



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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	30 March 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Report – Month 11 2022/23
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Rebecca Hayes, Senior Finance Business Partner

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 purpose of this report is to outline the Health Board's financial position to date against our Annual Plan and assess the key financial projections, risks and opportunities for the financial year.

This report also contains details in relation four requests for procurement of contracts/tenders; details are provided below and within the appendices.

Cefndir / Background

Month 11 2022/23

Health Board's revised draft Financial Plan is to deliver a deficit of £62.0m, after savings of £13.9m; this recognises the inadequate level of assurance around the identification of a further £15.5m of savings schemes deliverable within the current financial year against our initial £25.0m deficit Plan, combined with an operational variation due to system pressures and continuation of COVID-19 activities within our core services. The forecast deficit is £59.0m, after recognising a further £5.0m of operational variation offset by £8.0m Accountancy Gains.

The Month 11 Health Board financial position is an overspend of £6.5m, which is made up of £4.4m operational variance and an original deficit plan of £2.1m; this is after recognising £0.4m of WG transitional funding for COVID-19. £0.6m of savings schemes were delivered in line with identified plans, after reversing £0.4m of YTD savings delivery in relation to the All-Wales treatment of the Microsoft VAT rebate due to uncertainty regarding the HMRC ruling.

Of the £4.4m overspend in-month, £1.5m relates to undelivered savings plans against the original target, £0.4m relates to the Microsoft scheme and £2.5m relates to operational pressures. These pressures are mainly being experienced within our Unscheduled Care teams, but also within Primary Care Prescribing and in Oncology due to increased activity.

The Health Board has received WG funding to match the costs of the COVID-19 programmes (Tracing, Testing, Mass Vaccinations and PPE), the COVID-19 Transitional Responses and Exceptional Energy based on the Month 11 forecast. The Health Board is required to manage any deviation in forecasts to the end of the year. Following receipt of the recent confirmation of an additional pay award for 2022/23, the assumption is that the financial impact of this will be match funded by WG.

The analysis of the deficit drivers has led a deterioration in the reported underlying deficit, from £80.0m to £101.5m. The deficit drivers are multifaceted and span several years; there is a recognised historic deficit outturn of £25.0m, an under delivery of recurrent savings which don't afford the investments made at the same time and additional performance improvements with an associated cost into the new financial year. The Health Board recognises that the increased deficit is neither acceptable nor affordable to WG. The choices available for the key drivers of the deficit, coupled with other choices and opportunities, are continually being discussed across key governance forums, including the Executive Team and Board.

Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £1.5m. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision following Workforce Policy confirmation.

The Health Board is working through the Targeted Intervention Framework under the four key themes of: 1) Analysis of the drivers from a £25.0m deficit to a £67.0m deficit; 2) Continuous development and implementation of the Opportunities framework; 3) Organisation's Delivery framework; 4) Review of financial management arrangements. The choices and broader Opportunities Framework will be utilised throughout the Health Board's Delivery Framework and Planning Cycle to seek improvement plans to mitigate the financial challenge.

Asesiad / Assessment

The Health Board's key targets are as follows:

- **Revenue:** to contain the overspend within the Health Board's planned deficit
- **Savings:** to deliver savings plans to enable the revenue budget to be achieved
- **Capital:** to contain expenditure within the agreed limit
- **PSPP:** to pay 95% of Non-NHS invoices within 30 days of receipt of a valid invoice
- **Cash:** While there is no prescribed limit for cash held at the end of the month, WG encourages this to be minimised and a rule of thumb of 5% of monthly expenditure is used. For the Health Board, this is broadly £4.0m.

Month 11 2022/23

Key target		Annual limit	YTD limit	Actual delivery	Forecast Risk
Revenue	£'m	59.0	52.5	52.9	Medium*
Savings	£'m	21.9	20.7	20.3	Low**
Capital	£'m	33.4	21.2	21.2	Low
Non-NHS PSPP	%	95.0	95.0	95.0	Low***
Period end cash	£'m	4.0	4.0	11.0	Medium****

* The Health Board is forecasting a financial outturn position of £59.0m, which is an improvement against the re-submitted draft annual plan of £62.0m, which is £34.0m higher

than the previous planned deficit of £25.0m. Whilst the delivery risk to the revised forecast deficit of £59.0m is considered to be Low, this is an unacceptable level of deficit and urgent management actions are required to address the underlying position; given the expected worsening of the underlying position due to pressures, particularly in Unscheduled Care, Primary Care Prescribing and drugs, the risk has been escalated to Medium given the trajectory.

** Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £1.5m. This is contributing to the deterioration in the underlying deficit to £101.5m from the brought forward 2021/22 position of £68.9m, which presents a challenge to be addressed as part of our 2023/24 planning cycle and Delivery Framework. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision.

***The Health Board has now achieved its PSPP target of paying 95% of its non-NHS invoices within 30 days in Quarter 3, and the cumulative position at Month 11 is 95.3%.

**** This balance is higher than planned due to lower BACS runs as a result of the timing of invoices; these invoices have been paid in the first week of March. WG have confirmed that Strategic Cash funding will be made available in line with the Health Board's request to fund the cash consequences of the revenue deficit, however there is a risk that the cash remains challenging to achieve.

Hybrid Print and Post (Appendix 1)

The proposal is to secure an external supplier to provide a hybrid print and post solution with the ability to support patient communication preferences, including accessibility needs, with an initial investment of £80k from the digital capital discretionary allocation, and a recurring investment of £49k. The potential return on investment has been projected as a first year cash saving of £82k, rising to £563k in year 3. The Board should note that the cost differential from posting to digital letters ranges from £1.17-£0.55 (first class and business class respectively) to £0.03p for the digital equivalent.

The proposal is therefore to invest in a digital solution that will enable the Health Board to realise savings through two key areas of non-pay cost reduction:

- Reduction in postage costs through the use of digital letter distribution to patients
- Reduction in the stationery costs (paper and envelopes)

Patient choice will be at the heart of the system and will be consistent for all services. The solution will include a patient portal allowing patients to provide their communication preferences, ensuring that communications are tailored to their needs and will be directly linked with the Welsh Language Act 1993 and the Equality Act 2010.

Consultancy

The Health Board has been entered into Targeted Intervention by Welsh Government for Finance and Planning during the end of the 2022/23 financial year. As part of an All Wales project, the All Wales Finance Academy have engaged with Arcus, a leading training and finance expert, to design and deploy a Finance Business Partnering programme across all Health Boards/Trusts Finance Teams. As an extension to this work, and as a direct response to assessing its effectiveness through Targeted Intervention, the Health Board has engaged with

Arcus to provide diagnostics of the new finance structure which has been operational fully for the past two years, since its OCP rollout started in the Summer 2018, as well as an organisational maturity assessment of how it operates with the finance function and their financial accountabilities.

The full proposal is to complete a series of interviews with senior operational managers and finance business partners and to then receive a comprehensive diagnostics report and feedback as to further improvements that could be made to strengthen financial responsibility within the Health Board. The request is for a maximum value of £55k, and due to the All Wales benefit that is likely to flow from the programme given the consistent approach agreed to finance business partnering across All Wales Directors of Finance, the Health Board will seek external support where appropriate to help fund the procurement.

Mental Health Tender Contracts (Appendix 2)

Following extensive work across the service and procurement teams, a comprehensive tendering exercise has been undertaken for the following third sector support services to run from 1 July 2023 to 30 June 2027.

- Day opportunities
- Community well-being
- Sanctuary services

With the value exceeding £1m for each tender, Board approval is being sought before Welsh Government approval can be requested.

Lightfoot Extension (Appendix 3)

Following the work already undertaken by Lightfoot to support business intelligence and modelling, the Board is asked to support the new contract with Lightfoot Solutions to 30 September 2023 for the following:

- Further support for the delivery dynamic planning capability
- Transforming Urgent and Emergency Care (TUEC) support
- sfn Licensing & Hosting Options

Argymhelliad / Recommendation

The Board is asked to:

- **NOTE** and **DISCUSS** the financial position as at Month 11 2022/23, alongside the implications for the Health Board of the challenging outlook
- **APPROVE** the four requests for procurement of the following contracts/tenders/consultants, as detailed within the appendices and below:
 - The awarding of a contract to the preferred supplier for a Hybrid Print and Post Solution
 - Arcus Consultancy to the value of £55,000
 - Mental Health tender contracts
 - The award of contracts for Day Opportunities to the Providers listed above to provide services from 1 July 2023 to 30 June 2027, for onwards submission to Welsh Government for approval
 - The award of contracts for Community Well-being to Providers listed above to provide services from 1 July 2023 to 30 June 2027, for onwards submission to Welsh Government for approval

- The award of contracts for Sanctuary Services to Providers listed above to provide services from 1 July 2023 to 30 June 2027, for onwards submission to Welsh Government for approval
- Lightfoot Contract Extension to the value of £93,027

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	1199 (score 25) Achieving financial sustainability
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5. Timely Care 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	All Planning Objectives Apply
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	9. All HDdUHB Well-being Objectives apply

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	BGH – Bronglais General Hospital CHC – Continuing Healthcare FDU – Finance Delivery Unit FNC – Funded Nursing Care FYE – Full Year Effect GGH – Glangwili General Hospital GMS – General Medical Services MHLD – Mental Health & Learning Disabilities NICE – National Institute for Health and Care Excellence OCP – Organisational Change Policy/Process OOH – Out of Hours PPH – Prince Philip Hospital PSPP – Public Sector Payment Policy RTT – Referral to Treatment Time T&O – Trauma & Orthopaedics TTP – Test, Trace, Protect

	WG – Welsh Government WGH – Withybush General Hospital WRP – Welsh Risk Pool WHSSC – Welsh Health Specialised Services Committee YTD – Year to date
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	Finance Team Management Team Executive Team

Effaith: (rhaid cwblhau)	
Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	The impact on patient care is assessed within the savings schemes.
Gweithlu: Workforce:	The report considers the financial implications of our workforce.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
Enw Da: Reputational:	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.
Gyfrinachedd: Privacy:	Not applicable.
Cydraddoldeb: Equality:	Not applicable.

