

Item No.:	Classification:	Date: January 2005
To	Executive	
Report title	Gateway 1 - Procurement Strategy Approval Temporary Agency Workers Contract	
Ward(s) or groups affected	None	
From	Sarah Naylor, Assistant Chief Executive	

1. RECOMMENDATION

1.1 That the Executive approves the procurement strategy outlined in this report to appoint a third party for the supply of temporary agency workers. Those invited to tender for the contract will be asked to bid for either:

- (a) A Vendor Neutral Brokerage Service; or
- (b) A Business Process Outsourcing

(Please see **Appendix A** for definitions)

This recommendation will ensure the Council retains a key supplier arrangement, whilst at the same time having the benefits of a non-exclusive supplier arrangement.

2. BACKGROUND INFORMATION

2.1 This is a Key Decision and was placed on the Forward Plan in October 2004.

2.2 This contract fulfils the criteria for the strategic procurement protocol as follows:-

- (a) It is a service contract with an estimated annual value of circa £40 million.
- (b) There will be a significant change to the previous service.
- (c) There will be a change in the manner of delivery.
- (d) It is a major spend area for the Council and therefore politically sensitive.

2.3 It is proposed to let the contract for an initial term of six years, with a provision, at the Council's discretion, to negotiate a further extension of one year. It is also proposed to introduce a three-year best value break to ensure the Council continues to gain as much benefit as possible from this contract by way of savings and process efficiencies.

2.4 The provision of placement and supply services of personnel is a Part B service under the EC procurement Regulations and services of this nature are therefore not required to be tendered in accordance with the Regulations. However, the recommendation detailed at 1.1 above could be deemed to fall under the heading of a managed service and then be within the category of Part A of the Regulations, and would need to be tendered fully in accordance with the Regulations. The Legal and Procurement advisers are considering further the detailed services to be included and will provide advice before this decision is put before the Executive on the category under which the services fall. In the event that the services are deemed Part A services, the negotiated procedure will only be able to be used if the Council is able to satisfy one of the categories set out in the Regulations which permit such negotiations.

3. CONTEXT FOR THIS PROCUREMENT

- 3.1 Following a full tender process, the Strategic (Resources) Sub-Committee of 4th April 2000 agreed the sale of Southwark Recruitment Agency to Hays Personnel Services. It was also agreed that Hays would operate under a service contract for the supply of temporary agency workers to the Council for two years, effective from 1st October 2000.
- 3.2 In March 2002, the Chief Executive agreed an extension for Hays as 'preferred supplier' until 31st March 2004. A further extension up to 30th September 2005 has now been agreed.
- 3.3 The Council wishes to commence a tendering exercise so as to ensure a new contract is in place by 1st October 2005.
- 3.4 The Council's total expenditure on agency workers has been approximated at £40 million pa, for the purposes of this report agency workers are defined as:
- (a) Where the individual is sourced through a third party
 - (b) Where the individual is not on the Council's payroll
 - (c) The fee paid is generally determined as a mark up/margin on the base salary
 - (d) Includes interim managers where engaged through a third party with a margin on top of the actual salary/daily rates paid to the individual

This includes expenditure on Community Care packages

- 3.6 With a proposed contract term of six years, the estimated contract value of up to £240 m will make this contract one of the Council's largest.

4. OVERVIEW OF THE MARKET FOR THE PROCUREMENT

- 4.1 This is an established market sector both within the public and private sector. There are a large number of suppliers who have a wide range of service capabilities and therefore a good market response is expected to this tender.

5. SUMMARY OF THE BUSINESS CASE

- 5.1 In 2003 the Audit Commission undertook a review of agency usage across the Council. This highlighted concerns on; poor induction, the length of agency engagements, lack of performance management, poor procurement practices, inconsistency in financial coding and the need to review which agencies were being engaged. Whilst some actions have been progressed e.g. there is an induction checklist for agency workers. The Council recognised that changes would best be achieved through an extensive review that used procurement strategies as a driver to change the contractual relationships between employment agencies and the Council.
- 5.2 The sourcing of temporary workers was specifically mentioned in the Gershon Review of Public Sector Efficiency (Releasing resources to the front line) as an area for potential savings through improved efficiencies. The report suggested that 'this would facilitate benchmarking and the identification of best practice within the public sector, and comparisons between the public and private sectors'.
- 5.3 Gershon defined 'efficiencies' as those reforms to delivery processes and resource (including workforce) utilisation that achieve:

