

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2793

Title: Procurement of Non-Permanent Labour Contract

Executive Summary:

This decision form seeks approval to enter into a contract for the supply of non-permanent labour, following a procurement process led by Transport for London on behalf of the GLA Group, including the Metropolitan Police Service. This pan-GLA procurement involves the establishment of a framework agreement with a single supplier.

The contract proposed is a Managed Service Provider model whereby the GLA will formally contract with the lead supplier on a 'call-off' basis for the supply of temporary/agency workers. The new agreement will offer advantages through technology and simpler administration of the agency worker contract.

The GLA will be expected to source all non-permanent labour requirements through this framework.

This framework agreement and any call-off agreements will be awarded on a three-year basis, with the option to extend for an additional one year.

Decision:

The Mayor delegates authority to the Executive Director of Resources without the need for a further decision form to:

1. enter into a Service Recipient Specific Agreement for the GLA's non-permanent labour requirements for a three-year period; and
2. extend the agreement by a further year at the end of the three-year period, should this be deemed beneficial to the GLA.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

17/3/2

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. Since 2015, the GLA, its functional bodies – Transport for London (TfL), London Legacy Development Corporation (LLDC), Mayor's Office for Policing and Crime (MOPAC), Old Oak and Park Royal Development Corporation (OPDC) and London Fire Commissioner (LFC) ('GLA Group') – and the MPS have undertaken to procure goods and services collaboratively, to deliver better value for Londoners.
- 1.2. This work is led by the GLA Group Collaborative Procurement Team (CPT), hosted by TfL. The team manages the common and low complexity procurement expenditure of indirect categories (i.e. goods and services purchased for internal use) for the GLA Group. Between 2015/16 and 2018/19 spend in categories in scope (for GLA, LFC, LLDC, MOPAC, OPDC and TfL), was reduced by £200m (36%), with the greatest reduction (19%) between 2017/18 and 2018/19. In 2019/20 total spend across the GLA Group for in-scope categories was circa £443m.
- 1.3. One of the categories within scope of the collaborative procurement function is recruitment services. In 2016 a collaborative Master Vendor agreement was let to Hays Specialist Recruitment for Non-permanent Labour Services. Non-permanent workers are not on the GLA's payroll but provide services to the GLA on a temporary/agency basis. The GLA and other functional bodies (but not the MPS) use this arrangement to obtain temporary labour for administrative, professional and IT roles. The current contracts with Hays Specialist Recruitment expires in June 2021.
- 1.4. Over the last two years the GLA Group including the MPS has been working together to learn lessons from the existing arrangement and implement improvements in preparation to re-tender the framework. This has included alignment of recruitment processes and approach to IR35; streamlining invoicing processes and reducing the utilisation of non-permanent labour. There has also been work undertaken to determine the most beneficial delivery model, utilisation of technology, pricing model and approach to supplier performance. The re-tender of the framework began in 2020.

2. Objectives and expected outcomes

- 2.1. The delivery model agreed for the new framework is a Managed Service Provider (MSP) which involves one organisation sourcing all GLA Group temporary labour requirements under a hybrid delivery model. These requirements are sourced directly in-house by the MSP. The MSP has a Lead Supplier(s) for categories where they have no in-house capability – requirements will go directly to the Lead Supplier(s) to source in this instance. A nominated supply chain can also be sourced via this model.
- 2.2. The service requirements will deliver benefits and savings including a reduction in the level of internal resources needed to manage time-sheets and billing with the responsibility for both payroll and all candidate sourcing being transferred fully to the MSP. The estimated initial savings will also be delivered on commencement of these services, associated with existing sourced candidates being transferred to the new MSP on preferential gifted rates (saving 2-3 percent per temporary worker). The introduction of a 'direct worker' category, where candidates will directly apply for roles rather than be sourced by the MSP, will also help reduce costs through the application of a lower rate. Efficiencies will be generated through continued process improvements and alignment, supported by the introduction of new technology throughout the life of the contract.
- 2.3. The new contract will involve one overall Framework Agreement between TfL (as lead tendering authority) and a single provider. The Framework Agreement contains the terms governing the provision of services, including price and quality. Each GLA Group organisation and the MPS will 'call off' the Framework by entering into their own Service Recipient Specific Agreement with the Service Provider.

