



## CYFARFOD BWRDD PRIFYSGOL IECHYD UNIVERSITY HEALTH BOARD MEETING

|  |  |
|--|--|
| <b>DYDDIAD Y CYFARFOD:<br/>DATE OF MEETING:</b>  | 25 November 2021   |
| <b>TEITL YR ADRODDIAD:<br/>TITLE OF REPORT:</b>  | Governance Arrangements to Manage Allocation of Recovery Funding         |
| <b>CYFARWYDDWR ARWEINIOL:<br/>LEAD DIRECTOR:</b> | Andrew Carruthers, Director of Operations                                |
| <b>SWYDDOG ADRODD:<br/>REPORTING OFFICER:</b>    | Shaun Ayres, Assistant Director of Commissioning and Business Partnering |

**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

Due to the ongoing significant pressures associated with the COVID-19 pandemic, the Health Board has received circa £20.8m allocation from Welsh Government (WG) in two tranches to support the Patient Treatment List (PTL) backlog.

WG have also confirmed that the allocations can also be utilised to support the wider system, including existing pressures. Moreover, each recovery area must equally demonstrate Value for Money and show demonstrable and measurable improvements for the patient.

##### Cefndir / Background

The context and background to this paper is in relation to compliance with Standing Financial Instructions (SFIs) and the wider governance approach to approving contract values in excess of £1 million.

- All NHS contracts (unless exempt) exceeding £1m in total to be notified to the Director General HSSG prior to tendering for the contract;
- All eligible LHB and HEIW contracts exceeding £1m in total to be submitted to the Director General HSSG for consent prior to award;
- All eligible NHS contracts exceeding £0.5m in total to be submitted to the Director General HSSG for notification prior to award.

Therefore, the internal SFIs reflect the directives and edicts pursuant to the NHS Wales Act 2006.

## **Asesiad / Assessment**

There is a significant proportion of the recovery plan in both tranche 1 and 2 linked to outsourcing.

In order to understand the two tranches of recovery funding, the below sets out the submissions and schemes which underpin the Health Board's outsourcing framework:

### **Tranche 1**

| <b>Scheme Description</b>                              | <b>Amount allocated</b> |
|--|-------------------------|
| Ophthalmology Outsourcing/Internal                     | 2,914,167               |
| General Surgery Outsourcing                            | 1,080,000               |
| ENT Outsourcing stage 1                                | 140,000                 |
| ENT Outsourcing stage 4                                | 49,667                  |
| Urology Outsourcing                                    | 200,000                 |
| T&O Outsourcing ( Carmarthenshire)                     | 2,592,000               |
| Dermatology Outsourcing ( Lesions)                     | 285,000                 |
| T&O Outsourcing (Outside Carmarthenshire)              | 1,296,000               |
| Neurology Insourcing                                   | 155,520                 |
| Dermatology Insourcing                                 | 720,000                 |
| Diagnostic capabilities CT staff radiographers support | 199,704                 |
| Support costs  | 479,908                 |
| Demountable staff costs                                | 542,500                 |
| Demountable nonpay costs                               | 90,000                  |
| Revenue Commission costs (rental)                      | 578,000                 |
| <b>Total</b>   | <b>11,322,466</b>       |

