








# The Royal Wolverhampton NHS Trust

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<b>Trust Board Report</b>	
<b>Meeting Date:</b>	Monday 30 <sup>th</sup> March 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 February 2015.
<b>Action Requested:</b>	Trust Board are asked to note the report
<b>Report of:</b>	Director of Planning and Contracting
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<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

The 15/16 contract process continues with Commissioners with weekly contract meetings taking place through to the end of March 2015.

National timescales have experienced some slippage, and there is now an expectation that all contracts will be agreed by 31<sup>st</sup> March 2015. The delivery against this timescale is at risk due to a number of factors:

- There are a number of items in the escalation process with the CCG awaiting resolution
- The Trust has received no offer from the Specialised Commissioner

The Board will be aware that the Tariff for 2015/16 has been challenged by a significant proportion of Provider organisations, and two options were presented to Providers by NHS England. Following significant modelling work, the Trust has opted to accept the Enhanced Tariff Option (ETO).

Updates on progress with the primary contracts is summarised below.

#### 2.1 Wolverhampton CCG

Contract negotiations are progressing with regular meetings between the Trust, Wolverhampton CCG and the key Associate Commissioners. An escalation process has been agreed between the Provider and Commissioner to attempt to resolve any items of dispute at a local level. A national dispute resolution process has been published should any issues require further escalation.

Over the past few weeks significant progress has been made and the number of items in dispute reduced. However there are a number of issues are still to be addressed through the contract negotiations, and a brief summary of each can be found below.

##### 2.1.1 Formal Escalation

As of Wednesday 18<sup>th</sup> March 2015, the following areas have been formally escalated to the stage one process, involving Directors from the Trust, the Principal Commissioner and the key Associate Commissioner.

##### a) CQUIN

The CCG have presented a three-part Planned Care CQUIN, comprising of a move from daycases to outpatient procedures, maximising the use of telephone follow-ups for outpatients where clinically appropriate and implementing a prior approval system for Procedures of Limited Clinical Value (POLCV). While the Trust have accepted the first two, we do not believe that the third element is appropriate to implement via a one-year CQUIN, as this requires longer term additional action that should be appropriately and

recurrently funded. This matter will be discussed further at the stage one escalation meeting on the 24th March 2015. The financial risk associated with this CQUIN is approximately £1.6m.

b) Local Quality Requirements / Financial Sanctions

The Trust has previously agreed with the Commissioner the principle that CQUIN schemes should be monitored in subsequent years in order to assure the Commissioner they are embedded and continue to deliver the pre-determined outcomes. We have agreed that these will be Local Quality Requirements in the year after CQUIN, and move to a Reporting Requirement in the following year. The CCG has however proposed to set financial penalties against previous CQUIN schemes in the 2015/16 contract. The Trust does not agree that prior CQUINs should have financial consequences applied and therefore this issue will proceed to the stage one escalation meeting on the 24th March 2015.

c) Better Care Fund (BCF)

There are a number of work streams associated with the delivery of the BCF across the health economy. The Trust is actively engaging in the work streams to redesign pathways of care and further integrate models across acute, community and social care settings. The CCG has set out a planned reduction in acute activity as a result of the delivery of the BCF and whilst the Trust supports the principle of the plans we have not been provided with sufficient assurance and confidence that they will deliver the proposed reductions in acute activity during 2015/16. This issue has been escalated through both the local escalation levels without a resolution being reached and will therefore proceed to the national escalation process, involving the TDA/NHS England and a mediation process. The financial value associated with the BCF for 2015/16 is £1.9m.

2.1.2 Risks

The CCG has set out a proposal to withdraw funding associated with a number of quality schemes. The contract value of these schemes totals £4.68m and it has funded a number of quality improvements through the increase of ward staffing levels, enhanced models of dementia care and the implementation of 7 day working. This issue of dispute has been escalated through the two local stages of the escalation process without resolution. The Trust is currently in further dialogue with the CCG to try and resolve this matter.

2.1.3 Further Work

There are a number of areas where further work is underway with the aim of reaching agreement. These areas are largely associated with Commissioner QIPP schemes, and are listed below, along with financial values still to be agreed.

- Realignment of Staffordshire new to follow-up ratios (£466k)
- Staffordshire glaucoma and other eye related services (£95k)
- South East Staffs & Seisdon Peninsula QIPP schemes (£693k)
- MSFT baseline assumptions (£542k)
- Growth assumptions (£1,592k)
- Clearance of RTT backlog in 15/16 (£429k)

## **2.2 Specialised Services**

As at 18<sup>th</sup> March, we have still received no formal contract offer from Specialised Services. While we have received some information from the Commissioner, they have stressed that this is not an offer. However, in lieu of any formal submission, this indicative submission has been used to support financial planning assumptions. This represents a risk to the organisation as a full assessment of the Commissioners offer is required to complete the Annual Planning and financial planning process.

## **2.3 NHS England**

As previously reported to the Board, contracts with NHS England for screening and Public Health services have been agreed.

## **2.4 Public Health / Local Authority**

There are limited changes to the contractual arrangements proposed for 2015/16 further details are set out below:

### **2.4.1 Wolverhampton City Council**

As previously reported to the Board, contracts with Wolverhampton City Council for Public Health services have been agreed.

### **2.4.2 Staffordshire County Council**

The existing GUM service in Staffordshire, which we were holding on a short-term agreement following the MSFT transaction, will transfer to the new Provider on 1<sup>st</sup> May 2015.

## **2.5 Summary**

As expected the contract negotiations have been challenging and although good progress has been made there are still a number of issues to resolve with the Principal Commissioner. A number of these are expected to be resolved during the w/c 23rd March 2015 as negotiation and escalation meetings are scheduled to take place.

The lack of offer from Specialised Services reflects the national position and the Trust continues to liaise with local Officers to understand the expected timescales and process.