

Special Public Board Meeting

Thu 30 June 2022, 11:00 - 12:30

Agenda

11:00 - 11:00 **1. Welcome & Introductions**

0 min

Charles Janczewski

11:00 - 11:00 **2. Apologies for Absence**

0 min

Charles Janczewski

11:00 - 11:00 **3. Declarations of Interest**

0 min

Charles Janczewski

11:00 - 11:40 **4. Standing Items for Review and Assurance**

40 min


4.1. Integrated Performance Report:

Jason Roberts / Rachel Gidman / Fiona Kinghorn / Caroline Bird / Catherine Phillips

- Quality
- Workforce
- Public Health
- Operational Performance
- Finance

4.2. NHS Long Term Agreements (LTAs) 2022/23

Catherine Phillips / Christopher Markall

 Long Term Agreements 2022-23 Report to Board.pdf (6 pages)

11:40 - 12:00 **5. Items for Approval**

20 min

5.1. Draft IMTP

Abigail Harris

12:00 - 12:00 **6. Items for Noting**

0 min

No Items

12:00 - 12:00 **7. Review of the meeting**

0 min

Charles Janczewski

Saunders, Nathan
06/20/2022 17:13:55

12:00 - 12:00
0 min

8. Date and time of next meeting:

Charles Janczewski

Tuesday 19th July 2022 (Annual General Meeting) at 12.30pm via MS Teams

Saunders, Nathan
06/20/2022 17:13:57

| | | | | |
|--|--|----------|-----------------|---------------|
| Report Title: | NHS Long Term Agreements (LTAs) and Financial Approach for 2022/23 | | Agenda Item no. | 4.2 |
| Meeting: | Board | Public | x | Meeting Date: |
| | | Private | | |
| Status <i>(please tick one only):</i> | Assurance | Approval | x | Information |
| Lead Executive: | Executive Director of Finance | | | |
| Report Author (Title): | Assistant Director of Finance | | | |
| Main Report | | | | |
| Background and current situation: | | | | |

Context

The Health Board holds a number of Long-Term Agreements (LTAs) with other NHS bodies in support of:

- The provision of secondary regional, tertiary and specialised services to commissioning organisations
- The commissioning of secondary regional, tertiary and specialised services for the Cardiff and Vale resident population from other provider organisations

The LTAs are generally agreed through signed documents known as the 'Heads of Agreements' (HoAs) which include sections covering:

General Terms

Financial Baselines and Contracting Framework

Activity Baselines and Performance Framework, linked to WG Measures

Information Requirements and Governance

Quality & Patient Safety Considerations

Escalation and Dispute Framework

One may also see the term HCAs (Healthcare Agreements) referenced, particularly in legislation or some Welsh Government (WG) policy. In line with Health Board SFIs, WG consent limits do not apply to inter-NHS Contracts [Procurement and Contracting for Goods and Services, Section 11.6.4]

By their very nature, the LTAs are considered a 'going concern', in that they are assumed to rollover annually. The HoAs between NHS organisations within Wales are normally signed at the end of March relating to the forthcoming financial year.

For 2020/21 and 2021/22, WG postponed the deadline for agreeing LTAs later into the year, due to the COVID-19 pandemic. In addition, during these years, all-Wales block contracting arrangements based on 2019/20 out-turn have largely been in place on activity-based arrangements. This ensured a degree of financial stability despite the changes in capacity and patient flows.

For 2022/23, WG again extended the deadline to 30 June 2022, due to the planned transition away from block contracts back towards local 'cost and volume' arrangements.

Payments on account are made monthly, usually 1/12th LTA baseline value. Monthly contract monitoring returns set out the activity and performance against baseline, including the financial variation and forecast settlement per the LTA framework and terms.

Contract Baselines for 2022/23

Table 1 - Draft LTAs as a Provider (Income)

| Organisation | Mechanism | Draft Value (£m) |
|-------------------|------------|------------------|
| WHSSC | Signed LTA | 276.260 |
| Aneurin Bevan | Signed LTA | 35.225 |
| Cwm Taf Morgannwg | Signed LTA | 30.501 |
| Hywel Dda | Signed LTA | 6.097 |
| Swansea Bay | Signed LTA | 3.685 |
| Powys | Signed LTA | 1.566 |
| NHS England | Signed LTA | 2.842 |
| Herefordshire CCG | Signed LTA | 0.157 |
| | | 356.333 |

The UHB's provider LTAs are broadly summarised as:

- Health Boards – secondary regional and tertiary flows into Cardiff and Vale in line with custom and practice of historic referral pathways
- WHSSC – specialised regional and national services provided for Wales, commissioned by WHSSC in line with its Joint Committee approved Integrated Commissioning Plan
- NHS England – tertiary and specialised services supporting some Herefordshire and South West England flows, as well as emergency care

Table 2 - Draft LTAs as a Commissioner (Expenditure)

| Organisation | Mechanism | Draft Value (£m) |
|--------------------------------------|----------------------------|------------------|
| WHSSC | Risk Share | 129.123 |
| EASC | Risk Share | 25.099 |
| NEPTS | SLA / Risk Share | 4.945 |
| Velindre (VCC) | Signed LTA | 23.813 |
| Cwm Taf Morgannwg | Signed LTA | 17.032 |
| CAMHS | SLA | 0.556 |
| Swansea Bay | Signed LTA | 2.253 |
| Sub-contracts | Signed LTA / Non-LTA Bills | 2.005 |
| Aneurin Bevan | Signed LTA | 1.092 |
| Hywel Dda | Signed LTA | 0.346 |
| UH Bristol & Weston NHSFT (UHB Only) | Signed LTA | 0.191 |
| | | 206.455 |

The UHB's commissioner LTAs are broadly summarised as:

- Health Boards – secondary regional and tertiary flows out of Cardiff and Vale in line with custom and practice of historic referral pathways, largely the Western Vale population into Princess of Wales Hospital.
- Velindre – regional and specialised cancer services, including high cost cancer drugs
- WHSSC – specialised regional and national services in line with the Integrated Commissioning Plan
- EASC – ambulance, transport and first responder services (now includes non-emergency patient transport services (NEPTS) as well)
- England – emergency flows and occasional pathways into Bristol

It should be noted that WHSSC and EASC Commissioning arrangements are not subject to a signed LTA document. An all-Wales Health Board collective 'Risk Share' agreement operates, as agreed through respective Joint Committees. Separate governance arrangements for both committees receive and approve the respective Integrated Commissioning Plan (ICP) / IMTP annually.

Table 3 – Other Draft LTAs

| Organisation | Mechanism | Indic' Income (£m) | Indic' Spend (£m) |
|------------------------------------|------------|--------------------|-------------------|
| Public Health Wales – Screening | Signed LTA | 2.808 | |
| Public Health Wales – Microbiology | Signed LTA | | 6.245 |
| Health Board Laboratory Services | SLAs | 3.410 | |
| <i>Aneurin Bevan</i> | | <i>0.730</i> | |
| <i>Betsi Cadwaladr</i> | | <i>0.414</i> | |
| <i>Cwm Taf Morgannwg</i> | | <i>0.411</i> | |
| <i>Hywel Dda</i> | | <i>0.433</i> | |
| <i>Swansea Bay</i> | | <i>0.538</i> | |
| <i>Velindre</i> | | <i>0.884</i> | |

Whilst separate to the main corporate LTAs, the above arrangements for screening, microbiology and laboratory services are also brought to the attention of the Board due to materiality and being subject to signed agreements as well.

It should be noted, there are a number of other Service Level Agreements (SLAs) managed within delegated limits and arrangements across the organisation which are outside the scope of this paper. In addition, other provider-to-provider arrangements, such as outsourcing, are also managed separately with different governance arrangements.

Signed: Nathan
17/20/2022 17:13:57

2022/23 LTA Financial Framework

Following discussions through 2021/22 on the approach to LTAs within NHS Wales, the All-Wales Directors of Finance Group sought a review and recommendations from a Financial Flows Workstream, informed by contracting and commissioning leads across organisations.

The agreed principles applied to 2022/23 included:

- A need to move away from COVID fixed block contracts
- This is a transition year, with recognition of NHS policy to return to at least 2019/20 levels of activity
- Some protections for underperformance, to minimise risk on activity variations and recognise cost of delivery
- Model to incentivise recovery and patient treatment

Following consideration of several options and the associated risk, the final agreed framework is summarised as:

- 1 Year transitional framework
- Reference baseline of 2019/20 out-turn + inflation / wage award
- Non-admitted care to remain on block, e.g. outpatients
- Elective admitted patient care and Non-elective care to return to 'cost and volume' with
 - 10% tolerance for underperformance below 2019/20 levels, extant rates beyond this
 - Enhanced rates (70% marginal) for additional activity beyond 2019/20 levels
- 'Pass-through' contracts to remain on extant arrangements, e.g. NICE recharges
- Planned baseline changes enacted – repatriations, investments, service changes etc.
- WHSSC to have flexibility on this to implement its Joint Committee agreed plan

The framework sought to recognise activity issues around changing pathways and new approaches to virtual contacts, whilst facilitating the flow of recovery funding to support provider costs where they are delivering. It also ensured the framework presented no barrier to service change and development across the system.

Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

The Health Board's IMTP provides for both the baseline and core expected financial performance assumptions across the LTAs, as well as the impact of known changes, such as agreed service developments, repatriations and disinvestments.

A number of material baseline adjustments are anticipated during the financial year associated with WG Allocation adjustments. These are expected to be cost neutral and largely associated with WHSSC and EASC commissioning arrangements, and directed funding.

The LTA framework supports and incentivises a return to pre-pandemic levels of activity and recovery beyond, whilst keeping some protections in the system.

The primary risks relate to provider underperformance below 90% of pre-pandemic levels, and commissioner recovery expenditure at enhanced rates for activity beyond 2019/20. However, opportunity to secure additional recovery funding from commissioners also exists where the UHB delivers beyond these levels.

It should be noted that Velindre has expressed concern over its provider fixed costs associated with ensuring recovery capacity, as well as potential premium outsourcing costs.

LTA performance and risk assessment on this, including recovery, will feature as part of routine reports and discussion through Finance Committee.

Table 4 - The approach to variation and settlement:

| | |
|---|---|
| Cost neutral adjustments, including transfers of service, and Allocation changes | Agreed and actioned by the lead senior manager / finance business partner (no limit) |
| Adjustments within budget, agreed IMTPs / ICPs, or delegated limits | Agreed and actioned by the lead senior manager / finance business partner (no limit) |
| Year-end performance and variation settlement invoices per LTA terms and the 22/23 LTA Financial Framework Agreement | <£125k DoF approval or per delegated limits >£125k Chief Executive approval (no limit) |
| Exceptional baseline changes outside of budget and IMTP / ICPs | <£125k DoF approval or per delegated limits >£125k Chief Executive approval >£500k Board approval (incl. Chairs Action) |
| Year-end performance and variation settlement invoices outside of LTA terms and the 22/23 LTA Financial Framework Agreement | <£125k DoF approval or per delegated limits >£125k Chief Executive approval >£500k Board approval (incl. Chairs Action) |

Recommendation:

The Board is requested to:

- a) **Note** the current Long-Term Agreements and their indicative baseline values for 2022/23
- b) **Approve** delegated Board authority for the LTAs to agreed and signed by the Chief Executive
- c) **Approve** delegated Board authority for in-year LTA baseline changes and variation / settlement invoices to be agreed as set out in the Executive Director Opinion (Table 4)
- d) **Note** that LTA financial performance as both provider and commissioner feature as part of reports into Finance Committee monthly

Link to Strategic Objectives of Shaping our Future Wellbeing:

Please tick as relevant

| | | | |
|---|---|---|---|
| 1. Reduce health inequalities | | 6. Have a planned care system where demand and capacity are in balance | x |
| 2. Deliver outcomes that matter to people | x | 7. Be a great place to work and learn | |
| 3. All take responsibility for improving our health and wellbeing | | 8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology | x |
| 4. Offer services that deliver the population health our citizens are entitled to expect | x | 9. Reduce harm, waste and variation sustainably making best use of the resources available to us | |
| 5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time | x | 10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives | |

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant

| | | | | | | | | | |
|------------|--|-----------|---|-------------|--|---------------|---|-------------|--|
| Prevention | | Long term | x | Integration | | Collaboration | x | Involvement | |
|------------|--|-----------|---|-------------|--|---------------|---|-------------|--|

Impact Assessment:

Please state yes or no for each category. If yes please provide further details.

Risk: Yes/No

No

Safety: Yes/No

No

Financial: Yes/No

Yes – the Cardiff & Vale UHB LTAs are key contractual and financial arrangements supporting the delivery of healthcare across Wales.

Workforce: Yes/No

No

Legal: Yes/No

No

Reputational: Yes/No

Yes

Socio Economic: Yes/No

No

Equality and Health: Yes/No

No

Decarbonisation: Yes/No

No

Approval/Scrutiny Route:

Committee/Group/Exec

Date:

Finance Committee
(Presentation for awareness)

25/05/2022

Saunders, Nathan
06/20/2022 17:13:57