PRESS INFORMATION

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FLEXIBLE HEALTH & CARE STAFFING NEEDS - A SMOOTHER FUTURE?

The UK commercial flexible health and care staffing services market, made up of health and care staffing agencies, independent sector homecare provision, and doctor deputising, was worth some £8.4bn in 2012 - marking real growth of more than 22% over the past five years.

According to a new market report from Laing & Buisson, Flexible Staffing in Health and Care UK Market Report 2013, this growth was driven by increased demand from NHS hospital and community services with NHS agency spending having risen by 42% since 2007.

A buoyant homecare market for most of the period also added strong value to this staffing environment, though its contribution diminished in the last 24 months as local authority purchasing was tightened. Conversely agency use by independent sector care homes picked up in the last 12 months as demand for elderly care services moved upwards.

However, on the flipside the healthcare practitioner locum market, covering GPs, dentists, pharmacists, opticians, therapists and other practitioners in primary care settings as a whole was largely static over the period. Though underpinned by strong workforce growth across most occupations in the late 2000s, looser practitioner labour markets in the last two years has put pressure on locum spending for most practitioners within healthcare.

Nevertheless, the only flexible health and care staffing segment to experience a significant real contraction in spending in the last five years was Social Services. Sharp cuts in local authority budgets under the Coalition have pushed down social work and other social care agency spend as local authorities are operating with significantly less vacancies, and increasing numbers of temporary workers have sought substantive positions.

NHS - FROM BOOM TO CUTS

Strong real growth in NHS agency spending in the past five years was driven by a boom period between 2007 and 2009, when the Labour government strove to meet its NHS performance targets. While a further driver of agency growth was a reduced impact from procurement framework contracts as higher prices were paid through flexible contracting terms, and there was increased use of higher priced ‘off-framework’ arrangements by NHS organisations. As a proportion of total staffing spend by the NHS, agency spending moved up from a low of 2.7% (2006/07) to a high of 4.9% in 2009/10.

However, in 2010 the Coalition government committed to static real NHS budgets and substantial efficiency savings which included a directive for £300m agency spending cuts. NHS use of agencies therefore fell by 10% and 16% in real terms in 2010/11 and 2011/12, moving agency’s proportion of total staff spending down to 4%.

However, after two years of significant reductions NHS agency spending is estimated to have bottomed out in 2011/12, and increased in 2012/13, driven by a sharp increase in the use of agency nursing staff to meet increased pressures on NHS frontline services, highlighted by high demands on A&E resources.

Looking ahead Laing & Buisson’s report suggests that staffing shortages within nursing are likely to exacerbate without intervention or a shift in demand patterns. At the same time static real NHS budgets, and a continued focus on achieving further efficiency savings should restrain overall agency spending growth in the medium term, and the standard use of new procurement framework contracts (PFCs) by the NHS is likely to help stabilise agency prices.
Laing & Buisson economist and report author Philip Blackburn, commented:

‘The current commissioning environment within the NHS has the potential to encourage a smoother trend in agency spending in the long-term. This will be driven in the short-term by changes in demand needs and less so by inflationary pressures on agency prices. However, at the same time the cyclical, and often volatile, nature of NHS staffing needs may limit the strength of control levers on flexible staffing spending patterns.’

He concluded:

‘Pressures on the NHS system are likely to encourage greater use of flexible staffing resources to offer short-term solutions, providing there is necessary funding to meet these demands.’

Other findings in Flexible Staffing in Health and Care 2013 include:

- A mixed future for homecare staffing - with a negative impact from fiscally restrained local authority outsourcing, which failed to grow for the first time in 2011/12, but a positive impact from a robust self-pay market and future strong outsourcing of NHS funded homecare services (e.g. reablement and complex care packages).

- The UK health and care agency staffing market (excluding homecare), was valued at £3.3bn in 2012, with the Top 10 agencies holding market share of 28%, including several new entrants showing strong organic growth in recent years.

- The UK independent sector homecare market (including supported living), was worth an estimated £5.1bn in 2012 with the Top 10 agencies holding market share of 16%. There has been consolidation at the top of the homecare market in the past five years with the Top 20 providers growing market share from 19% in 2007 to 24% in 2012. Private equity investors now have a stronger presence in the Top 20 market, and are likely to push a strong consolidation trend going forward following a ‘buy and build’ strategy.
conference and the mental health conference and a workshop for private patient units and smaller providers, with an exhibition area representing a selection of providers to the sector. The Independent Specialist Care Awards and the Independent Healthcare Awards take place in March and September, highlighting the range of achievements and recognising best practice within the sectors, and paying tribute to those who have demonstrated excellence in their particular fields.

**Market Reports & Annual Directories**
Laing & Buisson publishes a series of special market reports and directories on the health and community care sectors. Annual publications include Laing’s Healthcare Market Review, Long Term Care: Directory of Major Providers, and the Care of Elderly People Market Survey. The research and conclusions within the reports are frequently cited in parliamentary questions and answers, official documents and company prospectuses, and are regularly drawn upon by the national media.

**Newsletters**
Laing & Buisson publishes two authoritative monthly newsletters - Community Care Market News, which covers the long-term care sector and Healthcare Market News, which covers the acute healthcare sector. Subscribers receive ten issues per year covering the latest events in those sectors alongside detailed analysis, special features and in-depth interviews. They can also access these stories in an online archive of news coverage which dates back well over ten years.

**CareSearch and Health & Care Data**
CareSearch is Laing & Buisson’s flagship data product, a ‘one stop shop’ with extremely flexible search facilities for those needing detailed, reliable and up-to-date information on care homes, care home groups, independent healthcare establishments, care commissioners, PCTs and inspection and registration agencies for the whole of the UK. Further to this, details of group operators, their holdings and financial information from statutory accounts offer subscribers an invaluable resource. Alternatively, individual data sets are available to supply as csv files by email. In addition to the data included on CareSearch being available to purchase separately, home care agencies and groups can also be supplied.

**Consultancy & Market Intelligence**
Market intelligence and consultancy work, focusing on non-clinical aspects of health and social care markets, is tailor-made for companies with an active interest in the sector. Examples of recent work include a report on the future of the independent healthcare sector for the Healthcare Commission, the seminal work conducted by Laing & Buisson on A Fair Price for Care for the Joseph Rowntree Foundation and Improving Lives - Improving Life, a report on the key strategic issues facing the long term care sector. Laing & Buisson also frequently assists investors in market due diligence work in the health and care sectors.