

Princess Alexandra delivers a tough line on locum recruitment

£392,000
reduction in
agency spend
in under six
months

100%
agency direct
employment
utilisation

£1,445,530
TempRE
savings since
go live

71%
year on year Q3
reduction in
spend on locum
consultants

Locum
rates down
by **6.55%** in Q3
2017 compared
to Q3 2016

With locum spend rising, Harlow's Princess Alexandra Hospital Trust had identified agency direct employment as a key element in bringing down both direct and indirect costs. Having decided that Liaison's TempRE service promised a significant potential for savings, the Trust went live with TempRE for medical locums in August 2016 and AHPs in October 2016.

Welcome reductions in agency costs were apparent from the start, and since launch, TempRE has helped produce substantial savings for the Trust of almost £1.5million. The table below shows 2016/17 Q3 comparisons for total locum spend, with consultant and staff grade figures given as examples.

	Total locum spend	Consultant spend	Staff grade spend
October – December 2016	£2,070,000	£569,000	£255,000
October – December 2017	£1,242,000	£159,000	£64,000
Cost saving	£828,000	£410,000	£191,000
% Reduction	40%	72%	75%

The Trust faced a particular challenge, however, during spring and summer of 2017. Spotting a decrease in agency direct employment during routine reviews of TempRE management reports, Liaison Workforce's staff realised there was a problem: increasing numbers of staff were choosing to work through umbrella companies following the changes in IR35 legislation.

The reports showed agency direct employment levels after IR35 changes dropping to an all-time low of 57%, with corresponding missed savings for that week of £15,500 (equal to £186,000 over a complete year).

The cost-cutting challenge was compounded by a further area of serious concern: Liaison Workforce's benchmarking

data showed that Princess Alexandra was employing a high number of locums compared to other trusts, and often paying higher rates.

Liaison Workforce's detailed reports highlighted concerns and gave evidence for policy change

To put a stop to escalating costs, Liaison Workforce recommended the Trust move quickly to a policy of 100% agency direct employment, and at the same time the Chief Medical Officer (CMO) decided to review why so many locums were being engaged, and negotiate lower agency rates. Liaising closely with the CMO, the Contingent Labour Manager and the Director of Finance, Liaison Workforce staff were able to provide advice and guidance on policy detail and next steps based on approaches proven to be successful in other trusts. The CMO and Contingency Labour Manager also contacted trusts who had reduced their agency expenditure significantly to discuss issues first hand.

As a result, the CMO decided to introduce agency direct employment only for all new medical locum bookings, with no exceptions. This no-exception rule allowed medical staffing teams to push back on any requests for bookings outside agency direct employment.

In introducing an agency direct employment only policy, the Trust was able to draw on the support of Liaison Workforce staff with experience of introducing similar policies at other trusts

The new approach was part of a significant change in stance from the Trust that resulted in a tough new temporary staffing policy. The CMO produced a 10-point plan, which gave strict provisos relating to the situations in which managers could and could not engage locums. The plan also set out that all booking requests had to be signed off by both the clinical lead and the CMO, that no locums were to be employed through agencies not on the Trust's existing framework, and that all departments would need to review and implement guidance on how many medical staff could be off at any one time.

The on-site Liaison Workforce Client Services Administrator provided invaluable support as the Trust worked to put the new policy into practice. Already known and trusted by managers and staff across the hospital, she was able to reinforce the policy by liaising effectively with all departments, sharing information, and co-ordinating action. She holds a weekly booking with the Contingency Labour Manager to review all agency bookings.

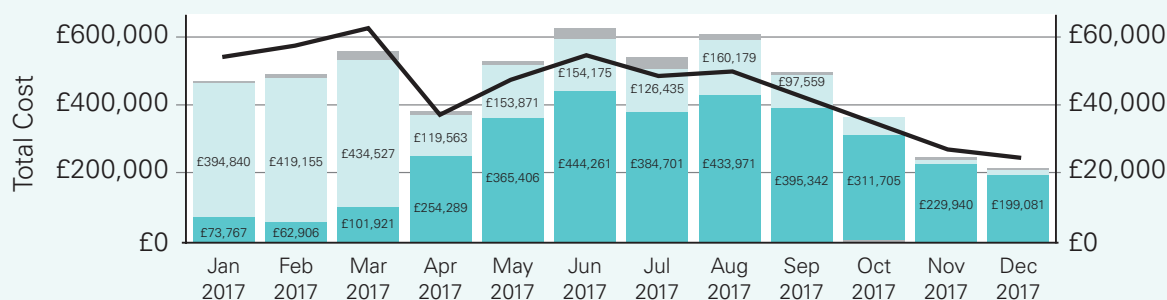
Liaison's Workforce's on-site Client Services Administrator helped put the new policy in place, reinforcing the tough line across departments

By taking a tough line, Trust managers saw rapid results. Agency spend on medical locums and AHPs fell from £608,000 in August 2017 to £216,000 in the December – a drop of £392,000. In addition, the Trust has successfully used the benchmarking reports showing agency rates paid elsewhere as ammunition for negotiation, driving down overall locum rates by 6.55% between October - December 2016 and October - December 2017.

“TempRE's management information showed us what was going wrong and gave us the evidence to push through a tough line on direct engagement. With the support of the Liaison Workforce team and the ongoing reporting provided, we have been able to take control of locum engagement and agency spending. The first weekly report that showed we had achieved zero wasted medical locum spend was one of the best spreadsheets I have ever seen!

Dr Andy Morris
Chief Medical Officer

Total spend and net savings in first 12 months



Total spend, net savings and missed savings in the first 12 months

	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017
Total Cost	£470,05	£488,709	£560,738	£383,708	£529,161	£627,980
Net Saving	£60,062	£63,318	£69,078	£41,345	£52,633	£60,032
Missed Saving	2,178	1,450	5,012	9,026	16,273	21,637

	Jul 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017
Total Cost	£543,897	£608,448	£497,320	£359,014	£246,525	£216,108
Net Saving	£53,852	£55,448	£46,680	£38,398	£29,829	£27,314
Missed Saving	17,040	21,706	16,344	7,281	1,678	483