

Trust Board Report

Meeting Date:	23 July 2012
Title:	Contracting and Commissioning 2012/13
Executive Summary:	To provide the Board with an updated position on the Clinical Services Contract for 2012/13 and local commissioning changes
Action Requested:	Trust Board are asked to note the report
Report of:	Director of Planning and Contracting
Author: Contact Details:	Head of Commissioning and Contracting Tel: 01902 695945 Email: David.Butterworth@nhs.net
Resource Implications:	Any changes to agreed contract income levels will be reviewed against implications for Divisional expenditure.
Public or Private: (with reasons if private)	Public
References: (eg from/to other committees)	
Appendices/ References/ Background Reading	
NHS Constitution: (How it impacts on any decision-making)	<p>In determining this matter, the Board should have regard to the Core principles contained in the Constitution of:</p> <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. Introduction

As an integral part of Local Delivery Plans (LDP) for 2012/13, commissioners were required to ensure that contracts were in place with providers by 31 March 2012, using the NHS Standard Contract for Acute and Community Services.

Wolverhampton City PCT (WCPCT) is responsible for the 2012/13 NHS Standard Contracts for Acute and Community Services for all other PCTs in its role as Coordinating Commissioner. RWHT also provides a range of Specialist Tertiary Services which continue to be commissioned by Specialised Services using the same 'standard contract.'

This report gives the detail on the current position with commissioners in respect of RWHT's 2012/13 signed Contracts.

2. PCT Commissioner - Contract Framework

2.1 The Trust Board received a previous report on 23 April 2012 outlining the key components of the agreed 2012/13 contracts for acute, community and specialist services including the key performance indicators expected by commissioners.

Following agreement of the contract RWHT were informed that a contract variation order (CVO) would be necessary as the PCT were required to identify immediate financial penalties for breaches against key quality indicators. To mitigate the potential financial risks associated with this CVO the Trust have negotiated an agreed position for 2012/13 which reduces the overall number of indicators and enables the retention of financial penalties within the Trust to improve quality and safety.

2.2 The Standard NHS Contract required all co-ordinating commissioners to introduce Commissioning for Quality and Innovation (CQUIN) Schemes as part of the contract, within a payment framework of 2.5% of total contract income.

Contract income from CQUIN Schemes is non-recurrent with new schemes needing to be agreed each year. As a consequence, any operating costs to deliver 2012/13 CQUIN Schemes will need to be minimised.

A summary of the three CQUIN Schemes was provided to the Trust Board at the 23 April meeting. This included a total of 29 indicators across the 3 schemes, with an income value of £7.88 million.

	<p>An assessment of income risk and potential non recurrent expenditure to deliver the indicators has been undertaken. As a consequence the Trust Management Team approved a non recurrent investment of circa £106k to increase the pharmacy capacity to deliver the 'medicine' related indicators.</p> <p>Following feedback from RWHT, it is expected that WCPCT/CCG colleagues will revise some indicators, leading to improvements in the standards/objectives.</p>
<p>3.</p>	<p>Contract position for Acute services - £222,121,888</p> <p>WCPCT and RWHT had detailed discussions and negotiations to reach agreement on the areas to be included in the 2012/13 contract plan; however a number of areas still require final agreement.</p> <ul style="list-style-type: none"> • QIPP – no financial loss resulting from the commissioning QIPP proposals were included within the 2012/13 contracts. QIPP will be taken forwarded via the joint Modernisation Programme Board. Commissioners have agreed that all financial savings resulting from QIPP will be available for re-investment. • Emergency Readmissions – An audit of re-admissions to the Trust has been jointly undertaken with members of the clinical commissioning group. The outcome of the audit has identified that RWHT has a low level of avoidable readmissions when compared to other Trusts. Negotiations are underway to agree the final financial value based on the audit results. • Dermatology – Commissioners have committed to provide RWHT with clear commissioning Intentions for the next 2 years by September 2012, in the interim the Trust continues to deliver a service on a non-recurrent basis. • Dementia – The dementia service has been evaluated and the report has been reviewed by commissioners. RWHT await a final proposal in respect of longer term financial investment plan. • Impact of Mid Staffordshire FT A&E Closure – this has been reviewed by commissioners and discussions are underway to agree the value to be added to the 2012/13 contract and the impact upon the emergency threshold. • Emergency Threshold – The Emergency Threshold level has been agreed with WCPCT, subject to final adjustment in respect of the Mid Staffordshire Foundation Trust 'A&E closure' adjustment. <p>RWHT have reserved the right to have further discussions about potential service changes for 2012/13, with an acceptance by both parties that issues maybe raised throughout the year, and dealt with by agreement and CVO's.</p>
<p>3.1</p>	<p>Contract position for Community services - £52,739,000 (£50,347,862 for the NHS Community Contract)</p>

	<p>The 2012/13 community services contract remains within a block contract arrangement, however the commissioner and RWHT have agreed to undertake a contract pricing review during the year to develop the potential to transition to a local tariff. This work is being supported via the national PBR development programme.</p> <p>There are a number of non-recurrent initiatives funded by WCPCT which will be reviewed following service evaluations. These include the provision of community based nurse-led beds and the Wolverhampton Urgent Care Triage Service. Decisions regarding future funding of these projects are expected by October 2012.</p> <p>The Trust Board has been provided with a previous report in respect of Any Qualified Provider. RWHT have completed the applications for AQP to the DH for Adult Hearing Services and Podiatry. The wheelchair service application/qualification requirements have been delayed until January 2013.</p> <p>Dental Contract</p> <p>The Board were informed during 2011/12 that the commissioners had informed the Trust of a decision to decommission the community dental service in September 2012. Following several months of discussion and negotiation RWHT were invited to present a proposal to the commissioner outlining a potential alternative model of service. On the basis of the proposal the commissioner has outlined an intention to extend the contract for a further 2 year period. Work is underway to finalise the financial envelope and agree the key performance indicators and it is expected that a final contract agreement will be reached by the end of July 2012.</p>
<p>4.</p>	<p>Commissioner Development</p> <p>The responsibility for commissioning is going through a transitional phase during 2012/13 as the SHA Cluster and PCT Clusters transfer the responsibility for commissioning to other bodies by the 1st April 2013.</p> <p>The NHS Commissioning Board will take overall responsibility for commissioning in 2013/14, with four sub national offices, reflecting the same geographical areas covered by the SHA Clusters. Commissioning at a local level will be delivered by Clinical Commissioning Groups (CCG) and the commissioning of public health services will transfer to the Local Authority. Specialised services will remain within a separate contractual framework.</p> <p>There will be one CCG covering all of the population of Wolverhampton with several other local Emerging CCGs who will take direct responsibility for contract arrangements from 2013/14, covering the patient population of</p>

RWHT Services (i.e. Walsall; Dudley; Staffordshire; Shropshire etc).

We are continuing to build relationships with the emerging CCGs and senior staff are attending several CCG key Stakeholder events that are taking place in the next 2-3 months.

In order to be operational from 1 April 2013 the CCGs are going through an authorisation process, the Wolverhampton CCG is expected to be assessed via this process in October 2012. The CCG board has been elected with the remaining two positions for lay members to be appointed shortly. The process to appoint staff members to the Wolverhampton CCG commences in August 2012.