

The Rt Hon Wes Streeting
Secretary of State for Health and Social Care
Department of Health and Social Care
39 Victoria Street
London SW1H 0EU

9th June 2025

Dear Secretary of State,

Since Labour have come to power, this is the fourth time we have written to you. We have offered, repeatedly, to discuss directly the situation with agency staffing – and at times when our team have met with you at external events, you've acknowledged that the only way to "fix" the NHS is to work in partnership with all providers across both the public and private sectors. Indeed, it is how the NHS and DHSC engages with the big consultancy firms and tech suppliers in the private sector whose services cost the NHS considerably more than recruitment businesses. So it was disappointing and frustrating to see the recent press release from your department refer to "rip-off agencies". This couldn't be further from the truth, or from the "enduring partnership with business" that Labour's manifesto promised last year.

The Department for Health and Social Care has been cutting agency spend for years but has still failed to get staffing procurement right in a way that delivers value for money. Officials have built a system that has raised bank costs higher than agency and punished those agencies who signed up to cost controls at the expense of those that didn't. Now, the Department refuses to even discuss the issue of agency cost with agencies themselves - because officials know their claims about reducing overall spend by cutting agency costs are baseless.

In recent polling the REC has conducted, we found that almost half of employers (42%) across private and public sectors trust private recruitment agencies the most to fill vacancies. Employers globally - in both the private and the public sector - use agency staff and partner with recruiters for both permanent and temporary roles to effectively manage employment costs and varying demands in workload. Agencies help save money and improve service, while offering skilled professionals the working lives they want. The NHS is not unique, and like many other employers across all sectors, would not be able to function solely with a substantive workforce.

NHS Trusts and ICBs are not able to run their own procurement processes as effectively as agencies can, leading to inefficiency and increased costs when it comes to attracting and hiring new talent. In some instances, it can take weeks or months for them to make recruitment decisions. Last year, one REC member analysed an ICB's hiring practices. On average the ICB was taking 56 days to respond to every CV they received, another 30 days to respond to a candidate after interview and a total of 137 days to onboard a new starter. These delays in the process are potentially costing them millions in lost time alone. Agencies can streamline these processes and want to help Trusts recruit more effectively and efficiently. Another member has recently told us that it has saved a group of Trusts £10 million by running all their recruitment needs - far more cost effective than a traditional, internally managed NHS Bank.

We are hearing increasing reports of work shifting to other, less sustainable and often less safe arrangements as a result of DHSC's "crackdown" on agencies. 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.

The NHS needs a balanced workforce strategy. That means combining long-term investment in training and retention with a flexible approach to meeting immediate pressure and treating agencies as partners rather than as peripheral players to be blamed. We're ready to work with you and officials to achieve this – but that has to start with an end to the name-calling.

As ever, the REC wants to discuss the importance of the agency market with you in more detail. Jordan (jordan.price@rec.uk.com) in my office is able to arrange this.

Yours sincerely,



Kate Shoemith
Deputy CEO

Cc Karin Smyth MP, Minister of State for Health (Secondary Care)
Stephen Kinnock MP, Minister of State for Care
Ashley Dalton MP, Parliamentary Under-Secretary of State for Public Health and Prevention
Sir James Mackey, Chief Executive Officer, NHS England

Appendix

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:

- *"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.