### **Tranche 2**

| <b>Scheme Description</b>                 | <b>Amount allocated</b> |
|---|-------------------------|
| Additional nurse staffing                 | 187,478                 |
| 112 WLI clinics (Jan-Mar)                 | 224,000                 |
| Cardiology WLI                            | 57,600                  |
| Pathology costs                           | 14,500                  |
| Neurology Medinet                         | 78,000                  |
| External validation                       | 400,000                 |
| Agency outsourcing staff                  | 35,000                  |
| Health records additional staff           | 80,000                  |
| Band 5 outsourcing WLI service support    | 25,000                  |
| Admin support for additional work x 4     | 80,000                  |
| T&O paed                                  | 8,000                   |
| Physio                                    | 84,000                  |
| occupational therapy                      | 55,692                  |
| Equipment requirements - demountable      | 300,000                 |
| Portacabin                                | 500,000                 |
| PAC at BGH                                | 35,000                  |
| Rental office costs - PPH                 | 136,000                 |
| IBD business case                         | 63,863                  |
|   |                         |
| <b>Primary care bids</b>                  |                         |
| Oral surgery to address backlog           | 400,000                 |
| Walk in centre for urgent dental          | 125,000                 |
| Orthodontic backlog                       | 500,000                 |
| Vulnerable adults / children requiring GA | 200,000                 |
| IPOS                                      | 400,000                 |
| Respiratory inhaler                       | 125,000                 |
| Anticoagulation reviews                   | 57,000                  |
| Waiting list review pilot                 | 25,000                  |
| Spirometry                                | 61,000                  |
| learning disability annual checks         | 88,000                  |
| Secondary care generated phlebotomy       | 500,000                 |
|   |                         |
| <b>Outsourcing costs</b>                  |                         |
| General surgery                           | 771,450                 |
| Urology                                   | 158,062                 |
| Colorectal                                | 88,813                  |
| T&O                                       | 555,750                 |
| ENT                                       | 18,825                  |
| Ophthalmology                             | 2,152,800               |
| Pain                                      | 44,963                  |
| Gynaecology                               | 321,188                 |
| Endoscopy                                 | 119,400                 |
| Radiology diagnostics                     | 416,235                 |
| <b>Total</b>                              | <b>9,492,619</b>        |

The combined quantum of schemes submitted to WG is circa £20.8m contained within the two tranches. Furthermore, many of the proposed areas of recovery are subject to availability of capacity within external providers to support both the insourcing and/or outsourcing. As evidenced above, there is circa £14.2m allocated against the £20.8m for insourcing and outsourcing within the recovery monies.

The Health Board's plan submitted to WG is firmly predicated on:

- Market Capacity at a point in time
- Provider representations around capacity and delivery

Due to the uncertainties involved, the Health Board requested the £9.5m funding for Tranche 2 on a draw down basis. However, the monies were received as a straight allocation.

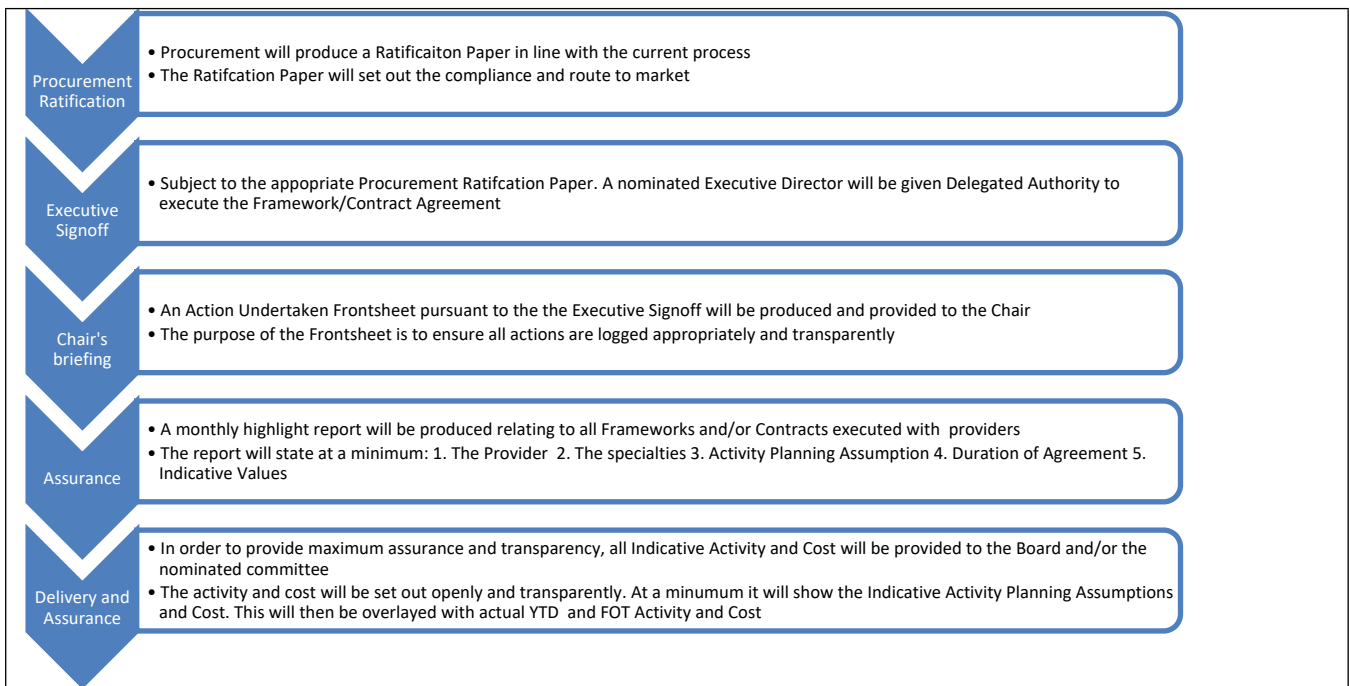
The availability of capacity has become extremely challenging. This is predominately linked to the limited overall Independent Sector capacity. This limited supply is then met with unprecedented demand which includes other Health Boards, Clinical Commissioning Groups (CCGs) and NHS Trusts. Subsequently,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

