

Report for: Overview and Scutiny Committee - 23 July 2024

Title: **Agency Staff Contract**

Report authorised by: Dan Paul, Chief People Officer

Lead Officer: Dan Paul, Chief People Officer

Ward(s) affected: N/A

**Report for Key/
Non-Key Decision:** N/A

1. Describe the issue under consideration

This report advises the Overview and Scrutiny Committee of the current position with the agency staff contract. The Committee is invited to note the report and ask questions.

2. Recommendations

2.1 To note the report and ask questions.

3. Background

- 3.1 Detailed background on the agency staff contract and current spend is provided in Appendix 1, which is a Cabinet Member signing from 18 June 2024. This appendix also contains relevant statutory officer comments.
- 3.2 The Council's current agency staff contract runs from July 2021 to July 2025. During that 4 years, it is forecast that the Council will have spent £162m, an average of £40.5m per annum. Although the contract does allow some spend for agencies to support permanent recruitment, the vast majority of this is on agency staffing.
- 3.3 The contract is procured via a London Collaboration framework, which Haringey was involved in the procurement process. Many London Boroughs use this framework to procure their agency staff contracts.
- 3.4 The average spend per year masks some significant changes in agency spend across the last 4 years, and some major changes to the Council. For instance:

- 3.4.1 Covid increased agency spend due to additional roles being required. Most substantially in local testing centres, which although funded by the Government were delivered by the Council, all with agency staffing, with all of the spend being attributed to the value of this contract.
- 3.4.2 The insourcing of Homes for Haringey. Former HfH agency workers were migrated to this contract.
- 3.4.3 The ending of the arrangements where services procured interim staff directly and/or via the Local Government Recruitment Partnership. Those workers were migrated to this contract, which saves money as margins are lower, but increases the spend on this contract.
- 3.4.4 Unprecedented levels of inflation, and pay rises, since Covid which were not included in the contract value.
- 3.4.5 There are significant benefits to having all of the Council's agency and interim staff spend routed through one main contract. They include reduced margins, greater transparency and visibility and integrated management information.
- 3.5 It should be noted that the vast majority of the agency spend is attributable to workers pay and statutory costs (employers pension, employers national insurance). The commercially confidential margins paid to agencies are negotiated through the framework procurement process and cannot be locally negotiated. However, they are competitive and the best that can be achieved, using considerable bulk buying power of boroughs working together.
- 3.6 Agency workers are not always more expensive to the Council than permanent employees. Employees are enrolled in the LGPS, with an employer contribution rate of 23.5% (24% from April 2025), whereas agency workers are paid the statutory minimum employer contribution of 3%.
- 3.7 Detailed monitoring of current spend is carried out, with full details of the monitoring regime set out in Appendix 1. Additionally, the General Purposes Committee receives regular reports on agency staff numbers and costs, with the latest report shown at Appendix 2.
- 3.8 The management focus and monitoring is bearing fruit. The trend on agency spend is reducing, with spend reducing from an annualised high of c.£45m, down currently to £43.5m as detailed in Appendix 1. The current run rate, taking the data from May 2024 and extrapolating over a year, suggests a current run rate of £40m per annum.
- 3.9 The Chief Executive and Corporate Leadership Team accept that further reductions are required, and considerable effort is being invested into accelerating permanent recruitment and challenging the need for agency

workers. The Council's financial position means that further reductions in agency worker numbers is a priority.

- 3.10 However, there will always be a need for agency workers and a mixed economy approach to delivering services is needed to maximise efficiency and flexibility.
- 3.11 The agency staff contract will be retendered in 2025. Whilst, as highlighted in this report, managers are working hard to reduce spend, the estimated contract value for the new contract must be based on existing spend and must allow for known increases, such as leisure insourcing and estimates for future pay and inflation increases over the contract term, as well as contingencies. When awarding a new contract, there is no commitment to spend the entire contract value, and ideally the spend would be lower than the estimated total value of the contract.

4. Use of Appendices / background documents

Appendix 1 – Matrix contract extension Cabinet Member signing, 18 June 10.30am.
Accessible at the following link:

[Agenda Papers - Cabinet Member Signing 18th June](#)

Appendix 2 – General Purposes Committee, People Report, 2 July 2024

[Agenda for General Purposes Committee on Tuesday, 2nd July, 2024, 7.00 pm | Haringey Council](#)