


Cabinet 2 May 2017	 TOWER HAMLETS
Report of: Zena Cooke, Corporate Director, Resources	Classification: Unrestricted
Procurement of Managed Service Provider (MSP): Temporary agency worker services	

Lead Member	Councillor David Edgar, Cabinet Member for Resources
Originating Officer(s)	Tahir Alam L&D Commissioning Manager
Wards affected	All wards
Key Decision?	Yes
Community Plan Theme	A Fair and Prosperous Community and A Great Place to Live

Executive Summary

The council's Managed Service Provider (MSP) contract for temporary agency workers with Comensura will be coming to an end on the 30 September 2017.

The Council must consider, whether it wants to stay with a neutral Managed Service Provider (MSP) model or change to a master vendor MSP. It must also decide the best route for procuring a new MSP, through one of the options presented in the report.

To inform the council's decision the report offers four options

Three of these options are procuring a Managed Service Provider (MSP) by using the ESPO MSTAR2 framework, which is a procurement framework that contains a number of neutral and master vendor Managed Service Providers (MSPs) that the Council can contract with

The report reviews our current MSP, Comensura, highlighting some of the challenges and benefits including information around fulfilment, agency partnerships, management information and spend analysis.

The report then reviews two different MSP models, neutral and master vendor. The paper ends with a recommendation to procure Adecco through Lot 2 of the London Council's collaboration.

Recommendations:

The Mayor in Cabinet is recommended to

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The Mayor in Cabinet is recommended to:

Approve to award a new temporary agency service provider by using the LOT2 MSTAR2 LCC Further Competition Award to contract with Adecco as master MSP for the duration of the LCC framework.

Pros

- Quick awarding process on the LOT2 LCC further competition award (approximately 3 weeks)
- Best known rates available for a master MSP, lower than our current rates
- Good wrap around service
- Low risk of legal challenges

Cons

- moving to a Adecco will require additional internal resourcing
- opposition from current agency supply chain including local SME'
- Change management in the Council to a Master vendor solution with perception of reduced market choice

Cost: We have carried out a financial analysis based on the LOT2 LCC master MSP Adecco rates comparing it with our current Comensura rates for the year 2015/16.

The Comensura spend has been consolidated with their agency and ESPO fees, in order to give an accurate comparison with the Adecco fees.

AGENCY FEES AND CHARGES COMPARISON ADECCO AND COMENSURA			
Year	Comensura spend	Estimated Adecco spend	Potential Savings from Adecco
Apr 15 to Mar 16	£1,870,632	£1,604,662	£265,700

From the above comparison, based on our annual usage we would have made savings of £265,700 with Adecco.
(Please see **Appendix 2** for detailed breakdown)

1. REASONS FOR THE DECISIONS

- 1.1 The reason for the decision is because the Council's Managed Service Provider (MSP) contract with Comensura will be coming to an end on the 30 September 2017.

2. ALTERNATIVE OPTIONS

- 2.1 The options are:

- 2.2 **Option 1: Direct Award to one of the MSPs on the ESPO MSTAR2 framework:** This award has to be based on an internal spend analysis on agency staff, and awarded to the most suitable MSP based on this exercise.

Pros:

- Direct award would mean a quick awarding process, without having to tender (3 weeks).
- Low risk of legal challenges

Cons:

- The Council would have to abide by the existing terms and conditions and rates on the ESPO MSTAR2 framework, which are markedly higher than what we currently have and would see a rise in agency fees.
- Any contracts cannot extend beyond the framework expiration date of March 2019
- If Comensura are not awarded, additional internal resourcing would be required to support the move to another MSP.

Cost: This depends on best value comparison through internal spend analysis. However rates on the ESPO MSTAR2 Framework are markedly higher and we would see a rise in agency fees.

- 2.3 **Option 2: Mini-Competition for neutral MSP in ESPO MSTAR2 framework.**

We would invite all neutral MSPs within the ESPO MSTAR2 framework to tender to manage our temporary agency service.

Pros:

- Comensura have indicated rates would be slightly better than current rates.
- Competition between MSPs should see submissions of competitive rates, which are likely to be similar or lower than current rates.

Cons:

- Longer awarding process (approximately 5 months)
- Risk of legal challenges, as MSPs may disagree with awarding process. This has happened recently to the London Councils Collaboration and as a result of the challenge the award was abandoned.
- As advised by legal any contracts cannot extend beyond the framework expiration date of March 2019
- If Comensura are not awarded, additional internal resourcing would be required to support the move to another MSP

Cost: Uncertain, could be similar to current or lower.

2.4 Option 3: Invitation to Tender – ITT. Full tender process including OJEU to all Managed Service Providers (MSPs).

Pros:

- We can contract for a full four year period or longer if required.

