

Aneurin Bevan University Health Board

Submission to the National Assembly for Wales Public Accounts Committee Revisiting NHS Finances

Date of Session: Monday, 8 July 2019

Introduction

1. This paper provides a briefing on the current position relating to expenditure on temporary staffing in Aneurin Bevan University Health Board (ABUHB). The paper supports the oral evidence that representatives of ABUHB will give at the Public Accounts Committee on 8 July 2019.
2. This briefing paper will provide:
 - A brief introduction to ABUHB and its financial position.
 - A better understanding of the reasons for and the scale of use of agency staff in ABUHB.
 - Explain the pressures resulting in the use of agency staffing solutions and how this is managed.
 - Examine the progress ABUHB is making in establishing a better understanding of the expenditure on agency staff and its relationship to other expenditure on temporary staffing.
 - Outline further projects and initiatives aimed at managing temporary staffing costs.

Brief introduction to ABUHB and its 2018-2019 financial position

3. Aneurin Bevan University Health Board was established in October 2009 and achieved University status in 2013. It serves an estimated population of over 639,000 people covering the boroughs of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen. This equates to approximately 21% of the total Welsh population.
4. The Health Board has a revenue budget of £1.2 billion with which it delivers health care services to people in the above boroughs and also provide some secondary care services to the population of South Powys. The Health Board employs 14,362 staff (end of March 2019) with an overall pay bill of £538m (2018-2019).
5. The Health Board is committed to commissioning and providing safe, high quality services and delivering local and national targets from within our available resources. This commitment and our priorities are described in our Integrated Medium Term Plan (IMTP) which has been approved by Welsh Government.

6. Throughout 2018-2019, the organisation has maintained its focus on effective leadership underpinned by public sector values, openness, candour with patients and our staff, and sought effective engagement in the planning and delivery of services with our partners and the local population.
7. The Health Board is fully committed to realising the benefits of working in partnership on behalf of the population we serve and is actively working with partners on the Well Being of Future Generations Act, Social Services and Well Being Act and the Welsh Government's plan for health and social care – 'A Healthier Wales. Our local approaches are supported by robust governance and assurance processes.
8. With regards to the financial position of the Health Board, the final 2018-2019 audited position for the Health Board reported a revenue surplus of £235k and a capital surplus of £41k. The following financial targets were also met:
 - Compliance with the Public Sector Payment Policy and
 - Cash balances held by the Health Board were within target levels.
9. The NHS (Wales) Finance Act 2014 requires the Health Board to live within its resources over a three-year rolling period. It also requires Health Boards to have an Integrated Medium Term Plan, covering a rolling three-year period, approved by Welsh Ministers. In 2018/19, the Health Board had its IMTP approved and it managed its resources over the rolling three-year period for:
 - a. Revenue: a surplus of £530k over the three-year period covering 2016-17, 2017-18 and 2018-19 financial years, and
 - b. Capital: a surplus of £161k over the three-year period covering 2016-17, 2017-18 and 2018-19 financial years.

Better understanding of the reasons for and the scale of use of agency staff in ABUHB

10. Temporary staffing solutions are required to ensure the Health Board is able to maintain safe services and provide quality patient care. The main reasons for the use of temporary staffing and increasing expenditure are as follows:
 - Vacancies which are often hard to recruit to due to skills shortages (see below).
 - Sickness absence and other absences such as special and parental leave.
 - Increased demand for services and the way services are currently configured.
 - To meet the requirements of the Nurse Staffing Levels Act (Wales) 2016 all wards have regular reviews of their nurse establishments to ensure patient needs are met and safe staffing is maintained.

This has resulted in an increase in the numbers required for planned rosters on some acute wards.

- There are known national skills shortages for professions and specialties reflected in the British government's national shortage occupation list. This outlines where there are not enough resident workers in the UK to fill vacancies and supports the Health Board when recruiting from overseas particularly in the fields of registered nursing, consultant and middle grade doctors in old age psychiatry, emergency medicine and paediatrics.
- There are also growing issues in relation to the reluctance of existing medical staff to take on additional sessions or responsibilities due to the changes to taxation and pension rules. Reductions in pension taxation limits has meant that NHS high earners may opt to retire early or choose to reduce the number of additional sessions they work, to reduce their income and mitigate tax charges.

11. Temporary staffing resources are managed by the Health Board's resource bank team, which provides nurses and healthcare support workers. Internal medical locums are sourced through a central locum bank and sometimes by the divisions of the Health Board. Many of the people who work this way will also hold a substantive contract with ABUHB or another NHS employer. Overtime and additional hours are utilised before using agency staff as this is less expensive and provides better continuity of care. External agencies who are on a national procurement framework also provide agency workers at a premium cost.

