



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 December 2021
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) are subject to a block arrangement between Health Boards in Wales. This arrangement has been in place since the start of the COVID-19 pandemic and will continue for the remainder of 2021/22 as previously reported. The purpose of the arrangement is to ensure that there can be a collective focus on operational recovery. However, as explained in previous Committee meetings, the report will provide a focus on Referral to Treatment Time (RTT) performance metrics in addition to the financial implications.

Furthermore, the Planned Care Business Partners in conjunction with the Commissioning Team are supporting the Planned Care Directorate around outsourcing to the independent sector, which is funded through Welsh Government (WG) Recovery monies.

Cefndir / Background

Whilst this has been previously described to the Sustainable Resources Committee, it is prudent to set out the principles underpinning the block arrangements:

- Contracts (and contract values) are agreed on a historical basis utilising the relevant uplifts; these predominantly being inflation, wage awards and any agreed developments.
- The block arrangements are to be implemented for the duration of 2021/22 as agreed by the Directors of Finance (DoFs). The value and activity plan is predicated on 2019/20 outturn plus 2%, with a further inflationary uplift (also 2%) for 2021/22.
- There are a number of developments being undertaken between Health Boards around reporting metrics and reviews of future contracting models due to the extant arrangements likely to be deemed inappropriate beyond 2021/22.

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)

The current assessment is based on the Month 7 (M7) LTA position.

Month 7 Total LTA Position

The Variance to Plan and Variance to Block as at Month 5 (M5) was reported to the Committee at its meeting on 28th October 2021 – see below:

Variance to Plan	(£4,218,749)
Variance to Block	(£3,092,487)

The table below demonstrates an overall movement of (£356,000) below plan (under-performance)

Expenditure M7

LTA Contract	Plan	Actual	Variance	Block Value	Variance to Block
Aneurin Bevan	£268,979	£251,047	-£17,932	£290,070	-£39,023
Betsi Cadwaladr	£281,447	£260,650	-£20,797	£238,131	£22,519
Cardiff & Vale	£5,854,549	£5,747,549	-£107,000	£5,578,000	£169,549
Cwm Taf Morgannwg	£475,600	£411,227	-£64,373	£462,337	-£51,110
Powys	£189,275	£189,275	£0	£195,754	-£6,479
Swansea Bay	£36,188,293	£32,688,803	-£3,499,490	£36,272,361	-£3,583,558
Velindre	£1,092,218	£1,092,218	£0	£1,052,446	£39,772
WHSSC	£107,197,000	£105,734,859	-£1,462,141	£105,734,859	£0
TOTALS:	£44,350,361	£40,640,769	-£3,709,592	£44,089,099	-£3,448,330

The main areas of change are Swansea Bay University Health Board (SBUHB) (£246,000; decrease) and Cardiff and Vale University Health Board (CVUHB) (£154,000; decrease).

SBUHB High Cost Drugs (HCD) - Since M5, there has been a decrease in SBUHB forecasted overperformance of £246,000; Siponimod has decreased by £350,000, however there has been an overperformance for HIV and Thyroid Cancer, and MS drugs have increased by £104,000.

	MTH 5	MTH 7	Movement	
SIPONIMOD	400,000	50,000	-350,000	MS Drug
MULTIPLE SCLEROSIS	806,899	849,453	42,553	
DOLUTEGRAVIR AND LAMIVUDINE	124,752	155,595	30,843	HIV
CABOZANTINIB	151,071	181,426	30,355	Cancer
			-246,249	

CVUHB - M5 to M7 CVUHB position has seen a net movement of £153,000 (from a forecasted full year (FY) over performance in M5 of £47,000 to £107,000 underperformance in M7). The main area is Intensive Treatment Unit (ITU) beds where there has been a reduction in utilisation and thus a movement of £78,000.

Large Movement in Unit & Cost		Mth5	Mth7	£'000	
C&V	Main LTA	167	127	-40	FY Over Performance
C&V	Orthopaedics LTA	-1014	-1060	-46	FY Under Performance
C&V	NICE	381	364	11	FY Over Performance
C&V	High Cost Services	512	462	-78	FY Over Performance mainly attributed to ICU which has reduced slightly in mth 7
				-153.00	

REFERRAL TO TREATMENT TIME (RTT) – Month 7

As at the end of October 2021, there were 7,901 HDdUHB residents awaiting treatment in other Welsh NHS Organisations within all stages of outpatient/diagnostic pathway. The volume and percentage change since April 2021 are provided below for each provider.

