

PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	28 June 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Healthcare Contracting, Commissioning and Outsourcing Update
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Shaun Ayres, Assistant Director of Commissioning

**Pwrpas yr Adroddiad (dewiswch fel yn addas)
Purpose of the Report (select as appropriate)**

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

Long-Term Agreements (LTAs) during 2021/22 were subject to a block arrangement between Health Boards in Wales. This arrangement was implemented at the beginning of the COVID-19 pandemic and continued for the remainder of 2021/22. The purpose of the arrangement was to ensure that there was a collective focus on operational recovery. Moving forward into 2022/23, the block arrangements have been deemed inappropriate and, therefore, a hybrid approach was agreed and adopted by the Directors of Finance (DoF) in March 2022.

In addition to the financial implications, this report will provide a focus on the waiting times, performance metrics and the outsourcing requirements with the independent sector, which is funded through Welsh Government (WG) monies.

Cefndir / Background

The All Wales Directors of Finance forum established a Financial Flows Workstream sub-group, with the task of developing an approach to LTAs for 2022/23. It is recognised that, whilst the NHS is still emerging from the pandemic in 2022/23, there is a requirement to establish an interim arrangement for one year, which supports the need to return to business as usual, and to facilitate discussions to agree a longer term approach from 2023/24 onwards.

Key Principles agreed by DoF against which the sub-group developed its options are:

1. Requirement to move away from the Blocks
2. The contract model needs to incentivise patient treatment
3. 2022/23 is a transition year
4. The NHS policy is to return to 2019/20 levels of activity
5. Requirement for a realistic assessment of the deliverability of activity (tolerance levels)
6. Requirement to minimise the risk from activity variations and recognition of the cost of Recovery

Agreement

The table below set out the decisions reached at the All Wales Director of Finance with regards to outpatient appointments, emergency and planned care.

Type	Contract Model	Activity/Cost	Activity Tolerances	Marginal Rates	Recovery activity
Non-Admitted/Outpatient incl. Regular Day Attenders and Ward Attenders	Block	19-20 Activity Baseline • Actual Activity • Actual Cost Plus LTA inflation to 22-23	N/A	N/A	N/A
Non-Elective	Cost & Volume	19-20 Activity Baseline • Actual Activity • Actual Cost Plus LTA inflation to 22-23	10% Tolerance	Extant marginal rates for activity below tolerance	70% Marginal Rate for Recovery Activity (or extant if greater)
Elective	Cost & Volume	19-20 Activity Baseline • Actual Activity • Actual Cost Plus LTA inflation to 22-23	10% Tolerance	Extant marginal rates for activity below tolerance	70% Marginal Rate for Recovery Activity (or extant if greater)

In conjunction with the on-going work between health boards, a collective effort is being undertaken between directorates to support the recovery work within HDdUHB. One of the key areas of recovery is the outsourcing of activity to the independent sector. This report will also articulate the current position relating to outsourcing and next steps.

Asesiad / Assessment

The three main areas of focus will be on the contractual delivery, waiting lists within the Health Board's main providers, and the contracts that the Health Board has in place with the Independent Providers.

LONG TERM AGREEMENTs (LTA)

2022/23 – LTA position.

In advance of the LTAs being signed (end of June 2022) and pending any outstanding queries, the total value of LTAs for 22/23 is £45.850million with Welsh Health Specialised Services Committee (WHSSC) being £115.952million.

TOTAL LTA: Non WHSSC	£44,849,935
WHSSC	£115,951,824
TOTALS:	£160,801,759

2022/23 – MONTH 1 (M1) LTA position.

Due to the extension of the signing of LTAs and the implementation of the revised DoF agreement, HDdUHB has not received performance information from other health boards.

However, the information received suggests a (£1.2-1.6m) underperformance at Month 1, based on the preceding financial year. As organisations respond to the Ministerial targets, planned care recovery and the removal of many of the Infection Prevention and Control (IPC) constraints, future months should see higher activity levels and a reduction in the current forecasted underperformance.

This work will continue to gain greater clarity on recovery plans and financial implications.

Waiting Times – Month 1, 2022-23

As at the end of April 2022, there were 8,236 HDdUHB residents awaiting treatment in other Welsh NHS Organisations within all stages of outpatient/diagnostic pathway. The volume and percentage change since April 2021 is provided below for each provider.

