



Contingent Resourcing Leaders' Summit Paper

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BACKGROUND

Traditional resourcing, networking and knowledge- sharing forums focus heavily on permanent hiring, with non-perm staffing seen as a technically complex side attraction. On the other hand, procurement conferences focus heavily on the RFX and control elements of the model and miss the vital opportunities on skills and talent management. Procurement- dominated agreements have led to organisations focusing on cost over quality of talent and delivery, with resourcing leaders having an increased appetite to take control of this area and be ahead of legislative changes.

We aim to create a guidebook to the total talent management journey, directing those resourcing leaders who are beginning to engage/own their contingent talent by bringing them together with organisations who have experience in this space, while also highlighting organisations that have considered embarking on the journey and decided against it.

Moreover, having an increased focus on engaging and understanding this part of your workforce presents a unique opportunity to showcase strategic thinking and provide real impact to the business, raising the profile of resourcing within the business to senior stakeholders.

This guide, via the community of organisations whose vantage points it represents, aims to give you a fast start – working ahead of legislative changes to provide you ‘run-time’ which was not afforded to the public sector.

THE TIME IS NOW

As 15% of the UK workforce are now self-employed, particularly in specialist areas such as IT, contingent talent pools are strong. Businesses need to react – those with heavy perm staff numbers are likely to struggle when they need to dial-up skilled labour.

If you're struggling to recruit highly skilled talent in competitive markets, such as STEM and digital, then a robust contingent programme can be central to success.

According to Talent Collective, the consulting arm of Alexander Mann Solutions, in the last three years alone 61% of all new jobs created in the UK have been self-employed (or in companies with four people or less). In addition, Vendor Management System experts, Beeline, highlighted that 47% of organisations (without a VMS) have a lack of visibility into their total contingent workforce (source: Ardent).

The increase in AI and robotics has also resulted in many organisations adopting Agile Techniques, which has in turn seen a rebalancing of the workforce.

And then there's the regulatory environment. With the introduction of IR35 into the private sector, organisations can't run the risk of overlooking the impact on their contingent workforce and potentially to the company coffers.

Charlotte Johns, former Resourcing supremo for Transport for London, provided an overview of the steps taken by TfL to be ahead of the curve prior to IR35 being enforced in the public sector. Forming a steering group with senior legal, tax, HR and commercial bods, frequent engagement with your C-Suite and identifying your business critical (and non) contingent workers were some of Charlotte's top tips.

15% of the UK workforce are now self-employed

61% of all new jobs created in the UK have been self-employed

47% of organisations have a lack of visibility into their total contingent workforce

THIS NEEDS TO CHANGE!



WHAT AN EXTENDED WORKFORCE LOOKS LIKE

In a thought-provoking address, Stephen Reilly (Global Head of Talent Acquisition for Mott MacDonald), illustrated that in order to help visualise contingent workers vs permanent recruitment, one should think of the traditional red phone box as a metaphor for permanent recruitment. We all recognise it, know what it is, understand that it's slightly outdated but still widely accept what they do.



But what if the phone box was blue, like Doctor Who's Tardis? This was Stephen's metaphor for contingent labour, with the acronym standing for **Talent, Acquisition, Rarely, Discover, Impossible, Scenarios**.



The key to this somewhat elaborate, allusion to British tongue-in-cheek pop culture being that we shouldn't feel overwhelmed; whether you're procurement or resourcing, Contingent Labour is a challenge we need to rise to.

"Yes, it's a moving target but it will fall into your space at some point so you need to be ready to get a handle on it."

Often a contingent worker programme starts with an approach from a vendor or supplier. This means you may even save your business some money whilst ticking the compliance box, factoring in risk, and ensuring the offering chimes with your EVP.

Then you realise how the term "contingent workers" cuts across multiple stakeholders. It's not just about the hiring managers, after all – what about the temporary or contractor people you have already?

The way forward – You've got to own it, including obtaining executive sponsorship.

Plan for a solution that works across markets but that you can execute locally, being agile throughout.

"You will rarely have the business saying 'we want to reimagine our recruitment processes'"



3 STEPS TO SUCCESS

Research & Define

On a blank sheet of paper, start by identifying all the different types of worker categories you may have, which will help form your non-direct and direct engagement processes.

Stakeholder engagements

Collate and then communicate the gains for the respective stakeholders, but be hyper-conscious of the issues which may derail these stakeholders (political, financial, and otherwise) potentially scuppering the project.

Plan and Execute

Look at your internal resources, know what's out there and understand the tech required. Then, you're ready to engage with current and prospective suppliers if you're looking for an MSP or RPO or want to ensure your ATS is fit for purpose.