Cons:

- This is the longest procuring option and would include OJEU (approximately 6 months).
- Risk of legal challenges to awarding process, possibly due to high value of contract, other boroughs have experienced challenge.
- There are no guarantees that we can secure the rates we currently have.
- If Comensura are not awarded, additional internal resourcing would be required to support the move to another MSP

Cost: Uncertain, could be similar to current or lower.

2.5 Recommended Option

Option 4: Award Adecco master MSP via the LOT2 LCC Further Competition Award for 2 years + 2 years extension (4 years).

The London Councils Collaboration (LCC) undertook a further competition for a master MSP in 2016, in the ESPO MSTAR2 framework. The successful MSP for this competition was Adecco.

Pros

- Quick awarding process on the LCC further competition (approximately 3 weeks)
- Best known rates available for a master MSP, also lower than our current rates
- Good wrap around service
- Low risk of legal challenges

Cons

- moving to a Adecco will require additional internal resourcing
- opposition from current agency supply chain in particular local SME's.

Cost: we have carried out a financial analysis based on the LCC master MSP Adecco rates. Please see price comparison below between Comensura and Adecco for the year 2015/16.

The Comensura spend has been consolidated with their agency and ESPO fees, in order to give an accurate comparison with the Adecco fees.

AGENCY FEES AND CHARGES COMPARISON ADECCO AND COMENSURA			
Year	Comensura spend	Estimated Adecco spend	Potential Savings from Adecco
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have made savings of £265,700 with Adecco.
(Please see **Appendix 2** for detailed breakdown)

3. DETAILS OF REPORT

3.1. Comensura

The council's managed service provider (MSP) contract is with Comensura to supply and administer the payments of all temporary agency workers and consultants for the council and Tower Hamlets Homes.

3.2. The only exceptions to this are roles managed by iTRES, the council's In-house Temporary Resourcing Service (ITRES), providing job opportunities to local residents. Once ITRES assignments are in place, Comensura also administers the payment alongside all other temporary assignments for the council. With any changes or move to a new MSP, iTRES infrastructure and processes will be incorporated in the same way as it is currently set up with Comensura.

3.3. The council has operated a contract with Comensura since 2006, the current contract will come to an end in September 2017. The Comensura contract has generally worked well and provided financial benefits to the council. However in deciding the way forward, the council needs to consider the changing climate in respect of the MSP landscape and also its own internal requirements.

3.4. LBTH Satisfaction Survey and Questionnaire

In 2015 we conducted a satisfaction survey with 46 participants who used Comensura. Users were mostly happy with the service and rated it above average. However, comparing it with a questionnaire we carried out in 2016 with the top five users, who place more than 400 orders per year we saw some satisfaction levels had dropped slightly compared to previous years in areas such as; submitting suitable C.Vs, recruiting suitable candidates, on the job performance of candidates and fulfilment. In terms of fulfilment of job roles, 1,244 job requests have been made since January 2016 and 5% of these roles are still open or unfulfilled.

Participants also commented on the fact that we no longer had an onsite manager and the off site manager was not always available, (Please see **Appendix 1** for feedback information).

3.5. Tiering

A positive feature of Comensura is that they are easily able to tier their services, in line with specific council preferences. Tiering is done by putting preferred suppliers in descending order, therefore the Comensura system will always go to preferred agencies first. The system automatically tiers agency suppliers depending on our usage and preference of suppliers. Tiering can also be requested to be made manually to the system.

3.6. Management Information and system capability

Comensura uses a system called C.net to process its management information. The system is good at collating data and providing

monthly and quarterly reports. However, areas such as fulfilment rates are still hard to calculate and quantify and job categories do not always reflect internal categorisation. We are working with Comensura to update job roles on the system and resolve this.

3.7. **Agency and supplier relationships and mark ups**

Comensura have around 200 agencies within their supply chain. In recent months Comensura have had some issues maintaining their relationship with some of these agencies. This is mainly due to the reduction of agency fees for particular roles whereby Comensura have agreed reduced rates with the Council to deliver further savings. The rates have not always been agreed with the supply chain agencies, who later notify Comensura of difficulties in the supply of particular roles because mark ups are too low. There have been instances where current workers have left because of reduced agency margins. E.g. in the last six months Social workers, Para Legals, Civil Enforcement Officers. This poses a concern for the council in that we may lose certain categories of assignments.

3.8. **IR35 (Intermediaries legislation)**

The intermediaries' legislation, known as IR35, is applicable to contractors who are working through an intermediary. The legislation was designed to ensure every contractor pays the right amount of tax and national insurance contributions (NIC). The government will be enforcing this legislation, especially with public sector bodies, from April 2017 and will fine those who are not compliant. Measures are in place to implement the taxation changes. The changes apply regardless of which model is adopted.

3.9. **Agency spend and fees**

In the last three years there has been a gradual rise in overall agency spend. This includes agencies fees and salary costs, please see table below. The table has been separated to include and exclude Tower Hamlets Homes Spend, because although TH Homes use our Comensura contract, their budgets are separate from the councils.

