Contract Transition

Specialised Commissioning Implementation Plan

November 2011

DH INFORMATION READER BOX

Policy	Estates
HR / Workforce	Commissioning
Management	IM & T
Planning /	Finance
Clinical	Social Care / Partnership Working

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Description	This document is one of the tools prepared to support Commissioners of NHS Funded Services in carrying out the activities described in the Dear Colleague letter (Gateway 16818) issued by David Flory NHS Deputy Chief Executive
Cross Ref	Dear Colleague letter 16818 Planning for Contract Transfer
Superseded Docs	N/A
Action Required	Commissioners to take the appropriate action to deliver the identified three phases of work to assure the smooth transfer of health care contracts
Timing	**N/A**
Contact Details	NHS Standard Contracts Development Lead Richmond House 79 Whitehall London SW1A 2NS 0207 210 5134
For Recipient's Use	

Introduction

This document sets out a detailed implementation plan for SCG Clusters and the National Specialised Commissioning Team (NSCT) to prepare for the transition of NHS funded healthcare agreements. The transition of these agreements is a critical step in the implementation of the commissioning reforms described within 'Equity and Excellence: Liberating the NHS'.

We also set out proposed milestones for the Stabilise phase once Stocktake has been completed.

This document should be read together with the following, which are published at the same time:

- Dear Colleague letter 'Planning for Contract Transfer'
- A self assessment readiness tool, to support self assessment of management controls including documentation management
- A tool to capture soft knowledge that is required to transfer to successor bodies
- Transition Controls Data Capture Tool. This allows for the consistent capture of contract information, their objective profiling and quality/risk assessment, and the reporting up to PCT and SHA Clusters for transition assurance purposes. It includes a risk assessment framework that will be produced during the Stocktake phase. SCG Clusters/NSCT are required to make use of this standard tool for all contracts and agreements.

Principles for the transition of NHS funded healthcare agreements

The three phases of contract transition will be underpinned by a set of core principles:

- Continuity of clinical care should 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 authority to prepare contracts for transition and work to deliver no ‘net gain’ or ‘net loss’ due to the transfer process
- It is the responsibility of new contracting authorities to establish the management controls and operational processes to receive contracting responsibilities and maintain continuity of service with clinical, financial and legal risks addressed

National Implementation Plan – Summary (1)

The National Implementation Plan is based on a three stage approach to contract transition commencing from **October 2011**

Stocktake. NHS commissioners will need to consolidate their understanding and documentation about each of their contracts and agreements, secure the 'corporate memory' and undertake their own risk assessment. We recommend that the Stocktake commences by **November 2011** and ends **January 2012** in order that prioritised or urgent remedial actions can be addressed within the 2012/13 contracting round and to align with NHS Commissioning Board (NHS CB) transition timelines:

- **Stocktake (November 2011 to 31January 2012) will focus on:**

1. Mapping all clinical spend to current contracts for clinical services and identifying the 'long tail' of services that do not have a formal contract.
2. Individual Patient Agreements which may not be underpinned by a robust written contract. The deep dives in the North West found that these represent a significant transition risk which need to be mitigated in the 2012/13 contracting round.
3. Capture of 'soft knowledge' around various formal contracts & informal arrangements; to pass it on to the successor commissioning organisations.

Further it will involve:

1. Identification of services to be split or transitioned to the SCG clusters by April 2012 following the recommendations of the Transition Oversight Group (TOG), as part of staged implementation of nationally agreed 'minimum take list'.

2. Appropriately identifying the geographical split of services by providers to various SCGs to enable realignment with new SCG clusters.

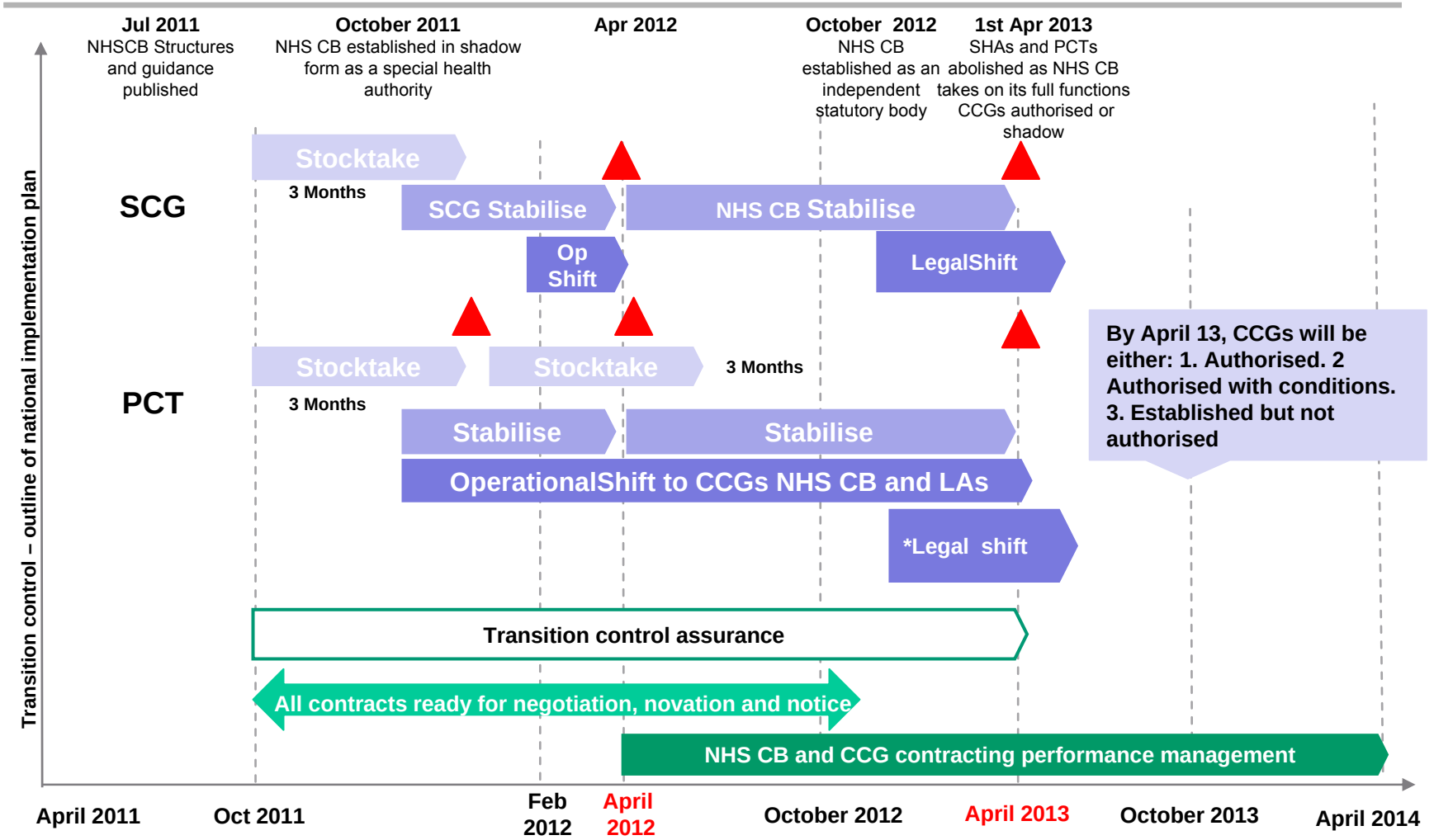
National Implementation Plan - Summary (2)

