

Dame Meg Hillier MP  
Chair  
Public Accounts Committee  
House of Commons  
London  
SW1A 0AA

2 June 2023

Dear Dame Hillier,

We are writing to urge you to open an inquiry into NHS arrangements for staffing, recruitment and retention, and the value for money this delivers. We are hugely concerned – as staffing partners, taxpayers, and citizens – about the state of NHS staffing right now.

Last year, the NHS spent over £66bn on direct staffing (excluding GP salaries) and yet we are faced with record levels of job vacancies and waiting lists are at an all-time high. Freedom of Information requests have ascertained that around £3bn of the £66bn was spent on agency staffing. Further data (see appendix) shows that the cost of the temporary workforce has been sharply increasing since 2016, having surpassed £7bn in 2020/2021. This is largely due not to agencies but to the NHS's increasing spend on staff banks as well as off-framework agencies, where the systems put in place to manage costs have failed due to their failure to allow for rising costs.

The figures only tell part of the story. The last time any inquiry was held on this issue was opened in 2018 and given the ongoing staffing shortages in the NHS and how much the service has endured over the course of the pandemic and subsequent recovery, an inquiry is overdue. It feels all the more important given the consistent delays to producing an NHS workforce strategy, and doubts over whether this strategy will be inclusive of all staff – substantive, bank and agency. All are delivering great care every day and deserve our respect.

[The Recruitment and Employment Confederation \(REC\)](#) is the voice of the UK's recruitment industry almost 500 members operate in healthcare, including the 10 biggest staffing partners of the NHS. Our healthcare members provide clinical and non-clinical professionals to the NHS and local authorities, as well as to the private sector, supplying valuable permanent, international and flexible workers across all bands and services. We are keen to support efforts to get public sector staffing procurement right, because we believe that the current approach is driven by an ideology that damages employee choice and ends up costing the taxpayer more.

An example of this is the failure to raise the rates payable for on-framework agency nurses for many years, despite rising costs for pay, taxes and compliance. Nurses will not accept shifts that involve travelling significant distances (these are shifts that banks cannot easily fill) if the rate of pay is a little more than a few pounds above minimum wage. Shifts end up going unfilled because of this, and roles are filled at the last minute, on emergency rates, that cost vastly more to the NHS.

Despite agencies repeatedly raising this concern, we find little interest in a better managed approach from NHS England. Instead, a "bank good, agency bad" approach increasingly sees rates ramped to persuade staff to work via a bank, costing the agency more still. Too often, the approach to public sector procurement is short-sighted when it comes to the long-term impacts of their decisions as they chase a mirage of lowest cost, rather than best value, provision. This fails to deliver efficiency and ironically, it often results in higher prices with last minute, more expensive options being the only option available.

Temporary workers are a critical part of supporting the NHS, filling 15,000 NHS vacancies every quarter, equivalent to five million hours of shifts every month. As has often been acknowledged by NHS England, NHS Employers and others, contingent labour and staffing solutions will always be needed within the

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NHS - whether that is through an agency, a bank, an insourcing supplier, or any other model, on an ongoing basis.

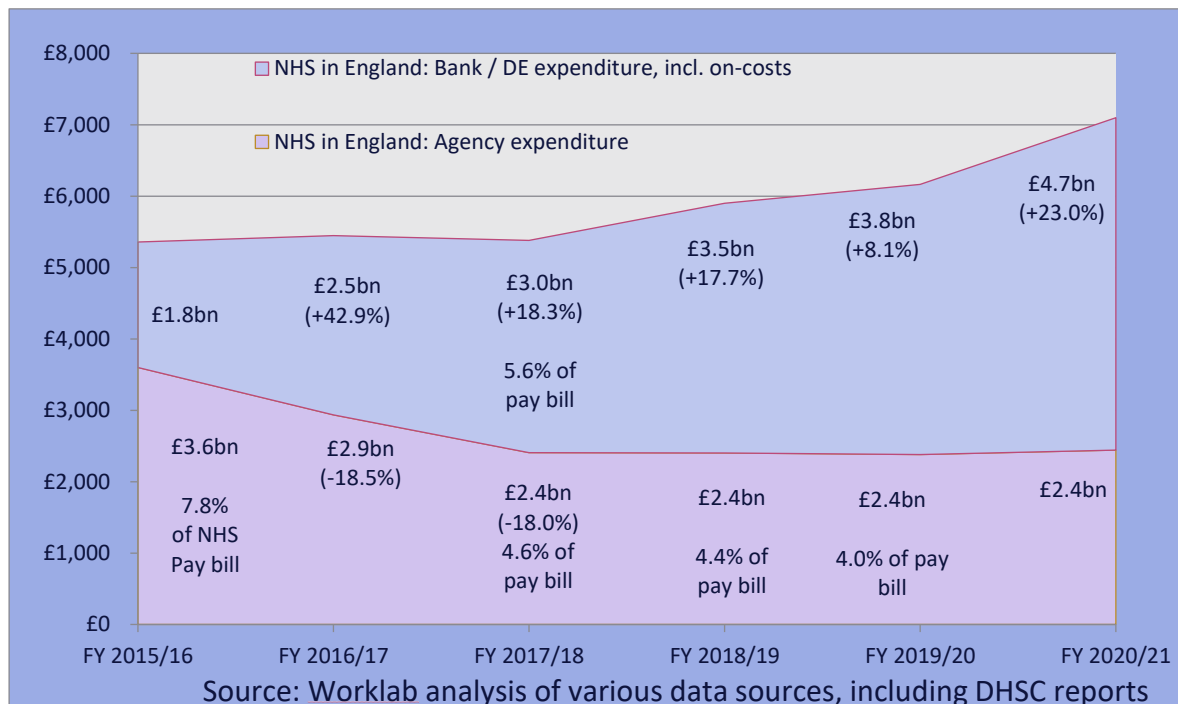
But in recent years, ideology about agency medical staff – despite their vital role – has led NHS England and the Department of Health to make some grave errors. We understand the government's desire for efficiency – but we are now caught in a system where the procurement model and anti-agency rhetoric are pushing costs up quickly. Banks are raising rates to outbid agencies for staff, while the freeze on agency staff pay makes off-framework and emergency rates the only option for some Trusts. There has to be a better way to save money and provide better care. An inquiry would be an appropriate starting point and will help build on the findings of NHS workforce strategy, expected in July.

We would be happy to provide a further, more detailed briefing on these issues to you and the Committee clerk at any time, or to follow up with an introductory meeting but we hope we have made the case for why NHS staffing and the associated public sector procurement models needs urgent investigation. I look forward to hearing from you.

Yours sincerely,

**Kate Shoesmith**  
Deputy Chief Executive

## Appendix



In 2015, NHS agency price caps and controls were introduced with an aim to reduce NHS spend on the temporary workforce, while encouraging people to take up substantive roles. NHS temporary workers have two routes to shifts - via an agency or a bank. Even though both agency rates and bank rates were part of the original proposal, a last-minute amendment exempted banks from price caps.

Since the price caps came into place, the NHS spend on agencies has decreased sharply and then stabilised, showing marginal or no changes in the last 6 years. On the other side, the bank expenditure has more than doubled in the same period – going from £1.8bn in 2015 to £4.7bn in 2021. This also significantly increased the overall NHS spend on its temporary workforce, demonstrating the strong demand for flexible working.

At the same time, there is a high volume of narrative and publicity focusing on the NHS's spend on agencies and agencies only. We need to start looking at the right figures with a view to create a sustainable medical workforce and establishing a genuine partnership with agencies, as experts in the current jobs market.