COMENSURA TOTAL SPEND (Includes salaries and agency spend)			
Year	Total Spend (incl. THH)	Tower Hamlets Homes spend only	Council spend Only
Apr 15 to Mar 16	£23,712,554	£2,980,278	£20,610,280
Apr 14 to Mar 15	£22,821,147	£3,295,525	£18,771,418
Apr 13 to Mar 14	£21,644,238	£3,456,648	£18,297,435

Comensura agency fees and charges only for 2015/16 are set out as below.

COMENSURA AGENCY FEES AND CHARGES ONLY			
Year	Total agency fee only spend (incl. THH)	Tower Hamlets Homes spend only	Council spend Only
Apr 15 to Mar 16	£1,792,017	£198,636	£1,593,381

(To see a more detailed breakdown of this please refer to **Appendix 2**)

3.10. **Savings**

The Council has a total savings target of £3.3m that needs to be delivered through contract efficiencies and reduced use of agency staff.

The contract with Adecco is estimated to deliver £265k and the Council will need to deploy a range of other measures including continuing with the current rebate process to achieve the additional savings required. The rebate process allows further efficiencies in rates to be negotiated and collected to support the Councils savings programme.

4. **MASTER MSP VS NEUTRAL MSP**

Master and Neutral vendor are two types of Managed Service Provider (MSP) models. The Council's MSP, Comensura, is a neutral vendor model. The summary below is based on collaborative work with another borough, currently using Adecco. .

4.1. **Neutral MSP Model**

A neutral vendor MSP is a middle agent, a type of brokerage service and does not have direct agency workers, but engages with a supply chain of agencies, the key strengths and weaknesses of a neutral MSP model are:.

Strengths of this model include:	Weaknesses of this model include:
<ul style="list-style-type: none"> • one point of contact for managers • ability to negotiate reduced margins with agencies • performance management of agencies • agencies are in a tiered quality system • allows competition between agencies • bespoke contract to address other needs of the Council (e.g. inclusion of SME's) • TUPE issues are minimal at the end of the contract as the vendor does not directly employ staff • increased control through single point of contact • increased supply of agency staff as assignments are advertised to various agencies • Automation of MI • More candidates • Speedier response • Specialist – have a bigger 'pool' to choose from • Explore rates – tapering 	<ul style="list-style-type: none"> • some agencies may not wish to participate due to the agreed rates paid by the MSP • some agencies will go outside of the agreed process and contact managers directly about individual assignments • Access to right people with right skills • Sometimes candidates are not suitable • Too many CV'S – not always relevant to the role • No filtering/vetting of CV's • Poor quality • Un- needed 'middle man' • Overly complicated system for a simple task • Feels like you are dealing with a systems not a person • Mark up rates

4.2. **Master MSP Model**

A master vendor MSP is a single recruitment agency that supplies workers directly from its own pool and support tiers. Master vendor MSPs usually have agencies that they can draw on to provide specialist workers or specific roles, which they may not directly cater for. The strengths and weaknesses of a master MSP model are:

Strengths of this model include:	Weaknesses of this model include:
<ul style="list-style-type: none"> • one point of contact for managers 	<ul style="list-style-type: none"> • master vendor may be required to sub-contract

<ul style="list-style-type: none"> • reduced unit cost to reflect the vendors share of the business • single invoice per month if required • performance management of agencies • increased robustness of management information • increased control through single point of contact • better candidate matching • reduced wastage/improved productivity • standardisation of fees • risks usually sit with master vendor • increased redeployment of the same temporary worker personnel signed up long term, under a master vendor • Ease of use – true reflection of charges • More scope for personal service • Less pressure to fill vacancy too quickly • Develop second tier companies • Following on good ability to find candidates from interim senior managers to road sweepers • Better opportunity to hunt head hunting model • Costs are upfront, so no penalty if agency staff established or on short term contract • relationship building 	<p>with additional agencies to provide some staff but this can sometimes be difficult to manage given that they are not agency neutral</p> <ul style="list-style-type: none"> • candidates from the master vendor may be given priority • limited number of agencies having expertise and capability to deliver full range of services • reduced competition amongst agencies • can a primarily single supply Supplier agency meet diverse business requirements • potential reduction in local agency usage • some agencies may not wish to participate • Specialist recruitment could be a problem • Contract rate negotiations not possible as they have been set
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4.3. In comparison both MSP models have their pros and cons. For example neutral MSPs have a bigger pool for specialists, it also allows for more competition between agencies when recruiting workers, and generally more candidates for specific roles. But this also means being inundated with information and CVs, sometimes making it difficult and time consuming for customers to select the right people.