Pressures resulting in the use of agency staffing solutions and how this is managed

12. Key headlines in relation to the Health Board's overall agency spend are as follows:
- In 2018-2019 temporary staffing represented 11% of the overall pay bill, (agency= 3.85%). This proportion of spend is consistent with 2017-2018.
 - Temporary staffing spend for 2018-2019 was £59.361m. The agency spend in 2018-2019 was £20.757m which represents 34% of the overall spend.
 - Agency costs have increased in 2018-2019 by £2.993m compared to 2017-2018.
 - 84% of all agency spend is on medical and registered nursing. (48% medical and 36% registered nurses).
 - 87% of medical agency spend and 78% of registered nursing agency is due to vacant posts.
13. 65% of the Health Board's temporary resourcing solutions are worked by our substantive staff (nurses, healthcare support workers and locum doctors).

Medical Agency Usage and Expenditure

14. Key headlines relating to the use of agency workers in medical posts are as follows:

- £14.676m was spent on the overall medical temporary workforce, of this £10.065m was spent on agency and £4.611m on internal locums.
- Agency spend for medical and dental workforce for 2018-2019 was £10.065m; which is 7.87% of the overall medical and dental pay bill.
- 69.43 whole time equivalent (WTE) agency and internal locum doctors (paid directly by the Health Board) are used each week, 35.05 WTE are agency and 34.38 WTE are locum.
- 87% of medical agency spend is to cover vacancies, and 1% to cover sickness absence.
- Sustaining medical rotas over numerous sites for a range of specialities presents a real challenge in Paediatrics/Obstetrics & Gynaecology, Emergency Medicine, COTE and Orthopaedics.
- Medical and Dental staff have a vacancy factor of 18.69% which equates to 186.50 WTE vacancies. 23% of the agency usage is within Nevill Hall Hospital where the Health Board has increasing difficulty in attracting substantive and temporary staff. Recruitment campaigns for junior doctors in obstetrics and gynaecology, trauma and orthopaedics and paediatrics have been out to advert between 4 and 9 times for each vacancy in the last 12 months.
- Long standing consultant vacancies in Ophthalmology (5 WTE vacancies over last 3-4 years) and Occupational Health (1 WTE vacancy over last 12 months). Three consultants have been recruited to Ophthalmology and will start within the next 6-9 months following completion of training pathways.
- Vacancies and sickness absence in Health Board managed GP practices contributed £392,000 to the total medical agency expenditure 2018-2019. This equates to 3.89% of the overall medical agency spend.

15. Current agency rates have contributed to increasing expenditure. Agencies on the national framework are not tied into the Welsh Health Circular (WHC 2017-042), which outlines maximum hourly rates of pay for agency doctors. This presents continued problems in negotiating reduced rates. The maximum rate in accordance with the WHC is £97.22 per hour for a consultant. However, the average hourly rate paid by ABUHB to a medical agency for a consultant is £114 per hour. This issue is not contained to areas where there are difficulties in recruitment/skills shortages and is a regular occurrence. The Health Board mitigates this risk by exhausting all avenues to secure internal locum cover in the first instance e.g. 80% of temporary staffing in emergency medicine is provided internally through locums.

Nursing agency usage and expenditure

16. Agency spend for nursing for 2018-2019 is £7.371m which is 4.36% of the overall nursing pay bill. 256.42 WTE are used on agency and bank each week, 83.88 WTE are agency and 172.54 WTE are bank workers.
17. £17.085m was spent on agency (£7.371m) and bank (£9.714m).
18. The key cost drivers for nursing agency expenditure are:
 - There are 350 WTE registered nursing vacancies, a vacancy factor of 10%. Vacancies are particularly high in surgery and medicine. 78% of agency use is due to vacancies and 20% due to sickness absence. In 2018-2019 sickness was 5.24%, compared to 5.59% in 2017/18.
 - Difficulty in attracting substantive and temporary nurses at Nevill Hall Hospital. This is partly due to its rural location. Vacancies have increased from 60 WTE to 87WTE over the last 12 months representing a 35% vacancy factor for this hospital site. This increase is primarily due to retirements.
 - Staffing additional capacity to respond to increased winter pressures resulted in an increase of both bank and agency expenditure. Registered nurse bank usage increased on average by 20.56 WTE per week and agency by 13 WTE over the winter period (Jan-March 2019).
 - Sickness has fluctuated throughout the year, but increased during the winter period. This is mainly attributed to colds, coughs and flu and gastrointestinal problems. This has resulted in an increase of bank and agency usage from 20% to 28% to cover sickness absence over the winter period.

