

Report Title	Agency Use: Reduction plan for 2019/20		
Sponsoring Executive	Raffaella Goodby, Director of People and Organisation Development		
Report Author	Lesley Barnett, Deputy Director – Human Resources		
Meeting	Trust Board	Date	3 rd January 2019

1. Suggested discussion points *[two or three issues you consider the Trust Board should focus on]*

During 2018/19 the Trust exceeded its NHSI ceiling of £10.6m on temporary staff expenditure. This was in spite of considerable improvements made to agency grip and control measures, such as restrictions on high cost agencies and an increase in rostering compliance and new reporting measures being put in place with Barnacles reporting. We plan to end the financial year spending £15.2m on agency staff. During 2019/20 the current view of spend on agency staff is £11.9m, which represents Month 12 2018/19 x 12. In order to achieve this the Trust must maintain its grip and control and increase control on rostering planning, sickness management and vacancies.

The Board should discuss:

- Assurance on levels of agency spend via professional group, whether this is deliverable and aligns to other strategic plans that are in place.
- The assurance around rostering compliance highlighted at the People and OD committee in December
- Additional reductions in agency spend that could be achieved in 2019/20

2. Alignment to 2020 Vision *[indicate with an 'X' which Plan this paper supports]*

Safety Plan	X	Public Health Plan		People Plan & Education Plan	X
Quality Plan	X	Research and Development		Estates Plan	
Financial Plan	X	Digital Plan		Other <i>[specify in the paper]</i>	

3. Previous consideration *[where has this paper been previously discussed?]*

Finance and Investment Committee

4. Recommendation(s)

The Trust Board is asked to:

- | | |
|----|---|
| a. | DISCUSS assurance on levels of agency spend via professional group, whether this is deliverable and aligns to other strategic plans that are in place. |
| b. | DISCUSS the assurance around rostering compliance highlighted at PODC |
| c. | RECEIVE updates through the Finance and Investment Committee |

5. Impact *[indicate with an 'X' which governance initiatives this matter relates to and where shown elaborate]*

Trust Risk Register		Risk 114			
Board Assurance Framework					
Equality Impact Assessment	Is this required?	Y		N	If 'Y' date completed
Quality Impact Assessment	Is this required?	Y		N	If 'Y' date completed

1.0 Introduction:

The Trust's agency spend for 18/19 as reported in the finance reports is above the expected spend of £9.9m. This is now reflected in the Revised Internal Plan, with an expected annual spend of £15.186m which is significantly above the NHSI agency ceiling set at 10.6m. The Finance and Investment Committee have oversight of this change and NHSI were informed formally via financial reporting templates in December 2018, having notified the Regional Director verbally in November.

The variance from budgets is being driven by a number of factors, predominantly vacancy levels, sickness absence, and rostering grip and control. Our plans for reducing agency spend during 19/20 will therefore focus in these three key areas.

2.0 Agency Plan 19/20:

The agency reduction plan has been developed in alignment with the budget setting process for 19/20 and will be developed in two stages.

Stage 1: Forecasted Pay Spend.

In developing the forecasted pay spend for 19/20 with the Groups as set out in table 1 below, there has been an assumed agency spend of £11.9m, being Month 12 2018/19 spend x 12 leaving a known pay variance of £11,481m from expected rollover budgets. The plan to reduce spend was outlined at December Board and the December FIC.

Table 1: Forecasted Pay Spend 19/20:

2019/2020 Forecast Pay Position					
New Group	Budget	Budget Adjustments	Revised Budget	Actual	Variance
	£000's	£000's	£000's	£000's	£000's
100 Medicine & Emergency Care	-78,839		-£78,839	-80,766	-1,927
200 Surgical Services	-75,543		-£75,543	-78,869	-3,326
300 Women & Child Health	-43,541		-£43,541	-45,038	-1,498
500 Primary Care, Community and Therapies	-40,008		-£40,008	-41,851	-1,843
600 Pathology	-257		-£257	-140	116
700 Imaging	-14,448		-£14,448	-14,818	-369
800 Corporate	-57,429		-£57,429	-59,394	-1,965
850 Central	-633	-£5,600	-£6,233	-6,901	-669
TOTAL	-310,697	-£5,600	-£316,297	-327,778	-11,481

** Budget Adjustment relates to funding of AfC Pay Award and FYE of medical Pay Award, should be in 19/20 Tariff and repair "hole" in reserves.*

Medical Pay Award £1.2 million
AfC £4.4 million

Table 2 below sets out the breakdown of the £11.9m predicted agency spend by staff group. It has been assumed that the majority of the savings will be found through improvements in recruitment, sickness management and rostering grip and control.

Table 2: Summary £11.9m Agency planned spend by Staff Group

SUMMARY	2018/2019	2019/2020	Movement
	£000's	£000's	£000's
Medical Staffing	-7,917	-6,148	1,769
Administration and Estates	-893	-757	135
Healthcare Assistants and Support Staff	-23	-23	0
Qualified Nursing and Midwifery	-5,227	-4,353	874
Scientific, Therapeutic and Technical	-1,125	-653	472
	-15,186	-11,935	3,251

Note: Given that a significant amount of the gross agency reduction is predicated on successful recruitment, the net contribution to reducing pay spend is estimated to be £1.2m

2.1 Stage 2: Actions to Return Pay Budgets to Balance 19/20

Groups have been asked to further review their forecasted pay overspends and asked to develop immediate plans to address these. Planning assumptions will be considered via Group Review's during January '19. It is therefore possible that further agency reduction measures may be identified during this second phase. The board will know that the majority of agency spend is in medicine, and of that, 60% of the spend is on medical staff. With the planned recruitment trajectory, this should see further improvements in the agency spend above.

Groups have been asked to develop detailed spend reduction plans that will include the following:

- 2% vacancy factor
- Sickness reduction in hot spot areas and overall
- Rostering productivity improvement in grip and control
- Improvements in recruitment and retention.
- Transformation – introduction of new roles or new ways of working, where traditional recruitment models have proven not to be sustainable.
- Reduction in AHP and A&C agency spend through grip and control/recruitment.

3.0 Associated Risk:

There are some acknowledged challenges associated with achieving the 19/20 agency plan. In particular:

- Based on November '18 agency spend our annual run rate would be £16.3m, compared to our plan of £11.9m. This alone clearly highlights the scale of improvement required.
- The 19/20 Production Plan is likely to require some agency support. At the moment the cost of contract estimates for new posts assume all substantive staff. There is no assumption however within the cost of contract workings that other recruitment will improve so bases the costs on agency forecasts currently submitted. Therefore the extent to which new posts are not filled substantively presents a risk to an increase in agency spend and the production plan margin.
- The agency reduction savings are predicated on successful recruitment activity and correct assumptions regarding retention. Clearly, whilst careful assumptions have been made, there remains a degree of risk and uncertainty.

A further update will be given to the Finance and Investment Committee in January 2019

Lesley Barnett
Deputy Director Human Resources
24th December 2018