

Policy update: 29 March 2016

Further measures to reduce spending on agency staff

It is clear that the rules Monitor/TDA introduced six months ago – to help trusts reduce their agency expenditure – are having a positive effect: agency expenditure is now falling. Across the country, trusts are using the price caps to negotiate lower rates and secure a better deal for themselves, their staff and patients.

We need to build on the successes to date and take advantage of this momentum, while also taking steps to reduce overrides, particularly among medical locums where there is significant pay rate variation. We are therefore confirming a range of measures for trusts to reduce spending further and ensure that staff move back to substantive and bank roles.

Agency price cap reduction from 1 April¹

In November 2015, Monitor/TDA announced that subject to monitoring and evaluation, the cap on the hourly charge for all agency and locum staff would fall to 55% above substantive rates. This would mean that agency and locum staff pay is no higher than substantive staff pay. We have received strong support from the sector to proceed with this.

We will reduce the price caps as planned on 1 April. While we acknowledge this will present a significant challenge to the sector, we encourage all trusts to remain focused in discussions with agencies. These caps will apply to all ambulance trusts and ambulance foundation trusts from 1 July 2016.

Requirement to use approved frameworks for all agency procurement from 1 April

As stated in the letter of 18 February from Jim Mackey, Chief Executive of NHS Improvement, all trusts must use approved framework agreements to procure all agency and locum staff from 1 April. This is particularly important, as it extends the framework rules to medical staff.

On 21 March, we announced the framework agreements that have approval [here](#). The approved framework operators are committed to ensuring that their agreements embed price caps and maximum wage rates. This will enable trusts to secure agency and locum staff at rates in line with the agency rules.

Where existing contractual arrangements are in place with off-framework agencies, trusts should renegotiate or conclude those arrangements as quickly as possible, taking into

¹ The agency rules 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. There is a strong expectation that all other NHS foundation trusts will comply.

account any contractual requirements for notice and/or exit fees. There is an expectation that overrides to the rule should only occur on a shift-by-shift basis, where there are exceptional patient safety grounds.

Consolidated guidance

We published on 23 March [consolidated guidance](#) that covers the full agency rules. This covers the rules set out above and the agency expenditure ceilings, which we sent to trusts on 17 March 2016.

If you have any questions, please contact agencyrules@monitor.gov.uk. Alternatively, trusts may contact their main regional relationship manager at NHS Improvement.