Executive Summary

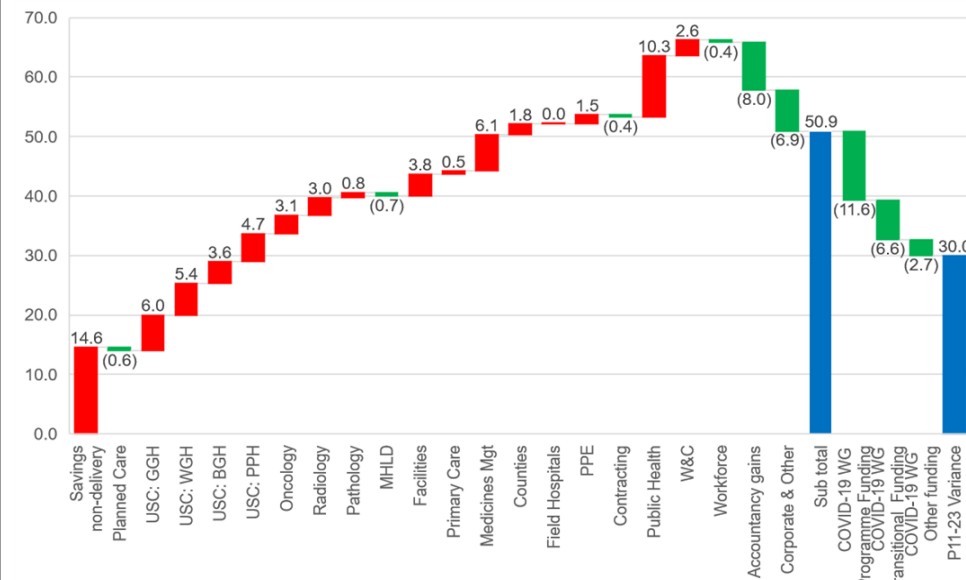
	<p>Health Board’s revised draft Financial Plan is to deliver a deficit of £62.0m, after savings of £13.9m; this recognises the inadequate level of assurance around the identification of a further £15.5m of savings schemes deliverable within the current financial year against our initial £25.0m deficit Plan, combined with an operational variation due to system pressures and continuation of COVID-19 activities within our core services.</p> <p>The forecast deficit is £59.0m, after recognising a further £5.0m of operational variation offset by £8.0m Accountancy Gains.</p>
Revenue	<ul style="list-style-type: none"> • The Month 11 Health Board financial position is an overspend of £6.5m, which is made up of £4.4m operational variance and an original deficit plan of £2.1m; this is after recognising £0.4m of WG transitional funding for COVID-19. £0.6m of savings schemes were delivered in line with identified plans, after reversing £0.4m of YTD savings delivery in relation to the All-Wales treatment of the Microsoft VAT rebate due to uncertainty regarding the HMRC ruling. • Of the £4.4m overspend in-month, £1.5m relates to undelivered savings plans against the original target, £0.4m relates to the Microsoft scheme and £2.5m relates to operational pressures. These pressures are mainly being experienced within our Unscheduled Care teams, but also within Primary Care Prescribing and in Oncology due to increased activity.
Projection	<ul style="list-style-type: none"> • The Health Board has received WG funding to match the costs of the COVID-19 programmes (Tracing, Testing, Mass Vaccinations and PPE), the COVID-19 Transitional Responses and Exceptional Energy based on the Month 11 forecast. The Health Board is required to manage any deviation in forecasts to the end of the year. • Following receipt of the recent confirmation of an additional pay award for 2022/23, the assumption is that the financial impact of this will be match funded by WG. • The analysis of the deficit drivers has led a deterioration in the reported underlying deficit, from £80.0m to £101.5m. The deficit drivers are multifaceted and span several years; there is a recognised historic deficit outturn of £25.0m, an under delivery of recurrent savings which don’t afford the investments made at the same time and additional performance improvements with an associated cost into the new financial year. The Health Board recognises that the increased deficit is neither acceptable nor affordable to WG. The choices available for the key drivers of the deficit, coupled with other choices and opportunities, are continually being discussed across key governance forums, including the Executive Team and Board.
Savings	<ul style="list-style-type: none"> • Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £1.5m. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision following Workforce Policy confirmation.
Next Steps	<ul style="list-style-type: none"> • The Health Board is working through the Targeted Intervention Framework under the four key themes of: 1) Analysis of the drivers from a £25.0m deficit to a £67.0m deficit; 2) Continuous development and implementation of the Opportunities framework; 3) Organisation’s Delivery framework; 4) Review of financial management arrangements. • The choices and broader Opportunities Framework will be utilised throughout the Health Board’s Delivery Framework and Planning Cycle to seek improvement plans to mitigate the financial challenge.

Executive Summary

Summary of key financial targets					
<p>The Health Board's key targets are as follows:</p> <ul style="list-style-type: none"> Revenue: to contain the overspend within the Health Board's planned deficit Savings: to deliver savings plans to enable the revenue budget to be achieved Capital: to contain expenditure within the agreed limit PSPP: to pay 95% of Non-NHS invoices within 30 days of receipt of a valid invoice Cash: While there is no prescribed limit for cash held at the end of the month, WG encourages this to be minimised and a rule of thumb of 5% of monthly expenditure is used. For the Health Board, this is broadly £4.0m. 					
Key target		Annual limit	YTD limit	Actual delivery	Forecast Risk
Revenue	£'m	59.0	52.5	52.9	Medium*
Savings	£'m	21.9	20.7	20.3	Low**
Capital	£'m	33.4	21.2	21.2	Low
Non-NHS PSPP	%	95.0	95.0	95.0	Low***
Period end cash	£'m	4.0	4.0	11.0	Medium****
<p>* The Health Board is forecasting a financial outturn position of £59.0m, which is an improvement against the re-submitted draft annual plan of £62.0m, which is £34.0m higher than the previous planned deficit of £25.0m. Whilst the delivery risk to the revised forecast deficit of £59.0m is considered to be Low, this is an unacceptable level of deficit and urgent management actions are required to address the underlying position; given the expected worsening of the underlying position due to pressures, particularly in Unscheduled Care, Primary Care Prescribing and drugs, the risk has been escalated to Medium given the trajectory.</p> <p>** Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £1.5m. This is contributing to the deterioration in the underlying deficit to £101.5m from the brought forward 2021/22 position of £68.9m, which presents a challenge to be addressed as part of our 2023/24 planning cycle and Delivery Framework. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision.</p> <p>***The Health Board has now achieved its PSPP target of paying 95% of its non-NHS invoices within 30 days in Quarter 3, and the cumulative position at Month 11 is 95.3%.</p> <p>**** This balance is higher than planned due to lower BACS runs as a result of the timing of invoices; these invoices have been paid in the first week of March. WG have confirmed that Strategic Cash funding will be made available in line with the Health Board's request to fund the cash consequences of the revenue deficit, however there is a risk that the cash remains challenging to achieve.</p>					

Revenue Summary

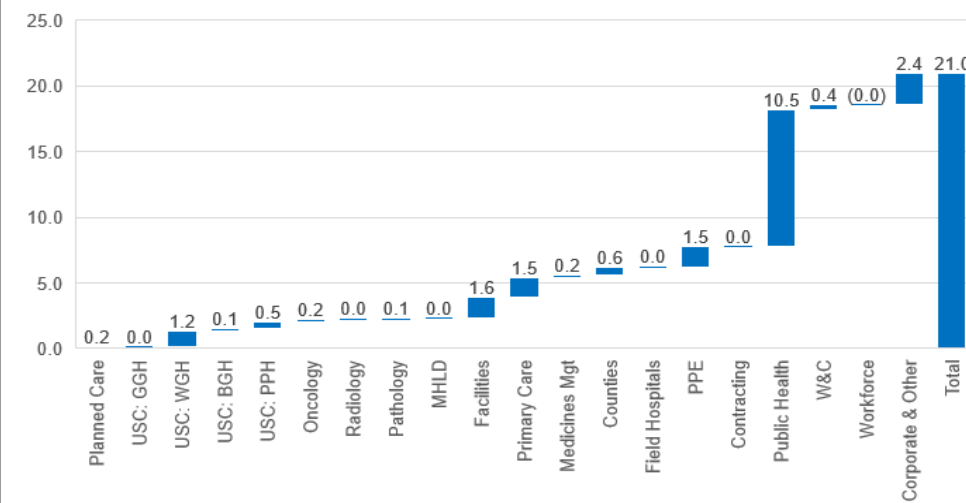
YTD variance by Directorate (against Plan)



Key drivers of YTD position

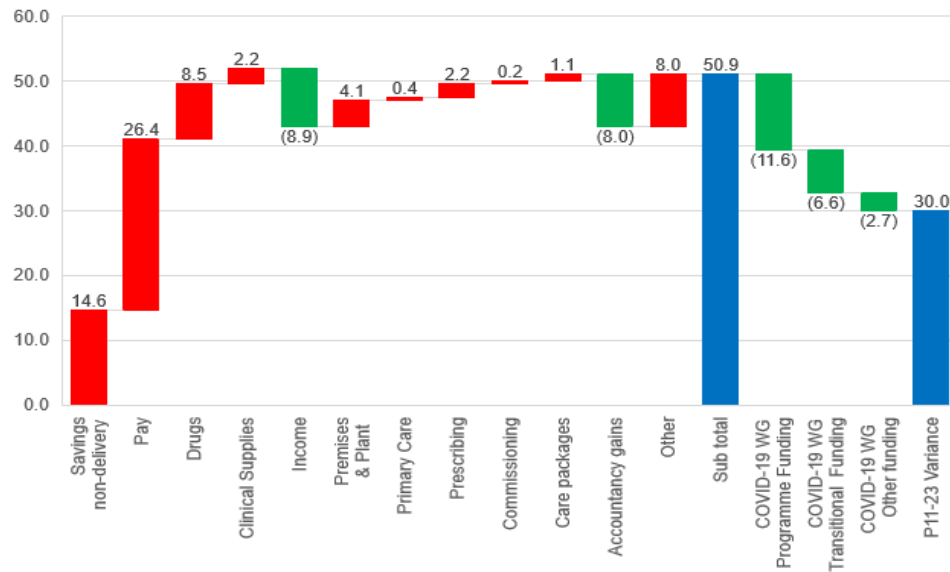
- **Savings non delivery £14.6m:** YTD value of savings undelivered by the organisation (against the original Plan of £29.4m).
- **Unscheduled care £19.7m:** Continuation of site pressures where high levels of vacancies and activity are resulting in high variable pay expenditure across all four acute sites.
- **Radiology £3.0m:** Workforce pressures due to vacancies and sickness resulting in high variable pay expenditure and outsourcing of services from private providers across all four acute sites.
- **Facilities £3.8m:** Overspends are driven in core areas by the increasing cost of utilities and provisions and the loss of revenue in canteens and external vendors. COVID-19 expenditure relates to on-going expenditure in relation to enhanced cleaning standards and remedial works to Health Board estate.
- **Medicines Management £6.1m:** Baseline price increases and volume growth in Prescribing with significant increases in NCSO and Category M drugs specifically.
- **Public Health £10.3m:** Primarily driven by costs associated with the Health Board's on-going response to COVID-19 in regards to TTP and Mass Vaccinations.
- **WG Programme Funding £(11.6)m:** YTD funding in respect of COVID-19 programme schemes has been included in the position.
- **WG Transitional Funding £(6.6)m:** YTD funding has been to match transitional support costs in line with the Health Board's plan to exit, wherever possible, COVID-19 specific activities.
- **WG Other funding £(2.7)m:** Fixed allocation funding to support COVID-19 response for various schemes.

YTD actual by Directorate (COVID-19 only)



Revenue Summary

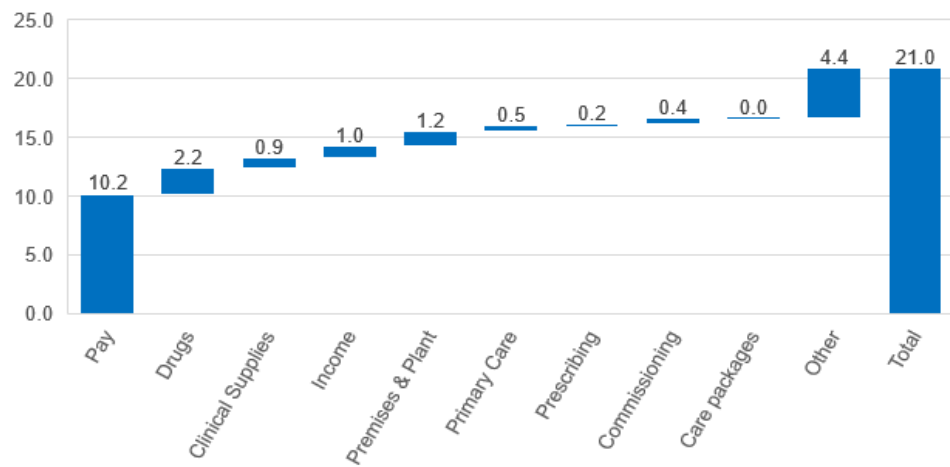
YTD variance by Subjective (against Plan)



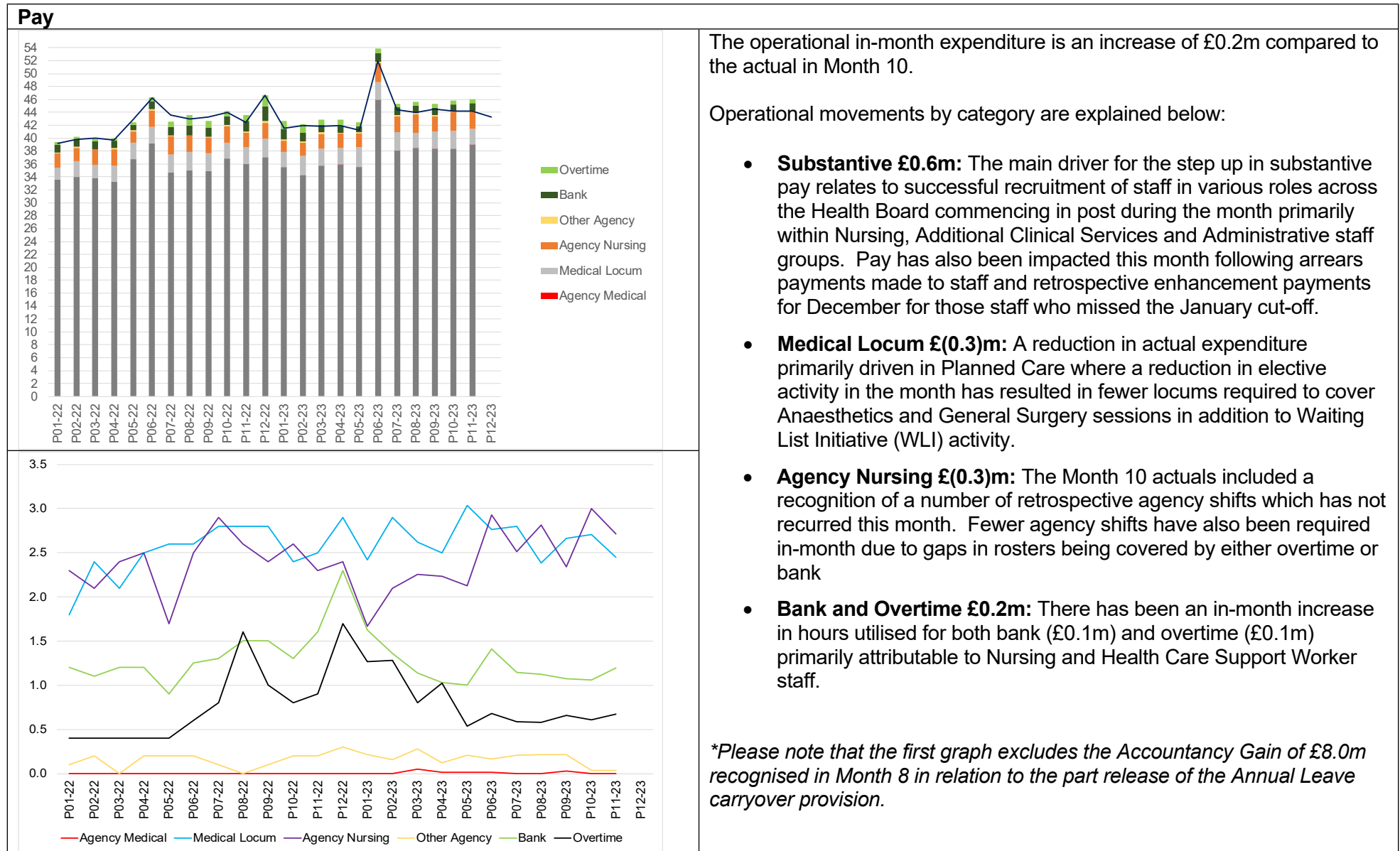
Key drivers of YTD position

- **Savings non delivery £14.6m:** YTD value of savings undelivered by the organisation (against the original Plan of £29.4m).
- **Pay £26.4m:** Continued high levels of variable pay expenditure across various staff groups due to high levels of vacancies across the Health Board and on-going pressures in Unscheduled Care. Continued COVID-19 pay expenditure is primarily supporting the Health Board's response in respect of TTP, Mass Vaccination and enhanced cleaning standards.
- **Drugs £8.5m:** Activity and price growth in Oncology, Homecare drugs and Scheduled Care following changes in clinical guidelines and increased activity following COVID-19. There has also been a higher than average increase in Unscheduled Care drugs expenditure as Emergency Departments continue to experience unprecedented demand.
- **Income £(8.9)m:** Primarily driven by the recognition of Value Based Healthcare funding offset by consultancy charges. In addition, receipt of British Gas rebates for prior period CHP underperformance and higher than anticipated income for the Education Service liaison and in relation to non-contracted activity.
- **Premises & Plant £4.1m:** Primarily driven by remedial work to Health Board estate and IT infrastructure costs.
- **Accountancy gains £(8.0)m:** Month 8 recognition of the impact of the Workforce National Policy revision to Annual Leave carryover provision.

