

QUARTERLY REPORT – MAY 2008

SPECIALISED COMMISSIONING TEAM (WEST MIDLANDS)

1. Purpose

To update Board members on the work programme/key issues relevant to the host organisation for the Specialised Commissioning Team (West Midlands)

2. Introduction

The Specialised Commissioning Team (West Midlands) is responsible for the commissioning of a range of Specialised Services on behalf of both West Midlands PCTs (via the West Midlands Strategic Commissioning Group) and the Local Pan Birmingham PCTs (via the Local Collaborative Commissioning Board)

This report includes updates and progress on:-

- National work programme
- New services/devolution of services commissioning by SCT (WM)
- Contracts
- Governance/quality
- World Class commissioning/collaborative commissioning
- Independent sector procurement project
- Radiotherapy workshop
- 2007/08 financial position

3. National Work Programme

3.1. NSCG/SCG Directors Away Days

The new national arrangements for Specialised Services Commissioning have now been in operation for 12 months. During April/May, two workshops were held to discuss and review the work of the National Specialised Commissioning Group representing all regions – they were attended by Sophia Christie as the representative for West Midlands PCTs and Karen Helliwell, WMSCG Director, attended the SCG Directors workshop.

Good progress has been made in establishing the framework at a national level and it is hoped to build upon this over the next year. In particular, the workshop focused on developing / sharing expertise and collaboration across SCGs to shape the national agenda.

3.2 National Designation Work Programme

The West Midlands SCG is now formally piloting the development of a framework and set of model documents for the “designation” of Specialised Medium Secure Services. This pilot framework will then be adopted across all 10 SHAs during 2009/10.

As part of DH policy within the Cater Review (2006) Specialised Commissioners now have the authority to formally “designate” providers to undertake specific specialised services.

In order to be designated providers will have to be reviewed to ensure they meet a set of national standards, deliver the required service model, be measured against clinical outcome/patient satisfaction measures and have consistent cost/currencies.

3.3 Eculizumab

The SCT (WM) has been working at a national level to clarify the policy with regard to the responsibilities of drug companies/PCTs upon the completion of drug trials. A regional policy has now been drawn up outlining the responsibilities of drug companies which is to ensure that there is a clear exit strategy for patients agreed prior to commencement of the trial.

A trial which is coming to an end for a high cost drug called Eculizumab has led to a piece of work being undertaken by the SCT (WM) to support 3 West Midlands PCTs in deciding whether to commission and continue the funding the drug post the trial period.

4. West Midlands Work Programme

4.1 New Services/Devolution of Services commissioned by the SCT(WM)

West Midlands PCTs have agreed to transfer responsibility for commissioning urgent/emergency ambulance services to the SCT (WM) from 08/09.

Stuart Poyner, Chief Executive of South Staffordshire PCT will be the CEO lead and the SCT (WM) will host the commissioning team and manage the contract/finances

Solihull Care Trust have now agreed to be Co-ordinating Commissioner for the Birmingham Dental Hospital contract on behalf of all West Midlands PCTs.

4.2 Implementation of Acute/Mental Health Contracts

One of the major challenges for the SCT (WM) over the past quarter has been to implement the new acute contract across 52 provider trusts. Most of which have involved separate contracts outside of the PCT Co-ordinating commissioner role.

In addition the SCT (WM) has developed its own Mental Health contract with NHS Trusts for CAMHS Tier 4/Secure services in advance of the implementation of a national contract.

It has been confirmed with BEN PCT's external auditors that the BEN PCT ALE score is not affected or based on the performance of the Specialised Services Contracts and sign-off process.

4.3 Governance/Quality

The SCT (WM) has now obtained dedicated support in the team with regard to governance and communications. Janice Cunningham has been appointed as Governance Lead. Chris Capewell has been appointed as the Team's Communications Manager and will focus largely on the Yardley Green Campus Engagement Strategy incorporating the proposed Medium Secure Unit.

In terms of governance, revised establishment agreements for the work of the WMSCG and LCCB's have been taken through all PCTs, to ensure the team has a clear mandate and delegated authority to sign and enter into contracts.

In 08/09 the team will also commence a pilot scheme looking at quality indicators for a wide range of specialised services. (Shropshire and Staffordshire LCCB has sponsored this work).

4.4 World Class Commissioning/Collaborative Commissioning

The SCT (WM) is working closely with PCTs and BEN PCT with regard to the implementation of the key work streams regarding World Class Commissioning (in particular how the work of the team is built in to the assurance framework).

The development of Collaborative Commissioning arrangements across PCTs with regard to non-specialised services is also being discussed by PCT Chief Executives.

4.5 Independent Sector Procurement Project

The OJEU advert for the independent Sector Procurement framework has now been placed and potential bidders have now expressed interest. A bidder day event was held on 24th April 2008 to ensure the process was clearly understood and bidders had an opportunity to raise any queries. The project team are now in place working closely with support from the Department of Health Commercial Directorate.

4.6 Radiotherapy Workshop Event – 24th April

A very successful event was organised by the SCT (WM) on 24th April 2008 to present the findings of a review of radiotherapy services looking at how the

region currently meet the recommendations of the National Radiotherapy Advisory Group Report Published in 2007.

The event was supported by the DH National Cancer Action Team and was attended by over 65 delegates from PCTs, Cancer Networks, providers, users and the workforce deanery.

The findings identify the need for additional radiotherapy capacity for Pan Birmingham PCTs and work is underway to development more detailed commissioning proposals.

4.7 2007/08 Financial Summary

BEN PCT now 'host' the specialised services budgets for the SCT (WM) on behalf of all West Midlands PCTs (including the regional services and all 5 LCCB budgets).

The PCT only hosted the regional budgets, and LCCB budgets for Pan Birmingham and the Black Country LCCB's in 2006/07.

In terms of the overall financial position for the specialised services budgets at the end of 2008/08 there was an under spend of £4.061m against a total budget of £639,742 (0.6% variance).

Total Income (£000)	639,742
Total Expenditure (£000)	635,681
Total Surplus 2007/08 (£000) – returned to PCT's	4,061

The SCT (WM) portfolio of Specialised Services represent a very complex and diverse mix of procedures and services which by their very nature are high in cost and low in volume, and include a disproportionately large element of emergency or expedite cases. Hence even small fluctuations in usage can have a significant financial effect.

SCT(WM) Regional Services

	£000
Total Income (£000)	254,402
Total Expenditure (£000)	252,152
Total Surplus 2007/08 (£000) – returned to PCT's	2,250

In 2007/08, SCT (WM) delivered a surplus of £2.25m against forecast expenditure which was returned to constituent PCT's in January 2008 and February 2008. The surplus represents less than 1% of total income.

- **Acute Services (Regional)**

There was an under spend within the Acute Regional commissioning portfolio of £6.6m. The main issues relating to the under spend were:-

The under spend related to haemophilia factor products (£4.3m) where there had been lower than forecast growth in patient numbers and a reduction in the costs of the blood clotting factor products as a result of a national procurement exercise. In 2008/09, SCT (WM) is working with provider Trusts to provide Home Delivery services to improve quality/patient experience.

There was a further under spend of £1.2m on pulmonary hypertension drugs in 2007/08 – due to lower than forecast growth. It is expected that NICE will recommend increased access to these drugs in 2008/09 and an increase in dual therapy in 2009/10 will increase costs significantly.

There was an increase in Paediatric Intensive Care (PIC) bed day provision at both Birmingham Children's Hospital and Leicester Royal Infirmary. BCH increased capacity as a result of £1m investment into additional PIC beds agreed by SCG.

Neonatal Intensive Care and Special Care Baby Unit (SCBU) activity over performed by an average 6% across a range of Units in the Region in response to increased demand on maternity services in 2007/08.

Bone Marrow Transplant (BMT) activity over performed at University Hospital Birmingham (£200k) but under performed at other regional centres. A ninth dedicated BMT bed was commissioned at University Hospital Birmingham as a result of increased performance.

- **Forensic Mental Health Services (Regional)**

There was an over spend of £4.4m relating to the exceptionally higher than forecast growth in admissions within the Independent Sector. The large increase in net admissions took place in April/May 2007 so therefore a full year effect of the costs have been incurred in 2007/08. SCG received regular reports on the increase and actions taken to mitigate the growth throughout the year.

- **Regional Levies**

SCT (WM) also took on the management of the former Regional Levies Board contracts with effect from 1 October 2007. These include contracts for West Midlands Perinatal Institute, Regional Library Unit etc.