Trend setting in Contingent Labour

Connor Heaney from CXC Global, highlighted some fascinating insight including how freelancers in the UK have increased by 43% between 2008 and 2016, with 15% of the UK workforce now self-employed. So, a huge pool of contingent talent exists, but how has this manifested?

The job market post 2007 recession was a personal catalyst for individuals. At the same time businesses had been increasingly wanting to move away from a fixed cost model of engagement to a more flexible one. The rise of tech and automation since 2007 has also seen a displacement of traditional standing labour needs.

Times are changing, and HR needs to stay on the front foot

Connor spoke on the fixed vs variable model incentives for HR functions and their organisations, stating the main benefits of the variable model as being:

- Limited admin burden
- No need to pay employer taxes, social security and healthcare
- Variable pay element (incl bonuses) necessary
- Totally flexible and on-demand workforce

THE VALUE OF POSITIVE ENGAGEMENT AND ONBOARDING FOR CONTINGENT WORKERS

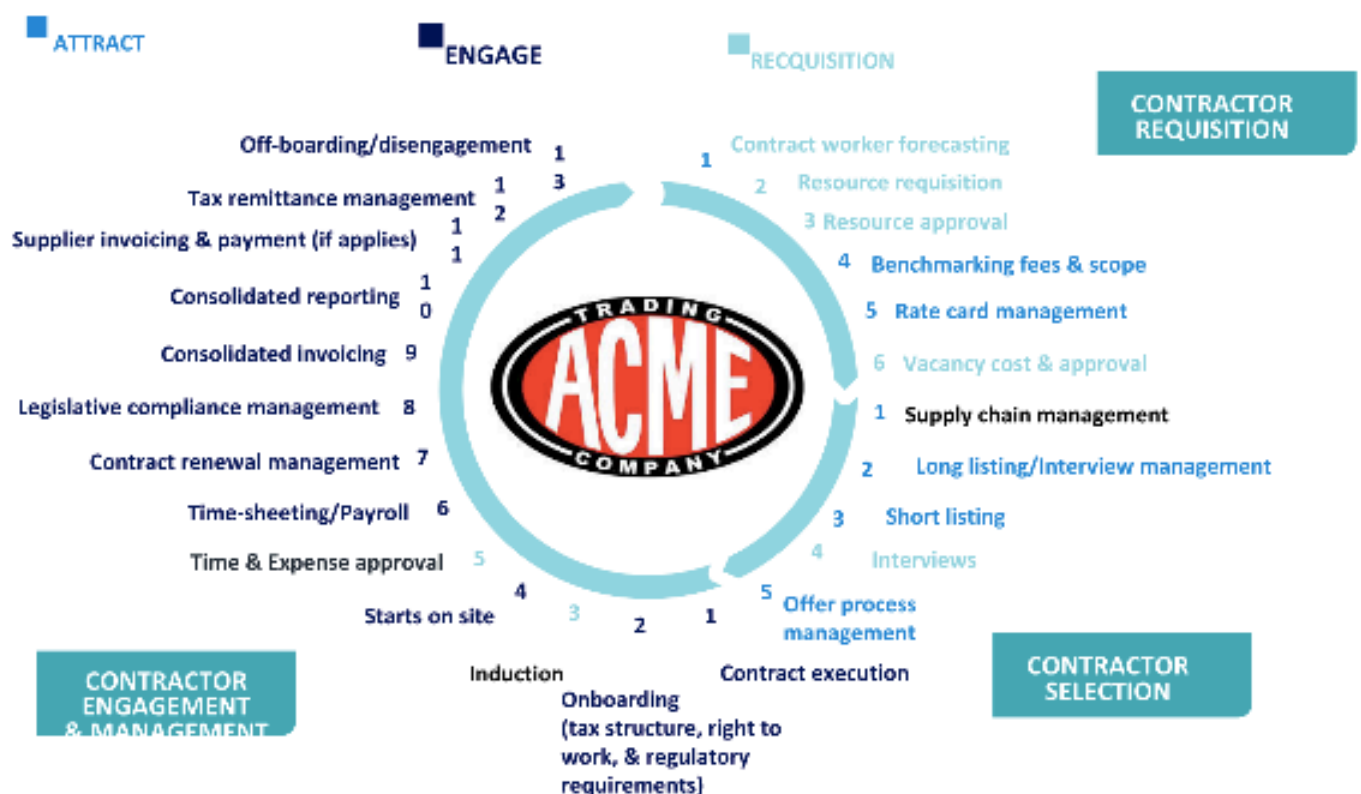
CXC Global use a contingent worker lifecycle guide (tools and ways of working) which shows the key action points of the requisition, engagement and attraction stages when dealing with contractors.

