

# Request to commence procurement of a framework contract for the supply of IT/Digital resource (temporary and permanent)

Date: 12<sup>th</sup> November 2024

Report of: IDS Resourcing Officer

Report to: Interim Assistant Chief Executive – People, Digital & Change

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

This report proposes the initiation of a procurement exercise to establish an internal Leeds City Council (the Council) framework for the provision of temporary and permanent IT BAU resource.

The Integrated Digital Service (IDS) provide services across the Council, the Integrated Care Board in Leeds (ICB), Leeds GP practices plus Aspire, West Yorkshire Joint Services, several schools, and Leeds Grand Theatre. Under the Chief Digital Information Officer, a single IDS team spanning both the Council and the ICB is in place.

The vision and future direction for Digital is a key enabler in the ambition for the city of Leeds.

IDS need to ensure that a comprehensive, effective, efficient and economic service for the supply of temporary and permanent IDS resource is provided.

IDS currently employ a number of specialist contractors through a framework agreement, Ref DN406263: ITS180022 Temporary ICT Staff Framework – for the supply of ICT resource which expired on 13<sup>th</sup> January 2024. There were 6 approved recruitment agencies on this framework, and 1 agency from a previous framework and a direct award has been made to seven contract(s) with the named agencies to ensure continuance of service which will expire in March 2025. The proposed framework facility will sit alongside (in addition) to the Resource Augmentation Framework (Ref; ITS301103) which provides resources for specific planned projects and initiatives.

## Recommendations

- a) The Interim Assistant Chief Executive – People, Digital & Change is requested to approve the decision to commence a tender exercise for the provision of an internal Council framework for the Supply of ICT Resource (Temporary and Permanent staffing) to supplement the Resource Augmentation Framework (Ref: ITS301103). The proposed framework facility would have a

duration of up to 4 years permissible in accordance with Regulation 33 (3) of the Public Contracts Regulations (PCR) 2015.

- b) The estimated spend through the proposed framework facility is approximately £4 million per annum with a total of £16 million over the 4-year term.
- c) The estimated commencement date of the proposed framework facility would be 1<sup>st</sup> April 2025.

### **What is this report about?**

- 1 The purpose of this report is to seek approval to tender for a new contractor framework agreement for the recruitment of specialist IDS resource.
- 2 IDS currently employ a number of specialist contractors through a framework agreement, Ref - DN406263: ITS180022 Temporary ICT Staff Framework – for the supply of ICT resource which expired on 13th January 2024. There were 6 approved recruitment agencies on this framework, and 1 agency from a previous framework and a direct award has been made to seven contract(s) with the named agencies to ensure continuance of service which will expire in March 2025.
- 3 IDS have a Resource Augmentation Framework in place of providers to undertake a range of delivery, migration, support, and knowledge transfer activities for a range of portfolio projects that support services across the Councils directorates and upskill and provide support to teams within IDS. It was initially thought that the Resource Augmentation Framework could be used for the ongoing provision of IDS BAU resource, therefore a new procurement exercise was not undertaken. However, this new framework, delivers augmentation services to support planned projects and initiatives and is used for packages of digital skills for specific projects, rather than the ongoing requirement for BAU IT skills required for the day-to-day service requirements of IDS. Therefore, this framework has been deemed inappropriate for the specific requirements and a new tender exercise will commence to ensure we have a route to market for our BAU requirements.
- 4 This framework will cover all resource types within IDS and will sit alongside the Resource Augmentation framework to ensure that IDS is able to find suitably qualified and experienced resources.

### **What impact will this proposal have?**

- 5 IDS relies on temporary ICT resource to work on specific projects, to backfill for members of staff, who are working on projects which are capital funded, and as BAU resource. Funding is provided within budgets to cover this temporary headcount increase, and the use of external temporary ICT resource is the most effective way of managing these short/medium term resourcing demands which often require specific technical skills.
- 6 Failure to source suitably qualified and experienced IDS resource in a timely manner directly affects project delivery on critical Council projects.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing       Inclusive Growth       Zero Carbon

- 7 IDS will ensure that the recruitment of specialist ICT resource is aligned to the council's recruitment and workforce planning initiatives and budget plans.

### **What consultation and engagement has taken place?**

Wards affected:

Have ward members been consulted?

Yes

No

- 8 Consultation has taken place with IDS Senior Management to consider the most effective and flexible way IDS can ensure that a comprehensive, effective, efficient and economic service for the supply of temporary ICT resource can be provided.
- 9 The new Resource Augmentation Framework was considered for the ongoing provision of IDS BAU resource; however, the Framework delivers augmentation services to support planned projects and initiatives, and is used for packages of digital skills for specific projects, rather than the ongoing requirement for BAU (Business as Usual) IT skills required for the day-to-day service requirements of IDS. Therefore, this Framework has been deemed inappropriate for the specific requirements.
- 10 HR and the Trade Unions are aware of the Resourcing issues that IDS face in terms of sourcing niche specialist skills and understand the need for IDS to bring in temporary expertise.

