



AGENDA ITEM

5.2

CTM BOARD

INTEGRATED MEDIUM TERM PLAN 2023-2026

| | |
|---|--|
| Date of meeting | 30/03/2023 |
| FOI Status | Open/Public |
| If closed please indicate reason | Not Applicable - Public Report |
| Prepared by | Elizabeth Beadle, Assistant Director of Transformation |
| Presented by | Linda Prosser, Executive Director of Strategy and Transformation |
| Approving Executive Sponsor | Executive Director of Strategy and Transformation |
| Report purpose | NOTING AND ENDORSING |

Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)

| Committee/Group/Individuals | Date | Outcome |
|--|-------------|----------------|
| Board briefing | 16/02/2023 | NOTED |
| Planning Performance and Finance Committee | 28/02/2023 | NOTED |
| Planning Performance and Finance Committee | 22/03/2023 | NOTED |

ACRONYMS

| | |
|------|-------------------------------|
| IMTP | Intermediate medium term plan |
| MDS | Minimum data set |

1. SITUATION/BACKGROUND

- 1.1 Developing an intermediate medium term (three-year) plan (IMTP) is a statutory duty for all Welsh health boards alongside the associated duty to achieve a financial break-even position during the three-year period, in accordance with section 175(2) of the National Health Service (Wales) Act 2006 (as amended by NHS Finance (Wales) Act 2014).
- 1.2 From 1st April 2023, the Health Board also has a duty to meet the requirements of the Quality and Engagement Act (2020), which includes a duty of quality and a duty of candour.
- 1.3 In seeking to meet its statutory requirements, the Health Board must seek to align the delivery of healthcare services to improve health and wellbeing and to tackle ill health of people living in the Health Board area alongside the duty to deliver value and to deliver a balanced financial position.
- 1.4 The IMTP is required to align performance, service, workforce and financial planning along with the wider corporate teams' plans.
- 1.5 During last year's planning cycle for 2022-2025, the health board established that due to the significant current and forecast cost pressures it would not be possible to achieve a financial break-even during the three-year period. Consequently, the planning cycle for 2022 focused on an annual plan.
- 1.6 Welsh Government publishes a planning framework in support of the IMTP process annually. Health Boards are expected to take the requirements specified in this framework, along with ministerial targets, directions and the NHS Wales Performance Framework in developing their plans.
- 1.7 Health organisations will be required to complete a minimum data set (MDS) comprising service, financial and workforce information. This is used to provide assurance on the robustness of plans.
- 1.8 For the 2023-2026 planning cycle, Welsh Government has further required the completion of templates for the provision of detailed milestones for 2023-24 delivery of ministerial requirements.

2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING

Principles



2.1 The fundamental principle underwriting this plan is that the focus is on balancing quality, performance and financial duties, to maintain service delivery and seek improvement, where possible.

Draft Financial plan

2.2 The draft financial plan for 2023/24 builds on the current financial plan and is based on the funding confirmed in the 2023/24 Allocation letter. Our performance against the 3-year rolling duty to break even for Revenue is summarised below:

| Revenue: | Actual 2019/20 | Actual 2020/21 | Actual 2021/22 | Forecast 2022/23 |
|--------------------|-------------------|-------------------|-------------------|---------------------|
| | £k | £k | £k | £k |
| Surplus /(deficit) | 883 | 88 | 172 | (24,500) |
| Rolling 3 years | 883 | 971 | 1,143 | (24,240) |

2.3 The Health Board is unable to submit a balanced financial plan for 2023/24 and an Accountable Officer letter was submitted to Welsh Government (WG) on the 28th February 2023. The key assumptions driving the financial plan for 2023/24 are summarised below:

- A brought forward financial challenge from 22/23 of £84.7m, which is the starting point for the 2023/24 plan. This includes ongoing local Covid costs of £10.0m and estimated ongoing energy cost pressures of £13.8m.
- Additional recurring allocations from WG for 2023/24 is £9.7m. This includes £15.2m of un-earmarked growth funding (excluding funding for pay awards and contractor professions) plus a £7.7m allocation reduction for Planned Care recovery regional schemes. The plan also assumes £2.4m of recurrent funding for the estimated impact of the Real living Wage (RLW) in 2023/24 (unconfirmed).
- Additional non-recurring allocations from WG for 2023/24 is £9.9m. This includes £9.1m for Testing, Tracing and vaccination plus an assumed £2.0m for an abatement to the dental contract income target in 2023/24 (unconfirmed).
- Provision for recurring inflation, cost and service pressures of £27.1m. This includes £21.8m for inflationary costs (excluding pay awards and contractor professions) plus £12.3m for other service and demand pressures.
- The plan does not include any provision for locally determined service improvement schemes.
- Provision for non- recurring investments and cost pressures of £11.3m. This mainly relates to the non-recurring allocations noted above for Testing, Tracing, vaccinations and dental.