- (a) Reduced numbers of inputs (e.g. people or assets), whilst maintaining the same level of service provision; or
 - (b) Lower prices for the resources needed to provide public services; or
 - (c) Additional outputs, such as enhanced quality or quantity of service, for the same level of inputs.
- 5.3 In early 2004, consultants from BuyingTeam were engaged to undertake a review of agency worker expenditure within the Strategic Services Department.
- 5.4 In April 2004 Southwark Procurement engaged PricewaterhouseCoopers (PwC) through a competitive tendering exercise to work in partnership with them on Phase Two of a Strategic Sourcing Review exercise. Whilst the category of agency spend was excluded from full review in this project, in light of the work already undertaken by the BuyingTeam, based on a preliminary spend analysis and professional market knowledge, PwC concurred that savings on this category were achievable.
- 5.5 Following a subsequent presentation to COT by the Head of Procurement, a project mandate was granted for Southwark Procurement, in conjunction with key stakeholders, to form a project team and commence the letting of a temporary agency workers contract. To ensure best value, a two-phase approach is being implemented.
- 5.6 Suitably qualified organisations were invited to tender for consultancy on Phase One in response to a project scope, the ultimate aim of which was to develop a comprehensive strategic letting strategy that would ensure the Authority had an all encompassing contract for temporary agency workers engaged to deliver Council services.
- 5.7 PricewaterhouseCoopers (PwC) were the successful tenderer and duly appointed.
- 5.8 In keeping with the recommendations from the Gershon Review, a thorough benchmarking exercise was carried out both internally with key user-managers and externally to identify best practice within the Public Sector and within the wider supply marketplace.
- 5.9 Internal Benchmarking was carried out with key LBS staff from the following Business Units: Finance, HR, Education Services, Legal Services, Environment and Leisure, Finance Dept, SBDS, Social Services and Regeneration.
- 5.10 External 'Best Practice' Benchmarking within the supply market was carried out with the top fourteen agency suppliers to the Council, plus a further six market-leading Employment Services/Business Process Outsourcing organisations.
- 5.11 External 'Best Practice' Benchmarking within the Public Sector was carried out with members of London Contracts & Supplies Group (LCSG) and other Public Sector Organisations including Islington Borough Council, Surrey County Council, Camden Borough Council, Richmond-on-Thames Council, Imperial College, Hillingdon Council, Hammersmith & Fulham Council, Harrow Council and City University.
- 5.12 In order to evaluate how best the Council's needs could be met, criteria were used to evaluate all available options to ensure that the proposed solution fully complied with Gershon's 'best value'. **Appendix A** defines the options, **Appendix B** details the results of the evaluation undertaken.
- 5.13 From the results of the internal consultation exercise, Southwark Procurement has been able to quantify the service specification and overall operational management issues that the new contract needs to address. For a list of the key issues, please see **Appendix C**.

5.14 As result of the analysis undertaken in Phase One, the Chief Officer Team and Project Board have recommended that the Council implement a third party for the supply of temporary agency workers through either a Vendor Neutral Brokerage Service or a Business Process Outsourcing service.

5.15 The justifications for this recommendation are as follows:

The Council will achieve process efficiencies as defined by Gershon e.g. reduced numbers of inputs whilst maintaining the same level of service provision; or lower prices for the resources needed to provide public services; or additional outputs, such as enhanced quality or quantity of service, for the same level of inputs. This will be delivered by means of:

- (a) A single point of order irrespective of skill-set or location plus (SAP-compatible) on-line ordering and payment
- (b) An extension of the supply chain to cover all needs tiered by location and skill-sets
Movement between tiers is driven entirely by service quality via measurement using a balanced scorecard
- (c) Vendor neutrality to ensure maximum competition for all available staffing orders - all suppliers have equal chance to supply
- (d) Enhanced control measures to reduce employment liability and control pay rates and agency margins
- (e) Customised workflow to ensure correct levels of authorisation plus exceptions managed by experts via 24/7 Service Centre
- (f) Comprehensive real time management information including weekly spend and reasons for spend per department.
- (g) Auditable compliance with DDA and other Equal Opportunities legislation
- (h) Control of maverick spend without removing end-user autonomy

