



Report to: Cabinet, 21st March 2017

Report of: Councillor Joy Squires, Cabinet Member for Performance and Resources

Subject: PROCUREMENT OF TEMPORARY AGENCY STAFF – KEY DECISION

1. Recommendation

1.1 That Cabinet approve the award of a temporary agency staff service contract to Matrix SCM Limited.

2. Background

- 2.1 Some of our front line service jobs, particularly in the Cleaner and Greener Service, need to be filled by temporary workers during periods of unplanned absence in order to maintain service standards. The Council have been using Matrix SCM Limited for this purpose since 2011 and the Council's managers are familiar with the systems and its use.
- 2.2 The Council is currently using a vacancy control process to manage staffing costs. In the medium term we expect the outcomes of the Transformation Programme and our Investors in Excellence work to build in additional workforce resilience and flexibility and thus reduce the need for agency cover. For the near future we need to be able hire additional cover cost effectively.
- 2.2 Matrix SCM Limited is a Managed Service Provider (MSP) which acts as a conduit between the client requiring agency staff and a wide range of temporary agency companies in order to provide the client with all of its agency worker requirements from one central contact point.
- 2.3 One of the key benefits of using an MSP based service is that all agency staff can be tracked and reported via a web-based system to which Council managers would have access. This enables managers to effectively manage agency staff and comply with regulations.
- 2.4 The use of an MSP service is a more cost effective than dealing with temporary agencies direct. MSPs have negotiated much lower agency fees on behalf of their clients than managers at the Council are able to negotiate independently. This is due to the volume of agency staff being procured for all the MSP clients across all the relevant agencies.
- 2.5 There are a total of seven MSPs on Lot 1 of this EU compliant ESPO (Eastern Shires Procurement Organisation) framework that offer this service. The Procurement team has carried out a full evaluation of the other six MSPs against Matrix SCM Limited using the Lot 1 Framework Pricing schedule, and Matrix SCM Limited was found to

offer best value in terms of quality of service and price. A confidential evaluation report is set out in **Appendix 1** to this report.

- 2.6 In addition, Matrix SCM Limited have a web-based system which allows Service team managers to track agency staff so that they can be managed within the new regulations. The system also provides visibility and control at a corporate level so that the HR team can monitor agency staff and support service team managers where required.
- 2.7 The duration of a contract under the terms and conditions of the ESPO MSTAR² framework can be up to a maximum of four years. However due to possible options to collaborate with other local councils in the future, which would potentially generate greater savings via a mini competition, a one year contract with an option to extend by 12 months is the preferred option.
- 2.8 The average annual spend for the Council through Matrix has been around £300,000. Consequently the estimated value of this contract is between £300,000 and £600,000. This is in excess of the EU procurement threshold, making approval of the procurement a Key Decision.

3. Preferred Option

- 3.1 That the Council award a one year contract to Matrix SCM Limited with effect from 1 April 2017 for the provision of temporary agency staff services, with an option to extend the contract for a further year.

4. Alternative Options Considered

- 4.1 Carrying out a full competitive tendering process was considered and rejected on the basis that the transformation work in Cleaner and Greener means that our temporary worker requirements in the future could be very different and we would not want to be locked into a contract that was no longer suitable. In addition we would not achieve the same level of savings as a Framework would provide due to the economies of scale achieved by ESPO.
- 4.2 Holding a mini competition was considered and rejected. The Managed Services for Temporary Agency Resources MSTAR² Framework offers the option of either placing a direct call-off the framework or running a mini-competition. The mini competition would only be necessary if our requirements varied significantly from the core specification and/or we had additional requirements. As our requirements however do not vary from the core Specification provided by ESPO, a mini competition would not be appropriate for this contract time.

5. Implications

5.1 Financial and Budgetary Implications

The financial details relating to the award of this contract are set out in the confidential **Appendix 2**. The Section 151 Officer has been consulted and confirms that this contract provides best value in terms of quality and price.

5.2 Legal and Governance Implications

The value of this contract is estimated at potentially up to £600,000 so the contract award process must be compliant with the Public Contracts Regulations 2015. Using the ESPO framework complies with the Public Contracts Regulations 2015 and the Procurement Code. This proposal has been reviewed by the Monitoring Officer who is satisfied that this meets our statutory obligations under procurement legislation.

The estimated contract value makes this a key decision.

5.3 Risk Implications

Use of a MSP enables us to cover front line staffing gaps in a value for money way.

5.4 Corporate/Policy Implications

Being able to quickly fill front line service gaps makes a particular contribution to theme 4 'A Heritage City for the 21st Century' and theme 5 'Sustaining and Improving our Assets.'

5.5 Equality Implications

None identified.

5.6 Human Resources Implications

Use of a MSP allows us to quickly and cost effectively fill human resource gaps. Matrix only supply PAYE paid employees which means we do not need to consider the IR 35 regulation changes.

5.7 Health and Safety Implications

Matrix SCMs processes ensure that workers supplied have the necessary training and certification to operate safely.

Ward(s): All
Contact Officer: Mark Edwards – 01905 722042
mark.edwards@worcester.gov.uk
Background Papers: None