YTD actual by Subjective (COVID-19 only)



Key Subjective Summary

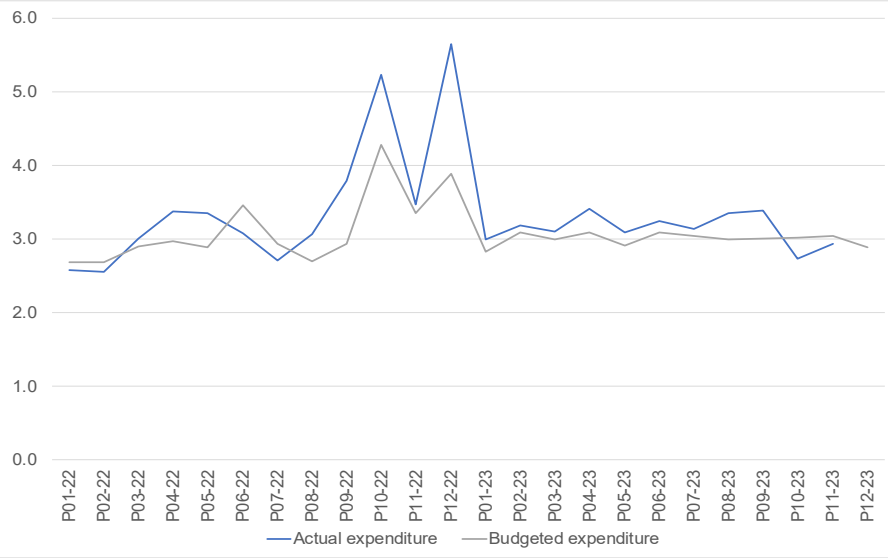


Key Subjective Summary

CHC	<p>Continuing Health Care expenditure has reduced by £0.1m compared to last month.</p> <p>During the month, three new CHC packages have been approved within Learning Disabilities, which included backdated payments. These costs have been offset by a net reduction in general nursing and Paediatric clients and a number of adjustments to homecare packages.</p>																																																																											
<table border="1"> <caption>CHC Expenditure Data (Estimated)</caption> <thead> <tr> <th>Period</th> <th>Actual expenditure</th> <th>Budgeted expenditure</th> </tr> </thead> <tbody> <tr><td>P01-22</td><td>4.2</td><td>4.1</td></tr> <tr><td>P02-22</td><td>4.4</td><td>4.3</td></tr> <tr><td>P03-22</td><td>4.7</td><td>4.6</td></tr> <tr><td>P04-22</td><td>4.2</td><td>4.1</td></tr> <tr><td>P05-22</td><td>4.1</td><td>4.0</td></tr> <tr><td>P06-22</td><td>5.0</td><td>4.9</td></tr> <tr><td>P07-22</td><td>4.4</td><td>4.3</td></tr> <tr><td>P08-22</td><td>4.3</td><td>4.2</td></tr> <tr><td>P09-22</td><td>4.4</td><td>4.3</td></tr> <tr><td>P10-22</td><td>4.7</td><td>4.6</td></tr> <tr><td>P11-22</td><td>4.1</td><td>4.0</td></tr> <tr><td>P12-22</td><td>3.9</td><td>3.8</td></tr> <tr><td>P01-23</td><td>4.2</td><td>4.1</td></tr> <tr><td>P02-23</td><td>4.3</td><td>4.2</td></tr> <tr><td>P03-23</td><td>4.2</td><td>4.1</td></tr> <tr><td>P04-23</td><td>4.3</td><td>4.2</td></tr> <tr><td>P05-23</td><td>5.5</td><td>5.4</td></tr> <tr><td>P06-23</td><td>4.5</td><td>4.4</td></tr> <tr><td>P07-23</td><td>4.6</td><td>4.5</td></tr> <tr><td>P08-23</td><td>4.5</td><td>4.4</td></tr> <tr><td>P09-23</td><td>5.1</td><td>5.0</td></tr> <tr><td>P10-23</td><td>4.4</td><td>4.3</td></tr> <tr><td>P11-23</td><td>4.2</td><td>4.1</td></tr> <tr><td>P12-23</td><td>4.6</td><td>4.5</td></tr> </tbody> </table>	Period	Actual expenditure	Budgeted expenditure	P01-22	4.2	4.1	P02-22	4.4	4.3	P03-22	4.7	4.6	P04-22	4.2	4.1	P05-22	4.1	4.0	P06-22	5.0	4.9	P07-22	4.4	4.3	P08-22	4.3	4.2	P09-22	4.4	4.3	P10-22	4.7	4.6	P11-22	4.1	4.0	P12-22	3.9	3.8	P01-23	4.2	4.1	P02-23	4.3	4.2	P03-23	4.2	4.1	P04-23	4.3	4.2	P05-23	5.5	5.4	P06-23	4.5	4.4	P07-23	4.6	4.5	P08-23	4.5	4.4	P09-23	5.1	5.0	P10-23	4.4	4.3	P11-23	4.2	4.1	P12-23	4.6	4.5	<p>Secondary Care Drug expenditure has reduced by £0.6m in-month compared to last.</p> <p>The primary reason for this movement is due to there being two fewer clinic days in February compared to January.</p> <p>Actual expenditure in homecare drugs has also reduced compared to last month as January including additional activity following the Christmas break.</p>
Period	Actual expenditure	Budgeted expenditure																																																																										
P01-22	4.2	4.1																																																																										
P02-22	4.4	4.3																																																																										
P03-22	4.7	4.6																																																																										
P04-22	4.2	4.1																																																																										
P05-22	4.1	4.0																																																																										
P06-22	5.0	4.9																																																																										
P07-22	4.4	4.3																																																																										
P08-22	4.3	4.2																																																																										
P09-22	4.4	4.3																																																																										
P10-22	4.7	4.6																																																																										
P11-22	4.1	4.0																																																																										
P12-22	3.9	3.8																																																																										
P01-23	4.2	4.1																																																																										
P02-23	4.3	4.2																																																																										
P03-23	4.2	4.1																																																																										
P04-23	4.3	4.2																																																																										
P05-23	5.5	5.4																																																																										
P06-23	4.5	4.4																																																																										
P07-23	4.6	4.5																																																																										
P08-23	4.5	4.4																																																																										
P09-23	5.1	5.0																																																																										
P10-23	4.4	4.3																																																																										
P11-23	4.2	4.1																																																																										
P12-23	4.6	4.5																																																																										
Secondary Care Drugs																																																																												
<table border="1"> <caption>Secondary Care Drugs Expenditure Data (Estimated)</caption> <thead> <tr> <th>Period</th> <th>Actual expenditure</th> <th>Budgeted expenditure</th> </tr> </thead> <tbody> <tr><td>P01-22</td><td>3.9</td><td>3.6</td></tr> <tr><td>P02-22</td><td>4.2</td><td>3.8</td></tr> <tr><td>P03-22</td><td>3.7</td><td>3.7</td></tr> <tr><td>P04-22</td><td>4.1</td><td>3.7</td></tr> <tr><td>P05-22</td><td>3.9</td><td>3.7</td></tr> <tr><td>P06-22</td><td>4.3</td><td>3.7</td></tr> <tr><td>P07-22</td><td>4.1</td><td>3.9</td></tr> <tr><td>P08-22</td><td>4.5</td><td>3.9</td></tr> <tr><td>P09-22</td><td>4.4</td><td>3.9</td></tr> <tr><td>P10-22</td><td>4.3</td><td>3.9</td></tr> <tr><td>P11-22</td><td>3.9</td><td>3.9</td></tr> <tr><td>P12-22</td><td>4.5</td><td>3.9</td></tr> <tr><td>P01-23</td><td>3.9</td><td>3.9</td></tr> <tr><td>P02-23</td><td>4.5</td><td>3.9</td></tr> <tr><td>P03-23</td><td>4.2</td><td>3.9</td></tr> <tr><td>P04-23</td><td>4.0</td><td>3.8</td></tr> <tr><td>P05-23</td><td>4.6</td><td>3.8</td></tr> <tr><td>P06-23</td><td>4.9</td><td>3.8</td></tr> <tr><td>P07-23</td><td>5.2</td><td>4.3</td></tr> <tr><td>P08-23</td><td>5.3</td><td>4.3</td></tr> <tr><td>P09-23</td><td>3.4</td><td>2.8</td></tr> <tr><td>P10-23</td><td>5.1</td><td>3.8</td></tr> <tr><td>P11-23</td><td>4.5</td><td>3.8</td></tr> <tr><td>P12-23</td><td>3.8</td><td>3.8</td></tr> </tbody> </table>	Period	Actual expenditure	Budgeted expenditure	P01-22	3.9	3.6	P02-22	4.2	3.8	P03-22	3.7	3.7	P04-22	4.1	3.7	P05-22	3.9	3.7	P06-22	4.3	3.7	P07-22	4.1	3.9	P08-22	4.5	3.9	P09-22	4.4	3.9	P10-22	4.3	3.9	P11-22	3.9	3.9	P12-22	4.5	3.9	P01-23	3.9	3.9	P02-23	4.5	3.9	P03-23	4.2	3.9	P04-23	4.0	3.8	P05-23	4.6	3.8	P06-23	4.9	3.8	P07-23	5.2	4.3	P08-23	5.3	4.3	P09-23	3.4	2.8	P10-23	5.1	3.8	P11-23	4.5	3.8	P12-23	3.8	3.8	
Period	Actual expenditure	Budgeted expenditure																																																																										
P01-22	3.9	3.6																																																																										
P02-22	4.2	3.8																																																																										
P03-22	3.7	3.7																																																																										
P04-22	4.1	3.7																																																																										
P05-22	3.9	3.7																																																																										
P06-22	4.3	3.7																																																																										
P07-22	4.1	3.9																																																																										
P08-22	4.5	3.9																																																																										
P09-22	4.4	3.9																																																																										
P10-22	4.3	3.9																																																																										
P11-22	3.9	3.9																																																																										
P12-22	4.5	3.9																																																																										
P01-23	3.9	3.9																																																																										
P02-23	4.5	3.9																																																																										
P03-23	4.2	3.9																																																																										
P04-23	4.0	3.8																																																																										
P05-23	4.6	3.8																																																																										
P06-23	4.9	3.8																																																																										
P07-23	5.2	4.3																																																																										
P08-23	5.3	4.3																																																																										
P09-23	3.4	2.8																																																																										
P10-23	5.1	3.8																																																																										
P11-23	4.5	3.8																																																																										
P12-23	3.8	3.8																																																																										

