**Appendix 2**

**EASC Financial Plan 2022/23 Assumptions**

The 2022/23 Annual Planning Framework figures for EASC Commissioned Services will be consistent with the details set out in the Welsh Government (WG) allocation letter, which is expected to include specifically:

* An uplift for core cost growth assumed to be 2% in line with previous years, which includes funding to meet the first 1% of 2022-23 pay award costs
* Ring fenced funding to be provided in full to support the increasing cost profile of the Band 6 paramedic business case.

Given that Welsh Government planning guidelines have not yet been issued, the financial planning figures are based upon assumptions made within this paper. In order to compensate for uncertainty and risk, a 1% contingency has been included in the plan. Contingency will be removed for the final draft version of the plan and replaced with detail of specific initiatives, if required.

The allocation does not include the following:

* Further funding to support the Agenda for Change (A4C) pay award or other pay award uplifts
* Funding for the ongoing NHS response to Covid-19 in 2022-23.

Major Trauma and Critical Care Transfer Service funding has been added to the EASC ring fenced allocation.

This is an initial allocation and it is expected that any additional funding required to deliver key priorities will be allocated as appropriate when costs are confirmed and source of funding agreed.

**Emergency Ambulance Services (EAS) Allocation**

Demand and Capacity Review: Recurrent impact of additional front line recruitment

The Front Line In-Year Allocation Reserve was introduced in 2020/21 in order to provide a clearer link between provider programme delivery and commissioner payment. The Front Line In Year Allocation Reserve process continued into 2021/22 following on from the successful delivery of an additional 136 whole time equivalent (WTE) front line staff as part of the Demand and Capacity Review.

The recurrent impact of phase 1 recruitment of the Demand and Capacity Review in 2020/21 was £4.977m in 2021/22 and has been included in the plan and allocated across the 7 local health boards (LHBs) in line with the established risk share mechanism.

As part of phase 2 of the expansion of front line resources Health Boards contributed £2.0m additional revenue on a non recurrent basis for 2021/22. The draw down from this funding was made conditional on delivery of an additional 127 WTE front line staff in line with the plan and allocated only when expenditure has been incurred. At this stage of the planning cycle, WAST are forecasting to meet the recruitment target of an additional 127 WTE and the recurrent impact of this is expected to be £5.650m which has been included in the draft plan and allocated across the 7 local health boards (LHBs) in line with the established risk share mechanism.

This funding has been made available to support the recruitment of front line staff in line with the Commissioning Intentions and recommendations from the Demand and Capacity Review, which was jointly commissioned between EASC and WAST in 2019/20. This funding has been made available contingent on WAST contributing towards this resource by utilising their allocated 1% growth uplift and delivering efficiencies. Key drivers of efficiency for WAST will include:

* Reduction in the costs of overtime and an increase in the proportion of funding that is spent directly on front line resources
* Maximising the use of resources directed towards the front line with any slippages allocated to front line service development

**Non-Emergency Patient Transport Service (NEPTS) Allocation**

In addition to the assumptions set out in the WG allocation letter, the NEPTS funding position reflects the in-year 2021/22 transition of services. Historically, NEPTS funding flowed from LHBs to WAST directly but was included in the EASC annual financial plan for completeness as a commissioned service under EASC.

In 2022/23, NEPTS funding flow will change and be allocated to EASC directly from LHBs in order to become aligned with the Emergency Ambulance Service allocation and associated governance mechanisms.

In 2021/22, EASC secured a non-recurrent allocation from Welsh Government of £2m to support Health Boards with their Planned Care recovery programmes. For 2022/23, it is expected that LHBs will include non-emergency transport requirements within their Planned Care recovery programme plans and that funding for any additional requirements for NEPTS services will be provided to EASC in order to commission the service from WAST.

**Grange University Hospital**

The Grange University Hospital was opened in November 2020, with funding for the ambulance service being provided by Aneurin Bevan ABUHB to EASC in line with ambulance commissioning arrangements and the Service Level Agreement established for the Grange.

**Emergency Medical Retrieval and Transfer Service (EMRTS) Allocation**

In addition to the assumptions set out in the WG allocation letter, the EMRTS funding position is consistent with the approved development and expansion of the 24/7 service and the Critical Care Transfer Service. Funding for these initiatives will be released once the cost has been incurred. Funding for the Critical Care Transfer Service has been released by Welsh Government as a ring fenced allocation (see note below on EASC Ring Fenced Commissioning Allocations).

As part of the expansion of the 24/7 service, Health Boards contributed £1.257m additional revenue on a non recurrent basis for 2021/22. The draw down from this funding was made conditional on delivery of resources in line with the delivery plan and only when expenditure has been incurred. If expenditure is not incurred or the programme underspends, funding will be returned to LHBs. At this stage of the planning cycle, EMRTS are expecting to deliver the 24/7 service expansion in line with the plan and a recurrent allocation of £1.257m plus uplift will be required in 2022/23.

**Ring-Fenced Commissioning Allocations**

The Critical Care Transfer Service and Major Trauma service development allocations have been made available recurrently from Welsh Government on a ring-fenced basis. These have been reflected in the EASC Ring Fenced Commissioning Allocations values.

**Specialist Commissioning Allocation**

South-East Wales Regional Acute Coronary Syndrome Treat and Repatriate Service

In 2019/20, as part of ‘A Healthier Wales’ transformation initiative, EASC funded the development of a dedicated ambulance to transport patients between district general hospitals in south east Wales and the tertiary centre at the University Hospital Wales, Cardiff. The scheme was further funded by EASC on a non-recurrent basis in 2020/21 and has had a transformative impact both in terms of the reduction in access time to treatment for patients and the amount of time patients are in hospital. The scheme will therefore be funded on a recurrent basis from 2021/22 onwards, with funding being drawn down from Cardiff and Vale, Aneurin Bevan and Cwm Taf Morgannwg UHBs on a usage basis through the EASC brokerage system.

The cohort of patients benefiting from this service is broadly split 50% Cwm Taf Morgannwg CTMUHB (Prince Charles and Royal Glamorgan hospitals), 33% Aneurin Bevan ABUHB (Nevill Hall Hospital) and 17% Cardiff and Vale CVUHB (University Hospital Llandough).

**EASC Team Resourcing**

No assumption has been made for additional EASC Team resourcing other than the core cost growth uplift as set out in the Welsh Government allocation letter.

**Non EASC Allocations**

In addition to the EASC revenue allocation, WAST and EMRTS services receive funding from other sources as outlined below. There are separate processes for negotiating and agreeing these amounts which are currently outside the remit of the EASC Joint Committee.

111 Programme

Funding for the Welsh Ambulance Services NHS Trust’s (WAST) 111 service delivery is included as Hospital, Community and Health Services Directed Expenditure in the Welsh Government allocation, which is passed through Aneurin Bevan University Health Board (ABUHB) as host organization for the 111 programme and national roll out.

Other revenue

WAST receives revenue funding directly for the following services:

* Hazardous Area Response Team
* Health Board locally commissioned EMS services
* Major Trauma Units

Capital Funding

Capital funding, and any associated revenue impacts for depreciation, for WAST and EMRTS is allocated directly to WAST and Swansea Bay LHB respectively from Welsh Government.