



## PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	28 February 2023
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Long-Term Agreement (LTA) Values and Process for 2023/24
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Daniel Binding, Senior Finance Business Partner Planned Care and Contracting

**Pwrpas yr Adroddiad (dewiswch fel yn addas)**

**Purpose of the Report (select as appropriate)**

Ar Gyfer Penderfyniad/For Decision

### ADRODDIAD SCAA

#### SBAR REPORT

##### Sefyllfa / Situation

Long-Term Agreements (LTAs) during 2022/23 were subject to a hybrid arrangement between Health Boards in Wales having first been agreed and ratified via the Directors of Finance (DoF) forum. The commissioning proposal for 23/24 has a number of options being proposed to DoFs and is awaiting ratification.

The purpose of this report is to summarise the impact of the overall 1.5% uplift plus Investments contained within the LTAs for the Committee to note and scrutinise the contract values ahead of signature by the Board at its meeting on 30 March 2023.

##### Cefndir / Background

In accordance with the Welsh Government Allocation letter regarding uplift funding for 2023/24 an uplift of 1.5% has been applied. Health Boards will pass on the commissioner share of the Pay Award funding once confirmed by Welsh Government.

Please note, the contractual values stated in this report would change if there is any amendment to the Welsh Government Allocation letter of 1.5%. Therefore, should this materialise, the cost consequences and differentials will be updated accordingly (including through appropriate governance routes).

##### **Financial Flows Workstream 2023/24 Agreement**

The All Wales Directors of Finance forum established a working group, with the task of developing an approach to LTAs for 2023/24.—This group has met and will present the available options outlined below with the expectation a decision will be made by DoFs.

##### Asesiad / Assessment

The table below sets out the 2023/24 LTA contract values for expenditure:

## Expenditure LTA Contract Values

Health Board	Description	Annual Value 23/24	Start Date	End Date
Swansea Bay UHB	Provision of clinical services to Hywel Dda residents in and by Swansea Bay UHB	£38,396,057	01-Apr23	31-Mar24
Aneurin Bevan UHB	Provision of clinical services provided to Hywel Dda UHB residents	£284,376	01-Apr23	31-Mar24
Betsi Cadwaladr UHB	Provision of clinical services provided to Hywel Dda UHB residents	£298,014	01-Apr23	31-Mar24
Cardiff & Vale UHB	Provision of clinical services provided to Hywel Dda UHB residents	£6,184,556	01-Apr23	31-Mar24
Cwm Taf Morgannwg UHB	Provision of clinical services provided to Hywel Dda UHB residents	£504,632	01-Apr23	31-Mar24
Powys Local Health Board	Provision of clinical services provided to Hywel Dda UHB residents	£202,821	01-Apr23	31-Mar24
Velindre NHS Trust	Provision of clinical services provided to Hywel Dda UHB residents	£1,426,580	01-Apr23	31-Mar24
WHSSC & EASC	Provision of clinical services provided to Hywel Dda UHB residents ( <b>NB No document exchange or signatures on this LTA</b> )	£122,945,067	01-Apr23	31-Mar24

The above total quantum is circa £170,242,103.

Investments included in the Expenditure LTA tabled above:

<b>SBU Investments 23/24</b>	£
2nd Stage Singleton Cancer PCB Contribution (Linacc C)	31,500
Linacc D (4th Replacement) - Part yr 23/24	37,000
Prostate hyperfractionation	85,608
Metastatic Spinal Cord Compression	60,000
Breast Cancer	146,000
	<b><u>360,108</u></b>

<b>Velindre Investments 23/24</b>	£
NICE Drug Growth	65,991
Hosting Fee for NWIS - Cost Pressure Split Across Commissioners	11,000
Integrated Radiotherapy Solution - TCS planned requirement	8,886
SACT Medicine Infrastructure Financial impacts (MIFs) 2023-24	1,510
Radiotherapy Service Implementation	5,449
	<b><u>92,836</u></b>

<b>WHSSC Developments 23/24</b>	£
M7 22/23 - Outturn Forecast	(2,146,000)
Reinstate Non Recurrent Writebacks	2,136,000
Adjustments for Non Recurrent Performance	1,869,398
Full Year Effect of Prior Approved Commitments	629,695
Unavoidable New Growth & Cost Pressures	620,634
CIAG & Prioritisation Schemes	76,816
Strategic Specialist Priorities	62,061
Gross Impact	<b>3,248,604</b>
Disinvestments & Re-Commissioning	(1,374,878)
Nett Impact	<b><u>1,873,726</u></b>

\*\* Excludes inflation

Details of WHSCC schemes are included in Appendix 1.

## Income LTA Contract Values

Health Board	Description	Annual Value 23/24	Start Date	End Date
Aneurin Bevan	Provision of clinical services to Aneurin Bevan residents	£378,773	01-Apr-23	31-Mar-24
Betsi Cadwaladr	Provision of clinical services to Betsi Cadwaladr residents	£4,883,930	01-Apr-23	31-Mar-24
Cardiff & Vale	Provision of clinical services to Cardiff & Vale residents	£388,562	01-Apr-23	31-Mar-24
Cwm Taf Morgannwg	Provision of clinical services to Cwm Taf Morgannwg residents	£467,035	01-Apr-23	31-Mar-24
Powys	Provision of clinical services to Powys residents	£8,634,444	01-Apr-23	31-Mar-24
Swansea Bay	Provision of clinical services to Swansea Bay residents	£4,826,267	01-Apr-23	31-Mar-24
WHSSC	Provision of clinical services to UHB residents by Hywel Dda	£1,758,206	01-Apr-23	31-Mar-24
Public Health Wales (Directorate)	Provision of clinical services to UHB residents by Hywel Dda	£874,559	01-Apr-23	31-Mar-24

### Contracting arrangements for 2023 /24

The options below are being submitted to DoFs at their meeting to be held 17<sup>th</sup> February 2023 for a decision to be made (it is unclear if these are the final options and if there will be further options submitted).

- Cost and Volume - A return to extant contractual arrangements last operated in 2019-20 which would include the restoration of extant contractual baselines and over/under performance funding mechanisms.
- 50% Block plus Cost and Volume -Use 23/24 to phase out any protection i.e., an upfront block adjustment at the start of the year at 50% of the 22/23 forecast protection value. Then reporting is back to normal using extant currencies. (E.g., In this scenario a commissioning Health Board would pay a provider Health Board a block sum £\*\*\*k at the start of 23/24 but then recover all underperformance with no tolerances and not pay any enhanced marginal rates).

From a commissioner perspective, the change from current arrangements will improve the HDdUHB position between circa £1m and £0.5m.

From a provider perspective, the change from current arrangements will worsen the HDdUHB position between circa £1m and £0.5m.

### Argymhelliad / Recommendation

The SRC is asked to:

- **NOTE** and **SCRUTINISE** the contract values ahead of signature by the Board at its meeting on 30 March 2023.
- **NOTE** the consequences of either option presented to DoFs to LTAs in 2023/24. If there are material changes to the above LTAs, these will be updated ahead of the Board report being presented.

<b>Amcanion: (rhaid cwblhau)</b> <b>Objectives: (must be completed)</b>	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.3 Scrutinise the roll out of Value Based Health Care (VBHC) through outcome capability and costing assessment (PO 6B, 6D, 6E, 6F). 3.4 Scrutinise the delivery of the Health Board's approach to community wealth building and foundational economy opportunities (PO 6H). 3.7 Maintain oversight of, and obtaining assurances on, the robustness of key income sources and contractual safeguards. 3.8 Review major procurements and tenders, such as outsourcing, in relation to achieving Referral to Treatment targets. 3.9 Commission regular reviews of key contracts, suppliers and partners to ensure they continue to deliver value for money.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5.1 Timely Access
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
NAmcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019</a>	10. Not Applicable

<b>Gwybodaeth Ychwanegol:</b> <b>Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	At Appendix 1
Rhestr Termiau: Glossary of Terms:	Contained within the report

Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Not Applicable
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<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	The financial implications are contained within the report
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	Not Applicable
<b>Gweithlu: Workforce:</b>	Not Applicable
<b>Risg: Risk:</b>	Not Applicable
<b>Cyfreithiol: Legal:</b>	Not Applicable
<b>Enw Da: Reputational:</b>	Not Applicable
<b>Gyfrinachedd: Privacy:</b>	Not Applicable
<b>Cydraddoldeb: Equality:</b>	Not Applicable

<b>Breakdown</b>
<b>Full Year Effect of Prior Approved Commitments</b>
2020/21 Neonatal Transport
2020/21 Major Trauma updated Powys flow
2020/21 Major Trauma / Thrombectomy Population/South Wa
Cardiff & Vale Neuropsychiatry
Cardiff & Vale Neurosurgery
Cardiff & Vale Paediatric Neurology
Cardiff & Vale Paediatric Radiology
ABMU Plastics
Cardiff & Vale Spinal Injuries
2022/23 Cancer - All Wales
IPM Eculizumab
Mental Health Gender
Cardiff & Vale Paediatric Rheumatology
Cardiff & Vale Home TPN
Cardiff & Vale Paediatric Gastroenterology
2022/23 Inherited Cardiac Conditions
ABMU ALAC
<b>Full Year Effect of Prior Approved Commitments</b>
<b>Unavoidable Growth &amp; Cost Pressures</b>
Renal - NWSSP Procurement Support Costs
IPM - HPN
IPM - Eculizumab
New NICE approvals
Mental Health - Forensic Mental Health
<b>Unavoidable Growth &amp; Cost Pressures</b>
<b>WHSCC Investments &amp; Disinvestments</b>
<b>Disinvestments &amp; Recommissioning</b>
ABMU - Cardiac Surgery
Mental Health - Forensic Mental Health
ABMU - Plastics
IPM - Eculizumab

2020/21 Plan Developments - Neonatal Transport
ABMU - TAVI
ABMU - Thoracic
Mental Health - Case Management Investment - ABM
Cardiff & Vale - UK GTN Send out tests
Mental Health - CAMHS OOA - South Wales patients
DRC - WHSSC - Core Staffing
Cardiff & Vale - Renal Transplants
Cardiff & Vale - Paediatric Surgery
ABMU - Bariatrics
Cardiff & Vale - Thoracic Surgery
Cardiff & Vale - Cardiac Surgery
<b>Disinvestments &amp; Recommissioning</b>
<b>CIAG &amp; Prioritisation Schemes</b>
2020/21 Plan Developments - Major Trauma / Thrombectomy
Cardiff & Vale - Neuropsychiatry
Cardiff & Vale - Long-Term Ventilation
IPM - NCA / IPFR / Prior Approvals
IPM - ECMO
Cardiff & Vale - Spinal Injuries
<b>CIAG &amp; Prioritisation Schemes</b>
<b>Strategic Specialist Priorities</b>
2020/21 Plan Developments - Major Trauma / Thrombectomy
<b>Strategic Specialist Priorities</b>

£
293,766
128,867
78,611
36,236
35,392
19,316
15,597
13,312
12,563
11,710
9,214
8,600
5,687
3,989
344
(2,334)
(41,174)
<b>629,695</b>
£
189,600
123,908
122,850
122,850
61,425
<b>620,634</b>
£
(585,506)
(184,275)
(146,674)
(122,850)



(82,749)
(60,379)
(39,174)
(30,713)
(30,713)
(28,310)
(19,731)
(18,960)
(11,299)
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(1,374,878)
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3,886
<b>76,816</b>
£
62,061
<b>62,061</b>