Meeting Date	**23rd May 2018**	**Agenda Item**	**2f**
Report Title	**Demand and Capacity Planning**		
Report Author	Darren Griffiths, Assistant Director of Strategy		
Report Sponsor	Siân Harrop-Griffiths, Director of Strategy		
Presented by	Siân Harrop-Griffiths, Director of Strategy Chris White, Chief Operating Officer		
Freedom of Information	Open		
Purpose of the Report	To update the Performance and Finance Committee on the outputs from the recent work to strengthen and test the capacity and demand models which underpin the Health Board's planned care delivery trajectories for 2018/19.		
Key Issues	The key issues for this report are: - • Impact of projected year end planned care positions and their position in respect of long waiting patient volumes • Scale and deliverability of efficiency and productivity within plans • Scale and risk of optimism bias within plans • Availability of new funding to support plan Work continues to be undertaken to refine plans and make informed risk assessments within mitigation.		
Specific Action Required ***(please ✓one only)***	**Information**	**Discussion**	**Assurance**	**Approval**
		✓		
Recommendations	Members are asked to: • Note the work carried out to date to test and strengthen the delivery plan positions • Note the projections within the modelling • Note the cost of the delivery plan			

DEMAND AND CAPACITY PLANNING

1. INTRODUCTION

This report sets out for the Performance and Finance Committee, the outputs of the recent work undertaken to test and strengthen Service Unit capacity and demand models for planned care for 2018/19.

2. BACKGROUND

As part of the Annual Plan development process each Unit with a service reportable under planned care criteria is required to produce a capacity and demand model for the year ahead.

The models are built at specialty level and model outpatient capacity and demand along with demand for operations (where the specialty is surgical) to include inpatient and day case care. These allow for an assessment to be made as to whether waiting times in a particular speciality will increase, decrease or remain stable in the year modelled. This assessment then results in a series of detailed discussions to develop service solutions so that the projected end of year position is realistic and either at or moving towards target levels. The main focus of this report is on long waiting patients over 36 weeks.

The emphasis of the Health Board for 2018/19 has been to look for service models which enable specialties to stabilise within current resources and then to consider backlog removal.

The first round of modelling allowed a set of draft projections to be submitted with the Annual Plan for 2018/19. However, the Health Board was clear that these projections were not final and were dependent upon a scrutiny and assurance review to be undertaken at the beginning of May 2018.

These scrutiny meetings considered the draft capacity and demand plans and in the first instance tested them for: -

- efficiency and productivity gains,
- the assumptions around how demand and capacity are derived
- mapping to consultant job plans
- future risks

These tests were to assess how each specialty performs in waiting times terms within its own resources for the year ahead. Should the specialty still be in a position where waiting times were either increasing after this round of modelling, or improving but at too slow a rate, service managers were asked to consider what solutions could be implemented to improve the position. These solutions could include: -

- additional backfill of lists
- out of hours operating
- utilisation of locum or short term staffing
- equipment purchases to increase efficiency
- insourcing

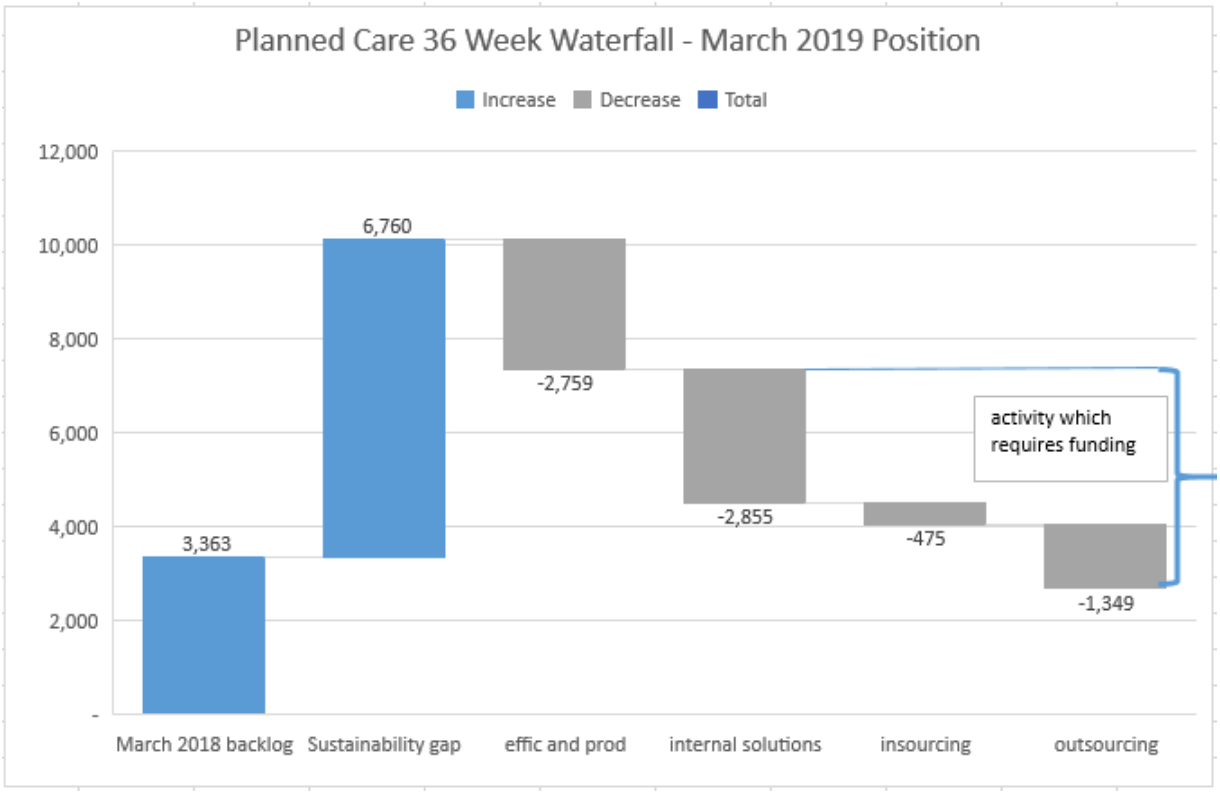
- outsourcing

Following the meetings it has been possible to produce an aggregate Health Board position. The table below shows the aggregate positon for the Health Board at time of writing.

	March 2018	**Draft Projected March 2019**
OP > 26 weeks	292	0
36 weeks	3,363	2,685
8 week diagnostics	29	0
14 weeks therapies	0	0

The projection is built up from the individual pans received by the delivery units and the current cost of delivering the above is estimated to be £10.3m (of which the Health Board has a £2m contribution already within its financial framework for 2018/19. These start and end points however mask the underlying pressure within the planned care system and the impact of the sustainability gap in the 36 week position in particular.

The waterfall below shows the scale of the sustainability challenge that the Health Board is working to address. It shows that we have a 3,363 backlog at the start of the year and the modelled sustainability gap is 6,741. However the Health Board has planned efficiency and productivity gain of 2,759 to offset this. Therefore, if we spend no further money on RTT in 2018/19 our positon would increase from 3,363 to 7,345; this is clearly not acceptable. The £10.3m is to move us from the 7,345 positon down to 2,685 i.e. it purchases 4,679 extra procedures as well as funding some outpatient and diagnostic capacity to support the draft positon set out in the table above.



Appendix 1 to this report shows how the figures in the waterfall are built up from specialty level demand and capacity plans. The projected outturn position of 2,685 is slightly lower than the 2,697 set out in the Health Board's Annual Plan document for 2018/19 as a result of the refinement and scrutiny of the detailed specialty level plans.

Having had the recent scrutiny round, it is felt that the 2,685 figure does not represent the ambition of the Board to materially reduce the waiting times for the population we serve, and in order to address this, we are currently testing the 2,685 end of March 2019 draft position as we feel that the number does not include all potential efficiency, service, productivity and process gains that it could (although recognising that some gains are included following the most recent round of scrutiny). Also, it is felt that that there may be a degree of optimism bias in the specialty level projections which requires further testing.

By way of comparison and transparency, we have carried out a very high level review of our 36 week positon over the last two years. The 36 week position improved by around 400 in 2016/17 for an additional investment of around £9m and in 2017/18 it improved by 100 for approximately £7m-£8m additional investment. Whilst it is acknowledged that this is a crude way of assessing the position it does highlight the extent of the sustainability gap the Health Board has to address before having a positive impact on backlog numbers.

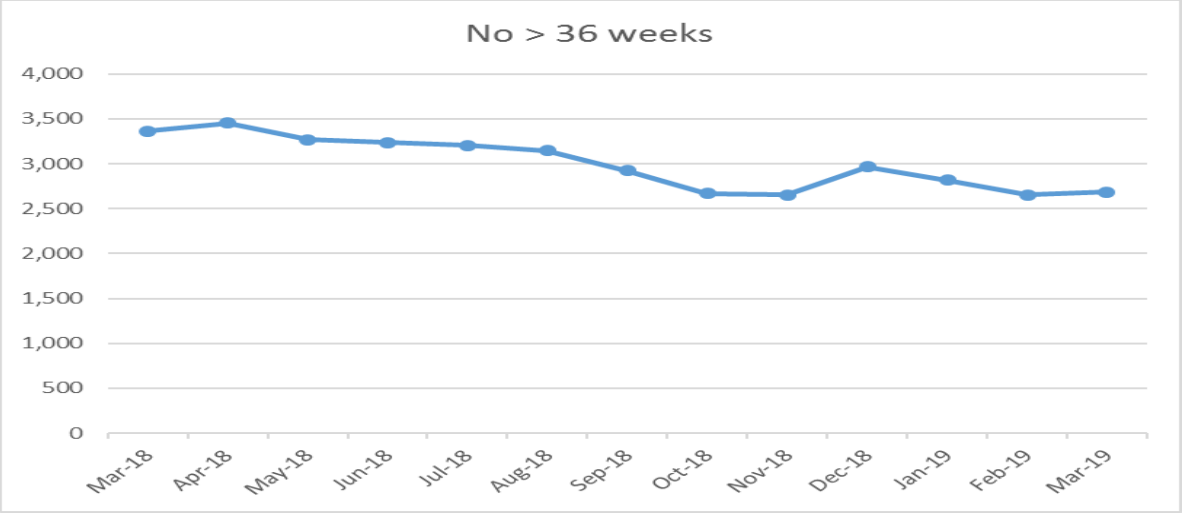
The projections set out above show a 678 reduction in 36 week long waiting patients for £10.3m which would be our biggest step forward in recent years. We are currently validating the assumptions behind this high level position. For Quarter 1 we are continuing to implement all available solutions to reduce our long waiting volumes and long waiting times and we have done so following advice received through our Targeted Intervention discussions with Welsh Government.

The Health Board is also reviewing the nature of the solutions being described as "internal solutions" in Appendix 1. Some of the solutions appear to have become part of "business as usual" and if these can developed into sustainable solutions we will support these as initiatives to further reduce the sustainability gap, subject to the individual business cases passing scrutiny.

Further work will be undertaken over the next 3 to 4 weeks in detail to understand the scale of the potential optimism bias and the further efficiency, productivity and service change gains that could be forthcoming. In due consideration of this, the Health Board estimates that a March 2019 36 week position of between 2,700 and 2,300 could be achievable.

Based on current costings and work ongoing to consider gains within the existing resource baseline of the Health Board, we anticipate a gross cost of between £9.5m and £10.5m to achieve this, along with the planned positions for Outpatients, diagnostics and therapy services.

The chart below shows the current shape of the 36 week plan by month for 2018/19.



The chart shows that the period between November 2018 and March 2019, whilst varying month on month, is largely static which reflects the learning we have gained through considering how planned care is impacted by winter pressures. This year, the plan reflects this and reduces the scale of improvement expected in the winter months based on experience. It is felt that this is a more pragmatic and realistic approach and shows further integration of the unscheduled and scheduled care plans as we develop our understanding of our whole system.

3. GOVERNANCE AND RISK ISSUES

Reducing both waiting times and waiting volumes is important to the Health Board to enable patients to access services in a timely manner. The Health Board is

committed to this, but the scale of the challenge is significant and some pressured specialties such as orthopaedics and general surgery are likely to take between 2 and 3 years to reach sustainability and remove backlog. As can be seen from above, the Health Board is also looking for resource from Welsh Government to assist with this improvement (discussed in section 4 below).

There are a number of risks to the delivery of the plan. These risks are set out (in no particular order) at a high level in the bullet points below: -

- Workforce stability in specialty and sub specialty areas where either single handed or very few numbers of clinicians deliver a service. We have seen in 2017/18 examples where unplanned absence has caused waiting times to increase and contingency measures have been required.
- Theatre staffing levels will affect the number of theatre slots available which is a key driver to treating the volumes of patients required to meet targets.
- Whilst the Health Board is committed maximising opportunities for efficiency, productivity and service change gain, it will be unable to close the sustainability gap in year. Therefore availability of additional funding to support increase capacity is a key element of the plan.
- The projections take into account a period of reduced activity for the winter period. This is based on an assessment of the impact of our winter plans over the last 3 years. Clearly should there be extraordinary circumstances such as a major flu outbreak, adverse weather or a prolonged period of winter pressures, this will impact routine elective care delivery in particular.
- The plan is predicated on outsourcing 1,349 cases. If outsource providers are unable to delivery this capacity or struggle to deliver their commitments, this will affect the plan.

On a further, important matter of governance, the Chief Operating Officer and the Assistant Director of Strategy met with colleagues from Welsh Government and the All Wales delivery Unit on Wednesday 16th May. The meeting was supportive and was established by Welsh Government to aid transparency between the organisations in respect of unscheduled and planned care plans.

Welsh Government colleagues asked that the Health Board share its current planned care projections to enable a composite All Wales briefing to be shared with the Cabinet Secretary for Health And Social Care. The purpose of this briefing being to enable the Cabinet Secretary to consider the allocation of performance funding for planned care NHS Wales organisations.

As the Health Board is working closely with Welsh Government colleagues through its targeted intervention status, it was felt that the sharing of the projections was important and hence the figures and financials set out above (along with Appendix 1 to this report) were shared with Welsh Government on Friday 18th May as a draft position subject to further work. The correspondence shared with Welsh Government clearly set out that the positon has not been through the final stages of assurance with the performance and Finance Committee and should therefore be received in full knowledge of this. The correspondence also suggested further detailed work with support from Welsh Government and All Wales Delivery Unit colleagues to independently assess the robustness of the plans.

4. FINANCIAL IMPLICATIONS

The total cost of the plan is estimated to be in the range of £9.5m to £10.5m subject to further refinement. The Health Board is able to offset this by the £2m set aside for planned care in the agreed 2018/19 financial framework.

The Performance and Finance Committee will be aware that any funds that could be available from Welsh Government are likely to be subject to clawback conditions as with previous years. It is therefore crucial that prior to bringing a final position through the committee for agreement, that strong assurance is in place in terms of the projections to avoid the possibility of clawback in 2018/19.

5. RECOMMENDATIONS

Members are asked to: -

- Note the work carried out to date to test and strengthen the delivery plan positions
- Note the trajectories within the modelling
- Note the cost of the delivery plan

Governance and Assurance

Link to corporate objectives *(please ✓)*	Promoting and enabling healthier communities	Delivering excellent patient outcomes, experience and access	Demonstrating value and sustainability	Securing a fully engaged skilled workforce	Embedding effective governance and partnerships

Link to Health and Care Standards *(please ✓)*	Staying Healthy	Safe Care	Effective Care	Dignified Care	Timely Care	Individual Care	Staff and Resources

Quality, Safety and Patient Experience

Delivery of reduced waiting times and volumes will decrease access times for patients which will indicate an enhanced patient experience and reduced risk of rescheduling.

Financial Implications

The level of improvement set out in the projections is only deliverable with funding which is not currently included within the financial framework for the Health Board for 2018/19.

The Health Board has £2m available and the total cost of the projections is estimated to be between £9.5 and £10.5m. The final figure will be available once final testing of efficiency and productivity gain within each individual specialty is complete.

Legal Implications (including equality and diversity assessment)

There are no known legal or equality and diversity impacts. Patients are treated based on clinical need and chronology.

Staffing Implications

A minor element of the plan is predicated on recruitment of additional staff and the ability of staff to work additional hours. Conversely, if staff become available to work out of hours (evening or weekends) this would be a significant opportunity to reduce waiting times further.

Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)

The '5 Ways of Working' are demonstrated in the report as follows:

Long term – Actions within this report are for 2018/19 but will have a long term impact in terms of reduced waiting times and more sustainable services.

Prevention – some of the service modernisation within these services such as musculoskeletal assessment promote lifestyle changes and independence which could reduce the need for surgery in some cases.

Integration – clinical pathways are delivered across primary and secondary care.

Collaboration – come clinical pathways cross health board boundaries and require collaboration within the NHS system. Involvement – Corporate and Delivery Unit Leads are key in identifying performance issues and identifying opportunities to close capacity and demand gaps within existing resources.	
Report History	This report is a new update to the Performance and Finance Committee. Subsequent updates will be brought to Performance and Finance Committee as the nature of the agreement to be reached around funding and projections becomes clearer with Welsh Government.
Appendices	Appendix 1. Specialty by specialty analysis of capacity and demand gaps and plans to close them.

Appendix 1

2018/19 RTT Delivery Profile >36wks

Position as at 18/05/18

								Costed Solutions			
Unit	**Specialty**	**March 18 Backlog**	**Capacity Gap**	**Backlog + Capacity Gap**	**Efficiencies**	**Projected Position without investment**	**Sustainbility Gap**	**WLI/ Backfill**	**Insourcing**	**Outsourcing**	**Current March 2018 Projection**
Morriston	Cardiac	0	0	0	0	0	0	0	0	0	0
	Cardiology	90	0	90	0	90	0	0	0	0	90
	ENT	203	213	416	106	310	107	0	235	17	58
	General Surgery	363	312	675	(132)	807	444	0	120	420	267
	Neurology	0	0	0	0	0	0	0	0	0	0
	OMFS	279	(7)	272	95	177	(102)	0	0	0	177
	Orthopaedics	1,104	545	1,649	24	1,625	521	159	60	364	1,042
	Plastic Surgery	55	456	511	250	261	206	30	24	160	47
	Spinal	217	385	602	132	470	253	118	36	77	239
	Thoracic	0	0	0	0	0	0	0	0	0	0
	Urology	11	141	152	62	90	79	72	0	0	18
	Vascular	3	6	9	0	9	6	9	0	0	0
Princess of Wales	Cardiology	0	0	0	0	0	0	0	0	0	0
	Dermatology	0	0	0	0	0	0	0	0	0	0
	ENT	0	0	0	0	0	0	0	0	0	0
	Gastro	0	0	0	0	0	0	0	0	0	0
	General Surgery (Breast)	0	69	69	0	69	69	69	0	0	0
	General Surgery	193	804	997	691	306	113	167	0	0	139
	Gynae	0	388	388	57	331	331	331	0	0	0
	Ophthalmology	0		0	0	0	0	0	0	0	0
	Orthopaedics	798	557	1,355	484	871	73	246	0	50	575
	Urology	40	339	379	308	71	31	42	0	0	29
Singleton	Gastro	5	1,541	1,546	416	1,130	1,125	1,128	0	0	2
	Gynae	1	105	106	105	1	(0)	0	0	0	1
	Ophthalmology	0	905	905	160	745	745	484	0	261	0
Primary Care	Restorative Dentistry	1	0	1	1	0	(1)	0	0	0	0
Grand Total		**3,363**	**6,760**	**10,123**	**2,759**	**7,364**	**4,001**	**2,855**	**475**	**1,349**	**2,685**