

How Labour can engage in better '*public-private sector collaboration*' with the recruitment industry to ensure an *NHS fit for the future*

Overview

[Labour's Industrial Strategy](#) advocates for **public-private sector collaboration** to meet pressing societal challenges, and foster the type of innovation urgently needed to boost growth, and productivity, and achieve its mission of ensuring an '*NHS fit for the future*'. It's no surprise that the UK's Health and Social Care professionals have been under immense pressure due to the lack of long-term planning and underfunding for many years.

Policymakers should prioritise building a robust foundation for the public sector workforce, focused on effective procurement and long-term workforce strategic planning. Together, these will provide value for taxpayers' money and deliver better outcomes for service users. This will also support greater efficiency, transparency, accountability and opportunities for public sector workers. We know that recruiters, as labour market specialists, offer in-depth expertise and insight into vacancy trends, employment patterns, labour market and skills requirements. Based on evidence from the recruitment industry, the [Recruitment and Employment Confederation \(REC\)](#) has outlined how Labour can better work with the recruitment industry to ensure the longevity of the NHS and that it is fit for timely service delivery to patients.

Recommendation One: Work with employment experts to design public procurement that provides value for money and deliver efficiency, transparency, accountability and opportunities

We understand Labour's ambition to bring the biggest wave of insourcing of public services, rather than outsourcing contracts to the private sector. While this may be an answer in some situations, the overarching driver should always be how to improve outcomes for service users. A labour government needs to understand why people choose to work in a certain pattern, including being an agency worker, contractor or freelancer in the public sector. Recruiters supplying a variety of roles into the NHS can offer insight on this, and then government can work with the recruitment industry to develop a more effective system for the procurement of temporary workers. REC members have a wealth of knowledge and insights that NHS Trusts, local authorities and service-users trust and rely on. Recruiters are subject experts in their sectors and local areas, and valuable assets to their clients who are employers across public, private and third sectors.

Recruiters do so much more than just supplying workers and work as genuine partners who provide innovative workforce solutions. One of our member agencies has advised us that over the last year (2022 to 2023), they have worked with a single NHS trust to deliver nearly £700,000 worth of savings. They did this by looking at how they were hiring staff, their training models, how they used shift patterns and rotas, patient data, and what the staff of that trust really wanted and needed to do a good job. Often these people need to find a new working model - other than taking up a full-time, permanent contract - to accommodate their caring or other responsibilities. Being an agency doctor, or care professional provides the arrangements that work well for them. This also benefits the wider sector and workforce by retaining the workers who otherwise have had no choice but to leave their profession and workforce entirely.

Recommendation Two: Closer investigation of NHS Banks spend

In its recently announced [long-term workforce plan](#), NHS England sought to address the chronic labour and skills shortages facing the NHS, with the vacancy shortfall at 112,000. However, these plans involved a misguided attack on agency staff and agencies that would undermine the vital role they provide the NHS on a short and long-term basis.

The strategy set out how over the three years up to 2021/22, expenditure on agency staff has increased by **23% from £2.4 billion to £2.96 billion** - but this included the vital response from agencies to the COVID-19 pandemic. In contrast, the NHS spending on bank staff increased in the same time frame by **51% to £5.2 billion**. In many cases, we see NHS trusts simply moving agency workers to banks to artificially reduce the amount spent on agency workers, which does not solve the wider staffing issues this plan seeks to address. Targeting agencies is not a silver bullet to reduce NHS staffing costs and it is clear more needs to be done to create a cost-effective NHS staffing model that uses agencies appropriately rather than excluding them entirely.

In order to create an effective staffing model, Labour should further consult with the REC and the recruitment industry. We know our members operating in the healthcare sector are committed to working collaboratively with NHS Trusts to ensure a talent pipeline right the way through our National Health Service, for now and in the long term. The NHS workforce strategy doesn't account for or appreciate the expertise and labour market insight that recruiters bring to address labour and skills shortages. As part of our ongoing work around this, we have called for a Public Accounts Committee (PAC) inquiry into value-for-money NHS staffing and the role of agency work in sustaining delivery for the NHS. It is a clear failure of the plan not to address this properly.

Recommendation Three: Reviewing framework price caps and dismantling the narrative around "rip-off agencies"

The current staffing frameworks are hindering everyone's efforts, including those of recruitment agencies and NHS Trusts, to tackle staff shortages. In England, recruitment agencies adhere to the rules and price caps within the NHS procurement frameworks introduced in 2016. However, the price caps and terms have not been reviewed or updated since then. This fails to reflect the changing UK labour market - costs, such as wages, have increased and the delivery of patient care has changed since the pandemic. Currently, price caps and the terms of NHS frameworks are unrealistic and do not flexibly respond to supply and demand issues, or last-minute needs for staff to keep wards open. As a result, NHS Trusts can end up using more expensive off-framework options which don't guarantee the same pay rates as on-framework agency suppliers. The other substantial market change in staffing for the NHS has been using staff banks.

How to make NHS spending more effective needs to be investigated, but the focus of this investigation should not solely be on agencies. Spending on banks also needs to be examined and considered in terms of how cost-effective it is for the tax-payer. Solely focusing on agencies will not address the whole problem and will mean the NHS continues to spend money on staff in a far from optimal way. Removing agencies will actually lead to more problems for NHS staffing, as demonstrated by REC research. According to the [REC's Report on Jobs \(ROJ\)](#), the Nursing/Medical/Care sector has been featured as '**skills in short supply**' for both permanent and temporary staff every month since we created this survey question in 2014. Furthermore, **carers and nurses**, in particular, have regularly been in short supply since 2018, and healthcare assistants since 2017. On average, Agency staff fill around 15,000 nursing and medical vacancies every quarter, as well as other support roles. At NHS England, 5 million hours of shifts are supported by the agency workforce, every month.

While staff banks have been playing a much bigger role in driving up the NHS spend, DHSC, NHS England and the media have so far only focused their effort on reducing agency spend specifically. Instead, we need to look at the needs of the NHS as a whole, look at the unintended consequences of zoning in on agency spend, and work back from there to find the safest and most cost-effective mix of staffing provision.

Recommendation Four: The establishment of a collaborative public-private sector national agency and temporary staffing strategic forum across the healthcare, allied health and care professional sectors.

The REC is of the view that there is urgent necessity to bring together sector stakeholders across the health and social care sectors to collectively discuss workforce challenges, sharing insights across each of the areas, which can support building a more cohesive, strategic staffing procurement. This makes for more aligned policy development that goes beyond sensationalised headlines. All staffing frameworks should be designed in partnership with NHS Trusts and agency suppliers, using the insight gained by the frontline experience of recruiters and their staff working across multiple trusts. That is how you will get insight that reflects the real demands of the market. Getting the NHS workforce right, and taking pressure of existing staff, is crucial in tackling waiting lists and encouraging more people to stay in or join the NHS. Proper frameworks, procurement and long-term workforce planning is vital and can't be done well without including agencies in the design of these systems.

Lastly, there isn't currently a platform for sector stakeholders to come together to discuss workforce challenges and a collaborative approach to them. In 2012, NHS Employers used to chair a National Agency and Temporary Staffing Strategic Forum with NHS England, DHSC, NHS Professionals, NHS Trusts, procurement partners and recruiters in attendance. This was a useful and strategic forum to effectively discuss labour market trends and workforce challenges in the NHS, encouraging a joint approach to agency management - as well as other, newer staffing models. This is something that we are keen to help build, and see reinstated by the next Labour government. We would be happy to discuss how to best facilitate and maximise the output from this type of strategic cross-sectoral forum in a healthcare setting.