

Trust Board
24 November 2016

AGENDA ITEM NUMBER	6.5	
TITLE OF PAPER	Taking Further Action to Reduce Agency Spending	
Confidential	YES	
Suitable for public access	YES – Response will be sent to NHS Improvement	
PLEASE DETAIL BELOW THE OTHER SUB-COMMITTEE(S), MEETINGS THIS PAPER HAS BEEN VIEWED		
Executive Meeting 24 October 2016		
STRATEGIC OBJECTIVE(S): Tick any box below which is relevant and follow with a word or two of explanation as necessary.		
Best outcomes	<input checked="" type="checkbox"/>	
Excellent experience	<input checked="" type="checkbox"/>	
Skilled & motivated teams	<input checked="" type="checkbox"/>	
Top productivity	<input checked="" type="checkbox"/>	
EXECUTIVE SUMMARY	<i>This is a <u>summary</u> of the paper and the key points. It is NOT an introduction. Highlight what the Board is being asked to do and why; for 'standing items' the hot issues and challenges, and present a steer to the board on these and provide assurance.</i>	
	<p>The context for this item is the letter dated 17 October "Taking further action to reduce agency spending" letter from Anne Eden, NHSI Executive Regional Managing Director (South). This is attached as Appendix 1</p> <p>This requires us to implement a number of actions, listed in the table below, in addition to the work already taking place in the Trust to manage and reduce agency spend. An additional column has been added, showing our progress/actions, and if applicable, for discussion.</p>	
RECOMMENDATION:	<i>The Board is asked to discuss and approve the agency self-certification checklist for submission to NHS Improvement by 30 November 2016</i>	
SPECIFIC ISSUES CHECKLIST: Please provide a word or two of explanation on the risks which apply to this paper and link to the Board Assurance Framework if applicable.		
Quality and safety	<input checked="" type="checkbox"/>	
Patient impact	<input checked="" type="checkbox"/>	
Employee	<input checked="" type="checkbox"/>	
Other stakeholder		
Equality & diversity		
Finance	<input checked="" type="checkbox"/>	

Legal	
Link to Board Assurance Framework Principle Risk	✓
AUTHOR NAME/ROLE	<i>Colleen Sherlock, Head of Workforce Planning & Resourcing</i>
PRESENTED BY DIRECTOR NAME/ROLE	<i>Louise McKenzie, Director of Workforce Transformation</i>
DATE	24 November 2016
BOARD ACTION	<i>Approve</i>

1. Background and scope

NHS Improvement (and previously Monitor) have introduced a number of measures to manage and control agency reliance and spend, intended to reduce reliance on agency and reduce spend. The key milestones have been as follows:

- Agency Rate caps introduced in October 2015, with further reductions in February and April 2016
- Weekly reporting by the Trust of shifts over rate cap or off-framework from October 2015
- Guidance on engagement of interims for senior appointments
- Introduction of a ceiling on agency spend (£11.48m) for 2016/17

In support of this, NHSI have provided webinars in October for Trusts outlining good practice that has been successful in other Trusts and a guide for Medical Directors to take steps to reduce reliance on medical locums. The Trust has set up a Medical Workforce Scrutiny group to meet fortnightly to support this work.

The letter from NHS Improvement letter dated 17 October "Taking further action to reduce agency spending" is attached as Appendix 1. This letter requires the following:

- additional weekly reporting requirements on the Trust to include shifts over £120 per hour
- Shifts over £120 per hour to be signed off by the Chief Executive and reported weekly
- Completion of a self-certification checklist, attached as Appendix 2, to be submitted to NHSI by 30 November 2016

2. Recommendation

The Board is asked to note the report, and discuss and approve the self-certification checklist for submission.

17 October 2016

Provider Chairs, Chief Executives and Finance Directors

Wellington House
133-155 Waterloo Road
London, SE1 8UG

T: 0203 747 000
E: nhsi.enquiries@nhs.net
W: improvement.nhs.uk

Dear Colleague

Taking further action to reduce agency spending

I am writing to provide further detail on the actions on agency spending outlined in Jim Mackey's letter to trusts dated 7 October 2016.

It has been one year since NHS Improvement introduced the agency rules, at trusts' request, and the sector has delivered reductions in agency spending of over £600 million. Spending on agency staffing across England is now 20% lower than the same period last year. We know of many trusts across the country that have overcome workforce challenges and used the rules as a springboard to improve governance and processes, negotiate lower rates and reduce demand across every staff group. This is an excellent and important achievement.

