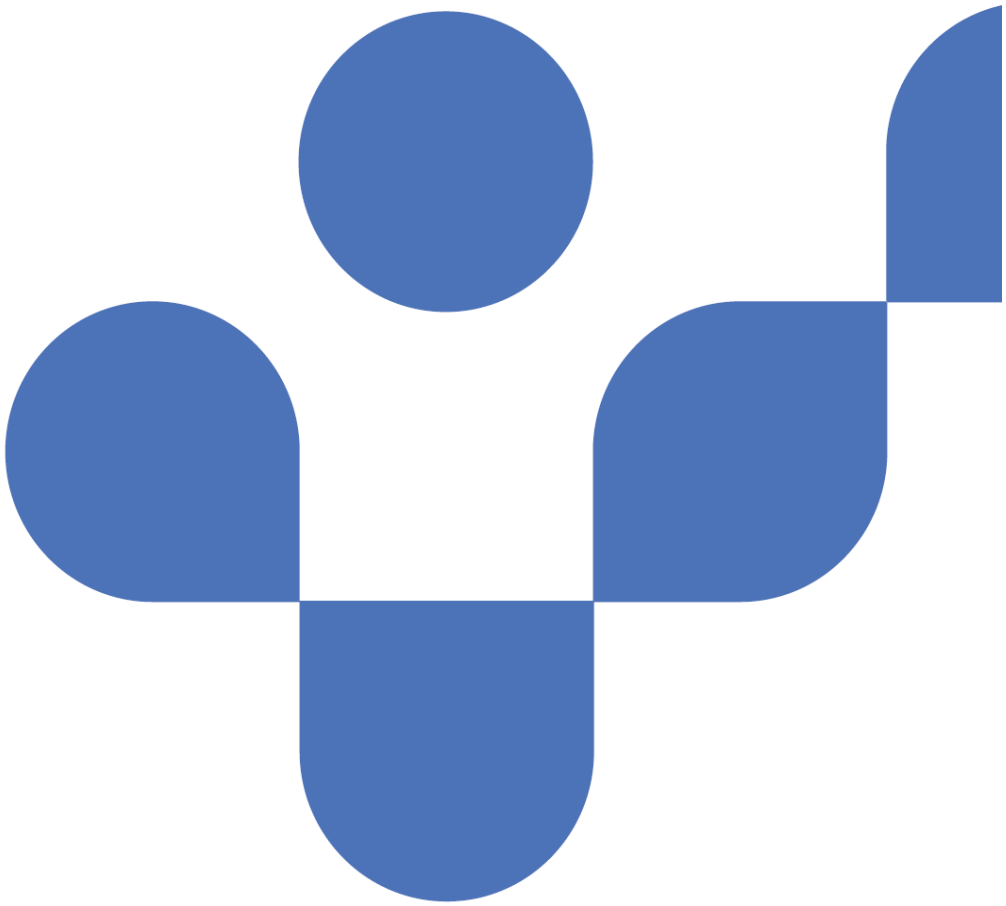
Change NHS Consultation: help build a health service fit for the future

A response by the Recruitment & Employment Confederation

December 2024



About the Recruitment & Employment Confederation

The Recruitment & Employment Confederation (REC) is the professional body for the UK recruitment industry. We represent over 3,000 recruitment businesses and our sector places nearly a million people into permanent jobs each year and ensures that a further one million are working flexibly through temporary assignments on any given day.

The professional staffing sector is bigger in scale than either law or accountancy and contributed over £44 billion to UK GDP in 2023. Our members work as advisors, planners, and partners with business across all sectors on recruitment, retention and productivity.

Over 400 of our members are involved in some way with supporting the NHS or social care providers, from NHS Trusts to local authorities and private sector partners. REC members supply valuable permanent and flexible workers across all bands and services. What unites them is their commitment to robust compliance standards (as required as part of REC membership) and their dedication to providing 24/7 high-quality staffing solutions to the NHS and the wider social care sector in the most efficient way possible for taxpayers.

