



**CYFARFOD BWRDD PRIFYSGOL IECHYD  
UNIVERSITY HEALTH BOARD MEETING**

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	29 July 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Hywel Dda University Health Board Reset and Recovery Plan – Outsourcing Activities
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Andrew Carruthers, Director of Operations
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Keith Jones, Director, Secondary Care

**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**

As part of Hywel Dda University Health Board's (HDdUHB) Reset and Recovery response, HDdUHB successfully bid for £11.3m of revenue funding to support planned care recovery. Due to the internal capacity constraints associated with our continuing COVID-19 response, most of this funding was envisaged to be spent with third party independent sector providers to help ensure our patients can access treatments in the quickest possible timescale.

All outsourcing / insourcing activities have been tendered via the Clinical, Surgical and Diagnostics Procedures Framework agreement. All providers have been technically assessed prior to being included on the framework. Each tender includes a series of technical and commercial questions, to which tenderers are required to respond. The tenders are then technically and financially assessed by the service and procurement function respectively. This culminates in a ratification paper recommending the preferred Supplier(s).

Due to the volume of activity being placed with these external providers, certain specialities exceed the contract value thresholds of £0.5m or £1.0m, and require Executive and/or Board approval respectively, in line with the Health Board's scheme of delegation prior to awarding contracts with the respective contractors, Only those portfolios which have been tendered and are at the award stage, and have a financial value which exceeds £0.5m are considered in this paper.

The Board is being asked to approve these contracts.

**Cefndir / Background**

It is imperative that the HDdUHB remains on course to deliver its recovery plan submitted to Welsh Government (WG) in June 2021, of which this is a key component. A cross-functional team has been involved in the production of appropriate tender documents, which indicate the needs of the Health Board that cannot currently be met internally and require a third party solution.

Below is a summary of each of the specialities which have been tendered and the proposed course of actions:

## **Trauma and Orthopaedics - Outsourcing**

Only one provider responded to the tender and could only satisfy 46% of the requested volume. The price point of the tender, although within the price limits set within the framework, exceeded our estimate by 12% (and was 25% above national tariff). The consequence of this could mean if we could place the remaining 54% of the volume we will either have to reallocate the funding across our recovery aspirations, seek additional funding, or treat circa 60 patients less than anticipated out of our agreed funding.

Recognising this response doesn't fully achieve our treatment plan requirements, we have undertaken a further expression of interest exercise inviting potential providers beyond a 90 mile radius to the Health Board to submit their interest in delivering treatments for our patients. This exercise has indicated that there is currently capacity available which can exceed our agreed funding, which we will proceed to tender for.

It is recommended to place an initial contract with preferred Provider (1) to support our recovery plan with a further tender to be issued for supplementary capacity to be delivered by providers beyond a 90 mile radius.

## **Ophthalmology - Outsourcing**

Three providers responded, only one of which could deliver 100% of the volume at the national tariff price point; however, this provider was the furthest proximity from the Health Board, whereas the other two providers were circa 50% above the national tariff. This cost differential means we could see approximately 600 more patients for the same contract value.

Following analysis and review of the bids received, it is recommended that the contract be placed with preferred Provider (2), who could deliver 100% of the volume at the national tariff price point.

## **General Surgery - Outsourcing**

The general surgery tender included a range of specialities: ENT, Urology and General Surgery. There were two responders, neither of which could deliver our total requirement and each provider had a different capability to provide each case mix. It is therefore recommended to offer volume to both providers and proceed to re-tender residual capacity. It should be noted that quotes from both providers exceeded national tariff and for some procedures the variation is significant.

It is recommended to consider the case mix to be outsourced to ensure optimum value for the taxpayer, all cases +50% tariff should not be outsourced.

It is recommended to place contracts with preferred Providers (1) and (3), to support our recovery plan, with a further tender to be issued for supplementary capacity to be delivered by providers beyond a 90 mile radius.

## **Dermatology - Insourcing**

Five providers responded. The highest scoring technical and commercial responder was Provider (4). Their price offering was below national tariff circa (25%), in what appears to be an extremely competitive market.

It is recommended to place a contract with provider (4) to support our recovery plan.

## **Asesiad / Assessment**

The above tender responses have created an understanding of the risks and opportunity associated with our recovery delivery plan.

From a Trauma and Orthopaedic perspective, there is a risk that if the remaining volume is tendered at the same price as the tender received, then the costs will be above plan. However, this is offset by the lower price seen on the Ophthalmology contract tender, which is less than planned.

Currently we remain confident we can meet our delivery plan within our financial obligation. The tendering process demonstrates that the Welsh Independent Sector Providers consistently charge a significantly higher percentage over the English National Tariff. The variations from the Tariff need to be reviewed and understood, with the procurement team to contemplate how they can be significantly mitigated. The Health Board needs to consider maximising alternative providers (including those further afield) to balance the risk; namely, the market dictating the Tariff costings. Subsequently, this should also be considered as a rationale for maximising our internal capacity, subject to the continuing impact of unscheduled care system emergency pressures, available staffing and infection prevention and control requirements of maintaining safe hospital environments to support both COVID and non-COVID pathways.

## **Argymhelliad / Recommendation**

In accordance with Standing Orders, the Board is requested to **SUPPORT** the recommendation to place contracts exceeding £500k with the following providers:

- Trauma and Orthopaedics – Award £2m contract with Provider (1)
- Ophthalmology – Award £1.1m contract with Provider (2)
- General Surgery – Award £0.4m contract to Provider (1), Award £0.4m contract to Provider (3)
- Dermatology – Award £0.5m contract with Provider (4)

## **Amcanion: (rhaid cwblhau)**

### **Objectives: (must be completed)**

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): <a href="#">Hyperlink to NHS Wales Health &amp; Care Standards</a>	3.1 Safe and Clinically Effective Care
Amcanion Strategol y BIP: UHB Strategic Objectives: <a href="#">Hyperlink to HDdUHB Strategic Objectives</a>	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: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019</a>	10. Not Applicable
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<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Not applicable
Rhestr Termiau: Glossary of Terms:	Contained within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	Executive Team

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial impacts included within the report
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	Outsourcing to address quality and safety impacts for patients
<b>Gweithlu: Workforce:</b>	Not Applicable
<b>Risg: Risk:</b>	Risk impacts included within the report
<b>Cyfreithiol: Legal:</b>	Not applicable
<b>Enw Da: Reputational:</b>	Not Applicable
<b>Gyfrinachedd: Privacy:</b>	Not Applicable
<b>Cydraddoldeb: Equality:</b>	Not Applicable