

To: NHS foundation trust and NHS trust chief executive officers

Cc: NHS foundation trust and NHS trust nurse directors, medical directors, finance directors and operations directors

15 October 2015

Dear colleague,

New measures to support trusts and foundation trusts in managing workforce challenges

Last week's data on Q1 trust and foundation trust financial performance highlighted the need for concerted further action in 2015/16, specifically to address some immediate workforce challenges, including the rapid growth of spending on agencies and the need for a rounded approach to staffing decisions.

We are writing to inform you of two important steps being taken – with the support of the national system leaders – which we hope will help you meet these challenges.

Safe staffing and efficiency

You will have received on Tuesday 13 October a joint letter from Sir Mike Richards, Mike Durkin, Jane Cummings, Sir Andrew Dillon and Ed Smith, setting out our shared view on how providers should approach the need to ensure safe, quality care for patients on a sustained, financially stable basis, and reinforcing the need to use guidance and best practice to support but not replace local judgement about the best use of resources.

National price caps for agency staff

We have been strongly pressed by a large number of providers to take urgent national measures to cap the rates paid for agency staff and to encourage workers back into substantive and bank roles. We have therefore accelerated our timescale for making this happen.

Subject to consultation, we propose to introduce hourly price caps for all agency staff across all staff groups – doctors, nurses and all other clinical and non-clinical staff. The intention would be to have these in place from 23 November 2015. The consultation is being published today, along with detail of the proposed caps, the proposed rules and an impact assessment.

Subject to the consultation process, the price caps would ratchet down in two further stages so that from 1 April 2016, agency staff would not be paid any more than the equivalent substantive worker. It is proposed that the caps would also apply to bank rates.

Full compliance would be essential for these measures to work. All trusts would be expected to limit and reduce their spending on agency staff over time, and we would continue to work

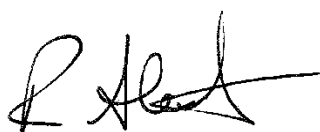
closely with all trusts to monitor and limit levels of agency use across the sector as the measures are implemented. The maximum rates would apply to all NHS trusts, NHS foundation trusts receiving interim support from the Department of Health and NHS foundation trusts in breach of their licence for financial reasons. All other NHS foundation trusts would be very strongly encouraged to comply¹ and all trusts would be required to report shift-level detail when they exceed the price caps and the reason for doing so in their reporting to Monitor/TDA. Ambulance trusts and ambulance foundation trusts would initially be exempt,² but there would be no other up-front exemptions, either for individual trusts or specialties.

We recognise that adhering to price caps would not always be without challenge and that the effect on staffing supply, though difficult to predict, could be significant, particularly in the short term and for some trusts and specialties. Where appropriate, national bodies will work together to support trusts in meeting the price controls and other agency rules.

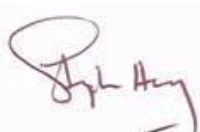
The proposed price caps have been developed with, and are fully supported by, clinical leaders in Monitor, TDA, Care Quality Commission (CQC) and NHS England, but trusts would nevertheless need to ensure they maintain patient safety at all times. We propose a 'break glass' provision for trusts that need to override the caps on exceptional safety grounds. Any overrides would be scrutinised by Monitor and TDA and inappropriate use would be subject to regulatory action as appropriate. We would also monitor closely the overall impact of the policy to ensure patient safety concerns are being managed appropriately. In addition, it is proposed that pay for interim very senior managers paid on an agency basis would be subject to the Monitor/TDA consultancy approvals process. NHS England would take an equivalent approach with respect to clinical commissioning groups.

We very much hope that you will find these steps helpful and a positive response to some of the staffing issues you have highlighted – and we can assure you that the national system leaders remain focused on the wider set of workforce challenges.

Yours sincerely,



Robert Alexander
Chief Executive
NHS Trust Development Authority



Stephen Hay
Managing Director Provider Regulation
Monitor

¹ The new value for money risk assessment trigger means that Monitor will take into account inefficient or uneconomic spending practices when considering the need for regulatory action concerning any potential breaches of governance licence conditions

² We are considering how to introduce equivalent measures for ambulance trusts in the near future and will gather views through the consultation process.