Provider Health Board	Nov	Dec	Jan	Feb	Mar	Apr	Qty Change	% Change
Aneurin Bevan University Local Health Board	77	79	83	73	66	66	-11	-14.28%
Betsi Cadwaladr University Local Health Board	26	24	23	21	25	28	2	7.69%
Cardiff and Vale University Local Health Board	1,144	1,134	1,163	1,181	1,201	1,194	50	4.37%
Cwm Taf Morgannwg University Local Health Board	115	118	110	102	100	94	-21	-18.26%
Powys Teaching Local Health Board	15	16	12	10	9	10	-5	-33.33%
Swansea Bay University Local Health Board	6,794	6,885	6,910	6,926	7,103	6,844	50	0.73%
Grand Total	8,171	8,256	8,301	8,313	8,504	8,236	65	0.80%

The table above shows that there had been an increase in the month-on-month number of patients added to the waiting list but a decrease of 3.15% in the latest month. Within the 6 months under consideration, this has resulted in an increase in demand by 0.80% for HDdUHB residents waiting at other health boards. The majority of HDdUHB patients awaiting treatment at other Welsh health boards are with Swansea Bay University Health Board (SBUHB) and Cardiff and Vale University Health Board (CVUHB).

CVUHB Waiting Times New Outpatient (All waits)

The table below shows the latest position, as at April 2022, for all patients waiting for a new outpatient appointment by speciality within CVUHB:

Specialty	Nov	Dec	Jan	Feb	Mar	Apr
Clinical Immunology And Allergy	188	174	181	185	193	190
Trauma & Orthopaedics	77	76	82	86	85	86
Neurosurgery	67	78	79	83	78	74
Paediatrics	30	31	39	42	42	34
Paediatric Surgery	39	45	47	40	32	33
Neurology	31	32	30	37	36	30
Ophthalmology	31	30	31	28	27	29
ENT	14	12	11	17	21	23
General Surgery	32	24	30	28	28	21
Cardiology	8	10	3	8	10	13
Dental Medicine Specialties	11	12	12	10	9	9
Dermatology	8	9	9	7	8	8
Gastroenterology	8	9	9	9	3	7
Oral Surgery	6	7	7	7	7	7
Clinical Pharmacology	6	9	6	5	5	6
General Medicine	3	5	5	6	5	6
Gynaecology	9	8	9	6	4	5
Clinical Haematology	10	13	6	5	5	4
Paediatric Dentistry	2	2	3	4	4	4
Urology	5	3	3	2	5	4
Anaesthetics	4	6	0	1	1	3
Cardiothoracic Surgery	4	6	4	4	4	3
Geriatric Medicine	2	2	3	4	4	3
Nephrology	0	1	2	1	1	1
Orthodontics	0	1	1	1	1	1
Paediatric Neurology	4	3	4	3	3	1
Pain Management	0	0	0	0	0	1
Rehabilitation Service	0	0	0	1	1	1
Respiratory Medicine	1	0	0	0	1	0
Restorative Dentistry	1	1	0	0	0	0
Rheumatology	0	0	0	0	0	0
Grand Total	601	609	616	630	623	607
% Month on Month Change	5.07%	1.33%	1.15%	2.27%	-1.11%	-2.57%
% Nov to Apr Change						1%

The above table demonstrates that the majority of HDdUHB patients waiting for a new outpatient appointment at CVUHB are waiting for Clinical Immunology and Allergy. They account for 31.3% of the April 2022 waiting list. Apart from a slight decrease in December 2021, allergy referrals have continued increasing month on month.

An alternative commissioned pathway proposal is being undertaken for Clinical Immunology and Allergy. An Allergy Equality (AE) working group has been established to identify pathway opportunities throughout HDdUHB for allergy care. The intention is to have a service which works for all allergy anaphylaxis patients regardless of the allergen. Due to a number of reasons the AE has been unable to meet, however the work is ongoing, and the AE group is looking to schedule a meeting for the end of June 2022.

In the interim, University Hospital Birmingham has confirmed that they should be able to support. Referral copies of the longest waiting patients at CVUHB have been sent to Birmingham, to understand the feasibility and the appropriateness in terms of pathway and what this may look

like. Moreover, recognising that there is some distance between HDdUHB and the University Hospital of Birmingham, the Commissioning team is assessing the opportunity to use digital technology and local provisions to limit the number of patient journeys to Birmingham.