However, agency staff still cost the NHS around £250 million a month – at present the sector is falling short of what is needed. Over-reliance on agency staff can put the quality and sustainability of services at risk. In order to retain costs within the available resources for the NHS, we need to ensure that boards, led by yourselves, are doing all you can to take control of agency spending. We need to bring an end to unacceptable behaviour such as paying over the odds for very expensive individuals or relying on the same agency staff members for very long periods of time.

Much more can be done across our region. The South region is already £24m (10%) above the aggregate agency spending ceiling this financial year and I will need to be assured that every trust board has implemented all appropriate controls to meet their ceilings. Your trust has exceeded its agency ceiling in the first five months of 2016/17. I therefore need to be confident that you are taking urgent action to correct this to bring your spending below your ceiling in order to reduce excess cost to the NHS.

Jim Mackey's letter on 7 October highlighted further actions to reduce agency spending, which include promoting transparency, better data, stronger accountability to boards and additional reporting of high-cost overrides. Further details on these expectations are set out below.

Promoting transparency and collaboration

Trusts have been asking for more information on agency spending to allow them to benchmark against their peers and work more collaboratively within the region. To support this, from November my team will be sharing data on agency expenditure (in relation to ceilings and total workforce costs) for all trusts in the region.

To further support collaboration, starting in November 2016 we will be holding further regional workshops and working to ensure that agency spending forms a key component of STP discussions. We will expect STPs to ensure the agency rules and these controls are implemented across the footprint to reduce excess cost and provide services within the System Control Total. These workshops will be led by your NHS Improvement regional relationship management team who will contact you shortly with further details.

In addition, as part of the broader approach to transparency, from Quarter 2 we will publish in NHS Improvement's quarterly finance report trust level data on agency expenditure. This is likely to include the best and worst performing trusts against ceiling and relative to workforce costs.

Data on your agency spending at Quarter 2

Jim Mackey's letter set out additional data for all NHS trusts and foundation trusts to provide at Quarter 2. This will help your trust and the NHS Improvement relationship team to better understand your agency usage. For clarity, I have summarised the data request and where to submit the data on the last page of this letter.

Further support on medical agency staffing

I am pleased that many trusts have been using the medical locum guide to reduce the reliance on premium medical agency spending. The guide is on our website:

<https://improvement.nhs.uk/resources/reducing-reliance-medical-locums-practical-guide-medical-directors/>

We expect trusts to fully implement this guidance and to support this NHS Improvement will be holding a webinar to run through this guide. We have medical directors from the sector sharing their experiences and I would strongly encourage you and your medical director to join the webinar which is from 2pm to 3pm on 18 October. You can register to take part here: <http://www.workcast.com/register?pak=5635436120063143>

Helping boards to hold executives to account on agency spending

It is very important that boards are systematically holding executive directors to account to reduce excess costs associated with agency spending, informed by high quality information. Some trust board members have asked us for more support on how to do this.

I attach a self-certification checklist for your board to complete to be assured that the trust is taking all appropriate actions on agency spending and to identify additional steps you can take. The checklist includes actions that can have an immediate impact: establishing governance, accessing accurate and timely data to inform your decisions and using appropriate tools and processes – such as rapid recruitment processes and eRostering. We expect trusts to have tough plans to tackle unacceptable spending, including exceptional over-reliance on agency staff in services such as radiology or very high spending on on-call staff.

I recognise that some services provided by trusts in our region are heavily reliant on agency staff resulting in them being financially unsustainable. If this is the case, you need to consider changing the way you deliver services, such as by changing roles or implementing shared service models, to achieve more sustainable staffing over the short to medium term. The checklist also challenges whether your trust is taking these actions.

This will be an area of particular focus where trusts are incurring costs in excess of their agency ceiling or are outliers relative to other trusts.

This checklist needs to be reviewed by your board working with your CFO, HR director and medical and nursing directors. All trusts should send the completed form to us (NHSI.agencyrules@nhs.net) by 30 November 2016. We will be following up with some trusts to ensure that the relevant board-level discussions have taken place with sufficient challenge and assurances that actions have been taken or will be taken by executive directors.

Additional reporting on unacceptable applications of the agency rules

Some trusts have advised us that they consider a lack of compliance by local partners results in an overall inflationary effect. We have also been advised that in some cases, when the agency price cap or maximum wage rates are exceeded on exceptional patient safety grounds, trusts no longer endeavour to negotiate the best rates for staff. This is not acceptable; trusts should always seek to negotiate the best price possible whether price caps are exceeded or not.

In addition, frameworks have been designed to support trusts in negotiating with agencies, managing down prices and collaborating with neighbours. Often going off-framework is indicative of poor planning and agency procurement behaviour resulting in trusts paying significantly higher prices for agency staff. Collective action is the most effective way of tackling high agency spending and we expect providers to operate in a way which secures this aim.

