



CYFARFOD BWRDD PRIFYSGOL IECHYD UNIVERSITY HEALTH BOARD MEETING

DYDDIAD Y CYFARFOD: DATE OF MEETING:	27 May 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Long Term Agreements - Contract Values and Approach in 2021/22
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

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

The Long-Term Agreements (LTAs) between Health Boards are normally signed at the end of March relating to the forthcoming financial year. Due to COVID-19 and a number of All Wales LTA meetings, Welsh Government (WG) has postponed the signing of LTAs from 31st March until 11th June 2021.

Cefndir / Background

- NHS England and NHS Improvement issued guidance detailing next steps in response to the COVID-19 pandemic in March and April 2020. As a result, an all Wales Director of Finance agreement was made concerning LTA agreements in 2020/21.
- Subsequently, LTA agreements were blocked in 2020/21 with other Health Boards, based on 2019/20 outturn plus inflation for the full year, and pass-through activity and payment being the only exception.
- The Health Board (HB) is proposing to spend c. £153m on commissioned services and provide c. £33m of income through provision of services to other organisations (Healthcare Contracting Expenditure and Income) in 2021/22.

Asesiad / Assessment

This paper is intended to brief the Board in relation to the Long-Term Agreements (LTAs) and their value(s) in 2021/22. The Board will be aware that the current activity baselines within the LTAs are not achievable due to the social distancing regulations. The last 15 months has seen many discussions across Wales around how the LTAs should be costed. There have been many different views which have ranged from block contracts, marginal rates or even an element of blended tariff.

Whilst Hywel Dda University Health Board (HDdUHB) expressed concerns around the block contract approach over the last 15 months, the following principles were agreed for Quarter 1 of 2021/22:

- Contracts (and contract values) are to be agreed on a historical basis, utilising the relevant uplifts - these predominantly being inflation, wage awards and any agreed developments.
- Block arrangements are to be in place for Q1 ie. 2019/20 outturn plus 2%, with a further inflationary uplift (also 2%) for 2021/22.

The following tables detail the position and values of the HB's Income and Expenditure LTAs for which Board approval is required, in keeping with the timeline above:

Table 1: Expenditure LTA Contract Values

Health Board	Description	Annual Value 21/22	Start Date	End Date
Swansea Bay UHB	Provision of clinical services to Hywel Dda residents in and by Swansea Bay UHB	£36,131,006	01-Apr-21	31-Mar-22
Aneurin Bevan UHB	Provision of clinical services provided to Hywel Dda UHB residents	£268,979	01-Apr-21	31-Mar-22
Betsi Cadwaladr UHB	Provision of clinical services provided to Hywel Dda UHB residents	£281,447	01-Apr-21	31-Mar-22
Cardiff & Vale UHB	Provision of clinical services provided to Hywel Dda UHB residents	£5,854,549	01-Apr-21	31-Mar-22
Cwm Taf Morgannwg UHB	Provision of clinical services provided to Hywel Dda UHB residents	£475,600	01-Apr-21	31-Mar-22
Powys Local Health Board	Provision of clinical services provided to Hywel Dda UHB residents	£190,925	01-Apr-21	31-Mar-22
Velindre NHS Trust	Provision of clinical services provided to Hywel Dda UHB residents	£1,069,074	01-Apr-21	31-Mar-22
Welsh Health Specialised Services Committee	Provision of clinical services provided to Hywel Dda UHB residents	£107,347,000	01-Apr-21	31-Mar-22
Public Health Wales (Microbiology)	Microbiology Contract - Extended 19/20 for further 12 months	£1,660,560	01-Apr-21	31-Mar-22

The total LTA expenditure for 2021/22 is:

Expenditure	£153,279,140
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Table 2: Income LTA Contract Values

Health Board	Description	Annual Value 21/22	Start Date	End Date
Swansea Bay UHB	Provision of clinical services to Swansea Bay UHB residents and by HDUHB	£4,563,204	01-Apr-21	31-Mar-22
Cardiff & Vale UHB	Provision of clinical services to Cardiff & Vale residents and by HD UHB	£330,826	01-Apr-21	31-Mar-22
Betsi Cadwaladr UHB	Provision of clinical services to Betsi Cadwaladr residents and by HDUHB	£4,608,768	01-Apr-21	31-Mar-22
Aneurin Bevan UHB	Provision of clinical services to Aneurin Bevan residents and by HDUHB	£357,837	01-Apr-21	31-Mar-22
Cwm Taf Morgannwg UHB	Provision of clinical services to Cwm Taf residents in and by HD UHB	£440,139	01-Apr-21	31-Mar-22
Powys Local Health Board	Provision of clinical services to Powys residents and by HD UHB	£8,039,862	01-Apr-21	31-Mar-22

Welsh Health Specialised Services Committee	Provision of specialised clinical services by HDUHB	£1,661,714	01-Apr-21	31-Mar-22
Public Health Wales	Services provided to support Cervical Screening within HDUHB (21-22 Value)	£823,530	01-Apr-19	31-Mar-22

The total LTA income for 2021/22 is:

Income	£20,825,880
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Noting the sum of £20.8m above, the total HB income is circa £33m, with the LTA position accounting for roughly 63.1% of this Income. The residual elements of circa £12.2m consist of areas such as Road Traffic Accident, Non-Contract Activity, Deanery, Overseas Visitors and Public Health Wales.

Next Steps

It is highly probable that any movement from block contracts in 2021/22 has inherent risks for both commissioner and provider. Should levels of activity recover in Q3 and 4, HDdUHB as a net commissioner has a significant risk relating to over-performance within the LTAs (on a pro-rata basis). Therefore, this exposes the HB to a significant financial risk. Conversely, any movement away from block could result in a significant cash flow issue for providers, as the reduction in revenue/ income could be millions of pounds, thus creating a destabilising effect across the Welsh NHS.

However, whilst the financial aspects cannot be disregarded, this paper advocates that the LTAs should be blocked for 2021/22 to focus on quality and access. The purpose of articulating this approach is to avoid the continuous discussion around finance by placing quality front and centre within the LTAs. Consequently, the proposed approach is twofold:

1. The LTA discussions will focus on quality which includes, but is not limited to, delivery and recovery plans, waiting list initiatives and monitoring, outsourcing and quality assessments such as patient harm.
2. Development of an All Wales LTA plan to focus on data integrity, aligned reporting and population health.

The proposed two areas would see a significant improvement in LTA reporting ahead of 2022/23. This will increase the integrity of the LTAs and ensure that there is a greater focus on quality and outcomes moving forward, as opposed to purely activity and finance.

Argymhelliad / Recommendation

The Board is asked to:

- Note and agree the contract values ahead of signature on 11th June 2021;
- Note the proposed approach to LTAs in 2021/22.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol:
Datix Risk Register Reference and Score:

646 (score 16) Ability to achieve financial sustainability over medium term.

Safon(au) Gofal ac Iechyd: Health and Care Standard(s): Hyperlink to NHS Wales Health & Care Standards	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives: Hyperlink to HDdUHB 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:	NHS Circulated Guidance referred to in the paper: <ul style="list-style-type: none"> • IMPORTANT AND URGENT – NEXT STEPS ON NHS RESPONSE TO COVID-19 – Issued March 17th by NHSE & NHSI to all Chief Executives and CCG Accountable Officers • Revised arrangements for NHS contracting and payment during the COVID-19 pandemic – Issued March 26th by NHSE & NHSI to all Chief Executives and CCG Accountable Officers • COVID 19 - Recommended Interim Approach to Funds Flow for Quarter 1 – Paper to All Wales Director of Finance, March 27th.
Rhestr Termiau: Glossary of Terms:	Explanation of terms is included in the main body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	Commissioning Group LTA Task and Finish Group Finance Committee

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Not applicable
Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable, over and above the impact of COVID-19 as it stands, but potential risk if not managed adequately coming off the COVID and block arrangement period.
Gweithlu: Workforce:	Not applicable
Risg: Risk:	Risks are identified in the report.
Cyfreithiol: Legal:	Not applicable
Enw Da: Reputational:	Not applicable

Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	Equality not altered (EQIA not required)