4.4. In contrast some of the key features of master MSPs is that there are no additional supply agencies costs, they are able to do better candidate matching, have better quality controls in place for candidate resourcing. However, candidate matching and resourcing may take time but they are better at matching candidates for the required role.

4.5. If it was decide that we move to a master MSP, the best option available currently is with Adecco. The section below discusses the reasons why in further detail.

5. Adecco – Master Vendor MSP

The best option for awarding a master MSP is to Adecco on the London Councils Collaboration (LCC) further competition award on MSTAR2, as these are the most competitive rates available for a master MSP.

5.1. Although a master vendor MSP model, Adecco delivers a hybrid type of service, wherever Adecco is unable to fulfil certain categories of job

roles, it enlists supply agencies to meet these demands. They are also able to deliver a tiered service based on the preferences of its customer. For Tower Hamlets this would include engaging with local SME's.

5.2. Agency and supplier relationships (Senior Interims)

5.3. Adecco as a master vendor MSP will always try to source requests for assignment itself, however in areas where it does not have the appropriate candidates it enrolls agencies to supply these roles.

5.4. Adecco has developed partnerships with a number of agencies, amongst these is Sanctuary one of the largest agencies supplying social workers. Senior interims are supplied with a competitive mark-up rate of between 12% and 16%. Please see table below for partnered agencies in Adecco's supply chain.

Supplier Names	
Venn Group	Osborne Thomas
Allen Lane	Hammond Clark
Gatenby Sanderson	Critical Project Resourcing
Green Park	Housing Executives
Interquest	Executive Resourcing Group
Hays	Badenoch & Clark SSR
Penna	

5.5. Management Information (MI)

Adecco uses Beeline as their Management Information system. Beeline is set up to hold information of job roles with exact job titles and corresponding JDs.

The system will be able to generate the information and data the councils needs in order monitor temporary agency use.

The council spent approximately £20,000 and invested resources to ensure information on the Comensura management system interfaced with our HR systems. This interface build would again be required.

5.6. IR35 (Intermediaries Legislation)

When the IR35 Intermediaries Legislation is enforced from April 2017, Adecco's proposal is to audit all its suppliers to ensure that they are compliant. Workers would not be able to be submitted as an Ltd worker, should the job title/category have been categorised as being inside IR35 (PAYE).

Should any agency supplier wish to use Umbrella companies for their workers, then Adecco will audit these Umbrella companies to ensure that they are compliant with IR35.

5.7. On-site relationship manager

Adecco provide an onsite relationship manager to all of their clientele.

Adecco in London

- 5.8. Adecco in the last few years has been concentrating its business in London and has recently taken over Comensura as the main temporary agency supplier to councils across London, with 12 councils now with Adecco (please see **Appendix 3** for details)
- 5.9. Because of the facilities Adecco offer, as set out above and low cost, in the last year three councils have moved away from their MSPs to Adecco using the LOT2 LCC MSTAR2 further competition award. Two of these councils changed from Comensura. Please see table below for details.

Council	Previous MSP	Years with Previous MSP	New Contract Start	Contract Length
London Borough of Wandsworth	Matrix	4 years	October 2016	3+1
London Borough of Croydon	Comensura	10 years	November 2016	3+1
London Borough of Ealing	Comensura	6 years	January 2017	3+1

6. Invitation to Tender and Moving to a new MSP

In the 'Alternative options' section of this paper above there are two options which would require tendering

- 6.1. If Comensura were not successful, all of the other options mean the Council will need to change over to a new MSP. The key challenges of changing to a new MSP are:
- Migrating workers across
 - Management Information: I.T build cost implications
 - Training internal staff
 - Internal stakeholder engagement
 - Communication strategy
- 6.2. The council will need to prepare a project plan for any transition and set aside financial resources, around £100,000 would be required to integrate a new management information system with the councils HR system in addition to project resourcing. A project plan and timetable will be developed after the decision has been made on what option the council decides to take. A draft communication plan however has been developed please see **Appendix 5**.
- 6.3. **Recommendation**
It is recommended that the council uses the LOT2 MSTAR2 LCC Further Competition award, which was awarded in March 2016, to contract Adecco master MSP as the councils MSP for 2 years + 2 years extension (4 years total).
This is the best award option in terms rates, as well as other benefits as mentioned in the body of the report.
- 6.4. This is the lowest risk option in terms of legal challenges and will not require a full tender process. However, it will require time and resources to migrate over. But, as mentioned a project plan and timetable will be developed in order to facilitate a smooth transition. However, a decision will still need to be taken in regards to the rebate model, whether to continue as is or bill direct.

