



LONDON FIRE BRIGADE

Report title

Temporary Labour Supply Contract

Report to

People Board
Corporate Services Board
Commissioner's Board
Deputy Mayor's Fire and Resilience Board
London Fire Commissioner

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Report by

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Executive Summary

The London Fire Brigade (LFB) entered into a contract with Hays Specialist Recruitment Limited (Hays) as of January 2016 following a collaborative Procurement with the TfL/GLA Group. The current TfL contract which the Brigade has access to is due to expire on the 30 June 2021, and a new competitive tendering process, to continue to provide temporary labour services started on 30 July 2020. This project has, once again, been led by TfL on behalf of itself and the London Fire Commissioner (LFC), Mayor's Office for Policing and Crime (MOPAC), London Legacy Development Corporation (LLDC) and Old Oak and Park Royal Development Corporation (OPDC). The Pan GLA procurement involves the establishment of a framework agreement with a single supplier. This framework agreement will be awarded on a three-year basis, with the option to extend for an additional one year. This report requests permission to join the new contract once it has been awarded and incur expenditure up to a maximum ceiling limit, based on current spend and future modelling factors explained in body of the report. The LFB is committed to reducing agency usage and this will be achieved through, but not limited to, closer monitoring of quarterly management information led by People Services.

Recommendation

For the London Fire Commissioner

1. The London Fire Commissioner agrees to the expenditure of up to £4.85 million per annum for the contract for Temporary Labour Supply over 4 years (three years plus an extension for one year), subject to the prior approval of the Deputy Mayor for Fire and Resilience. The expenditure is based on current agency worker costs, the potential increase of rates due to a new supplier and

contingency. The total cost of the contract for the LFB for the length of the duration is up to £19.4 million.

2. The London Fire Commissioner agrees to delegate authority to the Assistant Director, Technical and Commercial Services, to award the contract for the Temporary Labour Supply Contract following the tender exercise by TfL.

Introduction and Background

1. TfL currently has a 'Master Vendor' agreement to provide temporary labour for Admin, Professional and IT roles across the GLA group. Under this arrangement a team from the supplier is embedded within TfL to provide a full temporary recruitment service. The Met Police have a similar arrangement in place with a different supplier. Both agreements expired in 2019 and have been extended until June 2021, to allow enough time to put a Pan GLA agreement in place.
2. The LFB entered into a contract with Hays in January 2016 as part of the GLA collaborative Procurement project to aggregate the Pan GLA spend and realise saving through leveraging the market.
3. Following a successful early market engagement, the supply base has demonstrated capability and appetite for the GLA group to capture all temporary and permanent recruitment requirements in one single agreement.
4. The objectives of the new replacement agreement is:
 - (a) To provide a solution that delivers the capability and expertise that the GLA Group need, whilst increasing added value in terms of quality and delivery;
 - (b) To develop and implement an improved approach to capturing a more diverse pool of talent;
 - (c) To incorporate an improved Supplier Relationship Management (SRM) system within any new solution, particularly in relation to long term supplier performance, measurement and management;
 - (d) To consider new technology and innovation to help drive efficiencies;
 - (e) To identify the most suitable and effective delivery model for the business.
5. The LFB has been involved with the retender process from the offset, starting with an Optioneering meeting in September 2018, which was represented by People Services and Procurement. Since then the working group has had involvement from People Services, Procurement, Information and Communication Technology, Information Management and Finance. The Programme Governance Group has been represented by the LFB's Head of HR Services and Deputy Head of Procurement.
6. The LFB project participants are satisfied that the specification for the new tender meets the needs the Brigade.

Current temporary labour supply service arrangements

7. The current arrangements for temporary labour supply is with Hays, following the instruction to join the TfL contract as part of the collaborative Procurement in January 2016. Prior to this temporary labour supply was fulfilled by Adecco.
8. At the time of this report, the LFB has 89 active agency workers supplied via Hays across all directorates. The current contract is regularly used with only a small number of specialist placements (i.e., Print Services) not being fulfilled direct through Hays.
9. Over the last reported quarter (August-October) there were 16 new agency hires across the organisation. However, six of these were re-hires following a break in placements due to COVID 19.
10. The percentage breakdown of agency usage by department is set out in the table below:

Department	Percentage
Finance	4.5
Fire Safety	10
Fire Stations (Central Operations)	1
General Counsel	8
Grenfell Tower Investigation & Review Team	7
Health & Safety	1
Information & Communications Technology	22.5
Operational Policy	3.5
Operational Resilience & Control	10
People Services	3.5
Procurement, Technical and Service Support	17
Property Services	3.5
Strategy & Risk	3.5
Training & Professional Development	5
	100

11. The percentage breakdown of reasons for agency hire, at the time of request, is set out in the table below:

Reason for hire	Percentage
Acting up/Secondment	12
Capital/Temporary Funding	13.5
Excess Workload	18
Maternity/Paternity Cover	1
Sickness Cover	4.5
Special Project	35
Vacancy Actioned	6
Vacancy Not Actioned	10
	100

12. It is anticipated that all Hays agency workers in contract at the time of mobilisation and implementation will be asked to sign new contracts with the new supplier, under TUPE transfer regulations. This approach was taken when the LFB moved to the Hays framework from Adecco in 2016 and there were no concerns.
13. The approach to the procurement process has been to encourage new technology and streamline/align processes, so that greater innovation and efficiencies can be delivered by the new contract. A more balanced approach has been adopted, ensuring that high calibre candidates are attracted, with an engaged second tier supply that will mitigate the need to use specialist agencies.
14. It is likely that the current recruitment freeze will have an impact on the volume of agency workers hired at the LFB. Any new agency hires, or placement extensions, must be requested by the line manager through the Approval to Recruit process and be agreed by Directors before any action is taken. The process is an additional step in monitoring the levels of agency hires following the Mayor's budget guidance being published and potentially this could lead to a decrease in LFB temporary labour over time, thus reducing expenditure.

Procurement process

15. As the value of the current contract is above the EU threshold, the invitation to tender was advertised in the Official Journal of the European Union (OJEU). The procurement process chosen was the Competitive Procedure with Negotiation (CPN). This process allows enough flexibility to refine and negotiate the optimum solution for the Pan GLA Collaborative agreement.
16. The Contract Notice was released on the 30 July 2020 and the Recruitment Services tender on the 7 August 2020.
17. 60 companies expressed an interest and 17 companies provided compliant responses. The Selection Questionnaire (SQ) submissions evaluations were undertaken by a cross section of stakeholders across the GLA Functional Bodies. The Head of HR Services and HR Policy Analyst undertook the evaluation for the LFB.
18. Following the evaluation of the Selection Questionnaire (SQ) submissions, seven bidders have been invited to the Invitation to Participate (ITP) stage.
19. The final evaluation and consensus meetings are scheduled to take place by January 2021. The LFB will be involved in the endorsement of the preferred bidder via the working group and programme governance group, scheduled for February 2021.
20. The contract award is due to take place early March 2021. It is recommended that the Assistant Director, Technical and Commercial Services will make the award decision for the LFB under delegated authority.
21. The mobilisation and implementation period is scheduled to take place between March and June 2021.
22. These current deadlines are the reasons why this decision is being presented now for the Deputy Mayor to approve in advance of the award being made.

Cost implications

23. TfL has estimated the entire contract value at £205.5 million/annum, inclusive of 5% uplift to capture potential increase in mark-ups and 10% contingency for growth in contingent labour requirements. The total cost is estimated as £616.5million over the three-year contract term, rising to £872 million with the one-year extension.
24. The LFB temporary labour supply expenditure is estimated at £4.2 million/annum which includes the agency worker rate and the client uplift. This is based on spend over the last 12 months. The estimated value for the length of the contract for the LFB is £16.8 million, based on current expenditure and pricing. When including the 5% uplift to capture potential increase in mark-ups and 10% contingency for growth, this equates to £19.4 million.
25. Current pricing is on a fixed % mark-up (which reduces for gifted hires) on the worker day/hourly rate, with a one-year tenure discount on all sourced workers.
26. The GLA Group has been made aware that the cost of the service (through higher mark-ups on rates) is likely to increase, however, it is envisaged that this will be off set against increasing candidate quality and streamlining processes which will deliver greater benefits to the GLA Group.
27. To provide visibility of potential costs an extensive benchmarking exercise was undertaken by TfL utilising a combination of other public sector framework rates and estimated percentage mark-ups.
28. From the analysis undertaken it was agreed by the Working Group that we would have a fixed price mark-up for roles up to £250 per day and percentage mark-up for roles over £250 per day plus a tenure discount.
29. This model encourages lower fixed rates for the easy to source roles providing the GLA Group with the benefit of lower costs, whilst the percentage mark-up incentivises the Service Provider to source better quality candidates driving best value for the GLA Group whilst still proving cost effective with the inclusion of tenure discounts.
30. It is anticipated that there will be an initial saving at framework launch associated with existing sourced candidates being transferred to the new Service Provider on preferential gifted candidate rates. It is estimated that this will provide an estimated saving of 2-3% per worker.
31. The focus of the new agreement will be value add and as such efficiencies will be generated through process improvements and alignment supported by the introduction of new technology throughout the contract life.
32. Cost efficiencies will also be generated across the GLA Group by introducing a unified and aligned approach to recruitment meaning that the Service Provider can deliver more effectively without the need for different recruitment models, systems and processes.
33. It is not envisaged that savings will be identified from the retender in respect of Service Provider mark-ups.

34. It is understood that the budget for agency staff is set at £0.6m annually, with any further agency workers funded from existing departmental budgets, underspend caused by FRS vacancies and external funding (for special projects). It is anticipated that these will continue to be the funding sources for future agency hires.
35. Consideration should be given to the current value of agency worker hire. Given the current budget challenges, the recruitment freeze, and the subsequent additional monitoring of the levels of agency workers outlined above, it is possible this will reduce agency spend in the future and therefore the LFB current estimate value may decrease with time.

Shared services

36. This is collaborative piece of work involving the GLA family members, thereby reducing costs where practical, pooling resource and providing greater value for money to London's taxpayers.

Associated risks

37. Should the decision be taken not to join the new contract, the arrangements for temporary labour supply within the LFB will finish on the 30 June 2021. This will have an impact on current agency workers and any new future hires.
38. The Brigade does not possess any in-house temporary labour supply expertise to manage the recruitment of agency workers.
39. Without the temporary labour supply service, the Brigade would not have means to source contingency workers when needed.
40. A possible avenue would be for the LFB to start the procurement process for its own temporary labour supply service, which would take a considerable amount of time and resource.

Alternative Options Considered and Consultation

41. One alternative option would be for the LFB to procure their own Temporary Labour Supplier. However, considering that this is a collaborative piece of work with the GLA group, this seems counter-productive and costly.
42. Another option would be for the LFB not to have a Temporary Labour Supplier. However, that would potentially cause problems in terms of the workforce, when temporary labour is required. It would also limit the LFB in terms of talent and resourcing.

Objectives and Expected Outcomes

43. The objective is to seek approval for the LFB to join the Pan GLA collaborative group contract for the supply of temporary labour so that the work already untaken on the collaborative procurement can continue. In joining the contract, the LFB are in a stronger position to tackle any contractual issues as it will be doing so as part of the GLA group, rather than an individual body.

Impacts

44. Organisational impacts are set out against the following sub-headings:

Equality Impact

45. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when exercising our functions and taking decisions.
46. It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
47. The protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), Race (ethnic or national origins, colour or nationality), Religion or belief (including lack of belief), Sex, and Sexual orientation.
48. The Public Sector Equality Duty requires us, in the exercise of all LFC functions (i.e. everything the LFC does), to have due regard to the need to:
 - (a) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - (b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - (c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
49. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
50. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
51. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
 - (a) tackle prejudice, and

(b) promote understanding.

52. An Equality Impact Assessment (EIA) was undertaken on 17 November 2020, in consultation with the Inclusion Team (appendix 1).
53. The impact assessment found a neutral impact on people who have characteristics which are protected by the Equality Act. It also looked at how we can ensure that any supplier complies with the Togetherness Strategy objectives, e.g. if an all-male or all-white shortlist is provided. A recommendation was made for agency workers to be provided with the opportunity to be more involved in initiatives (e.g. a D&I objective, or joining one of the ESGs) and it was agreed to raise this with the existing Equality Support Groups to explore how we can advance the inclusion of temporary staff joining LFB.

Procurement and Sustainability

54. The main body of the report details the pertinent procurement issues related to the temporary labour supply contract.
55. TfL is a signatory to GLA Responsible Procurement Policies and therefore will comply by adopting the same approach as the LFB would if it were the lead on this Procurement.
56. The Good Work Standard sets the benchmark the Mayor wants every London employer to work towards and achieve. Organisations able to meet the Good Work Standard criteria can apply for accreditation and recognition as leading employers from the Mayor.
57. Expectation that the successful provider will engage with Micro and SME businesses via the second-tier supply chain, will pay all temporary worker and own employees in accordance with the National Minimum Wage and the Living Wage, incorporating the London Living Wage where applicable and will comply with the GLA group anti-slavery policies and not engage in any modern slavery practice.
58. The evaluation stage of the procurement process has taken place electronically, via the online platform AWARD, mitigating the need for a paper-based process.
59. There is a requirement for the successful provider to have a Vendor Management System (VMS). The system will allow the LFB to manage the administrative aspects of temporary labour supply electronically and remotely. This includes requesting hires, an approvals process and timesheet functionality. This reduces the need for paper-based administration and management of agency workers.

Strategic Drivers

60. Engaging with a temporary labour supplier will help facilitate the LFB to achieve the pillar, The Best People and The Best Place to Work, as they will play a role in sourcing our workforce. This will be achieved by working closely with hiring managers and the contract management teams, ensuring that LFB behaviours and strategies are embedded.
61. The temporary labour supplier will be an external stakeholder, and this relates to the pillar, Outward Facing. Not only will the supplier support the LFB by resourcing part of our workforce, they also have the potential to bring new ideas and initiatives to the forefront.

62. Temporary labour makes up part of the LFB workforce. Many of our current agency workers are involved with work that is directly related to the Transformation Delivery Plan, the HMICFRS and the Grenfell Inquiry, through consultation roles, project work or providing specialist expertise.

Workforce Impact

63. The subject matter of this report is the contract to be put in place for the supply of temporary labour to the London Fire Brigade from 01 July 2021.
64. The recommendation within this report does not require prior staff side consultation. Staff side will however be provided with a copy of this report in advance of the Deputy Mayor's Fire and Resilience Board meeting on 5 January 2021.
65. All agency workers will be required to meet compliance checks before starting their placement with the LFB. They will be required to follow LFB policies and procedures and management of these staff will be through the LFB line manager in conjunction with the LFB contract manager and the supplier's management team.

Finance Comments

66. This report recommends that the LFB joins the Pan GLA collaborative group contract for the supply of temporary labour. Approval is sought for expenditure of up to £19.4m over four years, based on an annual cost of £4.2m and including a 5% uplift and 10% contingency. The budget for agency staff is set at £0.6m annually, with additional agency costs then being met through vacancies within the FRS staff budget.

Legal comments

67. This report seeks approval to commit expenditure and award a new contract for Temporary Labour Supply.
68. Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office.
69. Section 1 of the Fire and Rescue Services Act 2004 ('the 2004 Act') states the Commissioner is the fire and rescue authority for Greater London. Under sections 7 to 9 of the Act, the Commissioner must secure the provision of personnel, services and equipment necessary to efficiently meet the requirements of the fire and rescue authority.
70. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
71. By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor"). In particular, paragraph (b) of Part 2 of the said direction requires the Commissioner to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...". The decision to award a contract for Temporary Supply Labour as set out in the recommendation of this report far

exceeds this value, therefore, this report to the Deputy Mayor fulfils the aforementioned requirement in the direction.

72. The body of the report confirms the Procurement Department of both the LFB and TfL have been engaged with the retender exercise to ensure both compliance with the requirements set out in the Public Contract Regulations 2015 and that the requirements are fit for the Brigade. The recommended decision is also in line with the GLA responsible procurement policy and the LFC standing orders.
73. The Commissioner's Board must in advance the report being presented to the Deputy Mayor, and the Commissioner taking a decision, first note the contents of the report in accordance with the Terms of Reference of the Commissioner's Board. The proposed recommendation for the London Fire Commissioner to delegate authority to the Assistant Director of Technical and Commercial to deal with the contract award post the tender process in relation to this contract for Temporary Labour Supply is permitted under Part 4 of the LFC's Scheme of Delegation.

List of Appendices

Appendix	Title	Protective Marking
1.	Equalities Impact Assessment	Not protectively marked.