Key Subjective Summary

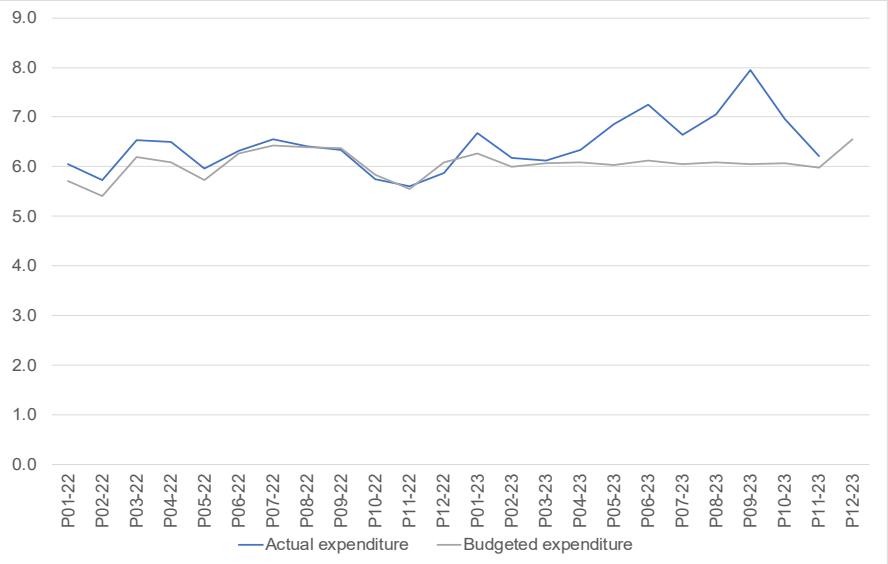
Clinical Supplies and Services



Clinical supply and service expenditure has increased by £0.2m in-month.

The primary driver behind this increase is a step up in expenditure for M&SE Maintenance and repairs and the purchase of dressings across the Health Board.

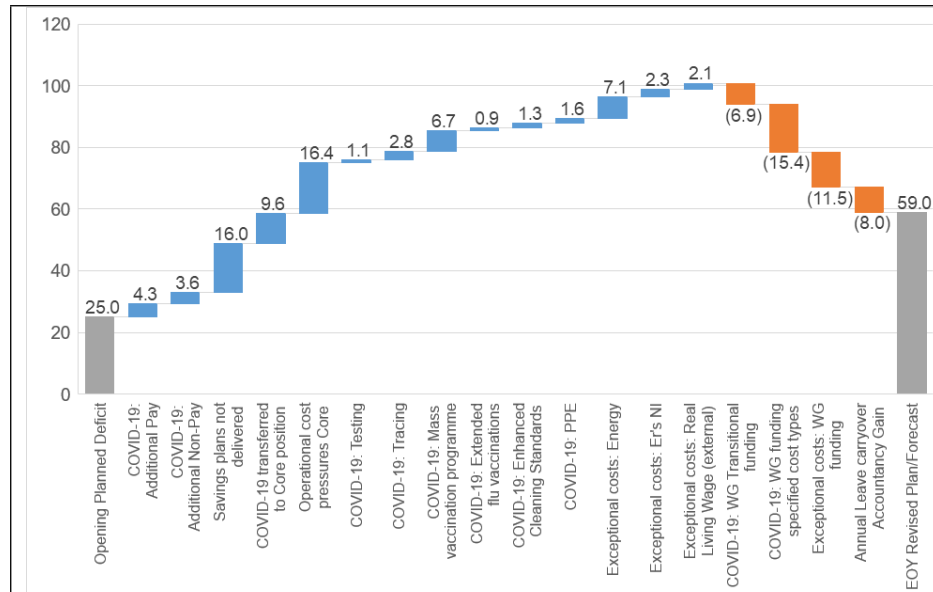
Primary Care Prescribing



Primary Care Prescribing costs have decreased by £0.8m in-month compared to last.

The primary driver for this reduction is the two fewer prescribing days in February compared to January.

Financial Projection



Key Assumptions

- The direct impact of COVID-19, including programme expenditure (in respect of mass vaccination programmes, Testing, Tracing, and PPE) is modelled up to a twelve-month scenario.
- All WG COVID-19 and Exceptional Costs (Energy and Real Living Wage commissioned services) funding is based on the Month 10 forecast, with any deviations to be managed by the Health Board to the end of the year.
- Any backfill costs of staff utilising carried forward Annual Leave during the year is assumed to be within the current run rate.
- No financial impact is assumed as a result of industrial action, with work underway through our Action Group.
- The additional Pay Award for 2022/23 is assumed to be match funded by WG.

Assurance

- Executive led Use of Resources Group which scrutinises business cases, opportunities and financial governance.
- Performance to continue to be monitored monthly through robust Directorate Improving Together meetings.
- A weekly progress report is being presented to the Executive Team to retain sufficient strategic focus on key deliverables.

Concerns

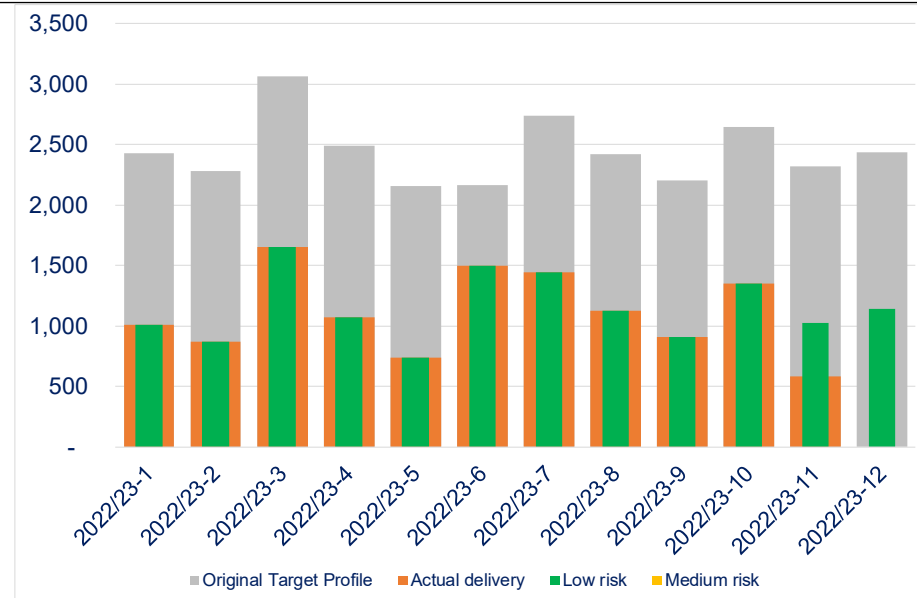
- There has been a net deterioration in the underlying deficit of £68.9m in 2021/22 to the current assessment for 2022/23 of £101.5m. The analysis of the deficit drivers has led a deterioration in the reported underlying deficit, from £80.0m to £101.5m.
- The Health Board recognises that the increased deficit is neither acceptable nor affordable to WG. The choices available for the key drivers of the deficit, coupled with other choices and opportunities, are continually being discussed across key governance forums, including the Executive Team and Board.
- Whilst the forecast deficit has improved from £62.0m to £59.0m this recognises an additional £5.0m of operational variation offset by £8.0m of non-recurrent Accountancy Gains.

Next Steps

- The Health Board is working through the Targeted Intervention Framework under the four key themes of: 1) Analysis of the drivers from a £25.0m deficit to a £67.0m deficit; 2) Continuous development and implementation of the Opportunities framework; 3) Organisation's Delivery framework; 4) Review of financial management arrangements.

The choices and broader Opportunities Framework will be utilised throughout the Health Board's Delivery Framework and Planning Cycle to seek improvement plans to mitigate the financial challenge.