The lifecycle stages help inform what effective strategic workforce plans should look like. At each checkpoint, there are multiple processes to work from, which, importantly, also flag potential risks that companies need to be aware of, such as:

- Supplier agreements
- Supply chain management – are they representing your brand in the marketplace?
- Contact execution – are they fit for purpose?
- Onboarding i.e. passes and access, timesheet process, post GDPR privacy statements
- Induction process to help de-risk your business

For Connor, the companies who can effectively navigate their way around this lifecycle wagon wheel are the ones who will have clear visibility of their workforces and supplier transparency throughout.

CONTINGENT WORKER LIFECYCLE



CASE STUDIES

Transport for London

Charlotte Johns (Head of Recruitment for TfL up until April 2018) provided an in-depth look at IR35. She outlined the lessons learnt when implementing it at the sharp end of an organisation responsible for 30 million journeys each day, as well as the effect IR35 may have on the private sector.

If faced by private sector companies, Charlotte referred to the main challenges to tackle, especially around understanding changes for liability and determination faced for organisations.

“First things first, it’s about determining whether you are inside or outside IR35 and understanding the consequences of both scenarios.”

Imperative to the TfL strategy, was the creation of a steering group, made up of HR, Legal, Tax and Commercial areas of the business. This helped with the categorisation of workers - 10% of which were contingent - awakening the hierarchy to the need to be prepared.

Lots of communications were created, from SharePoint, to other intranet sites, to policy papers, and beyond, with large consideration around the costs to TfL and impact of losing skilled workers who would be unwilling to move from PSC to PAYE. It was quantified that the financial impact of IR35 to TfL would be 15% extra costs on agency day rates for PAYE workers plus holiday pay.

Emphasis was placed on categorising the business-critical roles to retain talent. The solution agreed upon was that businesses would partner to help determine IR35 status of workers. Automated tests in partnership

with the MSP commenced with Statement of Work options created for suppliers, followed by stakeholder engagement and further HR communications being undertaken.



Challenges still existed: the incorrect assertion that allowing PSC’s was tax avoidance by another name, resistance from IT managers to signing off IR35 tests through fear of HMRC reprisals and umbrella companies being set up promising (falsely) they could take the liability.

However, there were positive outcomes, namely that out of 1,600+ PSC workers, over 30% converted to PAYE/Umbrella’s.

A brief history of IR35

- Introduced by the Government in 2000
- Aimed at tackling perceived tax avoidance around masking employee /employer relationship
- “Off payroll working in the public sector” introduced in April 2017
- Government currently looking at extending the reforms to private sector

Top tips

- Categorise your workers early – who is business critical and determine your budget for increases
- Form a steering group and engage early with the C-suite
- Reduce number of suppliers
- Partner with your MSP and suppliers early and agree an IR35 tax testing regime
- Create clear guidance around how to engage with contingent worker
- Run workshops and clinics to false assumptions and don't underestimate volume of Q's



Beeline

Tim Asti (VP Enterprise Solutions for Beeline) discussed how leveraging technology can assist in the decision management, visibility and data analysis of non-permanent workforces.

The challenge often for organisations is not necessarily having data, but being able to cultivate the right data to create a single source of truth and that's where technology can help be the enabler.

Decision management is about choosing the right tools. In the context of contingent workers there have been changes in 'procure to pay' and as the tools have advanced, enterprise solutions such as Vendor Management Systems (VMS) can now manage both process and governance.

Utilising tech, such as a VMS, can help give you a better view, consolidating the view from multiple platforms to support those involved with the recruitment who don't know and for those who should know better. Yet it's vital to also act upon the data the tech generates. Tim stressed, however, that to unlock the data you have to combine both 'man and machine'.

A VMS can improve the user experience and decision making, particularly around:

- Talent selection behaviour and outcomes
- Reduce idle time
- Manage budgets and headcount
- Source of hire, and analysis of time to fill

Today's Tech now prominent within recruitment

Assisted Intelligence

Helping people to perform tasks better and faster.

Augmented Intelligence

An AI learns from human input, allowing us to make more accurate decisions based on the AI info

Automated Intelligence

Automation of existing manual tasks

Autonomous Intelligence

This is AI but with humans out of the loop (think self-driving cars!)



Users of VMS solutions have reported **80%** higher year-over-year cost savings and **20%** higher quality index scores*, among other benefits such as reduced risk and increased visibility into their contingency programmes.