- Recurring savings of £27.3m are planned in 2023/24. This is circa 3.2% of an estimated controllable budget for CTM of circa £850m.
- Full delivery of the financial plan for 2023/24 would deliver an in-year surplus of £8.5m but still leave a deficit of £76.2m and a financial challenge going into 2024/25 of £61.0m (excluding energy).

2.4 The financial strategy in previous years has been to breakeven in each financial year and to reduce the level of recurrent deficit over a reasonable time frame.

2.5 Following the submission of the Accountable Officer correspondence to Welsh Government and on receipt of feedback from Welsh Government, further options to reduce costs were identified. However, these were ruled out on the basis of quality and safety considerations. A sample of these is set out below and the full list will be available for board consideration.

| Option | Risk |
|---|--|
| Ban on agency staff | Unacceptable standards of care |
| Deviate from Nursing Care Standards | Unacceptable to stakeholders and standards of care |
| Vacancy freeze | Undifferentiated impact on activities |
| Close or amalgamate services | Political challenge if undue process |
| Stop implementation of NICE recommendations | Not cost effective in long run |
| Stop all elective care in and out sourcing | PCR fund will be clawed back |
| Reduce energy by lowering temperatures | Impact on patients, visitors and staff |
| Charge local authority partners for delayed transfers of care | Not conducive to partnership working – consequently, we will continue work to improve discharges |
| Extend the scope of Interventions Not Normally Undertaken (INNU) policy | This may have adverse impacts for wider patient wellbeing and would take time to clinically assess and implement |

2.6 The planned in-year surplus of £8.5m presents a number of choices for 2023-24. These options include investment in high priority areas and/or to reducing the £27.3m savings target for 23/24. The options are set out in the table below.



| Option | | In year deficit | Total deficit |
|--------|--|-----------------|---------------|
| | | £m | £m |
| 1 | Maintain current plan with a £27.3m savings target | -8.5 | 76.2 |
| 2 | Utilise the £8.5m to reduce the £27.3m savings target and de-risk the plan | 0 | 84.7 |
| 3 | Keep the £27.3m savings target and invest the £8.5m on high priority areas such as Planned Care Recovery (PCR), Digital, Digitisation and Overseas nursing | 0 | 84.7 |
| 4 | Keep the £27.3m savings target and Invest the full £10.7m improvement from the Accountable Officer (AO) letter submission in high priority areas | 2.2 | 86.9 |
| 5 | A combination of some reduction in savings targets and some investment | tbc | tbc |

2.7 A number of high priority investment areas have been considered by the executive team and Planning Performance and Finance Committee. These include the following and are described further in the planning assumptions section below:

- Planned care recovery
- Stroke services
- Overseas nurse recruitment
- Information Management & Technology (IM&T) infrastructure
- Continued digitisation of medical records

Planning assumptions

2.8 The Planning, Performance & Finance (PPF) committee robustly considered and debated the merits and disadvantages of all of the options set out in paragraph 2.6 and the committee endorsed the executive team to proceed with developing proposals for the adoption of option three, as set out above. The remainder of this briefing paper is set out on the basis of the application of option three.

2.9 Within option three, the following planning assumptions have been made. These have been prioritised on the basis of assessment of risk and benefit, using our quality and performance indicators.

2.10 Cwm Taf Morgannwg University Health Board's patient waiting list accounts for a significant proportion of the long waiters across Wales.

This means that there are people with significant disease and morbidity unduly waiting for diagnosis and treatment, thus affecting their outcomes. This will disproportionately affect those in lower socio-economic bands. The prime purpose of the Health Board is to improve health and reduce inequalities thus this area is maximum priority.

- 2.11 Investment in recovery of the planned care position utilising the planned care recovery funds in accordance with the proposals resulting from review of the delivery in 2022-23 will result in the Health Board improving access for patients. However this level of investment will not be sufficient for the Health Board to fully meet ministerial requirements for June 2023 and March 2024.
- 2.12 A shortfall in nursing staff of 315 posts necessitates reliance on agency staffing to achieve safe staffing levels. This is proven to be less safe and effective as well as draining health board finances and impacting on the ability to achieve financial balance and then to invest elsewhere.
- 2.13 The Health Board has prioritised investment in the recruitment of nurses from overseas. This is an investment in quality and will enable the Health Board to increase the sustainability of the nursing workforce and reduce variable pay expenditure.
- 2.14 Keeping our data safe and building our capacity to deliver care in a more person-centred and cost-effective way requires the prioritisation of investment in digital infrastructure. This will in turn create flexibilities as we move to a more self-care, self-service culture.
- 2.15 Improvements to the IM&T infrastructure have been included. This represents only a proportion of the required improvement for digital services and these investments are being made on a prioritised basis to support our legal obligations and compliance for transformation enabled by digital, to support the delivery of digital solutions across the health board and resources to support critical upgrades to our infrastructure.
- 2.16 Investment in stroke services to improve the patient pathway will enable the Health Board to improve outcomes for patients and reduce their ongoing need for health (and social) care and support. While it is not possible to allocate the volume of resource required to fully mobilise our plans, this investment will enable us to progress towards our vision of optimal services.