- **Stabilise:** There will need to be a period of contract management 'housekeeping' and prioritised remedial actions to improve the controls, management and basic documentation necessary to underpin contract transition. This activity needs to be carried out before **April 2012** in order to mitigate against identified risks from Stocktake and to align with the transition timeline for NHS CB**.** There will also need to be a controlled and managed process of undertaking, where required, the splitting of services which will be the responsibility of NHS CB from contracts and geographical splitting as the result of different footprints for SCGs and CCGs. These activities will need to be undertaken whilst ensuring a 'zero sum game'* with providers. The splitting of services will be undertaken as a staged implementation with a nationally consistent approach for many of the services (using the agreed 'minimum take list of services) from April 2012**.

- **Shift:** The process of assignment or creation of the new contracting arrangements needs to maintain the integrity of integrated activity and financial plans and enable the NHS Commissioning Board and CCGs to operate with as strong a contract management foundation as possible.

* Excluding uplifts due to revision of tariff following inflation related revision or introduction of additional services
** Clinical advisory group will identify the full list for a stacked implementation. This will be presented to the ministers in autumn for approval.

National Implementation Plan - Timetable



*To the relevant commissioning authority CCGs, NHS CB and LAs

SCG Clusters/NSCT are expected to follow the approach below

Approach

1. **Planning** - The deadline for the Stocktake is driven by the need to stabilise contracts by April 2012. Therefore, SCG Clusters/NSCT are required to perform a readiness assessment and submit stocktake activity and resource plans to the SHA, and their host PCT.

2. **Mapping to expenditure** - The process of identifying agreements / contracts is to be carried out by mapping budget to agreements. The goal is to map 100% of spend, in order to identify every clinical service agreement. See Appendix A for an approach to this task.

3. **Document management** - Each contract will have all relevant documentation, including the capture of soft knowledge from contract managers, in one place to enable operational transfer to successor bodies. See the guide on Transition Controls Data Capture Tool published with this document.

4. **Contract profiling** - A Transition Controls Data Capture Tool is published with the document. SCG Clusters/NSCT are expected to use this tool to perform the stocktake, in order to provide comprehensive and consistent information on which stabilisation and transfer activities will be carried out. In addition, the tool will be the basis for assurance reporting purposes.

5. **Stabilisation** - The Department of Health will publish further guidance in early 2012 in relation to the stabilisation activities required to be carried during the coming contracting round, and by April 2013.

It will be important to use consistent definitions where possible

Definitions

Before performing any identification and analysis, it is necessary to agree standard definitions.

- **Identify agreements** - If an SCG/NSCT is spending money for clinical service provision, there is an explicit or implicit 'agreement' between two contracting parties. The first step is to analyse the clinical service spend and determine:
  1. What services are being contracted?
  2. Who provides these services?
  3. How much is being spent?
- **Identify contracts** - Once a line item has been defined as an agreement, the next step is to identify the physical contractual documentation that governs that agreements – in other words 'the contract'

Given some of the complexities in contracting, we suggest the following rules for the purpose of contract identification:

- **Associates** - If an SCG is an associate to a multilateral NHS standard contract, the associate agreement, together with its 'prime', is considered a separate contract
- **PCT duplicates** - no double counting of arrangements
- **Local arrangements** - Where local arrangements are developed, they are deemed to be individual contracts
- **Individual Patient Agreements** – A number of IPAs may not be covered by a contractual framework, so count IPAs separately

Benchmark distribution of contracts and contract value mapped

As part of our early work on Transition controls. A review of the contracts portfolio managed by the North West Specialised Commissioning Group formed part of the initial work identified the percentage of the budget the various contracts mapped to, by categories. The total value of clinical spend has been apportioned against the total population of the region. The proportion of the budget mapped against the contract categories will vary with other Specialised Commissioning Groups across NHS England.

Service segment	% budget mapped	Value per 100k pop
NHS Acute	71%	£ 9.56 m
NHS Mental Health	21%	£ 2.8 m
Independent sector mental health	5%	£ 0.71 m
Advocacy	0.15%	£ 17 k
PCT/SCG	2.6%	£ 0.35 m
Others*	0.25%	£ 34 k
Totals**	**100%**	

The data is presented here to aid with planning.

* Includes spend on Specialist health authorities and spend with other SHAs.

