



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 October 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Healthcare Contracting and Commissioning Update
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance Lee Davies, Director of Strategy and Planning
SWYDDOG ADRODD: REPORTING OFFICER:	Shaun Ayres, Deputy Director of Operational Planning and 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. In 2022/23, the block arrangements were deemed inappropriate and, therefore, a hybrid approach was adopted.

Moving into 2023/24, the Directors of Finance (DoF) agreed to continue with the current 2022/23 framework mitigation principles in 2023/24, with the 10% underperformance tolerance reduced to 5%.

In addition to the financial implications, this report will provide a focus on the waiting times and performance metrics.

Cefndir / Background

During the pandemic, and in order to ensure financial stability for organisations, the intra-Wales LTAs operated as block contracts with 2019/20 activity and financial outturns as the default baseline. This framework remained in place across the two pandemic years 2020/21 and 2021/22.

2022/23

Through 2021/22 the financial flows workstream sub-group was tasked with developing an approach to LTAs for 2022/23 against the six key principles agreed by Directors of Finance:

1. A need to move away from blocks
2. A need to incentivise patient treatment
3. 2022/23 as a transition year
4. Central NHS policy is to return to 19/20 levels of activity
5. A need for a realistic assessment of what actual activity levels we project we will be able to deliver (tolerance levels)

6. The model needs to minimise the risk from activity variations but recognise cost of recovery.

In March 2022, the All-Wales (AW) DoF Forum accepted the recommendation put forward by the financial flows sub-group for the 2022/23 financial year. The 2022/23 framework returned to cost and volume with the following mitigations included:

- A 10% tolerance level for contract underperformance
- Activity above 2019/20 levels to be reimbursed at an enhanced marginal rate of 70%
- Non-admitted patient care activity to remain on a block basis

The agreement was for one year only, recognising the need to move forward from the historic LTAs that existed prior to the pandemic, which in the majority of cases have not been rebased since 2002 and are no longer reflective of the cost base, case mix or activity flows.

There was also a recommendation that the Financial Flows Sub-Group meet monthly to review performance against the agreement set out above and to begin discussions on the approach to 2023-24 and beyond, acknowledging that implementing any major change programme takes commitment and time, therefore, to adopt such a strategy in Wales it would be realistic to set this over a 2–3 year period.

However due to unforeseen circumstances the group only met once in the first 6 months of 2022/23 and once re-convened in October 2022, prioritised an assessment of the 2022/23 framework and agreeing an approach to 2023/24.

2023/24

The Financial Flows Sub-Group undertook an assessment of the 2022/23 framework to establish the impact of the framework principles from a commissioner and a provider basis. The main qualitative feedback on the framework is summarised below:

- Principle of avoiding destabilisation for providers is achieved
- Straightforward to implement for provider monitoring and clear to identify difference between extant contracts framework
- Merit in using the 2019/20 outturn as baselines, updated from the historic LTA levels
- Reporting volatility with swings in month-end reported positions, making it difficult to forecast
- The enhanced marginal rates have not incentivised or increased activity but added reporting volatility

A quantitative impact assessment was undertaken based on month 8 forecast positions and against the 2019/20 LTA outturn proxy baseline as opposed to historic LTA baselines.

The Financial Flows Sub-Group concluded this assessment was an accurate estimate of the annual system impact, however, were unable to reach a consensus on a recommended approach to 2023/24 due to the polarised views between net commissioners and providers.

Consequently, the recommendation from the Deputy DoF Group was to: Support the majority preference of rolling the 2022/23 contracting framework into 2023/24 but to reduce the underperformance tolerance from 10% to 5%. This was subsequently agreed by the DoFs.

Asesiad / Assessment

The main areas of focus will be on the contractual delivery and waiting lists within the Health Board's main providers.

LONG TERM AGREEMENTs (LTA)

2023/24 – LTA position.

The total value of LTAs for 2023/24 is £48.310M with Welsh Health Specialised Services Committee (WHSSC) being £124.561M.

