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Title of paper	Level 2 Specialist Neuro-rehabilitation Service – implementation of the 2 year Contract Extension Clause & variation
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Confidential	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (items are only confidential if it is in the public interest for them to be so)

The Governing Body is asked to:

- Approve the recommendation option 1 - to apply the 2 year extension clause within the current contract and extend the Specialist Neuro-Rehabilitation Service (SNRS) for 2 years.
- Note that endorsing a contract extension for two years will equate to a maximum cost of £3,591,340 per annum
- Endorse a move from a block contract to implement a locally agreed tariff for the level 2 neuro rehabilitation dependent on improved cost effectiveness
- Note that the current funding for this service for 2018/19 is through the Better Care Funding (BCF) for the 3 CCGs. The BCF is currently under review for 2019/20 and is yet to be finalised. This will not impact on the affordability or deliverability of the service.

Summary of purpose and scope of report

Purpose of report

The purpose of this report is to provide an overview of the current level 2 Specialist Neuro-Rehabilitation Service and seek approval to extend the current contract and move from a block contract to a bed day tariff.

Overview of Service

SNRS (Level 2) is a nationally mandated specialist provision for people with moderate to severe physical, cognitive and/or behavioural needs, requiring specialist rehab interventions and complex disability management.

The level of service is defined nationally by the British Society of Rehabilitation Medicine (BSRM), and includes admission criteria, adherence to minimum staffing levels & skill mix, performance reporting requirements for benchmarking.

The service is provided by multi-professional teams of staff with specialist training and experience, and led

by a Consultant with specialist accreditation in Rehabilitation Medicine (RM).

In April 2016, the Tri-Borough, with Central London as the host commissioner, commissioned Imperial College Healthcare NHS Trust (ICHT) to provide level 2 provision across 19 beds. ICHT subcontract Central London Community Healthcare NHS Trust (CLCH) to provide some of this provision. The breakdown of beds are defined as follows:

- 15 in-patient beds at the Charing Cross Neuro-Rehab Unit (CNRU) – provided by ICHT and;
- 4 virtual bed outreach service called Specialist Neuro-Rehab Outreach Service (SNROS) – provided by CLCH

The contract is a three year contract with an option to extend for a further two years. The contract is due for extension on the 31st March 2019.

The extension will be used by the Tri-Borough commissioners to work with ICHT to potentially negotiate a more cost effective tariff with refreshed contractual and commercial changes to facilitate service integration and efficiency.

Initial discussions have commenced with ICHT in March 2019 to gauge appetite to move to a new tariff.

In addition, the Tri-Borough and ICHT will explore the potential benefits of integrate level 2 and 3 provision from 2020/21.

Options

Option 1 (RECOMMENDED) - Extend the Specialist Neuro-Rehabilitation Service (SNRS) block contract for 2 years, and move from a block contract to a more cost effective tariff arrangement during the two year extension

Under this option, Tri-borough CCGs would issue a 2 year contract extension to the existing Level 2 Specialist Neuro-Rehabilitation Service (SNRS) currently provided ICHT under existing terms and conditions. Commissioners will then work with ICHT to negotiate a new bed day tariff which is more cost effective than the existing block contract.

The benefit of this option would be:

- Service continuity for an identified area of need, with no changes to the existing pathway for patients
- Improved long-term clinical outcomes and reduces cost
- Increased productivity and better value – due to capped maximum average length of stay. More patients seen and reduced waiting list

Tri-Borough discussions with Imperial regarding a new bed day tariff have started in anticipation of an agreement to move to a bed day tariff.

Option 2 – Do nothing and maintain status quo (extend for two years with existing terms and conditions)

Under this option, CCGs would allow the current contract to expire with no procurement of service past contract expiry date. Also, as part of the do nothing option, CCGs would continue to carry the financial risk highlighted above, with the block contract arrangements.

This is not an option for CCGs to consider as this is an essential service for patients and there is no alternative to repatriate.

Option 3 – Extend contract still under a block but under reduced bed day price.

Does not address the issues of productivity (long length of stay) and non-payment of unoccupied bed days/voids.

Service Performance

Key Performance areas	2016/17	2017/18	2018/19 (Apr-Dec)
Number of admissions	101	99	73
Average wait (med fit referral to admission)	10 days	14 days	15.3 days
Occupancy rates	84% (SNROS 70%)	91% (SNROS 79%)	81% (SNROS 69%)
Average LOS	8.2 weeks	9.2 weeks	10 weeks
Total unoccupied bed days	1101	560	375
% with Discharge destinations home	79%	76%	84%

Tri-borough CCGs will work jointly with ICHT, CLCH and Imperial College Health Partners (ICHP) to audit performance metrics as part of reviewing the current tariff.

Issues with current service under a block provision

- Variable length of stays
- Average length of stay is greater than national average
- Waiting list for service
- CCGs paying for unoccupied bed and virtual bed days – total of 2,036 days since commencement of the contract
- This equates to a total of £1,057,254 in 2.75yrs

Service Development and Improvement (SDIP)

In order to ensure best value solution for the service, the following SDIP has been proposed:

High level SDIP for the next 2 years of extension

	Objective	Deliverable output	Timescale
1	Both ICHT and CLCH to agree to proposed service changes as part of a 2 year contract extension	Providers provide a signed MOU witnessed by CCG	31 March 2019

2	Development of community Tariff	Shadow tariff developed	From 1 April 2019
3	Application of community tariff	Implementation of level 2 tariff	From 1 October 2019

This is subject to approval and sign-off by Transformation Board, Finance & Activity Committee and Governing Body.