Provider/ Health Board	Apr	May	Jun	Jul	Aug	Sep	Oct	Qty Change	% Change
Aneurin Bevan University (ABU)	64	69	71	72	74	73	79	15	23.4%
Betsi Cadwaladr University (BCU)	23	22	21	19	22	22	22	-1	-4.3%
Cardiff & Vale University (C&VU)	918	978	1,005	1,043	1,058	1,086	1,129	211	23.0%
Cwm Taf Morgannwg University (CTMU)	72	84	88	88	90	98	109	37	51.4%
Powys Teaching	7	5	9	11	20	25	16	9	128.6%
Swansea Bay University (SBU)	5,289	5,322	5,566	5,816	6,206	6,351	6,546	1257	23.8%
Grand Total	6,373	6,480	6,760	7,049	7,470	7,655	7,901	1,528	24.0%
% Month on Month Change		1.68%	4.32%	4.28%	5.97%	2.48%	3.21%		

The table above shows that there has been an increase in the month-on-month number of patients added to the waiting list. Within the 7 months under consideration, this has resulted in an increase in demand by 24% for HDdUHB residents waiting at other health boards. The majority of HDdUHB patients awaiting treatment at other Welsh health boards are with SBUHB and CVUHB.

CVUHB RTT New Outpatient (All waits)

The table below shows the latest position, as at October 2021, for all patients waiting for a new outpatient appointment by speciality within CVUHB:

Specialty	Apr	May	Jun	Jul	Aug	Sep	Oct
Clinical Immunology and Allergy	162	167	178	179	180	186	183
Trauma & Orthopaedics	71	64	67	63	72	70	76
Neurosurgery	46	49	49	51	55	60	52
Neurology	26	26	29	31	32	34	37
Paediatric Surgery	58	57	59	51	38	32	35
General Surgery	15	15	19	19	26	23	30
Ophthalmology	21	24	30	28	25	26	30
Paediatrics	28	32	31	33	27	19	22
Cardiology	8	13	12	15	14	13	12
Dental Medicine Specialties	5	5	7	8	7	8	12
ENT	16	13	12	13	11	13	11
Oral Surgery	7	5	5	5	8	7	9
Dermatology	5	5	7	6	6	8	8
Gastroenterology	6	4	5	6	5	5	8
Clinical Haematology	3	7	5	3	4	6	7
General Medicine	7	6	2	4	6	6	6
Gynaecology	2	2	3	8	7	8	6
Paediatric Neurology	1	2	4	4	5	6	5
Anaesthetics	2	3	2	2	3	3	4
Cardiothoracic Surgery	2	3	3	4	2	1	4
Clinical Pharmacology	5	3	3	2	3	4	4
Urology	2	3	1	3	5	7	4
Geriatric Medicine	0	1	1	1	1	2	2
Orthodontics	0	0	0	1	1	1	2
Paediatric Dentistry	1	2	2	1	2	2	2
Restorative Dentistry	1	1	1	0	0	0	1
Nephrology	2	2	1	1	1	1	0
Pain Management	1	1	1	1	1	0	0
Respiratory Medicine	0	1	0	0	1	0	0
Grand Total	503	516	539	543	548	551	572
% Month on Month Change		2.58%	4.46%	0.74%	0.92%	0.55%	3.81%
% April - Oct Change							13.72%

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 31.9% of the October 2021 waiting list and have been increasing month on month, with a slight dip between September and October 2021. An alternative commissioned pathway proposal is being undertaken for Clinical Immunology and Allergy, as a result of the Commissioning Team being notified of certain issues within the service. A working group has been established to identify pathway opportunities throughout HDdUHB for allergy care. The workstream spans the full care spectrum with a key focus on improving allergy provision for adolescents, developing an adult allergy service, and confirming the complex allergy pathways.

In the interim, the commissioning team has reached out to a number of NHS providers in England, to understand whether there is capacity to support the Health Board on a short-term basis.

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

Specialty	Apr	May	Jun	Jul	Aug	Sep	Oct
Clinical Immunology and Allergy	90	91	93	95	100	104	102
Trauma & Orthopaedics	27	26	30	30	30	30	31
Neurology	6	10	10	10	12	10	10
Ophthalmology	10	9	10	11	11	9	10
General Surgery	7	8	9	8	8	8	9
Total (top 5)	140	144	152	154	161	161	162
% Month on Month Change		2.86%	5.56%	1.32%	4.55%	0.00%	0.62%
% April - Oct Change							15.71%

Grand Total (all specialties > 36 weeks)	161	163	172	172	182	179	182

The table above shows the correlation between overall numbers on the waiting list and those waiting >36 weeks. Based on the aforementioned RTT metrics, the main 36> challenges are within said areas, which includes Clinical Immunology and Allergy, which has the greatest number of patients waiting over 36 weeks and accounts for 56% of the >36 week October 2021 waiting list.

SBUHB RTT New Outpatient (All waits)

The table below shows the latest position as at October 2021 for all patients waiting for a new outpatient appointment by speciality within SBUHB.

Specialty	Apr	May	Jun	Jul	Aug	Sep	Oct
Oral Surgery	1,109	1,155	1,196	1,292	1,321	1,325	1,349
Orthodontics	359	391	413	427	438	475	482
Trauma & Orthopaedics/Spinal	320	344	372	404	434	427	456
Plastic Surgery	258	291	286	331	356	374	433
Neurology	59	55	66	102	243	232	237
Cardiology	86	79	94	99	101	112	117
General Surgery	66	63	67	70	80	83	82
Ophthalmology	60	64	69	71	69	73	71
Gynaecology	32	34	32	33	34	59	63
Cardiothoracic Surgery	32	39	45	51	52	58	62
Restorative Dentistry	130	105	90	78	58	66	51
ENT	30	37	38	34	33	35	40
Urology	28	26	31	35	37	40	40
Rehabilitation Service	13	19	18	25	29	28	26
Paediatrics	18	17	22	23	17	19	22
Gastroenterology	22	22	21	21	18	18	15
Nephrology	8	6	9	5	4	12	10
Dermatology	18	15	8	11	11	9	9
Paediatric Neurology	6	7	10	9	8	6	8

General Medicine	3	4	5	3	3	2	5
Respiratory Medicine	4	5	6	3	5	6	5
Rheumatology	1	3	4	7	5	5	5
Clinical Haematology	2	2	5	4	4	3	3
Endocrinology	3	6	5	6	3	5	3
Geriatric Medicine	2	1	0	0	1	1	2
Dental Medicine Specialties	0	0	6	0	11	0	0
Pain Management	0	0	1	1	0	0	0
Grand Total	2,669	2,790	2,919	3,145	3,375	3,473	3,596
% Month on Month Change		4.53%	4.62%	7.74%	7.31%	2.90%	3.54%
% April - Oct Change							34.73%

The table illustrates a number of specialities experiencing challenges, which are demonstrating a trajectory decline. 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 (37%) of the overall waits in October 2021 and have been increasing month on month since April 2021.

SBUHB RTT New Outpatient Appointments (>36 weeks) – Top 5 Specialties

The below table illustrates that the majority of specialties with long waiters correlate to those with the overall number of patients waiting, with the exception of Neurology, which does not have any patients waiting > than 32 weeks.

Specialty	Apr	May	Jun	Jul	Aug	Sep	Oct
Oral Surgery	470	507	534	591	620	618	628
Orthodontics	182	180	192	207	213	219	232
Trauma & Orthopaedics/Spinal	119	128	134	144	149	148	164
Plastic Surgery	75	80	79	90	98	99	112
General Surgery	23	25	28	28	30	29	34
Total (Top 5)	869	920	967	1,060	1,110	1,113	1,170
% Month on Month Change		5.87%	5.11%	9.62%	4.72%	0.27%	5.12%
% April - Oct Change							34.64%

Grand Total (all specialties > 36 weeks)	1,023	1,059	1,089	1,193	1,231	1,227	1,283
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Oral Surgery – this specialty is still an area of concern as the waiting list continues to increase, both in terms of overall numbers and those waiting >36 weeks for a new outpatient appointment. HDdUHB representatives met with SBUHB at the end of October 2021 to discuss. SBUHB advised that part of the plan is to outsource some of this work to Parkway Clinic in Swansea on a facility only basis. A further regional scoping meeting is being planned for December 2021, which will include A Regional Collaboration for Health (ARCH) and clinical colleagues.

Orthopaedic/Spinal Surgery – this specialty is an area of concern and was discussed at a recent LTA meeting, attended by the Spinal Consultant, the outcome of which was to explore the option of redirecting the Spinal commissioned pathway away from Swansea to Werndale Hospital on a temporary basis.

Neurology – The jump in neurology referrals is attributable to “Referral from a Consultant or Independent Nurse, other than in an A&E department”. There was an increase of 240% in July 2021, compared to June 2021, and a further increase of 282% in August 2021, compared to July 2021. A query has been raised with SBUHB to understand the position and to track a number of patient pathways. Once the commissioning team identify the referring party or parties, a deep dive into why the referrals have increased substantially will commence.

Areas of Collaborative Work and Review

Based on the RTT information received, it is highly probable that many of the services will require a significant period of time to recover. 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 can be addressed collectively. Consequently, a Regional Commissioning Group has been established with SBUHB, with the first meeting held in November 2021, and a follow up meeting scheduled for December 2021 to discuss and agree priority areas. It is envisaged that the priority areas will include Oral Surgery and Orthopaedics/Spinal (as above) and also Cardiology and Neurology.

In summary, the Healthcare Contracting and Commissioning Team continues to work with other health boards and/or Trusts to find alternative capacity to alleviate the pressure on both Health Boards. Unfortunately, there is currently limited capacity available to re-direct or re-commission many of the services that are under extreme pressure.

Cancer

In line with reviewing and co-chairing the longer-term Cancer Strategy between health boards, HDdUHB continue 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.

The current trajectory sets a 7% month on month recovery plan for all 62 Day>:

Target for PTL Backlog 7% improvement month to month	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Acute Leukaemia	0	0	0	0	0	0	0	0
Brain/CNS	1	1	1	1	1	1	1	1
Breast	30	28	26	24	22	20	17	15
Children's Cancer	0	0	0	0	0	0	0	0
Gynaecological	38	35	33	30	27	25	22	19
Haematological	10	9	9	8	7	7	6	5
Head and Neck	26	24	22	21	19	17	15	13
Lower Gastrointestinal	360	335	310	284	259	234	209	184
Lung	26	24	22	21	19	17	15	13
Other	5	5	4	4	4	3	3	3
Sarcoma	7	7	6	6	5	5	4	4
Skin	22	20	19	17	16	14	13	11
Upper Gastrointestinal	60	56	52	47	43	39	35	31
Urological	95	88	82	75	68	62	55	48
Total	680	632	585	537	490	442	394	347

The position illustrated above will be closely monitored in conjunction with SBUHB, with any significant changes and/or change to the proposed trajectory to be prioritised and addressed urgently. HDdUHB has requested a breakdown of achievement to date. Any slippage and

issues will be addressed at the South West Wales Cancer Centre (SWWCC) and LTA meetings.

