

Trust Board Report

Meeting Date:	27 February 2012
Title:	Commissioning Arrangements and LDP Process 2012/13
Executive Summary:	This update report provides detailed information on the proposed changes to the commissioning arrangements, and the progress with the contracts negotiations for 2012/13.
Action Requested:	The Board are asked to note the report
Report of:	Maxine Espley, Director of Planning and Contracting
Author: Contact Details:	David Butterworth, Health of Commissioning and Contracting Tel: 01902 695945 Email: David.Butterworth@nhs.net
Resource Implications:	LDP and Contract negotiations for 2012/13 are near completion and Directors and Senior Management are regularly reviewing the service, contractual and financial implications.
Public or Private: (with reasons if private)	Public
References: (eg from/to other committees)	
Appendices/ References/ Background Reading	'Equity and Excellence: Liberating the NHS' 'Health and Social Care Bill' The Operating Framework 2012/13 PbR Tariff Guidance 2012/13
NHS Constitution: (How it impacts on any decision-making)	In determining this matter, the Board should have regard to the Core principles contained in the Constitution of: <ul style="list-style-type: none"> ✚ Equality of treatment and access to services ✚ High standards of excellence and professionalism ✚ Service user preferences ✚ Cross community working ✚ Best Value ✚ Accountability through local influence and scrutiny

Background Details	
1.	<p>Introduction</p> <p>The Trust Board received a report in November 2011 regarding the proposed changes to the Commissioning arrangements. This report provides an update and progress with the current contracting arrangements as part of the LDP Process for 2012/13.</p>
2.	<p>Background</p> <p>This report provides an updated position on the progress on the new commissioning arrangements, reflecting the implementation of the DH Operating Framework 2012/13, the DH PbR Tariff for 2012/13 and the current position in respect of LDP/Contract negotiations.</p>
3.	<p>New Organisation Arrangements</p> <p>3.1 <u>NHS Commissioning Board (NHS CB)</u></p> <p>The NHS CB has now implemented new organisational arrangements including the appointment to Board Directors and the publication of proposals for each Directors Management Structures. These structures clarify the Directors portfolios in respect of teams based centrally (860 staff), in the 4 sectors (200 staff) and 50 local offices (2,500 staff). This represents a reduction of almost half of current workforce.</p> <p>The NHS CB will not take partial statutory responsibility until October 2012 and full statutory responsibility in April 2013, and until then remain a shadow authority. SHAs and PCTs will be disestablished in April 2013.</p> <p>3.2 <u>SHA Clusters (4 in England)</u></p> <p>The NHS Midlands and East SHA Cluster are introducing performance management, reporting and monitoring arrangements in respect of Cluster PCTs and Providers for 2012/13. SHA Clusters have provided advice and direction to PCT Clusters in respect of business arrangements for 2012/13 covering Contracts, QIPP Schemes and CQUIN Schemes, and system plan requirements.</p> <p>3.3 <u>PCT Clusters (50 in England)</u></p> <p>The Black Country PCT Cluster have been actively involved in the local contracting process and in discussions regarding key principles in relation to the potential for the introduction for risk sharing arrangements alongside the implication of QIPP Schemes, Trust CIP challenges, and finalising contract negotiations.</p> <p>3.4 <u>Clinical Commissioning Groups (CCGs)</u></p> <p>An assessment of the viability of CCGs has been undertaken and as a result the initially proposed 330 CCGs are now expected to reduce to 250.</p> <p>As a consequence, it has now been agreed that the two potential emerging CCGs in Wolverhampton will be integrated into one CCG organisation. Board Members of Wolverhampton CCG are actively involved in 2012/13 LDP and Contract discussions also Chair of the formal monthly Clinical Quality Review Meeting.</p> <p>The Seisdon CCG were considered too small in respect of population size to become a CCG in their own right and have federated with South East Staffordshire CCG, on the basis of devolved management responsibility. The Director of Planning and Contracting, Medical Director and Head of</p>

	<p>Commissioning and Contracting attended the last formal Board Meeting of the South Staffordshire Seisdon CCG and very positive feedback has been received in respect of this meeting. As a consequence RWHT colleagues have been invited to the next formal meetings of the Staffordshire and Cannock CCGs.</p>
<p>4.</p> <p>4.1</p>	<p>Impact upon RWHT</p> <p><u>Relationship Management</u></p> <p>The current LDP and contracting process has been made more challenging by the changes within the commissioning structure and the loss of key members of the PCT team. The commissioning system has become more complex as a result of the SHA and PCT clustering arrangements as well as the emergence of CCG's. However, the RWHT Director and Senior Management team are continuing to actively engage with commissioning colleagues and are building relationships with the emerging CCG's. It is intended that a review of the impact of the proposed changes to take effect from the 1st April 2013 will be undertaken in the early part of the 2012/13 financial year and a clear communication and relationship management strategy will be developed.</p> <p>The RWHT Senior Management Team continues to be fully engaged in LDP discussions with local commissioners and Specialised Services. There is an internal weekly meeting of the core contracting team to discuss and review progress against contract negotiations and to ensure there is a joint understanding of key issues.</p>
<p>5.</p> <p>5.1</p> <p>5.2</p> <p>5.3</p>	<p>LDP and Contracts 2012/13 – Current Position</p> <p><u>Acute Contract</u></p> <p>The activity baseline has been agreed based on 2011/12 forecast outturn and the Directorates views on activity trends for 2012/13 shared with Commissioners. The key deadlines are to agree the financial and activity Heads of Agreement by the 29th February, and the full contract details with documentation by the 31st March 2012.</p> <p>A CQUIN Scheme proposal based on 13 goals has been received. At this stage, specific details to each of the goals are being finalised by commissioners with a commitment to share with RWHT colleagues as soon as possible.</p> <p><u>Community Contract</u></p> <p>RWHT colleagues have provided detailed proposals to the commissioner to introduce a hybrid contract (mix of block and cost and volume) for Wolverhampton PCT patients and cost and volumes contract for Associate PCTs (to reflect current 2011/12 arrangements for Associates). The deadlines reflect the Acute Contract arrangements.</p> <p>A CQUIN Scheme proposal based on 9 goals has been received. At this stage, specific details to each of the goals are being finalised by commissioners with a commitment to share with RWHT colleagues as soon as possible.</p> <p><u>West Midlands Specialised Commissioning Team (WMSCT)</u></p> <p>RWHT colleagues are reviewing the detail of the contract offer provided by Specialised Services alongside the Directorates view on activity trends for 2012/13 and the specific assumptions made by Specialised Services</p>

	<p>colleagues in their initial offer. Detailed feedback is being provided to the SCT with full contract agreement required by 31st March 2012.</p> <p>A CQUIN Scheme with 9 overall goals has been presented by the SCT, 4 of which are the National goals included in the Acute Contract, and 5 local goals with detailed requirements.</p>
<p>6.</p>	<p>Conclusion</p> <p>This report provides an update position to Trust Board members on the current position in relation to commissioning arrangements, and the progress in LDP and contract discussions 2012/13.</p> <p>There is an expectation that 2012/13 LDP and Contract negotiations will continue to be very challenging and RWHT Directors and Senior Management Teams are committed to ensuring the most effective agreements are in place. There are a number of risks to the organisation which are being managed through the contracting process and key issues which have yet to be fully resolved including the expectations of the commissioner to deliver QIPP savings and the deliverability of the CQUINN schemes currently being proposed. QIPP is of particular concern given the lack of detail from commissioners at this stage of the process and this is currently being escalated to Director level.</p> <p>An updated report will be provided to Trust Board members following the conclusion of LDP and Contract agreements for 2012/13.</p>