

Taking the **temperature**

Review of NHS agency staff spend - quarterly update, Q3 2014/15

This research looks at pay and commission rates paid by 40 trusts in Q3 14/15, comparing results with the previous quarter, as well as by size, type and region.

Liaison is currently working with around 20% of the NHS to help better control, manage and reduce the costs of its temporary staffing. The anonymised data in this report is drawn from temporary staffing spending activity from these client trusts and health boards.

■ Our review is based on the following:

 **140+**
agencies

In Q3 locums were provided to trusts and boards by a total of 67 agencies. In total, there are more than 140 agencies supplying staff through STAFFlow, the direct engagement component of our TempRE* service.

40
 trusts

Of which, 33 are acute hospitals. There are 160 acute hospitals in the UK so this data represents 1 in 5 of them. The remaining sample comprises of five mental health trusts and two health boards.

7,000+
locums 

On an average day, there are an estimated 3,500 locums working in England and Wales. In Q3, we processed bookings for 2,411 unique doctors representing over 350,000 hours worked and £24m in pay and commission fees. In total, we now have 7,089 locums registered on TempRE*.

Q3
UPDATE

LIASON

*For information about Liaison's TempRE service, see the back page.

■ The key highlights from Q3...

Pay and agency commission fees

The percentage of commission relative to the total pay and commission bill fell slightly from 10.95% in Q2 to 10.49% in Q3. Average hourly commission rates across all locums fell from £7.41 to £7.12. In contrast, the average pay rate increased from £60.26 per hour to £60.78.

Across all grades, locum pay saw an increase in hourly rates with the biggest rise in the average hourly pay rates for a consultant, now at £88.73, up by £2 per hour.

Pay rates continue to exceed recommended National Framework Agreement rates (NFA). For example, **consultant rates were on average 46% higher than the average NFA rate** (exc. tax and NI).

Whilst commission rates show a marginal decrease overall, the maximum rates paid indicate continued over-charging by some agencies. For example, the average hourly commission rate paid for an ST3 was £6.63, relative to the maximum commission paid by one trust for an ST3 of £25.27 per hour.

The average pay rate earned by a General Medical (GM) locum remained static at £59.20 per hour; **the highest amount paid for a locum performing this role was £133 per hour**. Charges for consultants in A&E also indicate a major misalignment to NFA rates; **hourly pay rates average £90.40, and were as high as £140 per hour compared to the NFA's recommended rate of £64.73**.

Regional disparities in Q3

In line with findings from our annual report, London continues to pay the lowest rates for GM consultants compared to the other regions. **The North West and South West paid the highest hourly pay rates. The South East Coast paid the highest commission rates, paying 79% more than the East of England for a GM consultant.**

The North East also pays significantly more for A&E consultants, although their commission rates have reduced by a third. Similarly, average commission rates for A&E consultants in the South West have also dropped by £4.50 per hour and in Wales, commission for this role has dropped by £1.97 per hour.

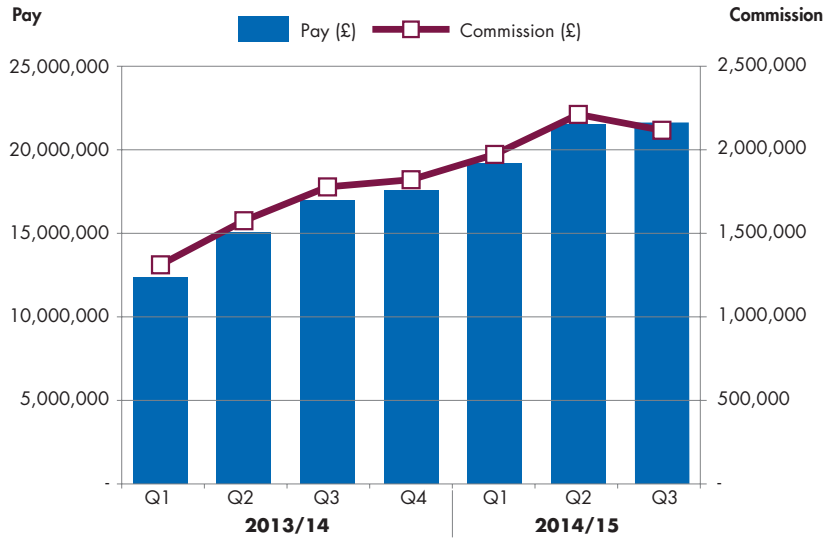
Why the spend occurs

The biggest reason for sourcing temporary staff was to cover the shortfall created by substantive vacancies. **66% of hours booked were driven by unfilled vacancies**, substantiating the wider workforce planning issues experienced by the NHS to fill permanent roles.

Pay rates for 26% of bookings made were overridden. This means the contracted pay rates the trust previously agreed with the agency were manually overridden at the time the booking was made. In 42% of these cases, pay rates were increased to attract the locum whilst the agency agreed to decrease commission to secure the booking. 27% of these higher rate bookings were due to the need for a specialist locum and a further 25% were made at very short notice. This implies that trusts are under great pressure to fulfil roles urgently to meet quotas and requirements, and attract locums.

Sample data

By spend



This quarterly update is based on bookings worth £21.6m in payroll payments and £2.5m in commission payments across 40 trusts.

By region



Total hours booked

	Hrs
Wales	21,224
North	146,225
South	97,740
Midlands	90,697

Total pay and commission spend

	£
Wales	1,568,044
North	9,911,239
South	6,480,322
Midlands	6,205,500

■ Results

Overall pay and commission rates (per hour)

	Q2	Q3		Variance
Commission as % of total pay bill	10.95%	10.49%	↓	0.46%
Average locum pay per hour	£60.26	£60.78	↑	+ £0.52
Average locum commission per hour	£7.41	£7.12	↓	- £0.29
Average locum pay & commission per hour	£67.67	£67.76	↑	+ £0.09

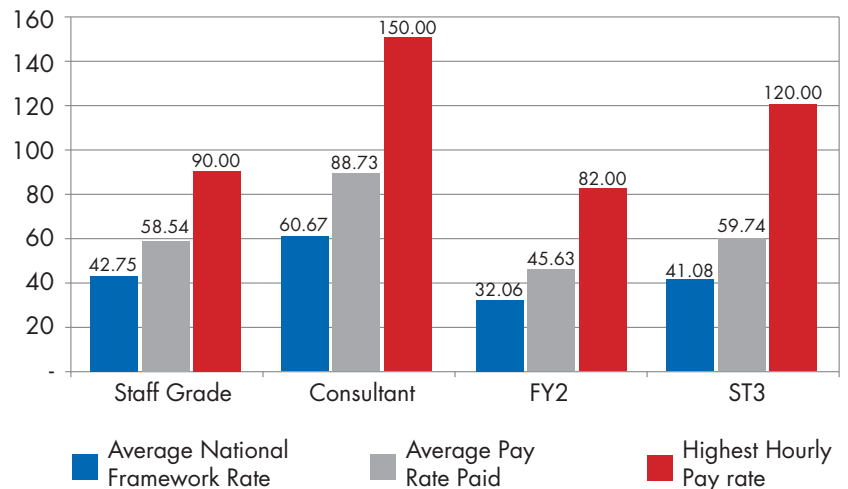
Pay rates by grade (per hour)

	Q2	Q3		Variance	Highest Rate Paid
Consultant	£86.69	£88.73	↑	+ £2.04	£150
ST3	£59.40	£59.74	↑	+ £0.34	£120
FY2	£45.05	£45.63	↑	+ £0.58	£82
Staff Grade	£57.91	£58.54	↑	+ £0.63	£90

Comment from Andrew Armitage, Managing Director, Liaison

The response to our annual 'Taking the Temperature' report last year (see it at www.liaisonfs.com/temperature) was exceptional. Covered in the national and health sector press, the report brought together unprecedented levels of insight into how the NHS spends this money. The report also facilitated regional benchmarking, with NHS organisations seeing how the pay and commission rates they paid compared to the rest of the country – with some interesting results. We are now working with more than 25% of the NHS on direct engagement and we would like to thank our clients for their support in sharing their anonymised data.

In the quarter, pay rates for consultants increased by over £2 per hour, whilst for other staffing categories, the changes were minimal. This chart indicates however that rates are still significantly higher than the recommended framework levels – in some cases, reaching three times the recommended target.

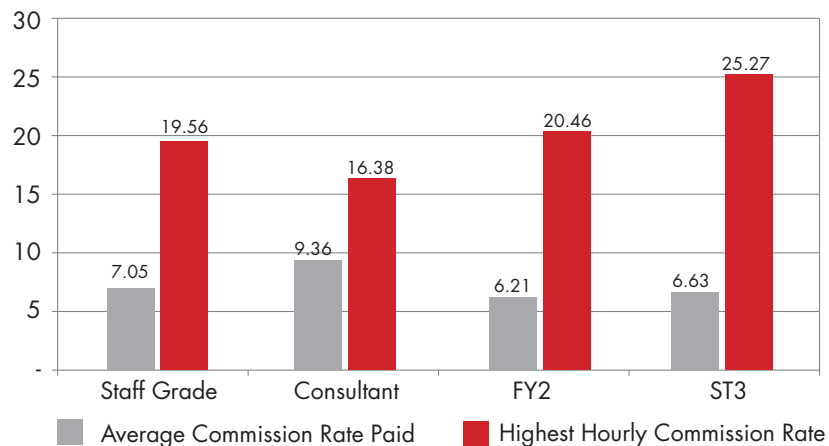


Results

Commission rates by grade (per hour)

	Q2	Q3		Variance	Highest Rate Paid
Consultant	£9.55	£9.36	↓	- £0.19	£16.38
ST3	£6.77	£6.63	↓	- £0.14	£25.27
FY2	£6.49	£6.21	↓	- £0.28	£20.46
Staff Grade	£7.31	£7.05	↓	- £0.27	£19.56

In the quarter, commission levels across all staffing categories were marginally reduced in comparison to Q2 figures. This chart indicates however that there are still major variations in commission levels that are being agreed between trust staff and agencies. This is evidenced below where the greatest increase is for an ST3 hire, where commission reached £25.27 per hour - over four times the national average for that role.

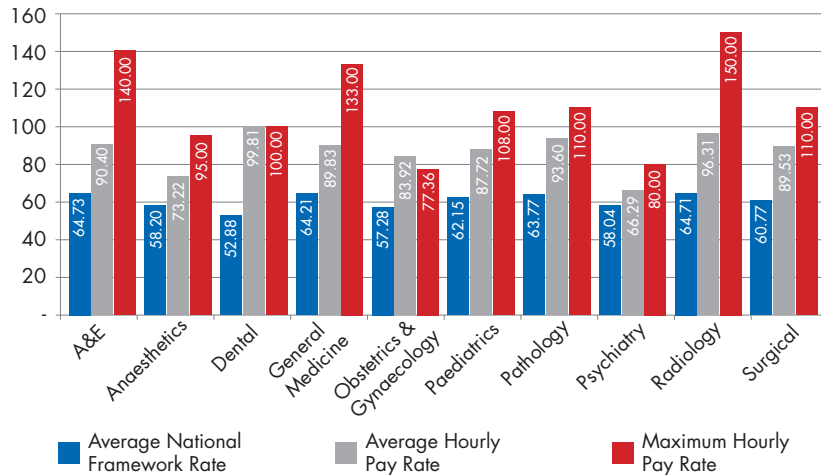


Pay rates by specialty (per hour)

Average per Hour	Q2	Q3		Variance Q2/Q3
A&E	£62.12	£61.56	↓	- £0.56
Anaesthetics	£62.25	£60.60	↓	- £1.65
Dental	£61.37	£57.17	↓	- £4.20
General Medical	£58.79	£59.20	↑	+ £0.42
Obstetrics & Gynaecology	£51.54	£ 53.64	↑	+ £2.10
Paediatrics	£61.48	£65.25	↑	+ £3.77
Pathology	£71.39	£91.05	↑	+ £19.67
Psychiatry	£67.79	£51.32	↓	- £16.48
Radiology	£91.83	£94.88	↑	+ £3.06
Surgical	£59.04	£60.69	↑	+ £1.65

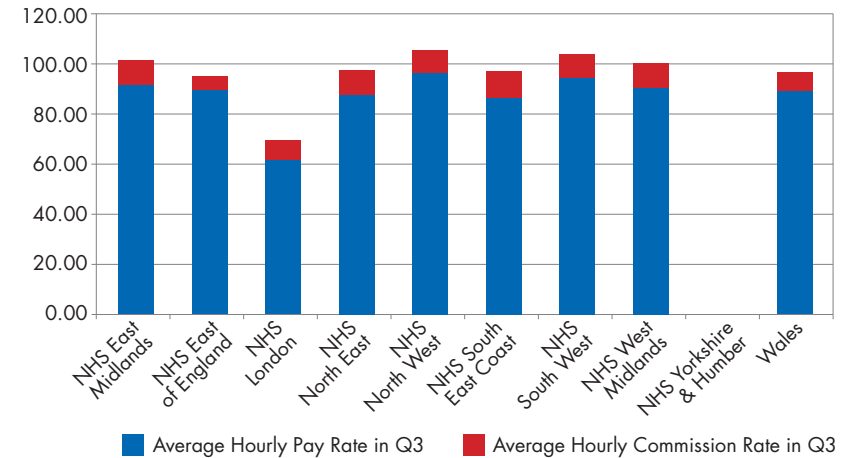
Specialty

Consultant pay rates by specialty (per hour)

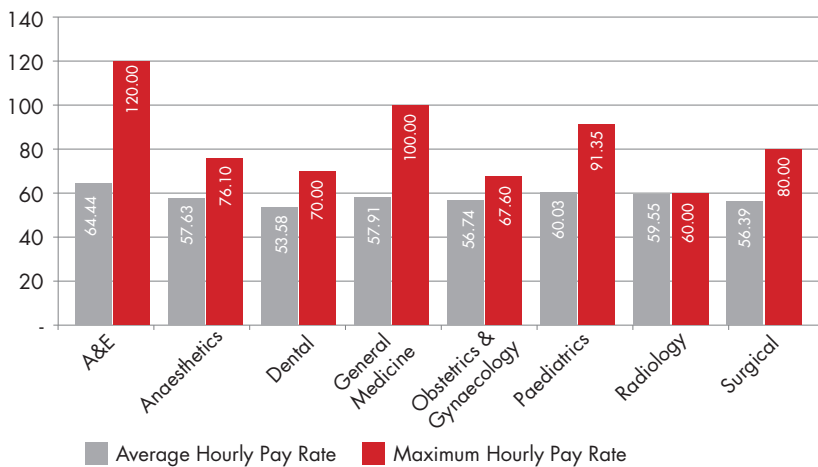


Regional comparison

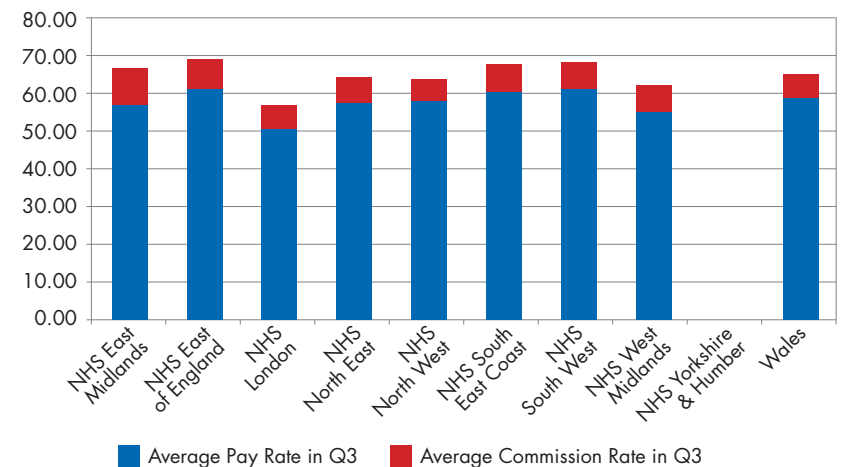
Consultant: GM pay & commission rates by region (per hour)



ST3 pay rates by specialty (per hour)

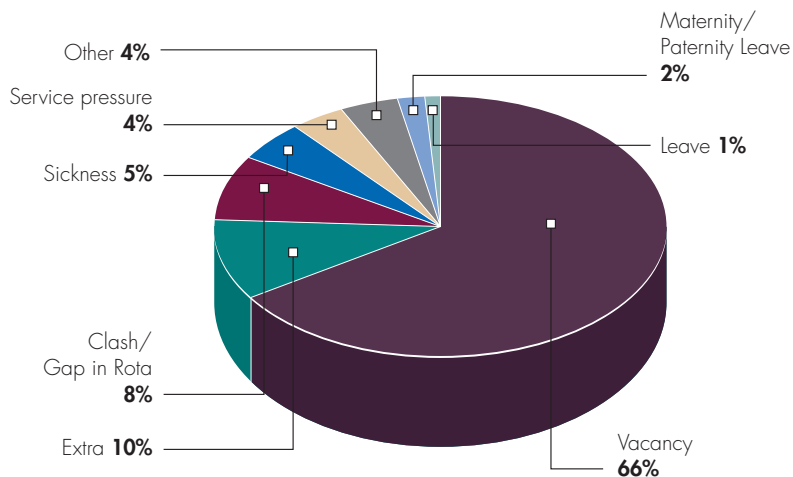


ST3: GM pay & commission rates by region (per hour)



Reasons for bookings

66% of hours booked in Q3 were driven by unfilled vacancies – substantiating the wider workforce planning issues experienced by the NHS to fill permanent roles.



Pay rates for 26% of bookings made in Q3 were overridden. Most common reasons were cited as:

Agency decreased commission	42%
Specialist person	27%
Very short notice	25%
More qualified/Higher grade of worker than requested	5%
Public holiday	1%

Our TempRE clients receive a weekly financials report which highlights any bookings with a value of over £20k and any bookings where agreed rates are overridden by more than £1,000. This enables trusts and boards to see any spikes in their spend and quickly identify areas where action is needed.

The top 10 highest paid locums

Specialty	Annualised		Average Hours Per Week	WTE
	Annualised Gross Pay	Annualised Gross Commission		
General Medical	459,275	24,843	80	2.4
Paediatrics	320,087	26,449	65	1.9
General Medical	316,721	11,896	57	1.7
General Medical	301,167	27,757	58	1.7
General Medical	295,316	17,608	56	1.7
General Medical	262,651	21,707	42	1.2
General Medical	260,753	27,947	54	1.6
General Medical	253,280	20,351	41	1.2
General Medical	252,346	16,215	40	1.2
General Medical	229,390	22,685	41	1.2
Total	2,950,984	217,457	535	15.8

The table is based on the top 10 highest paid locums across the first three quarters of FY14/15. Based on this data, we have calculated the annualised pay – totalling £3m, and commission – totalling £218k, across these 10 consultants. The highest paid consultant worked an average of 80 hours per week. Across all 10 consultants, if hours and rates continue at the current levels, the cost will be £3m for the equivalent of 16 WTEs.

Annualised figures based on shifts worked by 'top 10' highest paid consultants across all specialties and all trusts from Q1- Q3 2014/15.

■ TempRE

TempRE: a single solution for all your temporary resource management

With TempRE, NHS trusts and boards can use Liaison from the beginning to the end of the temporary staffing process, enabling control at every stage, from vacancy release to payment. This can include staff sourced from a trust's own bank, another trust's bank or an agency.

The TempRE ecosystem brings together both your agency and bank staff in one integrated system: a single solution for all your temporary resource management. Enabled by technology, shared services and consultancy services, it works for all agency categories and bank models. Developed for, and designed with, the NHS, this is an end to end solution.

TempRE enables trusts and boards to optimise financial control and governance across all staff groups, providing the same visibility, approvals and process efficiency across your total temporary staffing landscape.

Our goal is to shift the power and control of temporary staffing back to the NHS. We will help you transition to lower cost resources; reducing your spend on temporary staff sourced from agencies and your bank whilst reducing the administrative and management burden often associated with temporary staffing. We can also help maximise substantive staff hours even before requests reach your bank.

How the TempRE service works

Our services include direct engagement delivered through our STAFFflow solution, a weekly payroll service, disbursements and the technology to enable you to build your staff bank, and join regional or shared banks. To implement TempRE, Liaison provides consultancy services across the temporary staffing process to ensure that all processes are operating efficiently, with appropriate governance procedures in place. This will include transformation consultancy, project management and account management to support and implement the services you select.

Find out how TempRE works; visit [YouTube](#) and search 'Liaison TempRE'.

Guidance notes

Data sources:

Sample data captured through STAFFflow in Q2 and Q3 FY 2014/15

Based on data from 40 trusts using STAFFflow during this period

All figures exclude payroll and commission for on call shifts

Payroll data excludes expenses, Tax and NI

Published National Framework rates used for analysis are based on Crown Commercial Service Framework Agreement (Lot 2) 2014

Notes:

It is key to note that agencies are not obligated to keep within the National Framework rates unless they are contracted through a specific framework by the trust.

Agency rates will fluctuate depending on supplier/demand, time to employ and volume of discount available. Officially, the framework caps the commission and pay rates an agency will charge.

Confidentiality

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To find out more about Liaison's work in helping the NHS control and reduce its temporary staffing costs, contact us:

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