** Includes non contractual spend.

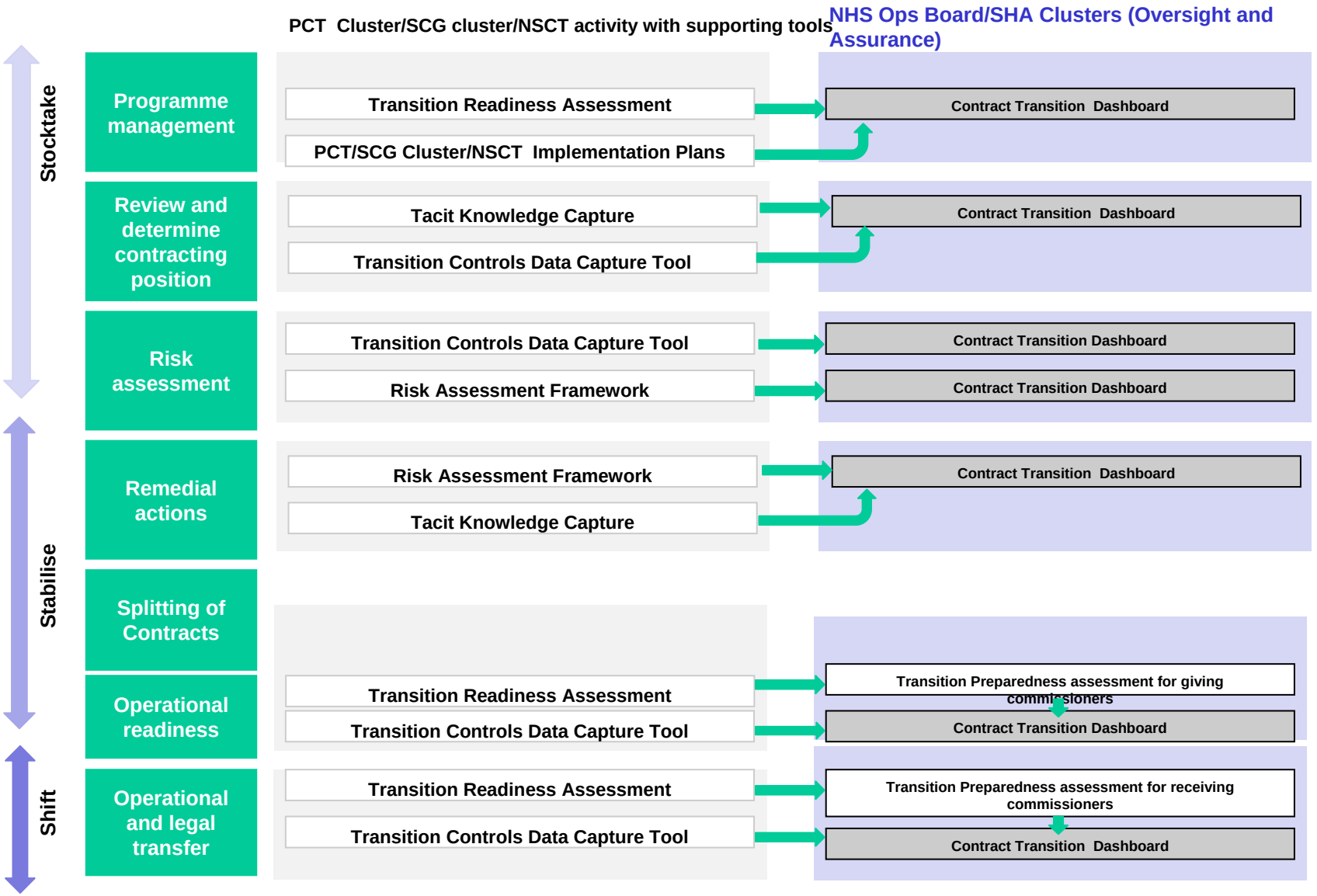
Estimate of time required to complete Stock-take

During the review of the contracts with North West Specialised Commissioning group, time was taken to track the resources that may be required against the various stock-take activities . The total effort required has been apportioned against the various types of contracts.
The time allocation illustrated in the table below is representative of the effort to evaluate and assess a total of 97 contracts (42 acute, 35 mental health & 20 other) at North West Specialised Commissioning Group. The effort has been further streamlined taking into account the familiarity that contract managers will have with their area of work.
Though the potential effort may not be identical for all specialised commissioning groups, it may be used as an indicator.

	Hrs to complete total contract stocktake	People days SCT	FTEs over 3 months to complete stock take
Acute	261	32	
Mental Health	134	17	
Other	243	30	
Totals	**638**	**79**	**1.4 FTE**

Assumptions: 8 hour days, 3 months = 56 days, uniform grade of contract manager, figures based on total contract batch activity, including time to find data/contract, review data/contract, validation and interview, other time needed to support review.

A range of operational and assurance tools have been developed to support all stages – particularly Stocktake



Stocktake Activities

Stocktake will be undertaken as a single phase

SCG Cluster/NSCT Stocktake
(Oct 2011 – Jan 2012)

Stocktake is designed to discover the full set of agreements managed by Specialised Commissioning teams within the Cluster and within NSCT and involves undertaking a risk assessment on each agreement, assigning targeted actions to improve management controls in preparation for transfer.

Activities in Stocktake will concentrate on risk prioritising the various contracts for clinical services. It will be a focussed intervention to assess and mitigate risks (especially legal, clinical and financial).

The key areas to focus on are :

- Map clinical spend to various contracts for clinical services.
- Identify the 'long tail' of services that do not have formal contracts.
- Individual patient agreements not covered by framework agreements.
- Identify services to be split or transitioned to SCG clusters; as per the recommendations of the TOG 'minimum take list'
- Identify and align geographical split of specialised contracts to various SCGs.
- Capture soft knowledge around formal contracts.

Three phases of Stocktake

The SCG Clusters /NSCT will undertake three distinct phases of activities during the Stocktake process. Various tools have been developed to assist the teams to undertake an effective stocktake that will help identify and grade the risks associated with various contractual arrangements.

Stocktake

Programme management

- Develop contract transition programme plan setting out the activities, resources, stakeholder mapping, communications and governance arrangements
- Undertake a Transition Readiness Assessment with the SHA to determine capability and capacity to execute the programme plan

Related to activities: 1 and 2 specifically and all others

Tools: Transition Readiness Assessment

Review and determine contracting position

- Map and identify existing contract storage and archiving arrangements to facilitate retrieval of contract documentation
- Identify and confirm the contract portfolio and map to spend
- Capture essential and sufficient data on the contract in the contracts transition database to undertake a risk assessment
- Consolidate all paper and electronic contracting documentation

Related to activities: 3,4, 5, 6, 7

Tools: Tacit Knowledge Capture, Transition Controls Data Capture Tool

Risk Assessment

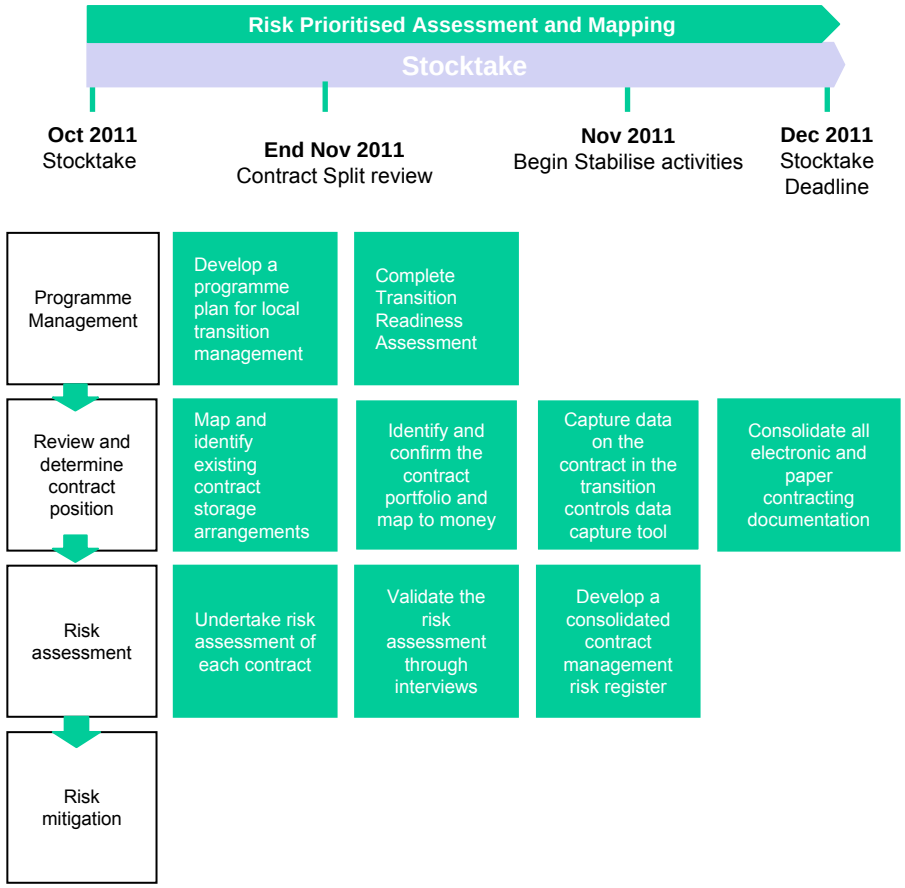
- Using the Risk Assessment Framework (RAF) tool agree prioritisation of contract categories to risk assess
- Undertake structured interview with contract managers to identify systemic risks
- Review contract documentation using the RAF to identify risks for each contract
- Validate the risk assessment and develop a risk register

Related to activities: 8, 9, and 10

Tools: Risk Assessment Framework, Transition Controls Data Capture Tool

Throughout the Stocktake process PCTs and SCGs need to ensure business as usual and service continuity

There are 10 key Stocktake activities



Stocktake Activities

The prime responsibility for the stocktake rests with PCT Clusters,NHS London and Specialised Commissioning Teams within each cluster as they are the giving contracting authorities and includes the undertaking of the following key activities:

1. Develop a programme plan for local transition management and agree governance arrangements including Cluster Executive Sponsorship
2. Complete Transition Readiness Assessment
3. Map and identify existing contract storage and archiving arrangements to facilitate retrieval of contract documentation.
4. Identify and confirm the contract portfolio ensuring that this is mapped to 2011/12 budgeted spend and checked against 2010/11 audited expenditure to capture all liabilities via a control spreadsheet so that all health and care expenditure is aligned to a contract or agreement. Identify the contract split for specialised/non specialised services based on advice from TOG and the minimum take list of services for 2012/13.
5. Capture data on the contract in the transition controls data capture tool
6. Consolidate the electronic documentation relating to each of these contracts in a single and secure electronic location
7. Consolidate the paper documentation relating to these contracts in a secure physical location with appropriate cross referencing to connect electronic and paper-based filing
8. Undertake risk assessment of each contract held by the commissioner
9. Validate the risk assessment through a structured review with contract managers
10. Develop a risk register (as part of the overall transition risk register) for the transition of contracts and map risks back to individual contracts.

SCG Cluster/NSCT Stocktake Milestones (indicative dates)

	Activity	Start	End
1	Develop a programme plan for local transition management and agree governance arrangements including Executive Sponsorship through SCG clusters or the SHA for NSCG.	11/11/11	16/11/11
2	Complete Transition Readiness Assessment	11/10/11	16/11/11
3	Map and identify existing contract storage and archiving arrangements to facilitate retrieval of contract documentation	14/11/11	17/11/11
4	Identify and confirm the contract portfolio ensuring that this is mapped to 2011/12 budgeted spend and checked against 2010/11 audited expenditure to capture all liabilities via a control spreadsheet	17/10/11	23/12/11
4a	Identify services to be split or transitioned to the SCG clusters following recommendations by Transition Oversight Group for 'minimum take list of services' – with reference to the 2012/13 contracting round.	17/11/11	28/11/11
5	Capture data on the contract in the transition controls data capture tool	24/11/11	23/12/11
6	Consolidate the electronic documentation relating to each of these contracts in a single and secure electronic contract master folder within the commissioner	24/11/11	23/12/11
7	Consolidate the paper documentation relating to all contracts in a secure physical location with appropriate cross referencing to connect electronic and paper-based filing	24/11/11	23/12/11
8	Undertake a risk assessment of each contract held by the respective SCG/NSCT	17/11/11	23/12/11
9	Validate the risk assessment through a structured review with contract managers	23/12/11	09/01/12
10	Develop a risk register (as part of the overall transition risk register) for the transition of contracts and map risks back to individual contracts	09/01/12	16/01/12

Stocktake – Activity 1

Programme management

Develop a programme plan for local transition management and agree governance arrangements including Cluster Executive Sponsorship:

- Each SCG Cluster/NSCT develops their individual programme plan setting out the activities, resources, stakeholder mapping, communications and governance arrangements
- For assurance purposes each programme plan will be required to be signed off by a nominated SCG Cluster Director of Finance or SHA Director of Finance for the National Specialised Commissioning team and then assessed by SHAs to ensure fitness for purpose and to confirm any further resources which may be required to ensure delivery of Stocktake
- SCG Clusters will also be required to undertake a Transition Readiness Assessment using the provided self-assessment tool prior to an assessment by the SHA in relation to determining Cluster capability and capacity to execute the programme plan.

	Milestone deadline:
SCG Cluster/NSCT	16/11/11

Stocktake – Activity 2

Programme management

Complete Transition Readiness Assessment:

- Each SCG Cluster/NSCT will undertake a Transition Readiness Assessment with the SHA to determine capability and capacity to execute the programme plan
- The Transition Readiness assessment will be undertaken using the tool provided as part of the contract transition toolkit
- The SHA will review assessments and agree the final result with the SCG Cluster/NSCT
- The results and the plans should be shared with the host PCT for individual SCGs within each SCG Cluster and the SHA for the National SCT.

	Milestone deadline:
SCG Cluster/NSCT	16/11/11

Stocktake – Activity 3

Review and determine contracting position

Map and identify existing contract storage and archiving arrangements to facilitate retrieval of contract documentation:

- Identify, map and create an inventory of all shared drives and folders where all contract documentation (actual contract, SLAs, IPAs, variations, side letters, performance management reports) is known to be stored or could be stored
- Identify and map all lap-top or stand alone PCs where contract documentation is either known to be or could be stored

	Milestone deadline:
SCG Cluster/NSCT	17/11/11

Stocktake – Activity 4

Review and determine contracting position

Identify and confirm the contract portfolio ensuring that this is mapped to 2011/12 budgeted spend and checked against 2010/11 audited expenditure to capture all liabilities via a control spreadsheet so that all health and care expenditure is aligned to a contract or agreement:

- Within respective SCGs/NSCT, the first step is the undertaking of structured interviews with each contract manager using the knowledge capture tool to capture corporate knowledge and tacit intelligence on identifying the entire contract portfolio
- Obtain 2011/12 budgeted spend and 2010/11 expenditure data and prepare a control sheet to allow mapping of contracts to expenditure.

	Milestone deadline:
SCG Cluster/NSCT	23/12/11

Stocktake – Activity 4a

Review and determine contracting position

Identify services to be split or transitioned to the SCG clusters/NSCT from April 2012/13 following recommendations by Transition Oversight Group:

- **Within SCGs,identify the list of specialised services to be included for the 2012/13 contracting round, including the adoption of the 'minimum take list of services' recommended by Transition Oversight Group (TOG)**
- **Compare with the current list of services being commissioned/managed to identify services that will come in/transition out of the SCG contracts.**
- **Identify the potential spend value that will change as a consequence of the split/transition of services.**
- **Identify and list on the basis of geography the lead SCG for out of area providers**

	Milestone deadline:
SCG Cluster	28/11/11

Stocktake – Activity 5

Review and determine contracting position

Capture data on the contract in the transition controls data capture tool:

- The next step is to undertake a meta-data collection of each contract by contract category. For each contract there is a requirement to collect essential information. This is the basic information that defines the agreement / contract which would need to be captured. This information is the same for **ALL** types of contracts/services:
- It is a standing principle for the duration of the contract transition process that any new contracts signed by SCGs/NSCT , or material changes to existing contracts, should be updated in the transition controls data capture tool

	Milestone deadline:
SCG Clusters/NSCT	23/12/11

Categories of essential information for the transition controls data capture tool (1/2)

Review and determine contracting position

Funding and contracting arrangements	1.1	Name of individual completing this form:
	1.2	Is this a payment to a Specialised Commissioning Group (SCG) for provision of specialised services?
	1.2.1	If 'yes', are you the lead SCG-contracting PCT?
	1.2.2	Which PCT hosts your SCG arrangements?
	1.2.3	How much is funded by your PCT? (answered if response to 1.2.2 is Yes)
	1.3	How much is funded by your PCT? (answered if response to 1.2.2i is No)
	1.3.1	If 'yes', are you the lead or associate commissioner?
	1.3.2	If you are an associate, name the lead:
	1.3.3	If 'other', please specify:
Core information	1.4	What is the name of the NHS provider **as stated within the contract** (legal entity)?
	1.4.1	If 'other', please specify:
	1.5	What type of contract is used?
	1.6	What service is provided?
	1.6.1	If 'other', please specify:
	1.7	What is the estimated annual value, under this contract **directly funded by your PCT** as a commissioner? (signed-off financial forecast 2011/12)
	1.8	Which of the following payment types are stated in the contract?
	1.8.1	National Tariff
	1.8.2	Local Tariff, e.g. cost and volume
	1.8.3	Block
	1.8.4	One-off payment
	1.8.5	Upfront payment
	1.8.6	Pass-through
	1.9	Is there a service specification included in the contract?

Categories of essential information for the transition controls data capture tool (2/2)

Review and determine contracting position

Date and location	1.1	What was the contract start date?
	1.11	Is there an expiry date in the contract?
	1.11.1	If 'yes', please specify the contract expiry date:
	1.12	Is there a specified notice period in the contract?
	1.12.1	If 'yes', how many months?
	1.13	Where is the contract file physically located? Please describe location.
	1.14	Where is the contract file stored electronically? Please describe location/server name and file path.