LTA Contract	LTA Value	Mth 5 Performance	FY Outturn	Mth 3 Performance	Movement Mth 3 - Mth 5
Aneurin Bevan	£291,571	£5,661	£297,232	£15,725	-£10,064
Betsi Cadwalladr	£306,149	-£15,863	£290,286	-£32,932	£17,069
Cardiff & Vale	£6,338,070	£101,301	£6,439,371	-£17,381	£118,682
Cwm Taff Morgannwg	£519,652	-£15,207	£504,446	-£15,207	£0
Powys	£199,824	-£4,414	£195,410	-£4,414	£0
Swansea Bay	£39,339,496	£793,147	£40,132,643	-£114,085	£907,232
Velindre	£1,314,971	-£52,895	£1,262,076	-£66,936	£14,041
TOTAL LTA: Non WHSSC	£48,309,733	£811,731	£49,121,463	-£235,230	£1,046,961
WHSSC	£124,561,165	-£1,089,022	£123,472,143	£36,785	-£1,125,807
TOTALS:	£172,870,898	-£277,292	£172,593,606	-£198,445	-£78,846

2023/24 – MONTH 5 (M5) LTA position.

Based on M5 returns, the forecasted underperformance (UP) for Health Board to Health Board LTAs (excluding WHSSC) has reduced from an (£235K) (UP) in M3 to £812K overperformance (OP) in M5, an increase of £1m.

Swansea Bay University Health Board (SBUHB) activity has increased by £907K, £623K increase against LTA and £283K for High-Cost Drugs (HCD). This increase is due to Neurology Patient bed days tripling (from a monthly average of 8 in M3 to 32 in M5), 6 patients were discharged in M5, increasing costs by £200K.

There has also been a 20% increase in Intensive Therapy Unit (ITU) bed days (from a monthly average of 124 increasing to 149) driven by a small number of patients in particular who were discharged in M4 with prolonged lengths of stay, increasing costs by £400K.

Cardiff & Vale University Health Board (CVUHB) performance has also increased by £118K, driven by a 66% increase in Emergency Inpatient, General Surgery activity where the monthly average increased from 3 to 5 between M3 and M5, increasing costs by £111K.

This increased performance on LTA's between M3 and M5 is offset by a reduction in WHSSC risk share which has reduced by £1.13M. Although Welsh providers are currently over performing, driven by TAVI cases and pass through costs for drugs and blood products, there

are a number of plan provisions and prior year releases that are supporting the forecast year end position.

Waiting Times – Month 5, 2023-24

As at the end of August 2023, there were 7,516 Hywel Dda University Health Board (HDdUHB) residents awaiting treatment in other Welsh NHS organisations within all stages of outpatient/diagnostic pathway.

Provider Name	Mar	Apr	May	Jun	Jul	Aug
Aneurin Bevan University Local Health Board	79	76	75	69	65	69
Betsi Cadwaladr University Local Health Board	27	27	25	25	29	29
Cardiff and Vale University Local Health Board	1,189	1,209	1,236	1,256	1,267	1,234
Cwm Taf Morgannwg University Local Health Board	92	91	90	89	86	87
Powys Teaching Local Health Board	13	17	20	25	19	20
Swansea Bay University Local Health Board	6,496	6,471	6,320	6,240	6,109	6,077
Grand Total	7,896	7,891	7,766	7,704	7,575	7,516
% change (March – Aug)						-4.8%

The table above shows that there has been a 4.8% decrease in the volume of patients waiting from March 2023 to the end of August 2023. The majority of HDdUHB patients awaiting treatment at other Welsh health boards are with Swansea Bay University Health Board (SBUHB) (81%) and Cardiff and Vale University Health Board (16.4%).

CVUHB Waiting Times New Outpatient (All waits)

The table below shows the latest position as at the end of August 2023 for all patients waiting for a new outpatient appointment by speciality within CVUHB:

Specialty Description	Mar	Apr	May	Jun	Jul	Aug
Clinical Immunology And Allergy	219	217	219	221	212	212
Trauma & Orthopaedics	96	102	108	102	113	111
Neurosurgery	60	61	57	52	52	54
Neurology	23	21	25	24	31	35
Paediatrics	17	16	22	27	26	30
Ophthalmology	30	32	32	34	31	30
Paediatric Surgery	35	29	27	27	26	19
General Surgery	17	19	17	26	23	18
ENT	11	11	12	9	10	11
Gastroenterology	7	10	8	*	7	9
Dental Medicine Specialties	*	*	*	6	7	9
Gynaecology	9	8	9	11	11	9
Dermatology	*	*	*	7	8	8
Urology	*	*	*	6	*	7
Oral Surgery	*	*	6	8	10	6
Cardiology	*	*	8	8	*	6
Geriatric Medicine	*	8	6	6	*	6

Cardiothoracic Surgery	*	*	*	*	*	*
Clinical Pharmacology	11	12	14	19	19	*
Clinical Haematology	*	*	8	7	8	*
Paediatric Dentistry	*	*	*	*	*	*
General Medicine	6	*	8	*	*	*
Rheumatology	0	0	0	*	*	*
Respiratory Medicine	*	*	*	*	*	*
Pain Management	*	*	*	*	*	*
Restorative Dentistry	0	0	*	*	*	*
Anaesthetics	0	*	*	*	*	*
Orthodontics	*	*	*	*	0	*
Nephrology	*	*	*	*	*	*
Paediatric Neurology	0	0	*	*	0	0
Grand Total	584	589	609	627	630	612
% change (march – Aug)						4.8%

* Denotes a figure of 5 or less redacted due to potential patient identification.

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 35% of the August 2023 waiting list. The overall numbers waiting have increased (4.8%) since March 2023.

CVUHB Waiting Times New Outpatient Appointments (>36 weeks) – Top 3 Specialties

Specialty Description	Mar	Apr	May	Jun	Jul	Aug
Clinical Immunology And Allergy	121	122	124	115	104	107
Trauma & Orthopaedics	37	44	48	48	52	51
Ophthalmology	17	17	18	19	18	16

Based on the aforementioned Referral to Treatment Times (RTT) metrics, the main >36 challenges remain within Clinical Immunology and Allergy, which has the greatest number of patients waiting over 36 weeks. Since March 2023, the allergy > 36 week waits position has improved, however Trauma and Orthopaedics has unfortunately seen a slight deterioration.

Allergy (Non-Drug) - Recommissioning Pathways

As advised in the previous report, due to the unsustainable position CVUHB has written to the Heath Board to serve notice, with effect from 1 November 2023. Consequently, the Health Board has been working with the University Hospital of Birmingham, to formalise an alternative pathway. Birmingham has recently advised that since initial discussions, capacity has reduced due to one of their consultants taking up post elsewhere. Therefore, the Commissioning Team are awaiting urgent confirmation from Birmingham, that they are able to support and progress to an agreement.

In the meantime, should patients require access to an allergy service, the requesting clinician will be able to complete a request via the prior approval route.

It must also be noted that the Commissioning Team are still exploring the possibility of primary care/community support. This is a longer-term ambition and whilst training will be required, the understanding is that peer support from other Health Boards is imperative in order to maximise the results from the course.

LTA meetings with CVUHB

Regular dialogue and good relationships exist with CVUHB, however no formal LTA meetings have been in place. Consequently, this has now been rectified and the first LTA meeting is scheduled for the middle of October 2023, the frequency will likely to be quarterly.

SBUHB Waiting Times New Outpatient (All waits)

The table below shows the latest position as at the end of August 2023 for all patients waiting for a new outpatient appointment by speciality within SBUHB.

Specialty	Mar	Apr	May	Jun	Jul	Aug
Trauma & Orthopaedics	780	833	845	898	873	870
Oral & Maxillofacial (OMFS) Surgery	1,161	1,111	1,042	951	889	834
Orthodontics	546	531	491	386	346	301
Plastic Surgery	235	234	230	225	238	247
Cardiology	146	147	160	153	155	146
Ophthalmology	104	102	105	102	102	106
Neurology	67	73	78	79	91	87
Restorative Dentistry	69	70	62	69	70	83
General Surgery	79	77	66	63	61	77
Gynaecology	37	40	38	36	34	44
Rehabilitation Service	58	54	52	43	51	43
ENT	35	31	32	34	39	30
Cardiothoracic Surgery	29	41	41	33	36	28
Nephrology	12	19	8	24	21	24
Urology	26	24	24	18	21	19
Dermatology	9	8	9	14	13	18
Gastroenterology	19	20	19	19	16	14
Paediatrics	25	23	19	12	14	13
Endocrinology	*	*	*	*	7	7
Rheumatology	6	*	*	*	*	6
General Medicine	0	*	*	*	*	*
Paediatric Neurology	*	0	*	6	*	*
Respiratory Medicine	*	*	*	*	*	*
Geriatric Medicine	*	*	*	0	0	*
Clinical Haematology	0	0	*	*	*	0
Grand Total	3,458	3,451	3,339	3,185	3,092	3,008
% Change (March – Aug)						-13%

* Denotes a figure of 5 or less redacted due to potential patient identification.

The table illustrates a number of specialities continuing to experience challenges. 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 & Maxillofacial Surgery (OMFS), has persistently been the speciality experiencing the largest volume of waits. However, there has been a consistent month on month improvement, and a significant 28% decrease has been observed between March and August 2023. It has for the first time, fallen second to Orthopaedics, which unfortunately has seen a rise. In absolute terms, 90 more patients are waiting for a new Orthopaedic appointment in August compared to March 2023.

Orthopaedics – A South Wales Regional Orthopaedic Programme has been established between the HBs to address the long waiters, which includes HDdUHB from a provider perspective. The intention is to move to a regional model, maximising the use of Prince Philip, Morriston and Neath Port Talbot Hospitals.

Plastic Surgery – All aspects of plastic surgery are currently commissioned by WHSSC and for the population of South Wales are provided by SBUHB. Due to the understanding that a high percentage of plastic surgery is non-specialised work, it has been agreed that a policy would be developed to define specialised plastic surgery which would be commissioned by WHSSC with non-specialised plastic surgery being commissioned by Health Boards (April 2025).

In order to take this work forward a Plastic Surgery Commissioning Project Board (led by WHSSC) has been established. The first meeting took place at the beginning of September 2023, which primarily concentrated on the setup phase. Clinical working groups have been scheduled for September, October and November 2023.

The project will be divided into two phases and the next Project Board meeting in December 2023 will concentrate on phase 1.

Objectives for Phase 1 are:

- to agree a definition of specialised plastic surgery
- to identify and transfer resources to align with the commissioning responsibility
- to design appropriate contracting arrangements for both specialised and non-specialised commissioning

Paediatric Neurology

As previously reported, HDdUHB has a small LTA with SBUHB for HDdUHB paediatric neurology patients to be seen in Swansea. Due to capacity issues, SBUHB has served notice and shared with HDdUHB the waiting list to identify which patients are eligible for repatriation. A clinical review is currently underway and as soon as this is completed, the patients will be transferred safely back to the local service.

Paediatric Orthopaedic – Service Level Agreement (SLA)

A visiting paediatric orthopaedic consultant from SBUHB has been running a bimonthly paediatric orthopaedic clinic in Worthybush Hospital (WGH) for many years as part of a historic SLA. The patients seen in this clinic reside in the Pembrokeshire and South Ceredigion area and often have additional and complex needs i.e. Perthes' disease, hip dysplasia etc. The clinics usually consist of 6-8 new patients (referrals from physiotherapists, GP's, hip screening clinic) plus a few follow-up patients, who are long-term patients usually under surveillance.

The Consultant is looking to reduce their hours with SBUHB (potentially from October 2023) and this reduction will impact the WGH paediatric orthopaedic clinic meaning that it will no longer be able to run. SBUHB have advised that they do not currently have anyone who could run this WGH clinic when the Consultant finishes. SBUHB has proposed that another SBUHB Consultant could see these patients, utilising existing clinic capacity in SBUHB which would mean these patients having to travel to Morriston to be seen.

There is currently no waiting list for new patients as the Consultant has already asked for all new referrals to be re-directed to SBUHB, there are about 40 follow-up patients currently on the waiting list. It is likely that these will need to travel to Swansea also. Should surgery be required

at any point, all of this is undertaken in Swansea. The longer-term plans are being worked through by SBUHB.

In the meantime, the Commissioning Team has reached out to Robert Jones & Agnes Hunt (RJA) to ascertain whether any of their consultants would be interested in providing these visiting sessions. The initial feedback is that they would, and a meeting has been scheduled with the paediatric clinical lead at RJA to discuss.

Robotic Assisted Surgery Business Case – Prostate Cancer

Currently, SBUHB surgeons perform robotic prostatectomy for patients from HDdUHB via the robot in Cardiff. SBUHB, however would like to initiate plans to introduce robotic surgery in some surgical specialties including prostate cancer, via the procurement of their own robotic assisted surgical system, within Morriston Hospital. Consequently, this would mean that instead of patients travelling to Cardiff for their surgery, they would be treated at Morriston by the same surgical team.

SBUHB have shared the business case, and this is being worked through by HDdUHB planning, finance and commissioning colleagues. HDdUHB are also considering the use of a robotic assisted surgical system, however it would appear that the plan is to primarily utilise it for colorectal procedures.

SBUHB Waiting Times New Outpatient Appointments (>36 weeks) – Top 3 Specialties

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

Specialty Description	Mar	Apr	May	Jun	Jul	Aug
Trauma & Orthopaedics	136	163	189	217	188	200
Oral & Maxillofacial (OMFS) Surgery	342	304	209	134	100	76
Orthodontics	252	243	197	101	57	28

OMFS and Orthodontics have seen a significant improvement in the numbers waiting over 36 weeks. A decrease of 78% in OMFS and 89% in Orthodontics between March and August 2023. Similar to the increase in the overall numbers waiting for an Orthopaedic appointment reported above, the numbers waiting > 36 weeks have also seen an increase of 47% (% change March and August 2023).

Dual Energy X-ray Absorptiometry (DEXA) service

HDdUHB has historically commissioned a Dual Energy X-ray Absorptiometry (DEXA) service for the south of the health board's area from SBUHB via a mobile unit that travels between the three hospital sites.

As reported in the last report, HDdUHB has current concerns over the waiting times for Hywel Dda residents for a) scan and b) report. [Please see 29 August 2023 SRC for further details.](#)

Commissioning, Radiology and Care of the Elderly Consultant have collaboratively been working together to understand the alternative options. To address the challenge, the options have been split by backlog and new demand: -

- Alternative options for historic scans
- Alternative options for historic backlog reports
- Options for new demand – scans and reports

These have been discussed with Director of Strategy and, Planning and also the Director of Nursing, Quality and Patient Experience. A number of actions have been agreed including: -

- Guidance process to be issued with a technical report, to be developed by HDdUHB Osteoporosis Consultants
- Potential prioritisation process to be implemented i.e urgent, soon, routine - criteria to be developed by HDdUHB Osteoporosis Consultants.

Furthermore, SBUHB has advised that they are currently in the process of writing to HDdUHB re DEXA options, from a SBUHB perspective.

Commissioning Intentions 24/25

A high-level commissioning intentions document is currently being drafted ahead of 2024/25, which will be shared with all Providers. The intention is to address a number of the material issues such as:

- DEXA
- Allergy
- Regional Orthopaedics Programme
- Paediatrics
- Diagnostics
- South West Wales Cancer Centre
- Velindre

Given these challenges continue to be discussed either operationally or strategically, the commissioning intentions will serve to lay the foundations for the next 18 months and provide the basis in which to develop a clear commissioning strategy.

Argymhelliad / Recommendation

The Sustainable Resources Committee (SRC) is requested to discuss the content and note the mitigating actions detailed in the Healthcare Contracting and Commissioning 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
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	3. Data to knowledge 4. Learning, improvement and research
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	7. All apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	4a Planned Care and Cancer Recovery 6b Pathways and Value Based Healthcare 6c Continuous engagement
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	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: Parties / Committees consulted prior to Sustainable Resources Committee:	A version of this report was shared with Quality, Safety and Experience Committee

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