

# Written Ministerial Statement

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## Department of Health

### REDUCING EXPENDITURE ON AGENCY STAFFING IN HSC

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**Mr Swann (The Minister of Health):** I am committed to ensuring a world class health service in Northern Ireland, in which services are delivered primarily by our Health and Social Care (HSC) workforce. Throughout the last decade however HSC Trusts have been spending more and more on agency and locum staffing. From taking office in 2020 I have believed such expenditure is no longer financially sustainable, nor is it working to the benefit or fairness of our wider HSC workforce.

In 2012/13, the HSC spent approximately £69m on agency staff and by 2019/20 this had risen to £255m. The total expenditure in 2021/22 had increased further to £320m, however much of this increase was driven by the need to sustain services during the Covid-19 pandemic. I recognise the hard work and contribution that many agency staff made during that challenging time.

Of most concern has been the overall significant increase in the use of off-contract or off framework agency use. Off-contract agencies are those who are not part of the regional framework that is procured by BSO; as a result they are not bound by any specific conditions, such as the prices that they charge the Trusts in return for providing them with staff.

As a result, off-contract agencies are typically much more expensive than their "on-contract" counterparts, and it has been the increase in use of off-contract agencies that has caused spending on agency staff to increase dramatically in recent years. Data from Trusts would suggest that, on average, the hourly cost to HSC for a Band 5 agency nurse was approximately double the hourly cost of an HSC employed nurse. That is a wholly unsustainable and unfair position.

From 2018/19 to 2021/22; expenditure on off-contract agency nursing staffing rose from £27.0m to £101m. In 2021/22, off-contract agency spend for nursing accounted for 72.5% of all agency spend for this grouping.

Throughout my time as Minister I have been clear with my officials that as soon as circumstances allowed I expected action to bring the high costs of agency expenditure under control. That is why in 2020 I established a Regional Agency Reduction Group, with membership drawn from HSC Trusts, Trade Union colleagues and other relevant DoH & BSO input.

Whilst I recognise there will be significant challenges in reducing the level of agency and locum expenditure across HSC I believe it is imperative that we, as a system,

must act. That is why earlier this year for the first time I already instructed that each HSC Trust be given a savings target and work is already underway within each organisation to deliver these savings within the current financial year.

It should be noted however there will likely always continue be some HSC Trust expenditure on agency & locum staff. HSC Trusts employ locum and agency staff for several reasons, for example, cover for sickness and maternity/paternity leave; cover for existing vacancies; and when demand for our services increases particularly over the winter months. Primarily, agency staff are used to ensure that safe and effective services are sustained at all times for patients and clients, however, I also fully recognise that in certain settings, high levels of agency usage has the potential to impact negatively on patient and service user care.

While the financial imperative to reduce agency expenditure is clear, concerns around patient safety and the ability to build relationships with service users are also central and need to be addressed.

In recognition of the vacancy pressures across the health service, which compound the reliance on agency, I have already taken action to ensure more people are recruited and more people are trained for roles in our HSC. I have invested to ensure the highest level of locally commissioned pre-registration nurse training places, 1,335 new undergraduates have commenced their Nursing degree at QUB, UU or the Open University this academic year. I have also allocated additional funding in 22/23, bringing the total funding available to some £8m, to support the recruitment of international nurses across our HSC. This project will allow the recruitment of 600 new nurses during this financial year.

I expanded the number of places on undergraduate Allied Health Professional places commissioned by the Department by 41 places this year and in relation to our medical workforce, UU's new Graduate Entry Medical School at Magee opened last year, increasing to 306 the number of primary medical degree places available in Northern Ireland each year. In addition, I increased both the number of places available on the medical foundation programme and on medical speciality training programmes in 2022/23. This increased investment will support priority service commitments including additional Clinical Oncology, Medical Oncology, Radiology, Paediatric Cardiology, Vascular Surgery, Transplant Surgery, Palliative Medicine and Dermatology training places as well 10 additional places on the GP training programme. I am also considering options to invest further in training for other HSC professions and job roles.

