








## The Royal Wolverhampton NHS Trust

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<b>Trust Board Report</b>	
<b>Meeting Date:</b>	Monday 26 <sup>th</sup> January 2015
<b>Title:</b>	Contracting and Commissioning Update
<b>Executive Summary:</b>	This report provides an update on progress related to contract management with our core Commissioners, including an update with regards to contract negotiations for 2015/16.
<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>(eg 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 related to contract management with our core Commissioners, including an update with regards to contract negotiations for 2015/16.

### 2. 2015/16 Contract Process

The 15/16 contract process is underway, and as expected the levels of financial challenge are significant. Current indications demonstrate that this year's contract discussions will be more demanding than have been experienced before.

As in previous years, the negotiations with Commissioners are being managed through the Contract Management Office, and all contractual discussions are managed through that route to ensure consistency. Updates to operational managers are being delivered through weekly Divisional Manager's meetings and monthly Contracting and Commissioning Forum meetings. The Director of Planning and Contracting, Chief Finance Officer and Chief Operating Officer will receive regular updates and briefings. There will be more formal reporting of updates through Trust Management Committee and Trust Board reports.

#### 2.1 Wolverhampton CCG

CCG contracts are expected to be agreed by 20<sup>th</sup> February and signed by 27<sup>th</sup> February, with the implication being that any contracts not signed by that date will enter the formal arbitration process.

Following the transferred activity previously delivered by the Mid Staffordshire NHS Foundation Trust (MSFT) and the amalgamation of Cannock Chase Hospital within the Trust, Commissioners in Staffordshire, notably Cannock Chase CCG and Stafford and Surrounds CCG, have become more significant Associate Commissioners. These CCGs are now working more closely with Wolverhampton CCG in driving the Contract Negotiations.

2015/16 represents the second of a two year contract, so the formal contract documentation is addressed through a Deed of Variation, which will pick up formal changes, rather than an entirely new document being drafted. However, the contract schedules, including those listed below, which are applicable for local variation will be refreshed in line with local Commissioning Intentions.

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, with an understanding that the last minor points to be clarified will be picked up as adjustments once agreed. From here, and similar to the process adopted last year, 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 is expected to be received by Friday 16<sup>th</sup> January.

The Mid Staffordshire baseline figures will be applied separately, and will not include the impact of any service moves, which will be applied as per the process described above. The split of MSFT activity will be calculated using the TSA algorithm as per the formal business case.

#### 2.1.2 QIPP

The CCG have a number of schemes which they are under development to support their QIPP schemes. At the time of writing the Trust has not yet received these detailed proposals, but this information is expected by 16<sup>th</sup> January. As in previous years, RWT will be looking for assurances that the schemes are robust, and evidence based, to demonstrate that proposed activity will be removed. This analysis will be led by the Contract Management Office, with input from our clinical and operational teams. Where necessary, schemes may be programmed to take effect in-year, and may have a phased implementation. Where there is no assurance that the associated activity will be removed, then subsequent challenges will be relayed to the Commissioner, to ensure that the contract reflects the anticipated activity.

#### 2.1.3 Better Care Fund

As with the QIPP schemes, detailed proposals to support the Better Care Fund have still not been shared by Commissioners. Once received the Trust will review and seek assurances on the robustness of the proposals prior to agreement of contracts.

#### 2.1.4 Quality Requirements & KPIs

The Commissioners have presented proposed quality requirement and KPI's. These are currently being reviewed. In terms of overall volumes the Trust has stipulated that we cannot accept an increase in the number of indicators, and that any new indicators will need to be supported with a corresponding removal or downgrading of existing requirements.

Staffordshire Commissioners have a considerable list of additional requirements that they wish to apply. RWT has traditionally provided assurance on quality issues in a collaborative way, and this has worked well with our host Commissioner, but represents an alternative way of working for other CCGs. The Contract Management Office are currently working with Commissioners to ensure that existing processes are giving assurance in ways that support the Commissioner, but that do not put additional onerous requirements on the Trust.

#### 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 adopted a similar approach to that used with Quality Requirements, where we are requesting that Commissioners review the existing list and act accordingly so as to not increase the overall volume of reports being produced.

### 2.1.6 CQUIN

The final list of CQUINs is nearing agreement. There is a national CQUIN on 'Improving Urgent and Emergency Care Across Local Health Communities', and Commissioners have indicated a desire to focus on this as their major CQUIN for 2015/16. The national CQUIN guidance, once published, will include further details of the types of initiative that can be developed through this route, and the Trust will work with Commissioners to ensure that the proposed approach meets the national requirements and improves quality and outcomes.

## 2.2 **Specialised Services**

The Trust awaits an initial contract offer from Specialised Services.

There are a number of challenges as the proposed PbR guidance suggested that for Specialised Services, Providers are funded at 50% of tariff for any growth activity (i.e. activity over the existing baseline). While this is still to be confirmed in final guidance, this Trust, along with other affected Providers, have submitted a challenge to the feasibility of making a wholesale funding rule change that transfers significant financial risk to Providers. Should this principle be adopted, then further work will be required to understand the implications and the options for actions the Trust can adopt to mitigate the risks associated with this.

The majority of the contract documentation is nationally defined, and once shared the Contract Management Office, in conjunction with clinical and operational colleagues, will assess and respond accordingly.

In line with national guidance, the expectation is that this contract will be agreed and signed by 27<sup>th</sup> February 2015.

## 2.3 **Wolverhampton City Council**

As a non-NHS Commissioner, the local authority are not bound the same rules and timescales on the provision of commissioning intentions, and so as such we have not yet received any information relating to 2015/16. We expect limited changes to be applied, but that service specifications may be updated.

In October 2015, the Local Authority assumes commissioning responsibility for Health Visiting from NHS England in October 2015.