Executive Summary

Effective staffing for public services, especially the NHS, is crucial. But labour and skills shortages across the NHS are now running at an all-time high, negatively impacting patient outcomes and staff morale. Our Labour Market Tracker for November 2024 has shown the enduring recruitment challenges in some parts of health and social care as we head into winter. Nationally, there are more than 39,400 job postings for nurses, more than 10,000 for medical practitioners and more than 47,400 job postings for care workers and home carers.[1]

This is not a one-off or cherry-picking. Since 2010, staff shortages in the NHS have become endemic across the workforce.[2] This is in part a result of a fundamentally broken staffing model which has failed to recruit and retain staff on permanent contracts, and drives Trusts away from contracting on-framework agencies for political reasons toward more expensive off-framework agencies and staffing banks.

A collaborative approach to reform – working in partnership with recruiters who are subject matter experts on staffing, talent and procurement – would be a more practical long-term solution to strike the balance between sustainable and safe staffing and value for money.

We recommend that datasets illustrating how NHS procurement works across England, including differences across skillsets, times of year, geography and demography, and cost in different staffing models, are published to allow the debate about temporary staff to mature. This would form the basis of discussions for an NHS staffing procurement working group chaired by government should bring together stakeholders from different aspects of the system to improve NHS staffing procurement. To begin this regular process and provide a baseline system review, DHSC and HMT should host a one-day summit to agree key actions that would establish a shared understanding of the existing system and a transparent reporting system.

[1] https://www.rec.uk.com/our-view/news/press-releases/labour-market-tracker-signs-life-jobs-market-new-job-postings-rise-october-rec

[2] https://www.kingsfund.org.uk/insight-and-analysis/reports/closing-gap-health-care-workforce

Consultation Response

Background

Agency staff form a key part of the NHS workforce. Agency work is not a second-best option for workers or for NHS Trusts. The NHS needs both substantive staff and contingent staff to fill gaps. Due to the flexible nature of agency work, this workforce can be used to provide cover due to sickness or other absence amongst the substantive workforce, respond to emergencies, and make up for staff shortages in the NHS.

Analysis of the Nursing and Midwifery Council register by the Royal College of Nursing shows that more than 11,000 nurses will have quit the profession within the first 10 years of gaining their registration between 2024 and 2029 if current trends continue – equivalent to the entire district nurse, health visitor and school nurse workforce in England.[3] Burnout has been the second most commonly cited reason (after retirement) for those leaving the NMC register since the end of the pandemic[4] The number of people leaving the NHS workforce because of work-life balance has tripled between 2011 and 2024.[5]

Concerningly, the pipeline for future medical professionals is also running thin. RCN analysis of UCAS figures has found that the number of people accepted onto nursing courses has fallen in every region in England, dropping by 40% in the North East.[6] A survey commissioned by Universities UK earlier this year found that despite the fact that 73% of young people either are considering or have considered a career in healthcare, they were put off by a lack of flexibility (82%), stress of the job (79%) and long working hours (75%).[7]

It is to mitigate these challenges that many medical professionals are choosing to work via agencies. Below are real testimonies from agency healthcare workers:

- *"My plan is to keep working for at least another 10 years which I definitely wouldn't have been planning under 'contract'."* Mandy, Devon, 56

- *"It was with a lot of sadness that I retired from a senior role within the NHS at the age of 69, thinking and feeling far from ready for a very limiting future. My skills, wealth of knowledge and experience were not quite ready for the back shelf… I have recommended this opportunity to several of my colleagues who, like me, face the daunting decision about retirement when a flexible work role opportunity is there for them as long as they are able."* Edith, Devon, 74

- *"I can support healthcare providers all across the country and am able to contribute at short notice to times of high service demand and support in the delivery of a safe patient journey. The flexibility and variety available means I can offer sometimes 40 hour weeks without the feel of likely burnout and have been able to continue to enjoy the profession that I trained for. It has also allowed us as a household to accommodate my wife going to University to study Nursing, an arrangement that*

[3] https://www.rcn.org.uk/news-and-events/Press-Releases/huge-increase-in-nurses-quitting-early-in-perfect-storm-for-patient-care
[4] https://www.nmc.org.uk/globalassets/sitedocuments/data-reports/july-2024/annual-data-report-leavers-survey-2024.pdf and https://www.nmc.org.uk/globalassets/sitedocuments/data-reports/may-2023/annual-data-report-leavers-survey-2023.pdf
[5] https://www.kingsfund.org.uk/insight-and-analysis/data-and-charts/nhs-workforce-nutshell
[6] https://www.nursinginpractice.com/latest-news/new-student-nurse-numbers-fallen-across-england-finds-rcn/
[7] https://www.universitiesuk.ac.uk/what-we-do/creating-voice-our-members/campaigns/powering-nhs/survey-young-peoples-attitudes-nhs

would be very unlikely possible with a contracted role." David, Newport, 32

- *"I have found being able to book short hours more often has given me the freedom to balance work with being a single mother without feeling overwhelmed. It allows me to work for 3 hours then do an activity to manage my anxiety before returning back to work with a clear mind for another 3 hours. Without agency nursing I would have left the profession many years ago due to the inflexible hours a substantive post requires."* Micha, Staffordshire, 33

The flexibility of locum work often keeps staff in the NHS. Without it they might retire or enter full-time private practice. The importance of agency work as a safety net against even higher levels of staff exodus shouldn't be underestimated.

Case study: Clare, locum radiographer

After nearly two decades in a permanent position as an NHS radiographer, Clare found that she wasn't spending her time on the things that made her job worthwhile – direct patient care. Clare made the decision to transition to temporary work, allowing her to focus on patient care. As a locum radiographer, Clare uses her extensive qualifications and experience in environments that need her clinical expertise most, addressing the staffing challenges faced by many hospitals.

The flexibility of temp work has empowered Clare to also develop a radiography training business. By providing training, she helps others with their own professional development, ultimately benefiting patient outcomes.

Clare's years of experience in a variety of settings allow her to adapt quickly and efficiently in different healthcare settings, making her an invaluable asset during crises. When a hospital suffered an arson attack that impacted the radiology department, Clare travelled overnight to get there, program a scanner and deliver training to radiographers over the weekend, so that patients could still have their appointments. During Covid, Clare worked wherever she was needed, including Nightingale hospitals, often at very short notice.

Hear more from Clare in her own words here.

The REC's analysis and experience of NHS staffing and repeated unsuccessful interventions in this space has shown that it is fruitless and frustrating for NHS England and the DHSC to continue to pursue a policy of eradicating or minimising use of agency staff.

Agency work does not undermine the substantive workforce. Instead, agency work should be identified as part of a coherent and sustainable workforce mix that allows Trusts greater control over their staffing levels and skills levels, as well as the ability to be responsive to increasing and changing demand for services.

Currently, the staffing model in the NHS is fundamentally broken and works against its own interests, representing bad value for money for the taxpayer. The rates for temporary and agency workers were set in 2016 and have not been revised since, leaving it increasingly difficult to supply workers at these rates. Worse, the current attention on agency staffing can drive more provision to much more expensive models, including staff banks and emergency off-framework rates.

The plans recently announced by the Health Secretary to consult on banning agency workers from roles in band 2 and 3, as part of cost saving measures, represent a fundamental misunderstanding of where the flaws in the NHS staffing procurement system lie.[8] We had been pleased to see that the

[8] We will also submit a response to the consultation on these specific plans.

government opened this consultation to listen to ideas on the future of the NHS from all corners, but announcing a further change of this scale whilst this consultation remains open, and without considering input from NHS staff, agency workers, patients and agencies, is a betrayal of the stakeholder engagement process. It is ironic that as representatives of the sector, we have been calling for a full review of the system, with a view to saving money - but DHSC and NHS England remain reluctant to discussing this with us and others.

If we are to move forward, we need a clear process to gather comparative evidence of costs for each model of staffing supply, an understanding of the workforce pressures being faced by all staff (contingent and substantive), and a consultative and collaborative approach with all stakeholders.

Our evidence has found:

- A recruitment agency based in the South of England reports that their Band 5 nurses regularly cancel shifts with 2-6 hours of notice - because since accepting the agency shift, the nurse has been offered an increased rate of hourly pay via the staff bank for the same shift in the same hospital. This Trust has been advised by NHS England that it needs to cut its agency spend by 20% - but it is only able to meet this target by increasing its overall budget spend on bank staffing solutions.

- At a specialist psychiatric Trust we are aware of, a single Band 5 locum nurse from a bank will end up costing the Trust £47,923 (based on the worker's average hours) more than they would have if contracted through a framework agency. This is an unlevel playing field which Banks take advantage of at the expense of the taxpayer.

These are not isolated examples. Throughout this consultation, we integrate further case studies of how some elements of NHS staffing procurement has become a false economy.

The REC is aligned on the need to control all staffing spend, and understands the government's difficult fiscal position, but government actions since 2016 have created perverse incentives for Trusts, and the new administration shows no sign of understanding the problem or breaking the cycle.

A major report earlier this year from the Health Services Safety Investigations Body found that the attitudes toward temporary staff were putting patients at risk.[9] This is despite "very limited" evidence to support these perceptions.[10] "Safe and sustainable staffing" is about skills mix as well as numbers,[11] and the HSSIB noted that temp medical professionals were often providing entry-level care, regardless of experience or training, weakening the skills mix of the ward. DHSC and NHS England should think carefully about the risk of exacerbating this by limiting the flow of entry-level temporary staff into health settings despite the weak pipeline of applicants to this position, as well as the fact that there is no way to prevent absences completely.

The recommendations outlined in this response are designed to improve the way staff are recruited (and ultimately retained), to curb the use of expensive staffing provision, and to create better partnership amongst everyone involved. The current approach of wanting to ban agency staff may be headline-grabbing but it is superficial and fails to understand that the situation can be changed so everyone benefits rather than punishing agency workers.

[9] https://www.hssib.org.uk/patient-safety-investigations/workforce-and-patient-safety/third-investigation-report/
[10] https://journals.sagepub.com/doi/full/10.1177/0141076819877539
[11] https://www.nmc.org.uk/about-us/policy/position-statements/safe-staffing-guidelines/

Our proposals, if followed, aim to help create a more sustainable staffing solution, improve value for money on agency and other staff spend, and make life easier for Trusts who need to be left to focus more on patient outcomes rather than the politics around procurement rules.

NHS Procurement Frameworks

Each Trust is responsible for its own staffing requirements. Where agency staff are needed in a Trust, the hiring process for agency workers is often managed through a framework. The frameworks set rules around the process that agencies have to follow when supplying, this includes a cap on the price an agency is able to charge for a worker. Each framework has a number of approved suppliers (made up of recruitment agencies who have passed a tender process), able to fill roles that are released to them through the framework.

The rates for framework provision were set in 2016, when they were first introduced by the previous government. The proportions have not been reviewed to account for uplifts in minimum wage, pay awards to the substantive workforce, and the other increases in the cost of doing business. This means that both the actual hourly rate the workers receive and the margins of the agencies are unsustainably low. In some cases, agencies have been required to supply staff at a loss in order to maintain their place on a framework.

Analysis by a leading nursing agency which operates nationally has shown that the true cost of a framework agency nurse is comparable to that of a substantive nurse.

