

Case Study 3

Discovering savings at Lambeth Council

A FREE discovery audit delivered by Matrix SCM has led to Lambeth Council making average savings of £4M on its annual spend on temporary agency staff.

The company carried out the audit of the council's annual £32M spend and as a result of its findings, Lambeth Borough Council moved from a managed service provider to Matrix SCM's services procurement technology.

The move resulted in Lambeth Borough Council initially gaining 8% cash savings via the re-procurement of supplier rates which then increased to 12.5% through implementation of a fixed pricing system.

For the full story, see page 2.

How it's worked for Lambeth

LAMBETH had traditionally engaged temporary staff through a Managed Service Provider and were looking to identify a more cost-effective approach, through direct cost reduction and process efficiencies.

So it appointed Matrix SCM to undertake a review of its current temporary agency staff expenditure.

Matrix SCM carried out the analysis at no charge to the council on the understanding that all data analysed would be the property of the council at the end of the audit, and Matrix SCM would not to disclose its contents to any third parties.

From the discovery audit, Matrix SCM identified additional savings on temporary worker pay and charge rates and additional savings on current agency mark-up rates by supplier and current average mark-ups within all skill categories.

Lambeth Council then appointed Matrix SCM, by accessing an existing framework, to manage its expenditure on temporary agency staff.

Matrix SCM's implementation included mapping Lambeth Council's existing organisational structure onto its technology, embedding the Council's policies and procedures within the system and agreeing the mechanisms for ordering, time-sheeting and invoicing temporary agency staff.

All existing suppliers were invited to supply, with Matrix SCM agreeing revised rates with each for current and future assignments. Additional suppliers were also procured to increase coverage and competition.

The Council's approved officers were given access to SProc.Net, with appropriate permissions. This has ensured that orders are placed and approvals for financial commitment are made appropriately, time-sheets are signed off correctly and suppliers are paid on time.

With all transactional activity routed through SProc.Net, Lambeth Council now places orders for temporary staff through a single point of contact accessed on-line or via Matrix SCM's Operations Centre, which is available 24 hours a day, 7 days a week.

The council holds a single contract with Matrix SCM, with all suppliers contracted to Matrix SCM.

Following the appointment, Matrix SCM was also able to realise additional efficiencies for the council. Providing the council with a single, weekly consolidated invoice has contributed to additional 'indirect' cost savings to the council and Matrix SCM also reviewed Lambeth Council's exposure to employment risk highlighting a number of temporary employees who, at the time, had been engaged with the council in excess of 12 months.

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What are the risks?

Matrix implemented, with Lambeth Council, a set of placement extension rules to limit their exposure to long placements. These rules prevented any placements from going beyond a twelve-week period. If it is necessary for a placement to be longer, a strict approval process is enforced by the system.

In conjunction with Lambeth, Matrix SCM implemented Safeguarding to ensure that the Council's policies regarding safety checks, such as CRB checks, are enforced. Lambeth sees this as a key step in minimising risk to vulnerable children and adults.

Headline News

- ➔ In the first 12 months of implementation, there was 100% fulfilment of all requirements.
- ➔ Supplier performance is measured by a balanced scorecard - 70% quality and 30% price. And opportunities offered to suppliers are then determined by the balanced scorecard performance, where the best performing suppliers receive orders first.
- ➔ Suppliers, and their temporary workers, are audited bi-annually to measure compliance and to avert risk.
- ➔ Matrix SCM has held local supplier forums and undertaken other initiatives to stimulate local supply. This approach has enabled Matrix SCM to actively promote the on-going inclusion of local SMEs and help the Council to work towards its quality and diversity targets.

“ One noticeable area of strength is with Matrix customer service - the support provided by the operations centre and also the support from our business account manager.”

“ At Lambeth we have been very pleased with support that we have been given and over the last two years we have not received any complaints with the operations centre.”

Clare Thorbergsen, Client Relationship Manager,
London Borough of Lambeth