

**Please note Part 2 report is now confidential appendix**

## **London Borough of Enfield**

**Portfolio Decision**

**Part 1**

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**Subject: Extension to current contract for the provision of agency workers CE 20/035**

**Cabinet Member: Cllr Maguire**

**Key Decision: KD 5274**

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### **Purpose of Report**

1. To approve an extension to the current contract for the provision of agency workers for a period of 1 year with Matrix SCM (Supply Chain Management) ("Contractor").

### **Proposal(s)**

2. To extend the current contract with Matrix SCM for the provision of agency workers for a period of 1 year from 1<sup>st</sup> February 2021.

### **Relevance to the Council's Plan**

#### **3. Good homes in well-connected neighbourhoods**

- The Council's current provider of agency workers, Matrix SCM, work to improve the employability skills of local residents as detailed further below.
- They work to improve the diversity of the agency workforce supplied to the Council by for example partnering with local disability groups to increase work opportunities.
- In addition. they promote their digital demand site so residents can search for work opportunities in the local area.

#### **4. Safe, Healthy and confident communities**

- Improving employability skills of residents will support strong and healthy communities.
- Matrix SCM commit to a community initiative per quarter- e.g. visiting the elderly community at risk of loneliness, food bank initiatives, specific local projects etc.
- They also partner with a local charity to assist with fundraising campaigns and awareness.

## **5. An economy that works for everyone**

- Matrix SCM work to encourage further small and medium sized enterprises (SME's) to join the supply chain. Currently approx. 32% of placements are with a local supplier and 35% are local placements.
- Approximately 80% of the whole supply chain to all their customers are via SME's and offer early payment terms to support them.
- They work to improve the employability skills of residents from different community groups- e.g. careers fairs, mock interviews, employability workshops etc.

## **Background**

6. The Council's current contract for the provision of agency workers was awarded to Matrix SCM on 1<sup>st</sup> February 2019. This was for a 2-year period with the option to extend for a further 2 years on an incremental basis of 1 year + 1 year. This current contract expires on 31st January 2021.
7. The decision to extend the contract was delegated to the Cabinet Member for Finance & Procurement.
8. As the current contract expires on 31st January 2021, the Council needs to extend this for a period of 1 year in order to ensure there is on-going provision of agency workers. This extension would expire on 31<sup>st</sup> January 2022.
9. Matrix SCM manage a supply chain of agencies to provide agency workers to the Council in all job categories (except schools).
10. It is important to note the purpose of a supply chain management company is to manage the agencies that supply workers to the Council, they do not directly supply workers themselves. A supply chain management company has more buying power than a single organisation would be able to procure.

## **Main Considerations for the Council**

11. The Council's agency worker reduction strategy has been successful to date in reducing the number of long term agency workers. Since July 2020, the number of long term agency workers has reduced from 42 to 6. This strategy will continue to be prioritised to see further reduction in the reliance on agency workers and the associated costs. Urgent staffing requirements due to Covid-19 has seen the need for short-term resource to support services, initiatives such as track & trace, mass testing sites and absence cover.
12. Whilst major steps are being taken to cut down reliance on agency workers through the agency worker reduction strategy, it is acknowledged that in some cases the use of agency workers is unavoidable. Such areas as Social Care with Care Workers/Social Workers being needed at short notice to cover staff absence and maintain statutory responsibilities; similarly, the

General Industrial and Driving categories of workers are required at last minute to cover absences and seasonal work. There are also industry standards in certain Professional and Technical professions where permanent employment is not the market industry norm, and professionals move from project to project with a variety of organisations.

13. Therefore, whilst the expectation is for the agency spend to reduce over the course of this contract extension, it is acknowledged that there will still be a need for the provision of agency workers in order to keep flexibility in the workforce.
14. Spend and savings figures can be found in Part 2 of this report.
15. Throughout the extensions to this current contract, considerations and plans will be made to procure the next contract.
16. Matrix SCM work to a vendor neutral model, this generates competition by releasing recruitment orders to tiered agencies in a procured supply chain simultaneously (in order of tiers). This enables the agencies to openly compete for the booking, keeping rates (costs) down by standardising them and increasing the potential through open competition for the highest quality of worker. Matrix SCM focuses on managing the effectiveness of the supply chain both in terms of quality and cost and tier them in accordance of overall performance. Reviews happen monthly, and the agencies are re-tiered frequently to ensure optimum performance and best value.
17. Matrix SCM have a contract with each agency, ensuring compliance of certain terms and conditions. These include aligning to the standard costs set out in their winning bid, a requirement to meet the Council's recruitment standards in terms of vetting (e.g. Disclosure & Barring check for working with the vulnerable, evidence of professional qualifications, full work history, at least two references, BPSS etc), additionally to provide photo ID available to view via the system prior to the start date of a worker, appropriate testing, personal protective equipment where necessary, equality of opportunity and compliance with legislation. These checks are all audited before a candidate can commence work.
18. Matrix SCM engage and work proactively with the supply chain to engage with the local community and to increase work opportunities for local people and increase diversity in this workforce. Please see points 3-5 above for further details.

### **Safeguarding Implications**

19. Full safeguarding measures are taken in the provision of agency workers in line with the Council's commitment to safeguarding and safer recruitment. The agencies are required to upload all ID documents, references and DBS checks where required. These are audited by Matrix SCM and viewed and approved by the recruiting manager before a worker can commence their placement.

## **Public Health Implications**

20. Agency worker placement with the Council provide further opportunity for residents to access work in the borough.

## **Equalities Impact of the Proposal**

21. For the original Cabinet report attached, corporate advice was sought in regard to equalities and an agreement was reached that an equalities impact assessment/analysis was not relevant or proportionate for the approval of this contract. However, it was noted that the contract will ensure that there shall be no discrimination against any person with respect to opportunity for employment under the Equality Act 2010.

## **Environmental and Climate Change Considerations**

22. Continuing to engage local workers will mean shorter journeys to work.

## **Risks that may arise if the proposed decision and related work is not taken**

23. The Council will not have a contract in place for the provision of agency workers.
24. If there is no centralised contract, then managers could directly use any agencies to obtain agency workers- this would mean no reduced payment rates, no management information and no compliance of right to work and safeguarding checks.

## **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

25. The key risk is if Matrix SCM perform poorly during this contract extension. However, as they are the Council's incumbent supplier, their performance is known and there have been no issues over the last few years. We will ensure the risk is further mitigated by having performance monitoring in place and will hold regular meetings.

## **Financial Implications**

26. Noted in Part 2 of this report due to commercial sensitivity.

## **Legal Implications**

**ZNS 7 January 2021 (based on updated report received on 07 January 2021 at 14:01).**

27. The Council has the power under s.1(1) Localism Act (2011) to do anything individuals generally may do providing it is not prohibited by legislation and subject to Public Law principles and there is no express prohibition, restriction or limitation contained in any statute against use of the power in this way.

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This power includes the power to extend the term of a contract for a further year. Furthermore, the Council has power under the Local Government Act 1972 to appoint such officers as it thinks necessary for the proper discharge by the authority of such functions as fall to be discharged by them. The proposal in this report will enable the Council to fulfil its duty by extending the contract which is incidental to the discharge of its functions.

28. The Council will be mindful of the Agency Workers Regulations 2010 which provides agency workers certain rights depending on their period of engagement. Officers will need to ensure that sufficient departmental budget is available prior to the appointment of agency workers pursuant to the terms of the contract.
29. The Council must comply with all requirements of its Constitution (including its Contract Procedure Rules). The proposed extension for the contract for a further period of one year is in accordance with the initial contract terms. Furthermore, the Public Contracts Regulations 2015 (Regulation 72(1)(a)) and/or (Regulation 72(1) (e)) permits such extension.
30. Throughout the engagement of the Contractor the Council must comply with its obligations of obtaining best value, under the Local Government (Best Value Principles) Act 1999.
31. As the value of the variation to extend the contract for a further period of one year ending in 31 January 2022 exceeds the Key Decision threshold of £500,000, the Key Decision process must be followed, and the extension must be executed as a deed.
32. The variation agreement must be documented in a form compliant with the Framework terms and approved by legal services on behalf of the Director of Law and Governance.

### **Workforce Implications**

33. It is acknowledged that the Council will continue to require the provision of agency workers in order to ensure flexibility within the workforce. Matrix SCM is able to ensure compliance to all relevant legislation and the Council's safeguarding strategy, working with suppliers to ensure quality workers are sourced quickly and efficiently.

### **Property Implications**

34. **None**

### **Other Implications**

35. **None**

### **Options Considered**

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36. Alternative Frameworks such as Yorkshire Purchasing Organisation (YPO) and MStar 3 were considered, however given that Matrix SCM has performed well over the last 2 years, supporting the Council in making savings through re-tendering exercises – see Part 2 of this report for to date and future savings- it would be beneficial to extend the current contract.
37. Another consideration was for the Council to undertake its own tendering exercise. It was considered that if the Council were to tender independently this would create a risk of not sustaining the current savings made under the current agreement as there would not be little buying power available to the providers. The risks associated with undertaking a full procurement process in accordance with EU procurement rules are predominantly financial, in terms of resource and time; it is likely to take approximately 12 months. The council would be unlikely to procure better rates than those already contained in the frameworks available to us.
38. The consideration to take this in-house and run this ourselves was rejected due to the limited options available at this time for the software to facilitate this. The next generation of agency contract frameworks after the current extension periods will have this option included and should be explored in the next tender process.

## **Conclusions**

39. There are many benefits to reappointing the Council's incumbent provider. Alongside further savings for the Council, it should also be noted that there will be savings in time and resources as there will be no implementation period or training required for managers across the Council.
40. Matrix SCM have the requisite experience of the recruitment agency market and already has an established supply chain of over 400 agencies and has experience of working with a number of other London Boroughs. The Council has been very satisfied with the performance of Matrix SCM during the contract period and have no hesitation to recommend working with them once again.
41. To conclude, it will be of benefit to the Council to extend the current contract for a further year for the provision of agency workers with Matrix SCM.

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**Appendices: Restricted Appendices**  
**Background Papers**  
**CE 20/035**

## Cabinet Report 2018