Risk-assessed directorate savings profile, delivery and forecast



Assurance

- Of the original £29.4m requirement, £13.9m have been identified as operational Green schemes, as a minimum on a non-recurrent basis; in addition to this £8.0m of Accountancy Gains have been recognised in Month 8 which is not included in the above graph which presents the £13.9m of operational delivery schemes only. All schemes are assessed as Green.
- The Plan re-submission is aligned to delivery of the identified savings schemes of £12.4m. Since the Plan, a further £1.5m recurrent Green schemes have been identified, against which £0.5m will not deliver in year (recognised in Month 11) following the All-Wales judgement regarding the uncertainty of an HMRC ruling for Microsoft VAT.

Concerns

- Whilst the focus of the Health Board is on identifying and implementing recurrent schemes, the current combination of capacity and system pressures being experienced operationally has diverted significant managerial resource. This has meant that, of the original required £29.4m, only £13.9m of operational schemes have been identified, largely on a non-recurrent basis. The £8.0m Accountancy Gain is also a non-recurrent benefit.
- The Executive led targeted programmes of work trajectories are being developed, but as yet no assurance can be taken for the in-year or future year financial benefit realisation.

Next Steps

- Having the clarity of the opportunities has enabled the team to buy into the areas that need to be influenced and changed, but we are yet to agree and have sight of detailed plans that illustrate a clear route to delivery through our planning framework.
- The Board recognise the need to develop opportunities for change through Use of Resources groups (Directorate level and Executive Level) as a matter of urgency.

Collaborative dialogue with WG and FDU is continuing with the Health Board in support of progressing the agreed TI workstream deliverables.

Appendix 1 – Hybrid Print and Post

The purpose of this report is to advise the Board of the intention to award a tender for Hybrid Print & Post solution. Such systems allow patients to choose whether they wish to receive letters electronically or in paper format. The drivers for this are to support patient communication preferences and to enable efficiencies to be achieved through the reduction in the volume of letters sent in a paper format.

This item supports the following planning objectives:

- 1B – contribute to the objective “develop and implement a plan to roll out access for all patients to their own records and appointments within 3 years
- 6B - underpinning the Health Board's roadmap to financial recovery and be introduced in such a way to allow budget holders to focus on the positive change being sought.
- 6G - The overall aim will be to reduce the Health Board's carbon footprint by at least 34% by 2030 to support the wider public sector ambition to address the climate emergency.

Key Insights

- The proposal is to secure an external supplier to provide a hybrid print and post solution with the ability support patient communication preferences including accessibility needs.
- This will enable HDUHB to be able to provide digital letters to patients where they choose to opt in to access their letters through this method. The solution will store patient letters to allow them to access and view securely at any time, and will enable all communication pushed through the solution and be personalised to the patient's requirements, including the following but not exclusively;
 - Welsh language letters rather than bilingual
 - Large font / easy read formats
 - Braille
 - Appointment reminder preferences
 - Other accessibility requirements
- The project will also provide the following

Cash Release Savings through:

- Reducing the volume of posted letters to a digital format.
- Reduce the use of associated consumables (letter folding machine, paper, print consumables)

Improve the quality of service provided to patients by

- Increasing and improving patient choice by providing patients with the option to “opt in” to digital letters and other formats such as text reminders.
- Providing letters in an accessible Formats (Braille, Easy Read, Large Font, Text to Audio, Yellow Paper)

- Ensuring language preferences are captured and used to provide communication through their chosen language.
- Speed at which the communication is sent and received by the patient.

Wider Health Board's anticipated outcomes:

- Reducing the costs in sending printed letters and other associated costs
 - Reducing the CO2 emissions linked to printing and postage
 - Evidence a return on its investment in this project, the supplier will be expected to support the benefits realisation plan.
 - Reducing waste and improving efficiencies through better utilisation of resources including staff time and unnecessary paper and printing.
 - Meeting patient expectations, by ensuring we keep patients updated and informed through the means most appropriate for them.
- **The project will return a projected first year cost saving of £82k, rising to £563k in Year 3.**

Background

Hywel Dda University Health Board currently send approximately 1.2 million letters a year to patients. Patients have no choice as how they receive this letter, whether they wish to receive a hard copy or digital copy. Our method of capturing and utilising other patient preferences associated with such communication is limited to what can be stored in our Welsh Patient Administration System (WPAS), impacting on the ability of HDUHB to ensure that patients with accessibility or Welsh language needs are met.

Postage services are currently provided via several solutions all of which rely upon a non-digital solution. As a result, all letters are printed, folded, franked and distributed by a postal provider. This current process utilises;

- human resources,
- consumables,
- incurs postal charges
- and leaves a significant carbon footprint.

When letters leave HDUHB, they are not tracked or monitored in terms of delivery. If a letter is not delivered the process for generating said letter and all associated resources is repeated.

The proposal is to appoint a supplier that can assist HDUHB with this challenge. Namely through the acquisition of a system that can both capture and utilise patient preferences including digital communication options such as text reminders and digital letters. A digital letter format has the opportunity significantly address the associated costs as well reaching the patient with 24 hours as opposed to standard postage systems which can take many days and in recent months has been affected by industrial action by Royal Mail workforce which has impacted on patient care and services.

The preferred solution will not force patients to adopt a digital letter approach. If patients choose not to access digital letters, hard copy letters will continue to be sent.

HDUHB commenced work with the Digital Services for the Patient and Public (DSPP) Programme team to identify and consider how the NHS Wales App would support this ambition. This learning has fed into the specification and requirements for the supplier of the digital communications system to utilise such links to support this work. This proposal does not seek to replicate or replace any of the work of the DSPP but provide the methodology to realise the requirements of patients to be achieved.

Business Justification

Patient choice will be at the heart of the system and will be consistent for all services. The solution will include a patient portal allowing patients to provide their communication preferences, ensuring that communications are tailored to their needs and will be directly linked with the Welsh Language Act 1993 and the Equality Act 2010.

At present HDUHB is unable to meet all the accessibility and communication needs of its patients. Patients can request an alternative format documentation but there is no standard and consistent approach to ensuring that all communications with a patient are adapted to support their needs. Therefore, this proposal will help HDUHB to become a more inclusive organisation. At present our ability to distribute letters through the language of choice can be limited. Letters are often sent in a bilingual format as we have not captured the language preference, which often in turn results in unnecessary printing. The solution will allow patients to communicate with the Health Board, allowing them to update their details and their preferences, including options to determine what text messages can be sent to the patients, e.g reminding patients of appointments and enable the patient to confirm attendance, or non-attendance and where relevant provide guidance on how to re-book. Reducing the volume and costs of letters and consumables for the health board.

Patient Impact

Positive patient engagement is pivotal; a communication and engagement plan will be crucial to providing patients with the information and opportunity to access and utilise the options available through this proposal. We anticipate that patients accessing digital letters will increase over time, therefore we have estimated that by end of the first financial year (2023/2024) 20% of patients will access letters in a digital format, however we anticipate that this will increase to around 70% of patients at the end of year 3, however patient choice is paramount. The Digital Team, we will work closely with key stakeholders across the HDUHB and 3rd party organisations that may be able to support patients' digital inclusion where they wish to do so. Digital Inclusion support will be essential to this project and the Digital Inclusion team have been involved in the development of this proposal and the procurement exercise to ensure that digital accessibility and access issues are incorporated into all elements of the project plan.

Cost Benefit Analysis

The proposal is therefore to invest in a digital solution that will enable HDUHB to realise savings through two key areas of non-pay cost reduction:

- Reduction in postage costs through the use of digital letter distribution to patients
- Reduction in the stationery costs (paper and envelopes)

We do anticipate that there will be efficiency savings that could potentially be achieved through the reduction of staff time involved in the preparing and franking of standard letters however this has **not** been included within the cost benefit analysis. A summary of the financial impact is provided below;

Current Expenditure

Headline costs	Year 1	Year 2	Year 3	Total
Digital letter costs	-	-	-	-
Postage costs	£854,837	£897,579	£942,458	£2,694,874
Consumables	£125,567	£125,567	£125,567	£376,702
Other Mail (packages, Recorded Delivery, large Letters)*	£218,388	£229,308	£240,773	£688,469
Digital system costs	-	-	-	-
Grand total over 3 years	£1,198,792	£1,252,454	£1,308,798	£3,760,044

*This is fixed cost for the Health Board, as the supplier is not able to send non-standard letters.

Proposed Expenditure

Headline costs	Year 1	Year 2	Year 3	Total
Digital letter costs	£719	£9,510	£22,304	£32,534
Postage costs	£775,583	£535,927	£338,258	£1,649,768
Consumables	£96,791	£80,624	£94,960	£272,375
Other Mail (packages, Recorded Delivery, large Letters)*	£218,388	£229,308	£240,773	£688,469
On-going System Maintenance costs**	-	£49,120	£49,120	£98,240
Grand total over 3 years	£1,116,981	£914,849	£745,415	£2,777,245

**Set up costs have been included within the digital capital programme for 2023/2024

In summary, the cost savings will be as follows (Please note, negative value represents saving):

Headline costs	Year 1	Year 2	Year 3	Total
Digital letter costs	£719	£9,510	£22,304	£32,533
Postage costs HB costs (franked mail)	-£79,254	-£361,652	-£604,200	-£1,045,106
Consumables	-£3,276	-£34,583	-£30,607	-£68,466
Other Mail (packages, Recorded Delivery, large Letters)*	£0	£0	£0	£0
Digital system costs	£0	£49,120	£49,120	£98,240
Grand total over 3 years	-£81,811	-£337,605	-£563,383	-£982,799

The Board should note that the cost differential from posting to digital letters ranges from £1.17-£0.55 (1st class and business class respectively) to £0.03p for the digital equivalent.