2.17 Delivering the plan within the financial position described above has necessitated difficult decisions not to invest in some areas, and has curtailed the level of investment in the priority areas set out above. However, these investments will improve service delivery for the Health Board population and make progress towards improving our delivery against key quality and performance indicators as a consequence.

Delivery expectations

2.18 Ministerial expectations included in the NHS Planning Framework for 2023-24 that the Health Board expects to deliver are set out below:

2.18.1 Delayed transfers of care – regular monthly reporting of pathways of care and reduction in backlog of delayed transfers. This is to be delivered by the Six Goals Programme and Primary and Community Care transformation programme.

2.18.2 Primary care access - the Primary and Community Care transformation programme incorporates actions for contract reform and pathway transformation covering the breadth of services: general practice, dental, community pharmacy and optometry. Optometry services are fundamental component of the delivery of ophthalmic services to improve access and reduce risk of adverse outcomes for patients requiring eye care.

2.18.3 Progress will be made on the delivery of same day emergency care and the Health Board expects to see improvement in delayed ambulance handovers based on implementation of the improvement plan.

2.18.4 Mental health access compliance will be improved through 'shifting left' to a mental health in primary care model aligned to locality planning groups.

2.18.5 The Health Board is working with regional partners to develop regional diagnostic services in line with the ministerial requirements.

2.18.6 Cancer services improvements are expected to deliver 70% of pathways by quarter four 2023-24.

2.18.7 Planned care requirements of moving towards 36 weeks for referral to treatment times will not be able to be met. The Health Board is working to reduce longest waits to below 104 weeks, moving towards 78 weeks by the end of March 2024.

2.19 The plan is underwritten with the expectation that opportunities for service change to drive improvement within the existing infrastructure and resource envelope are being prioritised for delivery and these will continue to be developed in an iterative approach to improvement.



3. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 3.1 This report is presented to provide the board with a full understanding of the challenge for this planning cycle and the approach which has been taken to balance quality, performance and financial duties.
- 3.2 Following the PPF committee’s scrutiny of the process for developing the plan, its assumptions, investment priorities and delivery expectations, this plan is presented to the full Board for further scrutiny.
- 3.3 The plan is presented for the Board’s agreement to submit the plan to Welsh Government, noting that it will not be possible for the Board to formally approve this plan as it will not enable the Health Board to meet all of its statutory requirements, in particular, the duty to provide financial balance during the three-year planning period.

4. IMPACT ASSESSMENT

| | |
|---|--|
| Quality/Safety/Patient Experience implications | Yes (Please see detail below) |
| | The plan necessitates decisions regarding further improvement of the performance position of the Health Board’s services. These decisions have been considered with a view to balancing quality, performance and financial risk. |
| Related Health and Care standard(s) | Governance, Leadership and Accountability |
| | The IMTP presents the health board’s key priorities and plans to address these during a three-year period. Consequently, the IMTP relates to all Health and Care Standards |
| Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services. | No (Include further detail below) |
| | Any service changes described within the IMTP would be subject to EIA at the relevant point in the service development and change process. |
| Legal implications / impact | There are no specific legal implications related to the activity outlined in this report. |



| | |
|---|---|
| | Provision of a board-approved, financially balanced three-year plan is a requirement under section 175(2) of the National Health Service (Wales) Act 2006 (as amended by NHS Finance (Wales) Act 2014). |
| Resource (Capital/Revenue £/Workforce) implications / Impact | Yes (Include further detail below) |
| | This plan sets out the Health Board's financial plan for 2023-24 in the context of the wider three year period |
| Link to Strategic Goals | Improving Care |

5. RECOMMENDATION

- 5.1 The board is requested to note the contents of this report and the Health Board plan (IMTP) including:
- 5.1.1 The approach to balancing quality, performance and financial risks.
 - 5.1.2 The investment priorities for 2023-24 which will provide either direct improvement in patient access or provide key enablers (such as sustainable workforce recruitment and digital developments to improve efficiency and effectiveness and modernise service delivery) and the impact of prioritising these (as set out in option 3).
- 5.2 The board is asked to note the plan and endorse its submission to Welsh Government, noting that this is an annual plan set in a three-year context due to the conditions that make it unachievable to deliver a fully balanced three year plan.