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Dear Nick

Expenditure on agency staff by NHS Wales

Thank you for sharing with me Dr Andrew Goodall's letter of 25 April 2019 to the Committee, which set out the Welsh Government's response to my January 2019 report 'Expenditure on agency staff by NHS Wales'.

I am pleased to note Dr Goodall's positive comments on my report. However, I thought I should draw the Committee's attention to the fact that the figures included in the appendix to Dr Goodall's letter demonstrate that spending on agency staff increased once again in 2018-19, after having fallen in the previous year. This increase is not mentioned in the letter.

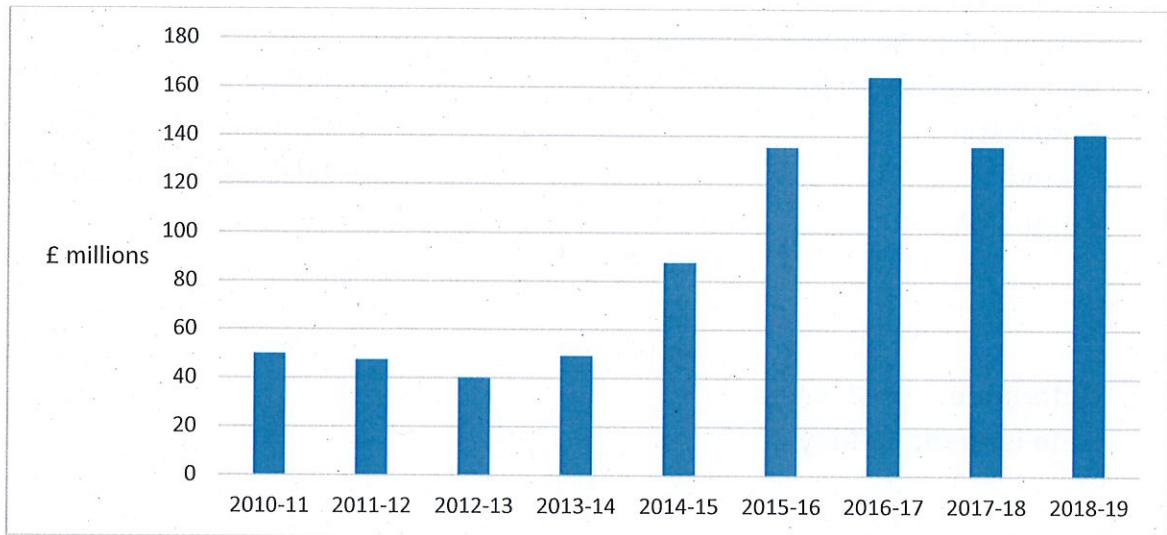
I also note that the Committee will have the opportunity to question witnesses from local health boards and from the Welsh Government on these issues at its upcoming evidence sessions on NHS Finances.

After a fall in 2017-18, overall agency expenditure again rose in 2018-19

As Dr Goodall notes, my report set out that overall expenditure on agency staff between 2016-17 and 2017-18 had fallen by £30 million (17 per cent), reversing the pattern of significant annual increases that had occurred since 2012-13.

However, and as shown in **Exhibit 1** below, the data provided in Dr Goodall's letter indicates that during 2018-19 overall agency expenditure has actually increased by £5.2 million (4 per cent), to £141 million.