Conclusion

The solution would enable patients to provide their communication preferences in a digital and easy format method. From start to finish, the solution should not create additional admin work. We anticipate the process to be fully digital from start to finish. Those patients that do not interact with the solution will continue to receive their letters as they do currently (non-digital format) and those preferences that are captured with our WPAS system will continue to be used albeit within limitations of the system.

The system will provide secure access to such communication thus protecting patient data, which cannot be achieved through direct emails and in truth through the sending of letters in the post.

Recommendation

The Board is ask asked to support the awarding of a contract to the preferred supplier for a Hybrid Print and Post Solution.

Appendix 2 – MHLD Third Sector Commissioning Tender Events

The purpose of this report is to inform Members of the outcome of the recent procurement exercise for the recommissioning of Mental Health & Learning Disability (MH&LD) Third Sector support services which has been undertaken on behalf of Hywel Dda University Health Board (HDUHB) for the following Lots:

- Peri-natal Mental Health Support Services
- Employment & Training Support
- Learning Disability Support
- Community Advocacy
- Social Inclusion
- Well-being Support Services
- Counselling
- Sanctuary Services
- Community Well-being
- Day Opportunities

In line with Welsh Government approval procedures the Health Board is required to approve the following tenders, as they have each have a cumulative (4 year) contract value in excess of £1 million.

- Day Opportunities
- Community Well-being
- Sanctuary Services

Background

In January 2018, the Health Board approved the implementation of the Transforming Mental Health (TMH) programme, which was developed through extensive public consultation, engagement and co-production. In line with the outcome of the consultation, it was agreed to co-produce a future service model for Tier 0/1 Third Sector well-being and mental health services.

Following the Pandemic and the recent cost of living crisis, Hywel Dda are seeing increasing numbers of people who require support from a wide range of services to support their emerging well-being and mental needs. Our Third Sector early intervention and prevention services inevitably safeguard our secondary mental health provision for those who would otherwise require more specialist intervention.

The Directorate currently spends approximately £2.4 million (core budget) per annum through Service Level Agreements (SLA's) with approximately 20 Third Sector organisations to deliver a range of well-being and mental health services to support our population. Over the past two years the Directorate has increased its core budget for Third Sector services by 1 million per annum through sustainable Welsh Government Service Improvement Funding.

Through the TMH programme, it was agreed that these SLAs would be recommissioned through a full procurement exercise, to include robust market engagement. The commissioning exercise has enhanced the quality of preventative measures and ensured that early intervention and prevention services are improved, with more people recovering as a result.

In August 2022, the Directorate undertook robust market engagement with providers, service users, carers and partner organisations to understand what services we need to commission to best meet the needs of our population. To maximise attendance all events were offered face to face and virtually. All engagement events were well attended and highlighted areas of best practice and ongoing need, as well as identifying gaps in service provision, which helped to inform the development of a new Third Sector Framework. Provider events were co-facilitated with Business Wales, who supported organisations in developing their tender responses throughout the recommissioning process.

Following the engagement exercises a range of Task and Finish Groups were established in September and October 2022 to co-produce the new Framework with new service specifications being developed. All Groups had diverse membership including service users, carers, partner organisations, clinical staff, commissioning and procurement staff. This has ensured that the Framework is fully inclusive and meets the needs of the Health Board as well as the needs of those that use services.

Assessment

To safeguard local Third Sector providers the Framework was restricted to organisations with charitable status only, including Social Enterprises and Community Interest Companies. To enable smaller organisations to be more competitive it was agreed that the financial weighting of the tender evaluations would be 20% or less, with the majority of the weightings based on service delivery, quality and outcomes. This allowed for fairness in evaluating the differing pricing structures of individual organisations while providing confidence in the proposed pricing. The tender exercise allowed us to include a 2% uplift to providers in Year 2 – 4, resulting in an overall 6% uplift over the lifetime of the contract. The cumulative value of the Framework including the 6% uplift is within the current ring-fenced budget for MH&LD Third Sector Services, therefore there is no adverse financial impact.

The structure of the Framework means that while providers may become approved suppliers that may not necessarily receive a contract award in April 2023. The awarding of contracts has been based on evaluation scores and area of geographic need. Following the initial contract award period in April, all suppliers on the Framework will be able to apply for any future additional short- or long-term funding opportunities that may arise through a mini competition process. This will facilitate the development of pilot services to test new initiatives and new ways of working, allowing us to evaluate and establish need prior to agreeing long term contractual commitments.

Evaluation panels were established for each Lot, with service users, carers, clinical staff (relevant to area of service delivery), finance colleagues and Local Authority colleagues appointed as scoring members. All evaluations were facilitated by procurement and commissioning colleagues. The evaluation procedure for each Lot requiring Welsh Government approval is set out below.

Tender Process – Day Opportunities

A competitive open tender exercise (HDD-ITT-51421) was undertaken through the Bravo e-tender Wales system from 16th December 2022 to 27th January 2023. The contract structure of the tender has allowed for the provision of 7 providers across the geographical footprint of HDUHB. The cumulative contract value for Day Opportunities is £1,911,010.81 (July 2023 – June 2027). Twenty-four (24) suppliers viewed the tender during this period, with nine (9) responses submitted.

Evaluation Process

In order to provide a quantifiable method of evaluating the qualitative aspects of the bids, a set of weighted criteria was produced based on technical and financial information, which is set out in the table below:

Table 1 Criteria Weighting

Service Delivery	40%
Management & Staffing	25%
Quality Assurance	5%
Well-Being of Future Generations Act	15%
Social Value	5%
Commercial Proposal	10%

Responses were evaluated in accordance with the evaluation criteria set out in the Table 1.

The finance element was scored on a pro-rata basis with the lowest total cost for the project receiving full marks of 100 points X weighting 10% = 10. The commercial and technical scores outlined in the table below were unanimously agreed by the evaluation panel.

Table 2 Commercial & Technical Scores

Lot One - Carmarthenshire

Supplier	Technical (Out of 90)	Commercial (Out of 10)	Total (Out of 100)
Provider 1	69.0	1.2	70.2
Provider 2	65.0	1.9	66.9
Provider 3*	51.5	3.5	55.0
Provider 4*	39.0	3.5	42.5
Provider 5*	32.0	10.0	42.0
Provider 6	38.0	3.5	41.5
Provider 7	22.0	2.9	24.9

*There were concerns over the proposals submitted by Providers 3, 4 and 5 in regards equity of provision and/or infrastructure to provide the service to a high standard in line and therefore they have not been awarded a place on the framework.

In line with the scores set out above the evaluation panel recommends that contracts are awarded to Provider 1, 2, 6 and 7. All providers have confirmed that they have capacity to meet the contract requirements throughout the duration of the contract and will be allocated a specific share of the total funding available in line with their ranked position.

Lot Two – Pembrokeshire

Supplier	Technical (Out of 90)	Commercial (Out of 10)	Total (Out of 100)
Provider 1	69.0	2.2	71.2
Provider 8	59.0	1.1	60.1
Provider 3	51.5	1.1	52.6
Provider 6	38.0	3.0	41.0
Provider 5	32.0	8.8	40.8
Provider 4	39.0	1.7	40.7
Supplier 7	22.0	10.0	32.0

In line with the scores set out above the evaluation panel recommends that contracts are awarded to Provider 1 and 8. All providers have confirmed that they have capacity to meet the contract requirements throughout the duration of the contract and will be allocated a specific share of the total funding available in line with their ranked position.

Lot Three – Ceredigion

Supplier	Technical (Out of 90)	Commercial (Out of 10)	Total (Out of 100)
Provider 1	69.0	1.6	70.6
Provider 9	55.5	1.8	57.3
Provider 3	51.5	1.8	53.3
Provider 5	32.0	10.0	42.0
Provider 6	38.0	3.5	41.5

Provider 4	39.0	1.9	40.9
Provider 7	22.0	1.9	23.9

In line with the scores set out above the evaluation panel recommends that contracts are awarded to Provider 1, 9, and 3. All providers have confirmed that they have capacity to meet the contract requirements throughout the duration of the contract and will be allocated a specific share of the total funding available in line with their ranked position.

Tender Process – Community Well-being

A competitive open tender exercise (HDD-ITT-51423) was undertaken through the Bravo e-tender Wales system from 16th December 2022 to 27th January 2023. The contract structure of the tender has allowed for the provision of 5 providers across the geographical footprint of HDUHB. The cumulative contract value is £1,444,146.73 (July 2023 – June 2027). Thirty (30) suppliers viewed the tender during this period, with eight (8) responses submitted.

Evaluation Process

In order to provide a quantifiable method of evaluating the qualitative aspects of the bids, a set of weighted criteria was produced based on technical and financial information, which is set out in the table below:

Table 1 Criteria Weighting

Service Delivery	40%
Management & Staffing	25%
Quality Assurance	5%
Well-Being of Future Generations Act	15%
Social Value	5%
Commercial Proposal	10%

Responses were evaluated in accordance with the evaluation criteria set out in the Table 1. The finance element was scored on a pro-rata basis with the lowest total cost for the project receiving full marks of 100 points X weighting 10% = 10. The commercial and technical scores outlined in the table below were unanimously agreed by the evaluation panel.

