



The Resourcing Leaders 100



Contingent Workforce Management in Engineering

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The Recruitment Events Co. offers market leading events exclusive to the in-house recruitment community, focused on peer-to-peer learning.

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About

The RL100 is a collective of 100 of the industry's brightest resourcing leaders in the UK who have committed their time to meet on a regular basis, discuss specific subjects and have their knowledge and insight form content that is then distributed to the wider in-house recruiting community.

Our goal is to redress the disparity of resourcing advancement across the UK and allow everyone the benefit of these leaders.

Introduction

Managing a contingent workforce can be time-consuming but in the engineering sector there are multiple challenges due to the nature, complexity and scale of many projects. To add to this there is a huge skills gap across the industry and new challenges ahead with Brexit. In our latest roundtable, we gathered a group of Resourcing Leaders from leading engineering companies to share their own stories and approaches to contingent workforce management.

"How do we move away from being totally dependent on contingent labour whilst having the flexibility to manage cost?"

What Does the Future of Engineering Look Like?

Luigi Pacelli, Chairman, Mane Contract Services

Luigi started his session by looking at the engineering skills landscape. Research from the Royal Society of Engineers shows that there is a skills shortage of over 100k. Over the past few years, there has been a steep rise in contingent or 'off payroll' workers, an increase from 3.8 million in 2008 to 4.6 million in 2016. This is made up of around 500k in the technology and engineering sectors, where 44% are based in London and the South East.

A [2016 Global Talent management survey](#) by Willis Tower Watson unveiled some interesting statistics. Most companies expect a 25% increase in the use of contingent labour, whilst 46% of all managers say they manage at least one contractor. 54% of companies have already, or soon expect to, change roles within their workforce as technology enables some activities to be automated.

A hard Brexit will certainly impact those studying Engineering at a Degree or Master's level in the UK, as a high percentage are foreign students. Plus, if there are fewer people coming in to the UK, there will be a need for more contract workers. It is clear there the lack of investment in engineering talent and the potential impact of Brexit will make this exponentially worse.

Demand for workers is another key factor for the industry. Unemployment has dropped to 4.5%, the lowest since 1975 meaning this is a candidate driven market. Recent legislation means temporary contracts can be up to two years, which provides contract workers with an opportunity for self-development,

freedom and flexibility. However, these benefits are not desirable for everyone. Those entering the workplace more recently, Gens Y and Z, take more responsibility for their own career development and there is a trend towards a more stable career option.

These political uncertainties and skills shortages have made contingent hiring an attractive option. So how does your company source for new projects and manage contingent hiring? For instance, with HS2, engineers will not necessarily spend a whole decade on that single project. There is a misconception with large projects, and one of the worst things we can do is shut the door on experienced talent. It is hugely beneficial to keep hold of workers for a couple of years and hope they come back in the future.

We need to be moving towards more proactive Workforce management (WFM) which means an approach to contingent workers which includes:

- Standardising recruitment processes
- Considering legal compliance, governance and infosec
- Building a talent pool of alumni workers and those with key skills
- Considering other stakeholders – senior management, HR, permanent employees and unions

This engineering sector has seen significant growth

in Managed Service Provider (MSP) contracts, not just Recruitment Process Outsourcing (RPO), and this has led to an increase in businesses using data to recruit and manage contingent workers.

But the overall mindset needs to change – how can we engage relevant stakeholders in the business to buy into a WFM strategy, to attract, recruit & manage that talent?



The Discussion

From the initial comments from our Resourcing Leaders it is clear that whilst the nature of projects and scale of their businesses vary significantly, the challenges are very similar.

"We are looking to step away from contingent workforce and look at cost savings & implications of moving to more permanent employees."

One of the first questions raised by our Resourcing Leaders was how we develop a strategy for contingent labour across the organisation? There is much concern over the uncertainties around a hard Brexit and the potentially dramatic impact this will have on the freedom of movement of workers. It is extremely difficult to plan for something which is unknown and in rail particularly, there is a severe lack of experienced hires.