OUTSOURCING/INSOURCING – Independent Sector Contracts

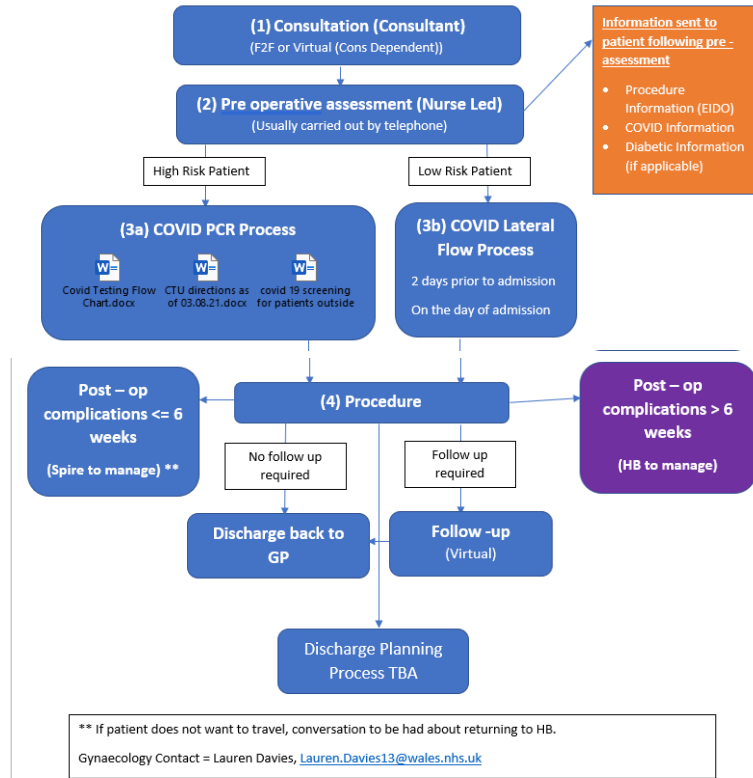
Similarly, there is a significant and ambitious outsourcing and insourcing plan with the independent sector in order to alleviate pressure within HDdUHB hospital sites. It is important to note however, that the number of Independent Providers in Wales is significantly less than in England and therefore, the availability of capacity is reduced. In periods of high demand and limited supply, the cost attributed to Healthcare Resource Groups (HRGs) within the independent sector is exceeding the English tariff. Please note that the contracts listed below are indicative only and therefore HDdUHB payments are based on actual activity and not on the contract value. The purpose of the contract value is to set out clear Activity Planning Assumptions (APAs) for both commissioner and provider.

Current Contracts

The table below shows the current contracts with providers, split by specialty:

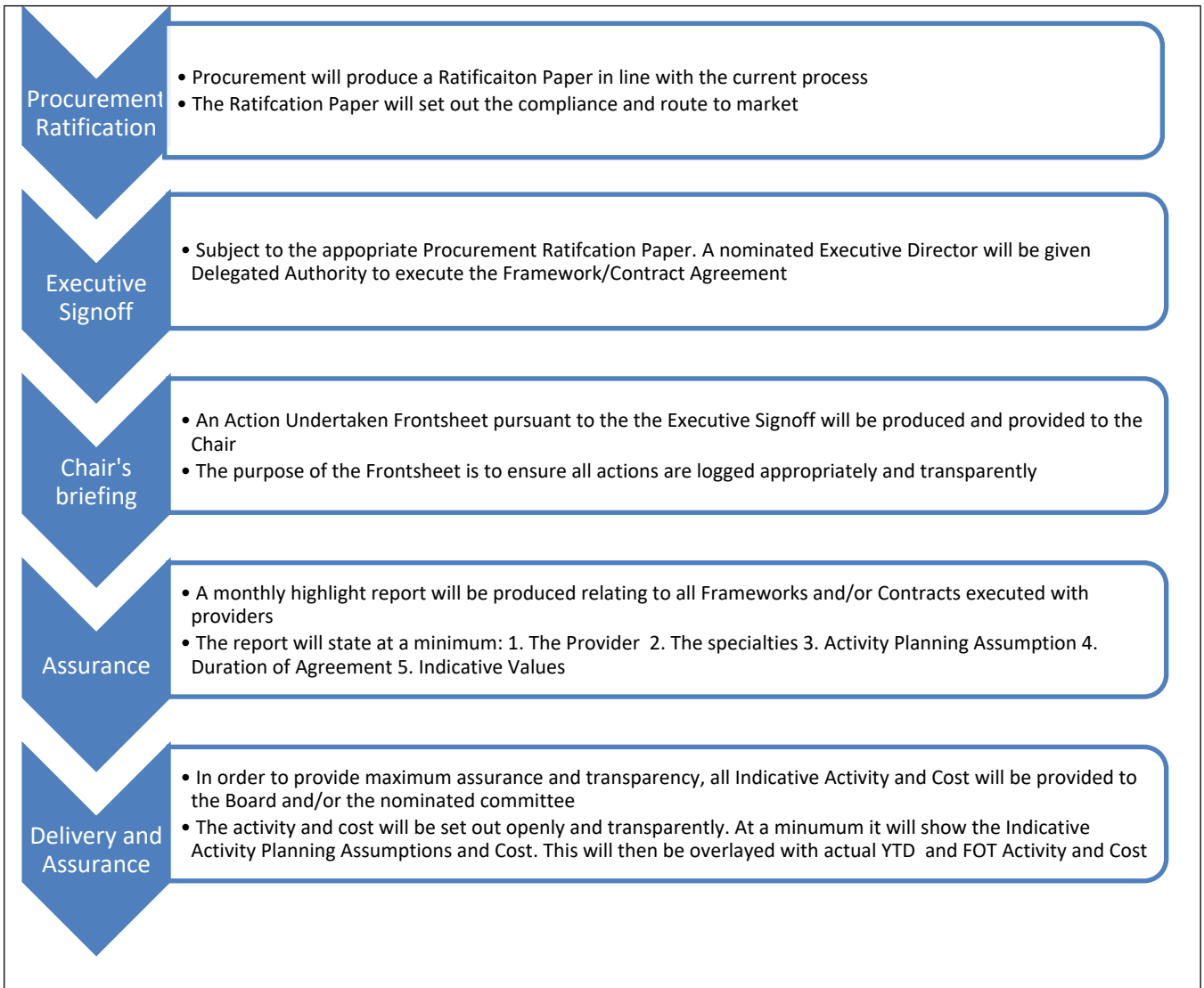
OUTSOURCING				
Provider	Specialty	Volume	Estimated value £k	YTD Spend
BMI (Werndale)	Ophthalmology			778,539
Spa Medica	Ophthalmology	1200	1,100,000	11,052
Spa Medica	Ophthalmology	1200	1,100,000	
Sancta Maria	ENT	15	58,000	0
Sancta Maria	General Surgery	140	300,000	0
Sancta Maria	Urology	40	38,000	0
BMI (Werndale)	General Surgery	81	210,000	60,825
BMI (Werndale)	Urology	10	9,000	7,015
BMI (Werndale)	Orthopaedics	250	2,000,000	120,946
BMI (Drotwich)	Orthopaedics	175	1,428,571	0
BMI (Bath)	Orthopaedics	70	571,429	0
BMI (Werndale)	Lesions	1000		87,739
BMI (Werndale)	General Surgery	60	150,960	0
BMI (Drotwich)	General Surgery	150	399,412	0
BMI (Werndale)	Urology	12	13,305	0
Spire Bristol	T&O	260	326,387	0
Spire Bristol	Colonoscopy	200	189,200	0
Spire Bristol	Gynae	125	538,361	0
St Josephs	T&O	120	370,500	0
St Josephs	Endoscopy	1500	2,761,500	0
St Josephs	Cardiology	166	80,000	0
Community Eye Care	Ophthalmology	2500	2,385,900	0
TOTAL OUTSOURCING			14,030,525	1,066,116
INSOURCING				
Provider	Specialty	Volume	Estimated value £k	YTD Spend
YMS	Dermatology			53,157
YMS	Dermatology	3500	621,000	74,737
Medinet	Neurology		155,520	84,500
TOTAL INSOURCING			776,520	212,394
TOTAL			14,807,045	1,278,510

The Year to Date (YTD) financial delivery is £1,066m relating to outsourced activity. The majority of the expenditure is attributed to Ophthalmology Services under HDdUHB's previous contract with Werndale. Whilst the costs are below the anticipated expenditure predicated on the APA, there are multiple daily meetings between HDdUHB and the independent sector providers to understand the position and increase the level of patient activity over the coming weeks and months. Patient pathways have also been drafted to have clear lines of flow and responsibilities, with an example below.



The availability of capacity has become extremely challenging, predominately due to the limited overall Independent Sector capacity. This limited supply is met with unprecedented demand from other health boards, Clinical Commissioning Groups (CCGs) and NHS Trusts. Subsequently, despite the best efforts of all concerned, the capacity proposed and submitted to WG is saturated and/or reduced at the point of execution.

Consequently, to be able to move at pace in this fast-changing environment, the below governance process has been developed and ratified by Board at its meeting on 25th November 2021.



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 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: 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:	Not Applicable

Reputational:	
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable