

**MINUTES OF MEETING Cabinet Member Signing HELD ON Tuesday, 18th June, 2024,
10.00 – 10.20am**

PRESENT:

Councillor Dana Carlin – Cabinet Member for Finance and Corporate Services

ALSO ATTENDING – Jess Crowe, Dan Paul(Online) Ayshe Simsek, Nazyer Choudhury

11. FILMING AT MEETINGS NOTICE

The attendees noted the filming at meetings notice.

12. APOLOGIES FOR ABSENCE

There were no apologies for absence.

13. URGENT BUSINESS

There were no items of urgent business.

14. DECLARATIONS OF INTEREST

There were no declarations of interest put forward.

15. DEPUTATIONS/ PETITIONS/ QUESTIONS

There were no deputations, petitions or questions.

16. CONTRACT VARIATION - MATRIX

The Chief People Officer set out the reasons for consideration of this report which was seeking approval by the Cabinet Member for Finance and Corporate Services to increase the spend on the contract for the provision of temporary staff to £32,504,910. This was for the remaining duration of the contract which was due to end on the 18th of July 2025.

It was noted that there had been two previous variations from the start of the contract in July 2021, with the first variation for £1495,090 to allow for permanent recruitment of some agency staff. There had been a further £20M variation agreed by Cabinet in October 2023 to allow continuity of services.

The Cabinet Member was advised that this would be the last variation that could be taken forward on this contract to allow a maximum spend of £162M. The Cabinet Member for Finance and Corporate Services noted the following reasons for the increased spend on this contract:

- Increased use of temporary staff in the Covid pandemic, including their provision at mass testing centres
- Job market challenges
- Higher than expected annual pay increases

It was noted that the Council were currently spending an equivalent of £43,500,00 per annum and this contract variation was for £32,504,910. The report stated that the current contract could no longer be varied according to procurement rules.

In considering the recommendations and noting the need for contract spend to be further reduced, the Cabinet Member was assured by the following information provided at the meeting:

- The ongoing dedication and diligence being demonstrated by Senior Officers to monitor and reduce agency spend.
- That use of agency staff required the approval of Directors and was considered by a Corporate Recruitment Panel.
- The ongoing quarterly meeting with directors to scrutinise agency spend and facilitate ongoing reductions in temporary agency staff spend.
- The longer term view of managing and reducing temporary agency staff spend being taken with the consideration of the Workforce Strategy at Cabinet on the 16th of July 2024.

The Cabinet Member for Finance and Corporate Services,

RESOLVED

1. That, in accordance with the Council's Contract Standing Order (CSO) 10.02.1 (b) to approve the variation to increase the value of the Matrix contract; and
2. To approve an increase of up to £32,504,910 for the duration of the contract. This increase was to ensure that the Council can continue to provide short term agency / interim workers and support the permanent agency supply chain where required.
3. To note that the contract duration is four years, from 26 July 2021 to 18 July 2025.

Reasons for decision

The initial contract value of £108,000,000 agreed by Cabinet on 20 November 2020 and a 1st variation for £1,495,090 for the provision of the permanent recruitment

supply agreed in 2021 was estimated based on the previous three years. A further variation for £20,000,000 was agreed by Cabinet in October 2023, making the total current contract value £129,495,090.

The original estimate could not have accounted for the unprecedented events of recent years, including: Covid and the large number of additional agency workers as a result of the Covid testing programme, job market challenges, Brexit, and the higher-than-expected annual pay increases. We are anticipating a further potential increase in Housing to work on the improvement programme. None of these higher costs and additional spend were accounted for in the original contract estimate.

In 2022, the Council migrated several off-contract interim workers on the Local Government Recruitment Partnership (LGRP) framework to Matrix as well as other agency suppliers, which reduced overall costs. However, it increased the value of spend through the Matrix contract, contributing further to the increased rate at which the overall contract value was being used up.

The Chief Executive and the Corporate Leadership Team are taking further action to reduce agency spend. As a result of the report to Cabinet in October 2023, targets for reductions in Directorates were agreed. Numbers of agency workers have reduced and the targets are currently close to being met in most Directorates. Our cash spend is on a reducing trend despite pay awards being higher than in the past. The percentage of our workforce that are agency workers has also reduced, and is on a downward trend towards being in line with the London Borough average.

Although most areas overspent in the period October-December 2023, spend was on a reducing trajectory and the targets to reduce spend for January-June 2024 are currently forecast to be met; or be close to be met; in all Directorates other than Environment and Resident Experience and Placemaking and Housing. The Directors in those areas are redoubling efforts to reduce agency spend at pace. The Chief Executive is monitoring agency spend in these two Directorates closely and personally alongside the Directors.

However, further work is needed. The Chief Executive has directed officers to focus in particular on agency workers with long tenure (1 year plus), to minimise the number of long-term agency workers at the Council, which is being done on a line-by-line basis and monitored by the Chief Executive. There is also a focus on higher cost agency workers.

As an organisation with a large and diverse workforce delivering services in a wide range of disciplines, the Council needs to develop a range of workforce planning approaches that address the different challenges that exist in different service areas. These need to sit under an overall strategy to attract people with the right skills, values and attributes to want to work for us on a permanent basis, demonstrating commitment to the borough and enabling the Council to invest in developing its staff and services for the long term. The Council's workforce strategy has been developed to address this and is being presented to Cabinet as a separate item on this agenda. Particularly relevant to agency spend reduction will be the development of directorate level workforce plans, programmes to grow our own talent and designing jobs that are attractive to permanent candidates. We particularly aim to focus on growing our own future talent by the use of professional graduate programmes and apprenticeship

programmes in Directorates. There are good examples of this already in areas like Finance and Planning, and we plan to leverage this best practice across other areas.

However, whilst the Council will always seek to reduce the reliance on agency staff, there will remain a continuing requirement to plug skills gaps, address market and recruitment challenges which often pertain across the whole local government sector, and ensure the continuation of essential services. The Council needs to therefore ensure that it can continue to acquire the right skills to serve our residents while securing the maximum value for money possible. Extending the value of the existing contract ensures the achievement of that objective.

The spend of the current contract value of £129,495,090, if we continue at the current run rate, is expected to be reached in July 2024. The contract runs until July 2025. Directorates will need to materially reduce spend in accordance with their forecasts as the contract cannot be extended further than the recommendations in this report and if spend does not reduce, the value will be exceeded prior to the contract end date.

Human Resources will work with Strategic Procurement to procure a new agency staff contract over the second half of 2024 and the first half of 2025, with the aim of the new contract following on from the expiry of the current one (when either the term or the value expires, whichever is the sooner). Further contract reports will be brought to Cabinet in this regard at the appropriate time.

Alternative options considered

Not to extend the contract value. This would mean the Council could not continue to use agency workers without services procuring each worker individually on the open market. This would substantially increase costs and reduce corporate control and monitoring. This option was discounted on that basis.

Re-procure a different contract. This would result in unnecessary work and considerable disruption to Council services. A new contract for provision of temporary, interim and permanent recruitment will be procured in 2024/25-25/26. This option was discounted on this basis.

17. NEW ITEMS OF URGENT BUSINESS

None

18. EXCLUSION OF THE PRESS AND PUBLIC

Not required

19. NEW ITEMS OF URGENT EXEMPT BUSINESS

None

CHAIR:

Signed by Chair

Date

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