Stocktake – Activity 6

Review and determine contracting position

Consolidate the electronic documentation relating to each of these contracts in a single and secure electronic location by SCG/NSCT:

- Extract and move all contract documentation into a single and secure electronic location (i.e. Identified master folder on an identified server). Once this step is complete, remove all contract documentation and files from all stand alone laptops and PCs.
- Ensure that within the master contract folder, there is a single complete folder for each contract file by contract category
- Ensure that the master contract folder is password protected and that there is an appointed administrator and agreed levels of access

	Milestone deadline:
SCG Cluster/NSCT	23/12/11

Stocktake – Activity 7

Review and determine contracting position

Consolidate the paper documentation relating to these contracts in a secure physical location with appropriate cross referencing to connect electronic and paper-based filing:

- Consolidate all contract documentation for individual contract files where stored separately
- Label all filing cabinets, cupboards, storage facilities clearly detailing the contractual documentation stored and cross reference to documents stored electronically
- Ensure all filing cabinets, cupboards and storage facilities containing contract documentation have working locks and are locked at all times other then when access is required
- Ensure all filing cabinets, cupboards and storage facilities are in a locked room/facility.
- Ensure a policy and controls are in place for key holders and storage of keys - both for the room and each filing cabinet/cupboard

	Milestone deadline:
SCG Cluster	03/12/11

Stocktake – Activity 8

Risk Assessment

Undertake risk assessment of each contract managed by the SCG/NSCT:

- Using the Risk Assessment Framework (RAF), agree prioritisation of contract categories to assess
- Undertake structured interviews with contract managers for each contract category to assess potential systemic risks for that contract category
- Review contract documentation using the RAF taking account for each prioritised category to identify risks for each contract

	Milestone deadline:
SCG Cluster/NSCT	23/12/11

Stocktake – Activity 9

Risk Assessment

Validate the risk assessment through a structured review with contract managers:

- Undertake interviews with contract to ensure internal sign-off of assessed risks for their contract category
- Obtain additional clinical (Clinical/Public Health Director) or legal advice (legal advisors) as required to validate risks

	Milestone deadline:
SCG Cluster/NSCT	09/01/12

Proposed information on contract risks for the contracts transition database

Risk Assessment

Clinical	2.1	Does the contract include terms to be able to monitor and manage the quality and safety of service(s)?
	2.2	Have there been any significant quality, safety and performance issues resulting in intervention by the commissioner during the last 12 months?
	2.3	Is there a significant risk that the contract transition process will affect service continuity, particularly with regards to vulnerable patients (e.g. Risk of payment cessation)?
	2.4	Has the statutory regulator (e.g. CQC or Monitor) intervened with the provider over the last 12 months?
Legal / Contractual	2.5	Has the contract been signed and dated by both parties?
	2.6	Has the commissioner made payment for services that were delivered after the expiry of the contract?
	2.7	Can the contract be assigned to another commissioner?
	2.8	For contracts based on national standard templates, are there any additional clauses or deviations from the core terms and conditions of the original agreement?
	2.9	Are there disputes, appeals, investigations or legal actions underway or pending (within the next 6 months)?
	2.1	Is the contract file incomplete or missing key documents, such as agreed variances and performance management reports?
	2.11	Is the contract file information, such as the contract papers, agreed variances and performance management reports, in a form that can be handed over in a complete package?
	2.12.1	What is the name of the Contract Manager? If there is no name of a Contract Manager, please explain:
	2.12.2	Please record email and/or telephone number of the Contract Manager:
Financial	2.13	In your judgment, is there a significant risk of financial over-performance against the 2011/12 financial forecast?
	2.14	In your judgment, could the transition of contracts negatively impact provider cash-flow?

Stocktake – Activity 10

Risk Assessment

Develop a risk register for the transition of contracts and map risks back to individual contracts:

- Include the identified risks based on risks for individual contracts by contract category within the risk register held by either the Host PCT for various SCGs or the SHA for NSCT
- This should form part of the overall transition risk register as opposed to developing a separate register

	Milestone deadline:
SCG Cluster/NSCT	16/01/12

Stabilise Activities

Stabilise will be undertaken as one phase

The Stabilise phase for SCG Clusters/NSCT will be a single process. It will overlap with the tail end of the stock take phase. It will use the risk assessment produced during the stocktake and address deficiencies in the documentation & management controls for contractual arrangements. The activities within the Stabilise phase will facilitate a smooth transfer of the contracts to the new commissioning bodies.

Stabilise to facilitate Operational Shift
(Jan 2012 – Mar 2012)

Activities will concentrate on remedial actions based on the risk assessment undertaken in Stocktake i.e. (i) the contracts that carry the most risk where remedial action will be required in 2012/13 contracting round and (ii) to align with the timeline for splitting specialist and mandatory services which will be the responsibility of NHS CB

All contracts will be dealt with during the stabilise phase with particular attention to:

- Individual Patient Agreements (IPAs)
- Independent Sector providers
- Secure mental health services .

During the Stabilise phase there will be three distinct stages:

The Stabilise phase will involve remedial action, splitting of contracts and operational readiness