This in turn will deliver the following outcomes:

- (i) A 'Best Value' solution with tangible targets and metrics
- (j) A customised solution to meet end-user needs
- (k) Consolidated use of individuals and consultants
- (l) A consultative approach that ensures end-user buy-in
- (m) Individual approach that will ensure optimisation
- (n) Quick wins that lay foundations for success in more difficult areas

5.16 Subject to approval by the Executive to proceed to Phase Two, the letting of the temporary agency workers contract in line with the letting strategy produced in Phase One, and the production of an operations management and usage/guidance policy for the contract. The anticipated benefits upon completion of Phase 2 will be:

- (a) A new fully operational contract by 1st October 2005 that will:
 - Meet Council needs
 - Improve service delivery
 - Deliver process efficiencies and small savings
- (b) A temporary agency worker engagement policy
- (c) A communication strategy for service users
- (d) Key Performance Indicators

KEY ISSUES FOR CONSIDERATION

6. POLICY IMPLICATIONS

6.1 Fair Pay Policy

The Council agreed a fair pay policy over a year ago for all permanent employees and the aspiration of setting minimum standards of fair pay for workers engaged in externally let contracts. Funding has recently been made available to assess how such a policy would impact on new contracts, for example, the proposed new corporate cleaning contract. The Project Board will monitor this exercise and will seek duplicate bids from potential providers on the application and non-application of the fair pay minimum.

7. HIGH LEVEL PROCUREMENT PROJECT PLAN

7.1 Subject to possible revision upon final confirmation of tender route.

Activity	Planned date
Gateway 1: Procurement strategy for approval report (this report)	January 2005
PHASE TWO	
Appoint Consultants	January 2005
Completion of tender documentation	February 2005
Advertise the contract	Jan/Feb 2005
Closing date for expressions of interest	March 2005
Invitation to tenders	April 2005
Closing date for return of tenders	May 2005
Completion of evaluation of tenders	June 2005
Completion of any post-tender clarification meetings	June 2005
Closing date for best and final offers	June 2005
Completion of final talks and agreement with supplier	June 2005
Gateway 2: Contract award for approval report	July 2005
Contract award	August 2005
Completion of transition and monitoring plans	August 2005
Transition plan implemented	August 2005
Monitoring plan implemented	August 2005
Communication of new contract to Council	August 2005
Contract starts	October 2005
Project review	On-Going

8. IDENTIFIED RISKS AND HOW THEY WILL BE MANAGED

8.1 Please see **Appendix D** attached.

9. EXISTING AGENCY WORKERS & TUPE IMPLICATIONS (PREFERRED SUPPLIER)

- 9.1 The proposed arrangements for temporary agency workers via the implementation of an External Brokerage Service will alleviate the need to transfer existing temporary agency workers to a new agency. It is anticipated that the external broker will continue to utilise many of the existing temporary agency workers, or gradually reduce usage of non-preferred suppliers during transition to the new arrangements.
- 9.2 During the Phase One Exercise, the current provider, Hays, has confirmed to PwC that it would not be their intention to seek to TUPE transfer these staff should the contract be let to another service provider.
- 9.3 However, dependent on the terms of any proposed solution, there is a small possibility that one or more of the seven remaining SRA staff might argue that the unit is covered by TUPE Regulations. PwC have advised that in previous contract lettings the relevant provider has been required to identify whether and which staff it will TUPE. Based on this information, their view is that any TUPE responsibility therefore lies with an incoming service provider and not the Council.

10. PLANS FOR DEVELOPING THE TENDER DOCUMENTATION

10.1 Southwark Procurement will be responsible for preparing all tender documentation in consultation with key stakeholders from across the Council and with reference to key departments, such as HR and Legal.

11. PLANS FOR ADVERTISING THE CONTRACT

11.1 The contract will be advertised as follows: -

- (a) OJEU. (non-mandatory)
- (b) South London Press
- (c) Southwark News
- (d) Direct invitations to companies
- (e) E-zine (an email magazine operated by 'Fit to Supply' an organisation set up to assist small, in particular ethnic minority run businesses to do business with large organisations including Local Councils)

12. HOW THE RESPONSES WILL BE EVALUATED

12.1 Please see **Appendix E** attached.

13. EFFECT OF PROPOSED CHANGES ON THOSE AFFECTED

13.1 The Project Team are very mindful of the need to ensure that managers using agency staff and those workers who are on placements within the Council are given all necessary information. To ensure this, a communication strategy will be produced. The recommended option in this letting strategy report will also facilitate a smooth transition to the new contract.

14. OTHER IMPLICATIONS OR ISSUES

- 14.1 There are a number of additional implications and issues that are impacted by this project as follows:

Employment Liability

A recent Employment Tribunal case has indicated that the Courts may support agency workers, particularly those in long-term placements, who make a claim for employment status. Success would rely on criteria beyond the length of engagement; however, the Council would be best placed to respond to such claims where agency placements were managed through a clear process, subjects to monitoring.

Significant changes on employment liability and workers' rights are likely to come from an EC directive (i.e. on temporary work). It would require a change in national law and significant elements are currently being contested by the UK government. The Council would, however, need to be confident that providers have the potential to respond to such changes occurring within the life of the contract and this is best achieved through a focused point of delivery, using either of the models described in recommendation 1.1.

Employment Agency Regulations

Revised regulations came into force on 6 April 2004 and are intended to update the regulation of the recruitment industry in the UK. The Regulations introduce clear rules on the charging of transfer fees, increased protection for workers (particularly around payments), and increased vetting responsibilities. These regulations provide a good starting point to drive up standards of agency performance and a basis for future monitoring.

The Council intends that the project should address this issue through provisions in the service level agreements between the Council and its agency suppliers to monitor and control this process with agreed policy guidelines.

Equality and Diversity

Under the current arrangements there is no management information about the profile of agency workers used by the Council (in fact agencies have no legal requirement to collect such information). The new arrangements proposed will improve the Council's capacity to collect key employment data and to monitor the impact etc. Anecdotally, information from Hays (the Council's current preferred supplier) indicated a similar proportion of agency staff from BME communities as the total workforce and a similar pattern across pay levels; i.e. greater proportion amongst the lower paid. The information also indicates a high proportion of agency staff living in the borough.

The facility to monitor pay and profile will enable the Council to apply fair pay principles more effectively.

RESOURCE IMPLICATIONS

15. IMPLICATIONS FOR STAFFING

- 15.1 The changes proposed have no immediate impact on the number and type of Council staff currently used to support the engagement of agency workers. Normally these tasks are part of a broader range of duties. Streamlined booking systems and on-line payments do, however, have the potential to free up administrative time and must be considered as part of the broader review of efficiency, initiated by the Gershon recommendations.

16. FINANCIAL IMPLICATIONS

- 16.1 If the Executive is minded to agree the recommendation in this report and the project thus progresses to Phase Two, consultants will again need to be engaged.
- 16.2 The Head of Procurement will shortly seek to appoint suitably qualified consultants for Phase Two, in accordance with Contract Standing Orders (likely to be a Chief Officer decision). It is proposed to meet the consultant fees for this Phase from realised savings throughout an agreed timeframe for the contract, said fees to be capped.
- 16.3 If this payment option is not acceptable, then an up front funding fee will be required.

17. CONSULTATION

- 17.1 A full consultation exercise was carried out as part of Phase One of this project, both internally and externally.
- 17.2 Internal
 - (a) Meetings were held with key stakeholders
 - (b) A questionnaire was sent to all DepartmentsExternal
 - (c) Meetings with current provider
 - (d) Meetings with other local authorities
 - (e) Questionnaires circulated to other local authorities
 - (f) Questionnaires circulated to other market providers

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

18. Borough Solicitor

- 18.1 This report seeks the Executive's approval to the procurement strategy for the temporary agency workers contract. Contract Standing Order 8.4(b) confirms that agreement on the procurement strategy in relation to Strategic Procurement is reserved to the Executive.

The report confirms that this decision is a Key Decision. The Council's Constitution provides under Article 13 that a decision taker may only make a Key Decision in accordance with the requirements of the Executive Procedure Rules, the Access to Information Rules and the Protocol for Key Decisions set out in Part 4 of the Constitution. The Access to Information Rules set out at Rule 14 that a Key Decision may not be taken unless the matter is noted on the Forward Plan. Paragraph 2.1 of this report confirms that this decision has been noted on the Forward Plan since October 2004.

Paragraph 9 of this report outlines the TUPE implications. Advice should be sought from the Council's Legal and HR specialists throughout the tender process and relevant provisions contained within the tender documents.

As detailed in paragraph 2.4, representatives of the Contracts Section will provide further advice on whether these services are required to be tendered in accordance with the Public Services Contract Regulations and whether the negotiated procedure may be used.

***draft – subject to revision on confirmation of tender route.**

19. Finance Director

- 19.1 There is no separate budget provision for the cost of employing consultants for Phase Two and these costs would therefore need to be netted off against savings actually achieved. Southwark Procurement will work with Corporate Finance to ensure arrangements are put in place to monitor savings achieved so that they can be returned to central resources.

20. Head of Procurement

- 20.1 As this procurement letting strategy has been produced by Southwark Procurement, no separate procurement concurrent is required.

BACKGROUND PAPERS

Background Papers	Held At	Contact
Phase One Project Scope	Southwark Procurement	Janet McMahon
Project Initiation Document (PID)	Southwark Procurement	Janet McMahon
Buying Team Report	Southwark Procurement	Janet McMahon
Spend Analysis For Financial Year 2003/04	Southwark Procurement	Janet McMahon
Phase One Findings and Recommendations	Southwark Procurement	Janet McMahon

APPENDICES

Appendices number	Title of appendix
A	Definitions
B	Evaluation Matrix
C	Service & Operational Issues to be addressed in Specification
D	Risks
E	Evaluation Criteria

AUDIT TRAIL

Lead Officer	Paul Deegan	
Report Author	Janet McMahon, Paul Deegan	
Version	V.07	
Dated	17.12.04	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Legal: Borough Solicitor & Secretary	Yes	Yes (draft)
Chief Finance Officer	Yes	Yes
Chief Officer Team	Yes	Yes
Head of Procurement	Yes	Yes
Executive Member	Consulted	Consulted
Date final report sent to Constitutional Support Services		

APPENDIX A

OPTION	DESCRIPTION	PROS	CONS
External Brokerage Service (ESP)	<p><u>Vendor Neutral Brokerage Service:</u></p> <p>Tender existing Hays SRA contract via formal Invitation to Tender, plus enhanced Service Level Agreement to deliver required service improvements. All requests will be passed to this vendor who will (under the terms of the new contract) post all vacancies simultaneously to all agencies within the Council's supply chain, including themselves.</p>	<p>Status quo; single supplier relationship; low cost, easy to manage process for tendering, contracting, ordering, invoicing, exception resolution, service level and quality control monitoring; potential for partnership and volume discount plus some interface with LBS SAP. Overcomes issues of ability to supply; implementation costs usually subsidised by vendor (from own market share); advantage of 'even playing field' to maximise 'best value'; Vacancies are filled by best fit to skill; Vendor would be expected to invest in e-recruit system and interact with LBS SAP and other legacy systems</p>	<p>Requires specialist selection and pre-implementation support to determine standardised skill sets and pay rates. Invitation to Tender process more complicated to ensure genuine vendor-neutrality; The need to monitor/oversee the selection of 2nd & 3rd tiered suppliers; Need to ensure/develop compatibility with the Council's SAP system; increased reliance on vendor capability; spreading usage across multiple vendors could reduce vendor subsidy of implementation cost. Less opportunity for volume discounts outweighed by increased 'best value' transactions as vacancies are mostly filled by best fit to skill and cost specification.</p>
	<p><u>Business Process Outsourcing (BPO):</u></p> <p>Outsource the temporary agency worker recruitment & management process to a specialist External Service Provider (ESP) that in turn owns, administers and manages the selected processes on a vendor-neutral basis without being part of the supply chain itself.</p>	<p>As for Vendor Neutral Brokerage Service above plus enhanced opportunities for cost-savings from defined and measurable performance metrics via a Web-based enterprise application; the ESP creates a secure, private marketplace between LBS end-users and selected suppliers for sourcing and delivering temporary agency workers; provides greater visibility; consistent with Gershon recommendations.</p>	<p>As per Vendor Neutral Brokerage Service above.</p>

FIGURE 1.

APPENDIX B

Best Value' Selection Matrix

Evaluation Criteria	Option 1	Option 2	Option 3	Option 4	Option 5
Service Quality:					
Best-practice Service Level Agreement	x	☑	✓	✓	✓
Defined and measurable performance metrics (KPI's)	☑	✓	✓	✓	✓
Single supplier relationship (partnership potential)	x	✓	✓	✓	✓
Best-practice service/ordering procedures (Borough-wide)	☑	x	✓	✓	✓
Facilitates standardised skill sets	x	x	x	✓	✓
Enhanced, standardised service-delivery (Borough-wide)	x	x	✓	✓	✓
Improved safeguarding measures (Borough-wide)	x	x	✓	✓	✓
Guarantees best fit to skill and cost specification (Borough-wide)	x	x	x	✓	✓
Process Improvement:					
Best-practice quality control monitoring (Borough-wide)	x	x	✓	✓	✓
Meets Gershon 'best value' recommendations for efficiencies to back office functions	x	x	x	✓	✓
Single point of contact irrespective of skill-set or location	☑	x	x	✓	✓
Facilitates extension of supply chain to cover all needs	☑	x	x	✓	✓
On-line ordering and invoicing	x	☑	☑	✓	✓
Web-based enterprise application (Borough-wide)	x	x	x	✓	✓
Can encompass all contractors and consultants	✓	x	x	☑	✓
Genuine vendor-neutrality	✓	x	x	☑	✓
E-recruit technology compatible with LBS SAP system	x	x	x	✓	✓
Enhanced control measures to reduce LBS employment liability	☑	x	x	✓	✓
Real-time MI inc reasons for & visibility of spend	x	x	✓	✓	✓
Auditable compliance with DDA/ Diversity/Equal Opps policies	☑	x	✓	✓	✓
Improved induction support inc LBS temp workers handbook	x	x	x	✓	✓
Cost Benefit:					
Improved pay-rate control	x	x	x	✓	✓
Reduced agency margins	x	x	✓	✓	✓
Application of accurate *WTD on-costs (Borough-wide)	x	x	x	✓	✓
Volume discount to LBS	x	✓	✓	✓	✓
Self-funded/ vendor-subsidised implementation costs	x	n/a	n/a	✓	✓
'Best value' transactions	x	x	x	✓	✓
Addresses maverick spend without removing end-user autonomy	x	x	x	✓	✓

*WTD = Working Time Directive (Statutory benefits inc Holiday pay, Bank holiday pay, sick pay, maternity pay etc)

Option Key:

1. Internal Brokerage Service
2. External Primary Supplier:
3. External Master Vendor:
4. External Vendor Neutral Brokerage Service (via a Recruitment Agency)
5. External Vendor Neutral Brokerage Service (via a Business Process Outsourcing organisation)

Symbol Key:

- ✓ = Met
 ☑ = Partly met
 x = Not met

Service & Operational Issues to be addressed in Specification

- (i) Current resourcing difficulties for all levels of occupation within the Borough look likely to continue. This is particularly critical for organisations operating public sector services that are absolutely necessary to the functioning of the local community such as Waste Management, Social Care and Children’s Services etc..
- (ii) Current levels of demand for agency workers is expected by those interviewed to be broadly similar to 2003/04. Key drivers for this demand include an operational need for flexible working to cover output ‘peaks & troughs’ plus both planned and unplanned absence cover and transitional arrangements. Plus, there are areas affected by skill shortages where suitably qualified staff are not available on a permanent basis.
- (iii) Certain business units could not operate effectively without agency temporary workers e.g. Waste Disposal, Social Care, Education Services and SBDS.
- (iv) Many end-users are unhappy with the existing supply arrangements and certain Business Units have implemented alternative supply sources to address unfilled vacancies, leading to a high volume of ‘maverick’ suppliers with disparate terms and Conditions of Service. This means that in most cases end-users are unaware both of compliance with essential safeguarding vetting procedures and the exact breakdown of pay and charge rates applied by different agencies.
- (v) There is some evidence that in areas where there is a general shortage of resource within the Council agencies will place staff wherever the maximum fees can be derived and inevitably push rates upwards.
- (vi) Quality is often a higher priority than price. Service provision is the key driver and temporary agency workers who can integrate and be effective immediately is a core requirement for managers.
- (vii) Most temporary agency job specifications are based on Southwark permanent job descriptions and temporary pay rates are ‘negotiated’ against equivalent permanent pay scales.
- (viii) In some cases the use of agency workers has been employed as a means of identifying and recruiting permanent staff.
- (ix) Lack of process standardisation in temporary agency worker recruitment.
- (x) Poor adherence to Council policy on use of temporary agency workers leading to large numbers of long-term temporary agency workers.
- (xi) Wide discrepancy of rates applied to ‘same’ posts.
- (xii) Poor coding on SAP leading to unreliable management information.

APPENDIX D

8.1 Set out below are a number of potential risks which will need to be managed to ensure that the potential benefits set out above are realised and maintained.

Risk	Mitigation
Resistance to change and inertia within Business Units	(i) Executive sponsorship will be given to the project to ensure success
Lack of end-user buy-in due to perceived reduction of the current delegated autonomy	(ii) overall ownership will be identified for the project and ongoing associated processes.
Insufficient senior sponsorship and project resource	(iii) Major end users have been engaged throughout the project to ensure solution meets needs/requirements (iv) Directorate/Business Unit leads will be responsible for mandating the recommended solution in their own areas. (v) The recommended solution to be applied across all Business Units and Directorates
Insufficient funding for the initial phases	(vi) Directorates have been engaged to provide support to the project
Insufficient skills in Southwark to deliver the realisation programme	(vii) External expertise has been engaged to supplement LBS team
Available spend data is not representative and does not provide an accurate baseline	(viii) Analysis of spend has been supplemented by survey information to provide reasonable grounds for recommendations
Protracted discussions during the tendering process and /or suppliers not willing to cooperate	(ix) Proposed solution has been implemented by other local authorities (therefore not breaking completely new ground)
Lack of competition in the supply market so savings will not be realised	(x) Proposed approach of asking both BPO and Vendor Neutral suppliers to bid for the work should provide adequate competition
Profile of current Temporary Workers and hire periods is not typical	(xi) The implementation phase will develop appropriate transition arrangements, which will include determining whether an SAP solution will be available in time (or whether a suppliers system will suffice in the meantime)
An appropriate enabling technology is not implemented resulting in compliance issues not being addressed and reporting requirements not being met	
Fair pay policy is implemented resulting in reduced savings due to increased pay costs	(xii) Policy has been discussed at Council. The final interpretation of Council requirements will be confirmed during the implementation phase of the project (xiii) The cost of any Fair pay policy implemented by the Council Executive will be significantly exceeded by the cost savings achieved.
Incurring a unwanted TUPE liability	(xiv) Such issues will, as a matter of course be borne in mind during the tendering process and in determining the transition arrangements.

APPENDIX E

Evaluation criteria will include, but will not be limited to the following:

- (i) Ability to deliver levels of service
- (ii) Proven ability to effect cost savings whilst improving service provision
- (iii) Ability to implement Council policy as exists today and reflect changes as appropriate (e.g. fair pay etc)
- (iv) Proven ability to manage other agencies.
- (v) Willingness to provide consolidated billing and any additional management information required to allocate costs to relevant departments
- (vi) Quality and frequency of management information to be provided
- (vii) E-commerce offerings and their ability to integrate with existing LBS systems
- (viii) Favourable commercial arrangements
- (ix) Commitment to the principles of partnership and constant improvement
- (x) Willingness and proven ability to engage end users to help drive compliance with new Agency Staffing arrangements.
- (xi) Experience of similar contracts
- (xii) Financial stability
- (xiii) Health & Safety
- (xiv) References
- (xv) Equalities
- (xvi) Added Value
- (xvii) Innovative solutions to the Councils requirements