



Professionals

Annual Review 2017



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"I'm delighted to report that despite a market that went through structural changes, NHS Professionals has had another very successful year".



NHS Professionals has had another very successful year and delivered a pre-tax profit of £9.1m, an improvement of £2.7m (42%) on 2015/16.

New business growth was slow in the early part of the year, developing towards the end of the year with two very significant wins, taking our future order book for annualised bank management activities to £453m. We are now seeing signs that Trusts are returning to market with renewed confidence in the NHS Professionals' offer.

During the year, the environment for bank members has changed significantly, with the Department of Health (DH) and NHS England taking action to address the growing agency problem. Your executive team has worked with NHS Trusts to help them adopt the new regulations quickly and effectively. The impact has been to enable Trusts to improve their use of the Bank and reduce agency spend. This is a trend that we hope to see continue and should create further opportunities for growth in both new business and existing business in the year ahead.

Looking forward, we anticipate that the market will again turn in our favour and that new business opportunities will be available. The combination of continued financial pressure on Trusts, the expansion of our service to include locum doctors and International Nursing will, we believe, make it increasingly worthwhile for NHS Trusts to engage with NHS Professionals.

Simultaneously, we are seeing many of our internal development plans come to fruition. Some of these, such as *My:Bank*, Bankshare® and Doctors Direct® have made an immediate impact on improving the user experience. Other developments such as the successful restoration of in house financial services and the impact of direct agency billing have made an impact on improving our cost base. Combined, these initiatives clearly serve to improve our competitive position in an increasingly sophisticated managed bank service marketplace.

Over the past two years, an extensive process was conducted by our shareholder to establish if a private sector partner could offer an attractive addition to NHSP capabilities and service level. A number of expressions of interest were received by the DH from organisations wishing to participate

in the future business of NHSP through a share sale, but this process has now been concluded. Despite receiving a number of bids, the DH has decided that it is in the best interest of the NHS to retain ownership in the public sector. This brings to an end a considerable period of uncertainty for NHSP and Trust clients, so we will work to ensure long term plans are in place.

As NHS Professionals moves into the next stage of its development, it seems like the right time for me to retire as Chairman from April 2018. I have greatly enjoyed being part of NHSP and it has been a privilege to have led the Board and to have worked with such a talented management team.

Over the years I have met many employees across the organisation and I have always been struck by their enthusiasm, talent and most importantly their dedication.

This is a unique organisation and we should be proud of everything we have achieved in improving the staffing issues in the NHS and delivering a world class service to our clients.

Robin Williams
Chairman



By the NHS, for the NHS

NHS Trusts continue to face pressing challenges in meeting effective staffing levels to ensure high quality patient care, while working within tightly controlled budgets.

Although NHS Trusts have increased their staffing ratios to ensure the quality of patient care, there remains an acute shortage of trained, experienced recruits to fill those roles. A lack of available staff means shifts are unfilled, which in turn leads to unfulfilled commitments to patients and their families.

NHS Trusts need a reliable supply of flexible, experienced staff, ready to step in and fill shifts when required. NHS Professionals offers a managed temporary staff bank service to acute, mental health and community Trusts

across the country to help them fill shifts with staff who meet the high standards that patients and their families expect, without incurring expensive agency fees.

Since we directly employ bank and locum staff, our managed service is demonstrably more cost-effective than a comparable in-house bank. We don't set pay rates, but we know that flexible workers have choices. That's why we encourage our clients to set competitive pay rates that optimise bank-filled shifts and minimise agency usage.

All registered bank staff including locum doctors, nurses, allied health professionals, administrative and clerical workers and other supporting staff groups can book themselves into assignments with

our NHS clients through our online shift matching system. We manage placement and payments and report on all shifts requested and filled. NHS Professionals recruits more NHS staff than any other organisation. Each month, we typically recruit around 2,000 bank members to our bank, all fully compliant with NHS Employment Check Standards. Between April 2016 and March 2017, our registered bank members filled more than 2 million shifts for our clients.

The comprehensive management information we provide covers every shift requested and worked across the Trust. One set of monthly reports gives clients the evidence they need to review, understand and manage shift demand across the whole Trust.

Our Proposition

The service provided by NHS Professionals enables Trusts to plan their workforce requirements efficiently and cost-effectively. We give our clients accurate insight that helps them to measure, understand and control their demand for additional hours. This allows them to manage the natural fluctuations in their substantive workforce and react to atypical or unusual demand patterns.

Most importantly, we provide the right people, with the right skills, to fill those requirements safely. As part of the NHS, we share common values with the NHS Trusts that we serve, putting patient as our priority. We continue to grow our bank by recruiting

experienced bank staff both locally and internationally and by investing in the development of valuable healthcare assistants new to the NHS. NHS Professionals manages temporary and flexible worker banks for NHS Trusts.

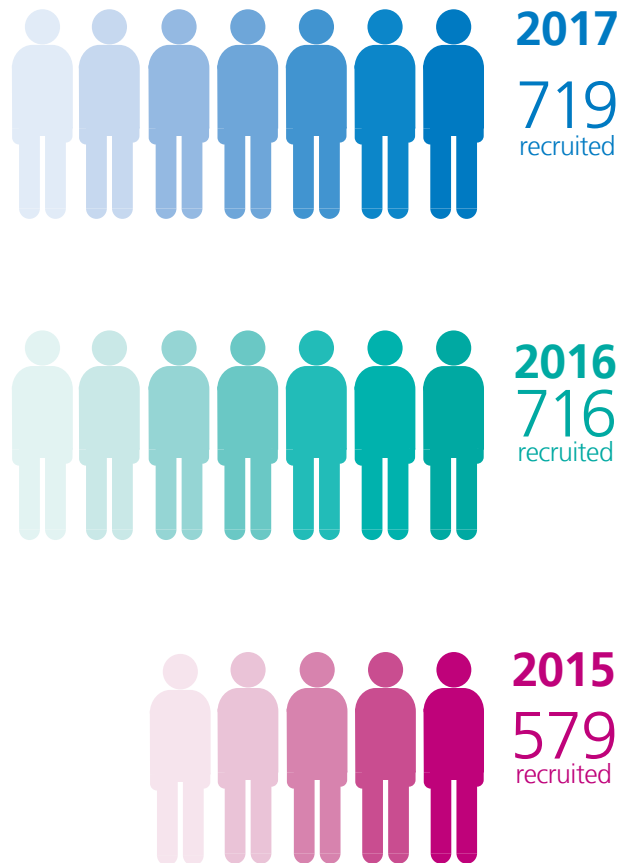
We take responsibility for recruitment, placement and payment of our clients' bank and locum staff.

Our aim is to help Trusts deliver their service improvement plans by deploying a cost-effective, reliable and safe flexible workforce that saves money for clients, while improving their bank productivity and performance.

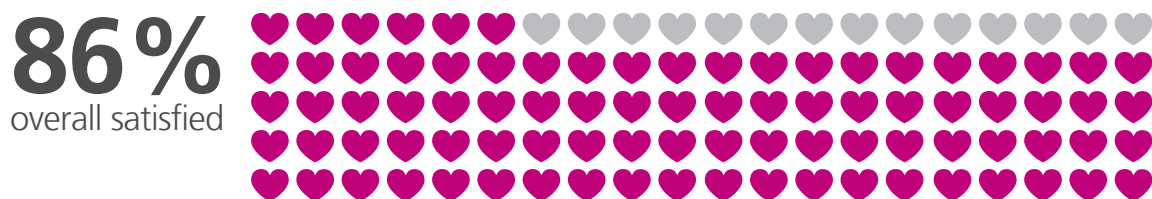
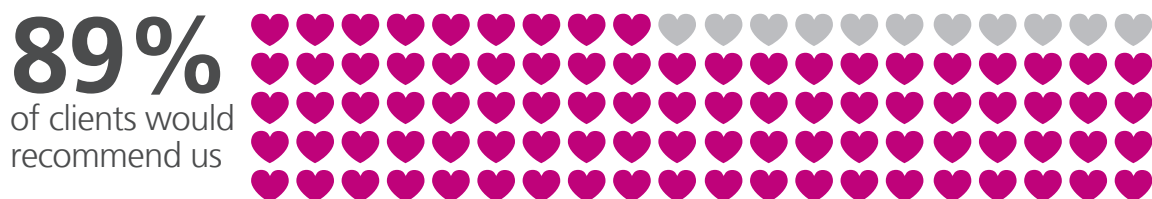
EU nurses recruited