Table 2 Commercial & Technical Scores

Lot One - Carmarthenshire

Supplier	Technical (Out of 90)	Commercial (Out of 10)	Total (Out of 100)
Provider 1	78.0	6.5	84.5
Provider 2*	64.5	2.4	66.9
Provider 3*	64.0	3.1	67.1
Provider 4	43.0	8.7	51.7
Provider 5	40.0	5.9	45.9
Provider 6	40.0	2.6	42.6
Provider 7	19.0	10.0	29.0

*The bid proposals from Providers 2, and 3 covered the same service that can be provided by Provider 1; therefore, we do not require their services.

Provider 4 offers a service to a specific cohort not covered by Provider 1 and is therefore required to provide an equitable service provision.

In line with the scores set out above the evaluation panel recommends that contracts are awarded to Provider 1 and 4. All providers have confirmed that they have capacity to meet the contract requirements throughout the duration of the contract and will be allocated a specific share of the total funding available in line with their ranked position.

Lot Two – Pembrokeshire

Supplier	Technical (Out of 90)	Commercial (Out of 10)	Total (Out of 100)
Provider 1	78.0	5.9	83.9
Provider 2*	64.5	0.6	65.1
Provider 8	50.0	0.9	50.9
Provider 4	43.0	2.2	45.2
Provider 5	40.0	1.1	41.1
Provider 6	40.0	0.5	40.5
Provider 7	19.0	10.0	29.0

*The bid proposal from Provider 2 covered the same service that can be provided by Provider 1, therefore we do not require their services.

Providers 8 and 4 offer a service to additional cohorts not covered by Provider 1 and are therefore required to provide an equitable service provision.

In line with the scores set out above the evaluation panel recommends that contracts are awarded to Provider 1, 8, 4 and 5. All successful providers have confirmed that they have capacity to meet the contract requirements throughout the duration of the contract and will be allocated a specific share of the total funding available in line with their ranked position.

Lot Three – Ceredigion

Supplier	Technical (Out of 90)	Commercial (Out of 10)	Total (Out of 100)
Provider 2	64.5	2.6	67.1
Provider 4	43.0	10.0	53.0
Provider 6	40.0	6.6	46.6
Provider 7	19.0	8.4	27.4

In line with the scores set out above the evaluation panel recommends that contracts are awarded to Provider 2 and 4. All successful providers have confirmed that they have capacity to meet the contract requirements throughout the duration of the contract and will be allocated a specific share of the total funding available in line with their ranked position.

Tender Process – Sanctuary Services

A competitive open tender exercise (HDD-ITT-51419) was undertaken through the Bravo e-tender Wales system from 16th December 2022 to 27th January 2023. The contract structure of the tender has allowed for the provision of 2 providers across the geographical footprint of HDUHB. The cumulative contract value is £1,456,460.85 (July 2023 – June 2027). Thirteen (13) suppliers viewed the tender during this period, with three (3) responses submitted.

Evaluation Process

In order to provide a quantifiable method of evaluating the qualitative aspects of the bids, a set of weighted criteria was produced based on technical and financial information, which is set out in the table below:

Table 1 Criteria Weighting

Service Delivery	35%
Management & Staffing	20%
Quality Assurance	5%
Well-Being of Future Generations Act	15%
Social Value	5%
Commercial Proposal	20%

Responses were evaluated in accordance with the evaluation criteria set out in the Table 1. The finance element was scored on a pro-rata basis with the lowest total cost for the project receiving full marks of 100 points X weighting 20% = 20. The commercial and technical scores outlined in the table below were unanimously agreed by the evaluation panel.

Table 2 Commercial & Technical Scores

Lot One – Carmarthenshire

Supplier	Technical (Out of 80)	Commercial (Out of 20)	Total (Out of 100)
Provider 1	68.00	19.69	87.69
Provider 2	42.00	20.00	62.00

In line with the scores set out above the evaluation panel recommends that contracts are awarded to Provider 1. The provider has confirmed that they have capacity to meet the contract requirements throughout the duration of the contract and will be allocated the total funding available for Carmarthenshire.

Lot Two – Pembrokeshire

Supplier	Technical (Out of 80)	Commercial (Out of 20)	Total (Out of 100)
Provider 3	41.00	20.00	61.00

In line with the scores set out above the evaluation panel recommends that contracts are awarded to Provider 1. Both providers have confirmed that they have capacity to meet the contract requirements throughout the duration of the contract and will be allocated the total funding available for Pembrokeshire.

Lot Three – Ceredigion

Supplier	Technical (Out of 80)	Commercial (Out of 20)	Total (Out of 100)
Provider 1	68.00	20.00	88.00

In line with the scores set out above the evaluation panel recommends that contracts are awarded to Provider 1. Both providers have confirmed that they have capacity to meet the contract requirements throughout the duration of the contract and will be allocated the total funding available for Ceredigion,

Next Steps

Following approval to proceed with the contract awards, a call off agreement will be executed, with successful providers being awarded new contracts in early April 2023. A 12-week transition period has been built into the contract award period to mitigate any risks such as Transfer of Undertakings (Protection of Employment) Regulations 2006, and to allow for an extended period of transition for service users where an incumbent provider has not been successful at contract award. New services will become operational on 1st July 2023.

Services will be contract monitored by the Service Transformation & Partnerships Team in conjunction with clinical leads, Finance Business Partners, and Procurement Business Partners. The Providers will produce quarterly performance monitoring reports evidencing that agreed targets, objectives and measurable outcomes are being achieved.

All remaining tenders (not subject to Welsh Government approvals), listed below, will be subject to sign off via the standard internal Ratification paper route, which will be undertaken through the month of March.

- Peri-natal Mental Health Support Services
- Employment & Training Support
- Learning Disability Support
- Community Advocacy
- Social Inclusion
- Well-being Support Services
- Counselling

An Equality Impact Assessment (EQIA) on the new Third Sector Framework has been undertaken to assist the Health Board in discharging its Public Sector Equality Duty under the Equality Act 2010. The EQIA has assessed that the Framework will affect individuals with well-being, mental health and learning disability needs and individuals employed by Third Sector organisations who support these individuals.

The proposed model will not have an adverse effect on the individuals affected as all service users will be assessed on the basis of need. Where an incumbent provider has not been successful and the contract is awarded to a new provider, service users will still have access to the same level of service in the future but may need to access it in a different location than they currently do now. A three-month implementation plan will be agreed with each successful provider to ensure that there are adequate transition plans in place for service users should this occur. There may therefore be an effect on some individuals in different equalities groups and within specific groups as some individuals may no longer attend the same service(s) in the future.

The addition of new services will increase capacity to deliver targeted early intervention and prevention services and ensure equity of provision across all three Local Authority areas. As a result, some services which currently hold waiting lists we will be better able to meet individuals' needs which will improve service user outcomes.

Staff working within Third Sector services commissioned under the new Framework will benefit as they will have longer term funding (4 years) which will ensure job stability. The pricing structure has enabled providers to price for full cost service delivery, which includes training opportunities and resources to support all staff in their roles. The additional funding will increase capacity and enable better use of resources.

The above provides a summary of the findings of the EQIA only, and it is essential that Members read the EQIA which is attached to this report at Appendix 1. The EQIA will remain in draft through the 3-month implementation process (April – July 2023) and will be updated accordingly.

Recommendation

The Board is asked to:

- **APPROVE** the award of contracts for Day Opportunities to the Providers listed above to provide services from 1st July 2023 to 30th June 2027, for onwards submission to Welsh Government for approval.
- **APPROVE** the award of contracts for Community Well-being to Providers listed above to provide services from 1st July 2023 to 30th June 2027, for onwards submission to Welsh Government for approval.
- **APPROVE** the award of contracts for Sanctuary Services to Providers listed above to provide services from 1st July 2023 to 30th June 2027, for onwards submission to Welsh Government for approval.

Appendix 3 – Extension of Lightfoot Solutions

This item supports the delivery of PO 3.E (Business Intelligence and Modelling, Huw Thomas).

The Board have previously approved a contract with Lightfoot solutions with anticipation that an all-Wales contract be agreed and consequently the contract was time limited. As the all Wales approach did not materialise the Health Board served notice on our existing contract ending the relationship with the supplier in July 2022. However, Lightfoot Solutions in recognition for our working relationship extended the contract until March 2023 for no additional cost. This has allowed the Transforming Urgent and Emergency Care (TUEC) programme, and the planning team to continue to use the analytical support and the signal from noise platform.

This paper seeks Board support for the creation of a contract for a further 6 months support, until September 2023, with the acknowledgement that the Health Board, will continue its exit strategy working on the local solution (Data Science Platform), and further develop work with other partnerships.

The proposed contract extension will cover the following areas:

- Further support for the delivery dynamic planning capability
- Transforming Urgent and Emergency Care (TUEC) support
- sfn Licensing & Hosting Options

Summary of the Costs

The following table is the costs of the contract:

Programme of Delivery	Cost (£)
Sfn Licensing	£50,427
Sfn application server lice3nce (6 data sources)	£23,400
Sfn hosting on secure managed service	£19,200
Total Costs (ex VAT)	£93,027

Recommendation

The Board is asked to support the new contract Lightfoot Solutions to 30th September 2023.