How the use of agency spend is managed within the Health Board

19. The Health Board reviews all expenditure on a regular basis to minimise the reliance on costly temporary staffing arrangements. Using our substantive staff not only helps reduce spend but offers greater continuity of care and improves patient experience. We want our staff to look after our patients. Set out below are a number of our initiatives:

Improving the Health Board's position in the recruitment market:

- In June 2019 new recruitment webpages and branded materials designed to improve the candidate experience were launched. Feedback from various professional groups has been encouraging and the webpages have already resulted in unsolicited contacts from registered nurses overseas.
- The Health Board has also worked closely with national recruitment campaigns such as the British Association Physicians Indian Origin (BAPIO) – Medical Training Initiative, Student Streamlining Process for registered nurses and the Train, Work, Live campaigns.

- Local medical recruitment campaigns have focused on redesigning job roles e.g. to provide more attractive rotational roles for middle grade doctors, this has proved successful in reducing vacancies in emergency medicine. Multi-disciplinary recruitment to alternative roles to support medical and nursing gaps, such as the appointment of 6 Physician Associates in 2018 and a further 11 in 2019. The Health Board also has ongoing development of advanced care nursing roles to support medical duties, such as Emergency Nurse Practitioners and Advanced Critical Care Practitioners.
- A 12 month registered nurse recruitment plan is operational and will be evaluated in the autumn. This includes recruitment of nurses who trained overseas but are residing in the UK. There is a rigorous local selection process and the Health Board has developed a comprehensive training package which includes assessments for English language skills and clinical competencies. There are currently 27 nurses receiving training to achieve NMC registration. A further 8 nurses have completed their training and are now working as registered nurses in the Health Board. This work has received national recognition.

Maximising the use of internal temporary staffing solutions

- Through the 2019 winter period a number of incentives and initiatives were in place to support safe staffing of additional winter capacity. This provided on average an additional 20.56 WTE bank registered nurses per week. Throughout the winter we also increased occupational health and wellbeing support, including a “Winter Hero” employee communication strategy to support staff wellbeing and to remain in work.
- Agency and bank usage was planned over the winter period using a supply and demand profile tracker to predict usage on a weekly basis. This information was analysed and presented on a weekly basis to the Executive Team for review, discussion and to support any required actions. In addition, the Health Board focused on the importance of effective rostering and the use of technology to make it easier for bank workers to book shifts.
- The Health Board has piloted a medical locum bank system supplied by a company called Patchwork. A pilot of the system commenced in November 2018 in Emergency Departments in the Royal Gwent and Nevill Hall Hospitals. This system is intended to increase use of internal medical locums instead of needing to use agency staffing. The Health Board has seen a range of benefits to date: speed of shift booking via an app, improved accuracy of hours/shifts worked reducing payment errors and increased numbers of doctors willing to undertake locum bank shifts. A 360 degree evaluation of the system will take place to inform planning for next winter. This pilot is in line with the all Wales approach and endorsed by the all Wales Medical Workforce Efficiencies Group and Welsh Government.

- Continued focus on reducing sickness absence. Sickness absence in May 2019 was 4.95%, which is a slight decrease from April 2019 at 4.97%. Reducing sickness absence and supporting the wellbeing of all staff is a key Health Board priority. The focus is now on understanding the reasons behind the main cause of absence (stress, anxiety, depression) so that appropriate interventions and support can be provided. This will help reduce the gaps in our workforce.

Progress ABUHB is making in establishing a better understanding of the expenditure on agency staff and its relationship to other expenditure on temporary staffing

