



**Havering**  
LONDON BOROUGH

**This Report is part exempt and Appendix B & C is not available for public inspection as it contains or relates to exempt information within the meaning of paragraph no 3 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to commercially exempt information, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information**

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## **CABINET**

**Subject Heading:**

Award of Contract – the London Collaboration (MSTAR4)

**Cabinet Member:**

Ray Morgon, Leader of the Council

**SLT Lead:**

Kathy Freeman, Strategic Director, Resources

**Report Author and contact details:**

Mark Porter, Head of HR

**Policy context:**

N/A

**Financial summary:**

Leading this collaboration will generate revenue for the council for four years as detailed in the financial implications

**Is this a Key Decision?**

Expenditure or saving (including anticipated income) of £500,000 or more

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**When should this matter be reviewed?** July 2027

**Reviewing OSC:** Overview and Scrutiny Board

**The subject matter of this report deals with the following Council Objectives**

People - Things that matter for residents [ ]

Place - A great place to live, work and enjoy [ ]

Resources - A well run Council that delivers for People and Place [ **X** ]

## **SUMMARY**

This report is seeking approval from Cabinet for the award of the London Collaboration (MSTAR4) contract to the preferred bidders following a competitive tendering exercise. This report outlines the procurement procedure and presents details of the stages conducted during the process to identify the preferred bidders.

The contract is due to commence on 1<sup>st</sup> April 2024 for a term of 4 years. The estimated value if all participating boroughs use the contract over the initial period of 4 years is £2bn.

## **RECOMMENDATIONS**

For the reasons stated in this report and its appendices Cabinet is recommended to award the London Collaboration (MSTAR4) Contract to the preferred bidders as set out in Appendix A in the three separate Lots, subject to a voluntary standstill period of 10 working days, for a period of 4 years at a total estimated value of £2bn.

## **REPORT DETAIL**

### **Background**

1. The London Collaboration is a group of London and other local government authorities that worked together on a collaborative basis to procure a managed service provision of temporary workers by utilising the MSTAR3 national framework in conjunction with the Eastern Shires Purchasing Organisation (ESPO).
2. The London Borough of Havering acts as the lead authority in this collaborative procurement. The London Collaboration working party for MSTAR3 consisted of representatives from Barking & Dagenham, Kingston, Sutton, Richmond, Wandsworth, Barnet, Haringey, Newham, Havering and Tower Hamlets.
3. The objective of the London Collaboration customers is to ensure the Contract delivers the strategic and local goals. The London Collaboration's strategic goals are to procure and deliver an MSP contract which delivers:

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- Innovation
  - Significant cost savings
  - Enhanced attraction and utilisation of direct Workers
  - Reduced reliance on Agencies
  - Social value
4. This was the third Generation of the London Collaboration contract, with the contract first being procured in 2011 then again in 2015. At the time of going to tender 13 London Boroughs utilised the contract with a combined contract value of £251m per annum.
  5. Since then the number of participating boroughs has increased to 19, and has generated income for Havering (full details in exempt Appendix B) which has been used to fund the ongoing London wide contract management and for future procurement activities.
  6. The MSTAR3 framework expired on 31<sup>st</sup> March 2023.
  7. ESPO let the next iteration of the framework, MSTAR4, which has been available from 11<sup>th</sup> April 2023.
  8. On 3<sup>rd</sup> August 2023, it was agreed via a Key Executive Decision that Havering would lead the collaborative procurement of a new agency worker contract on behalf of Havering and other participating London boroughs using the ESPO MSTAR4 framework.

### **The Procurement process**

9. The Authority conducted this procurement in consultation with the Procurement, legal and finance teams at Havering and in collaboration with the other participating boroughs.
10. All London Boroughs were asked for consent to be named on this procurement. The following boroughs notified their decision to be named:

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<b>Authority Name</b>	<b>Date Agreed</b>	<b>Current User</b>
London Borough of Barking and Dagenham	13/08/2023	Yes
London Borough of Barnet	01/08/2023	Yes
London Borough of Bromley	11/08/2023	Yes
London Borough of Camden	19/07/2023	Yes
London Borough of Croydon	04/08/2023	Yes
London Borough of Hackney	11/08/2023	Yes
London Borough of Haringey	09/08/2023	Yes
London Borough of Havering	19/07/2023	Yes
London Borough of Hounslow	09/08/2023	Yes
London Borough of Lewisham	19/07/2023	Yes
London Borough of Newham	19/07/2023	Yes
London Borough of Redbridge	28/08/2023	Yes
London Borough of Richmond	25/07/2023	Yes
London Borough of Sutton	18/07/2023	Yes
London Borough of Tower Hamlets	18/07/2023	Yes
London Borough of Waltham Forest	14/08/2023	Yes
Royal Borough of Kingston Upon Thames	18/07/2023	Yes
The London Borough of Hillingdon	14/08/2023	Yes
Wandsworth Borough Council	25/07/2023	Yes
City of London Corporation	15/12/2023	No

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Authority Name	Date Agreed	Current User
Enfield Council	18/07/2023	No
London Borough of Bexley	01/08/2023	No
London Borough of Ealing	24/08/2023	No
London Borough of Hammersmith & Fulham	19/10/2023	No
London Borough of Harrow	17/10/2023	No
London Borough of Islington	15/10/2023	No
London Borough of Lambeth	10/10/2023	No
London Borough of Southwark	04/08/2023	No
Westminster City Council	04/08/2023	No

11. The following stages took place as part of the procurement process:
- Setting up of London Collaboration working parties consisting of officers from participating London Boroughs;
  - Market Engagement including dialogue sessions for potential Bidders to ensure feedback from the previous procurement exercise was taken on board and that Bidders understood the process;
  - Feedback from working groups and bidders fed into the specification and pricing documentation; and
  - Invitation to Tender issued on 1<sup>st</sup> November 2023 with a closing date of 5<sup>th</sup> January 2024 for three separate Lots:

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- Lot 1A Neutral Vendor –  
A Neutral Vendor will manage a supply chain of Agencies on behalf of the Customer and fulfil assignments
- Lot 1B Master Vendor -  
A Master Vendor will look to directly fill Assignments from their own pool of Workers
- Lot 4 Project Delivery -  
providing a single point of contact for clients with no affiliation or interest in any one supplier to provide consultant services

12. The council received bids in the three Lots from 7 suppliers as detailed in Appendix A:

- Lot 1A Neutral Vendor  
Adecco UK&I  
Comensura Ltd  
Matrix SCM Ltd  
Reed Talent Solutions Ltd
- Lot 1B Master Vendor  
Adecco UK&I  
Hays PLC  
Randstad Ltd  
Reed Talent Solutions Ltd
- Lot 4 Project Delivery  
Adecco UK&I  
Comensura Ltd  
Constellia Ltd

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Matrix SCM Ltd

Reed Talent Solutions Ltd

13. Evaluation of the submissions from Bidders was undertaken by officers from participating councils. Members of the Evaluation Panel were appointed based on their expertise, experience and competence.
14. Members of the Evaluation Panel completed Conflict of Interest forms prior to the process which were submitted to the procurement team. Panel members individually scored the bidder's submissions and submitted their completed scoring prior to the start of the moderation.
15. Moderation was undertaken by the London Borough of Havering and ESPO where the scoring of the Evaluation Panel was discussed and consensus reached on each of the criteria for each bidder.
16. Any Bidder that received a score of 2 or less for quality following moderation of the quality score was automatically removed from the process reflecting the Collaboration's commitment to only appoint quality providers as set out in the Invitation to Tender.

### **Evaluation Criteria**

17. The evaluation criteria were set out on a 40:60% split between price and quality (the quality element included 10% for social value, i.e. a split of 40% price, 50% quality and 10% social value) as requested by the participating London Boroughs to ensure that the Collaboration's commitment to enhancing the social mobility of residents furthest from the labour market is achieved and to ensure the robustness of the suppliers in the core contract to deliver key services to participating London boroughs.
18. This deviation from Havering's usual 70:30 price quality split was agreed by way of a non Key Executive Decision on 26<sup>th</sup> October 2023.
19. See Appendix C for Scoring of Tenders.

### **Contract Award & Mobilisation**

20. The details of the preferred bidders for each of the three lots are contained within Appendix A.
21. Following the end of the voluntary standstill period of 10 working days, the council will write to each of the preferred bidders to inform them of their successful bid.



22. Each participating London Collaboration customer can include the London Collaboration contract as part of their options appraisal for their new contracts which will be agreed through their own internal governance processes.
23. Once approved by each participating council's governance process, they will then enter into their own call off contract under the London Collaboration.

### **Contract Management**

24. The contract will be managed by Havering through quarterly strategic meetings with suppliers and participating boroughs contract managers in addition to local contract review meetings undertaken by participating London boroughs.
25. The meetings will be supported by a suite of reports showing performance against agreed Key Performance Indicators ("KPI's").
26. The social value element of the contract will be monitored at a local level and at a wider collaboration level at the quarterly performance review meetings.

## **REASONS AND OPTIONS**

### **Reasons for the decision:**

27. That in light of the process followed and the consensus reached during evaluation and subsequent e-auction, the preferred bidder's Final Tender submission for each of the three Lots represents:
  - a. the Most Economically Advantageous Tender;
  - b. that the preferred bidder's Final Tender submissions for each of the Lots are capable of meeting the London Collaboration's needs and requirements from a qualitative perspective;
  - c. that the preferred bidder's Final Tender submissions for each of the Lots are capable of meeting the London Collaboration's needs and requirements from a financial perspective;
  - d. that the preferred bidder's Final Tender submissions for each of the Lots are capable of meeting the London Collaboration's needs and requirements from a social value perspective; and

- e. that the preferred bidder's Final Tender submissions for each of the Lots are capable of meeting the London Collaboration's needs and requirements from a legal and commercial perspective.

**Other options considered:**

- 28. Another council in London takes the lead on this piece of work but this was rejected as it would result in the council losing revenue. The use of different frameworks was considered, but ESPO's MSTAR4 Framework is the only one that meets the collaboration's needs to award a Neutral Vendor supplier under Lot 1a, a Master Vendor Supplier under Lot 1b and a Project Delivery supplier under Lot 4.

**IMPLICATIONS AND RISKS**

**Financial implications and risks:**

- 29. The estimated value of this contract across all participating councils for the 4 year term is estimated at £2bn. The contract is a call off contract and so the final amount spend will depend on usage. Factors which will impact on the final amount of spend include number of agency workers employed, rates paid to agency workers and number of councils participating in the contract. The estimated value is based on spend to date under the existing MSTAR3 contract which is currently averaging at approximately £400m per year.
- 30. The figures cited include both payment to agency workers and agency management fees. Temporary worker pay and employment costs account for 96% of the total contract value.
- 31. The amount in rebate income received as a result of Havering acting as the lead authority in this collaborative procurement are estimated in exempt Appendix B. The exact amount received will be determined by the total agency and consultancy spend incurred by the participating councils.
- 32. The overall cost of this contract compared to the previous MSTAR3 contract is less however this will vary from borough to borough depending on the makeup of usage by job category.

**Legal implications and risks:**

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33. This report seeks approval to award a contract following procurement on behalf of Havering and other participating London boroughs to the preferred bidders listed at paragraph 12 of this report for a period of 4 years
34. The Council has a general power of competence under Section 1 of the Localism Act 2011, which gives it the power to act as an individual would, subject to other statutory provisions limiting or restricting its use of such power. The recommendations in this report are compatible with the above statutory powers.
35. The total value of the contract exceeds the threshold for services under the Public Contract Regulations 2015 (“2015 Regulations”). Therefore, the 2015 Regulations apply in full.
36. The ESPO Framework appears to be compliant with the Public Contracts Regulations 2015. The Framework Agreement (Contract Award Notice 2023/S 000-012351) commenced on 11th April 2023. Participating authorities have until 10th April 2027 to utilise this Framework.
37. The Framework affords participating authorities the option of undertaking further competition to procure a managed service for temporary agency resources. As set out in the body of this report, Officers sought tenders from all of the suppliers that were able to meet the Council’s requirements.
38. The Invitation to Tender was issued with a draft contract that each participating borough will enter into should they choose to use the London Collaboration contract and any contract will be entered into on those terms, subject to confirmation and finalisation of the contract with the preferred bidder.
39. The Council shall have the option but no obligation to appoint temporary workers under this contract. Therefore, there is no guaranteed value or volume of work under this contract.

### **Human Resources implications and risks:**

40. These are addressed throughout the report.

### **Equalities implications and risks:**

41. Under section 149 of the Equality Act 2010, the Council has a duty when exercising its functions to have “due regard” to:

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- the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- the need to advance equality of opportunity between persons who share protected characteristics and those who do not; and
- the need to foster good relations between those who have protected characteristics and those who do not.

The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

42. A full Equality Impact Assessment has been undertaken in conjunction with the READI team.
43. The principal outcome of this assessment was that by focusing on employment within boroughs this will naturally impact on the borough's target to reflect the characteristic make up of its workforce to reflect the diversity of its local community in a positive way in each of the protected characteristics and improve social mobility through increased focus on social value initiatives.

### **Health and Wellbeing implications and Risks**

44. It is too early to assess impact from a health perspective. The initiatives delivered will have a long term positive effect on physical and mental health through improved social mobility.

### **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

45. Not applicable.

**BACKGROUND PAPERS**

46. None.

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### **APPENDICES**

Appendix A            Names of successful bidders

### **EXEMPT PAPERS**

Appendix B            Financial projections of income (EXEMPT)

Appendix C            Scoring of Tenders (EXEMPT)

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**APPENDIX A**

**NAMES OF SUCCESSFUL BIDDERS**

**Lot 1a      Neutral Vendor**

Matrix SCM Ltd (Registered Company No. 02227962)

**Lot 1b      Master Vendor**

Adecco UK Limited (Registered Company No. 00593232)

**Lot 4      Project Delivery**

Constellia Ltd (Registered Company No. 06401989)