CVUHB Waiting Times New Outpatient Appointments (>36 weeks) – Top 5 Specialties

Specialty	Nov	Dec	Jan	Feb	Mar	Apr
Clinical Immunology And Allergy	101	98	110	115	119	110
Trauma & Orthopaedics	33	30	32	33	34	35
Ophthalmology	11	12	11	12	10	11
Neurology	7	6	6	8	9	8
ENT	5	5	5	5	5	5
Total (Top 5)	157	151	164	173	177	169
% Month on Month Change		-3.82%	8.6%	5.49%	2.31%	-4.52%
% Nov to Apr Change						7.64%
Grand Total (All Specialties > 36 Wks)	179	169	178	187	191	184

The table above shows the correlation between overall numbers on the waiting list and those waiting >36 weeks. Based on the aforementioned Referral to Treatment Times (RTT) metrics, the main >36 challenges remain Clinical Immunology and Allergy, which has the greatest number of patients waiting over 36 weeks and accounts for 60% of the >36 week April 2022 waiting list. Based on the action above, a medium term solution is anticipated, however, the team is being guided by Birmingham and their available capacity within the Allergy Service.

SBUHB Waiting Times New Outpatient (All waits)

The table below shows the latest position as at April 2022 for all patients waiting for a new outpatient appointment by speciality within SBUHB.

Specialty	Nov	Dec	Jan	Feb	Mar	Apr
Oral Surgery	1,395	1,429	1,435	1,510	1,578	1,615
Trauma & Orthopaedics	453	493	525	534	611	613
Orthodontics	521	539	560	576	608	608
Plastic Surgery	510	530	469	480	389	346
Cardiology	113	118	87	99	116	116
General Surgery	84	96	103	97	93	101
Ophthalmology	81	74	80	76	79	77
Neurology	266	263	253	198	112	62
Cardiothoracic Surgery	48	45	44	34	47	56
ENT	38	43	45	45	50	53
Gynaecology	45	47	49	48	41	45
Rehabilitation Service	30	34	42	48	44	44
Urology	42	39	28	28	37	36
Restorative Dentistry	40	43	38	33	34	23
Paediatrics	18	22	24	20	13	11
Dermatology	10	12	12	10	9	9
Nephrology	21	5	6	8	11	8
Clinical Haematology	1	1	3	6	5	5
Endocrinology	6	4	5	5	5	5
Gastroenterology	13	14	11	10	4	5
General Medicine	3	5	5	3	6	5
Paediatric Neurology	6	4	3	3	4	5
Geriatric Medicine	2	3	2	3	4	4
Rheumatology	5	4	2	2	3	3
Respiratory Medicine	4	2	5	3	1	1
Dental Medicine Specialties	0	0	0	12	6	0
Pain Management	0	1	0	0	0	0
Grand Total	3,755	3,870	3,836	3,891	3,910	3,856

% Month on Month Change	4.42%	3.06%	-0.88%	1.43%	0.49%	-1.38%
% Nov to Apr Change						2.69%

The table illustrates a number of specialities experiencing challenges, which are demonstrating a deterioration in position. Although it is acknowledged that all health boards are experiencing challenges, it is prudent to understand the current position for HDdUHB patients awaiting a first outpatient appointment within SBUHB. Oral Surgery accounts for the majority (42%) of the overall waits in April 2022 and has been increasing month on month since April 2021.

SBUHB Waiting Times New Outpatient Appointments (>36 weeks) – Top 5 Specialities

The below table illustrates that the majority of specialities with long waiters correlate to those with the overall number of patients waiting.

Specialty	Nov	Dec	Jan	Feb	Mar	Apr
Oral Surgery	651	686	742	794	869	910
Orthodontics	241	260	281	290	312	317
Trauma & Orthopaedics	167	177	189	208	224	244
Plastic Surgery	109	105	86	74	69	77
General Surgery	31	35	35	33	30	31
Total (Top 5)	1,199	1,263	1,333	1,399	1,504	1,579
% Month on Month Change	2.48%	5.34%	5.54%	4.95%	7.51%	4.99%
% Nov to Apr Change						31.69%
Grand Total (all specialities > 36 Wks)	1302	1360	1434	1510	1608	1684

Areas of Collaborative Work and Review

Regional Commissioning Group (RCG)

It is paramount that HDdUHB continues to work closely with SBUHB, and that both Health Boards support each other via collaborative and regional solutions to ensure that the multitude of challenges affecting both Health Boards can be addressed collectively.

Whilst there are bi-monthly LTA monitoring meetings between the two organisations, it is recognised that there is a need to develop more strategic mechanism to take a robust commissioning approach to transform the way that care is delivered. There is a need to focus on short-term actions to release capacity (in order to treat and see more patients) and also support the delivery of the longer-term strategic change to continue to transform and stabilise services.

Consequently, a RCG has been established to support both organisations to fulfil their commissioning role collaboratively. There are a number of principles that underpin the work of the RCG, including:

- Focus on improving patient benefits, outcomes and experience.
- Develop equitable, evidence-based, safe, effective and sustainable services for the people of each resident Health Board.
- Provide local appropriate care closer to home to ensure that regional and tertiary services are used effectively and efficiently.
- Provide transparent and timely access to information including patient safety and quality information.
- Promote trust by behaving in line with each Health Board's Values and Behaviours Frameworks

RCG Work Programme 22/23

The table below provides a high-level workplan for the RCG 22/23.

Speciality	Action	Q1	Q2
OMFS	Explore the feasibility of a 'facility only' type outsourcing arrangement at HDdUHB.	<ul style="list-style-type: none"> Draft service specification to be written by SBU HB, proposal detailing services, resourcing, scheduling for inclusion. HDdUHB to identify estate/facilities options and equipment in response to service specification. 	<ul style="list-style-type: none"> Service specification to be signed off by LTA/SLA Monitoring Group
	Explore potential for additional regional working	<ul style="list-style-type: none"> ARCH PMO has arranged joint meeting for June 2022 to scope further opportunities for regional working. 	
Orthopaedics/ Spinal Surgery	Ensure that the capacity across both HBs is maximised	<ul style="list-style-type: none"> Service and operational leads attend LTA/SLA Meeting (22/06/22) 	Scoping exercise with services on: <ul style="list-style-type: none"> Possibility of SBUHB utilising HDdUHB modular build for daycase work Potential option of diverting an element of the spinal pathway back from Swansea via an orthopaedic session within HDdU HB. Options for joint outsourcing/ insourcing arrangements with Independent Providers
			In conjunction with ARCH colleagues review the national programme orthopaedic report

Speciality	Action	Q1	Q2	Q3	Q4
Cardiology	Explore the cost of a regional cardiology service – look at the activity, patient referrals and transfers. Test proof of concept that will benefit both organisations but mainly the service and patients	Map out current ACS and Pacing pathways	Develop ideal ACS and Pacing pathways across both HBs	Develop service specification, which includes clear outcomes/outputs and also performance management criteria across the whole pathway.	If required, business case to be drafted and presented to RCG for consideration
	Improve access to Cardiac Diagnostics and improve Cardiac Surgery pathway		Joint service meeting to be arranged to discuss how cardiology pathway and access to		

			diagnostics can be improved		
Neurology	Analyse the waiting list and activity information, explore digital solutions and alternatives such as nurse led clinics within HDdU HB.		Service leads to be invited to LTA/SLA Meeting to start discussions (26/08/22) Neurology regional programme to reconvene via ARCH PMO		
Cancer	The planning work is being led through the South West Wales Cancer Centre (SWCC) and any commissioning and contracting work which falls out from this, will be taken through the LTA meeting.				

The above specialties were identified as being regional Health Board commissioned services and priority areas due to issues such as waiting times (reflected earlier on in report), LTA concerns, patient experience/quality & safety and fragility. Consequently, allergy services has also been added to the RCG work plan and the feasibility of establishing a regional allergy service will be explored.

Cancer

In line with reviewing and co-chairing the longer-term Cancer Strategy between Health Boards, HDdUHB continues to actively engage and understand the pressures on Cancer Services at Singleton Hospital to ensure that a full understanding of the pressures by tumour site can be collectively addressed.

March 2022 position / tumour site:

Tumour Site	Total No. of patients treated	No. of patients treated within target	%	Tumour Site	Total No. of patients treated	No. of patients treated within target	%
Head and neck	12	7	58%	Breast	28	6	21%
Upper Gastrointestinal	17	8	47%	Gynaecological	17	1	6%
Lower Gastrointestinal	22	8	36%	Urological	46	14	30%
Lung	27	20	74%	Haematological	11	5	45%
Sarcoma	4	3	75%	Acute Leukaemia	3	3	100%
Skin(c)	62	59	95%	Children's cancer	0	0	
Brain/CNS	2	2	100%	Other	3	2	67%

- At the end of March 2022, the total volume of active patients on pathway was 4 higher than compared with the same week in 2021. Lung 88%; Breast 62%; Upper GI 41% higher.
 - Lower GI accounts for 18% of all patients on pathway (down from 20% the previous month).
- Volumes at Diagnostic stage have fallen since late January 2022.

- Total treatment wait volumes increased a little from mid-late February 2022.

Main Issues:

- Continued impact of COVID-19 restrictions on the services and cancer pathway.
- Staffing deficits due to sickness, high COVID-19 numbers, self-isolation, annual leave and vacancies.
- Hospital sites are very busy and impacted by significant unscheduled care pressures.