- 6.5. If the Council chooses any of the other options, or full tendering is required then we have in tandem started to prepare all the necessary procurement documentations and a timetable (Please see **Appendix 4** for timetable). This will be ready by the time this paper goes to Competition Board in March 2017, and we will start engaging with internal and external stakeholders to prepare for a tendering exercise. Full tendering will take approximately 7 months and will be finished by September 2017.
- 6.6. **LOCAL SMEs AND CURRENT PREFERRED SUPPLIERS**
- 6.7. An issue was raised at Competition Board as to what would happen to our current local SMEs if an award was made to Adecco.
- 6.8. Currently we have seven local SMEs. In January 2017 they supplied 80 workers out of a total of 973 temporary workers across the council.
- 6.9. Table 1 below shows a breakdown of where the 80 workers are allocated to. Table 2 shows who our current SMEs are.

Table 1

Row Labels	SME
Adult Services	5
Childrens Services	42
Communities Localities and Culture	10
Development and Renewal	6
Law, Probity and Governance	5
Resources	4
Tower Hamlets Homes Ltd	8
Grand Total	80

Table 2

SME Organisation Names
Carrington Blake Recruitment Ltd - London
Community Resourcing Ltd T/A Resourcing Group - London
E-mploy Agency Ltd - London
London Works Agency Limited - London
Quay People - London
Riverside Childcare Agency Ltd - London
Winlight Consulting Ltd T/A Trinity Social Care - London

- 6.10. Adecco will retain the current SMEs as part of their supply chain.
- 6.11. All current workers will be moved across from the current agency supply chain to Adecco. In future, as Adecco operates as the agency worker supplier itself, they will supply all workers directly. If there are any specialist roles provided by niche market agencies which Adecco is not able to source it will enrol the relevant agencies, these can be recommended by the council.
- 6.12. The Council will need to manage the transition and be prepared to discuss the economic impact with SME's

7. COMMENTS OF THE CHIEF FINANCE OFFICER

- 7.1. The report seeks one off specific funding of £100k (see 6.2 above) to meet the cost of any transitional works associated with implementing the recommended approach and switch over to the new supplier. This will need to be met through reserves.

- 7.2. While the report indicates that approximately £265k efficiencies (section 2.5) can be delivered through the change in provider, there is a total savings target of £3.3m that needs to be delivered through contract efficiencies and reduced use of agency staff. Consideration will need to be given as to how this level of savings can be secured through the contractual arrangements proposed within this report and other appropriate measures. This will need to be addressed through the smarter business support programme board to ensure the savings targets agreed are being realised.

8. LEGAL COMMENTS

- 8.1. This report concerns a proposal for the Council to enter into a call-off contract further to the competitive procurement of the LLC framework (Framework) for temporary agency worker solutions (Services).
- 8.2. By virtue of section 111 of the Local Government Act 1972, the Council has power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. Under section 1 of the Localism Act 2011, the Council has the power 'to do anything that an individual may do' 'for the benefit of the authority, its area or persons resident or present in its area'. In light of this, it should be noted that the Council has the enabling powers to enter into a call-off contract for the Services.
- 8.3. The Public Contracts Regulations 2015 (Regulations) enables frameworks to be entered into. Paragraph 5.10(a) of the Council's procurement rules (Procedures), dictates that the Council may enter into the Framework given that it 'has gone through an appropriate competitive tendering process in accordance with EU rules'. In addition, the Council's framework agreement guidelines (Guidelines) dictate that where frameworks are to be entered into, consideration should be given to:
- a) whether the OJEU notice allows for "immediately identification" of the Council in accordance with EU guidance;
 - b) the term of the framework agreement and whether it covers the period of the proposed call-off;
 - c) the financial limits of the framework, current spend against those limits and anticipated spend under the proposed call-off;
 - d) the requirements for a mini-competition or direct award;
 - e) the scope of the works/services covered by the OJEU notice/framework; and
 - f) the contract terms, including the framework, call-off and any access agreement.
- 8.4. Legal Services has considered the requirements stated in paragraph 8.3 as part of usual advice and concluded that all of the items have been satisfied although the various contracts will need to be entered into formally. However, in respect point 8.3.b), it is noted that the Framework's terms require that call-off contracts should be let for 3 years with the option of a 1 year extension. As such, the author's request to contract for 2 years with an additional 2 year extension will not be possible. It should be noted that the Framework was awarded in

April 2016 and as such 11 months have elapsed. Therefore, even if a contract term of 2 plus 2 years was permissible under the Framework's terms, it would be unadvisable to continue contracting under it post termination of the Framework as that can be perceived as an attempt to avoid competition. In light of this, it is advisable that a 3 year contract term is proposed in accordance with the Framework's terms with the Council commencing options appraisals at least 15 months prior to the expiry of the Council's call-off contract to enable strategies to be developed and sufficient time allocated to pursue alternative commissioning routes.

- 8.5. With regards point 8.3.d) it should be noted that the Framework was concluded as part of a further mini-competition and a single supplier was awarded the contract. Therefore, it is not possible to implement further competitions within the Framework. In any event, given that the Framework was concluded relatively recently in April 2016, it would be unlikely that any further competitions, if permitted, would render different outcomes and therefore the Framework should still represent value for money.
- 8.6. At section 6.6 of this report, it is noted that the Framework contractor will retain the local SME supply chain which has provided staffing solutions previously. The contractor's retention of the SME supply chain is consistent with the Regulations ethos of assisting SMEs wherever possible and in addition, is a Mayoral Priority under the Council's Strategic Plan 2017/18.
- 8.7. It should be noted at paragraph 3.9 that the impacts of IR35 are yet to be properly understood in terms of its potential impacts on the Council and further guidance is anticipated in due course. It may be appropriate to seek specialist legal and financial advice once further guidance has been released.
- 8.8. The Council has an obligation as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." Reasons are presented in this report as to various best value implications and benefits of entering into the Framework at paragraph 10. In addition, compliance by the Council with the Regulations, its own Procedures and Guidance when deciding to purchase the Services through the Framework should assist to satisfy these requirements.
- 8.9. The Council is required by the Public Services (Social Value) Act 2012 to consider how its procurement activities might secure the improvement of the economic, social and environmental well-being of Tower Hamlets. The Council will need to be satisfied that due regard has been given to these duties and by entering into the Framework, it will likely achieve sufficient well-being benefits to Tower Hamlets.
- 8.10. When considering its approach to contracting, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected

characteristic and those who do not (the public sector equality duty). Officers are expected to continuously consider, at every stage, the way in which procurements conducted and contracts awarded satisfy the requirements of the public sector equality duty. This includes, where appropriate, completing an equality impact assessment which should be proportionate to the function in question and its potential impacts.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1. Temporary agency workers are recruited to deliver services to the community. Maintaining continuity of services affects all residents and therefore this decision affects the principles One Tower Hamlets and is automatically taken into account.

10. BEST VALUE (BV) IMPLICATIONS

- 10.1. The recommended option has been weighed against various resourcing needs and cost benefit analysis.
- 10.2. The recommended option is the most economical and least resource intensive option, and will also provide a potential additional annual saving of around £265,700 in agency fees and charges to the council.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1. The main risk is the council's agency contract with Comensura will end in September 2017, and it will be left without a contract for its temporary agency needs beyond this period.
 - 11.2. Therefore it is paramount that a final decision is arrived at by all boards and committees, CMT, Cabinet and finally Competition Board by mid-March 2017 in order to action and implement future change.
 - 11.3. If there are any delays and in extreme circumstances an RCDA can be requested to extend the contract temporarily for a short period of time, however this is a last resort.
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Appendix 1 - 2015 Survey and 2016 Questionnaire Feedback

2015 Survey

Summary of the feedback are detailed below.

- 74% of users were either very satisfied or satisfied with the Comensura service
- 82% of users were either very satisfied or satisfied with Comensura's ability to resolve queries
- 52% of users were either met or exceeded expectations with the quality of candidate CVs received
- 76% of users were either met or exceeded expectations with the time between order being approved and receiving CVs
- 79% of users were either very satisfied or satisfied with Comensura staff and availability

2016 Questionnaire

Sent to the top five ordering managers who place over 400 orders or more over a year, we asked them to rate services between poor and excellent.

We asked them;

- How was the quality of CVs they received? Majority said they were 'good' and one said 'very good'.
- How were the qualities of candidates? Again majority said 'good' and one 'very good'.
- How was on the job performance of candidates majority said 'good' and one 'very good'.

The general feedback from the questionnaire shows that Comensura services are generally good, but not exceeding expectations in any particular area and has slight decline in overall service satisfaction.

We also asked users for comments, people said;

- Not having an onsite relationship manager was a problem, and the off site manager was not always available.
- Agency staff are not reflective of the community
- There are a lot of additional negotiations of rates with agencies and individuals. This is a common theme from top down.
- 1,244 candidates have been sort since January 2016 and 4.66% of these roles are open or unfulfilled (taken from the MI system).

Appendix 2: Agency fee Comparison – Comensura and Adecco

Current Comensura rates

Job Category	Agency fees and management charge (Please see summary)	Total charge
Admin & Clerical	£ 0.66	£ 38,160.60
Catering / Hospitality	£ 0.78	£ -
Education (non-qualified)	£ 1.40	£ -
Education (qualified)	£ 3.93	£ -
Engineering & Surveying	£ 1.98	£ 87,518.76

Facilities Management & Building Services	£	1.63	£	69,179.60
Financial	£	1.98	£	20,848.00
Housing, Benefits and Planning	£	1.25	£	61,212.46
Human Resources	£	1.48	£	17,896.10
Information Systems	£	2.25	£	24,993.19
Interims	£	5.54	£	749,707.53
Legal	£	2.31	£	44,062.86
Management	£	3.83	£	48,782.44
Manual Labour	£	0.56	£	94,348.43
Marketing	£	1.48	£	368.55
Procurement	£	1.60	£	1,283.99
Social Care (non-qualified)	£	1.28	£	93,458.93
Social Care (qualified)	£	2.70	£	502,605.16
Trades and Operatives	£	0.76	£	15,935.63
			£	1,870,362

LCC Adecco rates

Total hours 2015/2016	Job Category	Agency fees and management charge	Total charge
40,440.75	Admin & Clerical	£ 0.34	£ 13,749.86
0.00	Catering / Hospitality	£ 0.44	£ -
0.00	Education (non-qualified)	£ 0.89	£ -
0.00	Education (qualified)	£ 1.37	£ -
35,419.25	Engineering & Surveying	£ 2.15	£ 76,151.39
38,718.50	Facilities Management & Building Services	£ 1.59	£ 61,562.42
11,002.00	Financial	£ 1.12	£ 12,322.24
36,204.80	Housing, Benefits and Planning	£ 1.12	£ 40,549.38
9,796.75	Human Resources	£ 1.12	£ 10,972.36
11,373.75	Information Systems	£ 1.12	£ 12,738.60
135,522.82	Interims	£ 6.06	£ 821,780.10
16,202.50	Legal	£ 1.80	£ 29,164.50
16,725.25	Management	£ 1.67	£ 27,931.17
144,340.75	Manual Labour	£ 0.34	£ 49,075.86
189.00	Marketing	£ 0.97	£ 183.33
724.25	Procurement	£ 1.52	£ 1,100.86
62,795.50	Social Care (non-qualified)	£ 0.90	£ 56,515.95
158,980.25	Social Care (qualified)	£ 2.40	£ 381,552.60
25,865.00	Trades and Operatives	£ 0.36	£ 9,311.40
744,301.12			£ 1,604,661.99

Saving against Comensura -£ 265,700

60% Interims £400 per day or under	£	4.17
40% Interims over £400 per day	£	1.89
COMBINED FEES AND CHARGES	£	6.06

Percentage contribution	Average agency daily fees and management charge
15%	£3.25
11%	£2.77
7%	£2.20
14%	£5.14
13%	£5.42
8%	£3.56
32%	£16.43
100%	£38.77
Hourly charge	£5.54

Appendix 3 – London MSP Makeup

Borough	Name of your agency worker provider (e.g.: Comensura, Matrix etc.)	Neutral, Master or Hybrid
Barking & Dagenham	Adecco	Master
Barnet	Comensura	Neutral
Bexley	Reed Managed Service (MSTAR)	Hybrid
Brent	Reed	
Bromley	Adecco	Master
Camden	Matrix-SCM	Neutral
City of London	Comensura going with Hybrid (2017)	Neutral
Croydon	Comensura (moved to Adecco) went live in December 2016. Contracting for years from that time (2+2) Had legal challenges: Framework within a framework and they said they were not named NEED TO FIND OUT IF WE ARE NAMED	Neutral
Ealing	Comensura moved over to Adecco. Going live in January 2017	Neutral
Enfield	Matrix	Neutral
Greenwich	Manpower	
Hackney	Ranstad	
Hammersmith & Fulham	Pertemps	
Haringey	Hays	
Harrow	Pertemps	
Havering	Adecco	Master
Hillingdon	Guidant & Pertemps	
Hounslow	Comensura	Neutral
Islington	Comensura	Neutral
Kensington & Chelsea	Comensura	Neutral
Kingston upon Thames	Adecco	Master
Lambeth		
Lewisham	Reed	
Merton	Comensura (Planning to move to Adecco)	Neutral
Newham	Adecco	Master
Redbridge	Adecco	Master
Richmond upon Thames	Adecco	Master
Southwark	Comensura	Neutral
Sutton	Adecco	Master
Tower Hamlets	Comensura	Neutral
Waltham Forest	Matrix moving to Adecco (2016)	Neutral
Wandsworth	Matrix SCM moving to Adecco (2016)	Neutral
Westminster	Comensura	Neutral

Appendix 4 - ITT Procurement Timetable

TASK	Start	Finish	Comments
PRE- PROCUREMENT STAGE			
Complete and submit Procurement Initiation Form	-	29/07/2016	
Initial Project Meeting	03/10/2016	03/10/2016	
Phase 1 – Analysis	04/10/2016	25/11/2016	Spend analysis made against current rates with Comensura and London Councils Collaboration further competition with Adecco. London Councils transforming the procurement of temporary, agency and interim staff toolkit Spend analysis on usage and comparison between master, neutral vendor, etc. Analysis has been made against available frameworks and routes to market Analysis made against senior interim roles and suitability to be included
Phase 2 – Wider stakeholder engagement	21/11/2016	02/12/2016	Undertake stakeholder mapping to identify main contract users, develop stakeholder questionnaire and issue to main users for completion
TOLLGATE 1			
ATTEND COMPETITION PLANNING FORUM (CPF)	30/01/2017		
COMPETITION BOARD (CB)	06/03/2017		Notify Comensura on decision
CABINET			
CMT	15/03/2017	-	A standalone Cabinet report will need to be prepared setting out an assessment of the two options (Neutral/Master) with a recommendation for the award of the contract to be delegated to Corp Director/Head of Legal Services. FP1 will need to be completed.
MAB	TBC	-	
CABINET	04/04/2017	-	
TENDER STAGE (REQUIRED IF ONLY COUNCIL DECIDES ITS OWN FURTHER-COMPETITION OR ITT)			
Issue Tender Documentation	13/03/2017	-	
Final Tender Returns	-	14/04/2017	
Evaluation	17/04/2017	31/05/2017	
TOLLGATE 2 COMPETITION PLANNING FORUM (CPF) AND COMPETITION BOARD (CB)			
ATTEND COMPETITION PLANNING FORUM (CPF)	12/06/2017	-	
COMPETITION BOARD (CB)	26/06/2017	-	
AWARD STAGE			
Standstill Period	01/07/2017	11/07/2017	
Contract Award	12/07/2017	01/10/2017 Contract start date	Minimum 16 week implementation period required after contract award

Appendix 5 – Change of temporary agency service vendor - Communication Plan

Overall Aim

- To communicate the change of the council’s temporary agency service provider from Comensura to new vendor through a series of workshops and online communications to SMT, recruiting managers and staff
- Outlining its implications on current agency workers and the recruitment process of future agency workers
- Develop a working group to communicate and oversee smooth transition
- Consult on more robust hiring process of temporary workers going forward

Proposal

- To run a series of workshops from June 2017 with SMT and recruiting managers and staff.
- To run internal communications through intranet, managers bulletin and any other internal medium (TH NOW, all staff email)

Strategic Objectives

1. Communicate changes
2. Promote the project and set out the outcome of the project
3. explain the process for moving over current staff to new vendor and outlining the future process for recruiting temporary workers
4. Identify any issues through consultation with managers and recruiting staff
5. Develop, manage and co-ordinate information on the intranet site including FAQ’s and information on the changes

Communication Plan

Comms Title	Recipients	Summary	Timeline	Composer	Notes
Initial Communication of decision after Cabinet	TH Homes and all internal recruiting managers and staff	Initial communication to inform a new MSP will be in place from September 2017 date, including brief details of the phased approach when applicable and who will be signed or not Contact for any queries Overview of next steps	May 2017 – as soon as decision is taken	HR/WD Commissioning Manager and Contracts Manager	
DMT/SMT Meetings	DMTs and SMTs	To arrange a slot in upcoming DMT and SMT meetings to inform of the new change	May, June, July 2017	HR/WD Commissioning Manager and Project lead (tbc)	Contracts Manager and additional resource to manage

					invites. To have clear recruiting processes
Workshops Hiring staff and Managers	Hiring staff and Managers including TH Homes	Series of workshop to <ul style="list-style-type: none"> • Initial introduction and update on new MSP • implementation and date it will be in place, including details of the phased approach when applicable • Contact for any queries Overview of next steps • consultation to determine hiring processes • forming a working group 	May 2017	HR/WD Commissioning Manager and project lead (tbc)	
Report to DMTs and CMT on new hiring process	CMT, DMT and Hiring managers and staff	A report outlining the process for hiring new workers	July 2017	HR/WD Commissioning Manager	
Hiring Managers and staff Follow up	Hiring Staff and Managers	Reminder of impending change in MSP Details of training schedule including locations and date / time of planned sessions	6-8 weeks pre go live (July/August 2017)	Contract Manager, Project lead (tbc), and working group	must go before suppliers find out about transferring workers
Hiring Managers and staff follow up 2	Hiring staff and Managers	Reminder of the above	4 weeks pre go live (August 2017)	Contract Manager, Project lead (tbc), and working group	
Workforce Communication	Transferring workers	Summary of impending changes to MSP Registration instructions including documents required	August/September 2017	Project lead (tbc)	

		Contact for any queries			
Audit Comms	Suppliers transferring to Adecco Supply Chain	Comms to clarify new audit requirements and request for go live audit	August/September 2017	Supply Chain Lead	Contract Manager, Project lead (tbc), and working group to facilitate
Pre Go Live Reminder	Hiring Managers / Transferring Workers	Reminder of pending go live and any follow up required	1 week pre go live (September)	Contract Manager, Project lead (tbc), and working group	
Go Live Day	Hiring Managers	Log in details and contact details for Account Manager	Go Live Day (1 October 2017)	Beeline Lead	
Post Go Live Follow Up	Hiring Managers	Confirmation service has now gone live and all access to the site should be granted Contact for any queries	1 week post go live (October)	Contract Manager, Project lead (tbc), and working group	