- 2.4. The Framework Agreement will be awarded for an initial period of three years with the option to extend for a further year. The GLA's Service Recipient Specific Agreement will align to this timescale. The estimated value of the contract (including the pay to staff) across the GLA Group, using average and 2018/19 volumes and expected % uplifts, is estimated to be £218m per annum. The estimated value of the GLA's spend for non-permanent labour for 2020-21 was £3.78m and is not expected to rise significantly beyond this level. The GLA will be expected to source all non-permanent labour requirements through this framework.
- 2.5. TfL Commercial are leading on the procurement process which is being undertaken in compliance with the Public Contracts Regulations 2015. The procurement commenced in August 2020 with a contract notice and tender documents published in the Official Journal of the European Union. The procurement process chosen was the Competitive Procedure with Negotiation (CPN). The contract award is due to take place in March 2021.
- 2.6. Implementation of the new service will be from 30 April 2021 with staggered 'Go Live' dates until 30 August 2021. Mobilisation plans were submitted by each supplier as part of their tender returns and internal arrangements are already being made to ensure a smooth transition to the new service.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, as a public authority, the GLA must have 'due regard' of the need to:
 - eliminate unlawful discrimination, harassment and victimisation; and
 - advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.
- 3.2. All bidders have been asked to respond as part of the procurement process as to how they will ensure the delivery of this contract supports the Mayor's objective to deploy a workforce that reflects the diversity of London and the community it serves and how they intend to attract, engage and retain candidates from underrepresented groups.
- 3.3. In addition, the Managed Service Provider must meet the requirements of the specification and monitor and report diversity and inclusion and seek to actively implement diversity and inclusion into their own working practices and encourage and support Lead and Secondary Suppliers to do the same.

4. Other considerations

- 4.1. The current contract with Hays will expire at the end June 2021. There is a risk that if award is delayed then the new contract will not be mobilised in time for the end of the current arrangement. This risk is being mitigated by the fact that each supplier was asked to submit comprehensive mobilisation plans as part of their bid. In addition, mobilisation will be staggered from 30 April 2021 until the end of August 2021 when the separate MPS contract with REED expires. This will ensure that the winning supplier does not have to mobilise all parts of the GLA Group at once.
- 4.2. There is also a risk that the benefits and cost savings associated with the process efficiencies are not captured. To mitigate, this will be tracked and reported by the Collaborative Procurement Team periodically and quarterly alongside contract delivery KPI's.
- 4.3. The contract requires that the Managed Service Provider ensures that data protection provisions are in place contractually with all Lead and Secondary Suppliers. The Managed Service Provider will have been assessed as part of the procurement process in a number of areas in respect to privacy and data protection and will have met or exceeded minimum requirements set, for example, how they ensure their employees and temporary workers are:

- appropriately screened/vetted (including criminal records checks where necessary);
- contractually obliged to comply with relevant privacy and data protection obligations; and
- appropriately trained.

4.4. The use of non-permanent labour within the GLA is in line with best practice e.g. only using such labour where it is necessary and ideally only to fill short term requirements. There are no conflicts of interest arising from this contract being let.

5. Financial comments

- 5.1. This decision requests approval to enter into a Service Recipient Specific Agreement for the GLA's non-permanent labour requirements for a three-year period. It also requests approval to extend the agreement by a further year at the end of the three-year period, should this be deemed beneficial to the GLA.
- 5.2. The agreement is anticipated to create savings of 2-3% per temporary worker for sourced candidates being transferred to the new MSP on preferential gifted rates. Savings are also anticipated from the introduction of a new category of 'direct worker' whereby candidates apply directly for roles rather than being sourced by the Service Provider. The mark-up paid to the supplier will be lower for this category of worker than for sourced candidates.
- 5.3. It is difficult to forecast the total spend on agency workers, but all costs will have to be contained within directorates' allocated budgets, which will benefit from the reduced administrative burden associated with this contract.

6. Legal comments

- 6.1. Sections 1 to 2 of this report indicate that the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people;
 - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - consult with appropriate bodies.
- 6.2. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3. Officers have indicated at paragraph 2.5 of this report that the framework under which it is proposed the services required are to be 'called off' on behalf of the GLA, the GLA Group and the MPS are in accordance with the Public Contracts Regulations 2015 and the GLA's Contracts and Funding Code.

Officers must ensure that appropriate “call-off” documentation is put in place and executed by the successful bidder and the GLA before commencement of the services.

- 6.4 The Mayor may delegate authority to the Executive Director, Resources as proposed pursuant to section 38(1) of the Greater London Authority Act 1999 should he so wish.

7. Planned delivery approach and next steps

Activity	Timeline
Completion of the procurement	1 April 2021
Announcement	To be confirmed
Delivery start date	30 April 2021
Project closure	30 September 2021

Appendices and supporting papers:

None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: This MD should be deferred until after the conclusion of the procurement process otherwise this could have a detrimental impact on the live procurement process and the commercial interest of the GLA and the GLA Group.

Until what date: 31 May 2021

Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form - NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Patrick Alleyne has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Mary Harpley has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

David Bellamy has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 15 March 2021.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

D. Gange

Date

16 March 2021

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

D. Bellamy

Date

15 March 2021