

United Lincolnshire Teaching Hospitals' successful journey to reduce agency spend



Summary

United Lincolnshire Teaching Hospitals NHS Trust (ULTH) serves a population of over 760,000, providing services from four main hospital sites across the county, alongside several community facilities and diagnostic centres.

Like many provider Trusts across the country, ULTH has faced financial pressures and has sought to bring down the cost of its agency bill in line with nationally mandated capped rates. However, it needed to do so while also maintaining supply during the transition.

The Trust adopted a range of measures, including a 'rate ratchet' approach to sustainably bring down the price it was paying agencies, while giving itself the time, space and means to recruit substantive staff and bring down its £1.7 million monthly agency nurse spend.

To better inform and co-ordinate enforcement of new, lower agency rates, the Trust's workforce professionals used the BankStaff platform. The solution gave the provider a more accurate picture of its spend per agency per month, enabling it to demonstrate the success of its pricing and negotiation strategy with the agency market. The solution also assisted in the Trust's efforts to shift the agencies it engaged with as the approved suppliers from its framework.

Since implementing its fresh market engagement approach, the Trust has successfully implemented national capped rates, greatly reduced both the number of agency shifts requested by around 5,000 per month and its monthly agency usage costs. As of March 2025, the Trust's monthly agency spend was down to £43,850, covering 168 agency shifts.

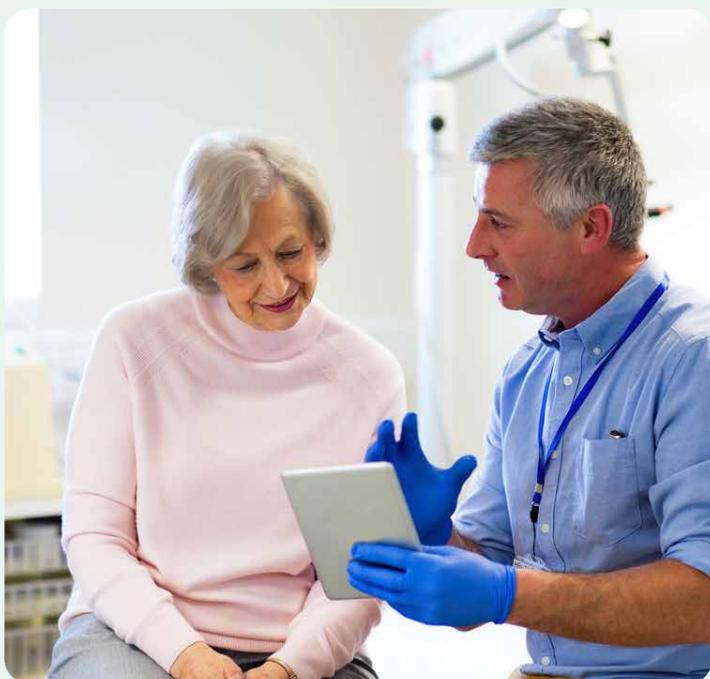


The challenge

In line with other provider Trusts, ULTH had been tasked with introducing new capped rates set by NHS England. At the point that the Trust began its change journey it was requesting between 5,500 and 6,500 registered bank and agency shifts per month, at a ratio of 20:80. This was costing £1.7 million in agency fees each month, according to Resourcing and Staffing Solutions Lead Cathy Carter.

At the same time, the provider was having to contend with 300 substantive whole time equivalent registered nurse vacancies. The Trust's difficult financial position, in common with its counterparts across the country, necessitated strong action with its agency suppliers to maintain a sustainable financial footing while ensuring appropriate clinical capacity for safe patient care.

Given the high number of substantive vacancies across the health service more broadly, agency nurses were in a comparatively strong position to command higher rates. This exacerbated the difficulties faced by organisations like ULTH with regards to obtaining temporary staff.



The solution

In **January 2023** Cathy and her colleagues contacted the most expensive agencies (representing Tier 4 of its framework) to inform them that the vendors' rates for both general and critical areas were no longer affordable and that, effective immediately, the Trust would implement a bi-monthly downward £1.50 'rate ratchet'. This gradual reduction was designed to bring the rates paid down to achieve national capped rates while maintaining a level of continuity in the supply of agency nurses during the transition. In **May 2023**, the ratchet became monthly, as opposed to bi-monthly.

Cathy says: "Obviously we had to be careful because we still needed those agencies to fill our shifts. It was a pretty jittery time trying to bring down those costs without losing the supply." At the same time as instructing the priciest agency suppliers it was bringing down what it would pay, the Trust embarked on a procurement exercise with vendors on the existing Workforce Alliance framework for expressions of interest to join its Preferred Supplier List (PSL) on the nationally capped rates.

These agencies would need to guarantee a minimum fill of 10 shifts per week at the new NHS England Band 5 capped rates. Four agencies joined the PSL on the new terms, while at the same time the Trust undertook substantive recruitment to fill the 300 WTE vacancies.

The use of different naming conventions within the Trust's BankStaff platform allowed ULTH to quickly rename agencies and label them in order of cost.

By **June 2023**, the Trust decided to remove payment of a 'critical' rate from its tier one and tier two agencies, with all business now being conducted at the 'general' rate. Cathy explains the shift: "We were pretty firm with the agencies we engaged, telling them what we were prepared to pay each month. As a result, we turned the tide as agencies became more willing to listen and engage on our terms."



The process did, however, require some trade-offs. Cathy says that one or two agencies were not willing to supply staff at increasingly lower costs, and the Trust's leverage was occasionally limited by the fact that its regional counterparts were not always able to take the same firm approach to pricing to get to nationally mandated caps at the same speed.

Cathy points out that, while some agency nurses migrated to higher paying Trusts, the majority of agency staff did continue to work with ULTH. In addition, the continued recruitment to substantive nursing roles complemented the new market engagement approach to provide the required clinical capacity.

ULTH also began to engage directly with its tier one and two agencies to offer shifts that were not published on its market portal, in a successful effort to reduce its reliance on the more expensive agency nurses in favour of more cost-effective capacity. The ability to transfer these shifts quickly using the functionality in BankStaff made this process clear, simple and efficient for both parties. As a result of this effort, Cathy says: "We were getting more shifts filled by tier one and two agencies and they were getting longer lead times as well".

As a result of its change journey the Trust dramatically reduced its agency usage from 5,500 shifts per month in January 2023 to 169 in March 2025.

ULTH's agency spend in March 2025 was £43,850; with its bank to agency ratio reversed from its January 2023 figure to 94:6.

The Trust reached its goal of engaging with all its agencies on the nationally capped rates by June 2024.

The Trust intends to identify wards that are at or close to establishment and move them to 'Bank by exception'. This 'Bank by exception' process is currently being implemented.