"...the balance between lack of supply of permanent engineering talent in the country. There is a cost reduction issue and implications of IR35"

The second key point was the importance of fully understanding your contingent workforce: how many do you have, in which roles, how are they contracted, trained and off-boarded? The resourcing leaders agreed that getting a handle on this not only reduces costs, but also impacts other critical areas of the business such as safety.

And there was much consensus around the difficulty in finding skilled workers in engineering. Rather than competing against one another for contingent workers, the industry as a whole needs to work together. Aggressively competing simply drives up contract rates and enables contractors to make demands on rates and flexibility. As an industry, if we engage with potential talent earlier we can start to build the excitement of working in engineering again and address this skills shortage.

"Let's fix the problem. Contractors are only contractors whilst they can get contracts. For as long as there are contracts we will have to rely on contractors. It's simple, supply & demand. But we can work together to change the basis of those contracts."

Alumni are a critical source of untapped talent and should, therefore, form part of your contingent strategy. Keeping in touch with ex-employees who have the skills you may need again in the future seems obvious, but few organisations are managing to do this effectively. What can you do to communicate with this community and perhaps entice them back?



An Engineering Recruitment Case Study from an Engineer's Point of View

Andrew Jellis, Managing Director, Morgan Sindall

Andrew has an engineering background and is MD of a division in Morgan Sindall. With a £2.5bn turnover and now the 5th largest construction firm in the UK, the organisation works in a number of areas from high speed, underground rail to station building, modernisation, network infrastructure and overhead line electrification. Generally, in engineering businesses there are two main challenges to address: safety records to show the number of incidents that occur, and cost; with a high turnover and a lot of work, there is low profit.

A safety audit should be in place to ensure everyone is working to the same standard. 84% of Morgan Sindall's accidents were reported by contingent workers. As many workers come with their own Personal Protective Equipment (PPE) there is little regulation and contingent staff are not always adequately trained. The average length of training at an agency prior to starting shifts is just one hour. There is no reliable method in place to track fatigue or competence in agency staff, and an individual could have been working on another job the same day and you would be unaware. There is a significant difference in the way permanent staff are organised and cared for, compared to contingent workers; and this is a concern across the industry.

In terms of cost, there were times where up to 26 agencies were being used leading to poor visibility of rates, lack of consistency between projects and no overview of total spend. Timesheets were still hand signed and there was no ability to develop talent pools or move to more strategic planning. To overcome this, all data was input to a portal, a managed service

via Socium which enabled a single point to on-board staff to the business. Suppliers were rationalised and reduced to just five agencies and as a result, more workers were upskilled overall the business was much closer to the supply chain.

One of the key challenges of this approach was bringing internal stakeholders in line. Projects operate in their own way, so much effort was put into selling the business benefits of a more cohesive approach – safety, cost, reduced risk, time and more efficient management of peaks and troughs. In addition the importance of a better interface with IT leading to efficiencies in systems and better training. The emphasis was on demonstrating the direct link to business performance.

Results

- *Safely vastly improved YTD*
- *Increased exposure time with candidates via onboarding messaging and e-learning*
- *Ability to monitor competencies, compliance and fatigue*
- *Development of resource pool*

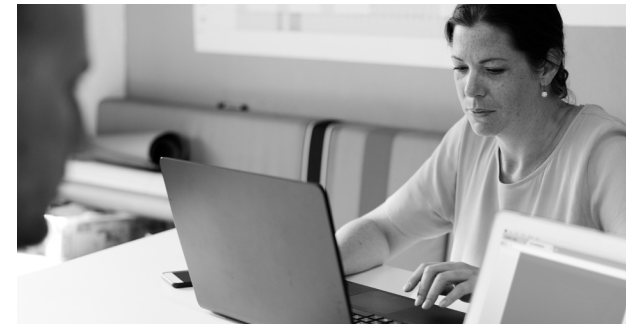
By forcing all parts of the business through one portal and integrating with an e-learning platform (compulsory for all workers to complete modules before attending induction) the communication has vastly improved.

