








## The Royal Wolverhampton NHS Trust

The Royal Wolverhampton NHS Trust	
<b>Trust Board Report</b>	
<b>Meeting Date:</b>	Monday 27 <sup>th</sup> April 2015
<b>Title:</b>	Contracting Negotiation 2015/16 Update
<b>Executive Summary:</b>	This report provides an update on progress with regards to contract negotiations for 2015/16 with our principal Commissioners, and follows the report provided to Trust Board in March 2015.
<b>Action Requested:</b>	Trust Board are asked to note the report
<b>Report of:</b>	Director of Planning and Contracting
<b>Author: Contact Details:</b>	Head of Contracting & Business Development Tel: 01902 695945 Email: <a href="mailto:jon.lear@nhs.net">jon.lear@nhs.net</a>
<b>Resource Implications:</b>	Agreement of contract values with principal Commissioners
<b>Public or Private:</b> <small>(with reasons if private)</small>	Public Session
<b>References:</b> <small>(e.g. from/to other committees)</small>	None
<b>Appendices/ References/ Background Reading</b>	None
<b>NHS Constitution:</b> <small>(How it impacts on any decision-making)</small>	<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"> <li> Equality of treatment and access to services</li> <li> High standards of excellence and professionalism</li> <li> Service user preferences</li> <li> Cross community working</li> <li> Best Value</li> <li> Accountability through local influence and scrutiny</li> </ul>

## Background Details

### 1. Introduction

This report provides an update on progress with regards to contract negotiations for 2015/16 with our principal Commissioners.

### 2. 2015/16 Contract Process

Many health economies are expected to enter the Contract Dispute Resolution Process this year, and current information at the time of writing suggests that any contracts not agreed by 5pm on Thursday 16<sup>th</sup> April will automatically be in dispute. While we have agreed contracts with NHS England (for screening and Health Visiting services) and with the Local Authority (for Public Health services), at the time of writing, contracts with the CCG and with Specialised Services are not yet finalised, although work is currently ongoing.

Updates on progress with the two primary contracts is summarised below.

#### 2.1 Wolverhampton CCG

The majority of the contract has now been resolved and agreed with Wolverhampton CCG (including other local CCGs as Collaborative Commissioners). However, two areas remain unresolved, and have been progressed into formal contract arbitration to seek resolution. These outstanding issues have been discussed at Mediation on Thursday 16<sup>th</sup> April. Mediation involved representatives from the Trust and the CCG, and were led by representatives from NHS England and the Trust Development Authority. A third item of dispute (BCF) was resolved at mediation.

The two outstanding areas for resolution are:

##### 7 day working & Supernumerary nursing (£2m)

The CCG have indicated their intention to withdraw recurrent funding for the provision of a 7 day working and supernumerary war nurses (part of the Francis Report recommendations). The value of this contract dispute is £2m.

##### Nursing workforce (£2m)

The CCG have indicated their intention not to continue with the non-recurrent funding received in 2014/15 for the enhanced levels of nursing required to meet the recommendations of the CQC and the Francis Report. The value of this contract dispute is £2m.

All paperwork was submitted to the authorities on the 17<sup>th</sup> April 2015.

#### 2.2 Specialised Services

The Trust received a formal contract offer from Specialised Services on 30<sup>th</sup> March 2015. The Trust have raised a number of queries against this offer, which are currently being worked through. Early discussions have demonstrated that there is a willingness from the Commissioners to review and take account of any calculation errors or omissions identified, and it is expected that this will facilitate an agreed position.

The Stated Baseline Value (SBV) will lead to a difference in the way in which income is mapped during the course of the year, whereby any activity over and above the SBV will be funded by Commissioners, in line with the national approach and the selected tariff option, at 70%. This will include drugs and devices. A briefing session for clinical and operational teams will be arranged to ensure that the relevant teams within the organisation are aware of this significant change to income streams.

Much of the contract documentation for Specialised Services is nationally defined, but we are currently working through the presented documents to ensure that it is relevant and valid for the Trust, and that any areas of concern are flagged with the Commissioner where areas either need in-year development or where requirements simply can't be delivered and require local variation.

While the timescales for contract signature remain as outlined above, Specialised Services have informed us that a national variation is being drawn up to cover the SBV principles, which will need to be inserted into the contract. It will not be possible to sign the contract until this variation has been finalised, so it is unclear what the impact will be on contract timescales at this point.