While action to train and recruit additional staff will make a significant difference to strengthen our workforce, I am also acutely aware of the current challenges we are facing with respect to retaining our existing nursing and midwifery workforce. It is little comfort to note that such problems are not confined to Northern Ireland. In response, I have published a Regional Retention Report which sets out a full suite of actions that will be taken to support our nursing and midwifery workforce and to retain more of our highly skilled, experienced staff. However, additional training and recruitment is only part of the solution. It is widely recognised that the causes of increased agency/locum expenditure are multi-faceted and inter-connected and, by extension, addressing the growing problem will require HSC taking a wide range of

actions over a sustained period of time. There is no quick fix and it is recognised that plans to address our vacancy rates through improved recruitment, retention measures and increased training will take time to make an impact.

We need to take urgent and immediate action to introduce measures that control the rates paid for agency staff, and to encourage more health care professionals back into substantive roles across the HSC. We will work to ensure an attractive HSC option is available for staff who wish to undertake additional or occasional shifts in addition to their substantive roles by reforming and incentivising our nursing and other professional banks – those arrangements Trusts use to contract professionals that will be available to cover short term pressures or provide additional shifts at busy times.

I want to set out clearly to those agencies who provide temporary staffing to the HSC, that one of my key priorities is to eliminate the use of off-framework agency usage across the HSC and harness a new collaborative way of working with on-contract agencies.

Off contract expenditure is not sustainable, not a cost-effective use of tax payers' money, and can lead to a lack of workforce continuity which has the potential to undermine the safe care of our patients.

That is why I can now announce that next week, the Procurement and Logistics Service (PaLS), of the Business Services Organisation, will launch a new public procurement seeking agencies to provide nursing and midwifery agency staff to HSC. This procurement will close in November, with the new framework being put in place in the New Year. My expectation is that those agencies who are successful in securing a place on the framework will start providing services to HSC in February 2023. This first procurement will be followed by a second procurement for the supply of medical and dental locum staff to HSC, and there will be further work to bring to an end the use of Social Workers employed by recruitment agencies in Trusts by June 2023.

To be clear – it is my intention that under the new agency expenditure rules that the utilisation of off-contract staff will be eliminated in all but the most exceptional circumstances. This will be a very significant decision, and whilst its implementation will not be without its challenge, it is a decision which I am convinced must be taken. We look forward to working in close partnership, with those agencies who will supply temporary nursing and midwifery staff to HSC via the new procurement framework, and who are committed to sharing our objectives. Therefore, if you are an agency who engages with Trusts in an off-contract capacity, now is the time to adjust your current strategies and respond to this public procurement to join an approved framework.

Naturally, this change of approach in how we secure our agency workforce might well have implications for some people who work through agencies; particularly those who might work exclusively on Agency contracts. I would encourage any health care professional to consider the benefits of HSC employment, in addition to pay and a generous pension scheme; HSC employment offers paid annual and sick

leave, life insurance, maternity leave and organisational support for training and career development and progression.

As well as eliminating the use of off-contract agency usage, all Trusts are now also being expected to limit and reduce their spending on agency staff. I recognise the challenge this will bring but all parts of our HSC system will be held accountable for bringing the use of off-contract agency to an end and reducing the total level of agency expenditure.

The Department will continue to work closely with all Trusts to monitor and limit levels of agency use across the sector as various measures are implemented. Once the new agency frameworks are in place, it is recognised that greater focus and a more robust system of governance and oversight will be necessary. This system will require more robust data collection and reporting systems to be established and will build upon progress already made to improve digital capability and workforce data collection.

I have also requested that each of the Trusts now engage with the Trade Union lead representatives for their area to ensure staff are supported and kept fully informed of efforts to limit agency spend.

