

CABINET MEETING: 11 JULY 2019

**REVIEW OF CARDIFF WORKS AND MATRIX AGENCY
PROVISION.**

**FINANCE, MODERNISATION AND PERFROMANCE
(COUNCILLOR CHRIS WEAVER)**

AGENDA ITEM: 11

REASON FOR THIS REPORT

1. Cardiff Works (the Councils in-house recruitment agency) moved to Housing and Communities from HR People Services on 1st April 2019 with the aim of expanding its role and in particular linking the service to Into Work Advice services and training. A full review will be undertaken to develop the opportunities these new arrangements present.
2. Cardiff Works also oversees the contract for external provision of agency staff which is currently provided by Matrix SCM Ltd. This contract is due to expire on 7th September 2019. To allow time for a full review of agency worker provision to take place, it is proposed to award a further 12 month contract to the current provider.

BACKGROUND

3. Cardiff Works directly employs temporary administration and clerical staff and supplies these to all directorates in the Council. The Cardiff Works Service also oversees the contract for the supply of external agency staff. The current contract for external agency staff is with Matrix SCM Ltd (Matrix).
4. Matrix does not provide agency workers itself, instead it provides a brokerage service, entering into contractual arrangements with a number of different agencies and ensuring that workers are provided from these agencies as required by the Council. There are currently 123 local supplier agencies signed up with Matrix.
5. Matrix provide a full time on site account manager for Cardiff to assist with day to day enquires. The account manager also supports the agencies that provide the temporary workers to the authority.
6. The contract with Matrix has proven good value for money. Since December 2016, cashable savings for the authority have been approximately £200,000, when compared with the previous contract.

These savings have been realised by system and process improvements and from the reduction in agency management fees. Some of the system improvements relate to automation of back office functions including the approval's process, with increased efficiencies in procurement, invoicing and billing arrangements.

7. The duration of the arrangement with Matrix was from 1st December 2016 to 7th September 2018 with the option to extend for 12 months until 7th September 2019. This option to extend has been utilised and therefore the contract is due to expire on 7th September 2019.

ISSUES

8. While the current arrangements with Matrix are good value for money compared with the previous agency contract, the spend on external agency staff fees remains high. The review will consider the current arrangements, both with Matrix and with the external agencies that they commission. It will also explore the opportunities to use temporary / agency posts as a way to assist people into work.
9. There is clearly an opportunity to link Cardiff Works more closely to employment and training support from the Into Work Advice Services team, providing a pathway for those seeking work. The Into work team will support candidates to gain placements with Cardiff Works. This will include bespoke interview technique training and candidate assessment help. Work will be done to ensure that adequate training is carried out before placements arise to ensure that job seekers have the required skills for the specific roles on offer. The job seeker, once in placement, and now with valuable current work skills, will continue to be supported by the Into Work team to move from the temporary placement into permanent employment.
10. In order to review the current arrangements and develop options for the future further time is required. It is therefore proposed that an interim arrangement is put in place for a year while the review is undertaken. This will be achieved by using the NPS All Wales Agency Worker Framework to make a direct award to Matrix and thereby continue using their brokerage service for a further year.
11. The National Procurement Service (NPS) All Wales Agency Worker Framework guidelines state that "A Direct award may be made where it is possible to establish the most economically advantageous offer on the basis of the terms laid down in the Framework Agreement, and where the services required, and proposed contract terms are included in the Framework Agreement and Specification. Should this be the case, customers should then undertake a benchmarking exercise of all Service Providers within their preferred Lot(s), by applying the framework rates to their current/anticipated volumes"
12. In accordance with these guidelines, the Councils Commissioning and Procurement team have carried out a benchmarking exercise using the framework pricing submitted by the suppliers. Based on this valuation,

Matrix SCM Ltd are the least expensive Framework provider. The total value of the contract is estimated to be £12.5 million

13. This interim direct award for 12 months will provide time for the current position to be reviewed and to establish a proposed way forward. The future arrangements will be set out in a further cabinet report in early 2020.

Reason for Recommendation

14. To award a further contract for a year to the current provider of external agency services, Matrix SCM Ltd, to allow a full review of agency provision in the Council to be undertaken.

Procurement Implications

15. A benchmarking exercise was undertaken in line with the guidelines of the NPS framework to ensure best value and based on this the Council can direct award so it remains compliant with procurement regulations. This agreement to date has delivered value through lower agency management fee whilst providing access to improvements in terms of portal improvement including regulatory compliance, better management reporting and an onsite account manager.

Financial Implications

16. As an extension to the current contract is proposed there will be no changes to the financial arrangements for the Council. The costs of engaging agency workers through the Matrix contract will be passed onto the Directorates hiring these workers who will need to ensure they have budget available to meet these obligations.

Legal Implications

17. The report recommends that a contract for the external provision of agency staff at a value of £12,500,000 be awarded to Matrix SCM Limited. Legal services are instructed that the contract is to be placed as a 'call off contract' under a framework agreement that has been put in place by a third party, (National Procurement Service). Before placing reliance on a third party framework and awarding the call off contract Cabinet should be satisfied that:-

- Cardiff Council was identified in the contract notice (advertising the framework opportunity) as a party entitled to use the framework,
- the procedure set out in the framework agreement for awarding a call-off agreement has been followed (in this case it should be checked that the procedure allows for direct award, which is the proposal in this case),
- the works fall within the nature and scope of the works covered by the framework agreement, or lot relied upon,

- the terms and conditions set out in the framework for call-off contracts are used and
- the term of the framework covers the period of the proposed call off contract or if the term of the contract exceeds the framework term that this is done for value for money reasons and not to circumvent procurement rules. If the term of the call off contract was to materially exceed the framework term this point would require further consideration.

18. In addition to the above the service area should be satisfied that :-

- The prescribed terms and conditions of the call of contract meet the Council's requirements (for example as to payment) and the obligations imposed on the Council can be complied with,
- the proposals are within budget (or suitable budget provision can be made) and

Generic matters

19. In considering this matter Cabinet must have regard to the Council's public sector equality duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief. If the recommendations in the report are accepted and when any alternative options are considered, the Council will have to consider further the equalities implication and an Equality Impact Assessment may need to be completed.
20. The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.
21. In discharging its duties under the Act, the Council has set and published Well-being objectives designed to maximise its contribution to achieving the national Well-being goals. The Well-being objectives are set out in Cardiff's Corporate Plan 2019-22: <http://cmsprd.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Documents/Corporate%20Plan%202018-21.pdf>
22. The Well-being duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met

without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

23. Cabinet must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>
24. The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.
25. Cabinet must also be satisfied that the proposal is within the Policy and Budget Framework, if it is not then the matter must be referred to the Council. All decisions taken by or on behalf the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Council Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances

HR Implications

26. There are no HR implications for this report.

RECOMMENDATIONS

The Cabinet is recommended to approve a direct award to current provider Matrix SCM Ltd (for agencies services) for a period of 12 months. The duration of this direct award will be from 8th September 2019 to 7th September 2020.

SENIOR RESPONSIBLE OFFICER	Sarah McGill Corporate Director People & Communities
	5 July 2019