








# The Royal Wolverhampton NHS Trust

The Royal Wolverhampton NHS Trust	
<b>Trust Board Report</b>	
<b>Meeting Date:</b>	Monday 23 <sup>rd</sup> February 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.
<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

The 15/16 contract process continues with Commissioners with weekly contract meetings taking place during February 2015.

The national timetable for the agreement of contracts is the 20<sup>th</sup> February with the expectation that contracts will be signed by all parties by the 28<sup>th</sup> February. The delivery against this timescale is of significant risk due to a number of factors:

- Further negotiations required with the CCG, particularly with regard to the level of presumed QIPP savings and the growth assumptions for acute care
- No offer received from the Specialised Commissioner to date
- Delays in the issuing of the national standards contract templates
- Delays in the issuing of CQUINN guidance
- Delays in issuing the tariff for 2015/16

The Board will be aware that the Tariff for 2015/16 has been challenged by a significant proportion of Provider organisations. The Trust responded via the Chief Finance Officer and raised a number of objections to the tariff proposals including the proposed use of 11/12 reference costs and the planned marginal rates for Specialised services.

As such a high proportion of Provider organisations have challenged the proposed tariff changes Monitor and NHS England are required to either re-consult or refer the matter to the Competitions Panel. Either of these courses of action will see a significant delay to the introduction of a new tariff for 2015/16, which will certainly not be resolved in advance of the new Financial Year. Current indications are that this may lead to the 14/15 tariff being rolled over into the new year, which will be effective until such time as the tariff has been agreed. If this course of action is undertaken then it is understood that there will be no back-dating of the impact between the start of the year and the agreement of the new tariff.

#### 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 should this be required and dates set aside prior to the expected national date for the signing of contracts.

There are a number of themes being addressed through the contract negotiations, and a brief summary of each can be found below.

##### 2.1.1 Baseline Activity & Finance

Baseline activity and finance have now been agreed with the Commissioner. Any adjustments for growth, QIPP, service changes or disinvestment will be applied to the baseline so as to provide an audit trail between the agreed baseline and the contract offer. The initial contract offer was received on Friday 16<sup>th</sup> January.

### 2.1.2 QIPP

Work is currently underway to gain assurance on the robust delivery of the proposed QIPP schemes, and to understand the evidence that supports the proposed activity reductions. The Trust will only accept QIPP schemes where there is assurance that the schemes and their impact have been fully validated. These discussions are ongoing, and both parties are providing further information or raising further queries to test the assumptions being made.

Where the CCG is proposing to dis-invest or de-commission services the Trust has requested that a full Quality Impact Assessment is undertaken and provided to the Trust for review.

### 2.1.3 Better Care Fund

The Trust remains fully committed to the principles of the Better Care Fund, and have signed up to support the transformation programme. However, there remains a lack of clarity around the impact on secondary care activity, both in terms of the effectiveness of the schemes and the likely timescales for implementation. In addition, there is a lack of clarity around the investment required to deliver the transformation changes, whether that be in providing alternative services or in double running costs. These discussions remain ongoing with the Commissioner.

### 2.1.4 Quality Requirements & KPIs

Whilst the Trust recognises the role of KPI's to drive improved performance, we have set out a proposal to the CCG that new KPI's for 15/16 do not attract a financial penalty and that any existing fines are ring fenced to the Trust to support quality improvements. These discussions remain ongoing with the Commissioner.

### 2.1.5 Information Requirements

In recent years, there has been a tendency for the volume of reports being requested to increase, particularly as the CCG look to benchmark providers across the Region. This is putting pressure on our teams, both corporate and operational, so we have requested that Commissioners review the existing list so as to not increase the overall volume of reports being produced. This list is nearing completion.

### 2.1.6 CQUIN

We await publication of the national CQUIN guidance to inform the derivation of the national CQUIN on 'Improving Urgent and Emergency Care Across Local Health Communities'. This will inform the final suite of schemes for local review and agreement.

## 2.2 **Specialised Services**

As at 12<sup>th</sup> February, we have still received no initial contract offer from Specialised Services.

## 2.3 **NHS England**

Existing contract arrangements have been carried forward into 2015/16. An additional sum of £182k has been provided to support the Health Visitor Support Workers. This has

been a cost pressure in 2014/15, as there was no recurrent funding transferred across to NHS England when the commissioning responsibilities changed. The commissioners have confirmed that this value will be included within the financial transfer that will accompany the transition of commissioning responsibilities to the Public Health function of Wolverhampton City Council in October 2015.

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

There are limited changes to the contractual arrangements proposed for 2015/16.

### **2.4.1 Wolverhampton City Council**

The Local Authority has confirmed that existing contractual arrangements will be rolled over into 2015/16, including the current financial values.

In line with Local Authority guidelines, we expect a number of Public Health services to be tendered this coming year. Sexual Health Services are expected to be amongst that list, and an initial stakeholder event has been held, at which the Trust were represented.

### **2.4.2 Staffordshire County Council**

As part of the transition of Mid Staffs activity, RWT agreed to host the GUM service until 1<sup>st</sup> April 2015, at which point it was scheduled to transfer to a new provider following a procurement exercise. However, this exercise was subsequently suspended. The Trust have agreed to hold the service for a further 12 months subject to contract agreement to allow for a new procurement exercise to be held. The Trust is currently in negotiations with the Commissioner around the financial package required to hold and maintain the contract for a further 12 months.

## **3.0 Summary**

There remains a national expectation that contracts will be agreed by the 27th February 2015. There is a significant risk to this given the volume of areas still in negotiation and due to the fact that no offer has yet been received from the Specialised services commissioner. If contracts are not agreed a national contract dispute process has been set out by NHS England and the TDA.