

**REPORT TO:** Executive Board  
**DATE:** 7 December 2023  
**REPORTING OFFICER:** Head of HR Operations  
**PORTFOLIO:** Corporate Services  
**SUBJECT:** Agency Worker Contract extension  
**WARDS:** Borough wide

## **1.0 PURPOSE OF REPORT**

1.1 This is a report to seek approval from Executive Board to extend the current contract that was procured for the supply of Agency Workers in compliance with Procurement Standing Order 1.15.3, Acceptance of pre-determined contract extension by Executive Board as the estimated value is likely to exceed £5,000,000 p.a.

## **2.0 RECOMMENDED: That**

- 1) the report be noted; and**
- 2) the Board approve that Halton extend the contract arrangement for a further 12 month period from 1st May 2024 to 30th April 2025 with Matrix SCM.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 The current contract was awarded to Matrix SCM in May 2022 and has a pre-determined option to extend for 2 x 12 month periods, the first extension period is from 1st May 2024 to 30 April 2025.
- 3.2 The spend figure for April 22 to April 23 with Matrix was £8,475,694.00.
- 3.3 Since 2019 there has been a continued 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.
- 3.4 Given the resourcing scenarios that continue to emerge it is imperative that the Council seeks to maintain access to a temporary workforce. Continuing participation in a collaborative contract arrangement whilst other options are being explored is the most effective way of achieving this given the 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
2021-22	5,148,582.60
2022-23	8,475,693.79
<b>Total</b>	<b>21,827,463.39</b>

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

Historically spend on the contract has been in the region of £2m to £2.5m but the last number of years has seen unprecedented demand, spend on the contract in 2022/23 was £8.5m and it is forecast it will be at similar levels in the current financial year. Work is on-going as part of the Transformation Programme to reduce the reliance on agency which should help to bring the cost down.

Additionally – Total spend on agency placements in 2022/23 was £13.605m, which equates to 62% of costs being procured through Matrix and 38% being off contract. Work is ongoing to place more agencies on the Matrix contract which will help deliver further reductions in costs.

- 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) or available agencies were unable to supply a worker for the required tasks. Typically this usually equates to less than 10% of requisitions, as in 2019/20, 93% of agency resources were successfully resourced through the contract.
- 3.8 However the labour market has significantly changed and over the last full financial year there has been an increase in off-contract expenditure

amounting to £5.3m in 2022-23. This equates to around 40% of overall spend on agency workers. In 2022-2023, 60% of agency resources were resourced through Matrix, marking a reduction of over 30% since 2019/20. This is in part due to the reasons outlined at 3.3 above, but also the fact that the requirement cannot be fulfilled through the Matrix contract, or the requirement sits within a legacy arrangement that came into the Council as part of the inward transfer of care homes (TUPE). Work is currently being undertaken to onboard care homes onto Matrix to reduce off contract agency spend.

- 3.9 It is proposed that the contract be extended to ensure opportunity remains to resource agency staff through the neutral vendor and to avoid the costs and resource commitment of a tendering procedure, but is fully compliant with the Public Contract Regulations 2015 whilst other options are being explored.

#### **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 HR Operations Division.

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The value of spend against agency is significant and has reached unsustainable levels. Whilst it is clear the demand for agency placements needs to be reduced, where there is an ongoing need for agency it should be sourced through the Matrix contract to help control costs. The future on-boarding of agencies through Matrix will help control costs further

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

##### **6.1 Children & Young People in Halton**

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

##### **6.2 Employment, Learning & Skills in Halton**

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

### **6.3 A Healthy Halton**

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

### **6.4 A Safer Halton**

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

### **6.5 Halton's Urban Renewal**

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 CLIMATE CHANGE IMPLICATIONS**

9.1 None identified

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

10.1 None under the meaning of the Act.