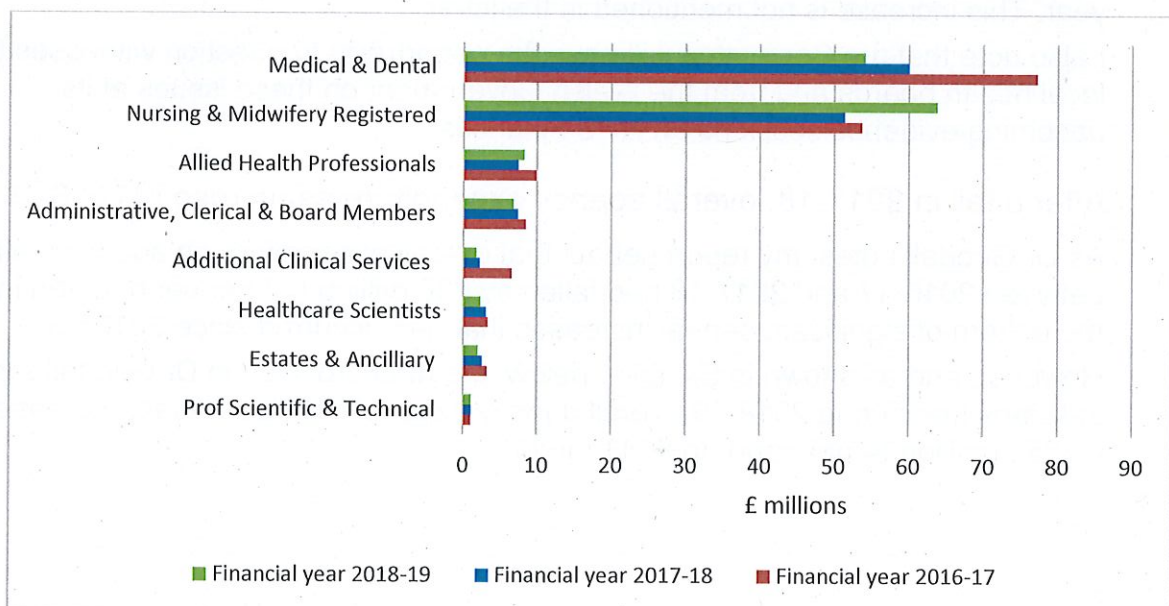
Exhibit 1: total NHS expenditure in Wales on agency staff between 2010-11 and 2018-19



Sources for all exhibits: 2010-11 to 2017-18: Workforce, Education & Development Services, NHS Wales Shared Services Partnership; 2018-19: Welsh Government.

Exhibit 2 provides a more detailed analysis of this rise in total annual agency staff costs. It shows that expenditure fell in all but two agency staff categories during 2018-19, and that the in-year rise is almost entirely due to significantly increased expenditure on Nursing and Midwifery agency staff.

Exhibit 2: NHS expenditure in Wales on agency staff by staff group between 2016-17 and 2018-19



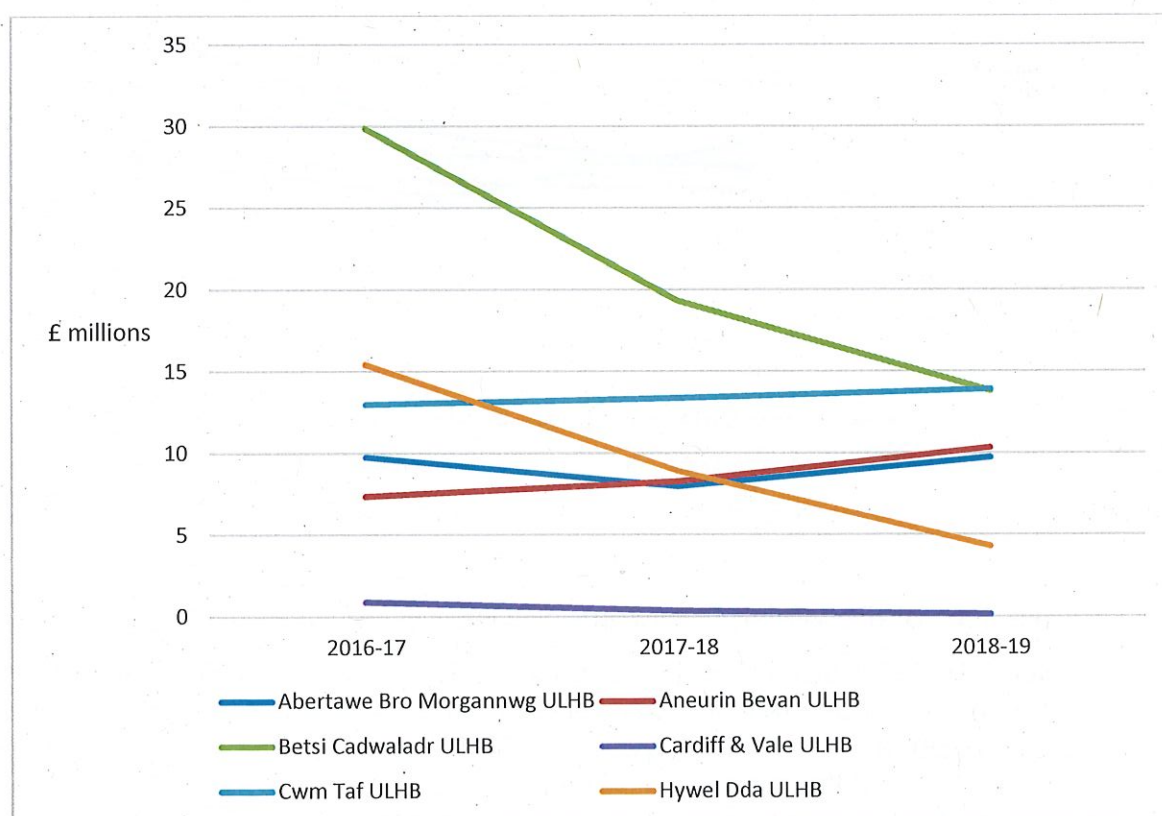
Costs of Medical agency staff fell by nearly 10 per cent

Our report focussed on all-Wales initiatives to control the cost of using (i) medical and (ii) nursing agency staff. The largest fall in agency expenditure from 2017-18 to 2018-19 is in the Medical and Dental agency staff category which has reduced by £5.8 million (9.7 per cent).

Welsh Health Circular WHC 2017-042, introduced in November 2017, required NHS Wales bodies to implement controls and management processes to reduce agency deployment and expenditure for medical and dental staff. Encouragingly, there has been a resultant fall of 30 per cent (£23 million) in expenditure on medical and dental agency expenditure between 2016-17 and 2018-19.

However, it is important to note that this reduction in medical and dental agency expenditure is localised - as shown in **Exhibit 3**, it fell in only three of the six largest health bodies.

Exhibit 3: expenditure on Medical & Dental agency staff at the six largest health bodies between 2016-17 and 2018-19

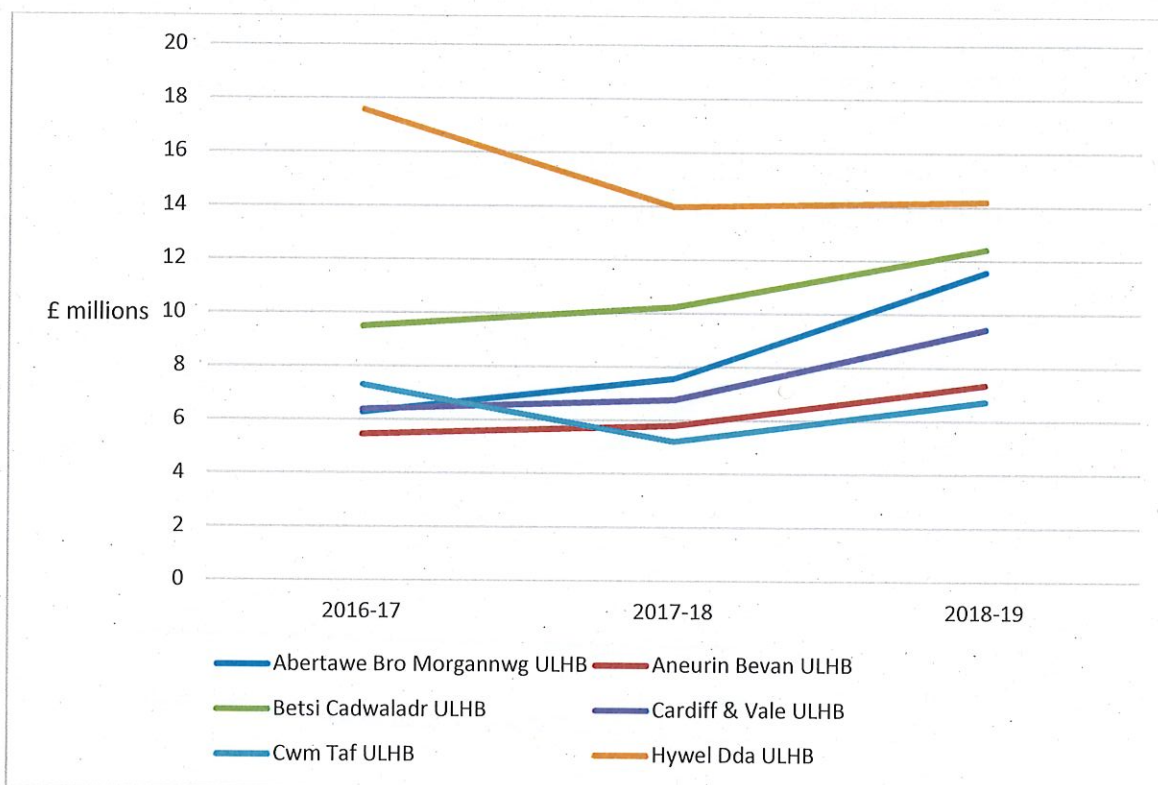


There were significant falls during 2018-19 at Betsi Cadwaladr ULHB (£5.5 million) and Hywel Dda ULHB (£4.6 million) but rises at Aneurin Bevan ULHB (£2.1 million) and Abertawe Bro Morgannwg ULHB (£1.8 million). The in-year movements at Cwm Taf ULHB and Cardiff and Vale ULHB were a rise of £0.5 million and a fall of £0.2 million respectively.

Costs of Nursing and Midwifery agency staff rose by 24 per cent

Expenditure on Nursing and Midwifery agency staff rose by 24 per cent to £63.8 million in 2018-19, having previously fallen to £51.4 million in 2017-18. As shown in **Exhibit 4**, all of the six largest health bodies have reported increases in agency expenditure for this staff category, with the scale of increase ranging from 1.6 per cent (£0.2 million) at Hywel Dda ULHB to 52.9 per cent (£4 million) at Abertawe Bro Morgannwg ULHB.

Exhibit 4: expenditure on Nursing & Midwifery Registered agency staff at the six largest health bodies between 2016-17 and 2018-19



Phase Two of the Welsh Government's work programme

Dr Goodall's letter also refers to a second phase of the Welsh Government's work programme to reduce reliance on agency and locum staff across NHS Wales. At the time of our audit review last year, it was not yet clear what this second phase would involve and the initiatives it would include. Dr Goodall's letter provides relatively little by way of further information on the details of the phase two programme.

At its evidence session on NHS Finances with the Welsh Government, the Committee may therefore also wish to explore with the witnesses how that second phase of work is responding to the two key challenges that we identified in Part 4 of our report.

NHS Wales staff numbers continue to rise

In considering this updated information on Agency staff costs, the Committee may also wish to bear in mind the most recent available official statistics on the number of staff working in NHS Wales.

The latest statistical release by the Welsh Government shows that there were 79,054 full time equivalent directly employed NHS staff in Wales on 30 September 2018. This represents a rise of 1.4 per cent (1,083 staff) in the year from September 2017. Medical and dental staffing rose by 2.4 per cent (156 staff), whilst nursing, midwifery and health visitor staffing fell by 0.1 per cent (47 staff).

I trust that this additional information and analysis will be of assistance to the Committee in preparing for its evidence sessions on NHS Finances later this term.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales