

PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	28 October 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 financial 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 contractual/financial run rates

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 current assessment is based on the Month 5 LTA position. The two areas of focus will be on the contractual delivery and waiting lists within the Health Board's main providers.

Month 5 Total LTA Position

The Committee will recall that the Variance to Plan and the Variance to Block as of Month 3 was:

Variance to Plan	(£4,654,855)
Variance to Block	(£3,508,067)

The table below demonstrates a small improvement in the overall LTA position:

<u>Expenditure Mth 5</u>					
LTA Contract	Plan	Actual	Variance	Block Value	Variance to Block
Aneurin Bevan	£268,979	£254,962	-£14,017	£290,070	-£35,108
Betsi Cadwalladr	£281,447	£241,025	-£40,422	£238,131	£2,894
Cardiff & Vale	£5,854,549	£5,901,549	£47,000	£5,578,000	£323,549
Cwm Taff Morgannwg	£475,600	£382,413	-£93,187	£462,337	-£79,924
Powys	£189,275	£189,275	£0	£195,754	-£6,479
Swansea Bay	£36,188,293	£32,935,170	-£3,253,123	£36,272,361	-£3,337,191
Velindre	£1,092,218	£1,092,218	£0	£1,052,446	£39,772
WHSSC	£107,197,000	£106,332,000	-£865,000	£106,332,000	£0
TOTALS:	£151,547,361	£147,328,612	-£4,218,749	£150,421,099	-£3,092,487

Whereas Swansea Bay University Health Board's (SBUHB) financial performance remains broadly in line with the M3 forecast, there has been an increase in the Cardiff and Vale University Health Board's (CVUHB) financial position. The Patient Services element of the contract is subject to the Block Agreement. The key drivers for this change with CVUHB are:

- **High Cost Drugs (HCD)** - there has been an increase in the forecast year end (FYE) of circa £181k. The HCD were predominately in Growth Hormones (Adults) Cancer Growth Blocker and Leukaemia. There were also increases, albeit smaller, in Multiple Sclerosis and HIV Drugs.
- **Patient Services** - Inpatient Services - the residual £143k was due to an increase in Functional Capacity Evaluation (FCEs), Trauma and Orthopaedics (T&O), General Surgery, Robotic Partial Nephrectomy and Upper Gastrointestinal Surgery.

CVUHB Referral to Treatment New Outpatient and 36 weeks>

In order to increase the reporting within LTAs, the information received will include Treatment to New Outpatient appointments in addition to 36 weeks>.

The table below shows the latest position as at August 2021 for patients waiting for a first outpatient appointment:

		CensusMonthOfYearAbbreviation											
Sum of CountPatientWaiting StageOfPathwayDescription	TreatmentSpecialtyDescription	WaitingTimesBand	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug			
☑ New OP appointment	☑ Anaesthetics		2	2	2	3	2	2	3				
	☑ Cardiology		10	11	8	8	13	12	15	14			
	☑ Cardiothoracic Surgery		1	2	1	2	3	3	4	2			
	☑ Clinical Haematology		4	2	4	3	7	5	3	4			
	☑ Clinical Immunology And Allergy		136	136	144	162	167	178	179	180			
	☑ Clinical Pharmacology		4	5	7	5	3	3	2	3			
	☑ Dental Medicine Specialties		5	5	6	5	5	7	8	7			
	☑ Dermatology		3	3	6	5	5	7	6	6			
	☑ ENT		21	21	17	16	13	12	13	11			
	☑ Gastroenterology		3	5	7	6	4	5	6	5			
	☑ General Medicine		8	7	10	7	6	2	4	6			
	☑ General Surgery		15	15	14	15	15	19	19	26			
	☑ Geriatric Medicine		1	2	1		1	1	1	1			
	☑ Gynaecology		8	4	3	2	2	3	8	7			
	☑ Nephrology		1	2	2	2	2	1	1	1			
	☑ Neurology		28	29	24	26	26	29	31	32			
	☑ Neurosurgery		38	45	42	46	49	49	51	55			
	☑ Ophthalmology		25	24	22	21	24	30	28	25			
	☑ Oral Surgery		5	5	6	7	5	5	5	8			
	☑ Orthodontics									1	1		
	☑ Paediatric Dentistry		3	3	1	1	2	2	1	2			
	☑ Paediatric Neurology		1		1	1	2	4	4	5			
	☑ Paediatric Surgery		68	60	64	58	57	59	51	38			
	☑ Paediatrics		27	19	19	28	32	31	33	27			
	☑ Pain Management				1	1	1	1	1	1			
	☑ Respiratory Medicine		1				1			1			
	☑ Restorative Dentistry			1	1	1	1	1					
	☑ Rheumatology			1									
	☑ Trauma & Orthopaedics		73	80	75	71	64	67	63	72			
	☑ Urology		2	1	2	2	3	1	3	5			
New OP appointment Total			493	490	490	503	516	539	543	548			

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, which will follow the Paediatric Immunology and Allergy service currently commissioned within HDdUHB. A working group will consider new and innovative ways to deliver this service internally.

36 Weeks>

Specialty	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Anaesthetics	7	7	6	6	7	10	11	11	12	16
Cardiology	9	7	5	5	5	5	5	2	1	1
Cardiothoracic Surgery	6	6	6	5	4	4	4	4	4	3
Clinical Immunology And Allergy	82	86	0	1	1	0	0	0	0	0
Clinical Pharmacology	1	1	0	0	0	0	0	0	0	0
Dental Medicine Specialties	3	4	0	0	0	0	0	0	0	0
Dermatology	2	2	0	0	0	0	0	0	1	1
ENT	21	23	14	13	13	14	13	15	14	15
General Medicine	3	3	1	0	0	0	0	1	1	1
General Surgery	19	22	10	9	8	9	11	10	11	12
Gynaecology	16	15	12	12	12	11	12	13	14	15
Neurology	9	8	4	6	2	1	1	1	1	1
Neurosurgery	17	12	12	11	7	7	10	8	10	10
Ophthalmology	21	18	4	5	5	6	9	9	9	7
Oral Surgery	10	9	7	7	6	7	8	9	9	10
Paediatric Dentistry	2	2	1	1	1	1	1	1	1	1
Paediatric Surgery	61	61	38	33	31	27	25	26	25	27
Paediatrics	10	16	10	12	10	10	11	11	11	11
Pain Management	1	1	1	1	1	1	1	1	1	1
Trauma & Orthopaedics	88	86	44	43	44	45	51	54	58	57
Urology	2	3	4	4	4	4	4	4	4	5
TOTAL	390	392	179	174	161	162	177	180	187	194

Despite a number of specialities awaiting a first outpatient appointment, there does appear to be a positive reduction within those specialty areas relating to the 36 weeks>. For example, both Neurology and Neuroscience are showing a positive trajectory and a reduction of patients. The Commissioning Team has sought further information on the specialities stating zero 36 weeks> waits.

SBUHB Referral to Treatment New Outpatient and 36 weeks>

As stated for CVUHB, the new improved data reporting is also applicable for SBUHB. The table below sets out the waiting times by speciality for new outpatients within SBUHB:

Sum of Count Stage Pathway Description	Patient Waiting Description	Treatment Specialty Description	Census Month							
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
☒ New OP appointment	☒ Cardiology		68	64	69	86	79	94	99	101
	☒ Cardiothoracic Surgery		40	37	40	32	39	45	51	52
	☒ Clinical Haematology		1	1	2	2	2	5	4	4
	☒ Dental Medicine Specialties							6		11
	☒ Dermatology		19	20	18	18	15	8	11	11
	☒ Endocrinology		4	1	2	3	6	5	6	3
	☒ ENT		25	26	28	30	37	38	34	33
	☒ Gastroenterology		18	19	19	22	22	21	21	18
	☒ General Medicine		2	4	2	3	4	5	3	3
	☒ General Surgery		49	55	59	66	63	67	70	80
	☒ Geriatric Medicine		1	2	3	2	1			1
	☒ Gynaecology		27	37	39	32	34	32	33	34
	☒ Nephrology		13	9	8	8	6	9	5	4
	☒ Neurology		58	60	62	59	55	66	102	243
	☒ Ophthalmology		77	66	54	60	64	69	71	69
	☒ Oral Surgery		940	970	1039	1109	1155	1196	1292	1321
	☒ Orthodontics		317	319	355	359	391	413	427	438
	☒ Paediatric Neurology		8	8	9	6	7	10	9	8
	☒ Paediatrics		18	18	15	18	17	22	23	17
	☒ Pain Management		2					1	1	
	☒ Plastic Surgery		234	225	255	258	291	286	331	356
	☒ Rehabilitation Service		12	16	14	13	19	18	25	29
	☒ Respiratory Medicine		5	2	2	4	5	6	3	5
	☒ Restorative Dentistry		130	129	135	130	105	90	78	58
	☒ Rheumatology				1	1	3	4	7	5
	☒ Trauma & Orthopaedics		292	298	280	320	344	372	404	434
	☒ Urology		29	32	30	28	26	31	35	37
New OP appointment Total			2389	2418	2540	2669	2790	2919	3145	3375

The table illustrates a number of specialities experiencing challenges, which are not demonstrating a trajectory showing tangible improvement. 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.

Furthermore, there is a correlation in the 36> weeks RTT dataset, which reinforces the pressure on services:

Specialty	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Allied Health	2	2	2	1	1	0	0	1	2	1
Cardiology	39	45	43	36	36	27	24	26	29	32
Cardiothoracic Surgery	22	22	18	15	14	15	16	13	12	16
Dermatology	1	0	0	0	1	0	0	0	2	0
Diagnostic	3	3	2	3	4	3	0	2	2	2
ENT	30	30	27	28	27	26	28	29	30	31
Gastroenterology	5	11	20	13	14	9	9	9	11	11
General Medicine										1
General Surgery	64	66	66	69	66	68	66	64	63	66
Gynaecology	38	45	45	46	52	54	55	59	60	77
Neurology	14	14	10	8	5	3	3	4	3	4
Ophthalmology	31	35	33	32	31	33	32	34	30	30
Oral Surgery	360	355	354	354	353	352	346	345	352	358
Paediatrics	6	5	4	10	6	4	7	9	10	12
Plastic Surgery	163	167	170	181	187	180	180	179	183	183
Rehabilitation Service										1
Trauma & Orthopaedics	590	587	587	583	575	566	561	576	593	602
Urology	14	19	15	11	10	12	12	14	16	17
TOTAL	1382	1406	1396	1390	1382	1352	1339	1364	1398	1444

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 affecting both Health Boards can be addressed collectively.

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.

Areas of Collaborative Work and Review

As commissioners, HDdUHB aims to support other Health Boards whilst providing a reasonable level of scrutiny. Oral Surgery is one area of concern as waiting lists continue to increase. HDdUHB has scheduled a meeting with SBUHB at the end of October 2021 to discuss the following:

- **Clinical Risk Stratification** - An understanding of the clinical risk stratification, including assessments and how urgent patients are being prioritised.
- **Demand and Capacity** - A clear demand and capacity plan for Oral Surgery, which needs to include the current referral 'run rate' versus capacity and an understanding of the total Patient Tracking List (PTL) backlog.
- **Recovery Plans** - The recovery plans for Oral Surgery, particularly a specific outsourcing/insourcing plan, which could include Waiting List Initiatives (WLI), additional Locums/Agency, etc.

Patient Governance and Engagement - Review whether patients are being informed of the current service issues.

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.

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.

Independent Sector Contracts - Similarly, there is a significant and ambitious outsourcing 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.

The contracts listed below are those which exceed an Indicative Contract Value of £100,000. Please note that these 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 for the following specialities:

Service	Tender round 1	Tender round 2	Extension	Total	Comments	Provider
Orthopaedics	2	1.9		3.9	Circa +25% above NT	BMI (Werndale, Drotwisch Spa, Bath)
Ophthalmology	1.1		1.1	2.2	0% above NT	Spa Medica
General Surgery	0.8	0.5		1.3	25%-50% above NT, rejected >50%	BMI (Werndale), Sancta Maria
Dermatology	0.4	0.3		0.7		BMI (Werndale)
Total	4.3	2.7	1.1	8.1		

The total proposed and agreed contractual value for the remainder of the financial year is circa £8.1m. HDdUHB are undertaking additional tenders relating to any additional market capacity. The information in the comments section in the table illustrates that HDdUHB has endeavoured

to apply value for money principles to the outsourced contracts. However, with the exception of Ophthalmology Services at Spa Medica, the majority of contracts are at English Tariff plus 25-50%. It would be prudent to note that it is becoming increasingly challenging not to exceed the English tariff, which poses the question what demonstrates value for money in the current market.

Delivery to Date

The Year to Date financial delivery is £1,148m relating to outsourced activity. The majority of the expenditure is attributed to Ophthalmology Services under HDdUHB’s previous contract with Werndale:

YTD Spend Service	£k
Ophthalmology	794
General Surgery / Urology / ENT	45
T&O	89
Dermatology	95
Neurology (Insourcing)	72
Dermatology (Insourcing)	53
Total	1148

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 increase the level of patient activity over the coming weeks and months. There is significant work being undertaken to identify any and all available capacity through Expressions of Interest (EOI), Formal Tendering Processes, and where appropriate and pursuant to all regulations, a VEAT (Voluntary Ex-Ante Transparency) notice.

Currently, the only proposed VEAT notice is to award a contract for Orthopaedic Surgery (hand procedures) and Endoscopy Procedures (Gastroscopy, Colonoscopy and Sigmoidoscopy) to St Joseph’s Hospital. The proposed indicative contract value is £3.7m. It should be noted that the current VEAT notice for the endoscopic procedures exceeds the English tariff by over 200%.

The key points of mitigation are:

In a post COVID-19 environment, it is extremely difficult to assess Value for Money and deviation from tariff. The 200% above tariff for Endoscopy is exponential. However, as highlighted, it is a supplier’s market and the demand accompanied with the provider pressures is likely to result in on-going deviations to tariff.

The contract value may outturn at £3.7m. It is important to note that this is on a cost per case basis only. This contract is not a Minimum Income Guarantee (MIG) and therefore, the Health Board only incurs actual cost based on utilisation.

Argymhelliad / Recommendation

The Sustainable Resources Committee is requested to note the content and 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:	Not Applicable

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