

Date: 13 May 2014

Item 4: Recruitment Services Tender – Award of Framework Agreements

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to inform the Committee of the approach taken to the procurement of services for the supply of temporary workers and permanent recruitment services to TfL over the next four years by means of seven framework agreements. The procurement process has been completed and approval is sought to publish results on 14 May 2014, with a view to awarding contracts on completion of a statutory standstill period. This will ensure the earliest possible release of savings, identified through the procurement process, and will allow for the smooth transition of the existing temporary workers to the new suppliers before the existing agreements expire.
- 1.2 Under Standing Orders, the value of the framework agreements requires approval by the Board. On 26 March 2014, the Board delegated to the Finance and Policy Committee authority to approve any matter reserved to the Board from 27 March to 2 July 2014.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from any public meeting.

2 Recommendations

- 2.1 **In accordance with the authority delegated from the Board, the Committee is asked to:**
- (a) note the paper and the related paper on Part 2 of the agenda;**
 - (b) note that there is sufficient financial authority in the TfL Business Plan to cover the estimated cost of £650m;**
 - (c) approve the award of seven framework agreements (the Agreements) for the supply of temporary workers and permanent recruitment services, with Procurement Authority of £650m, to the suppliers identified in the paper on Part 2 of the agenda;**
 - (d) authorise the TfL Officers and the Subsidiaries (as described in paragraph 2.2 below) to finalise the terms of the Agreements;**

- (e) **authorise the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) of any documentation to be entered into in connection with the completion and implementation of the Agreements and any of the matters referred to in them (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**
 - (f) **authorise TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Agreements and the matters referred to in them;**
- 2.2 **The following Officers and Subsidiaries shall have delegated authority:**
- (a) **TfL Officers: the Commissioner, Managing Director Finance, General Counsel and the Chief Finance Officer; and**
 - (b) **Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.**

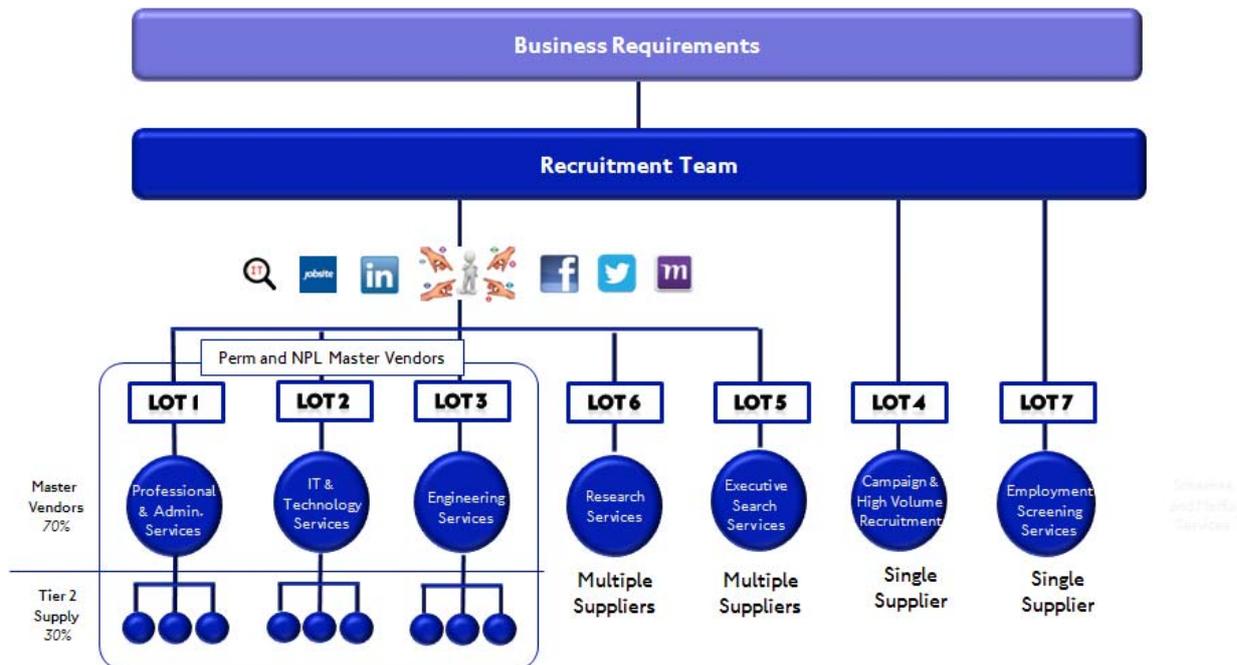
3 Background

- 3.1 The TfL Recruitment team forms part of HR Services (HRS) and manages the procurement of temporary workers and recruitment of permanent employees for all of TfL, including a dedicated team for Tube Lines.
- 3.2 The following principles are currently in place to deliver this service:
- (a) Preferred Supplier List (PSL) of 39 temporary worker agencies (TfL);
 - (b) Master Vendor to source, manage and payroll its temporary workers (Tube Lines);
 - (c) PSL of 44 agencies providing a permanent recruitment service (TfL);
 - (d) PSL of 10 agencies providing a permanent recruitment service (Tube Lines);
 - (e) A high volume provider for operational grades (TfL); and
 - (f) Pre-employment Screening service (TfL).
- 3.3 Where possible, TfL's and Tube Lines's existing contracts for the above services have been extended to late September 2014, to allow for transition. The Permanent Labour Framework and Employment Screening Services are currently out of contract and will be activated on award.
- 3.4 In addition, services procured, but not from frameworks include:
- (a) Executive Search for hard to fill senior roles; and

- (b) Research Services for identifying pools of candidates for larger campaigns or scarce skills areas.

4 Commercial Solution

- 4.1 Based on the analysis of delivery options of each service, a competitive tender process has been undertaken to replace existing agreements on expiry with seven new framework agreements. Details of the contract types and successful bidders for each lot are provided in the paper on Part 2 of the agenda.



- 4.2 Temporary and permanent recruitment solutions will be combined but split across three Master Vendors.
- 4.3 The Master Vendor model provides a single transactional touch-point to TfL that delivers a range of qualitative benefits as well as financial. It provides support from a dedicated, and therefore more informed account management team, while TfL retains control over the recruitment process. Access to, and management of, a qualified second tier supply chain broader than that available to TfL provides additional flexibility for TfL.
- 4.4 It is anticipated that the three Master Vendors will fill approximately 70 per cent of all allocated vacancies. The split identifies general and niche supply requirements to ensure that the Master Vendors are best placed to provide a quality service, as well as leveraging the best value by consolidating spend. The value of the frameworks over the next four years is estimated to be £640m, including the sums paid to temporary workers.
- 4.5 Campaign and High Volume (C&HV) and Employment Screening Services contracts will remain as traditional Single Supplier Frameworks. The value of the frameworks over the next four years is estimated to be £8m.

- 4.6 There are no current contractual arrangements for Executive Search and Research. To retain flexibility for the organisation, whilst still delivering financial benefits and legal compliance, the proposal is to introduce a multi supplier framework. The value of the frameworks over the next four years is estimated to be £1m.
- 4.7 TfL does not offer any guaranteed spend or minimum volume of the services that may be delivered under the framework arrangements and does not offer exclusivity to the service providers.
- 4.8 The new frameworks will be set for three years, with the option for TfL to extend a further year; call-offs may also be made against the frameworks by the Greater London Authority and its other functional bodies.

5 Resourcing Model

- 5.1 In addition to direct discount savings, a number of changes are being made to the resourcing model to deliver additional efficiencies.
- 5.2 As identified in the Strategic Sourcing Programme, Direct Attraction Channels will be used by Recruitment Delivery to fill more roles, both Temporary and Permanent, than is currently achieved. It is also envisaged that successful suppliers will build future talent pipelines (property of TfL) to meet its potential future skills gaps. Using these channels vastly reduces unit costs of recruitment and improves response time.
- 5.3 The average number of Temporary Workers engaged across TfL in 2013/14 was around 2,200 or eight per cent of the total workforce
- 5.4 The guidelines on usage and management of Temporary Workers list the following rationale for engagement:
- (a) defined work period e.g. project / maternity / coverage of secondments;
 - (b) work peaks (less than three months);
 - (c) when there is a vacant post with funding available and the work is proven that it cannot be covered within the existing pan-TfL workforce and recruitment is likely to be lengthy (longer than six months);
 - (d) when customer safety is at risk, or targets for delivery are compromised;
 - (e) when there are immediate adverse effects on the safety of employees;
 - (f) where permanent funding has not yet been secured (defined period); or
 - (g) where a reorganisation is planned and there is therefore a need to hold vacancies to mitigate redundancies, however, there should be an agreed timescale.

- 5.5 In practice the HR Delivery Teams work with senior managers to agree the general principles around the split between permanent, fixed term contract and temporary workers in relation to their business objectives. All requests for temporary workers require director level approval.
- 5.6 The new frameworks do not change the guidelines for engaging Temporary Workers, however, additional initiatives are underway to help further reduce costs and improve services.
- 5.7 A mid-point pay strategy has been implemented across TfL whereby agencies are asked to source candidates using a pay range that limits the application of maximum market rates. Implanted staff, from the successful suppliers, will support the recruitment process. By co-locating on the TfL estate and directly engaging with the business they will ensure targeted fulfilment rates with quality candidates.
- 5.8 Contract Management will be conducted by Recruitment Delivery and supported by Commercial with contractual issues.

6 Financial Implications

- 6.1 There is sufficient financial authority in the TfL Business Plan to cover the estimated total cost of £650m for four years;
- 6.2 Estimated Spend and Savings are reflected in the paper on Part 2 of the agenda. By awarding the Agreements now, the savings identified through the procurement process will be delivered sooner.

List of appendices to this report:

A paper on Part 2 of the agenda contains exempt supplemental information.

List of Background Papers:

HR Recruitment Services Tender (RST) Business Case
RST - Procurement Strategy
RST - Evaluation Strategy
RST - Contract Award Recommendation

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