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UK Healthcare Staffing Survival Guide:

Navigating the NHS Staffing Crisis
and Strategies to Future-proof
Your Staffing Business

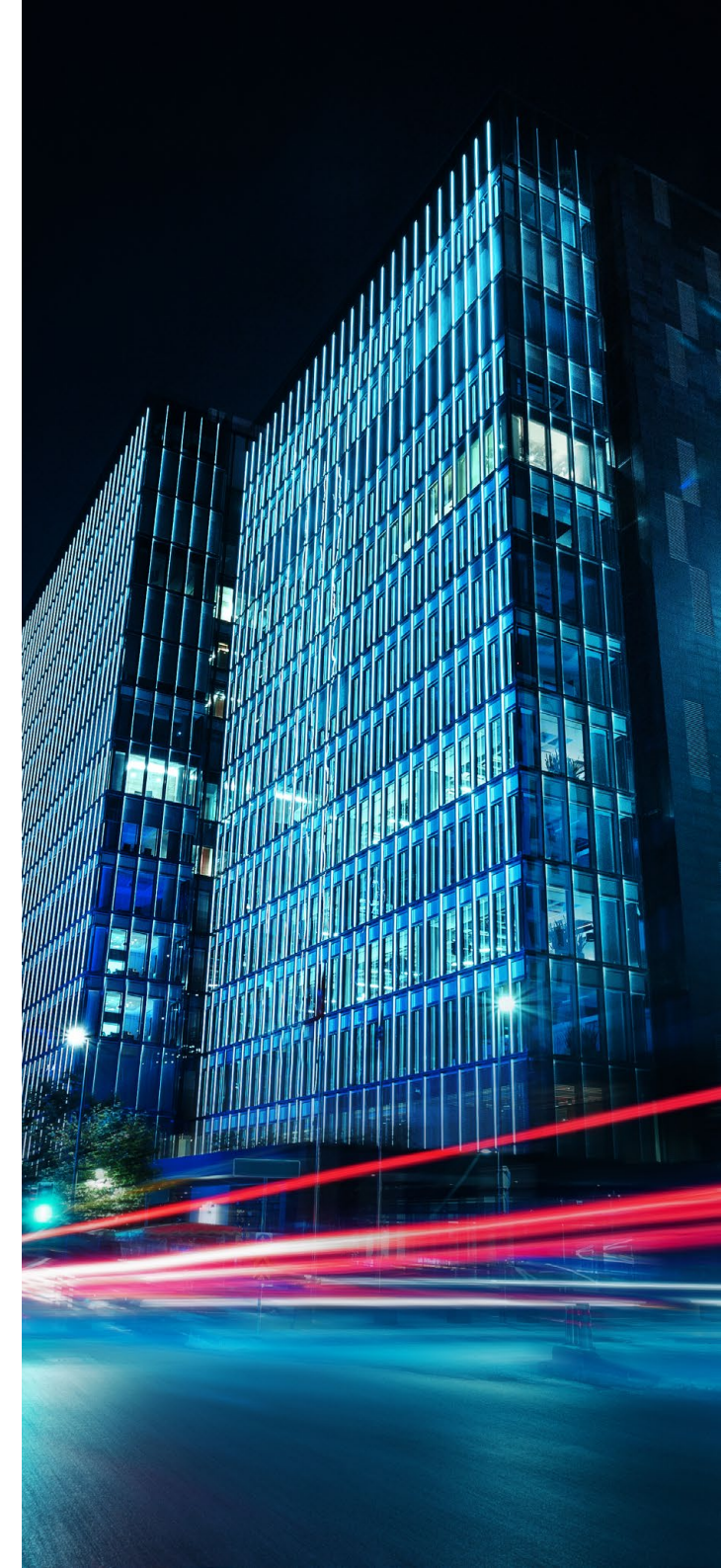


For Recruitment Agencies



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Introduction

The National Health Service (NHS) is currently ensnared in the most severe staffing crisis in its storied history, posing a formidable challenge to the UK's healthcare delivery system. This crisis is not just a matter of numbers; it's a complex web of economic, systemic, and operational challenges that threaten the very fabric of the UK's healthcare services. The gravity of this situation cannot be overstated, with the NHS grappling with approximately 112,000 unfilled job vacancies as of March 2023, a stark indicator of the depth of the crisis.



Navigating the NHS Crisis

The NHS Challenge: An Unprecedented Strain

The National Health Service (NHS) is currently confronting a crisis of unparalleled proportions. Financial deficits, dwindling resources, and a critical shortage of healthcare professionals have combined to create a perfect storm, further exacerbated by the aging and diversifying needs of the UK's population. The COVID-19 pandemic has amplified these challenges, generating significant backlogs in elective surgeries and routine care, thereby stretching the NHS's capabilities to their limits. This has led to a work environment fraught with heightened stress and burnout among healthcare workers, contributing to the acute staffing shortages. As a result, the NHS has found itself increasingly reliant on locum staff—a costly and unsustainable stopgap solution. Amidst this, the NHS waiting list has swelled to 7.5 million as of May 2023, underscoring the gravity of the situation.

7.61 Million
on NHS Waitlist

6.39 Million
Individual
Patients Waiting
for Treatment

Source: BMA

Why the NHS Needs Staffing Companies

Against this backdrop, healthcare staffing companies have emerged not just as facilitators but as indispensable partners in bridging the NHS's staffing void. They play several crucial roles:



Bridging the Talent Gap: Facing a potential shortfall of 571,000 staff by 2036, staffing companies offer a critical lifeline by efficiently connecting available healthcare talent with urgent NHS vacancies, thus helping to maintain service levels and patient care quality.



Alleviating Administrative Burden: The complex and time-consuming processes of recruitment, vetting, and placement are significantly streamlined by staffing companies, allowing NHS institutions to focus more on patient care.



Offering Flexibility and Agility: These companies provide the NHS with much-needed flexibility to respond to dynamic demands, such as seasonal spikes in patient numbers or sudden shortages in specific departments, ensuring operational continuity.



Addressing the Economic Equation: In an environment where uncompetitive salaries exacerbate staff retention issues, staffing companies play a pivotal role in providing cost-effective staffing solutions, offering the flexibility and scalability the NHS needs to navigate its financial constraints.



Facilitating International Recruitment: With domestic talent in short supply, the robust international recruitment channels of staffing companies are vital. They help alleviate domestic shortages and bring diverse skills and experiences to the NHS workforce.

**NHS' staffing gap
projected to reach
571,000 by 2036**

Source: The Guardian

Towards a Sustainable Partnership

The path forward for the NHS does not lie in distancing itself from staffing companies but in fostering a more collaborative and efficient partnership with them. Recognizing the value that these agencies bring to the healthcare ecosystem is the first step. The next involves developing integrated strategies that leverage the strengths of staffing companies while addressing the NHS's operational and financial constraints. Transparent pricing negotiations, the establishment of quality and performance benchmarks, and a mutual commitment to the sustainability of the healthcare workforce are essential components of this collaborative approach.

Conclusion

As one of the world's largest healthcare systems, the NHS faces the formidable task of delivering comprehensive care amidst a multifaceted crisis. Healthcare staffing companies are indispensable in this ecosystem, providing not just flexibility and competitive compensation but also crucial operational efficiencies. The future of the NHS hinges on strengthening the bonds with these agencies, ensuring the continuous delivery of high-quality healthcare services despite staffing shortages and financial challenges. This journey mandates a collective endeavor, recognizing the shared goal of both the NHS and healthcare staffing companies: to sustain a robust, resilient, and responsive healthcare system for the nation.



The Economic Context

The economic landscape within which the NHS and healthcare staffing companies operate is fraught with challenges. Inflationary pressures and economic contraction are squeezing margins, complicating financial planning, and impacting the overall stability of healthcare staffing providers. This chapter delves deeper into these challenges, offering insight into their implications for the healthcare staffing industry.

Inflation and Its Impact on Healthcare

The core CPIH annual inflation rate was 5.2% in December 2023, which is more than just a statistic; it's a harbinger of tightening conditions for healthcare staffing companies. This inflationary environment has led to an uptick in operational costs across the board. Wages, a significant component of these costs, have been particularly affected, necessitating higher payouts to attract and retain talent in a competitive market. The Bank of England's warnings of further increases only compound the issue, signaling a tough road ahead for cost management.

Moreover, the cost of medical supplies, essential for the day-to-day operations of healthcare staffing, has seen an 8% increase in the past year (Office for National Statistics, 2023). This uptick is not just a matter of financial concern but also impacts the ability of staffing

companies to supply well-equipped healthcare professionals to the NHS and other healthcare providers. The dual pressure of rising wages and operational costs puts healthcare staffing firms in a bind, forcing them to navigate a narrow path between maintaining service quality and ensuring financial viability.


**Signaling more than
numbers: Core CPIH
Inflation Hits 5.2%
in Dec'23**

Source: Office of National Statistics

State of the Economy

The broader economic context adds another layer of complexity to the challenges faced by healthcare staffing companies. Amidst the backdrop of sluggish economic growth, as forecasted by the BCC with a marginal upgrade to 0.4% GDP for 2023 and a continued weak outlook for 2024 and 2025, healthcare staffing companies encounter a multitude of challenges.

This introduces a layer of uncertainty in financial planning for healthcare staffing firms. Long-term contracts and investments become riskier propositions, making it difficult for these companies to plan for growth or expansion. Furthermore, reduced healthcare spending can lead to increased competition for available contracts, driving down margins and putting additional pressure on staffing companies to operate more efficiently.



**UK's 2023 Growth
At A Mere 0.4%,
with 2024 Forecast
at 0.3% - Barely
Dodging Recession.**

Source: BCC

Additional Considerations

Brexit and Regulatory Changes: The post-Brexit landscape introduces additional challenges for healthcare staffing in the UK. Changes in immigration policies have tightened the talent pool, making it more difficult and expensive to recruit healthcare professionals from the EU. This not only exacerbates the staffing crisis but also increases operational costs for staffing companies navigating the new regulatory environment.

Digital Transformation: On the flip side, the push towards digital transformation in healthcare presents both a challenge and an opportunity. Implementing new technologies requires upfront investment and training, adding to the cost pressures. However, those firms that successfully navigate this transition can realize efficiencies and cost savings in the long run, positioning themselves as leaders in a rapidly evolving market.

The Cost-of-Living Crisis: The broader cost-of-living crisis in the UK further complicates the economic context for healthcare staffing. As living costs rise, healthcare professionals demand higher wages to maintain their standard of living, putting additional wage pressure on staffing companies. This crisis also affects the affordability of healthcare services for the general public, potentially leading to changes in healthcare demand that could impact staffing needs.

In summary, the economic context for healthcare staffing in the UK is characterized by a complex interplay of inflationary pressures, economic contraction, regulatory changes, and the evolving demands of digital transformation. Navigating this landscape requires strategic foresight, operational efficiency, and a keen understanding of both the immediate financial pressures and the broader economic trends shaping the future of healthcare staffing.



Navigating New Horizons: The UK Healthcare Staffing Market Amidst Economic and Political Shifts

Introduction

The UK healthcare staffing market stands at a critical crossroads, marked by economic challenges, evolving public sentiment, and significant political uncertainties. This juncture is particularly pivotal for staffing solutions within the National Health Service (NHS), a sector scrutinized for the substantial costs incurred through the employment of temporary staff, such as locum doctors and nurses. These issues are magnified against the backdrop of forthcoming national elections, set to redefine healthcare funding and staffing strategies.

Economic Pressures and Public Sentiment

Recent reports shed light on the financial strains imposed by healthcare staffing agencies, with some locum doctors commanding thousands of pounds for single shifts. Such revelations have intensified public and policymaker debates, spotlighting the inefficiency in the allocation of NHS funds. The healthcare staffing agency market, valued at £5.1 billion, alongside an additional £5.8 billion spent by NHS England on

bank staff, represents a significant economic burden. The prevailing public opinion advocates for a strategic shift in NHS funding towards bolstering the permanent workforce, suggesting that improved pay and conditions for doctors and nurses could ensure a more sustainable, quality-centric healthcare delivery system.

Healthcare staffing agencies, valued at £5.1 billion, coupled with NHS England's £5.8 billion expenditure on bank staff, pose a substantial economic challenge.

Source: Yahoo Finance

The Political Landscape's Influence

The impending national elections promise to place healthcare funding and staffing at the forefront of political discourse. With the Labour party leading in polls, a potential policy shift towards increased NHS funding and addressing the evident staffing shortfalls looms on the horizon. However, the transition to a new government and the subsequent budgetary processes hint at a prolonged timeline for tangible policy implementation, potentially spanning 12 to 18 months. This interim period poses daunting challenges for healthcare staffing companies, struggling against high operational costs and a fiercely competitive market, with the looming threat of financial strain pushing some towards cessation of operations.

The Interim Role and Strategic Positioning of Staffing Companies

In this volatile environment, healthcare staffing companies are tasked with a delicate balance: addressing immediate staffing needs while strategically positioning for impending policy shifts. Their ability to provide flexible, cost-effective staffing solutions is crucial in supporting the NHS through this transitional phase, ensuring uninterrupted patient care. Anticipating changes in public funding priorities and policy directions, and leveraging technology and digital health solutions in alignment with the NHS Long Term Workforce Plan, staffing companies can solidify their role as indispensable partners in the quest for a resilient and efficient healthcare system.

Conclusion

As the UK inches closer to a significant electoral juncture, the healthcare staffing market is primed for substantial transformation. The confluence of economic pressures, shifting public expectations, and political priorities demands a reevaluation of the healthcare staffing sector's role and value proposition. By championing innovation, advocating for policy reforms, and aligning their services with the broader objectives of NHS sustainability and patient care excellence, staffing companies can adeptly navigate the political landscape, contributing to the enduring vitality of the UK's healthcare system. In this complex landscape, marked by a £5.1 billion market value for temporary healthcare recruitment and an 11.8% compound annual growth rate over the last five years, the strategic foresight and operational efficiency of healthcare staffing companies will not only determine their survival but also their capacity to significantly impact the future of healthcare in the UK, ensuring the delivery of quality care amidst ongoing economic and political flux.

Navigating Change Through Innovation and Partnerships

In the current climate, healthcare staffing companies are at a pivotal moment, facing both immediate challenges and long-term uncertainties. The industry's resilience hinges on its ability to adapt, innovate, and strategically align with partners that can augment their capabilities, particularly in areas of technology and operational scalability.

Strategic Adaptation for the Coming Months

As the healthcare staffing sector looks ahead to the next 18 months—a period likely devoid of significant policy shifts or governmental funding reallocations—the emphasis on operational efficiency and flexibility becomes paramount. Firms must navigate this period with strategies that ensure sustainability without compromising the quality of their staffing solutions.

Embracing Cost-Efficiency and Operational Flexibility

In response to the dual pressures of maintaining service excellence and managing financial constraints, healthcare staffing companies are increasingly turning to lean operational models. By renegotiating supplier contracts and integrating advanced technological solutions, companies can achieve a reduction in operational costs, with

potential savings of up to 15%, as noted by the Healthcare Financial Management Association (2023). This approach not only aids in financial management but also ensures that firms remain agile and responsive to the dynamic needs of the healthcare sector.



**Unlock Savings:
Tech Integration
Cuts Operational
Costs by 15%**

The Role of Outsourcing and Automation in Achieving Scalability

Outsourcing and automation stand out as key strategies for staffing companies aiming to enhance their operational efficiency and scalability. By partnering with specialized firms for non-core functions, companies can not only realize significant cost reductions but also gain the agility needed to scale operations in line with fluctuating market demands. This strategic shift allows firms to concentrate on their core competencies while leveraging the expertise and technological advancements of their partners.

The Value of Strategic Partnerships: Insights from QX Recruitment Services

In navigating these turbulent times, the selection of an outsourcing partner becomes a decision of strategic importance. Firms like QX Recruitment Services exemplify the potential of such partnerships to drive value beyond mere cost savings. With over two decades of experience, QX offers solutions that blend human expertise with automation, tailored specifically to the unique challenges of the healthcare staffing industry.

QX Recruitment Services' approach is grounded in a deep understanding of the healthcare staffing landscape, reflected in its successful collaborations with leading companies in the sector. These partnerships are built on a foundation of trust, mutual value, and a shared commitment to excellence and innovation. The emphasis is

on creating integrated solutions that not only optimize operational processes but also enhance service delivery and client satisfaction.

Conclusion

As the healthcare staffing industry moves through a period of significant challenge and change, the adoption of innovative strategies and the formation of value-driven partnerships will be critical to its success. Outsourcing and automation, when approached with a focus on strategic alignment and mutual value, offer a pathway to enhanced efficiency, scalability, and resilience. In this evolving landscape, companies that embrace change, seek innovative solutions, and invest in partnerships with firms that understand their unique challenges will be best positioned to thrive.



Navigating the Crisis with Strategic Outsourcing

In these challenging times, many businesses cling to the hope of change, a change that seems to linger just beyond the horizon, 18 months away. But hope, while inspiring, doesn't sustain businesses—cash flow does. And with the current economic climate, we're seeing cash flows tightening, making the operational continuity for many a strenuous challenge. It's a stark reality we're facing: cost optimization has transitioned from a strategic advantage to an outright survival tactic. Businesses don't thrive on hope; they require solid, actionable strategies to navigate through downturns.

In the healthcare staffing sector, we're witnessing a concerning trend: volumes are dwindling, and many companies are scaling back their sourcing, recruiting, and sales efforts. Yet, a critical area often overlooked is the potential for cutting support costs. It's a tough time for businesses within our industry—they're not just bleeding; they're hemorrhaging resources, calling for surgical measures rather than temporary fixes.

The increasing liability of running a healthcare staffing business, coupled with the difficult yet sometimes necessary decision to downsize staff, highlights the pressing need for decisive action. My advice? Embrace the discomfort of tough decisions now, for it's in these moments that the foundation for future resilience is laid.

Now, more than ever, is the opportune time to leverage outsourcing as a strategic, cost-effective solution that significantly lowers liabilities. Outsourcing is not just a temporary fix but a long-term strategy that prepares businesses for future market upturns. How, you might ask? By partnering with a reliable outsourcing provider, businesses can effortlessly scale operations up when the market rebounds, paving the way for a smoother recovery and the opportunity to capture a larger market share.

Outsourcing offers a beacon of hope—
a way to reduce costs, minimize liabilities, and chart a course toward recovery. By laying the groundwork today, you're not just surviving; you're strategically positioning your business for exponential growth tomorrow.



Akhilesh Pandey

Chief Customer Officer

Case Studies

CASE STUDY

Helped a Healthcare Recruitment Agency Generate £795k Gross Margin through Out of Hours Service



Client Profile
Established in the early 2000s, this client is a leading supplier of doctors, GPs, nurses, nurse practitioners, 111 clinical advisors, allied health professionals, health science service staff, non-clinical managers, and pharmaceutical and medical device staff. The client's customers include the NHS and other public, private, and third sector organisations across 11 countries.

Objectives/Challenges
The UK based onshore consultants could not cope with on-call shifts, which led to a higher unfilled jobs ratio and unhappy candidates. As the candidate were not receiving adequate support during on-call hours and weekends, candidate experience took a hit resulting in higher attrition rate and increased loss of revenue and business. In May 2021, the client partnered with QX Global Group to overcome this lingering business challenge.

Solution
QX offered a timely yet effective solution to the healthcare recruitment agency by providing a dedicated out of hours (OOH) team of 3 FTE who would cover the shift booking activities until 05:00 pm UK time during weekdays and regular shifts during weekends and bank holidays. A cost-effective offshore model was integrated into the client structure as the trained staff, referred to as the QX OOH team, worked in collaboration with the UK consultants. This offshore OOH team served as an extension to the client's onshore recruitment team. With the output focused approach and support of the QX out of hours team, candidate experience was awarded and results improved exponentially over time. The team has grown to 5 FTEs as of Feb 2023 to optimise and speed up the booking process further.

Results Delivered
With 5 FTE, the QX OOH team ensure bookings of maximum number shifts to contribute to the client's growth. QX Out of hours team accomplished 7000 booked hours per month amounting to £28,000 Gross Margin QM in 2024 and has successfully increased its capability to achieve 15,000+ booked hours per month equalling, £87,000 GM in Mar 2022.

146k Shift Hours Booked
Apr 21 - Mar 22

£795k Gross Margin
Apr 21 - Mar 22

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Helped a Healthcare Recruitment Agency Generate £795k Gross Margin through Out of Hours Service

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CASE STUDY

HEALTHCARE STAFFING AGENCY SCALES SERVICE DELIVERY CAPABILITY WITH QX'S MULTI-FUNCTION SHARED-SERVICES SUPPORT



CLIENT
Specialist MSP Service Provider

Business challenges

- Service Delivery Quality
- Delivery of Compliance Services as MSP (Master Service Provider)
- Delay in Payments of Healthcare workers
- Heavy Team Process Management
- Improper KPIs defined

How QX Helped:

Account Coordination

- Bottlenecks within the process identified and duly addressed
- Inrelevant reports identified and removed to increase the team bandwidth
- Agencies' Query raising process over the VMS optimised
- Weekly feedback provided to client
- Reporting process on non-healthcare positions streamlined & automated with MS support
- 90% jobs in housing filled consistently over the last quarter with zero escalations
- Team succession plan developed with monthly review setup

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Healthcare staffing agency scales service delivery capability with QX's multi-function shared-services support

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CASE STUDY

Service Delivery Capability Scaled with Recruitment, VMS & Compliance support



CLIENT
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Service Delivery Capability Scaled with Recruitment, VMS & Compliance support

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CASE STUDY

BUILDING A GLOBAL SHARED SERVICE CENTRE FOR A LEADING STAFFING FIRM



CLIENT
Specialist MSP Service Provider

Business challenges

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