

THE ROYAL WOLVERHAMPTON HOSPITALS NHS TRUST

REPORT TO: Trust Board – 8 February 2010

REPORT OF: Director of Finance

SUBJECT: Operating Framework, Standard NHS Contract for Acute Services and LDP for 2010/11

AUTHOR: Head of Commissioning

RECOMMENDATION:

The Trust Board is asked to

- note the updated position for 2010/11

EXECUTIVE SUMMARY

This report covers the following areas:

- Operating Framework 2010/11
- Standard NHS Contract for Acute Services 2010/11
- LDP 2010/11

Purpose of the Report:

- To provide the Board with an update position on planning requirements for 2010/11.

Implications:

<u>Financial</u> <ul style="list-style-type: none">• RWHT need to negotiate and agree acceptable contracts
<u>Human Resources</u> <ul style="list-style-type: none">•
<u>Healthcare</u> <ul style="list-style-type: none">•
<u>Policy</u> <ul style="list-style-type: none">• Agreements must meet requirements and be consistent with National Policies
<u>Legal</u> <ul style="list-style-type: none">• Nil
Standards for Better Health
<u>Other</u>

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1. Introduction

The Department of Health (DoH) issued the Operating Framework on 16th December 2009, setting out the business and financial arrangements for the NHS during 2010/11. The Operating Framework describes the National Priorities for the year and how the strategies set out in the NHS 2010-2015: From Good to Great can be delivered within the development of Payment by Results, tariff arrangements and the Standard Contract.

A brief overview of this paper is given below in respect of 5 National Priorities, High Quality Care Framework, Financial systems overview, the new Standard NHS Contract for Acute Services and the key Planning Timetable events. Finally, an overview position is given on the progress between RWHT and WCPCT on agreeing the LDP for 2010/11.

2. The Five National Priorities

2.1. Cleanliness and Health Care Associated Infections (HCAIs)

- MRSA activity targets – new objectives from National Quality Board are expected
- C.Diff activity targets – financial adjustments possible and new minimum standards possible (DH Spring 2010)
- MRSA Screening – all patients by 01/04/2011

2.2. Improved Access

- 18 week RTT Standard – financial adjustments possible
- Improve Primary care, GP Walk-In Service, GP Extended Evening and Weekend Services etc
- Providers continue to be expected to accept all clinically appropriate referrals online with sufficient appointment slots to enable direct booking.

2.3. Improving Health and Reducing Inequalities

- STROKE
 - CT Brain Scan within 1 hour (of admission)
 - Investigation on Treatment TIA's to improve
- CANCER
 - Extension Breast Screening 47-49 and 71-73 years
 - Extend Bowel Screening male and female 70-75 years from 2010
 - 31 day Radiotherapy December 2010

- MATERNITY AND NEONATAL
 - Access care by 12th week pregnancy
 - PCTs to develop local performance metrics
 - Focus on normal Births and reducing C.Rates (possible CQUIN Scheme)
 - Implement 'Productive Wards' for Maternity.

2.4. Improving Patient and Staff Experience

- Patient experience in CQUINs – Inpatient survey results (based on 5 specific questions related to – improving responsiveness to personal needs of patients)
- Staff experience – Implement Boorman Review 2009; Health & Well Being Strategies; Proactive access to OHD; Board Accountability for sickness and absence.

2.5. Emergency Preparedness

- Emergency Preparedness for Hazards/Threats (i.e. CBRN, Terrorism etc) – review, test, update
- Pandemic Plans – review, test, update
- Command and Control Plans – Robust and tested
- Business Continuity Plans – Robust and practical
- Escalation Strategy – review, test, update
- Mutual Aid Plans

3. High Quality Care Framework

- 4 NICE standards due in 2010/11
 - Stroke/VTE's/Dementia/Neo-Natals
- CQC Registration in place by April 2010
- Quality Accounts published in 2010/11 for the year 2009/10
- National CQUIN's
 - VTE's/Patient Experience (5 questions from IP survey)
 - c. 10 PI's for PCT contract and c. 3 PI's for Specialised Services contract
- National Quality Board review of system alignment

4. Financial Systems Overview

- £15 - 20bn of savings over 2010/11 to 2013/14
- 2009/10 surplus carried forward SHA/PCT to 2010/11; 2010/11 surplus target £1.0bn (carried forward to 2012/13)
- 2010/11 PCT allocations
 - 2% non recurrent plans for service transformation
 - 2% recurring surplus uncommitted resource: SHA manage this across patch (top slice!)
- PCT average 5.5% inflation allocation in 2010/11
 - WCPCCT £408.545mn 2008/09 to £431.015mn 2009/10 (+5.21%)
 - PCT's flat growth following 3 years (2011 – 2014)
 - PCTs to fund general ophthalmic, pharmacy and primary dental services from £500m devolved from DoH (via 3.5% efficiency on tariffs rather 3.0% efficiency)

- NHS Trust Capital Plans to be agreed by SHA (but expected nationally to reduce).
- DH and Public Sector Requirements
 - DH contribute £2.3billion to 2010/11 efficiency savings
 - All trusts review 'back office' costs
 - Improve Procurement = 50% spend via NHS Supplies and/or Regional unity Commercial support
 - Robust plans reduce Estate running costs
 - VFM indicators for back office operating