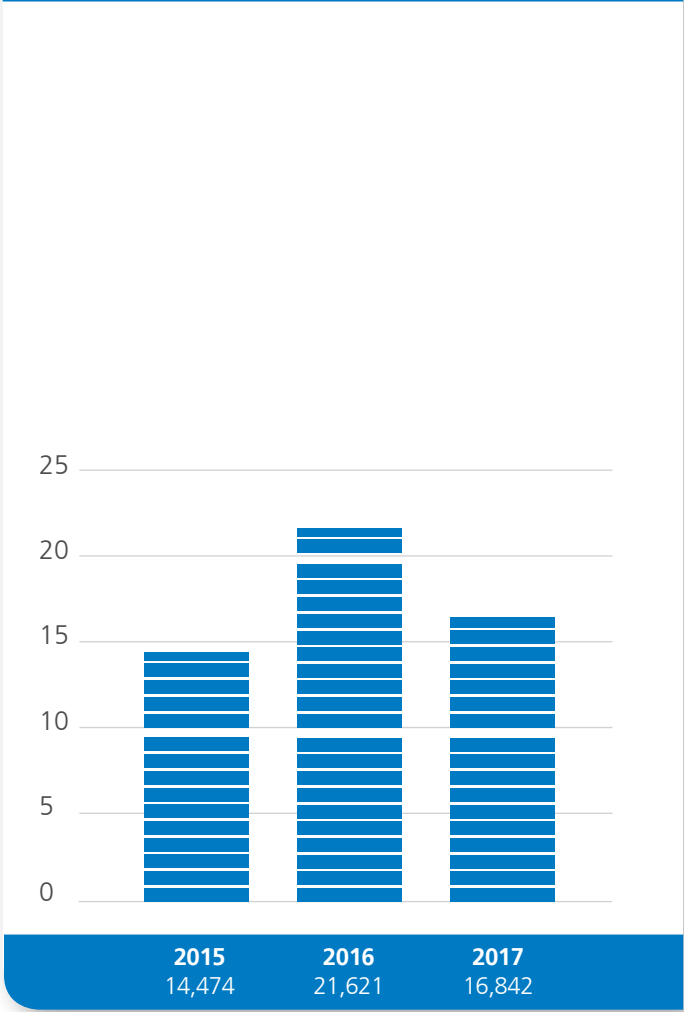
Care Support Worker Development Springboard® recruited



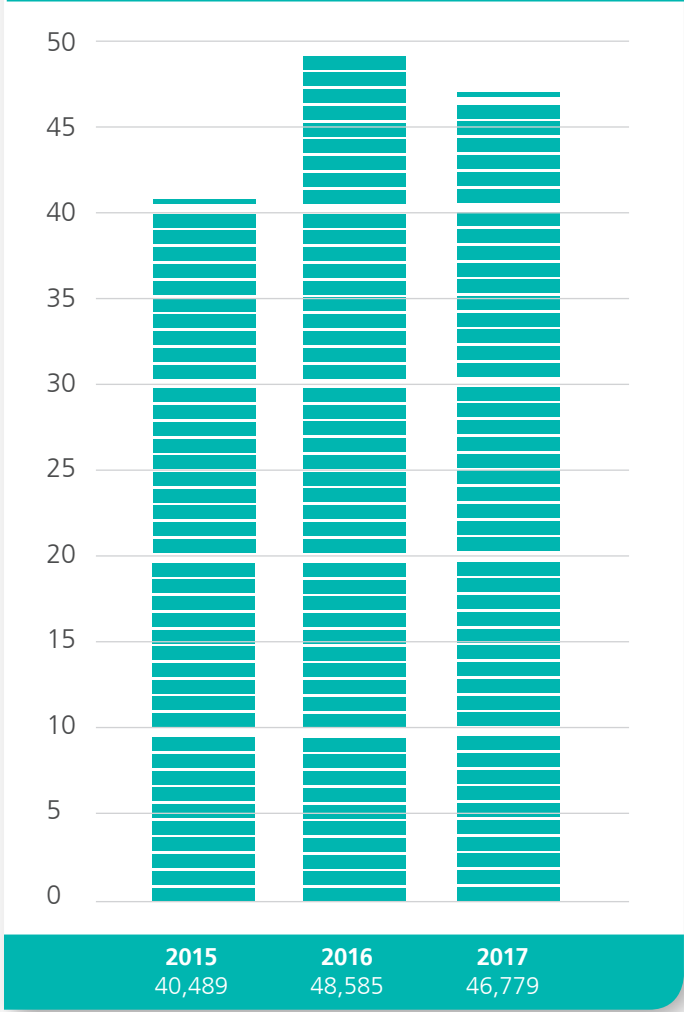
In 2017...



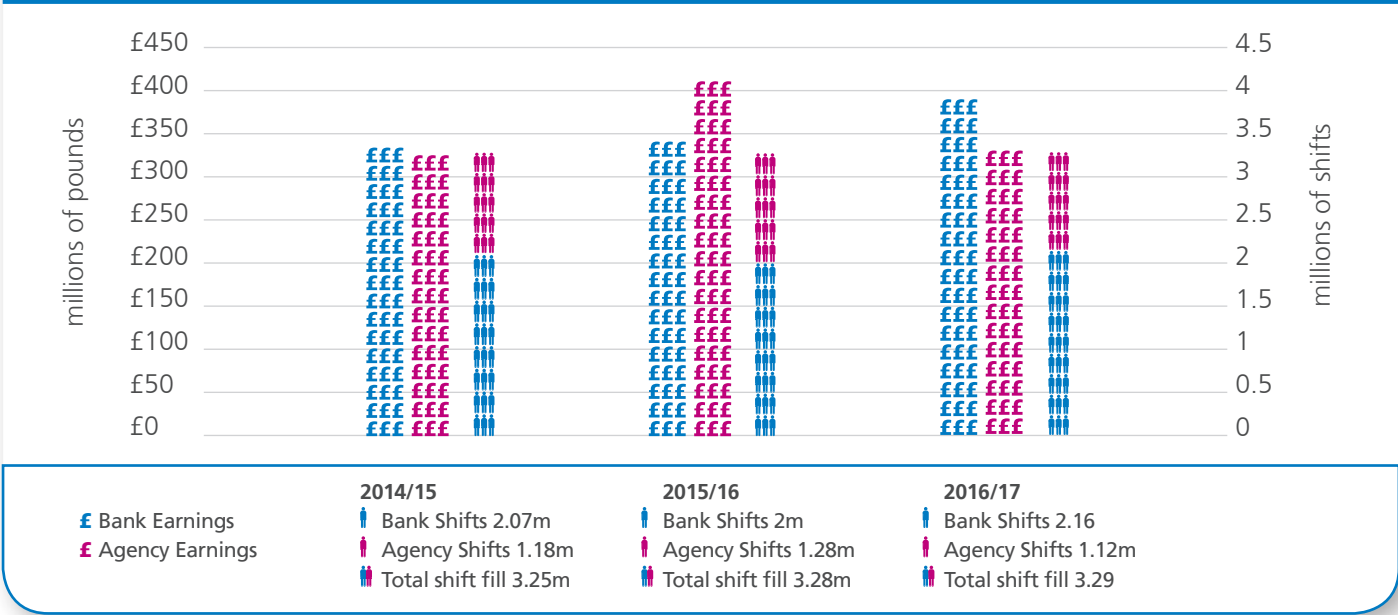
EU shifts worked



Care Support Worker Development shifts worked



Total Bank and Agency spend by NHS Professionals Client Trusts



"NHSP has had an excellent year, returning to growth in the context of favourable market conditions and record investments – achieved despite the uncertainty over future ownership".



An excellent year

Success in the year has been driven by structural changes and record investments in systems and projects. This has produced our most successful year to date. During the financial year ending 31st March 2017, revenue has grown by 12% to £390m and I'm pleased to say that NHSP has recorded its seventh year of profitability. Earnings before interest, tax and depreciation amounted to £9.1m, an increase of £2.6m (40%) from the previous year. Along with two new clients, our order book has grown to approximately £453m and net asset value has increased by £7.4m over the previous year.