### **Proposed Process for Recovery**

The recommendation is for the Board to approve the entirety of the Recovery plan (as set out above). Additionally, where a Third-Party contract is required, the suggested approach (set out below) is to provide the appropriate level of contractual oversight. In essence, it will ensure that all of the decisions are centrally captured and recorded, which it is suggested will provide the Board and WG with further assurance. As highlighted above, the vast majority of the recovery plan requires Outsourcing/Insourcing, on an allocative basis; 68% of the total recovery plan is predicated on external providers supporting the Health Board.

The revised projection against the recovery plan is circa £7 million. The proposed contract values exceed this on the basis that they are not all expected to deliver to that level and this risk will be managed by the Executive Team, in collaboration with colleagues in WG. There is a limited financial risk which is predicated on:

- The current contracts are significantly under-performing against the Indicative Activity Plan with the Independent Sector. This is predominately linked to the Independent Sector facing the same challenges as the NHS around Workforce
- There is significant demand with limited supply
- There will be resources made available should the £7m Recovery expenditure (forecasted) result in an over-performance (i.e. spend more than £7m)



The above will ensure that there is a clear, transparent and decision-making process in place. Equally, it will reduce the amount of time it currently takes to agree and execute the Contract. Reciprocally, the benefit will be an expedited ratification of the process, without compromising the integrity and robustness of governance arrangements and associated SFIs. As described above, the monies (allocation) from WG infers the right to execute the contracts. In addition, the contractual delivery and thus the quantum is subject to vigorous returns to WG.

To conclude, the need to ratify the plan and delegate the appropriate authority is essential. It is acknowledged that this is not an accustomed and/or ordinary approach. However, for all of the reasons set out above, there needs to be a genuine fluidity and agile approach to securing all available capacity.

**Modular Solution**

The update provided in this paper is intentionally confined to the funding of the Modular Solution. The reasoning for the restricted update is intrinsically linked to the current process of bidders being evaluated. Therefore, the salient points below form the basis of the request to Board to delegate authority to a lead Executive Director to ensure HDdUHB can respond rapidly with the successful vendor:

- The Modular Solution put forward to the market has been designed and endorsed by HDdUHB clinical and operational teams. The solution consists of a pre-assessment area, two laminar flow theatres and a post-operative recovery area
- A meeting was held on 11<sup>th</sup> November 2021 with all bidders to validate and scrutinise the delivery timelines and qualitative and technical compliance, aspects of which require further clarification
- There is only one bidder who is able to achieve a Q4 delivery in line with the timescales set out in the original SBAR to Board

