

# Charity Sector Recruitment: How To **Reduce Risk** And Get Greater Control Over Costs

## Introduction

*“Today, some of the UK’s largest charities stand at a crossroad.*

*Recent high-profile scandals have called into question whether they are doing enough to protect vulnerable recipients of their services from rogue workers. This comes at a time of increasing scrutiny as to whether they are spending donations effectively. Public trust and confidence has been eroded and corporate donations are falling.*

*More than ever, the sustainability of a charity depends on its reputation in two key areas:*

*The first is how effectively it spends donations on charitable causes, of which staffing costs form a significant and frequently controversial part.*

*The second is how effectively it minimises safeguarding risks by ensuring the people they hire are safe to work with the people they are trying to help.*

*This report has been written to help charities understand how they can achieve these objectives. Some charities depend on a contingent workforce to deliver health and caring services where agency workers are frequently those involved in the front line of delivery - a significant portion of the operating costs.”*

— Chris Grimes, Sales Director, Matrix SCM

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# What Stops Charities Getting Greater Control Of Cost And Risk In Recruitment?

Many charities have a supply chain that has evolved by accident rather than design. It is quite likely you source staff through multiple agencies under different arrangements which make it hard to see recruitment in its totality. Without full visibility of what you are spending, where you are spending it, and why, it is impossible to control agency costs. Here are the 6 common barriers which get in the way of greater control of cost and risk.

## 1. Inconsistent, Scattered Data From Multiple Agencies

In our experience, a scattered recruitment supply chain leads to imperfect data about recruitment and people costs.

Without the repeat collection of consistent data across all agencies in the supply chain, charities are unable to analyse spend, understand resourcing trends, plan resources and identify opportunities to improve people resourcing overall.

## 2. Commercial Knowledge

Many organisations in the charity sector are in the early stages of their journey of working with a Managed Service Provider or Neutral Vendor – if indeed any such arrangement is in place at all.

While this can give some control over spending, in our conversations with charities, it is not unusual to find organisations who are paying disproportionately high fees or don't have the right service levels in place from their supplier.

## 3. Approach To Hiring

Typically, recruitment delivered by multiple agencies – whether this is directly or through a preferred supplier list – is expensive, time-consuming and does not give the hiring charity control or visibility over the supply chain.

One particular risk with this arrangement is that recruitment agencies normally have a vested commercial interest in controlling worker supply. In hard-to-fill roles – particularly nursing, unqualified social and healthcare – it is not uncommon for candidates to be held back, prompting the charity to make an expensive distress purchase.

It is therefore a situation which can lead to charities regularly being 'played' by agencies for higher fees, often without their knowledge.

## 4. Inadequate Worker Compliance Checks

This is a critical area for every charity but one which can be time-consuming to manage. By law, every employer must check the right to work in the UK but for charities, criminal background checking or verification of professional qualifications is just as important.

To manage the time element of this area of compliance, many 'Master Vendor' agencies conduct retrospective, sample-based, compliance checks.

However, this approach increases the risk a charity might appoint a worker who does not comply with employment rules or who poses a safeguarding risk.

## 5. Lack Of Internal Controls

Even with the right data, a charity cannot effectively control recruitment spend unless it builds clear protocols into the hiring process at the time of hiring.

These should clarify how long contracts should last and how or whether they can be extended. Without these controls, it is easy to waste time and money correcting overcharging errors.

## 6. Low Adoption Of Digital Processes

The final barrier to better control over recruitment risk and costs is the reliance on paper-based processes and record keeping or where these are enabled by technology systems which do not talk to each other.

Many charities do not have the technological capability to fix this problem so they can provide detailed reports on spend and worker compliance.

# Here Is A Summary Of The Three Main Approaches To Recruitment

Which best describes how your organisation currently recruits and which would best meet the current and future needs?

## Informal Ad-hoc Arrangement / PSL

A low cost but a hugely time-consuming approach to recruitment. The charity takes responsibility for managing recruitment and their relationship with supplier agencies. It tends to be used by organisations with limited agency spend.

## Master Vendor Single Supplier

Charities outsource recruitment to a large brand agency that manages a supply chain of other recruitment agencies. The charity deals with a single point of contact which reduces demand on internal HR resource. On the other hand, the lead agency has a vested interest in its own commercial success.

## Neutral Vendor Managed Service

A tailored solution that offers all the benefits of a MSP with regard to size of talent pool and economies of scale without a vested interest in any single agency getting the business.

- Increased choice and quality of candidates;
- Greater access to diverse supply chain and SME suppliers;
- Greater visibility over spend and usage of agency;
- Transparency in pricing;
- Compliance checks;
- Ease in filling hard-to-fill vacancies;
- Management information.



## A Cornerstone Of Charity Sustainability Is Its Ability To Control Risk And Costs

Perhaps more than any other sector, charities must rely on trust. In particular, the trust of the public that money donated will be spent on the charitable cause, and that the charity does good, not harm, to those it sets out to help. Without trust, donors withdraw support - cutting off the income a charity needs to deliver its services. In the current environment where there is a high level of scrutiny around charities, we see three major implications for risk control in their recruitment.

### Greater Scrutiny Over People Costs

Increasingly, the public wants to know about what percentage of donations is spent on the charitable cause and also what difference this spend has made.

For charities heavily involved in the delivery of front line services, this may put an uncomfortable spotlight on the wage bill, particularly with regard to the costs of the agency workers they use. It is not only critical to understand the value of this spend but which areas can be reduced.

### A Higher Bar For Safeguarding

Beneficiaries of charitable causes are often vulnerable people who have the right to be protected from potential abuse by a charity worker. Charities must be able to demonstrate they have the correct processes in place to minimise the risk of hiring or extending a contract for any worker who poses a risk to safeguarding.

Almost 30 of the largest UK charities have committed to new principles designed to increase the effectiveness of safeguarding measures. These principles include the, *full disclosure of all safeguarding concerns at the earliest opportunity*.

It is only a matter of time before more charities, irrespective of size feel compelled to follow their lead. It is highly unlikely that any charity yet to digitise hiring vetting and referencing processes will be able to comply with new requirements.

### An Increased Risk For Charities Focused On Health And Care Giving

Services that deliver round-the-clock care tend to be staffed through a temporary workforce of nurses, health workers and unqualified social carers. Staff whose role requires them to provide intimate care for the most vulnerable members of society are potentially at greatest risk from safeguarding concerns.

Charities providing these services must ensure, as a priority, that they have the systems in place to demonstrate compliance and flag any safeguarding concerns as they arise.



# How Can A Charity Reduce Risk And Control Spend?

Based on our experience working across the charity and local authority sectors, there are 8 steps charities can take in order to reduce risk and control spend in recruitment supply chains.

# How Matrix Helps Clients Protect Their Reputation And Deliver Sustainable Services

## 1. Take Back Control Of The Supply Chain

Procure through a Neutral Vendor who will standardise agency fees, rates of pay and terms and conditions across the supply chain.

This way of buying recruitment services prevents agencies from controlling the supply of workers, dictating fee rates and creating distress purchases.

Neutral Vendors do not show preference to a single agency, meaning you get the best pool of candidates to choose from rather than those registered with a particular supplier.

## 2. Practice Commerciality With A Conscience

Involve experienced procurement staff to strengthen commercial negotiations with a Neutral Vendor.

Outsource this requirement if you do not have this skill in house. They will secure the best fee margins, service levels and ensure there are no hidden costs.

## 3. Aim For Full Transparency Of Recruitment Spend

Comprehensive data across the entire supply chain helps Finance and HR make more informed decisions.

Without full visibility of spend it is not possible to control costs or justify difficult decisions between cost and service delivery.

## 4. Ensure Every Worker Is Fully Compliant

This must happen before starting work or renewing a contract. Store vetting and reference records in a format that can be easily shared with another employer.

## 5. Using The Data Can Help You Anticipate Resourcing Issues

Regular analysis of detailed management information will enable you to anticipate trends, deploy staff effectively and find alternative solutions to fill hard-to-fill roles quicker.

Understanding your supply chain means you can nurture it - a supply chain must be nurtured to ensure it is sufficiently large and diverse to deliver specialist workers and remain sustainable.

## 6. Automate End-To-End

Adopt technology that will enable you to manage and monitor budget approval and agency worker requests. Configure the technology to support process efficiency and user compliance with process.

## 7. Report Spend And Compliance To The Public and Regulatory Bodies

Technology can simplify this process. By implementing a technology solution which can capture the right data across the entire supply chain, you can quickly deliver the insight you need to demonstrate funds raised are spent well and compliance with safeguarding processes.

## 8. Review Your Policy Around Recruitment

Charities should consider putting policy protocols in place around the decision to hire, find an alternative solution, extend a contract, compliance and pay.



### Compliance

Every worker guaranteed to be fully compliant with right to work / safeguarding before appointment.



### Supply Chain

Build and manage a compliant supply chain.



### Management Information

Analyse weekly management information reports.



### Collaboration

Encourage collaboration between clients.



### Brand

Build brand as charity of choice.



### Supply Of Workers

Manage supply of workers for large scale – contingent events.



### Response

First line response to emergency situations.



### Advice

Provide strategic advice.



### Diversity

Build diversity in the supply chain.



### Help And Support

Dedicated Account Manager and Operations Team available 24/7, 365 days a week.

# How To Gain Greater Control Of Safeguarding

If the recent scandal in Haiti showed the world one thing it is this - how a small handful of rogue workers can destroy the good reputation of a charity overnight. The fallout for those charities caught up in the scandal has been catastrophic and reported extensively by the media.

Government awarded contracts have been withdrawn, celebrity endorsements retracted and millions of pounds lost in donations, prompting difficult decisions to cancel some projects. Charities that have spent years building a reputation for helping vulnerable members of society find themselves tarnished with failing to protect and in some cases doing harm to the very people they set out to help.

## What Can Charities Learn From The Safeguarding Scandal?

Calling the scandal a ‘wake up call’ the Secretary of State for International Development, Penny Mordaunt, is calling for every charity to do more to ensure vulnerable people are protected. While the top 20 international aid development charities have committed to new safeguarding principles, it is an issue that every charity must address, or risk irreversible damage to their reputation.

As a starting point, trustees should challenge themselves with the following questions.

### Does Our Charity Have:

- 1. A fail-safe system to ensure and concerns over a former employee’s suitability are shared with potential employers and relevant regulatory bodies?
- 2. The ability to log and where appropriate share ‘records of concern’ on an employee with Hiring Managers?
- 3. A culture that encourages staff to discuss with management any concerns they may have over a colleague’s conduct?
- 4. Protocols around the hiring process that prevent a Hiring Manager from appointing a worker for whom records of concern have been raised?
- 5. Regular reviews of any records to concern raised to ensure they have been dealt with appropriately and analyse for trends that may indicate the need to remind staff of safeguarding policies and what conduct is expected of them?

## Matrix Supports Trustees To Fulfil Their Safeguarding Governance Duty

Matrix ensures that every worker, without exception, is ‘safe to work’ before taking up post:

- 1. On appointment, Matrix agrees with an employer what pre-employment checks must be conducted across all roles.
- 2. The outcome of every pre-employment check is digitally recorded on our system. This enables trustees to check and report compliance status, and HR managers to share an employee’s status with a potential future employer, or hiring managers across the charity.
- 3. Line Managers raise and record any concerns over a worker’s suitability via the timesheet evaluation element of the system. This ensures that ongoing review of worker compliance is built into the system by design, as timesheets cannot be passed for payment until they have been approved. Contracts cannot be extended without first checking worker suitability.
- 4. Conduct an annual audit of stored compliance data. Non-compliance results in a failed audit and any non-compliant workers have to remain off site.



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