Costs

- One point of administration, one weekly cost report
- Ability to harmonise and monitor rates nationally
- Ability to interrogate data on skill sets
- Greatly improved forecasting on resource spend
- Added value through developed relationships

The total agency spend has been reduced by 20% in just six months. There has also been a reduced speed of turnover – engagement and loyalty has been built making it a more efficient process with the addition of more recommendations or referrals for perm.

"We are spending lots on contingent labour and have lost control to business units. How can we manage that better. Also getting new talent through the door."



The Discussion

There were a number of questions that came out of the session, and our resourcing leaders spoke candidly of their experiences. How do you decide the ratio for contingent labour across the organisation? Is there a correct one? It was agreed that it is important to gain commitment from the contingent workforce, as this would allow flexibility and they could become just as valuable to you as a permanent employee. So, what role can tech play in your organisation, how will it benefit you? Do you opt for PSL or MSP, how do you know which one is better suited? And where you have contingent workers, who owns the IP?

With there being a constant supply and demand for engineers, where do you sit your core skillset? You should analyse the market for availability of talent and make an appealing offer to potential candidates by communicating key elements of your employer brand – location and salaries for example. Andrew from Morgan Sindall said they were aiming for 80% permanent employees, however it may not be possible in some areas due to peaks and troughs.

Our resourcing leaders spoke about a mix of PSL and MSP contracts that if managed well, can work. However there are associated risks with those who go off list, or “rogue” which leads to lack of control. Likewise ownership of technology is a consideration and can be a problem with MSP contracts. To work these relationships effectively you need a team who is familiar with the process. Generally speaking, in-house recruiters are the best fit as they understand the contract and business areas. It was agreed that MSPs generally fail due to poor management of the contract.

“Our challenge is that we have a quasi in-house model with an internal charging model. I am keen to understand where these temps are, standardise our process and establish the right balance.”

Attracting people into engineering is not just a challenge in the UK. In Australia for example, the skills shortage became so bad that a group of employers compiled data for the government and ran a successful campaign for investment in recruiting new talent to the industry. There is a duty of care by employers and the government, not just in the UK, but globally. Whilst the Working Skills Council and the Automotive Skills Council have been lobbying parliament over recent years, progress has been slow. The apprenticeship levy should help address some of the skills shortages, but what about those who are not A grade students? In addition the engineering standards have only just been signed off for the apprenticeship schemes.

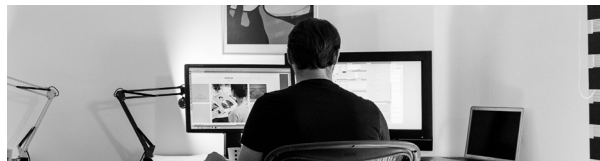
There was agreement that we need to build a broader image of an engineer and educate school children, and those who influence them, in the wide range of engineering routes there are to take. The apprenticeship level offers an opportunity for organisations to work together and to develop academies – BAE spent £50m building a cyber academy for apprentices and Babcock are looking to develop a nuclear academy near Hinckley point in collaboration with EDF.

Diversity across the industry was another point raised in the discussion. We need to find ways to engage with women through female role models. Currently the engineering demographic is primarily ‘MPS (male, pale and stale). This needs to be raised early in the curriculum so children are well informed on the opportunities in engineering when considering their training options.



Takeaways

- *We need to work together as an industry to influence government to promote engineering as an attractive career choice*
- *Our reliance on a contingent workforce will remain whilst we allow contract rates to stay high*
- *Your safety record can be impacted by a well managed contingent strategy and can be used to strengthen your case for investment*
- *Work closely with your engineers and/project leads as they can play a big role in effectively managing your contingent workforce*
- *Take a longer term view, working closely with your business and project leads to plan resource as far ahead as possible*
- *Consider how you can stay in touch with alumni and generate referrals from this crucial talent pool*



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Thank you!

Content Partner



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We are passionate about helping our clients build internal capability and improve understanding of how digital can help organisations build and maintain relationships with their people, candidates and customers.

We contribute to the conversation at all the RL100 round table events and use insights from the discussions to produce this series of White Papers.

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