80% of the nurses placed by the agency have more than 4 years of experience – a key indicator of the value that workers place on the flexibility of temp work, and the fact that it retains talent in the health system rather than undercutting the substantive workforce. While the NHS has a sliding payscale which accounts for experience, framework agencies only charge a flat fee. For a Band 5 nurse in Inner London, basic salaries start at £29,402 for less than 2 years' experience, £30,639 for those with over 2 years' experience and £35,791 for over 4 years.

Inclusive of employers' National Insurance, NHS Pension and Apprenticeship Levy (little of which is returned to the Treasury by Trusts), the hourly cost of experienced nurses to the Government is comparable to that of agency workers.

	Permanent	Framework agency	Impact on Government finances
<2 years' experience	£28.33	£28.87	**-£0.54**
2-4 years' experience	£30.59	£28.87	**+£1.72**
>4 years' experience	£34.58	£28.87	**+£5.71**

If a framework agency is unable to find a candidate, then Trusts do have emergency provisions to 'break glass' and / or use an off-framework provider. These provisions apply to last-minute vacancies or emergency situations and mean that Trusts are no longer required to adhere to the agency price-caps set for provision through a framework.

Staffing banks also operate outside of the scope of the framework system and do not have to adhere to the same price caps on agencies.

Issue 1: NHS budget systems have put in place barriers to permanent recruitment

When it comes to questions of workforce, the NHS is forced to make decisions that know the cost of everything, but the value of nothing. As our Labour Market Tracker data makes clear, vacancies in the

NHS are persistent – costing the NHS by requiring temporary staffing, over-stretching staff on wards, negatively impacting staff morale and patient outcomes. However, NHS budget lines are often too one-dimensional to recognise these mounting long-term costs. We regularly are advised that NHS Trusts cannot approve recruitment services to source permanent places because they cannot get sign off for the short-term and one-off cost of a placement fee.

This has created a dependency among NHS hiring managers on temporary labour and overseas registrants – with half of new entrants to the NMC register now trained overseas.[12] Recruiting a nurse from overseas costs £10,000-£12,000 on average.[13] By contrast, an average recruitment agency fee for a permanent nurse placement would be around £5,500.

Issue 2: Off-framework provision has been misused while government interventions have focused on caps and controls in the framework model

A key goal of the agency caps and controls was to reduce "off-framework" agency spend. However, off-framework arrangements have been misused while the NHS has been focused on enforcing caps and controls within the framework model. This has created perverse incentives for Trusts to seek alternative ways to meet staffing needs at a significantly higher cost.

Caps and controls haven't seen agency staff moving into substantive roles, as was once hoped, but it has created a number of perverse outcomes. An REC member based in the North East of England has been advised by their client NHS trust that it will now be exclusively using off-framework ICU nurses. The cost differentials in pay are stark - the REC member pay rate is an average of £29 per hour for their nurses. The same nurses, working off framework, can earn £55 per hour. The trust says this action allows them to show a reduction in their “agency spend” budget line as off-framework activity is recorded separately.

This kind of bureaucratic workaround highlights the absurdity of the current system. If the system remains broken it will continue to incentivise decisions driven by headline targets, rather than genuine improvements in workforce planning and patient care. A review of all staffing models would flush out these kinds of ridiculous tactics that serve no one, least of all the Exchequer.

Additionally, we are aware of agency workers choosing to turn down roles through framework providers, holding out sufficiently for the break-glass provisions to be enacted, then securing a higher rate of pay for a last minute shift - regularly, the same shift at the same Trust. It also means that agency workers who do take framework shifts may drop out of these at short notice if another more lucrative off-framework role becomes available. This leaves Trusts in a loop of needing even more last-minute cover or risking unsafe staffing levels.

When the 2024 Spring Budget announced a crackdown on the off-framework staffing spend, we supported the Chancellor’s decision. We would be pleased to work in partnership with this government to deliver a properly managed, holistic staffing solution for the NHS. We are not asking for special treatment, or for the government to ignore the problems in the NHS staffing procurement system, but for a level playing field that works for Trusts, patients, agency workers, and all suppliers.