Trusts will also work to build upon the successes they have had recently in converting longer term agency appointments into permanent HSC staffing. I have outlined, earlier in this statement, the benefits of HSC employment, and we have plans to take forward further work to offer the opportunity to those currently working exclusively through agency within our Trusts to convert to permanent HSC employment. Plans are well advanced with respect to taking these steps to stabilise the Social Work workforce in the coming weeks.

We recognise that a framework, which will limit the price that can be paid to suppliers, will not always be without challenge and that the effect on staffing supply, though difficult to predict, could be significant, particularly in the short term. This might be a particular challenge in some Trusts and specialties. Where appropriate, the Department will work to support Trusts in meeting the price controls and other agency rules, but Trusts would nevertheless need to ensure they maintain patient safety at all times.

I have been clear that agency spend is unsustainable and while the new procurement and elimination of off-contract provides a path to change, we recognise that more needs to be done to ensure the long-term benefits can be realised.

The Agency Reduction Working Group has identified that reform of the Trusts' Staff Banks and how they operate is necessary to support the move away from Agency usage. This will include consideration of introducing or adopting a new regional nursing bank. Reforms would include examining the rates paid for undertaking bank shifts and the frequency of payment following completion of a bank shift. It is recognised that it should also be made easier (through a digital solution) for a member of the bank to book a shift. This will support regional transparency on filling of shifts and help to maximise effectiveness of Bank. This Action should be led by a

project team from across HSC with support from the Department and NHS colleagues.

In addition, we recognise that improving and streamlining the recruitment process for both permanent and temporary vacancies to make it more efficient and shorten the time between vacancy being identified and filled will help drive down vacancies, increase core staff capacity, and thereby reduce agency dependence. Trust Chief Executives have commissioned a project that is examining and developing options to streamline the current regional recruitment processes. The project will report in the coming months.

Finally, while we can do much to improve recruitment and increase the number of people joining HSC we must also take measures to support the retention of our workforce. This is a key aspect of the Workforce Strategy Action Plan published in June this year and professional leads across HSC have been working to further develop plans in this area.

The purpose of these measures is not to prevent all agency usage: HSC will always require ad hoc resource to meet variations in demand. Our intention is to make sure that staffing costs can be managed appropriately at a time of considerable financial and operational pressure across the whole HSC, as well as discourage an over-reliance on agency staff and the risk this creates in terms of safe patient care. We must also recognise the impact an overreliance on Agency use can have on our substantive HSC workforce – placing additional pressures on them to support agency staff who may be unfamiliar with wards, systems and team dynamics.

As I have set out, it is my priority to eliminate the use of off-contract agencies across HSCNI and introduce a series of new frameworks for the supply of agency/locum staffing across all occupational groups. Within social work, plans are also being made to move towards a complete cessation of agency use. My focus has been to take action to build a sustainable HSC workforce, which should significantly reduce the demand for agency use in the longer term. Our investments in training and recruitment will take time to deliver but our revised approach to how we meet the demand for temporary/short-term staffing will bring our agency expenditure onto a more sustainable, cost-effective footing over the medium term and ultimately also improve safety and outcomes for people.

We must act to address the impacts that an over reliance on Agency staffing creates for the HSC – on the financial health of the system; on our ability to build relationships with service users and increased risks with regard to patient safety; and on the well-being of on our substantive HSC workforce. I am committed to:

- eliminating the use of 'off-contract' agency staffing;
- working in partnership, with those agencies who will supply temporary nursing and midwifery staff to HSC via the new procurement framework;
- reforming how the Trusts' Staff Banks operate to support the move away from Agency use; and
- investing in training, recruitment and retention to ensure we stabilise the HSC workforce for the future.

The Agency Reduction Working Group will continue to meet throughout the rollout of these changes, not only to monitor the regional implementation but also in 12 months' time review their effectiveness. Significantly reducing the expenditure on agency staff will not be easy, but it's decision of which I am convinced must be taken now. It is essential the HSC system remains agile in its efforts, not only to improve patient care but ultimately to provide a more sustainable and supportive environment for our health workers.