

**REPORT TO:** Executive Board

**DATE:** 18<sup>th</sup> November 2021

**REPORTING OFFICER:** Strategic Director Enterprise, Community & Resources

**PORTFOLIO:** Corporate Services

**SUBJECT:** Agency Worker Contract Procurement

**WARDS:** All

## **1.0 PURPOSE OF REPORT**

1.1 This is a Preliminary Estimate report to seek approval from Executive Board to commence a collaborative procurement process for the supply of Agency Workers in compliance with the Public Contract Regulations 2015 and Procurement Standing Order 1.3.4, as the estimated value is likely to exceed £1,000,000 p.a. across participating partners in the Liverpool City Region.

## **2.0 RECOMMENDED That:**

- i) the report be noted; and**
- ii) the Board approve that Halton participate in the procurement of a new collaborative contract arrangement within the Liverpool City Region to ensure the council maximises purchasing power on a common category of spend (supply of Agency Workers).**

## **3.0 SUPPORTING INFORMATION**

- 3.1 In 2014 the Merseyside Procurement Partnership (MPP) accessed the ESPO Framework MSTAR1 and made a direct award to Matrix SCM for the provision of a Neutral Vendor Managed Service for Agency Workers.
- 3.2 In 2018 Halton was lead partner in a further direct award to Matrix SCM for the provision of a Neutral Vendor Managed Service for Agency Workers, accessed through the ESPO Framework MSTAR2. Halton's participation in this contract expires in February 2022, when the 4 year contract term ends.
- 3.3 Since 2019 there has been a significant increase in the use and overall cost of agency workers in the Council. This has come about as a result of an increase in demand, particularly in Social Care services, as well as developing instability within the labour market across a growing number of role types. In addition, the COVID-19 pandemic has led to the Council needing to engage role types that it has not used previously – for example testing centre operatives and track and trace operatives, for which agency supply has provided the only viable route.

- 3.4 Given the resourcing scenarios that have emerged, it is imperative that the Council seeks to maintain access to a resourcing solution that meets the needs of the organisation, and delivers value for money. Continuing participation in a collaborative contract arrangement is the most effective way of achieving this as economies of scale are generated in the procurement process and remain in place for the duration of the contract.
- 3.5 A managed service ensures that the Council remains compliant with the prevailing legislation pertaining to the use of contingent resources (The Agency Worker Regulations), and the equity and safeguarding requirements of individual role types. This also allows efficient call-off of workers through a single gateway.
- 3.6 Spend figures across the current contract term, along with the savings achieved through use of the current contract, are given in the tables below for information:

<b>Year</b>	<b>Agresso Total Contract Spend £</b>
2018-19	2,074,709.00
2019-20	2,250,852.00
2020-21	3,877,626.00
<b>Total</b>	<b>8,203,187.00</b>

Spend sits across a broad range of cost centres, linked to the service requesting the worker(s).

For the reasons outlined at 3.3 above, 2021-21 should be seen as an exceptional year. The outturn for 2021-22 is likely to be similar.

Under normal operating conditions, the anticipated contract spend across a 4 year contract term will be in the region of £8m.

	<b>Council Savings £</b>
2018-19	129,045.00
2019-20	142,515.00
2020-21	265,170.00
<b>Total</b>	<b>536,730.00</b>

Savings are derived from the difference between the charges paid for the managed service in the current contract, against other available options for the engagement of agency workers.

- 3.7 There are always instances of off-contract expenditure (acquisition of workers outside of the Matrix contract), which result from unfulfilled requests where agencies within the scope of the managed service are unable to supply specific role types. This will either be because there are no agencies within

the managed service who specialise in certain roles (e.g. highly technical professional occupations such as engineers or surveyors, or specialist staff such as nurses). Typically this equates to less than 10% of requisitions. In 2019/20, 93% of agency resources were successfully resourced through the contract.

- 3.8 Over the last full financial year there has been an increase in off-contract expenditure amounting to £1.66m in 2020/21. This is in part due to the reasons outlined at 3.3 above, but also the fact that care homes acquired by the Council came into the organisation with existing agency worker supply chains in place and until such time as the roles, terms and conditions of staff within them are matched to those already existing in the Council through restructuring exercises, those arrangements continue. During November 2021 those processes will complete and the Council will seek to increase the number of agency workers acquired through the contract on an ongoing basis and reduce the off-contract commitment.
- 3.9 It is proposed that a new supply contract will be selected through an approved Framework Agreement (Eastern Shires Purchasing Organisation – ESPO), in accordance with Procurement Standing Order 1.4.1. This will avoid the costs and resource commitment of a tendering procedure, but is fully compliant with the Public Contract Regulations 2015.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 The contract is awarded in line with Halton Borough Council's Procurement Standing Order 1.4.1 and the contract will support peripheral resourcing where it is required to ensure that services are sufficiently resourced to deliver a range of provision to Halton residents.
- 4.2 Peripheral resourcing is strictly controlled and monitored across the Council through the Policy, People, Performance and Efficiency Division.

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The value of Halton's call-off from the agency contract is £1.7m per annum. This has reduced from £3.6m per annum in 2014/15. The aggregate contract spend across the four year period is anticipated to be £6.8m.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

- 6.1 Use of the contract may contribute to any or all of the Council's priorities from time to time, by providing peripheral resources to any service where a requirement is identified in order to ensure continuity of provision of service to residents and businesses in Halton that fall within the scope of the Council's operations.

## **7.0 RISK ANALYSIS**

7.1 Financial risk is minimised by awarding the contract within confirmed budgets.

7.2 As part of the procurement process, Halton Borough Council has carried out a financial assessment on the preferred supplier and has confirmed that they are a financially viable organisation.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 The preferred supplier will be required to demonstrate that they embrace and comply with the Equality Act, and their services will be monitored to ensure this is the case.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

9.1 None.