### **What are the resource implications?**

- 11 There are no resource implications in terms of changes to structures or reduction in job roles. The resource implications relate to easing pressure on already over worked teams, thus reducing stress levels and attrition rates.
- 12 The challenge of recruiting and retaining staff with specialist IDS/Digital skills is increasing. The use of contractors with specialist skills is essential to ensure that the ability to maintain core 'lights on' service and to deliver projects and programmes which support efficiencies and service improvements.
- 13 The Council spends more than £3 million per year on the use of specialist ICT contractors. IDS agency staff are generally employed to work on specific projects, but also to fulfil the requirement for BAU IT skills to meet the service requirements of IDS. Funding is provided within project budgets to cover this temporary headcount increase and the use of contractor staff is the most effective way of managing these short/medium term resourcing demands, which often require specific technical skills. Failure to source suitable skilled contractor staff has a direct impact on delivery of critical Council projects, which in turn could affect front line services.
- 14 Due to the nature of the skills, IDS has little options available to seek better value than to set up our own frameworks and contracts, the skills required are not available with the council and direct employment appointments are not desirable to these resources due to the rates not being comparable. A new route to market is in discussion to replace the expired frameworks.

### **What are the key risks and how are they being managed?**

- 15 The supply of IDS resource is monitored by the IDS Senior Leadership Team as well as the Digital Board to ensure it is appropriate for the requirements. When sourcing either augmentation resource or a contractor consideration is given as to whether this is the most appropriate action and represents best value for money for the council and there are no other suitable alternatives available.

16 The individual appointments and recruitment agencies will be managed and reviewed on a regular basis by the Senior Resourcing Officer and approval will be requested from IDS Senior Leadership Team for any ad-hoc recruitment requirements.

### **What are the legal implications?**

17 As the value of the services to be called-off from the proposed framework exceeds £500k, this report is the subject of a Key Decision which is required to be taken by the Interim Assistant Chief Executive – People, Digital & Change Director and therefore will be subject to call in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

18 A framework facility will ensure compliance with the Public Contracts Regulations 2015 and the Council's Contractor Procedure Rules when employing specialist ICT contractors.

19 The proposed framework facility would have a duration of up to 4 years permissible in accordance with Regulation 33 (3) of the Public Contracts Regulations (PCR) 2015.

20 The estimated spend under the proposed framework facility is £16 million over the 4 year term and the estimated commencement date of the proposed framework would be 1<sup>st</sup> April 2025.

21 Following the tender evaluation of applicants applying to join the proposed framework facility, an Authority to Award report will be submitted for approval following the completion of the framework evaluation process.

22 In making their final decision, the Interim Assistant Chief Executive – People, Digital & Change should note the content of this report and be satisfied that the course of action chosen represents best value and compliance for the Council.

### **Options, timescales and measuring success**

#### **What other options were considered?**

23 It was initially thought that the Resource Augmentation Framework could be used for the ongoing provision of IDS BAU resource, however the framework delivers augmentation services to support planned projects and initiatives and is used for packages of digital skills for specific projects, rather than the ongoing requirement for BAU IT skills required for the day-to-day service requirements of IDS. Therefore, this framework has been deemed inappropriate for the specific requirements.

24 The framework will be used to continue to meet peaks in demand or for niche skills. However to reduce reliance on resources via Frameworks these are the key strands in relation to our workforce plan which we are looking to implement:-

- a) Project Prioritisation – IDS will continue to prioritise resource to ensure that we are supporting the Corporate/Best City ambition, Organisational Plan priorities and Digital Strategy. A review of BAU work is also being undertaken so that potential capacity can be realigned to high priority projects.

- b) Retraining - Changes to technologies (such as M365) and an increase in use of Cloud solutions will require new skills within our existing workforce. Training is undertaken online in the majority of cases with IDS having access to technology specialist training courses.
- c) Market rates - Consider offering market supplements and retention payments for specific technical specialist roles.
- d) Trainee schemes – IDS are looking to introduce a new training scheme whereby we will recruit to 10 entry level posts per year for the next 3 years. This will enable IDS to successfully recruit and train staff in particular technical areas. Consideration is also being given to a 'career' grade job description which will enable us to retain new recruits easier.
- e) Student placements - We will continue to take students on during their work placement year. We will also continue to offer part time work during their final university year where this is a hard to fill role for us (and where it fits with their course commitments) as a means to attracting them to apply for a full time permanent vacancy.

25 A number of different tender options were considered

**a) Neutral Vendor**

i. Advantages –

- 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

ii. Disadvantages

- 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

**b) Master Vendor**

i. Advantages

- Access to market/commercial knowledge of Managed Service provider
- Allows access to wide range of agencies, especially useful where staffing requirements are broad
- Can help with leverage over master vendor if they are the natural dominant local provider

ii. Disadvantages

- 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
- Need transparency to manage risk of conflict for Master Vendor in allocating work to sub-contractor agencies

**c) Preferred Supplier List/Framework agreement (Recommended)**

i. Advantages

- Provides ability to mini-compete assignments
- Applies some limited price leverage

ii. Disadvantages

- Different administration processes for each agency
- No consolidated MI reporting or single record
- Demands significant amount of supplier management activity

**d) Direct Agencies Agreements**

i. Advantages

- Can provide flexibility for local user needs and local market
- Can seek candidates from multiple agencies to maintain competition

ii. Disadvantages

- High effort to manage agency performance and market engagement/contact
- Multiple administration processes
- Fragments spend and complicates compliance controls

19 Following discussions with SLT and Procurement it was felt that the most appropriate option to ensure value for money and flexibility would be to tender for a Framework Agreement with multiple suppliers on a preferred list.

**How will success be measured?**

20 The award of this framework for IDS resource will ensure continuation of essential IT skilled resource within the IDS service.

**What is the timetable and who will be responsible for implementation?**

21 A project timeline has been put in place and individual roles and responsibilities defined to ensure that a new contract framework for the supply of IDS resource, to sit along side the current Augmentation Framework, is in place by 1<sup>st</sup> April 2025

**Appendices**

- None

## Background papers

- None