To ensure that chief executives have full sight of these significant overrides, we will now require in all trusts that the trust chief executive personally sign off on:

- All agency shifts by individuals costing more than £120 per hour.
- All framework overrides above price cap.

Chief executives should endeavour to sign off on any of these overrides prospectively although in exceptional circumstances retrospective sign off, within at most one week, may be necessary. A suggested template is provided in Appendix 4.

We will not ask trusts that are meeting their agency expenditure ceiling to report systematically to NHS Improvement on this (although they are still expected to follow the internal process).

However, all trusts that have year-to-date agency spending higher than ceiling are required to submit weekly signed off shift-level data on these overrides from 22 November 2016. This will be incorporated as part of the agency weekly returns.

In addition, we may be asking trusts across some regions with spending higher than ceiling to submit shift-level data on all non-clinical overrides. You will be informed shortly if you are required to submit this information.

Senior managers

Trusts need to reduce their reliance on agency staff at all levels and across all areas and this includes managerial staff. While senior managers play a pivotal role in guiding NHS

organisations through important operational and strategic improvements, the NHS often achieves poor value for money from recruiting agency managerial staff. We should be aiming to radically reduce and ideally eliminate reliance on agency managerial staff and use internal NHS solutions.

From 31 October 2016 trusts will be required to secure approval from NHS Improvement in advance of:

- Signing new contracts with agency senior managers where the daily rate exceeds £750, including on costs.
- Extending or varying existing contracts where the daily rate exceeds £750, including on costs or incurring additional expenditure to which they are not already committed.

Trusts will need to demonstrate that they first tried to fill the role internally, within their STP footprint or within the NHS. Guidance on this new process will be published on NHS Improvement's website later this week and also in the Provider Bulletin on Wednesday 26 October. Updated guidance on the use of interims through on-payroll arrangements or board-officer roles will also follow shortly.

Recognising the significant challenge that remains, I wanted to thank you and your teams for all your work so far in implementing the agency rules. I hope these actions, summarised at the end of this letter, will help you to go further by ensuring you have your board's attention, support and understanding of the challenges your trust faces, to implement the changes needed to reduce your spending.

Yours sincerely,



Anne Eden

Executive Regional Managing Director (South)

Summary of actions required

For all trusts

Action	Template	Steps to take
Submit data: monthly agency spending broken down by cost centre/service line (request sent 3 October 2016).	Appendix 1	Submit data to Finance inbox (NHSItrustfinance@dh.gsi.gov.uk) by 12pm on 24 October 2016
Submit data: <ul style="list-style-type: none"> A list of your 20 highest-earning agency staff (anonymised) A list of agency staff that have been employed for more than 6 consecutive months (anonymised) 	Appendix 2	Submit data to Agency inbox (NHSI.agencyrules@nhs.net) by 12pm on 31 October 2016
Board, together with CFO, HR director and nursing and medical directors to discuss and complete agency self-certification checklist.	Appendix 3	Submit completed checklist to Agency inbox (NHSI.agencyrules@nhs.net) by 30 November 2016
Chief executives to personally sign off on: <ul style="list-style-type: none"> All shifts by individuals costing more than £120 per hour. All framework overrides above price cap. 	Example sign off template in Appendix 4	Embed action in trust.
From 31 October 2016 trusts will be required to secure approval from NHS Improvement in advance of: <ul style="list-style-type: none"> Signing new contracts with agency senior managers where the daily rate exceeds £750, including on costs. Extending or varying existing contracts where the daily rate exceeds £750, including on costs or incurring additional expenditure to which they are not already committed. 	Guidance, including template, to be published on NHSI website on 19 October 2016	Submit requests to Agency inbox (NHSI.agencyrules@nhs.net)

In addition, if your trust has year to date agency spending higher than ceiling, you are also required to do the following.

Action	Template	Steps to take
Submit data: weekly shift level data, signed off by your chief executive, on: <ul style="list-style-type: none"> All shifts by individuals costing more than £120 per hour. All framework overrides above price cap. 	Reporting as part of weekly override reporting returns	Submit data on these shifts through the agency weekly returns 23 November 2016

Self-certification checklist Please discuss this in your board meeting		Yes - please specify steps taken	No. We will put this in place - please list actions
Governance and accountability			
1	Our trust chief executive has a strong grip on agency spending and the support of the agency executive lead, the nursing director, medical director, finance director and HR director in reducing agency spending.	Scrutiny at Board sub-committees, Master vendor in place, spend reviewed at rostering meetings. All agency bookings with framework agencies	
2	Reducing nursing agency spending is formally included as an objective for the nursing director and reducing medical agency spending is formally included as an objective for the medical director.	Reducing agency spend is a priority for Directors although not formally listed in objectives.	Not formally listed but MD and CN actively involved in plans
3	The agency executive lead, the medical director and nursing director meet at least monthly to discuss harmonising workforce management and agency procurement processes to reduce agency spending.	Workforce management and reducing reliance on agency is discussed monthly at Financial Management Committee, bi-monthly at Workforce & OD Committee, fortnightly at Nurse Rostering meetings.	A medical workforce scrutiny group has been established to review medical workforce management, recruitment, deployment and agency use.
4	We are not engaging in any workarounds to the agency rules.	We are not.	
High quality timely data			
5	We know what our biggest challenges are and receive regular (eg monthly) data on: - which divisions/service lines spend most on agency staff or engage with the most agency staff - who our highest cost and longest serving agency individuals are - what the biggest causes of agency spend are (eg vacancy, sickness) and how this differs across service lines.	Yes, detailed reporting on nursing, with fortnightly meetings, and this is being developed for Medical agency	A dashboard is being developed for medical workforce scrutiny to enable improved management of agency spend
Clear process for approving agency use			
6	The trust has a centralised agency staff booking team for booking all agency staff. Individual service lines and administrators are not booking agency staff.	Yes, a Managed Vendor service is in place for medical locums. Nursing and all other staff are cascaded to agency via the Trust's Temporary Staffing Team.	
7	There is a standard agency staff request process that is well understood by all staff. This process requires requestors and approvers to certify that they have considered all alternatives to using agency staff.	Yes, a Safer Staffing policy was put in place for Nursing in October 2015, and a similar process for Medical staffing in April 2016. Requests for the use of agency are approved at the Trust's weekly vacancy panel meeting.	

8	There is a clearly defined approvals process with only senior staff approving agency staff requests. The nursing and medical directors personally approve the most expensive clinical shifts.	Yes process in place. Approval is delegated to Divisional Chief Nurses/ Divisional Directors	
Actions to reducing demand for agency staffing			
9	There are tough plans in place for tackling unacceptable spending; eg exceptional over-reliance on agency staffing services radiology, very high spending on on-call staff.	Yes, A nurse rostering group meets fortnightly to review rostering and agency spend. A Medical Workforce Scrutiny group has been established with a remit of medical planning, management and an aim to reduce agency spend	Work is being undertaken to review rates for on-call and additional duties.
10	There is a functional staff bank for all clinical staff and endeavour to promote bank working and bank fill through weekly payment, auto-enrolment, simplifying bank shift alerts and request process.	Yes, there is an active bank for all staff groups	further work to extend weekly pay for medical staff and build bank
11	All service lines do rostering at least 6 weeks in advance on a rolling basis for all staff. The majority of service lines and staff groups are supported by eRostering.	Yes, where rostering in place (Nursing & Midwifery)	Exploring rostering for medical staff
12	There is a clear process for filling vacancies with a time to recruit (from when post is needed to when it is filled) of less than 21 days.	Time 2 Recruit is currently 12 weeks from Approval to advertise to start date in post, including notice period. A Hire Ahead approach is in place for Nursing & Midwifery and being considered for other staff groups	We are reviewing an example from another Trust of targeting fast track recruitment for hard to fill vacancies with high agency spend.
13	The board and executives adequately support staff members in designing innovative solutions to workforce challenges, including redesigning roles to better sustain services and recruiting differently.	New roles are encouraged, and the Trust bid for the Associate nurse pilot. The Trust's business plans ask specialties to identify new / developed roles that could aid recruitment difficulties or improve service delivery. The Trust encourage Quality Improvement and has a PMO actively working with departments to achieve innovative, patient-focused solutions.	
14	The board takes an active involvement in workforce planning and is confident that planning is clinically led, conducted in teams and based on solid data on demand and commissioning intentions.	Workforce planning is integral to business and service planning.	
Working with your local health economy			
15	The board and executives have a good understanding of which service lines are fragile and currently being sustained by agency staffing.	Monthly performance reviews at specialty level discuss hard to fill vacancies, high agency use and plans to address these	

16	The trust has regular (eg monthly) executive-level conversations with neighbouring trusts to tackle agency spend together.	The Trust has been participating in a Surrey-wide Temporary Staffing Group although lack of engagement from other Trusts has been disappointing.	As part of the STP, we are exploring a collaborative bank approach, and have identified a number of software providers able to support this development.
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Signed by

[Date]

Trust Chair:

[Signature]

Trust Chief Executive:

[Signature]

Please submit signed and completed checklist to the agency inbox (NHSI.agencyrules@nhs.net) by 30 November 2016