- Prior to engaging with all bidders, a representative of HDdUHB held a preliminary call with WG to understand the opportunities if any, around funding. Namely, whether Capital funding would be available to purchase the proposed modular solution
- WG have inferred that if a solution could be achieved within this financial year, there may be the availability of Capital monies to purchase the solution
- Should Capital funding be made available to HDdUHB, this will be predicated firmly on achieving a Q4 delivery

If a Q4 solution is realised, the benefits are unilateral from increasing internal capacity (thus a significant reduction on the reliance on the Independent Sector), to reducing the financial exposure and risk associated with a revenue solution, which did not have a specific allocation beyond non-recurrent Recovery funding.

Notwithstanding the very limited information contained herein, the Board is asked to delegate authority to the Executive Lead to execute the appropriate contract, pursuant to the recommendation and ratification of the paper produced by procurement. In turn, a full SBAR will be submitted to Board in January 2022 which enunciates all of the pertinent and requisite information relating to this Modular Solution and the Contractual obligations set out therein.

#### Argymhelliad / Recommendation

The Board is asked to:

- Endorse and ratify the proposed Governance approach to allow executive sign off expenditure linked to the Recovery Monies:
- Delegate authority to the Lead Executive Director to execute the appropriate contract arrangements for the Modular Solution.

| <b>Amcanion: (rhaid cwblhau)</b>  |   |
|---|---|
| <b>Objectives: (must be completed)</b>  |   |
| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol:<br>Datix Risk Register Reference and Score:  | 1048                                    |
| Safon(au) Gofal ac Iechyd:<br>Health and Care Standard(s):  | 5. Timely Care<br>5.1 Timely Access     |
| Amcanion Strategol y BIP:<br>UHB Strategic Objectives:  | All Strategic Objectives are applicable |
| Amcanion Llesiant BIP:<br>UHB Well-being Objectives:<br><a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019</a> | 10. Not Applicable                      |

| <b>Gwybodaeth Ychwanegol:<br/>Further Information:</b>   |  |
|--|--|
| Ar sail tystiolaeth:<br>Evidence Base:   | Contained in the report  |
| Rhestr Termau:<br>Glossary of Terms:   | HEIW – Health Education & Improvement Wales<br>HSSG – Health and Social Services Group<br>LHB – Local Health Board |
| Partïon / Pwyllgorau â ymgynhorwyd<br>ymlaen llaw y Cyfarfod Bwrdd Iechyd<br>Prifysgol:<br>Parties / Committees consulted prior<br>to University Health Board: | Director of Finance  |

| <b>Effaith: (rhaid cwblhau)<br/>Impact: (must be completed)</b> |   |
|---|---|
| <b>Ariannol / Gwerth am Arian:<br/>Financial / Service:</b>     | All reference to Revenue and Capital allocations including risks are contained within this report   |
| <b>Ansawdd / Gofal Claf:<br/>Quality / Patient Care:</b>        | Set out within the body of the report   |
| <b>Gweithlu:<br/>Workforce:</b>                                 | The workforce risk referenced in this report is pertinent to other organisations  |
| <b>Risg:<br/>Risk:</b>  | All risks set out within the report.  |
| <b>Cyfreithiol:<br/>Legal:</b>                                  | Whilst there is always a risk of legal challenge, this is broadly mitigated by the current capacity in the market. For example, as set out in the report, we are trying to secure any and all available capacity. This significantly mitigates any challenge as we would work with any provider who has available capacity (within the procurement radius we set) |
| <b>Enw Da:<br/>Reputational:</b>                                | Failure to have robust processes in place in relation to contracts required as part of the ongoing recovery programme.  |
| <b>Gyfrinachedd:<br/>Privacy:</b>                               | N/A   |
| <b>Cydraddoldeb:<br/>Equality:</b>                              | N/A   |