Growing our existing business

We have grown our business with current clients by growing the scope of staff groups covered. Nearly half of our clients (25) increased the scope of their contracts, covering an additional 37 staff groups. The overall proportion of hours filled by the bank increased by nearly two percentage points and our client Trusts spent £82m less on agencies during the year.

Winning new business

The market has been hesitant and with few new opportunities presented, highly competitive. A number of Trusts have tentatively come to market but failed to complete their procurement process. There is still confusion over how best to procure a managed bank service, despite the clear savings opportunities for Trusts.

Trusts are now considering alternative routes to market, such as the new Health Trust Europe (HTE) framework launched in November 2016. Our relationship with Crown Commercial Service and HTE are now much closer allowing us to work collaboratively with them for the benefit of prospective clients. However, one London STP is in the process of establishing its own procurement framework through a full European Journal procurement process.

Not surprisingly, the market has attracted some new competition, with some new entrants offering technology only based solutions through G-cloud. We have also seen

some surprises and disappointments, most notably with the loss of Leeds Teaching Hospitals to a competitor. Having said that, two new clients signed managed service contracts during the year Buckinghamshire and Pennine Acute. Buckinghamshire had previously been run by a competitor.

As the market leader by a long way, our competitors only have a total of some ten Trusts with managed service contracts.

Establishing Doctors Direct®

Our locum doctors offer, Doctors Direct®, has now been successfully launched and rolled out to 17 NHS Trust clients. The service continues to gain traction among doctors seeking to work additional hours without using expensive staffing agencies. Many are disappointed that agencies benefit from such large commissions on the basis of their training and experience. NHSP offers a genuine cost-effective alternative and we are generating real savings for NHS Trusts without disadvantaging locum doctors.

Investment in a changing market

Demand continues to grow and over the year, 'like-for-like' demand for additional hours from our NHS Trust clients increased by 15.5%.

The NHS temporary staffing agency market has also changed, largely due to the introduction of the Agency Rules by NHS Improvement (NHSI). We have helped our clients to maximise the benefit of these structural changes to their advantage and reduce their dependency on expensive staffing agencies.

We invested £3.8 million in both capital and operating expenditure to develop our service capability on behalf of clients.

Working with NHSI agency rules

The impact of the caps on agency rates is difficult to establish, but it has at the very least, focused Trust executive team attention on the scale of the problem. We have used this to engage strongly with clients, many of whom have seized the opportunity to break the agency stranglehold.

We have also developed good working relationships with NHSI, exchanging information and especially sharing good working practice across the NHS. Our experience is second to none and we have been happy to share our knowledge and experience with both clients and non-clients.

Critical care, including both theatres and intensive care, have been particularly responsive to Trust needs. It has, until now, always been notoriously difficult to find staff for these roles due to the high rates commanded by staffing agencies.

What has become increasingly apparent is that the agency workers themselves have not necessarily benefitted directly from these excessively high rates. By working closely with clients, we have been able to set attractive rates to encourage people to join the bank and reduce the dependency on expensive staffing agencies. Agency staff are increasingly attracted to join the bank, especially in those areas where agency rates have been normalised and bank rates have been enhanced.

Despite increased demand, hours filled by agency staff reduced by 1% to 26.7% over the year, resulting in a reduction in agency spend passing through NHSP of £82m.

The increasing traction of Sustainable Transformation Plans (STP) across the NHS has rekindled interest in shared bank services. NHS Professionals has always operated a shared bank for those people recruited directly; each can choose which Trusts they want to work with.

The NHSP Bankshare® concept was developed in 2012 in response to client requests for a methodology that would allow Trusts to share bank services.

In particular, allowing Trusts to share their substantive staff to work with selected neighbouring NHS Trusts through a shared bank network.

The Bankshare® process helps participating Trusts harmonise their bank pay rates, training and clinical governance requirements. We expect that this will be a welcome feature for the many Trusts considering cooperating with neighbouring Trusts in shared services.

At the time of writing, Bankshare® is being deployed in two of our client clusters and a third is in the preparatory stage.



Investing in our capabilities

Investments in systems' improvement projects designed to enhance our offer, both to Trust clients and to the many thousands of bank members and locums that we work with every day.

We want to make it as easy as possible for people to book shifts and work with our clients. New, mobile-centric user interfaces are in the process of being rolled out. Both bank members and those staff responsible for requesting shifts will benefit from intuitive applications.

The investments in our underlying core systems have ensured that our booking platform has improved in terms of both speed and resilience.

The new systems that we have released to the market – *My:Bank* for bank members and *Our:Bank* for shift requestors - are only the beginning of a complete redesign of the customer interface that will make it easier for everyone to request and book shifts, anywhere, anytime.

Recruitment

We continue to recruit substantial numbers of clinical and non-clinical staff on behalf of our client Trusts. We have invested in improved processes to minimise the recruitment time for people already known to the Trust, either as leavers or through their agency work. This has increased the speed with which we can offer people work opportunities whilst ensuring compliance with NHS clinical governance standards. However, as you might expect, we are acutely aware of the shortage of trained experienced staff in some disciplines.

International recruitment

Over the last few years, we have successfully recruited nearly 1,000 registered nurses from countries in the European union.

As with most NHS Trusts, recruitment has been hampered by the pass mark required in the International English Language Testing (IELTS). Previously exempt, this testing policy has now been extended to nurses from EU countries. The unintended consequence is that this once fruitful channel is has now effectively dried up.

It is our considered opinion that this testing policy is unnecessarily restrictive and not supportive of the greater needs of NHS Trusts and their patients. We are hopeful that this will change soon and allow us to recruit much needed resources for the NHS.

We decided to invest in our growing international recruitment business which is now focused on attracting nursing staff from India and the Philippines. In the meantime, we continue our recruitment drive here in the UK.



Finance systems

We have made very significant investments in our finance systems that have allowed us to bring many financial services in-house, releasing major cost savings and improving our ability to deliver highly cost-effective services to the NHS. Perhaps most significant of these is Agency Self-billing which has now been adopted by the majority of our clients and staffing agencies.

Agency self-billing allows us to directly generate invoices on behalf of agencies and reduce administration for all concerned, along with minimising opportunities for fraud.

At the core of our finance investment is the rollout of MS Dynamics, along with investment in MS Power BI to support our increasing focus on delivering timely, accurate business information to support decision making in our client Trusts.

Contact management systems

Our attention is now very much focused on enhancing customer experience across our many IT platforms. We have made substantial investments in MS Dynamics Client Relationship Management software tools. This has now been successfully rolled out across several parts of the business and will be fully deployed over the course of 2017/18.

Investing in Doctors Direct®

Whilst our current business is largely founded on nursing, we know that our clients are increasingly concerned about the size of their locum doctor bill. In response, we have invested in significant technology to provide a specialised platform that supports both locum doctor recruitment and compliance assessment, along with placement.

This has been a very large scale development project and both Trusts and locum doctors have been involved in the process which has resulted in a new release once every two weeks on average.

At the same time, we have established a new recruitment and placement team to support our 500 registered locums and momentum continues to grow at pace.

Managing flexible workers

NHS Professionals manages flexible worker banks for NHS Trusts. We take accountability for recruitment, placement and payment of our clients' bank and locum staff.

Our aim is to help Trusts deliver ever more challenging service improvement plans by deploying a cost-effective, safe and reliable flexible workforce that saves money for clients, while improving their bank productivity and performance.

We are extremely proud of our flexible workers, all of whom provide a vital service for the NHS. They must all be fully compliant with NHS Employment Check

Standards and registered with the bank before they can book themselves into assignments, requested by our clients. We help ensure that they remain ready and available for work opportunities by monitoring their continued compliance with clinical governance requirements, including mandatory and statutory training.

NHS Professionals has an excellent track record of helping NHS Trusts to merge their temporary workforce banks by harmonising policies, procedures and pay rates. Our workforce consultancy and project management capabilities lie at the heart of our core strengths.

Recruiting the best

NHS Professionals recruits flexible workers through an automated eRecruitment system. We track online applications at every stage of the process and interview all successful candidates face-to-face.

A cloud-based online learning service helps us to meet the unique challenge of providing learning and development opportunities to a geographically dispersed workforce. It includes all the statutory and mandatory training our bank workers need.

Training the best

Monitoring behaviour

We help clients ensure maintenance of patient care standards by adhering rigorously to NHS Employment Check Standards, and making use of NHS intelligence to maintain vigilance, monitor performance and exclude unsuitable practitioners.

We have invested in a highly efficient, online and largely self-service operations centre, manned 24 hours a day, every day of the year. This supports our expert service management teams in the field, based at client sites.

Encouraging self-service



Management fee

Based on the forecast cost of operating the service

Cost-effective staffing

NHS Professionals is not a staffing agency; we provide managed bank and locum services for NHS Trusts. As an essential part of the NHS, our business model accurately reflects the true cost of running temporary bank services and removes many of the obstacles and costs associated with commission based pricing, used by staffing agencies.

This charging model offers a number of advantages for NHS clients. The total cost of running the Bank is more transparent and predictable for the Trust, compared with an in-house bank solution. It allows the Trust to fill unexpected demand peaks at relatively low cost and offers a single inexpensive platform for all temporary working. It also reduces administration of agency invoices and helps prevent fraud by tackling it at source.

We employ the bank

NHS Professionals employs bank staff so that the Trust doesn't have to. This means we take responsibility for all back-office administration. Behind the scenes, our specialist teams manage recruitment, HR, payroll, income tax, National Insurance, holiday pay, sickness-absence, pensions management and performance management.

The Compliance Team ensures that clinical governance compliance is maintained and manages complaints and incidents involving bank workers.

We also ensure bank workers operate within each Trust's implementation of Working Time Regulations.

As we are responsible for employment on-costs, it also means that our client Trusts save money. They save on Employers' National Insurance contributions for every substantive employee operating through the bank and reduced employer pension contributions for Bank Only workers engaged directly by NHS Professionals.

These are automatic, structural savings only available because we employ the people working through the bank.

Our strategy

Our vision for the business has been developed with the help of our sole shareholder representative of the Department of Health and with clients through the NHS Professionals Client Board.

The service we provide to the NHS delivers considerable savings for our clients. NHS Professionals is a volume-based business, operating on lean margins. Development of our core services, along with attractive value-added services, has to be managed within strictly limited financial constraints.

Managing workforce costs is a key issue for the NHS and as the largest healthcare staffing business in Europe, NHS Professionals has an important part to play in shaping both the temporary workforce market and in helping our clients to reduce their need for temporary staffing to a sustainable level.

Bank transaction charge

Based on the variable costs related to each shift (e.g. payroll processing charge)

Agency transaction charge

Based on the charges for verifying timesheets and processing agency invoices





Business continuity assured

Our continuous investment programme ensures that our bank management systems are sufficiently robust to withstand both deliberate cyber attacks and hardware failure. Our 'business continuity' infrastructure investment ensures that we are able to maintain our core service in the event that our primary facilities become inaccessible.

Nothing to install, upgrade or maintain

Our many clients have very diverse IT infrastructures, so we like to keep it simple. We believe that a 'cloud-based' service platform helps keep infrastructure costs down. It is accessed over the internet and therefore Trusts do not have the added cost of purchasing, developing or supporting any systems.

Cloud-based services mean minimal capital investment for Trusts. Our bank service platform requires no capital investment from our clients – this means no licence fees, ongoing maintenance fees or upgrade costs. We continually invest in our service delivery platform through regular upgrades of our systems and developing and improving systems to ensure they continue to meet client needs.

My:Bank for flexible workers and Our:Bank for ward-level shift requestors have now been released and are being successfully deployed across our client base.

No back-office costs

Our frontline service team is focused on meeting each client's temporary workforce needs. We recruit our people for their service ethos, train them in the NHSP service methodology and embed them within our clients. We support them with on-site client management teams and our National Service Centre manned 24 hours a day, every day of the year.

Maintaining continuity of service

We do our utmost to keep our systems operating at all times. Our continued investment in IT infrastructure ensures we are better positioned to maintain and quickly restore service for our clients.

Reducing costs

The NHS Professionals employment model, the management information and guidance and the Agency Support Service are all designed to help Trusts contain and reduce the cost of meeting their contingent workforce need. However, saving money is only part of the equation.

We want to also help improve clinical governance assurance of the contingent workforce working at the Trust while identifying opportunities to reduce demand for expensive agency staff.

Workforce Insight®

Our workforce consultancy team is actively supporting clients by helping them to address the quality of their staff rosters. Senior clinicians and trained Project Managers in our Workforce Insight® team advise and support NHS Trusts on their roster quality. They have been successful in identifying underlying roster issues that not only contribute to increased demand for temporary staff, but can release significant savings



Bankshare®

Trusts in a collaborative environments with neighbouring NHS Trusts, such as Sustainability and Transformation Plans (STP), need effective low-cost mechanisms to share their staff banks.

Bankshare® allows Trusts to share their own substantively employed staff between Trust banks.

Shared back office costs and a common, consistent approach to agency use and selection help Trusts make significant savings. We offer this service for free to our NHS clients. Bankshare® is also available across all roster systems, meaning no time-consuming administration of cross-charging between Trusts.

We maintain a registered bank of both clinical and non-clinical staff who can work across any of the Trusts in our client portfolio. Since we maintain their clinical governance records, their compliance is assured to allow them to work safely across our client base.

Agency Rules

We continue to support our NHS clients in meeting the ever-changing Agency Rules From NHS Improvement (NHSI). Minimising agency spend and helping Trusts manage 'break-glass' requirements and report agency breaches.

Investing in the NHS

Investments in our core services are well advanced and we have now released new user views of our core systems. These present a new user experience to improve the way they support clients, ward managers and flexible workers. Many of these developments were originally proposed by our Client Board.

Over the course of the last financial year, we invested more than £3.8 million in system improvements to reduce our cost base and improve the end-user experience.

All of our investments relate to specific projects that support our five-year business plan:

- Development of our international recruitment business to provide the most cost effective 'one-stop' recruitment service for the NHS
- Reduce the cost of processing agency invoices
- Improve our engagement with and relevance to bank and locum staff

- Make it easy for ward managers to review staffing levels
- Expand the range and scope of self-service reporting tools for Trust leads
- Enhancing our ability to monitor rates and performance of preferred staffing agencies to ensure compliance
- Continued development of our Doctors Direct® platform to help Trusts save money on medical staff.

Commitment

Every improvement we make helps our clients get the best from their bank and locum service. We believe that a single centralised booking platform across the NHS, supported locally by local people, is the key to a successful bank operation. That's our core business.

We help NHS Trusts focus on what they do best – looking after patients. A single, centralised booking platform across the NHS, supported locally by local people, is the key to a successful bank operation.

All of our investments support our core business service to the NHS – we do it so that our clients don't have to.



Clinical Governance in NHS Professionals

A person wearing a pink clinical uniform is shown from the chest down, washing their hands under a chrome faucet. Water is running from the faucet onto their hands. The background is a blurred clinical setting with blue and white elements. A large, semi-transparent blue triangle is overlaid on the right side of the image, containing the text.

Maintaining a governance culture in NHS Professionals provides assurance to both our clients and flexible workers and is a core focus for our Board. Our Clinical Governance Strategy demonstrates our commitment to providing a high quality, safe and accountable service.

Our continued focus in 2016/17 has been to review, re-energise and redefine the patient safety and quality agenda throughout NHSP for the benefit of our clients and the wider NHS family. The 2015 to 2020 Clinical Governance Strategy reflects a flexible approach to meet the challenges of a changing health and social care landscape. This includes the implementation of the non-statutory Midwifery Supervision, Revalidation for Registered Nurses and Midwives, the introduction of Nurse Associate role at client Trusts as well as the Five Year Forward View.

In response to the Agency Challenge outlined by the Secretary of State for Health, we are pleased to report that we have responded to client needs by developing flexible recruitment models to enhance our recruitment processes and support the changing flexible workforce market.

Professor Elizabeth Robb O.B.E
Non-Executive Director

Anne O'Brien
Director of Clinical

The Clinical Governance Strategy outlines the framework for the continuing development of clinical governance within the organisation. Built on the progress made in previous years, the strategy demonstrates a continued commitment to clinical governance and the desire to deliver a high quality, safe and accountable flexible worker managed service to our client Trusts.

We subscribe to the 'twisted rope' theory; bringing quality and commercial agendas closer as each strand of the organisation comes together to better meet the demands of the wider NHS and care system.

Our four-strategic clinical governance aims

- To ensure that all corporate NHS Professionals staff are aware of their particular contribution to patient safety and providing a high-quality service.
- To ensure that clinical staff who enter the flexible staffing market, and are placed in patient care through NHS Professionals, are deemed safe and fit for purpose.
- To ensure that appropriate flexible workers are placed to fulfil requests for staff, and that those workers are, and remain to be, competent practitioners in whom managers in Trusts can have confidence.
- To assist client Trusts in the achievement of their clinical governance objectives and assessments by demonstrating the quality assurance of NHS Professionals' services and using the unique insights flexible workers have into the quality of services to support organisations in identifying areas for improvement.

Our four principles that underpin our approach

- Clinical governance is integral to all our activities, processes and procedures.
- NHS Professionals must be a transparent, open and learning organisation where incidents are fully investigated to prevent recurrences and ensure that people are dealt with fairly and appropriately.
- NHS Professionals works collaboratively with client Trusts to protect patients and improve their care.
- NHS Professionals continues to lead thinking on all aspects of clinical governance.

Care certificate

NHS Professionals has an established Care Support Worker (CSW) development programme which delivers an opportunity for those without formal care experience to become a flexible support worker. Through an extensive training and supervision programme NHSP ensures that those who pass the programme will possess all 15 standards of the National Care Certificate.

NHSP has also amended the screening criteria for other bank only care support workers applying to register with NHS Professionals following discussion with the Client Board.

Midwifery supervision

We have worked in partnership with our client Trusts to ensure Registered Midwives on the bank have access to high quality midwifery supervision in their area of work.

Nurses Associates

We are piloting the new Nurse Associate role at several of our client Trusts. Together we have developed a recruitment model with appropriate controls in place to enable trainee Nurse Associates to work flexibly as CSWs during their two-year training programme.

Nurse revalidation

The first group of Registered Nurses and Midwives revalidated with the NMC in April 2017. Last year we introduced a placement testimonial document, which is now in place and being used by nurses and midwives to obtain feedback on assignments in the Trust to support revalidation.

In addition, we ensure that all flexible workers who receive positive feedback via our performance evaluation system or a formal compliment also receive a congratulatory letter which they can use as supporting evidence when revalidating.

Supervision on assignments will continue to be the responsibility of the Trust as is currently the case. NHSP will support any targeted clinical supervision which the Trust may wish to implement.

Underpinning the Clinical Governance Strategy are the behaviours reflected in our Flexible Worker Values system. These values are assessed in our recruitment process.

NHS Professionals has an online performance evaluation process developed to support our value system for flexible workers to be caring, reliable and professional based on the Knowledge and Skills Framework. It enables Trust staff to provide feedback on areas where flexible workers are performing to a high standard, as well as those needing further training and support.

A robust programme of remedial action is available to support individual development and personal responsibility such as completion of a communication self-assessment tool, reflection or completion of the "Compassion and Dignity for All" online module.

Caring



Reliable



Professional



The bank member...

1. Maintains the dignity of patients
2. Meets the physical needs of patients
3. Keeps patients safe from harm
4. Engages with and talks to patients
5. Anticipates the needs of patients

The bank member...

1. Attends on time for shifts
2. Does not cancel booked shifts
3. Demonstrates awareness of their limitations within their role
4. Reports any concerns promptly
5. Can be trusted to carry out tasks with only indirect supervision
6. Maintains a good standard of record keeping

The bank member...

1. Arrives for duty wearing appropriate uniform
2. Is calm and approachable when dealing with difficult situations
3. Acts as a role model for others
4. Demonstrates a high level of knowledge and skills
5. Is willing to learn and develop new skills

Locum Doctors

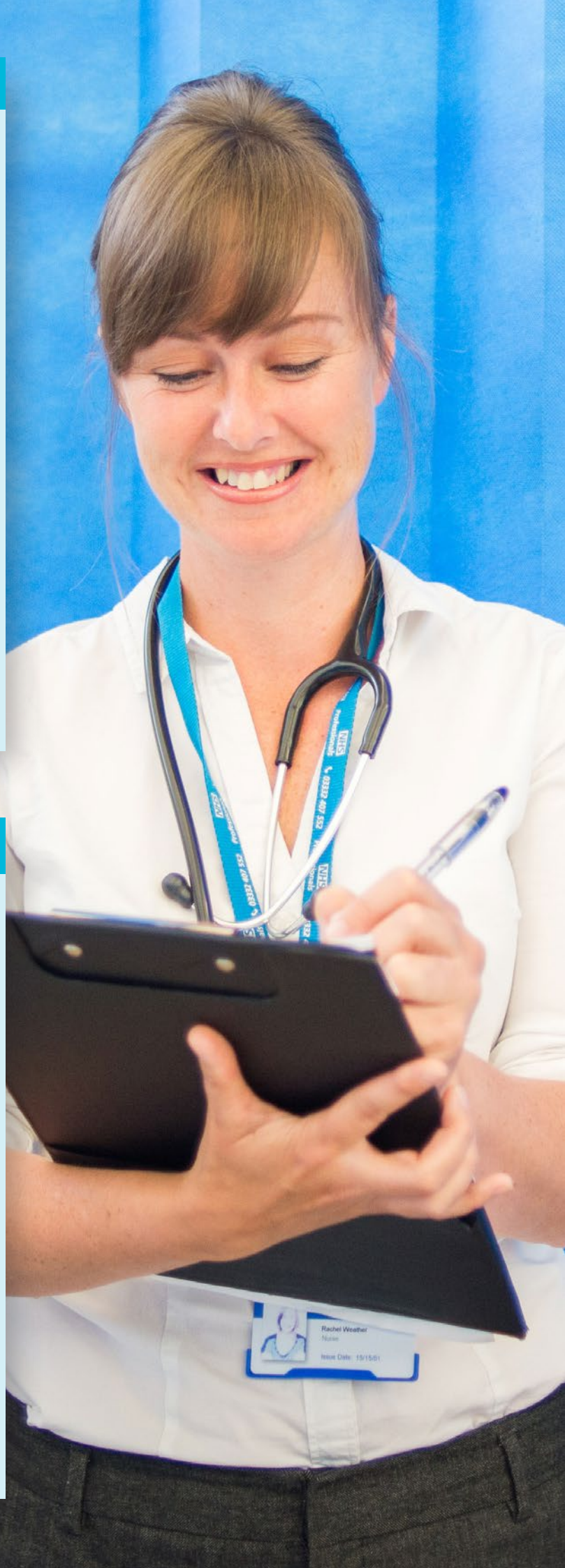
Locum doctor competence issues are investigated by the Clinical Governance Manager for Doctors, with support from the Medical Director (Responsible Officer), often in partnership with the Lead Consultant or Clinical Lead of the department in the Trust where the concern has been raised.

NHS Professionals aims to monitor contemporaneous performance by the End of Placement Reporting system. 'End of Placement' reports are important in monitoring the medical locum workforce by the GMC as part of revalidation. We will encourage more NHS clients to follow this process in the year ahead. We work in close collaboration with the GMC and other health organisations, sharing information through responsible officer networks and refer Locum Doctors to the General Medical Council (GMC) where appropriate.

Our Medical Advisory Group (MAG) meet to discuss NHSP Doctors and offer ideas and solutions to support the business. The members are senior consultant clinicians covering specialities in many key areas from Trusts across England. Each consultant has been chosen for both their clinical expertise and for their experience at Royal College and Deanery level.

At NHS Professionals

- Our purpose is 'to provide the people who care for people' and that safe and high-quality patient care is paramount
- Clinical governance has a board level focus and is a focus for the organisations entire workforce.
- We never sacrifice safety and quality for cost considerations. We combine NHS values with financial value for clients
- NHS Professionals has 'gold standard' compliance with NHS clinical governance requirements in the recruitment and management of flexible workers, endeavouring only ever to engage the right people.
- Our own governance standards are coterminous with those of our NHS Trust clients.
- NHS Professionals is continuously learning and improving and welcomes all feedback from all sources. We develop new means and measures to capture safety and quality data.
- As part of the NHS brand, our organisation proactively learns from national safety and quality reports, embedding relevant recommendations in the development of our services.





This financial year represented a significant turning point in the temporary and flexible staffing market across the NHS.

In our view, the rate caps and spend ceilings introduced by NHS Improvement have made a measurable improvement. The rate of growth in both usage of staffing agencies and agency hourly rates have slowed, as a direct result of the introduction of The Agency Rules.

We also see the increase in prominence of Sustainability and Transformation Plans as a good omen. Trusts in many areas are actively collaborating to deal with bigger local and regional healthcare issues. Increasingly, workforce issues are seen as a key component of the STP engagement.

We anticipate that both of these trends will continue in 2017/18 and beyond.

Procurement frameworks

At the start of the year, RM1072 from Crown Commercial Service was the only public procurement framework available to NHS Trusts allowing access to managed flexible workforce services. Two variants of the framework exist: direct award and mini-competition.

Sadly, RM1072 failed to help potential Trust users to discriminate between companies peddling software, genuine service providers and those exploiting large profits from the NHS simply for recovering

tax. Disappointingly, many of the nine 'providers' listed on the framework stand to gain financially when agencies get more work.

Half way through the year, Health Trust Europe (HTE) launched its Managed Total Workforce Solutions framework which, along with managed flexible workforce services, includes supply of eRoster as a service, Direct Engagement and others. NHS Professionals was successful in being selected as a supplier on this framework. This framework also provides for either direct award or mini-competition, depending on the specific needs of the contracting Trust.

And then there are the agency frameworks, all of which had to be revised following the introduction of the Agency Rules to make them viable. NHS Professionals is not a staffing agency.

Sustainability and Transformation Plans (STPs)

Sustainability and Transformation Plans present both a challenge and an opportunity for managed bank and locum service providers. Introduced as part of the NHS Five Year Forward View in 2015, they started off as a vision: 44 regional entities with no staff and no leadership and no mandate.

However, more progressive Trusts have seized the opportunity to work together in small collaborative groups for common purpose. And from these groups, some interesting opportunities are emerging.

Shared banks

From a market perspective, the change introduced by STPs offers an opportunity to think differently about a 'shared' workforce. Health service providers regularly find themselves in competition to attract staff. Where resources are scarce or demand is increasing, it leads to a bidding war with expensive staffing agencies acting as auctioneers. As some Trusts are discovering, by working together they can avoid paying over the odds.

Patient safety

But perhaps most importantly, by working together, Trusts can break the cycle of activity where their own substantively employed staff are tempted to work through expensive staffing agencies in neighbouring Trusts. With a little effort, Trusts can discourage unnecessary migration away from their in-house bank and retain those important skills for the benefit of patients. From a patient safety perspective, participating Trusts can also ensure that unsuitable staff are permanently excluded and not recycled unknowingly between Trusts.

Options for sharing

For Trusts to share their nurse and locum doctor banks, they have a choice: let one Trust lead and all other Trusts be subordinate; or allow a managed service provider to meet the needs of all Trusts in the group. In the first scenario, the group has to choose which Trust will lead. This task often falls to the largest Trust in the area, offering a form of bank management services to other Trusts. Not surprisingly, there is an unavoidable conflict of interest if the lead provider is struggling to fill its own shift quota.

A number of software tools are available in the market to help Trusts work together and share resources. Some are cheap and cheerful, others very expensive. The latter is particularly attractive to those Trusts that have made significant investments in electronic rostering from a largely uncontested market. But ultimately, staffing is about people, and people are inclined to work in their own interests. That is where NHS Professionals Bankshare® is different. Bankshare® is a service that allows NHS client Trusts to share their bank and locum staff at no extra cost. It even allows them to share with Trusts that are not clients of NHS Professionals either at a full transactional level, or simply by exchanging information that will help Trusts cooperate effectively.

Obstacles to sharing

There are many pitfalls in Trusts working together to share staff: payrate harmony, common training requirements and even misaligned HR processes to recruit and on-board new recruits.

Fortunately, having delivered managed services for more than 100 NHS Clients, NHS Professionals is well versed in these complexities and able to help Trusts work together for common benefit. The NHSP Bankshare® concept was developed several years ago to address this specific need.

We have worked with a number of Trusts to help them cooperate and have seen big improvements. Even where Trusts have not yet reached agreement to share their bank resources, they have demonstrated how close cooperation helps everyone.

In the Manchester area, for instance, five Trusts have been cooperating on setting bank rates and agreeing area-wide agency rates. Working through the Agency Partner Programme, we have seen spectacular results in their approach to bank and agency management. Not only are they saving a great deal of money, they are working towards a common goal and largely working inside the Agency Rules. As a consequence, two other nearby Trusts have asked to join the group.

NHSI Rules

The changes introduced by NHS Improvement in November 2015 and the subsequent hourly rate cap reductions have played an important part in setting the pace for some parts of the market. Not too surprising if we accept that there is a general shortage of clinical staff available to the NHS. That means staffing agencies trading in a scarce resource, encouraging Trusts into bidding wars, not just for the best or most experienced staff, but for anyone who can present a professional registration.

The biggest impact has been on the nursing and midwifery market and to some extent on the market.

Doctors and dentists

The locum doctors market is where we have seen vast movement in response to the introduction of the Agency Rules.

Hourly rates continue to remain high and agencies continue to demand more. Dentists also remain in short-supply.

Healthcare professionals

In allied healthcare fields, there are local shortages in some professions, such as theatre practitioners, diagnostic and therapeutic radiology, and such like. Many of these skills relate to emerging technology and hence limited training opportunities. However, in other areas such as general physiotherapy, we see plentiful supply and reducing agency use.

Admin & Clerical (A&C)

Over the course of the year we have seen a significant increase in the number of people available to work in admin and clerical positions in our client Trusts. Fill rates in lower grades are steadily increasing. For some of these roles, the change in the IR35 rules have had an impact in encouraging migration from agency to bank.

However, there is a significant cross-over into the commercial market for senior grades, for instance in IT, project management and finance. For these roles, bank recruitment has become more difficult as people are being tempted away from the NHS for better rates and less onerous IR35 rules being applied (see below).



IR35 changes

In April 2017, the change to IR35 rules came into force across all government departments, including the NHS. Essentially, all contractors who are working through personal service companies (PSCs) are now deemed 'employees' unless they satisfy a specific IR35 test. That means Trusts being responsible for withholding PAYE and NIC contributions for anyone deemed to be employed. Though Trusts are responsible for this, we have helped to scrutinise flexible workers operating through IR35 rules. We have not yet found a member of clinical staff that satisfies the IR35 test.

The impact of this change has been twofold: some people have left the NHS in order to preserve their earning capacity; some have demanded that the employer increase their gross salary to meet their increased employment costs; and others have accepted the change and moved on. While the IR35 rules are applied differently in the public sector, we might expect regular challenges and a steady flow of good people to the private sector.

Summary

The last financial year was quite a different year from the previous year. The NHS Improvement agency rules energized Trusts into taking positive action to address their agency use and spend. Those agencies that acknowledged and accepted the market restriction benefited at the expense of those who tried to hold back the tide. In contrast, many agency workers saw the writing on the wall and joined the bank or took up substantive roles in the NHS.

Procurement frameworks became more plentiful and accessible, allowing decision makers to take them seriously, reopening the market for managed workforce services that previously appeared to have been blocked.

STPs started to flex their muscle and demonstrate some value for their constituent members. They may well hold the key to changing behaviour, but they need genuine support, not 'carpet baggers', out to make a quick buck.

And lastly, changes in IR35 rules in the public sector have affected the employment status of many people who were enjoying the benefits of director's dividends for what is now considered 'deemed employment'.

Looking ahead

How do we see the market for managed flexible workforce services developing in 2017/18? NHS Improvement doesn't look as if it is going away and some of the regulatory changes they have made in the agency market have helped Trusts get back on track. We expect more of the same, but with specific focus on the locum doctors' agency market which has so far felt little impact.

STPs will continue to coalesce, finding ways to engage with Trusts in a variety of ways. Fewer, bigger Trusts are likely to emerge from these initiatives. The tricky part will be getting Trust leadership teams to actively engage in something that has the potential to impact their career and their livelihood. And, ultimately, we might start to see alignment with Accountable Care organisations (ACO) and consideration for the

design of services that match patient flow, not just in secondary care provision, but throughout the patient journey.

A service redesign on such a scale will have important implications for the number and type of skills that each provider needs and where they are needed. NHS Professionals will continue to adapt and change to meet the needs of the market.

And for NHS Professionals...

In terms of flexible worker engagement, we recognise their need to access booking systems and other services at any time of the day, using any device. We live in an increasingly connected, self-service world and our offer to flexible workers will continue to develop to meet their emerging needs. Accessibility is the key to easier engagement. In the past year, we have launched several new tools that make engagement with flexible workers easier, such as *My:Bank* and *Doctors Direct*®. We will continue to invest to make it easier for flexible workers to join the bank and choose work opportunities that meet their lifestyle choices and help them serve the Trusts that so desperately need their services.



Nick Kirkbride, Chief Executive

Nick joined NHS Professionals in March 2016 and brings 30 years of experience split between strategy, consulting and leading businesses.

In business, Nick started his career with Cadbury Schweppes and the management buyout that became Premier Brands. He spent five years as a consultant with McKinsey and Company before returning to industry.

On return, he was the first Managing Director of the Virgin Cola Company, a joint venture which was initially with Cott Corporation. Nick then held posts as Managing Director and Senior Vice President at The Scotts Miracle-Gro Company (NYSE:SMG) and was also CEO of Nelsons Ltd.

Most recently, he was a partner at strategy consultants, Eden McCallum for eight years, supporting clients across a range of industries including retail, software and pharmaceuticals. Nick holds a degree in Human Sciences from University of Oxford.

Executive Directors



Anne Challinor
Director of Client Relations

Anne has worked in temporary staffing for over 20 years in both public and private sector organisations.

Currently as Director of Client Relations, Anne has responsibility for our front-line business teams, new Business Development, recruitment strategy and processing and implementation of new clients into NHSP.

Colin McCready
Chief Financial Officer

Colin began his career in FMCG while studying for his accountancy qualification, before moving into financial services and supported the rollout of SAP at Fujifilm UK.

He has over ten years' experience in senior finance roles within the professional services' industry, covering a wide range of geographies and business models for both private and FTSE listed companies.

During this time, Colin has executed full finance restructuring programmes, a large scale ERP implementation programme and a business process reengineer across multiple regions and complex legal structures.



Anne O'Brien
Director of Clinical Governance and Operations

Anne joined as Director of Clinical Governance in 2008 and was appointed Director of Operations in 2012.

Anne's previous roles include clinician, programme management and policy development at a national level. She was previously Director of the Northern Ireland Clinical and Social Care Governance Support Team and part of the NHS Clinical Governance Support Team in England and the NHS Modernisation Agency.



Stewart Buller
Director of Marketing and Communications

Stewart joined NHS Professionals in 2010 and has more than 25 years' experience in managing communications strategies for organisations that specialise in outsourcing and managed service provision. He has held senior positions at major organisations including BT, Phoenix IT Group and Groupe Bull. Stewart is a Fellow of the Chartered Institute of Marketing and a member of CIPR.

Georgina Dwight
Director – International Healthcare

A registered nurse and midwife, Georgie joined NHSP in 2012 as Commercial Director. She holds a Master of Public Health degree from King's College, London and completed the International Advanced Management Programme at the University of Oxford. Georgie was Director of Nursing at what is now Imperial College Healthcare NHS Trust and was subsequently appointed to the Department of Health as Director of International Recruitment for England. She is the author of the Code of Practice for NHS employers involved in the international recruitment of healthcare professionals. In 2015, Georgie took up NHSP's new post of Director - International Healthcare.

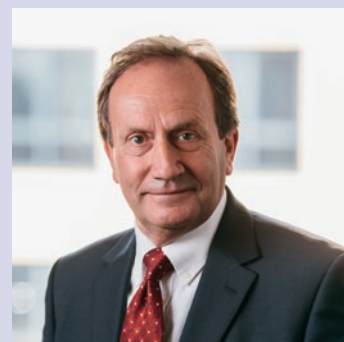


Helen McGill
Medical Director and Responsible Officer

Helen was appointed Medical Director and Responsible Officer in 2011. Helen is trained in dentistry, medicine and law. She worked in primary care as a senior partner in a busy training practice until 2014, when she left to concentrate on her NHS Professionals' role. She has represented clinical views at local and national levels through PCT, CCG and Local Medical Committee activity. She sits on the GMC RO reference group and has recently taken up a position on the NHS England core strategic group reviewing aspects of locum work. She is a member of the GMC Investigations Committee and a GMC PLAB 2 examiner.

Keith Nash
Director of Human Resources

Appointed Human Resources (HR) Director in 2009, Keith has previous board-level experience with Inchcape plc, Cable & Wireless Europe, Coca-Cola Enterprises, Land Securities Plc and MPS Group International. Keith's expertise is in leading complex change programmes, including mergers, acquisitions and joint ventures, with national and international governments.





Robin Williams - Chairman
MA, ACA

Robin co-founded Britton Group plc and was a director of Hepworth PLC with a leading role in its sale. Since 2003, he has had a number of Chairman and NED roles with private equity-backed, public and family owned businesses in a range of industries. He is on the Board of Xaar plc, Nanoco Group plc and other businesses and was Chairman of Bio Products Laboratory Ltd and DCI Biologicals Inc., both owned by the Secretary of State for Health, until their sale in July 2013. Robin was appointed chair of NHS Property Services from April 2014 to March 2016.



John Flook
FCCA, BA

A Fellow of the Association of Chartered Certified Accountants, John worked in the NHS from 1970 to 2003, including twenty years as a Director of Finance. John is currently a Lay member of Darlington CCG and Hartlepool and Stockton CCG. Until August 2017, he was an independent member of the Audit Committee of Sport England, and until March 2017, an independent Board member of British Orienteering. Following retirement from the NHS, he had a successful consulting and coaching career and held Non Executive positions on several health, education and voluntary bodies.



Prof. Elizabeth Robb O.B.E
MA, BA (Hons), ADM, PGCEA, RN, RM

Elizabeth is a registered nurse and midwife, has a first degree in Management, holds an MA in Nursing and is a registered midwife teacher. She is a Visiting Professor of Leadership and Nursing Practice at London South Bank University. In 2009, she was awarded an Honorary Doctorate by Thames Valley University and also in 2015 from Plymouth University. In 2015, she was awarded an OBE to services to nursing and midwifery. Elizabeth was CEO of Charity The Florence Nightingale Foundation until February 2017 and she is also a magistrate and healthcare consultant.



Jill Robertson
MBA, DipM, PGCE, BA (Hons)

Jill has held senior roles with major companies in the staffing sector. She was Chief Executive of three businesses within the Barkers Norman Broadbent Group (BNB Plc). Previously, Jill held the position of Managing Director of Healthcare Recruitment for Select Plc, Strategic Marketing Director for Adecco UK and Divisional Director for Reed Employment Plc. Jill has also held Non-Executive Director and Trustee roles with other organisations in the public and not-for-profit sectors.



Keith Russell

Keith has held a number of senior positions including the roles of CEO for Transcom Worldwide (a publicly listed, global outsourced services business) and Operations Director for BSkyB. Prior to this, he worked for PolyGram Records and Electronic Data Systems and has developed his own IT business. He currently has a portfolio of non-executive, advisory and consulting positions.

“The NHS Professionals’ Client Board has a clear remit to provide a forum for NHS Professionals’ clients to share knowledge”.



Together, we influence the strategic direction of NHS Professionals and the delivery of its service. (With the aim to support NHSP to be the supplier of choice for all Temporary staffing requirements within the NHS.)

As the Chair of the Client Board, it is my role to ensure that we maintain a strong voice, challenging NHS Professionals engagement with clients and flexible workers and supporting investment in the bank and locum services upon which our Trusts depend.

During 2016/17, Representative from both Department of Health and NHS Improvement attended our meetings. Update sessions by NHSI covered current topics including the effectiveness of the Agency Rules. These forums allowing Our members to engage directly and keep up to date with developments in the Agency Rules also highlighting the benefits of NHS Professionals to provide further information and data management in support of clients’ growing reporting needs.

Additional series focus user groups one of which is technology has helped clients improve their use of the service and work together to agree prioritisation of new features and service enhancements.

The group meets regularly with NHS Professionals’ executives and the Chair has direct access to Robin Williams, NHS Professionals’ Chairman.

The popularity of the Client Board continues to grow with representation from clinical, HR and procurement and financial professionals. As the continued focus on Temporary staffing spend continues we strongly encourage all NHS Professionals’ client Trusts to send a representative to all meetings to benefit from the knowledge shared by both presenters and fellow NHS organisations at these meetings.

Jane Parris,
Deputy Director
Commercial Resources,
Norfolk and Suffolk
NHS Foundation Trust.



Our performance

NHS Professionals remains healthy and continues to provide an important service to NHS Trust clients. Revenue grew by 12.1% to £389.5m (2016: £347m) mainly due to increased use of additional staff groups by existing clients.

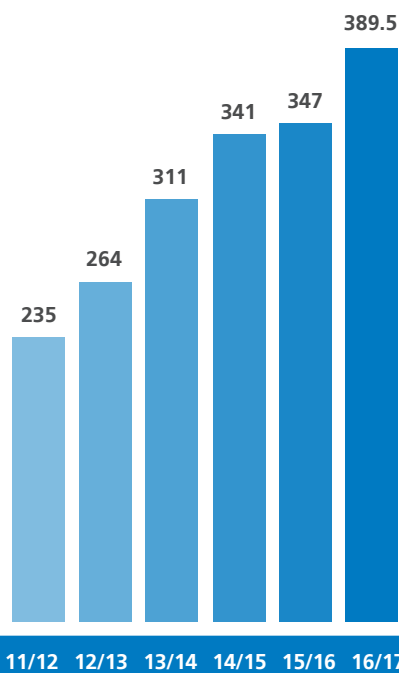
Gross margin increased from £44.3m (2016) to £49.4m. Administration expenses rose by 6.6%. This resulted in an overall increase in operating profit of 43% to £8.4m (2016: £5.8m).

Financial Summary

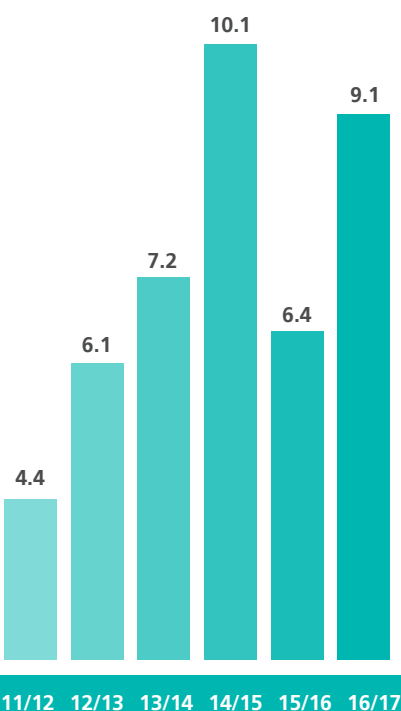
The following statements give a summary of the financial performance of NHS Professionals Limited for the year ended 31 March, 2017. These are extracts from the full financial statements, which have been audited by Pricewaterhouse Coopers LLC and are available from Companies House or via the Company's registered office.

- Statement of comprehensive income for the year ended 31 March 2017
- Statement of financial position as at 31 March 2017
- Statement of changes in equity for the year ended 31 March 2017
- Statement of cash flows for the year ended 31 March 2017.

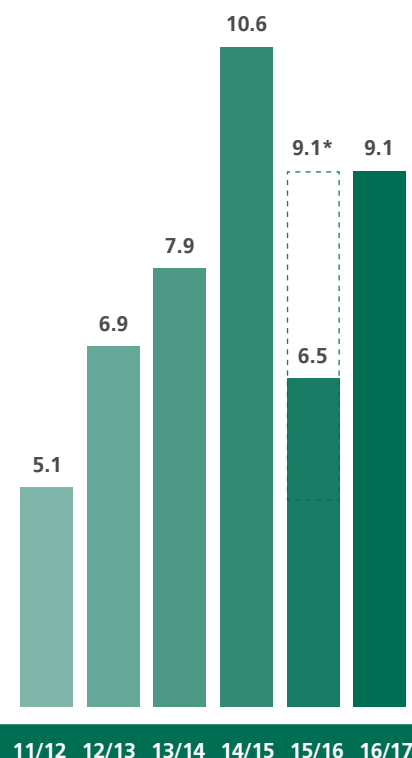
Revenue £m



Profit before tax £m



EBITDA £m



*2015/16 EBITDA excluding one-off accounting adjustment for Holiday Pay during the year.

Statement of Comprehensive Income for the year ended 31 March 2017

	Year ended 31 March 2017	Year ended 31 March 2016
	£000	£000
Revenue	389,524	347,032
Cost of sales	(340,172)	(302,718)
Gross profit	49,352	44,314
Administrative expenses	(40,994)	(38,471)
Operating profit	8,358	5,843
Finance income	765	573
Finance costs	0	(4)
Profit before taxation	9,123	6,412
Tax expense	(1,765)	(1,469)
Profit for the year	7,358	4,943
Profit and total comprehensive income for the year	7,358	4,943

Statement of Financial Position as at 31 March 2017

	As at 31 March 2017	As at 31 March 2016
	£000	£000
Non-current assets		
Property, plant and equipment	1,502	1,150
Intangible assets	658	491
	2,160	1,641
Deferred tax	157	155
	2,317	1,796
Current assets		
Trade and other receivables	82,045	71,858
Other current assets	35,726	49,111
Cash and cash equivalents	24,209	20,237
Inventories	87	135
	142,067	141,341
Total assets	144,384	143,137
Current liabilities		
Trade and other payables	(40,011)	(33,566)
Current tax liabilities	(956)	(896)
Other liabilities	(46,849)	(59,149)
Provisions	(153)	(69)
Total assets less current liabilities	56,415	49,457
Non-current liabilities		
Other payables	0	(400)
Net Assets	56,415	49,057
Equity		
Ordinary shares	20,000	20,000
Share premium	3,369	3,369
Retained earnings	23,746	16,388
Capital reserve	9,300	9,300
Total equity	56,415	49,057

Statement of Changes in Equity for the year ended 31 March 2017

	Ordinary Shares	Share premium	Retained earnings	Capital reserve	Total Equity
	£000	£000	£000	£000	£000
Balance at 01 April 2015	20,000	3,369	11,445	9,300	44,114
Profit for the year and total comprehensive income for the year	0	0	4,943	0	4,943
Balance at 31 March 2016	20,000	3,369	16,388	9,300	49,057
Profit for the year and total comprehensive income for the year	0	0	7,358	0	7,358
Balance at 31 March 2017	20,000	3,369	23,746	9,300	56,415

Statement of Cash Flows for the year ended 31 March 2017

	Year ended 31 March 2017	Year ended 31 March 2016
	£000	£000
Cash flows from operating activities		
Cash generated from operations	6,166	1,573
Interest paid	0	(4)
Tax paid	(1,707)	(1,707)
Net cash generated from/ (used in) operating activities	4,459	(138)
Cash flows from investing activities		
Payments for intangible assets	(362)	(214)
Proceeds from disposal of intangible assets	0	0
Payments for property, plant and equipment	(890)	(156)
Proceeds from disposal of property, plant and equipment	0	0
Net cash used in investing activities	(1,252)	(370)
Net cash inflow/ (outflow) before financing	3,207	(508)
Cash flows from financing activities		
Interest received on overdue receivables	765	573
Net cash proceeds from financing activities	765	573
Net increase in cash and cash equivalents	3,972	65
Cash and cash equivalents at beginning of year	20,237	20,172
Cash and cash equivalents at end of year	24,209	20,237

A service in the public interest

Statutory background

Accounts for the 12 months ended 31 March 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and The Companies Act 2006 applicable to companies reporting under IFRS.

On 1 April 2010, the assets, liabilities and rights of NHS Professionals Special Health Authority transferred to NHS Professionals Limited, a public body and company guaranteed by shares held 100% by the Secretary of State for Health. The objective of the transfer was to implement the optimum trading form for NHS Professionals, its clients and its flexible staff, while giving the Company greater financial independence in order to ensure the continuity of its services long term.

NHS Professionals Limited is now self-funding from operations and no longer receives financial support from the Department of Health. It is funded through charges to clients within the NHS that cover the costs of acquiring flexible workers' services plus an amount to contribute to the operating costs of the organisation.

Impact on the environment

NHS Professionals has continued to invest in its programme of technology advancements this year, which limits the organisation's impact on the environment. Not only does technology make the service easy to use and accessible, it also limits our use of resources such as paper. The move to eTimesheets, ePayroll and self-billing, in particular, further limits the use of non-sustainable resources. Our move to a single base also reduces our impact on the environment.

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NHS Professionals



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