6 Steps to Contingent Workforce Optimisation



*Source: Ardent Partners Ltd 2014

Heathrow Airport

Lisa Kelly, Head of Talent Acquisition at Heathrow Airport, has seen it, been there, and got the t-shirt when it comes to understanding the contingent worker cycle – from being a contractor previously, to managing agreements for agencies, to in-house work implementing an MSP, to inheriting one at Heathrow.

The focus of her discourse centred around a central question – does poor implementation = poor adoption?

And why is it important? Because it touches every facet of your Contingent Labour operations, from needing to understand the risk to compliance to controls i.e. who's liable, the right tax relationship, right to work and billing to approvals and reporting?

But how important is this to the business? Often, companies apply an incorrect lens to it with misconceptions around the services a Statement of Work and MSP provides and their perceived blockers relating to speed (approval and hiring process), quality (remote supply chain) and business process (financial).

So why do silo solutions exist? For Lisa, a blended solution works best, one which includes PAYE, Statement of Work, etc. This approach will also help to improve communications within your contingent workforce.

In conclusion, to increase adoption you can't simply rely on communications. Lisa's recommendations:



Lisa's recommendations:

- Look to incentivise your partners by setting targets and rewards for worker ID and conversions.
- Make internal and use internal allies, in tax, finance, procurement and legal
- Data, remove the ambiguity, make sure you have single versions of the truth
- Programmes should be blended solutions

Nationwide Building Society

Jen Adams, Operational Improvement Manager at Nationwide Building Society (Nationwide), stated that crafting a consistent candidate experience for contingent workers is vital and that the focus should be as important to organisations as the significance placed on the experience of permanent hires. The newly implemented 2nd generation MSP is a white labelled contingent programme in partnership with Alexander Mann Solutions (AMS). The Society created a future-proofed solution which includes an in-house team dedicated to Contingent Labour control, cost management and business engagement across all categories of Contingent Labour; the Workforce Supply Management team (WSMT).

Implementing a solution that results in quality candidates, whilst reducing Nationwide's risk and the cost was key. The partnership, utilising Beeline technology, focused through the programmes design and implementation on delivering an exceptional service to Managers and Contingent Workers alike supplemented with technologies tried and tested by AMS including:

- An online video interview process, enabling candidates to interview at a time of their convenience.
- A chatbot automated helpdesk.
- And a consistent assessment process for contingent staff working within volume roles was also created to improve the candidate experience. This also significantly reduced management overheads.



Through the Beeline platform, the partnership increased manager self-service capability, automated processes that were previously manual, including 'approve on the move' and brought increased levels of control and visibility in particular to who had access to buildings and systems and required pre-engagement vetting. The reporting capability in Beeline allows for central visibility of key information such as worker tenure and cost both centrally at a corporate level but also at individual manager and business unit level.

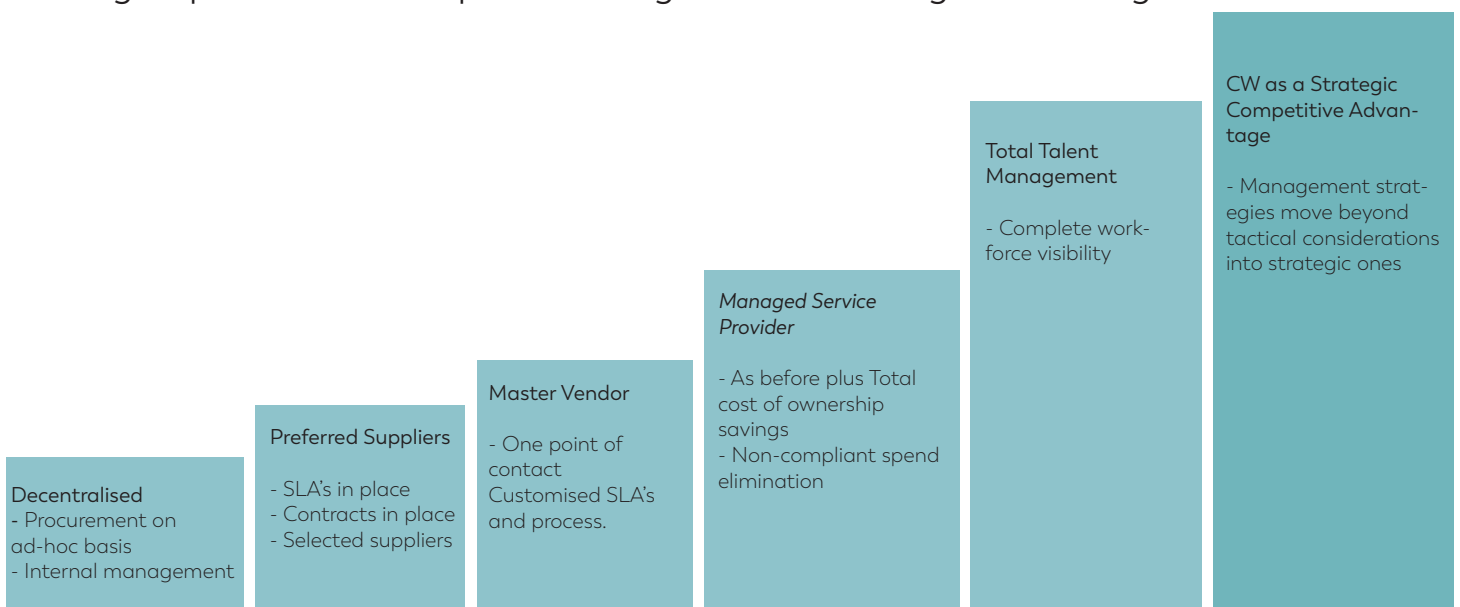
A subsection of the Nationwide careers site, dedicated to contingent applicants, was also created to help Contingent

Workers navigate opportunities while having access to key information typically only available for permanent candidates. A clear job taxonomy, data cleansing and implementation of 'front door' controls for Contingent Worker resources have resulted in a greater visibility of Nationwide's Contingent Workforce volumes and spend.

A strong cultural alignment between Nationwide and Alexander Mann Solutions and a shared desire to drive excellence in customer experience was the key to success and enabled a successful launch of the new programme in spring 2018. With significant financial and control benefits already achieved for Nationwide. It's created the foundations for a strong strategic partnership.

CONCLUSION

Amongst the many advantages of engaging contingent workers, challenges, tech hurdles and regulations exist which today's organisations need to be prepared for. The benefits to Resourcing leaders in understanding Contingent Labour are far-reaching, enabling the ability to flex workforces to meet short-term skills and staffing level needs, whilst tapping into a rich and growing pool of skilled talent. This part of the workforce has typically centered on cost, but by increasing ownership and influence resourcing leaders can bring best practice from the permanent world and apply to this increasing percentage of the total workforce. Moreover it provides a unique opportunity for resourcing to raise it's profile. Legislation is going to increase the focus on the extended workforce and therefore being steps ahead can reap far reaching benefits and huge cost savings.



CONTRIBUTORS



Adrian Love @ Accenture



Adrian Thomas @ Cabinet Office



Alastair Dobson @ Beeline



Andrew Grier @ Saint-Gobain



Catherine Hearn @ BBC



Charlotte Johns @ TFL



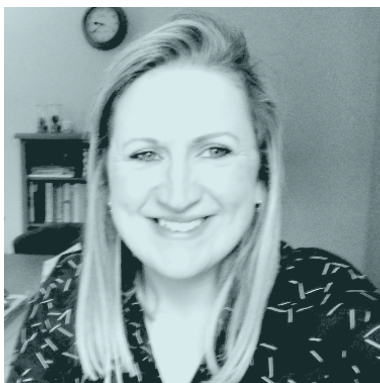
Chris Merrick @ AMS



Connor Heaney @ CXC Global



Debbie La @ Baker Hughes



Elaine Atkinson @ Deloitte



Graham Fisher @ Wesleyan



Jack Bircher @ Jaguar



James Healy @ Bell Integration



James Jenkins @ Accenture



Jeremy Tipper @ AMS



Katrina Hutchinson @ StepStone

CONTRIBUTORS



Lisa Kelly @ Heathrow



Matt Forrest @ MMU



Melanie Barnett @ AMS



Melanie Forbes @ AMS



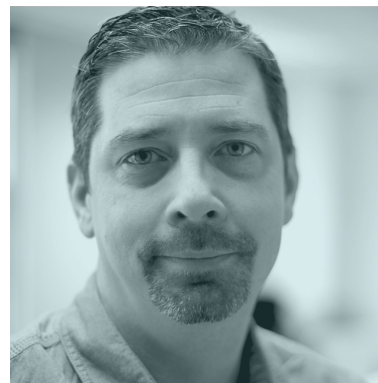
Minnie Pangli @ Balfour
Beatty



Ryan Broad @ Just-Eat



Simon Sharkey @ Primark



Stephen Reilly @ MottMac



Steve Huxam @ Hux



Tim Asti @ Beeline



Cayle Runnicles @ Sainsbury's



Helen Houghton @ AMS

Thanks To