5. Business Rules and Tariff (taken from Operating Framework Standard Contract and supporting tariff guidance)

- A&E tariff – Existing HRG 3.5 to be used
- Specialist Orthopaedic and Children's Top Up – increases in 2010/11 (range 14% to 30% tariff)
- Best Practice Tariffs 2010/11
 - Cataracts; Cholecystomoy; Fragile Hips; Stroke
- CQUINs
 - 1.5% Contract Income
 - RWHT circa £2.8mn PCT contract; circa.£870k Specialised Services contract
 - 10% of contract in CQUIN by 5 years (to reflect patient experience)
- Never Events
 - Include contract agreements
 - No payment £ for NE
- Tariff and funding base
 - 0% uplift on tariff (3.5% efficiency savings vs 3.5% inflation = pay 2.0%; NP 1.5%)
 - New admitted care tariff (combines inpatients and day cases)
 - Mandatory tariff for 49 OP procedures
 - Emergency Activity set 2008/09 outturn as base; 30% marginal payment for over performance (PCT savings go to SHA for system risk and transformation)
 - Non-mandatory tariff for adult renal dialysis
 - Re-bundling of diagnostics to OP
 - Exclusion PbR for Planned Procedures not carried out
 - Head and Neck Reconstructive Surgery excluded procedure
 - CPAP and BIPAP removed excluded list and need local commissioning arrangements for loan equipment
 - Direct Access spirometry = non mandatory tariff
 - Paediatric Diabetes new tariff but not in SUS and need local counting and arrangements.
 - 2010/11 tariffs will be maximum price next 3 years
 - Market forces factors capped 2% (RWHT rate 1.031318)
- CNST cost in targeted HRG's.
- Flexibility for SHA to suspend contractual arrangements in a health economy subject to exceptional circumstances.

6. Flexibilities in Tariff Arrangements

- Outpatient procedures (OPP) – 2009/10 local prices OPP not covered mandatory list 2010/11 = can continue local agreement.
- Antenatal Admissions – if tariff (NZ04 and NZOG) not covered in local costs possible agree flexibility
- Complex diagnostic imaging – potential agree more OP tariff
- Hospital at Home COPD – pathways can be developed with % rate cost of IP tariff
- Bundling pathways potential for LTC.

7. New Standard NHS Contract for Acute Services

- Evidence Patient and Carers involved in service development
- HCAI Reduction Plan
- Ambulance Handover Plan required by WCPCT for 2010/11.
- Delivery Same Sex Accommodation (DSSA) Plan – and report breaches
- Service Development and Improvement Plan (SDIP)
- Nationally Specified Events (NSE) – No contract payment for Never Events: 2% Penalties of £ annual outturn value other NSE's i.e. All Cancer Standards; A&E 4 hour waits
- Complaints – Evidence implementing 'lesson's learnt'
- Comply Cabinet office code on Workforce Matters
- Comply HR good practice – i.e. Employment Checks; Vetting Barring Scheme; ECR & CRC; Equal Opps (Copy Policies to Commissioner if required)
- Registration Regulations requirements
- Deliver all existing commitments and Vital Signs requirements.
- 24 hour Discharge Summary GP's
- Governance – WCPCT Authorised person access RWHT without notice; Commissioner need to request
- SUS 5 day Coding – with hold 1% until completed
- Query Notices – As 2009/10
- Performance Notice (PN); may apply to:
 - Contract Review & Clinical Quality Performance Reports and topics discussed at Meetings
 - Nationally Specified Events Breaches
 - Follow up to Contract Queries
 - Failure achieve milestone SDIP
- Performance Notices Managed:
 - Meeting to discuss and agree Joint Investigation (JI)/Remedied Action Plan (RAP)
 - Outcome JI may mean RAP agreed
 - Excusing Notice raised with evidence = withdraw PN
- Exception Report (ER)
 - 1st ER = for Breach RAP and to Trust Board (10% Annual contract value withheld – for appropriate month(s))
 - 2nd ER = failure to meet 1st ER Plan and timescales; to TB/SHA/Regulators (10% retained by PCT)
- Clinical Quality Review – monthly meetings required; Performance Reporting requirements and Membership to be finalised.
- Suspension – New clauses and linked with PCT suspending failing services; Alternative Provider may be used and commissioners losses covered by failing provider.

- Contract Activity and Finance Agreement 01.03.10
- Contract documentation signed off 15.03.10

8. Key Planning Timetable Events

- PCT to provide RWHT with initial contract offer (finance and activity) 29th Jan
And forward to SHA, including first draft CQUIN proposals 2010
- RWHT agree with all Commissioners finance and activity 1st March
Plans for contract, including CQUINs 2010
- RWHT agree all contract documentation (22 schedules) and sign off 15th March
2010

9. LDP Position 2010/11

- RWHT have collaborative LDP meetings planned with WCPCT and Specialised Services from December 2009 to May 2010.
- RWHT met WCPCT 15th January 2010 and agreed actions to enable 1st draft offer for finance and activity contract by 29th January 2010.
- RWHT are modelling impact of 2010 tariffs on 2009 activity for comparative purposes.
- RWHT are modelling impact of 2010 tariffs on predicted 2010/11 activity plans
- RWHT and WCPCT have agreed overall approaches that will be used to model plans for 2010/11
- RWHT has provided feedback to WCPCT colleagues on their Commissioning Intentions and actions RWHT intend to take
- RWHT will work very close with WCPCT and Specialised Services throughout February 2010 to reach an agreement position on the LDP and consequent finance and activity plans