Mitigating actions to improve performance:

- Remains in an escalated state of increased monitoring - Deputy Chief Operating Officer (COO) meets with services weekly, which includes a regular meeting with the relevant clinical leads and scrutinising and monitoring of improvement plans. The Cancer Performance group has agreed trajectories for reduction in backlog which are being discussed with Executive colleagues. These will be monitored and adjusted.
- All staff in post against the funded establishment of Cancer Trackers. However, the service is undertaking a review and benchmarking of other health boards.
- Gynaecology – A Senior Clinical Fellow will commence July 2022
- Breast
 - 2 Consultant Breast Surgeons appointed (start June and mid-August 2022). 2 Breast Radiologists appointed (starting May and September 2022).
 - Super Saturday Waiting List Initiative (WLI) clinics to be arranged in June 2022.
- Radiology
 - The introduction of electronic referrals has been delayed due to system issues/ upgrade of RADIS required.
 - Progressing with work on escalation policy and processes. DNA policy has been approved by radiology governance.
 - Maximised the number of scans that are outsourced for reporting.

OUTSOURCING/INSOURCING – Independent Sector Contracts

2022/23 Contracts

During 2021/22, HDdUHB embarked on a significant outsourcing programme with multiple providers and contracts of circa £15m.

The majority of contracts expired on 31st March 2022; however, a number had an extension clause for 3 months until 30th June 2022. HDdUHB therefore took the opportunity to extend those contracts as follows:

Type	Provider	Specialty	Volumes Qtr1	Avg Cost per case	£
Outsourcing	Community Health and Eye Care (CHEC)	Ophthalmology	1200	1100	1,320,000
Insourcing	YMS	Dermatology	1290	167	216,000
Insourcing	Medinet	Neurology	1080	72	78,000
		TOTAL	3570		1,614,000

Community Health Eye Care (CHEC)

Please note – Due to a number of recent patient complications, at the beginning of April it was decided to suspend the service until these had been investigated. A number of meetings were convened both internally and externally with CHEC, which included clinical leads. The group were satisfied with the findings, however considered that a review was required with regards to the emergency pathway and the post -operative follow up process, both of which have been actioned. The service was consequently re-instated at the end of May 2022.

2022/23 Contracts post June

These contracts are now drawing to a close and whilst Welsh Government (WG) 22/23 funding for recovery/outsourcing is not available as yet, it is imperative that HDdUHB is ready to contract when funding is forthcoming.

Working with the Outsourcing team, the Health Board has identified the proposed outsourced specialties (see table below). The potential total value of each procedure for 2022/23 is very much dependent on the number of patients being referred and the available capacity of the providers, estimated as follows:

Specialty	Proposed Contract Volumes	Potential Value**
Orthopaedics	324	£2,656,800
General Surgery	940	£2,113, 950
Ophthalmology	1296	£1,101,920
Cardiology (MRI & CT Scans)	350	£168,000
Gynaecology	800	£2,000,000
Urology	997	£1,204,501

** Subject to WG funding

Expressions of Interest (Eoi) were invited via Bravo e-tender Wales. The table below shows the Providers by specialty, which expressed an interest

Speciality	Offers	St Josephs	Werndale	Sancta Maria	Spire Bristol	PPG Bristol	CHEC	Spa Medica Swansea
Cardiology	1	x						
General Surgery	4	x	x	x	x			
Gynaecology	0							
Ophthalmology	7	x	x	x	x	x	x	x
T&O	4	x	x		x	x		
Urology	2			x	x			

The Outsourcing team is currently drafting the tender documentation, which is heavily administrative and can take a number of months to complete. By which time, it is anticipated that funding will be in place, and these can be issued to the market immediately. Throughout this process, it is highly important that clinical representation is present at each stage.

Argymhelliad / Recommendation

The Sustainable Resources Committee is requested to discuss the content and note the mitigating actions detailed in the Healthcare Contracting, Commissioning and Outsourcing Update report.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
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:	4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners.
Amcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Contained within the report
Rhestr Termiau: Glossary of Terms:	Contained within the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy:	A version of this report was shared with Quality, Safety and Experience Committee

Parties / Committees consulted prior to Sustainable Resources Committee:	
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Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	The financial implications are contained herein
Ansawdd / Gofal Claf: Quality / Patient Care:	Not Applicable
Gweithlu: Workforce:	Not Applicable
Risg: Risk:	Not Applicable
Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	Not Applicable
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable