

REVIEW OF CARDIFF WORKS AND MATRIX AGENCY PROVISION.

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

AGENDA ITEM: 10

Reason For This Report

1. To set out details of the review of Cardiff Works, the Council's in house agency, and to set out the proposed way forward for future delivery of the service.
2. To set out proposals to put in place a further contract with Matrix SCM Ltd for the provision of a brokerage service to provide external agency staff.

Background

3. The management of Cardiff Works transferred to Housing and Communities from HR People Services on 1st April 2019. The main aim of this transfer was to expand the role of Cardiff Works in providing temporary staff for the Council and to better align the service with the Into Work advice and training services.
4. One of the key principles in the founding of Cardiff Works was to ensure that Cardiff Council jobs are accessible to all, with a real emphasis on recruiting a diverse range of individuals from within the community.
5. Currently Cardiff Works supplies only temporary administration and clerical staff. There is an ambition to expand the service to include further roles however before any decision on this could be made a full review of the service was required to establish how this could be achieved and the best delivery model to take the service forward. The findings of this review and the proposed way forward are set out in this report.
6. External agency staff are currently provided through a contract with Matrix SCM Ltd (Matrix). Matrix does not provide agency workers directly, 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. Matrix provides a full time on site account manager for Cardiff to assist with day to day enquires. Of the £18.2 million spend on external agency staff in 2019/2020 only £128,799 was retained by Matrix.

7. The duration of the arrangement with Matrix was initially from 1st December 2016 to 7th September 2018 with the option to extend for 12 months until 7th September 2019. The contract was then awarded for a further 12 months on 8th September 2019. It was not possible to bring forward a report earlier in the year to address this issue due to the Covid-19 restrictions and governance arrangements. Therefore the contract with Matrix expired on the 7th September 2020. A new arrangement for the provision of these services is therefore required as soon as possible.

Issues

Findings of the Review of Cardiff Works

8. The review of Cardiff Works has shown that considerable change is needed to improve the service before any major expansion can be considered. The process of modernisation is underway including the digitalisation of the service, simplification of the processes and speeding up of recruitment.
9. Cardiff Works staff are directly employed by the Council and have similar terms and conditions to other Council staff, these terms and conditions are considerably better than other agency staff. As Cardiff Works is managed by the Council, the temporary staff have the same pension rights as other Council employees, as a result the on costs for pensions are significantly higher than paid by external agencies.
10. While the current arrangement does make Cardiff Works more expensive and less flexible than external agencies, individual staff do benefit from the better terms and conditions.
11. To allow different employment conditions, and therefore reduce the pension costs, a new company would need to be created that is clearly separate from the Council. The control that the council would have over this company would be limited.
12. A task and finish group was established to review all different models of delivery and the implications of each of these models. The group was made up of Council officers from Housing and Communities, Human Resources, Legal Services, Procurement and Financial Services, the review took place between November 2019 and February 2020 and the results of this review are outlined below.

Aims for Cardiff Works

13. The purpose and aims of Cardiff Works were considered to ensure any options for the future would continue to meet the purpose of the scheme. The aims of Cardiff Works were defined as follows:
 - An efficient, cost effective 'agency' service for the Council

- Encouraging young people to work for the Council, assisting with workforce planning and addressing the ageing workforce in the Council.
- To provide opportunities to those looking for work, particularly for those from more vulnerable backgrounds and for those from ethnic minority groups.
- To use temporary work as part of a pathway into employment. By linking with Into Work Services, temporary work would be part of a continuum of support alongside training mentoring and volunteering opportunities.
- To increase income generation, ensuring where possible that agency fees remain within the Council rather than being paid to external agencies.
- To offer good terms and conditions, ensuring fairness to the temporary staff working alongside council employees.

Models of Delivery

14. The different potential options for service delivery were reviewed and the implications of each option is set out below

Option 1- Retain Cardiff Works within the Council

15. In this option Cardiff Works would remain within the Council and would be modernised, enhanced and linked to the Into Work Service. The Council would be in full control of the service and could ensure that it met the key aims set out above. Staff would remain in the council and retain the same terms and conditions, including a council pension, ensuring fairness in employment, however the additional costs of this would apply.
16. Trading would be allowed with other public sector services, and it would be allowable to make a profit, not just to recover costs. No procurement process would be required for the Council to use the services of Cardiff Works however a procurement process may be needed if work was undertaken for external organisations. Any income generated would remain within the Council.

Option 2 - Create a Company with a Teckal Exemption

17. A company with a 'teckal exemption' (ie with the required control as laid down by the procurement regulations) would allow some external trading with non-public sector bodies (20% of turnover or less). Provided it complied with the 'teckal exemption', no procurement would be required for the Council to use the services, however a competitive procurement process would be likely to apply for any external work. Transfer (TUPE) of

the current council staff into the new company would be required. Council terms and conditions would apply to both existing and new staff, providing fairness in employment however the higher pension costs would not be avoided.

Option 3 - Create a Company Without a Teckal Exemption

18. Under this option full trading would be allowed, however a procurement process would be required, including for services provided to the Council. Transfer (TUPE) of the current council staff into the new company would be required. Terms and conditions of the transferred staff would be protected, and council terms and conditions may continue to apply for some new staff depending on their role. Therefore in future the additional cost of the council pensions could be avoided, however this would not meet the aim of fairness in employment. Under this option the company established would need to be independent of the Council and there would be no direct control over the operation of the service, giving less opportunity to join services together with Into Work services and to meet the aims set out above.

Option 4 - Cease to operate Cardiff Works

19. Under this option Cardiff Works would cease and all temporary staff would be recruited via Matrix external agency provision. This would produce a small financial saving for the Council overall. This option would not have any of the advantages that linking a modernised Cardiff Works to Into Work services would provide and would not meet the key aims of the scheme.