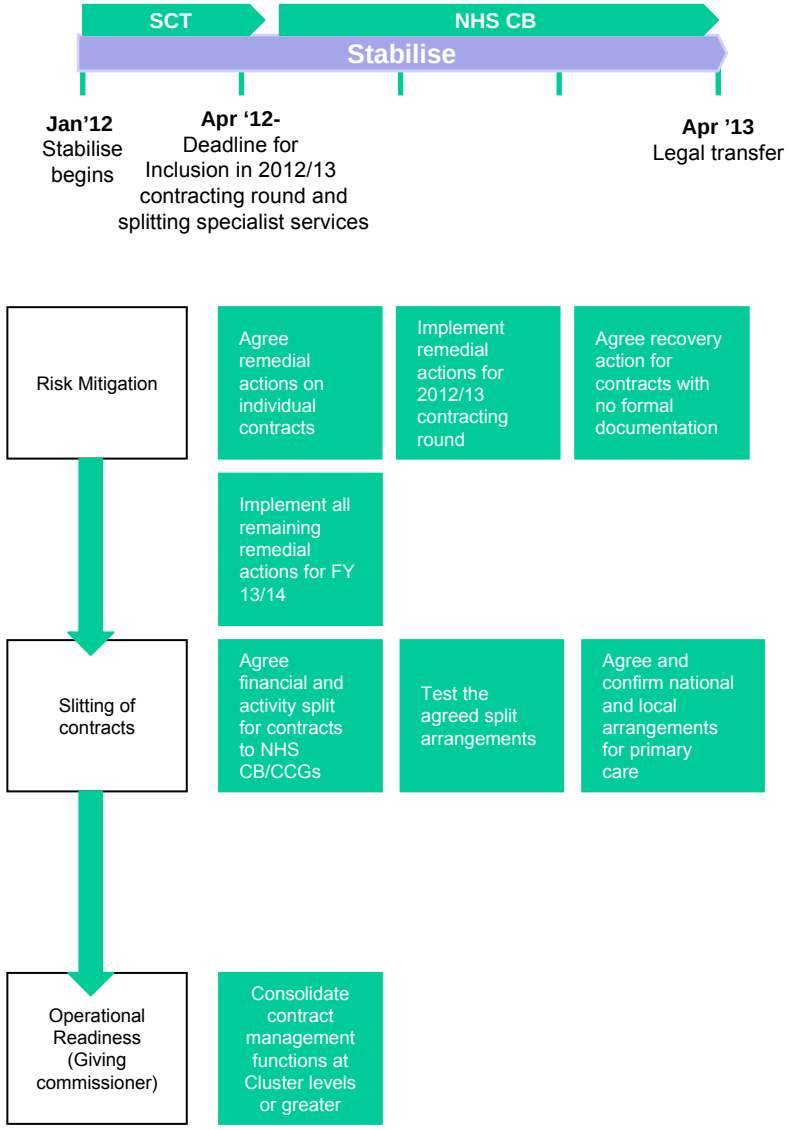
Stocktake RAF results

Stabilise

Remedial Action	Splitting of contracts	Operational Readiness (giving commissioner)
• Urgent remedial actions, i.e. those rated red in the risk assessment, must be prioritised with remedial action to be undertaken within 2012/13 contract round. • All remaining remedial actions should be completed by March 2013	• On a contract-by-contract basis, agree the basis for splitting the financial and activity schedules so specialist/mandatory services are split out and future responsibility of CCGs and the NHS Commissioning Board are established • Test the split of activity and finance across each contract and model at an aggregate level with NHS CB, CCGs and providers to ensure zero sum gain • Agree and confirm contracts (national) which will become the responsibility of NHS CB and any locally agreed)	• Consolidate contract management functions at Cluster levels or greater • Contract documentation needs to be appropriately stored and archived if necessary , with effective systems of information governance in place
Related to activities: 1, 2, 3, and 7 Tools: Risk Assessment Framework, Tacit Knowledge Capture	Related to activities: 4,5 and 6	Related to activities: 8 Tools: Transition Readiness Assessment, Transition Controls Data Capture Tool

Throughout the stabilise process PCTs and SCGs need to ensure business as usual and service continuity

Stabilise will put in place a remedial action plan for transition and deliver against this



Stabilise activities

The prime responsibility for the stabilise phase rests with PCT Clusters and Specialised Commissioning Teams within each SCG Cluster as they are the giving contracting authorities. However, receiving organisations have key actions to agree and sign-off agreed actions:

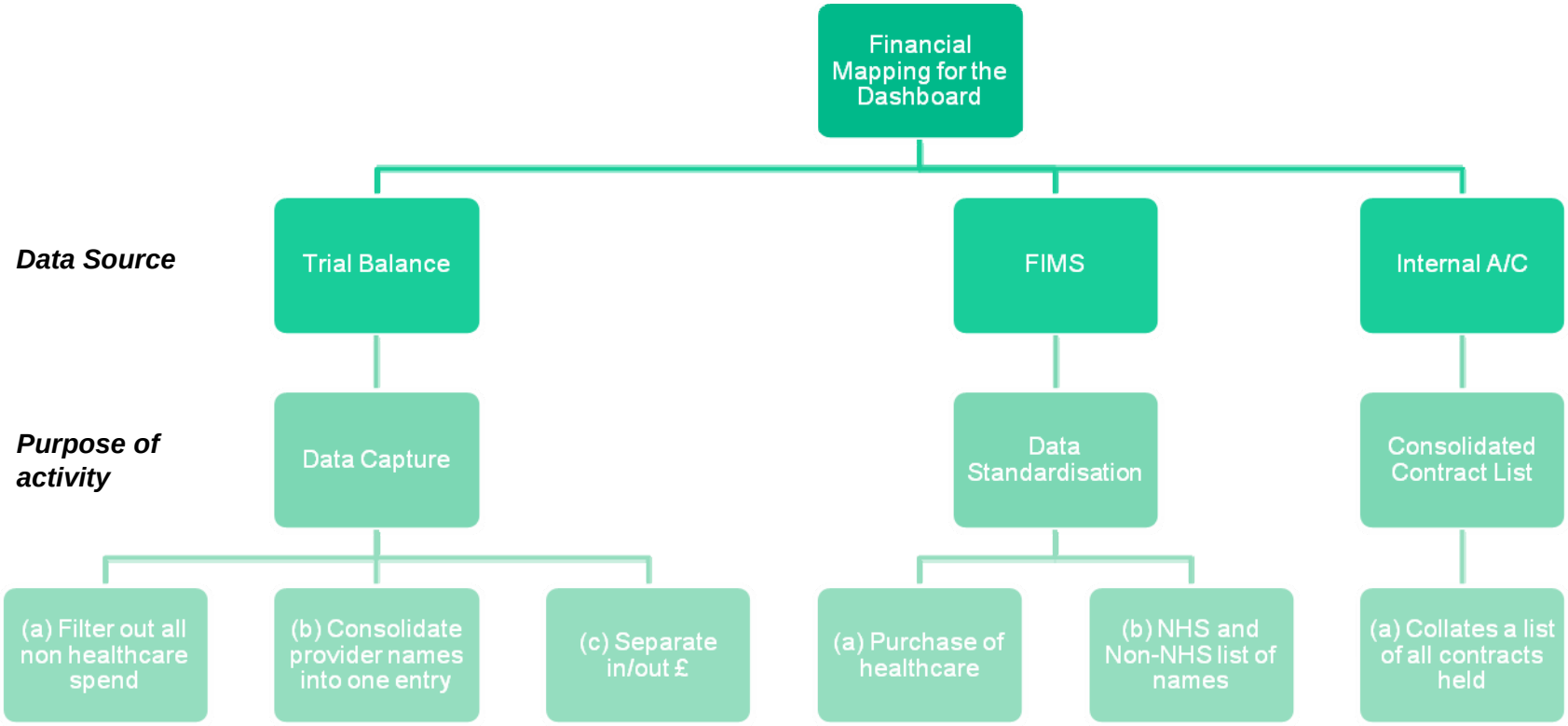
1. On a contract-by-contract basis across each contract category, agree the remedial actions required to mitigate against identified risks and enable contract transition
2. Implement remedial actions which need be addressed as part of 2012/13 contracting round from phase one stocktake
3. For each contract where no formal documentation exists, contracting authorities should communicate with providers and agree recovery action. This could include sourcing documentation from providers and formally agreeing the status of this documentation as the master contract or it could include the development of a process to jointly establish the master documentation from new
4. On a contract-by-contract basis, agree the basis for splitting the financial and activity schedules so specialist/mandatory services are split out and future responsibility of CCGs and the NHS Commissioning Board are established
5. Test the split of activity and finance across each contract and model at an aggregate level with NHS CB CCGs and Providers to ensure zero sum gain
6. Implement all remaining remedial action by end March 2013
7. Consolidate contract management functions at Cluster levels or greater

