



**Oxfordshire Clinical Commissioning Group  
Board Meeting**

<b>Date of Meeting:</b> 26 January 2017	<b>Paper No:</b> 17/05b
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<b>Title of Presentation:</b> 2017-19 Contract Update
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<b>Is this paper for</b> (delete as appropriate)	<b>Discussion</b>		<b>Decision</b>		<b>Information</b>	✓
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<b>Purpose and Executive Summary (if paper longer than 3 pages):</b> To provide an update and overview on progress in agreeing 2017-19 contracts
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<b>Financial Implications of Paper:</b> None
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<b>Action Required:</b> To note the content
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<b>NHS Outcomes Framework Domains Supported</b> (please delete tick as appropriate)	
✓	Preventing People from Dying Prematurely
✓	Enhancing Quality of Life for People with Long Term Conditions
✓	Helping People to Recover from Episodes of Ill Health or Following Injury
✓	Ensuring that People have a Positive Experience of Care
✓	Treating and Caring for People in a Safe Environment and Protecting them from Avoidable harm

<b>Equality Analysis completed</b> (please delete tick and attach as appropriate)	Yes	No	Not applicable ✓
<b>Outcome of Equality Analysis</b>			

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## 2017-19 Contract update

### Introduction

OCCG has agreed contracts for 17/18-18/19 with our two main providers, Oxford University Hospitals NHS Foundation Trust (OUHFT) and Oxford Health NHS Foundation Trust (OHFT). This was achieved by the deadline set for the NHS of 23rd December 2016.

### OUHFT and OHFT Contract Summary

The headlines of the agreement reached with OUHFT and OHFT are as follows:

- Contract values are affordable within the 2017-18 CCG Financial Plan:
  - OUHFT £331m
  - OHFT £89.5m (excluding the Mental Health Outcomes Based Contract)
- Negotiations identified a combined contract gap of £18.0m, £16m of which relates to demand risk on our acute contract with OUHFT with the balance of £2m linked to pressures on our contract with OHFT. This gap is considered to be the system 'risk pool'.
- Informed by the work of the CCG Savings Taskforce and through the negotiations we have developed a list of risk mitigations. These are demand/activity management savings initiatives. To work in the context of a system agreement they are focussed on areas where we avoid or take cost out of the system. The value of opportunity is sized at c£28m although this is the opportunity derived from benchmarking evidence and is only indicative, however, there is a recognition amongst the parties that we need this level of ambition.
- Having scoped the 'risk pool' and the mitigations the parties have agreed an in-year risk sharing agreement. This is in the proportion of 40% CCG, 40% OUHFT and 20% OHFT, reflecting (a) the nature of the risk and (b) the ability of each organisation to bear the risk.
- While the risk is not capped the OUHFT activity assumptions are based on a continuation of 16/17 trend plus RTT backlog clearance. As such the CCG risk can be considered to be in the region of £7.2m.
- As part of the risk sharing agreement, a strategic review of mental health investment and primary care capacity in Oxfordshire will be undertaken to inform investment plans and contracts moving forward.
- The transfer of learning disability services from Southern Health NHS Foundation Trust to OHFT will be subject to separate negotiation to be undertaken in February 2017 and it has been recognised that additional investment may be required to deliver this.

As part of the risk sharing agreement, the following have been agreed:

- 95% A&E 4hr wait standard will be delivered for the month of March 2018

- 18wk RTT incomplete standard will be met throughout 2017-19 at system agreed trajectories. These are under discussion with NHSE/NHSI.
- All cancer standards will be met throughout 2017-19
- Data challenges will be raised as per the terms and conditions of a contract operating national tariff rules and broadly consistent with the level of challenges raised in previous years.
- Contract management clauses will be exercised as necessary
- Any monies resulting from the application of penalties or non-delivery of CQUINs will be used to offset any risks within the risk pool.

Given the constraints on our funding and the demand pressures in the system, tripartite risk pooling and risk sharing agreements put us in a new place as a system and should allow us to focus on planning and delivering the identified mitigations with a full quarter (Q4 2016/17) of lead in time.

Within this overall positive development the Board should note that the CCG will be carrying more financial risk going into 2017/18 than over the past 2-3 years with the end of block contract arrangements with OUHFT. Again this provides a keen incentive to genuinely deliver on demand management.

The governance structure and programme management approach to oversee the development, delivery and on-going monitoring of the mitigations identified is under development. However, recognising the importance of this work programme for all parties, it is anticipated each organisation will need to identify a senior leader to oversee delivery of organisation specific tasks.

To complement this, it is proposed there be SRO for the system programme and dedicated programme director to oversee and manage the programme in its entirety. The SRO will provide executive level steer to the programme, reporting directly to Chief Executives, whilst the programme director will provide senior leadership and be responsible for overseeing and managing the programme on a day to day basis.

### **Other contracts**

Agreed contracts:

- South Central Ambulance Service (999) contract agreed - £21.9m
- Great Western Hospitals - £3.5m
- Frimley Park North & South - £0.4m

Contracts still under negotiation (note that these follow after lead commissioner agreement in local systems):

- Royal Berkshire Hospitals NHS Foundation Trust – contract offers have been exchanged, it is anticipated the contract value will be agreed within the coming days, there are no material disputes.
- South Warwickshire NHS Foundation Trust
- Gloucester Hospitals NHS Foundation Trust
- Independent sector providers
- Buckinghamshire Healthcare NHS Trust

- London NHS providers (through our collaborative Thames Valley and Hampshire agreement managed by Optum)