

## **Gateway 17648**

17May 2012

To: SHA Cluster Chief Executives  
PCT Cluster Chief Executives

Cc: SHA Cluster Directors of Finance  
Lyn Simpson, Director of NHS Operations

Dear Colleague,

### **Planning for Contract Transfer –Stabilisation Phase**

Implementation of the Health and Social Care Act will require PCTs to transfer their clinical services contracts or agreements to the new contracting authorities.

My letter of 10<sup>th</sup> November 2012 (Gateway 16818) set out a three-staged process for transfer of contracts: Stocktake, Stabilise and Shift. The work undertaken by PCT clusters in the Stocktake phase has provided a good foundation towards delivering a smooth transition of clinical contracts by April 2013.

The core principles underpinning the transfer of contracts are unchanged:

- Continuity of clinical care must not be threatened during contract transition
- A consistent and objective approach is required
- There will be openness, transparency and visibility of progress
- Management action should be proportionate to the risks identified
- It is the responsibility of the current contracting authorities to prepare contracts for transfer and ensure no 'net gain' or 'net loss' due to the transfer process
- It is the responsibility of the new contracting authorities to establish the management controls and operational processes to receive contracting responsibilities and maintain continuity of service

The Stocktake phase, the first stage of the three-phase transition process, was completed at the end of March 2012.

PCTs are requested to submit a consolidated Contracts Volumes Summary Report for their Cluster. A template for this report is one of the standard reports in the original data capture tool circulated with my previous letter. The completed reports should be emailed to [contractstransition@dh.gsi.gov.uk](mailto:contractstransition@dh.gsi.gov.uk) by 07 June 2012.

Many PCTs have already commenced the Stabilisation phase. This should be complete across all PCT clusters by 30 September 2012.

The transfer of the contracts from PCT clusters to the new contracting bodies by 1 April 2013 will complete the final, shift phase, to identify actions required to address and deficiencies.

### **Stabilisation**

The Stabilise phase will use the risk assessment, produced during Stocktake, and address actions in the deficiency of documentation and management controls so that agreements can be transferred to the new contracting bodies. The activities required within the stabilisation phase are set out in the guidance attached to this letter.

In summary, these can be identified as follows:

- Maintenance of the data capture tool and tacit knowledge tool
- Development of a Contracts Transition Engagement Plan
- Development of a Stabilisation Action Plan, addressing risks identified during the Stocktake phase

The letter also sets out the information that will be required in order to prepare for the Shift phase of transition.

SHA Clusters will monitor progress of PCT Clusters be required through the stabilisation phase. The objective will be to identify actions to ensure national timescales are met. The monitoring will also provide the confidence to new contracting authorities that preparations for transition are progressing

### **Shift**

As part of the contracts transition Shift phase (October 2012 – March 2013) current contracting authorities, supported by SHA Clusters, will be required to ensure that the planning for the transfer of agreements does not result in unjustified financial gains or losses for either contracting party. Transparency of contracting relationships and financial projections will be used to ensure that parties have confidence in the reconciliation of 'before' and 'after' positions.

The DH will issue further guidance on the Shift phase of contract transition in the autumn. It will set out the approach to be taken to prepare the handover packs of paper and electronic documentation and archives for the new contracting authorities and will clarify arrangements for the transfer of contracts and any additional information requirements.

### **Roles and responsibilities**

#### **PCTs**

PCTs are the statutory contracting authorities until dissolution at the end of March 2013.

### **PCT Clusters**

PCT Clusters are the accountable organisations for the contract transition activities and outcomes, across all phases. They are expected to develop resource plans, carry out the core transition activities, making use of the tools published with this guidance, monitor progress and sign off the register of contracts at the end of the stocktake phase.

### **SHA Clusters**

SHA Clusters will continue to work with the DH through their nominated lead to work. The nominated lead will monitor progress and intervene where appropriate. They will have a key role in ensuring that the transition activities are carried out in a consistent way across their area. SHA Clusters will be held to account for delivery by the DH.

### **Department of Health**

The DH will continue to support the PCT clusters through the nominated SHA Contracts Transition Leads and will publish further guidance on the Shift phase of activity. To provide assurance around the contract transfer process the DH may commission an external audit on a sample of PCT Clusters' contract registers.

The DH will continue to work with colleagues in the NHS Commissioning Board to plan the activities required to enable an effective and efficient transfer of those service contracts that become the responsibility of the Board from 1 April 2013.

### **Conclusion**

Within the DH, the NHS Standard Contracts team will continue working with the SHA Clusters in ensuring that NHS funded clinical contracts are transferred smoothly to new contracting authorities..

The supporting guidance outlines a level of national over-sight and consistency to provide assurance to the system, including Clinical Commissioning Groups, that this aspect of transition is being effectively managed.

Yours sincerely

A handwritten signature in black ink that reads "David Flory". The signature is written in a cursive, slightly slanted style.

**David Flory**  
**Deputy NHS Chief Executive**