The use of MOI is one of the most effective and efficient ways of engaging with providers to provide joint assurance around the:

- Commitment to the future commissioning intention for the service
- Contract / tariff payment approach for 2019/20 and 2020/2021
- Agreement of the deliverables for the next two years.

There is an MOI in place to assure provider commitment to the delivery of the above and project delivery support provided by Imperial College Health Care Partners (IChP).

Strategic Fit

These commissioning and service developments links in with CCG strategy and objectives by providing:

- **Provide positive patient experience** by providing personalised care and reducing unwarranted delays (from referral to assessment, and admission) from 2 – 6 weeks to 5 – 10 days;
- **Reduce acute hospital stay costs** due to substantial reduction in DTOC and associated cost of bed stay by 70% (based on 2014/15 baselines);
- **Measurable improvement in functional and cognitive gain** due to effective interventions and reductions avoidable complications;

Measurable reduction in dependency levels and quantifiable reduction in long-term care costs due to a measurable reduction in dependency levels from admission to discharge, and associated weekly on-going care and costs.

Quality & Safety/ Patient Engagement/ Impact on patient services:

Quality and Safety

The service has had considerable impact on:

- Reduction in unwarranted delays in transfers of care (DTOC) from hospital and relieving pressure on acute services by facilitating discharge to the community or on-going placement
- Supporting transitions in care back to localities following rehabilitation
- More people (70-80%) going home following discharge from service

Patient Engagement

N/A – as currently there are no impact on changes to patient pathway.

Procurement implication

Extensive discussion with NHS Shared Business Services and procurement advice was provided on the specific areas as follows:

- **Contract variation:** Where there is an existing contract, it is reasonable to explore whether any changes being required by the CCGs can reasonably be effected through variation procedure.
- **Contract Duration:** The CCGs have reserved specific rights within the current contracts, to extend the duration of these contracts for up to a further 2 years.
- **Payment approach:** The CCGs see a need to move from the current “block” contract payment approach, to a local “tariff” model so that payment is made to the provider on actual activity output. This new approach can be implemented through negotiated agreement with the providers and then formalised through contract variation.
- **Change of service scope:** It is reasonable to seek to negotiate the changes required by the CCG with the incumbent provider.

The conclusion is any contract extension being offered by the CCG to the incumbent provider would need to be subject to a successfully negotiated variation to the finance and commercial model as discussed in this paper.

It should also be subject to the provider setting out its proposed implementation plan to put the required changes into place, so that the CCGs can be assured of the timescales involved.

Financial and resource implications

The financials for the service are as follows:

- Total value of the block contract price is £3,591,340 per annum. The bed day price is £517.86 per day.

Based on activity for 17/18 and 18/19, the financial breakdown by CCG is as follows:

CCG	17/18		18/19 (M08 FOT)	
	Cost	Cost (%)	Cost	Cost (%)
H&F	£1,451,726	40%	£1,296,973	36%
West London	£1,152,923	32%	£913,241	25%
Central London	£986,691	27%	£1,390,965	39%

Block Contract

In the instance that the block contract is extended for a further two years and no new bed day tariff is agreed, the value of the contract will be £3,591,340 per annum across all three CCGs.

The cost attributed to West London CCG, assuming similar occupancy levels as 17/18 and 18/19, will be c.£900k-£1.2m. However, this may vary depending on occupancy levels.

New Bed Day Tariff

Specialist Rehabilitation bed day tariffs have been revised by NHS England ahead of the 2019/20 financial year and were put out to consultation. Unfortunately, along with other national tariffs, tariffs have not been

finalised although the consultation has been closed.

NHS England classifies Specialist Rehabilitation tariffs as 'non-mandatory' which will allow for commissioners to work with ICHT to agree a local tariff.

Given that the recommended non-mandatory national tariff has not been finalised and that a provisional tariff has not been agreed with ICHT, potential savings versus the current block have not been calculated.

In a worst case scenario that commissioners cannot agree a more cost effective blended tariff with ICHT, the existing block will continue to be in place until March 2021.

Equality / Human Rights / Privacy impact analysis

An EQIA and EHIA have not been completed for the extension as this is a continuation of existing terms and conditions.

However, an EHIA and EQIA will be completed, as appropriate, in the instance that new terms and conditions are agreed.

Risk

Risk	Mitigation
Communication with stakeholders is not effective, and members feel uninformed	Memorandum of Understanding to provide joint assurance around: <ul style="list-style-type: none"> • Future commissioning intention for the service • Contract / tariff payment approach for 2019/20 and 2020/2021 • Sharing Financial Model Template
Timelines slip, which will prevent the tri-borough CCGs from signing off the contract by 31 st March 2019	<ul style="list-style-type: none"> • Agreement of the deliverables for the next two years • Clear and jointly owned project plans • Identified resources to deliver this • Clear governance
Financial savings not realised	<ul style="list-style-type: none"> • Transparency of tariff • Agreement on dependency mix • Monitoring and capping of LOS

Supporting documents

None

Governance and reporting (list committees, groups, or other bodies that have discussed the paper)

Committee name	Date discussed	Outcome
Finance & Activity Committee	26/03/19	TBC