Issue 3: The government’s interventions into the procurement system are based on poor analysis

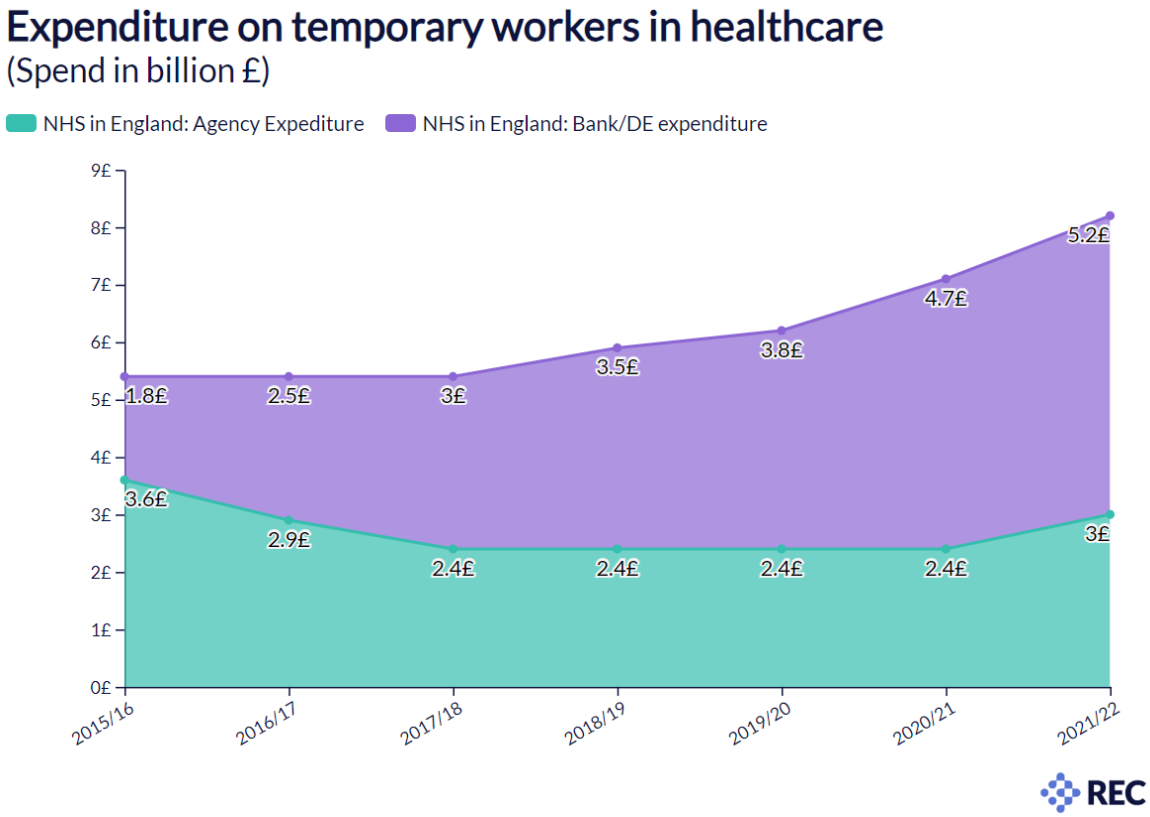
Recently, the lack of money for hiring substantive NHS staff, combined with political pressures to reduce spend on agency staff has caused a major drive from NHSE and DHSC towards Trusts using staff banks and other supply models, despite an acknowledgement from NHS senior leaders and finance directors that the costs are often higher than when using like-for-like agency staff.

[12] https://www.nuffieldtrust.org.uk/news-item/reliance-on-international-nurse-recruitment-during-a-workforce-crisis

[13] https://www.nuffieldtrust.org.uk/research/overseas-nurse-recruitment-and-the-nhs

This ignores the reality of agency provision. REC members are signed up to strict compliance standards which highlight the commitment they make to the workers on their books and to the NHS. They are committed to delivering Trusts high-quality staffing solutions and supporting the NHS.

