

Trust Board Report

Meeting Date:	Monday 22 nd April 2013
Title:	Contracting and Commissioning Update
Executive Summary:	This report provides an update on progress with the LDP discussions with our main commissioners
Action Requested:	Trust Board are asked to note the report
Report of:	Director of Planning and Contracting
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Resource Implications:	LDP and Contract negotiations for 2013/14 are under way 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)	Contracting and Commissioning Update, Trust Board, 25 th March 2013
Appendices/ References/ Background Reading	Health and Social Care Act 2012
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

The Trust Board received a report in March 2013 updating on progress with contract negotiations with Commissioners. This report provides an update and progress with the current contracting arrangements as part of the LDP Process for 2013/14, and provides updates on tendering requirements and Quality Matters.

2. Background

Heads of Agreements were signed with Wolverhampton City CCG on Thursday 7th March for agreement of financial envelopes for health commissioned services. Full and final contracts were expected to be signed by the end of March; however the deadline has been moved nationally to the end of April to allow time for the transfer of commissioning responsibilities to Specialised Commissioning Teams to be fully developed.

3. Contract Position

RWT are confident that we have achieved the best possible position in the current financial climate across the range of contracts.

3.1 Wolverhampton City CCG (Acute and Community)

a) Financial Transfers

The value of the financial transfers as part of the shift in commissioning responsibilities has not yet been set. For this reason, the national deadline for signing contracts has moved from the end of March to the end of April. This position could not have been improved on locally.

b) Financial Penalties

In 2013/14, the financial penalty is to be applied more robustly than normal, and will cover a range of quality indicators. The value of any penalties incurred will be held by commissioners and will be held for reinvestment into the health economy. We have agreed a straightforward process for bidding for investment with the CCG, which will be managed through the Clinical Quality Review Group and internally co-ordinated via the contracting office.

c) QIPP

QIPP plans have been developed by the CCG and agreement has been reached with commissioners that all revised pathways will be clinically supported with a detailed plan identifying how the changes will be operationally delivered and how costs will be removed prior to implementation. Access to this information will allow RWT to understand where the costs can be removed prior to the loss of any potential income. Several of the draft schemes have not met these criteria, and therefore much of the planned activity has not yet been removed from the base contract. Commissioners will work up the detail of their plans during the early months of 13/14, and further adjustments, once agreed within the defined criteria, will be removed from the contract activity levels.

<p>d)</p> <p>3.2</p> <p>3.3</p> <p>3.4</p> <p>3.5</p>	<p><u>Contracts</u></p> <p>As at the time of writing, the majority of the contract documentation has been agreed. Apart from the finance and activity schedules (as per section a) above), the further schedules to be agreed are the reporting requirements and the commissioners Service Development Improvement Plan. Both are currently being reviewed internally prior to feedback to commissioners. We do not anticipate any barriers to contract sign-off by the end of April as per the revised national guidelines.</p> <p>NHS England (formerly National Commissioning Board)</p> <p>NHS England is now an associate to the CCG contract, and so the contract values have been included within the CCG Heads of Agreement. The Board is asked to note that as part of these arrangements RWT has received notice from NHS England of the intention to tender for diabetic retinopathy services later this year and that the basis for allocation of health visitor will change from GP registration to residence.</p> <p>Specialised Services</p> <p>The agreement of a contract with Specialised Services relies upon the agreement of the financial values being transferred from CCGs. RWT has expressed from the outset that our overall quantum across commissioners should remain static. We have now had that principle confirmed through a risk share agreement covering CCGs and NHS England, incorporating Specialised Services. This will allow us to progress to contract signature by the end of April.</p> <p>Local Authority</p> <p>The principles behind the contractual arrangements have been agreed, and we are currently providing services with an interim agreement for funding with Wolverhampton City Council. A wider piece of work is under way to develop a set of contractual terms and conditions that are mutually agreeable.</p> <p>There are also other contractual arrangements needed with neighbouring local authorities to replace the income previously earned from associates to the health contract. These smaller agreements are proving challenging as many of the neighbouring local authorities are not expecting these agreements. However, progress is being made, and we are starting to gather signed agreements.</p> <p>Others</p> <p>The contracting team is currently mapping and logging all Service level Agreements (SLA's) with other providers in order to manage them through the Contracting function, with the aim of developing signed agreements and robust processes for managing these contracts in the future.</p>
<p>4.</p>	<p>Procurement and Tendering</p> <p>The Health and Social Care Act 2012 paves the way for the tendering of services to be opened up to private, voluntary and charitable sector organisations, and aims to promote and develop competition. This causes</p>

	<p>certain risks to existing providers, and the breadth and range of tendering requirements is still not clear.</p> <p>The wording within the Act (section 75) suggests that tendering is required to support good procurement principles, protect and promote patients' rights to choice and to avoid anti-competitive behaviour.</p> <p>There is much national debate as to what this means in practice. The Department of Health has issued advice and guidance to Commissioners that this does not mean widespread tendering processes. Commissioners will need to balance the cost of running procurement processes against the risk of facing challenges from potential providers. There will be a vote in the House of Lords on 24th April regarding the proposed rules on competition.</p> <p>RWT will continue to monitor the situation and assess any potential impact.</p>
<p>5.</p>	<p>Quality Matters</p> <p>The Quality Matters process has been running since April 2011, and gives GPs and Commissioners a route to raise minor issues of quality with the Trust. This section provides a brief overview of the process adopted.</p> <p>Issues are sent to a single point in RWT, from where they are issued to the relevant manager for a response. Responses are fed back to the Commissioners and there are defined timescales for each part of the process. There are very few responses that generate further questions. All issues raised within the Quality Matters system are discussed and summarised as part of the Clinical Quality Review meeting between the Trust and Commissioners, which forms part of the health economy governance process.</p> <p>To date, 125 issues have been raised, investigated and responded to. The most common issue raised relates to the timeliness, quality of provision of discharge notification. This has driven a quality indicator on notifications to be included in the contract for 2013/14.</p> <p>Feedback from Commissioners on the way in which RWT has implemented this process has been positive and there is evidence that this has often lead to improvements. In recent weeks the system has been extended to enable RWT to issue feedback to Commissioners on issues of quality within primary care and to date one specific matter has been raised for a response.</p>
<p>7.</p>	<p>Summary</p> <p>There remains significant work during the remainder of April to agree and sign full and final contracts with Commissioners. The outstanding actions and the reasons for delays in signing are totally outside of the control of the local health economy.</p>