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Report of: Head of IT Service Delivery

Report to: Chief Information Officer

Date: 22nd October 2014

Subject: Request to Tender for a contract for the supply of IT Resource

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	☒ No
Is the decision eligible for Call-In?	☒ Yes	☐ No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	☒ No

Summary of main issues

1. IT need to ensure that a comprehensive, effective, efficient and economic service for the supply of temporary and permanent specialist IT resource is provided.
2. IT used the Comensura route for procuring resource. However this has proved to be unsuccessful as they were unable to meet the requirements
3. IT have continued to use suppliers under a former framework agreement.

Recommendations

1. The Chief Information Officer is requested to approve the decision to tender for a new IT contractor framework agreement.

1   Purpose of this report

1.1   The purpose of this report is to seek approval to tender for a new framework agreement for the recruitment of specialist IT resource both temporary and permanent.

2   Background information

2.1   Leeds City Council IT Services has operated a framework agreement for the supply of temporary IT resource since 2001.

2.2   In April 2010 the council signed up to the Comensura agreement for the supply of temporary staff in the following areas:-

   - Office and Administration
   - Finance and Accountancy
   - Housing Management
   - Industrial (eg drivers, labourers, refuse collectors, cleaners, store assistants)
   - Catering
   - Building Trades
   - Technical (eg architects, surveyors, engineers)

   It was agreed that IT would move across to Comensura at a later date.

2.2   In June 2012, IT implemented Comensura. This involved the attempt to transfer agencies from the former framework to Comensura.

2.3   Initially, only two out of the six agencies signed up and when further changes were made to the contract the remaining two agencies also pulled out of the agreement. This was because an agreement could not be made with regards agency margins.

2.4   Agencies on the IT Framework work to a maximum 15% margin. With an average margin being 13%. The arrangement via Comensura required agencies to work to 10% and Comensura added an additional 2.5%

2.5   A number of requests were sent through Comensura between 2012 and 2014 and one placement was made. Comensura was unable to find resources with the specialist skills required.

2.6   Therefore, in order to meet resource requirements IT Services have continued to source contractors from the former IT Framework agreement.

3   Main issues

3.1   The current arrangement for the resourcing of IT contractors through Comensura has proved unsuccessful. Comensura have been unable to supply IT with the skills and resources required.

3.2   A number of meetings took place during 2012 / 2014 where the issues were discussed and resolutions could not be found. IT needs a framework agreement to include dedicated account management with specialist IT knowledge of the market place. Furthermore, to include a Service Level Agreement which supports a 10 day turn around for cv's, interviews to placements.

3.3   As a result of IT not being able to recruit via the Comensura agreement and using the former Framework this is showing as 'off contract' spend.

3.3   There are a number of delivery options that IT could utilise to meet its temporary IT staffing requirements. (see Appendix 1). A review of the different options has taken place.

3.4   IT will continue to work with HR to reduce the number of specialised contractors. However, there will always be the need for specialist ad-hoc resource to meet short term demands and also support IT when working with new technologies to 'bridge the gap' while permanent IT resource is being upskilled.

3.5   There is also a requirement to source IT skills staff on a permanent basis.

3.6   Prior to the implementation of Comensura, the framework agreement/preferred supplier option worked well for IT and following the review of the different options it is felt that this is the best solution for resourcing the skilled contractors required.

4   Corporate Considerations

4.1   Consultation and Engagement

4.1.1   Consultation has taken place with IT Senior Management, HR and Procurement. A team will be put together to evaluate the tenders received.

4.1.2   Equality and Diversity / Cohesion and Integration

4.1.3   Equality and diversity issues have been considered and it is felt that a full Equality Impact Assessment is not required as there will be no adverse impact on any particular group.

4.2   Council policies and City Priorities

4.2.1   The procurement of recruitment agencies via a framework agreement/preferred supplier list is aligned to LCC's recruitment and workforce planning initiatives and budget plans.

4.3   Resources and value for money

4.3.1   The council spend in excess of £2m per annum on the use of specialist IT contractors. IT contractor staff are generally employed to work on a project or backfill for a member of IT staff. Funding is provided within project budgets to cover this temporary headcount increase and use of contractors is the most effective way of managing these short/medium term resourcing demands which often require specific technical skills for the duration of the project.

4.3.2   A framework agreement/preferred supplier list will ensure that LCC have access to a number of recruitment agencies and that they are receiving best value for money in the market place.

4.4   Legal Implications, Access to Information and Call In

4.4.1   This reports represents a key decision and is therefore subject to call in.

4.5   Risk Management

4.5.1   IT is currently recruiting contractors from a former framework agreement. The market place needs to be re-visited to ensure that IT is receiving value for money.

5   Conclusions

5.1   IT rely on external contractors generally to work on specific projects, or backfill for a   member of ICT staff, who is working on a project which is capital funded. Funding is provided within project budgets to cover this temporary headcount increase, and use of contractors is the most effective way of managing these short/medium term resourcing demands which often require specific technical skills for the duration of the project.

5.2   Comensura have been unable to provide contractors who have the skills/experience that LCC require and doesn't have the specialist skills to provide IT market intelligence.

5.3   By tendering for a specific framework/preferred supplier list to supply IT contract resource, LCC can ensure that they have access to a number of recruitment agencies and they are receiving best value for money in the market place.

5.4   IT also require an option to source permanent specialised IT staff.

6   Recommendations

6.1   The Chief Information Officer is recommended to approve the contents of this report.

Delivery Option	Characteristics	Key advantages	Key disadvantages
Neutral Vendor	• Standard processes/MI reporting and central record • Vendor provides 'managed service' reducing internal resource needs • Standardises agency T&Cs • Increasingly adopted nationwide	• Access to market/commercial knowledge of Managed Service provider • Allows access to wide range of agencies, especially useful where staffing requirements are broad • Standardised processes • Supports increased compliance and consolidation of spend • Helps compliance with legal requirements/worker checks	• High cost of switching due to need to embed complex administrative systems and processes • Dependency on Managed Service provider for market intelligence • Loss of choice if agencies unwilling to join
Master Vendor	• Standard processes/MI reporting and central record • Vendor provides 'managed service' reducing internal resource needs • Standardises agency T&Cs	• Access to market/commercial knowledge of Managed Service provider • Allows access to wide range of agencies, especially useful where staffing requirements are	• High cost of switching due to need to embed complex administrative systems and processes • Dependency on Managed Service provider for market intelligence

		• broad • Can help with leverage over master vendor if they are the natural dominant local provider	• Loss of choice if agencies unwilling to join • Need transparency to manage risk of conflict for Master Vendor in allocating work to sub-contractor agencies
Preferred Supplier List/Framework agreement	• No guarantee of level of business for each agency • Standardises agency T&Cs • Used where spend is large and relatively certain	• Provides ability to mini-compete assignments • Applies some limited price leverage	• Different administration processes for each agency • No consolidated MI reporting or single record • Demands significant amount of supplier management activity
Direct agency agreements	• Unique agreements for specific agencies • Piecemeal buying • Being used less often in Local Government	• Can provide flexibility for local user needs and local market • Can seek candidates from multiple agencies to maintain competition	• High effort to manage agency performance and market engagement/contact • Multiple administration processes • Fragments spend and complicates compliance controls