SCG Cluster/NSCT Stabilise – Proposed Milestones

	Activity	Start	End
1	On a contract-by-contract basis across each contract category, agree the remedial actions required to mitigate against identified risks and enable contract transition	09/01/12	16/01/12
2	Implement remedial actions which need be addressed as part of 2012/13 contracting round from stocktake	16/01/12	10/02/12
3	For each contract where no formal documentation exists, contracting authorities should communicate with providers and agree recovery action	23/12/11	10/02/12
4	On a contract-by-contract basis, agree the basis for splitting the financial and activity schedules so specialist/mandatory services are split out and future responsibility of CCGs and the NHS Commissioning Board are established	29/11/11	29/02/12
5	Test the split of activity and finance across each contract and model at an aggregate level with NHS CB CCGs and Providers to ensure zero sum gain	29/11/11	13/02/12
6	Agree future workflow/processes for contract management for SCG clusters in 2012/13	03/01/12	29/02/12
7	Implement all remaining remedial action by end March 2013 including the second phase of specialised service split/transition	01/03/12	01/08/12
8	Consolidate contract management functions at SCG Cluster levels or greater	01/03/12	30/03/12

Appendix A – approach to mapping agreements to spend

Mapping agreements to spend - overview



Mapping agreements to spend – definitions

- Internal accounts – any internal reporting system (management accounting system), which tracks cost objects (i.e. contracts). These can be under a variety of formats (Oracle, Cost Centre, Excel spreadsheets, etc). The information contained would usually include cost codes, providers, budgeted and actual YTD spend.

- Trial balance – statement which aggregates all financial transactions taken by the entity during the financial year. It is a consolidated output of the general ledger.

- FIMS – NHS-wide reporting system also referred to as FMA, which will include clinical expenditure specifications by NHS body. Key tabs will include the notes on expenditure in tabs ‘A’, ‘B’, ‘C’, ’D’, ‘E’ and ‘F’.

Critical steps

INTERNAL ACCOUNTS

I. List all contracts sorted by provider name from management accounts
   - List of provider must be consolidated (multiple entries not allowed – subgroups to be created in case of multiple contracts)

TRIAL BALANCE

II. Remove all non-clinical care spend (Admin, Pay, Overheads, etc)

III. Filter out income, keep ALL expenditure transactions ensuring that NHS Finance Manual overarching principles are adhered to: Where an organisation acts solely as an agent and does not gain any economic benefit form a transaction, it may be appropriate to treat the items as a recharge and net off the income against the expenditure. Items which may be classed as a recharge include staff secondments, shared Consultants, shared invoices and incorrect invoicing.

IV. Consolidate by provider name
   - This means going line by line and grouping transactions under one provider name (in other words, remove duplications)
   - Subgroups for multiple contracts
     - If the provider has multiple contracts, create sub totals for each contract under that provider
   - Associate actual (budgeted a plus) spend to each line item (transaction)

V. Every transaction linked to provider contract

Critical steps (cont'd)

FIMS (& working papers)

I. List all contracts by FT, Trusts, SHA, PCT (tabs ''A', 'B', 'C', 'D', 'E' and 'F')
II. Breakdown of each line item in tabs by provider
    A. Actual contractual spend
    B. One-offs and non contractual

III. Breakdown of Non-NHS providers
    A. Actual contractual spend
    B. One-offs and Non-contractual spend

Validation

TRIAL BALANCE v INTERNAL ACCOUNTS

TB provider spend Σ must equal management accounts contract spend entry

a. Adjustments must be tracked back to specific contract
b. Prior years/Accruals
c. Once this done, should be left with non-contractual spend, including non-recurrent spend
d. No spend left out. Every pound allocated to one of the categories.

TRIAL BALANCE v FIMS

TB provider spend Σ must equal breakdown entries of FIMS – Same exercise as above

Final Control

- Check Σ TB = Σ Internal A/C = Σ FIMS
- Explain any differences
  - Back to specific contract or,
  - As non-contractual spend (with ad-hoc description)

Assurance in the accuracy of these values will be provided via CEO signoff at PCT Cluster level and validation at SHA level.