Nursing & Midwifery

20. The Health Board's nursing agency expenditure is 11% (£7.371m) of the nursing agency spend across Wales. Whilst expenditure has increased over the last two years, it is the second lowest spend on agency after Cwm Taf HB (£6.992m). With the exception of Cwm Taf, all other Health Boards have spent between £2.239m and £6.973m more than ABUHB in 2018-2019.
21. In 2016, the Health Board proactively undertook significant work to eradicate the use of "off contract" agency, to meet financial governance requirements, improve quality and to reduce costs. As a result, the Health Board reduced its registered nursing agency expenditure from £10.176m in 2015-2016 to £5.460m in 2016-2017 and £5.809m in 2017-2018. This had a direct impact on increasing internal bank costs over the same period. Bank expenditure increased from £4.730m in 2015-2016 to £7.053m in 2016-2017 and £8.690m in 2017-2018.
22. However, in 2018-2019 the Health Board's costs for bank and agency have increased due to increased registered nurse vacancies. Vacancies have increased from 275WTE to 350WTE over a period of 12 months. This is an increase of 2% in the overall vacancy factor from 8% in 2017-2018 to 10% in 2018-2019. The increase has been due to a 15% increase in the number of retirements over the last 2 years. At the same time there were a higher number of leavers than new starters. The nursing turnover rate for 2018-2019 was 9.10% compared to 8.50% in 2017-2018.
23. Bank spend increased to £8.690m in 2017-2018 and has further increased to £9.714m in 2018-2019. Vacancies and difficulties in recruitment has also meant that agency costs have increased to £7.371m in 2018-2019 from £5.809m in the previous year.
24. The Health Board supports the all Wales Nursing Workforce Supply Group and is working to refine all Wales reporting of temporary staffing expenditure. The Health Board has also made the decision to embark on overseas recruitment to improve the overall vacancy position.

Medical & Dental

25. Health Board expenditure on medical agency constitutes 19% (£10.065m) of the medical and dental agency spend across Wales in 2018-2019. It has spent the third highest amount on agency after Betsi Cadwaladr ULHB (£14.028m) and Cwm Taf LHB (£13.853m). Compared to all Wales the Health Board has the highest % increase (40%) for agency spend over the last two years. Two other health boards have slight increases under 7%, and three health boards have reduced their agency spend ranging between a 50% and 70% reduction.
26. Medical agency and locum costs have increased from £4.771m in 2015-2016 to £10.065m in 2018-2019. Over the same time period, internal locum spend has also increased from 2015-2016 £3.452m to £4.611m in 2018-2019.
27. To better understand this position regular meetings are held with every division to ensure scrutiny of the use of medical agency and to reduce agency rates of pay, optimise recruitment options and identify more sustainable staffing solutions.
28. The Health Board supports the all Wales Medical Workforce Efficiencies Group and is working with this group to refine all Wales reporting for temporary staffing expenditure.

Further projects and initiatives aimed at managing temporary staffing costs

29. The implementation of the Health Board's Clinical Futures Strategy and the opening of the Grange University Hospital in 2021 will require service and workforce reconfiguration that provides new ways of working and changes to skill mix e.g. training senior Healthcare Support Workers to undertake duties currently performed by nurses. In addition, efficiency plans are focused on reducing sickness absence and improving roster effectiveness.
30. There are a number of projects and initiatives aimed at improving supply and managing temporary staffing costs, these include:
 - Maximising registered nurse delegation practices - a pilot to evaluate the effectiveness of registered nursing delegation practices to health care support workers has been undertaken on a surgical ward at Nevill Hall Hospital. This has identified a number of opportunities to improve delegation practices, support 'top of the licence' working and patient care. The findings are being tested on a comparable ward with a view to rolling out learning and guidance on an all Wales basis working in conjunction with Health Education Improvement Wales.
 - Increasing opportunities for multidisciplinary working - There are a number of actions underway to reconsider skill mix to support staffing on our acute wards.

These include opportunities for multi-disciplinary teams including more flexible use of therapy staff and new roles such as Physician Associates, enhanced health care support worker roles in ward areas and multidisciplinary team working in Primary Care settings.

- All Wales Nursing Bank - The Health Board is supportive of the concept of a regional nursing bank to allow staff to move between organisations. The evaluation of the test of concept pilot across Swansea Bay and Cwm Taff Morgannwg Health Boards will need to provide assurance around compatibility of technology for efficient rostering, consistency of practice around training and an all Wales move to weekly pay.
- Exploring opportunities to engage temporary solutions in a different way in readiness for next winter. This includes maximising opportunities to use overtime and greater use of annualised hours contracts.

Summary

31. Across Wales the experience is one of increasing demand for services compounded by difficulties in recruiting staff both locally and nationally. Using a temporary workforce to cover gaps in the substantive workforce can be costly, but necessary in order to provide and maintain safe services and quality patient care. This is reflected in increased expenditure on agency staff across Wales.
32. ABUHB's main focus is on recruiting substantive staff (medical and non-medical) and retaining skills and experience, as well as promoting multidisciplinary working. This will reduce the need for expensive temporary resources.

**Bwrdd Iechyd Prifysgol Aneurin Bevan/
Aneurin Bevan University Health Board
25 June 2019**