Pan Birmingham LCCB

	£000
Total Income (£000)	162,720
Total Expenditure (£000)	161,034
Total Surplus 2007/08 (£000) – returned to PCT's	1,686

A surplus of £1.686m was returned to PCT's during January- March 2008.

There was an under performance at both University Hospital Birmingham (£1.7m) and Heart of England (£700k) as a result of lower than forecast growth in the renal dialysis patient pool and lower than forecast expenditure on high cost cancer drugs - net of an increase in HIV and Cystic Fibrosis patient numbers.

There was an over performance at Birmingham Children's Hospital (£1.6m) relating to increase elective activity, high cost long stay patients and increased funding for paediatric Cystic Fibrosis services (£250k).

There was increased cardiac surgery activity at all Cardiac Surgery Centres but most significantly at University Hospital Coventry (£700k). The waiting list

for cardiac surgery was reduced by all Centres to ensure overall compliance with the maximum waiting time target of 18 weeks.

In addition to the above, additional out patient activity was also undertaken at Birmingham Dental Hospital (£500k) to ensure that the 5 week referral to first out patient appointment waiting time target was delivered. This resulted in a reduction of over 1,200 patients off the waiting list from April 2007 to March 2008.

Elective cardiology activity at Sandwell and West Birmingham Hospitals reduced by £300k in 2007/08 - as a result of improved diagnostic access to Myocardial Perfusion Imaging (MPI) at the Trust.

Black Country LCCB

	£000
Total Income (£000)	61,791
Total Expenditure (£000)	62,169
Total Deficit 2007/08 (£000) – funded by PCT's	(378)

Black Country LCCB delivered £378,000 over spend against planned budget mainly as a result of additional cardiac surgery activity at Royal Wolverhampton Hospital agreed in advance with the Black Country PCT's to ensure 18 week compliance and reduce the waiting list.

In addition to the additional cardiac activity, Royal Wolverhampton Hospitals also successfully implemented a full 24 hour, 7 days per week Primary PCI (Angioplasty) service from April 2008.

Oncology activity at RWHT was also higher than forecast as a result of the additional chemotherapy capacity opened in September 2006 but this was net of lower than forecast renal dialysis growth. The Pond Lane renal dialysis centre opening in March 2008.

Shropshire/Staffordshire LCCB

	£000
Total Income (£000)	72,921
Total Expenditure (£000)	73,423
Total Deficit 2007/08 (£000) – funded by PCT's	(502)

Shropshire/Staffordshire LCCB delivered an over spend of £502,000 in 2007/08.

There was growth in the renal dialysis patient pool of over £700k in 2007/08. The PCT's had not funded forecast growth in 2007/08 within the LCCB budget.

In addition to the above, University Hospital Birmingham performed 49 renal transplants in 2007/08 compared to 27 renal transplants in 2006/07.

The LCCB team are working with Shrewsbury and Telford Hospitals, University Hospitals of North Staffordshire (UHNS) and the Royal Wolverhampton Hospitals to develop additional renal dialysis capacity in 2008/09.

There was an under performance on cardiology and cardiac surgery activity at UHNS.

Coventry/Warwickshire LCCB

	£000
Total Income (£000)	51,908
Total Expenditure (£000)	51,343
Total Surplus 2007/08 (£000) – returned to PCT's	565

Coventry/Warwickshire LCCB delivered an under spend of £565,000 in 2007/08.

This related to lower than forecast growth in the cystic fibrosis pool and reduced activity commissioned at the Oxford Radcliffe Hospital and the United

Bristol Hospital. These two centres historically provided neurosurgery capacity to the health economy but the University Hospital Coventry and Warwickshire have developed neurosurgical capacity including a coiling service in 2008/09.

Hereford/Worcestershire LCCB

	£000
Total Income (£000)	36,000
Total Expenditure (£000)	35,560
Total Surplus 2007/08 (£000) – returned to PCT's	440

Hereford/Worcestershire LCCB delivered an under spend of £440k in 2007/08.

There was an over performance on neurosurgical activity and associated critical care costs at University Hospital Birmingham (£500k) and University Hospital Coventry (£300k) net of lower than planned cardiology activity over a range of provider Trusts.

5. Recommendation

That the Primary Care Trust Board note the report.