

WELSH HEALTH CIRCULAR



Llywodraeth Cymru
Welsh Government

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STATUS: ACTION

CATEGORY: WORKFORCE

Title: Addressing the impact of NHS Wales Medical and Dental Agency and Locum deployment in Wales

Date of Review 31 March 2018

For Action by: Chief Executives of Health Boards and Trusts

Action required by: 3 November onwards
A schedule of actions required as result of this Circular and the deadlines is included at section 4.

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Enclosure(s):

To all Chief Executives
Health Boards and Trusts in Wales

C.C. CMO, Directors of Finance, Directors of W&OD, Medical Directors

Addressing the impact of NHS Wales Medical and Dental Agency and Locum deployment in Wales

Action required – A schedule of actions required as result of this Circular and the deadlines is included at section 4.

Introduction

1. This Circular sets out the arrangements for a programme of coherent and coordinated system wide action across the NHS in Wales aiming to drive down agency and locum deployment and expenditure whilst maintaining the delivery of a safe and sustainable service across Wales. The proposals have been developed in partnership with the NHS in Wales and detailed work undertaken by the Wales Medical Workforce Efficiency Group.
2. We want the programme to encourage return of people to the NHS labour market so improving regular workforce supply and quality and consistency of care to patients; increasing the equity and transparency of reward systems and reduction of internal wage competition; and reduce the overall spend whilst we focus on the underlying causes. We will focus on the delivery of these benefits throughout the programme.
3. The Agency and Locum programme will comprise:
 - A clear national control framework of limits and targets for agency and locum deployment and expenditure.
 - Clear roles and responsibilities for implementation across the system.
 - A rigorous, transparent performance management regime, with
 - Individual organisations preparing and delivering implementation plans and projections to meet nationally set targets;
 - National and Board level scrutiny of performance against plans and targets;
 - Central capacity for scrutiny, identifying and sharing effective practices and targeted interventions to tackle specific issues or priorities through the establishment of a Workforce Delivery Unit.
4. **The new arrangements will start on 13 November 2017.**

5. The intention is to further develop the programme based on developing knowledge and evidence about implementation and its impact, and to drive the benefits from the programme over a number of years.
6. This Welsh Health Circular sets out the requirements of the programme and action to be taken within Health Boards and Trusts to prepare for and during implementation.
7. **A schedule of actions required as result of this Circular and the deadlines is included at section 4.**
8. **The rules set out in this WHC apply only to NHS Wales medical and dental staff.**
9. **General Practitioners** - are not covered by the above rules at present however further work will be undertaken to understand the level of expenditure in this area and consider whether there would be benefit in including them within the arrangements in the future.
10. **Nurses** - Work is already underway on the reduction of agency nursing deployment and significant change has been achieved so far. We will continue to monitor this progress alongside the work on medical agency and locum and consider whether more needs to be done in the future.

Section 1 – Clear roles and responsibilities for implementation across the system.

11. Delivering the benefits of this programme requires coordinated action across Wales, with a clear understanding of the roles at each level in the system.

1.1 Government will:-

- Set the strategic direction and emphasise commitment to rapid system wide action
- Work with the NHS in Wales to establish an all Wales approach to implementation to ensure consistency
- Establish and operate a national performance management regime and a Workforce Delivery Unit to drive and support implementation.

1.2 NHS Health Boards and Trusts

- Identification of an Executive level individual to take responsibility for driving this work in their organisation and account for performance.
- Develop clear and detailed plans for implementation of the new approach in their own organisations including for managing the short, medium and long impacts on service delivery and developing a robust understanding of potential risks and their mitigation
- Establish robust control mechanisms for agency and locum deployment with effective scrutiny arrangements and apply these controls consistently
- Engage with the performance management regime
- Drive operational management of the plan in their organization including active management of the risk and mitigation strategy.

1.3 Operational level within NHS Health Boards and Trusts

- Everyone involved in booking and deployment of agency and locum staff have a clear understanding of the new control framework and approach to implementation in their own organisation and implement these effectively.
- Rigorous and creative management of the services affected by the changes to minimise the impact on service delivery and ameliorate the impact on individuals affected.
- Provide senior managers with rapid feedback on emerging issues

Section 2 - Agency and locum control framework for deployment and expenditure

12. We are introducing a control framework designed to support Health Boards and Trusts to reduce their agency and locum deployment and expenditure and ensure a consistent approach to internal locum ad hoc hours payments.

Under this framework:

1. Health Boards and Trusts must only use the approved framework agreement (which is the Crown Commercial Services (CCS); RM3711 Multidisciplinary Temporary Healthcare Personnel Framework - see note i below) to procure all medical and dental agency workers.
2. A price cap will be applied for all medical and dental agency workers from 13 November 2017. The caps are set out in Annex i and are the maximum payments allowed.
3. Each health board and trust will be expected to make a reduction in external agency spend of 35% by the end of October 2018 of the spend in the 12 months before these arrangements were introduced (ie from 1 November 2016 to 31 October 2017). Individual organisations targets will be agreed with their named lead Executive).
4. The price cap is the maximum rate which may be paid and must not be seen as a target rate. There is an expectation that health boards and trusts will work to reduce agency expenditure below these levels. In any case, no Agency worker should be paid at a higher rate than your organisation has paid them in the preceding 12 months.
5. Internal Ad Hoc Locum cover (see definition in note ii below) hours cannot be paid at a rate above the price cap rate from 27 November 2017 nor can the hourly rate increase above the rate paid as of 13th November.
6. All organisations must develop internal escalation processes which will require any breach of the framework criteria listed at 1-5 above to be authorised at Executive level following a robust risk assessment of the impact on patient safety.

Notes and definitions

13. **Note i – Informing Agencies** - NHS Wales Shared Services Partnership Procurement Team will be issuing a letter to the Agencies that are operating in Wales setting out the new arrangements and the actions that they need to take. This clarifies that the current approved framework agreement for Wales is the Crown Commercial Services (CCS); RM3711 Multidisciplinary Temporary Healthcare Personnel. Any organization using other frameworks of Agencies outside the agreed framework will need to be signed off at Executive level as a breach of the controls

set out in this Circular.

14. There may be other Agencies currently engaged by individual organisations that are not on the NHSWSSP list and for consistency we want to ensure that they also receive a letter. NHSWSSP will liaise with each Health Board and Trust to ensure this happens and to build a complete picture of all the Agencies currently working in Wales.

15. **Note ii - Ad hoc locum cover** can be provided by substantive staff on an additional (i.e additional to contracted hours/sessions) shift by shift basis or by individuals secured on ad hoc terms of engagement. The terminology used to describe the type of ad hoc cover referred to above varies to include:

- Additional Duty Hours;
- Internal locum cover;
- Internal Medical Bank;
- Ad hoc locum cover.

16. For the purposes of the price cap this type of cover will be defined as 'Internal Ad Hoc Locum Cover' and will be inclusive of the descriptions used above.

17. Internal ad hoc locum pay rates cannot be increased or re-negotiated upwards from 13th November 2017, and must not be in excess of the rates set out in Annex i.

18. **Note iii - Travel and Accommodation** – The price cap hourly rates payable to an agency will include the worker's pay and all other elements such as travel and accommodation costs. Agency workers will not be entitled to any additional payments for travel to and from the work base of the assignment or accommodation costs. If travel is necessary between sites to fulfil the requirements of an assignment this may be reimbursed subject to local Health Board or Trust arrangements. In the event that an agency worker is able to stay in Health Board or Trust accommodation the Health Board or Trust's normal fees structure will be applied.

19. **Note iv - Existing bookings** – Any existing bookings made before the publication of this circular may be honoured at their negotiated rate but every effort should be made to renegotiate the rates down. Any new booking for work after the 13 November must be below the capped rate or signed off at Executive level as a breach of the controls.

Section 3 – National performance management regime

20. In preparation for and during implementation of this programme of work on Agency and Locum deployment, we will be developing evidence about the current situation and the impact of the changes. This information will be used to discuss implementation progress and to shape future policy on this area. More significantly, it will also enable us to identify other issues which underpin the need for the deployment of agency and locum staff and to tackle these in partnership by sharing expertise and effective practice across Wales.
21. We are expecting that the quality and depth of information on agency and locum deployment will improve and develop as implementation begins. Arrangements set out here represent an initial approach to evidence gathering and performance management. This approach will be developed and refined over time in partnership with NHS colleagues and further guidance offered periodically.
22. As a minimum we expect that Health Boards and Trusts will:

Step 1 - Health Boards and Trusts must prepare and deliver implementation plans and projections to meet nationally set targets

- All Health Boards and Trusts must identify a single named individual at Executive level to lead the planning and delivery of this work on their behalf.
- Regardless of the named Executive lead for agency and locum – WODDs, Medical Directors, Directors of Finance and Chief Operating Officers will all have a significant role to play in implementation. The organisation's plan should set out these roles clearly and describe the mechanism for coordination.
- Organisations must prepare an implementation plan for introducing the new caps and limits to meet the requirements of the new system and deliver a reduction in agency and locum deployment. The first draft of the plan should set out detailed plans up to the end of the financial year in March 18 and also outline proposals for the period to the end of October 2018.
- The plan must include, as a minimum:
 - Baseline data estimating the organisations expenditure on agency and locum staff including a breakdown of the split between externally supplied agency staff and internal Ad Hoc Locum Cover. This should be accompanied by an explanation of the way the baseline was calculated and an assessment of the degree of confidence in the accuracy of the data provided;

- the detail of the control framework for both agency and internal Ad Hoc Locum Cover expenditure (including the controls applied to identifying the need for an additional cover from an agency or locum, the decision making framework to identify how this additional cover will be provided, and the mechanisms used to ensure Executive level sign off for any expenditure which falls outside the capped rates);
- an explanation of how the Board will be assured that control framework is operating effectively;
- a risk assessment of the planned implementation and the ways that the risks will be mitigated or managed;
- a projection of the potential savings that the plan will deliver over the twelve month period.

23. The plan must be scrutinized and endorsed by the Board and submitted to Welsh Government – payandcontracts@wales.gsi.gov.uk by 3 November 2017.

Step 2 - Scrutiny of performance against plans and targets

24. At Health Board or Trust level

- The nominated Executive lead must prepare monthly progress reports for Board level scrutiny. These should report on progress against the plan and at a minimum should contain:
 - an assessment of the effectiveness of the control framework and information about whether any changes have been made as a result of lessons learned during operation;
 - an updated risk assessment incorporating lessons learned from any practical issues which have arisen during implementation, and the ways that the risks will be mitigated or managed;
 - a comparison of the actual savings compared to the projected savings and an assessment of the confidence in the accuracy of the data.
 - an anonymised list of the number of agency workers paid above the capped rates, including details about the number of hours/ sessions they have delivered and their speciality;

- an anonymised summary which sets out the expenditure made to each of the ten highest paid (ie those paid the highest hourly rate) agency workers including details of the hours/shifts worked, their speciality and length of current assignment with the organisation;
- an anonymised summary of the ten longest serving agency workers i.e. those working for the longest consecutive period, including their speciality, details of the hours/shifts worked and length of assignment;
- an anonymised summary of the number of exceptions that have been authorised for internal Ad Hoc Locum Cover in excess of the agreed cap including the number of hours/sessions they have delivered and their speciality;
- an anonymised summary which sets out the expenditure made to each of the ten highest paid ad hoc locum workers including details of the hours/shifts worked;
- an anonymised summary of any individual paid more than £120 per hour or more including their speciality, details of the hours/shifts worked, whether they are providing internal Ad Hoc Locum Cover or supplied by an Agency and length of assignment for Agency staff;
- Welsh Government will provide a standard template for the data required which will be developed in partnership with NHS colleagues. A copy of these reports must be submitted to the Welsh Government by the 17th of each month.
- Once the Board have scrutinised the reports, a copy of the minutes of the Board which records their comments and scrutiny must also be submitted to the Welsh Government.

25. At national level

- The monthly reports received by Welsh Government will be scrutinised and any questions or issues that arise from them will be directed to the individual nominated to lead this work on behalf of the organisation.
- Progress will be scrutinised through regular reports to the NHS Wales Executive Board.
- Progress within individual organisations will also feature in regular Joint Executive Team (JET) meetings, Targeted Intervention Escalation meetings and

Chief Executive NHS Wales' individual performance management discussions with organisational Chief Executives.

26. Establishment of a Workforce Delivery Unit

- A Workforce Delivery Unit will be established to provide central capacity to scrutinise plans and progress against the targets within them, identifying and sharing effective practices, and to lead targeted interventions to tackle specific issues or priorities.

Section 4 – Preparing for implementation

27. The table below sets out the actions to be taken as a result of this circular – all correspondence to be sent to payandcontracts@wales.gsi.gov.uk

Issue	Action	Deadline
Provide a named lead	Provide the name and contact details of your nominated Executive level lead for this work. This individual will act as the point of contact for Welsh Government on agency and locum matters, and take the lead in discussions with Welsh Government about the plans, and evidence about progress made to reduce agency and locum deployment	Immediately
Writing to all Agencies working in Wales	Liaise with NHSWSSP to ensure they are aware of all the agencies that you work with to supply medical staff. NHSWSSP will be contacting all Health Boards and Trusts	
Establishing arrangements	Ensure your HB arrangements are in place, are robust and in line with this guidance.	Ongoing
Organisational Plan to achieve targets	Submit your organisation's plan to introduce caps and achieve the targets set within the 12 months to 31 October 2018.	Friday 3 November
Capped rates apply	13 November 2017 for agency staff 27 November for internal ad hoc locums	13 and 27 November
Submit progress data	Submit your organisation's report setting out progress against the plan in line with the requirements at section 3. The first report will be a short narrative report on the first few weeks operation to be submitted by 15 December and a template for the report will be provided. A standardized report matching the requirements in section 3 will be expected on or before 17 January and then every subsequent month. The performance management process will be further developed and refined over time and we will update this guidance as appropriate.	1 st report to be received by 15 th December then by the 17 th of each subsequent month

Annex I – Cap hourly rates

Grade and shift type		Cap hourly rate
Foundation year 1	Core	£32.54
Foundation year 2	Core	£40.36
Registrar (SP1-2) / Core Medical Training	Core	£45.76
Registrar (SP3+)	Core	£57.05
Dental core training	Core	£56.15
Specialty Doctor / Staff Grade	Core	£66.43
Associate Specialist	Core	£82.21
Consultant	Core	£97.22

Note:

Price caps are exclusive of VAT.

This is the total rate to be paid to agencies supplying medical and dental staff in Wales. It includes all additional costs, for example agency commission, allowance for holiday pay, travel costs and accommodation costs.

For staff providing internal Ad Hoc Locum cover this sum covers all costs but does not include employer's on-costs and not the employee's on-costs.