

Appendix 2

Overview of Options, Opportunities, Risks and Mitigations

Options	Opportunities	Risks	Mitigations	Ongoing costs
Option 1 Take No Action	N/A – there is not an option to do nothing as the contract for permanent and temporary worker resourcing solutions expires in September 2019 and cannot be extended further.			<ul style="list-style-type: none"> This is not a viable option and therefore no financial implications have been assessed.
Option 2 Procure all required Recruitment services as a single contract either via an ECC run procurement or via a framework call-off contract	<ul style="list-style-type: none"> The transition would be more straightforward due to the amount of change required The procurement specification has been drafted in readiness 	<ul style="list-style-type: none"> Potential new suppliers withdraw interest as they cannot meet the specification requirements, achieve savings and/or do not want to invest in set-up costs including TUPE. Master vend model incentivises direct fill, which can limit access to quality candidates in the supply chain and increases costs 	<ul style="list-style-type: none"> ECC led procurement only: Ensure bid evaluation weights quality 70% and cost 30% to ensure that service provision meets ECC's resourcing requirements/specification (where ECC make use of an existing framework ECC will be governed by the evaluation rules set out in that framework) Ensure that an appropriate procurement is conducted. 	<ul style="list-style-type: none"> The annual costs of the current RPO are in the region of £19m per year (based on the 2017/18 financial year). Of this, approximately £1.5m relates to permanent recruitment. Based on external, public sector resourcing frameworks pricing the indicative annual costs would be as follows: Temporary workers: <ul style="list-style-type: none"> The indicative cost of using frameworks ranges from £17.6m to £18.3m (a mean average across all role types of £17.8m); this is comparable with the current contract Framework rates applied are shown in the confidential appendix. Permanent Workers: <ul style="list-style-type: none"> There are fewer public sector frameworks for permanent recruitment services. The indicative cost of the framework with the offer nearest to the services provided by the current contract is circa £2.8m per year (compared to £1.5m in 2017/18 for the current contract). However, it should be noted that the service level provided

Future Resourcing Services to Deliver ECC's Workforce Strategy

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				<p>by the framework is greater than that specified in the current contract and therefore not directly comparable.</p> <p>The ongoing cost of this option is estimated to be between £19.1m and £21.1m. It is not possible to obtain exact rates from the market as this is commercially sensitive information; the cost of a replacement contract/s would be confirmed through a procurement process.</p>
<p>Option 3 Procure temporary and permanent services separately via long-term contracts either via an ECC run procurement or via a framework call-off contract</p>	<ul style="list-style-type: none"> • Frameworks are OJEU compliant and enable a quicker route to market at competitive rates • The use of one or more frameworks would meet all of our temporary worker requirements including pre-employment/ safeguarding • Flexible access to a diverse range of contingent workers including specialists • Reduced reliance on one supplier • access to suppliers who are dedicated to, and specialise in, the services provided 	<ul style="list-style-type: none"> • Potential for multiple agreements and increased contract management • Flexibility may be limited • Permanent worker solutions are cost prohibitive • Managing the performance of multiple contracts • Possible loss of access to purchasing power/economies of scale • Increased supplier fees due to reduced nature of the service/volumes • Potential increase in ECC resources to manage increased contract activity • Potential impact on workload for hiring managers as number of hiring systems may increase 	<ul style="list-style-type: none"> • Limit number of framework agreements to cover specific requirements, e.g. social care and non-social care temporary worker services • Mini-competitions are permitted and would allow services to be customised. • Provide a full analysis of the real costs of recruitment (not just the supplier charge for basic services) • Limit the number of lots and take a lighter touch approach to contract management activity. 	<ul style="list-style-type: none"> • As set out in paragraph 5.18 the ongoing cost is likely to be between £19.1m and £21.1m. • Market testing would be required for this option, with the cost confirmed via the procurement process. It is possible that by splitting the current contract into two or more contracts would increase the price due to the loss of economies of scale and increased management costs.

Future Resourcing Services to Deliver ECC's Workforce Strategy

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Option 4 (Recommended) Take a two-phased approach to deliver the change required by bringing permanent recruitment activity in-house and procuring temporary recruitment for up to 18 months via one or more existing framework contract/s whilst a longer term solution is fully explored	<ul style="list-style-type: none"> • TUPE of relevant <i>critical</i> knowledge and experience of selected Capita resources into ECC • closer alignment to • ECC workforce strategy and delivery of priorities, improving understanding and delivery • reduction in the cost of internal recruitment and ability to set up talent pools for specialist and executive positions • more direct control over the quality of the services provided and increased flexibility • improved candidate experience as ECC will manage the end to end process • eliminates technology dependencies with supplier(s) for permanent recruitment and potentially temporary worker solutions • achieves best value through access to a range of frameworks: more choice and no restrictions • access to framework agreements for advertising and talent 	<ul style="list-style-type: none"> • Potential impact of the change on ECC's ability to provide services • The best value temporary framework for social care is not in place by September 2019 (MSTAR3) 	<ul style="list-style-type: none"> • Establish a well thought through Transition Plan by January 2019 and ensure that activities align with the Capita Exit Plan • Work with ESPO to ensure that the MSTAR3 framework is in place by April 2019 as scheduled 	<ul style="list-style-type: none"> • There are currently 33 staff working on the • Capita ECC contract. If TUPE applies all staff may transfer to ECC under TUPE arrangements. The maximum estimated redundancy liability for all 33 staff if they do transfer is £160,000. It is not expected that all these staff would be all (or necessarily any) would necessarily be made redundant, however the £160,000 has been used for the purpose of capturing the maximum potential TUPE cost • The investment required in technology to support the service delivery for the in-house permanent recruitment service is set out in Table 4c (paragraph 3.31) of this report. <p>Cost of in-house permanent recruitment team:</p> <ul style="list-style-type: none"> • As set out in Table 6 of the report • The average annual cost of permanent recruitment services for the financial years of 2015/16 to 2017/18 was £1.3m per year, therefore an in-house approach could potentially realise a saving of up to £409,000 after one-off costs are incurred (part year saving of £204,500 in 2019/20). • The cost of creating an in-house team for permanent recruitment activity will require a central budget to be funded from existing budgets. <p>Cost of temporary recruitment via existing framework contract/s:</p> <ul style="list-style-type: none"> • Based on the pricing of existing frameworks the indicative cost of

Future Resourcing Services to Deliver ECC's Workforce Strategy

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	<p>acquisition specialisms to support permanent recruitment activity</p> <ul style="list-style-type: none"> frameworks not commercially incentivised to supply workers directly direct access to the supply chain and ability to manage relationships with suppliers for temporary workers, including specialist agencies contract management requirements reduced significant flexibility to respond to the council's requirements and emerging market trends time to explore options for the provision of temporary workers and build a business case for the implementation of a resourcing service strategy that meets the longer term needs of the Council ability to further explore alternative models for temporary worker solutions 			<p>procuring temporary workers from £17.6m to £18.3m per year (as stated in paragraph 5.16)</p> <ul style="list-style-type: none"> There is a risk that a contract length of less than two years may not be attractive to providers and termination on convenience for such a contract may be less attractive. <p>The overall estimated ongoing annual cost for this option is therefore likely to be between £18.5m to £19.2m as compared to £18.8m in 2017/18.</p>