



CABINET

Subject Heading:	Extension of Contract for the Supply of Temporary Workers and Consultants
Cabinet Member:	Cllr Ray Morgon Leader of the Council
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Policy Context:	N/A
Financial Summary:	Annual spend of c.£24m
Is this a key decision?	Yes, due to financial value
When should it be reviewed?	January 2025
Reviewing OSC:	Overview and Scrutiny Board

The subject matter of this report deals with the following council objectives:

People - Things that matter for residents	[]
Place - A great place to live, work and enjoy	[]
Resources - A well run Council that delivers for People and Place.	[X]

SUMMARY

- 1.1 This report asks Cabinet to approve a contract extension for two years on the existing contract with Matrix for the supply of temporary workers and consultants via the ESPO Mstar3 London Collaboration call-off.
- 1.2 The original decision from Cabinet to award the contract to Matrix was made on 27th January 2021 and the go live date of the system implementation and transition to the new provider was 26th July 2021.
- 1.3 The original decision from Cabinet was made to award the contract to Matrix for two years from 2021 until 2023 with an option to extend by a further two years until 2025.

RECOMMENDATIONS

For the reasons set out in this report, it is recommended that Cabinet agree:

That the existing contract with Matrix is extended by a further two years to 26th July 2025 by which time a new procurement process can take place to ensure that the most cost effective contract is delivered moving forward.

REPORT DETAIL

1 Background

- 1.1 The original decision from Cabinet to award the contract for the supply of temporary agency workers to Matrix was made on 27th January 2021 and the go live date for the system implementation and transition was 26th July 2021.
- 1.2 The council then exercised the option to utilise the Matrix Managed Marketplace for consultancy services that was part of the existing contract and this was approved on 24th February 2022 by way of a key decision.
- 1.3 The original decision was made to award the contract to Matrix for two years with an option to extend by a further two years.

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- 1.4 Since then and from 26th July 2021 to 31st December 2022, the contract has delivered savings of £529,005 compared to the previous contract and the new system of working has been welcomed by managers.
- 1.5 In addition, the agency rates and the fee to Matrix are fixed for the duration of the contract representing an immediate saving on the contract spend as the rates are not increasing in line with current inflation rates.
- 1.6 The latest customer satisfaction survey from Matrix showed 68% of responders were very satisfied and 32% were somewhat satisfied with the service that they receive from the Matrix account management team.
- 1.7 Direct quotes from managers who responded include:
 - “Support on Matrix is great and extremely helpful”
 - “the team are very responsive and helpful. Very happy with the support we get”
 - “incredibly helpful and really goes the extra mile to sort things out”
- 1.8 Managers now have access to a much wider pool of candidates and agencies through use of the Matrix portal and improved and sustainable margins for the supply chain.
- 1.9 It is recommended to extend the contract by a further two years to 26th July 2025 by which time a full review of options available can be undertaken and a new contract awarded that ensures that further cost and quality efficiencies are delivered.
- 1.10 The Council is committed to reducing the use of temporary workers and consultants and building a stable, highly-skilled permanent workforce. Nevertheless, there will always be circumstances where the use of temporary workers or consultants continues to be necessary or appropriate – for example, where the Council requires access to specific skillsets for a defined period of time, or where there are challenges recruiting and retaining suitable permanent employees.
- 1.11 Matrix and one source have worked in partnership to support and guide managers to achieve that.
- 1.12 Matrix have also worked with the council to deliver social value in the community through a range of initiatives including CV writing workshops, interview training, and participation in local careers events.

REASONS & OPTIONS

2 Reason for the decision

- 2.1 Since the Cabinet decision in January 2021, officers have worked closely with managers and Matrix to implement and embed the new contract and a new way of working.
- 2.2 The contract has been successfully managed by one source and savings of £529,005 on the spend from the previous contract have been achieved.
- 2.3 Matrix have been performing well against the provisions of the contract since go live in July 2021.
- 2.4 The original framework from ESPO that this contract was drawn down from is being reproced and is due to go live in April 2023 at which point the council will have further options for reprocurement.

3 Other options considered

- 3.1 As the current provider is performing well, it would not be prudent to undertake a full reprocurement exercise at this stage. An extension of the existing contract will allow time for a full procurement exercise to be undertaken in 2024.

IMPLICATIONS & RISKS

4 Financial implications and risks

- 4.1 The Council are currently paying Matrix approximately £0.123m per year. This is based on spend between 1st October 2021 and 30th September 2022 of £24.36m which is broken down as follows:
 - £1.40m Agency Margins;
 - £22.837m Agency Workers Pay and Statutory Costs; and
 - £0.123m Matrix Fees
 - TOTAL £24.36m

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- 4.2 The agency rates and the fees to Matrix are fixed for the duration of the contract and will not increase in line with current rates of inflation representing an immediate cost saving to Havering.
- 4.3 The actual cost of the contract will depend on the number and type of temporary workers and consultants engaged over the contract period. The most effective way of reducing the spend associated with this contract is to reduce the number of agency workers employed by the Council and in this respect the current contract provides useful management information to help achieve that aim.
- 4.4 There is no separate budget for temporary workers and consultants or the margin and management fee associated with their use. Directorates are expected to contain these costs within their agreed salary budgets.
- 4.5 Since the contract started in July 2021 (and up until the latest data available as at December 2022) the contract has delivered savings in the region of £0.529m – this figure has been calculated by applying the previous contract rates to spend incurred under the new contract.
- 4.6 By extending the contract for two years the costs associated with re-procuring are deferred.

5 Legal implications and risks

- 5.1 The Council has a general power of competence under Part 1, Chapter 1 of the Localism Act 2011, which gives it the power to act as an individual would, subject to other statutory provisions limiting or restricting its use of such power. The recommendations in this report are compatible with the exercise of this general power of competence.
- 5.2 The option to extend the term was contemplated at the time the contract was awarded and the contract enables the parties to extend the initial 2 year term until July 2025. The proposed extension is therefore in compliance with the limitations imposed by the Public Contracts Regulations 2015 and Regulation 72(1)(a) in particular.
- 5.3 To extend this contract, the Council will need to give the Service Provider at least three (3) months' written notice of such intention before the expiry of the Initial Term.

6 Human Resources implications and risks

- 6.1 These are addressed throughout the body of the report.

7 Equalities implications and risks

7.1 Under section 149 of the Equality Act 2010, the Council has a duty when exercising its functions to have “due regard” to:

- the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- the need to advance equality of opportunity between persons who share protected characteristics and those who do not; and
- the need to foster good relations between those who have protected characteristics and those who do not.

7.2 The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

7.3 The original procurement process for the supply of temporary workers and consultants took full account of the Council’s duties, which was reflected in the contract awarded to the successful supplier.

8 Health and wellbeing implications and risks

8.1 There are no significant implications or risks to consider.

9. Environmental and Climate Change implications and risks

9.1 There are no significant implications or risks to consider.

BACKGROUND PAPERS

1. Previous report to Cabinet dated 27th January 2021
2. Key Executive Decision dated 24th February 2022