

Cabinet Meeting	
Meeting Date	09 February 2022
Report Title	Procurement of Agency Staff Services
Cabinet Member	Cllr Roger Truelove, Leader and Cabinet Member for Finance
SMT Lead	Larissa Reed, Chief Executive
Head of Service	Bal Sandher, Head of MKS HR
Lead Officer	Debbie Fallis, HR Manager
Key Decision	Yes
Classification	Open
Recommendations	1. That the Cabinet approves the appointment of Matrix SCM Ltd as the recommended provider for vendor neutral agency service provision for an initial three-year period with an option to extend for two years

1 Purpose of Report and Executive Summary

- 1.1 The current contract expired on 04 December 2021. The Human Resources team carried out a tender process based on the best performing tender evaluated on 40% price and 60% quality. The neutral vendor service provision is to provide agency staff to the Council.
- 1.2 This report seeks approval from Cabinet to enter into a new contract for the supply of agency staff.

2 Background

- 2.1 Swale Borough Council has been part of a Vendor-Neutral Managed Service contract, first with Comensura and now with Matrix for the supply of temporary agency staff through the Eastern Shires Purchasing Organisation (ESPO) and their Managed Services for Temporary Agency Resources (MSTAR) framework since 2012.
- 2.2 A Managed Service route provides a controlled approach to the management of agency staff. This results in the following benefits: -
 - Adherence to procurement procedures
 - A master database of the agency workers, their pay rates, the commission charged, the length of time in post
 - Comparisons can be made with respect to pay and benefits between agency workers and also between permanent staff to capture a true picture of the establishment

- Improved management control and visibility
- Improved administration procedures by reducing the volume of invoices
- Reduction in risk from the employment of agency staff
- Improved reporting procedures

2.3 'Vendor-neutral' means that the company act as a third party, they are not a direct employer and provider of agency staff but act as a matching service between a company need for temporary staff and an agency's ability to provide workers. The benefits of a vendor-neutral arrangement are: -

- Access to a number of independent recruitment agencies who submit candidates for roles
- Allows clear competition from agencies
- Allows for an equal playing field for smaller agencies to compete

2.4 The contract with our current supplier Matrix SCM Ltd ended on 04 December 2021. A temporary extension is in place.

2.5 The spend for both councils with Matrix SCM Ltd and other agency suppliers is detailed below:

2020/21	Matrix
MBC	£260,000
SBC	£353,500
Total	£613,500

2.6 In accordance with the principles of good governance and procurement standards the contract has now been re-tendered. This was undertaken using the help and assistance of the Maidstone procurement team on behalf of Maidstone and Swale councils. The decision was taken to continue with a vendor –neutral managed service provider rather than a preferred supplier agency (i.e. where that agency is the direct employer of all the agency staff supplied) as the range and access to specialist skills is greater.

2.7 The opportunity was advertised in accordance with Maidstone Borough Council's current contract standing orders, with interested parties asked to complete an Invitation to Tender. Four tenderers replied.

2.8 Three tenderers were non-compliant tenders and were excluded from the process.

2.9 The remaining compliant tenderers submission was reviewed, and it was agreed that their submission was satisfactory and met the service requirements.

2.10 Some key additions to the new current contract with Matrix will be:-

- Matrix are required to bring on board specialist agencies who have relevant skilled workers who would be able to fulfil the required roles.
- The councils will continue to have off contract spend to ensure roles are filled.
- The rates applicable to be paid by the councils if temporary staff are made permanent have reduced to the supplier only in circumstances where a charge is legitimate are:

0-5 weeks 10% (was 12.5%)

5-10 weeks 5% (was 7.5%)

10-14 weeks 2.5%

14 weeks + no charge

2.11 Matrix SCM Ltd hold contracts with authorities close to Swale and Maidstone Councils, including Ashford Borough Council, Thurrock Council, Essex County Council and Basildon Council. They are keen to ensure that the use of local agency staff is encouraged and demonstrated a good customer understanding.

3 Proposal

3.1 Cabinet is requested to approve the proposal to enter into a contract with Matrix SCM Ltd for 3 years with the option to extend the contract for a further 2 years, totalling 5 years subject to satisfactory performance.

4 Alternative Options

4.1 The decision could be to carry out a procurement exercise to appoint multiple agencies. However, this will cause additional cost implications by departments paying any agency rates that are quoted, administration of more invoices as these will no longer be managed through one central point, and increased costs of appointing agency staff to permanent roles as finders' fees will be applied.

5 Consultation Undertaken or Proposed

5.1 Managers who regularly make use of agency staff, the Procurement Team, and the Strategic Management Team have been consulted in preparation of this report.

6 Implications

Issue	Implications
Corporate Plan	Appointing a contractor that meets a good quality standard and provides good value for money contributes towards all the corporate priorities as it ensures that the staff resources of the Council's assets are optimised.

Financial, Resource and Property	Anticipated annual spend on the contract is £500,000. The total contract value for the three years is therefore, estimated as £1,500,000.
Legal, Statutory and Procurement	<p>The contract will be the standard Council contract and undertaken using the Council's current Terms and Conditions.</p> <p>There is a requirement under the Agency Workers Regulations 2011 to ensure that agency workers that have a minimum 12 weeks service are given the same basic employment conditions as permanent staff. Matrix has developed software to manage the regulations and track the length of assignments so that we are compliant with the regulations.</p>
Crime and Disorder	None identified.
Environment and Sustainability	None identified.
Health and Wellbeing	None identified.
Safeguarding of Children, Young People and Vulnerable Adults	None identified.
Risk Management and Health and Safety	Not using a neutral vendor for supply of temporary staff will have a significant impact on the control and governance of the process for resourcing agency staff. There will be a risk of not being able to accurately report on agency spend as this will no longer be reported centrally through one system, and the risk of inadequate checks being carried out before being appointed to jobs. In addition, there will be issues on providing responses to FOI requests.
Equality and Diversity	There are no equality and diversity implications in assigning the contract to Matrix.
Privacy and Data Protection	Matrix currently meet the required Privacy and Data Protection requirements.