Proposed Way Forward

20. The review concluded that the key aims could best be achieved through retaining Cardiff Works within the Council and that little benefit would be achieved by setting up a separate company, given the nature and purpose of service. However it was also recognised that significant changes were needed to the service to ensure that it operated efficiently and that all the goals were met. This change, which has already commenced, would include:
 - Digitalisation of the service,
 - Streamlining recruitment processes
 - A new marketing and branding strategy
 - Increased accessibility of the service, with a public access point at Central Library hub
 - Greater visibility in the community, including attendance at jobs fairs and job clubs alongside Into Work Services.
21. In addition Cardiff Works would be further developed to fully align with Into Work Services, tailoring support to ensure that candidates are helped to become 'Cardiff Works ready'. There would be a clear focus on supporting more vulnerable individuals by linking the service closely with the into work mentors and community into work teams. A support pathway would be created to take clients from unemployment into training, volunteering opportunities, temporary jobs with Cardiff Works and then on into permanent employment.

22. Even though Cardiff Works would remain in house, there are still opportunities to create additional income and retain this within the Council, this could include:
- Delivering a wider variety of roles through Cardiff Works, such as waste management operatives and cleaners.
 - Reviewing how placements are charged for, to give service areas better value for money, whilst still generating income.
 - Exploring the provision of services to other public services, on an “ethical agency” basis
 - There is also an opportunity for Into Work Services to act as a recruiter for agencies within the Matrix framework, providing candidates from Into Work client lists. This could potentially ensure that Into work clients are given priority for new vacancies, with a small finder’s fee being retained by the service.
23. It is therefore proposed that Cardiff Works remains within the Council and steps are made to modernise and enhance the service.

Extension of the Matrix Contract

24. 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.
25. It is proposed that a direct award is made to Matrix SCM Limited for 3 years until September 2023, with annual break clauses. It is proposed that this direct award is made under the National Procurement Service (NPS) All Wales Agency Worker Framework. This will be an interim arrangement to allow the changes to Cardiff Works to be delivered and for the future need for agency services to be assessed. Retaining the same provider and avoiding significant disruption at this time will allow the service to focus on developing and enhancing Cardiff Works.
26. 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”
27. 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. Matrix SCM Ltd has therefore demonstrated that is good value for money.

28. By extending this contract using the NPS framework, rather another arrangement such as the ESPO framework, the Framework Levy will be kept within Wales. It has also been possible to improve the specification for the service to achieve added value including increased social value initiatives and targets working alongside the Into Work services. Rate reductions for longer term placement, use of mobile application for time sheet approval and the use of Matrix online systems for Cardiff Works.
29. Full recommissioning of the brokerage service will be carried out once the changes to Cardiff Works have been implemented and the level of need for external agency staff can be reassessed.

Reason for Recommendation

30. To note the review of Cardiff Works and to agree the way forward set out in the report.
31. To ensure continued provision of external agency provision by the direct award this contract for a further 3 years to the current provider, Matrix SCM Ltd as an interim arrangement. Matrix SCM Ltd have demonstrated good value for money. With the provider remaining the same this will prevent significant change and disruption at this time. As there will not be a substantial investment in staff time to implement a new provider, full focus can be used to explore fully different opportunities for Cardiff Works.

Procurement Implications

32. 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

33. The costs of using the Matrix service lies with the Directorate engaging the agency staff who will have responsibility to ensure that there are sufficient financial resources available. The Directorate currently has a £50,000 budget saving for 2020/21, which will continue to be required to be delivered.

Legal Implications

34. The reports sets out details of the review carried out by the client department. Initial legal advice was provided on options 2 and 3. There are no direct legal implications arising from the first recommendation in

this report. With respect of the modernisation referred to, further legal advice and approvals should be sought as and when necessary.

35. In respect of the second recommendation, approval is sought to award a call off contract off a framework put in place by the NPS. Any Call off contract must be carried out in accordance with the Call Off Process set out in the Framework Agreement. Legal Services are instructed that the recommendation proposed accords with the Framework Agreement and call off process. It should be noted that the terms and conditions will be those as set down by the Framework Agreement and the client department should satisfy themselves as to whether they are suitable for their requirements.

Equalities Duties.

36. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010. 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. Protected characteristics are: (a). Age, (b) Gender reassignment (c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h)Sexual orientation (i)Religion or belief – including lack of belief.

Well Being of Future Generations (Wales) Act 2015

37. 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.
38. 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. When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
39. The well being duty also requires the Council to act in accordance with a '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 compromising 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 integrated 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
40. The decision maker 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>

General

41. The decision maker should be satisfied that the procurement is in accordance within the financial and budgetary policy and represents value for money for the council.
42. The decision maker should also have regard to, when making its decision, to the Council's wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

HR Implications

43. The recommended way forward for Cardiff Works does not have any HR implications as there would be no changes to the current terms and conditions for the workforce. However, should a different option be taken then the one recommended then there are significant HR implications as Transfer of Undertakings, Protection of Employment Regulations (TUPE) would apply. There would need to be considerable consultation with Trade Unions and staff if an alternative option were to be considered.
44. There are no HR implications relating to the Matrix element of this report.

RECOMMENDATIONS

Cabinet is recommended to:

1. approve the way forward for Cardiff Works as set out in the report.
2. approve a call off contract off a NPS framework to current provider Matrix SCM Ltd (for agencies services) for a period of up to 3 years (with effect from the 1st October 2020 to 31st October 2023).

SENIOR RESPONSIBLE OFFICER	Sarah McGill Corporate Director for People & Communities
	11 September 2020