

Trust Board Report

Meeting Date:	Monday 25 th March 2013
Title:	LDP Update 2013/14
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 (Contains details of contractual agreements with individual commissioning organisations)
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

The Trust Board received a report in January 2013 regarding the proposed changes to the Commissioning arrangements, and the increasing complexity of the commissioning landscape. This report provides an update and progress with the current contracting arrangements as part of the LDP Process for 2013/14.

2. Background

Heads of Agreements were expected to be signed by Thursday 28th February; however this national deadline was put back to Thursday 7th March for agreement of financial envelopes for health commissioned services. Full and final contracts should be signed by Thursday 28th March 2013. Agreement of CQUINs is nationally allowed to be agreed during April 2013, although locally RWT are pushing for agreement by the end of March in line with contractual deadlines.

3. Wolverhampton City CCG (WCCCG)

RWT have signed the financial Heads of Agreement within the required timescales. While there will be some movement in the final financial value, RWT are confident that we have achieved the best possible position in the current financial climate.

3.1 Finances

The values agreed, including associate commissioners, are £226,725,992 for acute services and £43,491,520 for community. This compares to 2012/13 contract values of £222,114,975 and £50,347,862 respectively. It should be noted that some elements of the community contract value in 12/13 have transferred to the Local Authority (see section 5 below). This results in an overall contract value for community services equal to the 2012/13 position. This includes at this time the services to be commissioned by Specialised Services, which will need to be agreed and transferred with the final contract. RWT have provided commissioners with an accompanying letter highlighting the outstanding concerns and actions required prior to final contract sign-off. Key issues for resolution prior to final contract are included in sections 3.2 to 3.5 below.

3.2 QIPP

WCCCG have proposed £4.7m of QIPP savings and indicated that these were to be removed from contracts from the start of the year. No detail on the schemes has been supplied, and RWT have limited confidence that the schemes will make the savings projected. QIPP savings of £1.108m have been removed at this stage, with the CCG required to provide further clarification of the remaining schemes, including detail of where cost will be removed. RWT have stipulated that where QIPP schemes do not successfully remove activity, that RWT will be funded at 100% of tariff and will not be subject to over performance notices.

<p>3.3</p> <p>3.4</p> <p>3.5</p> <p>3.6</p>	<p>South Staffs Non-Elective Thresholds An impact of Mid Staffs has seen an increase in non-elective admissions, which because of the contractual thresholds has been funded at marginal rates. RWT are in dispute with Staffordshire commissioners around the threshold, as we consider the increases to be due to increased demand from Staffordshire residents. WCCCG are supporting ongoing discussions with Staffordshire commissioners, and further correspondence is being shared to resolve this issue.</p> <p>7 Day Consultant Working The CCG confirmed that this business case was approved and have funded the costs in 2012/13. This funding is not included in the Heads of Agreement, and is a subject for discussion and resolution for inclusion in the final contract.</p> <p>Diagnostic Unbundling We have agreed with commissioners that this area will be cost neutral to both parties in 2013/14. Each organisation has mapped the activity and associated costs, but used different methodologies. This leaves a current gap of c. £800k in the financial allocation. Commissioner and provider have agreed to review and agree methodologies during March, and define the impact on finances to be included in the final contract.</p> <p>Actions There is considerable work to be done by commissioners during March to provide detailed plans relating to the QIPP schemes to enable the reduction of the contract value. This is in line with the risk share agreement previously developed and agreed. This will allow RWT to make the operational and clinical changes necessary to deliver the service changes without causing risks to quality, safety or financial performance. We will be working with commissioners on these outstanding actions during March.</p>
<p>4.</p>	<p>Specialised Services The services transferring to Specialised Services are currently included within the CCG Heads of Agreement, as RWT have maintained that the overall quantum has to be maintained, and that any money removed from the CCG contract has to be returned to RWT from other commissioners. Therefore, RWT maintain that this part of the resource should be excluded from the Specialised Services agreement until such time as the size of the resource transferring has been agreed.</p>
<p>5.</p>	<p>Wolverhampton City Council (WCC) WCC are assuming commissioning responsibility for a number of public health related services, including healthy lifestyles, school nursing and sexual health services. Their contractual arrangements sit outside of the NHS timescales, however RWT are expecting contractual agreement by 28th March 2013.</p> <p>WCC have expressed an intention to move to Local Authority contractual terms and conditions. These are far removed from the NHS Standard</p>

	<p>Contract form, and RWT have therefore not accepted these terms. It is envisaged therefore that RWT will continue to deliver services in line with the existing NHS contract form, although the contractual arrangement will still transfer to the Council from 1st April.</p>
6.	<p>NHS Commissioning Board (NHSCB) The NHSCB is now an associate to the CCG contract, and so the contract values have been included within the CCG Heads of Agreement.</p> <p>Community dental services are excluded from this, and will be managed through a separate Primary Dental Services contract with the NHSCB. A proposed contract for the delivery of community dental services has been received from the commissioner at a contract value of £1.3m. This recognises the reduction in the contract value following the redesign of the service during 2012/13.</p>
7.	<p>Summary There remains significant work during the remainder of March to agree full and final contracts with commissioners, however RWT are confident that we have sufficiently specified the actions required to ensure that contractual changes are supported with robust actions to implement changes while minimising risks to quality, safety and financial performance.</p>