recruitment Service Provision</b> Explain how you will provide the Executive Search for permanent and fixed term appointments for Chief and Senior officers as part of your service.		4%
MS4	<b>Supply Chain Management</b> How will you manage the partner Agencies to maximise the effectiveness and efficiency of the supply chain including the quality assurance process and measures that will be in place to deliver this Service?		7%
MS5	<b>Supply Chain Management</b> How will you develop and service the Statement of Works facility as described in the Service Specification?		5%
MS6	<b>Technology Provision and Development</b> Provide a system overview of the Vendor Management System detailing how all relevant aspects of the minimum standards in the Specification will be delivered.		8%
MS7	<b>Implementation</b> Provide a plan that sets out the implementation of the Service that will be delivered. This document should include identified risks and mitigation of risk. You must include in your plan key dates and milestones and identify who is responsible for each activity whilst showing a clear timeline for implementation. You should identify where the activity is dependent on the Council.		5%
MS8	<b>Governance and Account Management</b> Provide details of how you will communicate with the Council's Contract Manager/Representative and relevant HR staff with regards to the account management and governance of this Service.		7%
MS9	<b>Social Value</b> Explain how you will deliver added social value over the life of the Contract. Social value can include improvements to the social, environmental and economic wellbeing of residents or a relevant area.		3%

## AWARD SCORING RATIONALE

Response	Score	Definition
Excellent	5	Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough

		understanding of the requirement/outcomes and provides details of how the requirement/outcomes will be met in full.
Very good	4	Response is particular relevant. The response is precisely detailed to demonstrate a very good understanding of the requirements and provides details on how these will be fulfilled.
Good	3	Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements/outcomes will be fulfilled.
Satisfactory	2	Response is relevant and acceptable. The response addresses a broad understanding of the requirements/outcomes but lacks details on how the requirement/outcomes will be fulfilled in certain areas.
Poor	1	Response is partially relevant and poor. The response addresses some elements of the requirements/outcomes but contains insufficient/limited detail and explanation to demonstrate how the requirements/outcomes will be fulfilled.
Unacceptable	0	No or inadequate response. Fails to demonstrate an ability to meet the requirement/deliver the required outcomes.

The scoring rationale behind the award evaluation criteria is in accordance with the graduated approach set out in the above table. Tenderers must achieve an average score of 3 or more for each scored item. Any scored criteria item receiving an average of less than 3 will result in the Tender being rejected and the Tenderer being disqualified from the process.

Averaged Tenderers scores for each method statement have been multiplied by the relevant weighting to result in a 'weighted score' for that method statement. The weighted scores were then totalled, with the total expressed as an overall score out of 50.

Moderation was undertaken due to differences in evaluators' scoring of being more than 1 point away from each other in any particular question. This is to ensure no errors have been made in the evaluation process and all evaluators have a common understanding as to what was required in response to the method statement in question. An example has been provided below:

E.g. Scores received of 3, 3 and 4= No moderation undertaken

Scores received of 2, 3 and 4= moderation undertaken

### **Total Evaluation Methodology (100% of weighting)**

To determine the overall total score and corresponding ranking for each Tenderer, it is necessary to add the total weighted price points score with the total weighted non-price points.

## **6. SUMMARY OF EVALUATION**

Three compliant submissions were received.

## **7. FINANCIAL IMPLICATIONS**

See point 6.

## **8. RECOMMENDATIONS**

The evaluation of received submissions has been subject to a fair and robust assessment process.

It is recommended by the evaluation panel to award a contract based on quality and price against the Framework's Call-Off Terms & Conditions. The contract is for a period of three years with an option to extend for a further one year period. The anticipated maximum contract duration is therefore four years.

This award is also subject to the outcome of any challenge made during the call-in or mandatory standstill period.

## 9. APPROVAL

### Authorisation of Contract Award Report

Author (Responsible Officer / Project Lead)			
Name:			
Job Title:			
Additional Comments (Optional):			
Signature:		Date:	
Head of Service / Service Director [Signature provides authorisation to this award report and award of Contract]			
Name:	Andy Ralphs		
Job Title:	Strategic Director for Customer and Corporate Services		
Additional Comments (Optional):			
Signature:		Date:	07/06/2022