



Procurement of a Vendor Neutral Temporary Staffing Solution



Summary

In 2006 a group of 14 local authorities in the East Midlands formed a collaborative partnership to procure a temporary staffing solution.

The authorities sought to minimise the effort and time involved in the procurement of temporary staff, whilst also maximising the potential service delivery options and cost savings by aggregating demand and introducing some common processes. The solution also had to meet their diverse staffing requirements and deliver service improvements and efficiency savings.

The Eastern Shires Purchasing Organisation (ESPO) was engaged to assist the authorities in the procurement process, with input and support provided by the East Midlands Centre of Excellence (EMCE).

The first year

In the first year of the vendor neutral temporary staffing contract 8 local authorities have ordered over 200,000 hours of work, thus saving the authorities an average 6% of their temporary staffing spend.

As of January 2008, the contract has delivered cashable savings of £175k based on £3m of orders. The contract has also delivered significant improvements to the recruitment process for the participating authorities.

Improvement through efficiency



East Midlands

emce.gov.uk

Project background

The fourteen lead local authorities appraised a range of service delivery options. Choosing the right contract was essential if the partnership were to fully exploit potential service improvements and efficiency savings. It was concluded that a model based upon a Vendor Neutral approach was most likely to deliver these benefits whilst ensuring adequate geographic and skill set coverage.

The Vendor Neutral Service Model

In the context of a temporary staffing solution a Vendor Neutral managed service provider sits between the council and the agencies that it uses to manage its temporary worker requirements, effectively providing a single point of contact for all hiring managers whatever their temporary worker need. The managed service provider is not only responsible for handling and communicating temporary staffing requirements, but also managing and reporting back on agency performance. They will collect and analyse usage and spend data in order to provide management information to the council.

The vendor neutral model encourages participation by the local supply base including Small and Medium Enterprises (SMEs) and Black and Minority Ethnic communities (BMEs), and if required can interface with Job Centre Plus, therefore helping to support any regeneration and sustainability initiatives that exist.

The council uses a web-based electronic system to communicate temporary staffing requirements to the managed service providers list of suppliers, providing access to e-Procurement in line with Communities and Local Government recommendations.

Benefits to the Councils

Councils using the contract are expected to achieve the following benefits:

- Cost savings (Cashable and Non Cashable)
- Improvements to the recruitment process, including improved efficiency
- Improved compliance with legislative and policy requirements
- Improved accuracy in the provision of management information.

Cashable savings will include the following:

- Lower agency worker rates and overall spend achieved through:
 1. Improved supplier relationships leading to lower agency margins
 2. Regular benchmarking of rates by the managed service provider
 3. Standardisation and correct application of overtime payments and statutory contributions (such as NI, Working Time Directive) by the agencies
 4. Clarity of terms, e.g. in respect of 'temp to perm' fees which become standardised
- A reduction/elimination of unapproved spend by hiring managers through the application of tighter controls and improved channels of communication.

Improvements to the recruitment process

Key improvements to the recruitment process will include:

- A single point of contact for the provision of all types of temporary worker
- Availability of the service 24 hours a day, 7 days a week, 365 days a year
- Streamlining of the ordering process through the use of a web-based electronic tool - backed up with a telephone ordering service
- Pre-screening of CVs to remove unsuitable candidates

Improved supplier compliance with legislative and policy requirements

The managed service provider will work with the council and agencies to manage risk and liability issues more effectively and pro-actively by:

- Ensuring that all agencies meet minimum requirements in terms of insurances and legislative requirements
- Requiring agencies to sign up to contracts with the managed service provider that mirror the terms agreed with the council
- Monitoring the agencies performance against contract and council policy requirements
- Auditing the agencies compliance with contract and legislative requirements on both a scheduled and ad-hoc basis

- Preventing agencies and candidates that fail to meet requirements from supplying/ being placed with the participating authority in future
- Monitoring and where necessary restricting the longevity of temporary placements.

Improved accuracy in the provision of management information

The managed service provider is responsible for compiling all management information relating to temporary worker usage and agency performance. This will enable:

- More intelligent and effective workforce planning through data and trend analysis
- Assistance with the calculation of savings for Gershon reporting
- Improved diversity and ethnicity monitoring
- Assessment of contract performance in relation to sustainability issues.

Non – cashable savings will be delivered through the following:

- A single point of contact for all temporary worker requirements
 1. Less officer time spent on the telephone sourcing agencies
 2. Less officer time spent on the phone handling 'cold calls' from agencies.
- The automation of the temporary worker ordering, time-sheeting and invoice process, including
 1. The use of on-line ordering systems
 2. Pre-screening of candidates by the system/ and or the managed service provider
 3. A reduction in the use of paper timesheets
 4. The introduction of a single consolidated weekly invoice for the participating authority, backed up by details of departmental spend and other management information
 5. Better informed decision making through improved availability and accuracy of management information.

Selecting a supplier

A voluntary OJEU notice inviting expressions of interest from suitably experienced organisations was placed in May 2006. 35 tenders were sent out to prospective bidders, with a total of 9 bids returned. A detailed and thorough evaluation of the bids was completed by a panel comprising officers of 5 of the participating councils and ESPO resulting in a shortlist of two potential providers.

Both firms were invited to make a presentation to the panel and officers from the participating authorities. A decision over the contract award was not forthcoming until a best and final offer process had been completed. The final decision of the panel was to recommend the award of the contract to Comensura on account of their bid providing the closest fit with the requirements of the specification, their bid was also backed up by the firm's strong track record of managing similar contracts for other local authority clients.

The Comensura Offer

The service will operate on the basis of agencies invoicing Comensura for payment, and Comensura providing the council with a single weekly invoice for all temporary workers procured.

Comensura will recover their costs partly by transactional fee, fixed for the duration of the contract, and partly by profit (gain) share. The gain share element is to incentivise Comensura to negotiate reductions in margins from the supplying agencies on behalf of the council.

This will work as follows:

- Comensura will apply an agreed charge to all temporary worker bookings that they arrange on behalf of the council
- Comensura guarantee to save the councils using the contract a minimum of 2% on their current temporary worker spend
- Should Comensura save more than 5% of current total annual temporary worker spend, savings over that amount will be subject to a 'gain share' between Comensura and the council.

Contract details and implementation requirements

The contract for the Vendor Neutral Temporary Staffing Solution commenced on 1st January 2007, for an initial 3 year term, with the potential to extend the contract for a further 2 years.

Those wishing to use the contract will be required to sign up to the terms of the contract which have been agreed as part of the procurement process.

Comensura can implement the system as required, with processes based around local authority procurement objectives, systems and culture.

"The average implementation process can be as little as 45 working days."

As part of the process, Comensura will assist with project management, business process integration, change management, technology configuration and integration (including HR and e-procurement systems as well as financial systems), and training for staff, staffing partners and existing temporary workers.

ESPO will maintain overall responsibility for the contract and shall access all management information for the purposes of managing the contract. Participating councils are responsible for holding their own contract reviews with the service provider and managing their own performance issues or improvement actions.

Collaborative partners (to date):

Bassetlaw District Council
Boston Borough Council
City of Lincoln Council (Implemented)
East Lindsey District Council
Erewash Borough Council
Harborough District Council (Implemented)
Lincolnshire County Council (Implemented)
Mansfield District Council
Melton Borough Council (Implemented)
Nuneaton & Bedworth BC
South Kesteven District Council
Newark and Sherwood District Council (Implemented)
East Northamptonshire Council (Implemented)
Rutland County Council (Implemented)
West Lindsey District Council. (Implemented)

User Comments

"The agency staff contract has reduced our administrative burden, put control of our agency staff back where it should be - with management - and delivered cost savings and excellent management information. I would recommend this service to other local authorities."

Mick Goodwin, Contracts Officer,
Lincolnshire County Council

"The recruitment process for agency staff in Rutland is much sharper and complemented by quick and simple invoicing arrangements. We now have increased control over the recruitment process and a bigger and better range of candidates to select from."

Mike Baish, Rutland County Council

Why use the contract?

The early adopters are using the contract for a variety of reasons, these include:

- Short term demand
- Cover for permanent leaver
- Short and long term sickness cover
- Holiday cover
- Planned workload peak
- Maternity leave

This contract is open to other public sector authorities, with increased participation this contract has the potential to deliver many millions of pounds of efficiency savings, both regionally and nationally. For information on how to join the contract please contact Lisa Tutt.

Contacts

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