

NHS England Publications Gateway Reference 05342

To: NHS Improvement Regional Directors
NHS England Regional Directors

Paul Baumann
Chief Financial Officer
NHS England

Bob Alexander
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27 May 2016

Dear All

As you will be aware, NHS England and NHS Improvement have been discussing revisions to the readmissions credit guidance in line with the broader discussions around the cross over between contract penalties and the conditionality of the Sustainability and Transformation (S&T) Funding for providers. We have now agreed a framework to support commissioners and providers in reaching an agreement as to whether or not readmissions schemes should continue. The guiding principles are as follows:

- Where there is local agreement between providers and commissioners for 2016/17 on which readmission schemes should continue or cease this guidance will not undermine these arrangements;
- Where providers and commissioners cannot reach local agreement on whether a scheme should continue, further guidance is set out in the table below;
- Where local agreement cannot be reached the provider and commissioner readmissions data collections undertaken earlier in the year should be used as the basis of any review;
- Once a conclusion has been reached, the readmissions credit will be suspended for relevant providers to the extent that the credit relates to schemes which will not continue; and
- To be consistent with the concept of double jeopardy, where the readmissions credit is suspended in whole or in part for a given provider, the provider must

commit to a continued focus on reducing readmissions in collaboration with commissioners.

Further to these principles the process for local agreements is as follows:

Where there is a relevant scheme that is agreed locally between the commissioners and the provider from whom the readmission credit is being levied.	Credit applied	Scheme continues
Where the scheme is not agreed locally between the commissioner and the provider from whom the readmission credit is being levied:		
a. if the scheme is in line with the tariff readmissions guidance	Credit applied	Scheme continues
b. if the scheme is not in line with the tariff readmissions guidance	Credit not applied	Scheme stopped ¹ or commissioner decides to fund from an alternative source
c. if it is not clear if the scheme is in line with the tariff readmission guidance	Escalate for national review ²	To be determined following national review ¹

Note 1: If the scheme to be stopped is supported by a contractual commitment, and subject to the commitment being evidenced, a transition period will be allowed for, consistent with the contractual notice period.

Note 2: where national review is required, parties should submit a summary of the scheme and the reason for the disagreement for consideration to NHSCB.financialperformance@nhs.net by 7th June 2016.

As stated above the suspension of the readmissions credit is conditional on the S&T Fund arrangements and will only apply to those trusts that have signed up to their control total and the other terms and conditions of the S&T Fund. Trusts that have already signed up to their control total are eligible for full readmission credit suspension (subject to any contract notice transition period) from the start of the year. For any trusts that subsequently agree to their control totals, the credit will be suspended on a pro rata basis from the point of agreement of the control total. Any suspension of readmission credits is subject to the process set out in the table above.

If following the application of this process any decisions are reached that are not reflected in a signed contract, a contract variation will be required.

Would you please arrange for this process and the data from the previous data collections to be cascaded to commissioners and providers in your respective regions for review. Where required please will you provide mediation support to assist parties in reaching agreement in line with the principles above to ensure the need to escalate issues for national consideration is minimised.


Yours sincerely

Handwritten signature of Paul Baumann in black ink, featuring a large, stylized 'P' and 'B'.

Paul Baumann

Chief Financial Officer

NHS England

Handwritten signature of Bob Alexander in black ink, featuring a large, stylized 'B' and 'A'.

Bob Alexander

Executive Director of Resources

NHS Improvement