However, moving staff to banks can actually increase the overall spend on staff for a Trust. Banks pay higher rates of pay than agencies, and the pension contributions a Trust must make are higher on Bank staff. The temporary staffing spend has swelled overall – not primarily due to an increase in the use of temporary labour but because of a movement toward more expensive Bank staff, with Bank spend tripling since the introduction of caps, as the following chart demonstrates.



Source: REC & Worklab analysis of public sources, including DHSC reports

The following are recent examples of the cost of a framework agency compared to hiring from a staff bank, gathered from our members.

A Trust in the North West of England

Band 6 Midwifery	**Agency's Total Charge Rates**	Bank **Pay Rate** (excludes Hol Pay)	Bank Pay + 12% On Cost
Day	£24.60	£25.60	£28.67
Night / Saturday	£31.98	£33.28	£37.27
Sunday / BH	£39.35	£40.96	£45.88

A Trust in Yorkshire and the Humber

Band 5 Nurse	Agency's **Total Charge** Rates	Bank **Pay Rate** (excludes Hol Pay)	Bank Pay + 12% On Cost
Day	£24.60	£27.00	£30.24
Night / Saturday	£30.83	£30.00	£33.60
Sunday / BH	£37.94	£31.80	£35.62

A Trust in the North West - this example was live as of October 2024 but has since been updated to Agenda for Change rates

Band 5 Nurse	Agency's **Total Charge** Rates	Bank Pay Rate (excludes Hol Pay)	Bank Pay & 12% On Cost
Day	£24.06	£30.00	£33.60
Night / Saturday	£31.29	£30.00	£33.60
Sunday / BH	£35.51	£36.00	£40.32

At **a Trust in the East of England**, the hospital approached a locum directly in September 2024. These were the comparative costs:

Hourly Cost via Agency			**Hourly Cost via Bank**	
Base Pay	£87.88		Base Pay	£115.00
NI	£12.12		NI	£15.87
Agency Commission	£8.00		Pension at 20.6% (BMA rate)	£23.69
VAT	£21.60		VAT	£0.00
Total	**£129.60**		**Total**	**£154.56**

A Trust in London - Locum Senior House Officer - an additional £30,850 per year

Hourly Cost via Agency			**Hourly Cost via Bank**	
Base Pay	£36.14		Base Pay	£39.40
NI	£4.99		NI	£4.79
Agency Commission	£4.52		Pension at 20.6% (BMA rate)	£7.46
VAT	£0.90		Other on-costs*	£7.26
Total	**£46.55**		**Total**	**£58.91**

* This is an estimate based on averages for onboarding, training, revalidation, attrition, sickness, payroll and the Apprenticeship Levy.

Some of our members have raised the differential in costs with Trusts and have received the following responses, confirming this is a result of directives placed on Trusts by NHS England and DHSC:

- *"The points raised by yourselves are valid, but we need to reduce our agency spend so we will continue with agency to bank transfer."*

- *"The trust do sometimes offer higher rates for bank doctors and we as a supplier do advise that they will actually sometimes pay more via bank than via agency. The trust have targets to achieve to reduce agency spend and aren't monitored as much when it comes to bank costs and therefore they are still keen to migrate doctors over to bank even if they are seeing little to no savings."*

- *"Sites are under considerable pressure to reduce their agency spend… In terms of medical bank rates,* [anonymised bank] *has a set of core rates and this is what has been and will be offered to anyone joining the bank. In some cases this may be higher than what a doctor has been earning as a core pay rate with their agency."*

These responses were all received by email in 2024.

These factors have contributed to the NHS staffing procurement system becoming a paradigmatic example of a false economy, driven by demonisation of agency and supply and a fixation on the headline figure rather than understanding of the underlying dynamics. Consistent failure to engage in a meaningful conversation about reform has led to the situation we face today.

Ideas for Change

Collecting better data

There is a paucity of accurate data to inform the debate about the contingent and substantive workforce. Anecdotes proliferate about what different types of provision cost.

NHS England, HMT and DHSC should compile and publish the following data among stakeholders and Trusts:

- A central dataset illustrating how staffing procurement works in Trusts across England, and the cost differences across the country. This can be reviewed to better understand the use of temporary staffing; the cost of on-framework versus off-framework procurement; and to inform best practice guidelines. As part of this, all staff bank rates should also be monitored and reviewed in comparison to this dataset.
- Geographically and demographically representative sample set of Trusts detailing their spend on temp staff at a granular level, including a breakdown of different models of supply. With data on what roles, in which departments and in what circumstances "break glass" provision is triggered; the patterns of use in contingent staffing; and all associated costs.
- A transparent dataset of framework operational costs.

Much of this information already exists, but it is not collated and analysed across the piece, making it much harder to assess where value for money is best achieved.

Data collection would also provide an indication of the number of patients treated as a result of agency staff recruitment into A&E, General Practice and Social Care, and would help establish the contribution of agency staffing to the NHS. It would create comparable costs between banks, agencies and other forms of supply. This information should then inform framework cap rates, price points for other staffing supply channels and the development of future staffing models.

This data would paint a comprehensive picture of where certain roles and skill sets are in short supply and high demand, and would also be beneficial to Trusts, allowing them to use this for their own

workforce planning. For example (as an illustrative hypothetical), a supplier that knows it is likely to be contracted by a Trust to provide additional staff days during a winter peak can offer advice to locums to ensure they are available over the winter.

Developing a sustainable staffing solution

Work should begin on developing a sustainable staffing solution in collaboration with stakeholders from the agency staffing ecosystem. The accusation often levied is that agency provision is too costly – but without an examination of comparative costs for staffing and what derives the best value for money for the taxpayer, or the impact on patient care. A wholesale and joined up review into how to improve the system is required.

An NHS staff procurement working group, convened and chaired by government, should meet regularly (at least quarterly) to discuss system issues as they arise, workshop solutions and share best practice. It should include organisations involved in the procurement of agency staff, from outside the NHS, and require testimony and data around where the system is doing well and where it is failing. Contributors to the group should be:

- Framework operators
- NHS Trusts and Foundation Trusts
- Staffing Banks
- NHS Providers
- NHS England
- Agency and bank staff, plus the relevant unions to offer the collective voice of staff, however they are employed, including the RCN and BMA
- Agencies, and / or their representative bodies such as the REC.

The working group should seek to build a picture of patterns in substantive staff recruitment and contingent staffing needs. The annual NHS Staff Survey should be analysed by the working group to understand motivational factors around recruitment and retention. This will include analysis of workforce demographics such as staff qualifications and training, patient-to-staff ratios in different departments, turnover rates, time-to-fill vacancies, and reasons for leaving. All these factors should impact the design and delivery of staffing procurement systems and subsequent framework costs.

The singular goal of the working group would be to improve NHS staffing procurement, including the power to workshop and analyse recruitment and retention strategies for substantive and contingent staff, and the associated implications for overall service delivery.

To begin this regular process and provide a baseline system review, a one-day summit should be hosted by the Department of Health and Social Care – either jointly with HMT or with their oversight - to establish key actions that would help establish a shared understanding of the existing system. This summit should also establish a transparent reporting system to monitor the situation on an ongoing basis.

NHS England should then use this insight to review framework terms, price caps and their implications so that the NHS procurement system is responsive to the modern cost of living and doing business. This should be the first in a regular process – at least every three years – to account for changes over time.

For more information on this submission, please contact:

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The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. Find out more about the Recruitment & Employment Confederation at www.rec.uk.com.

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