

Commissioning for Quality and Innovation (CQUIN)

Guidance for 2017-2019

Publications Gateway Reference 06023

November 2016



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This document sets out the Commissioning for Quality and Innovation (CQUIN) scheme for 2017 – 2019.

For the first time we are publishing a two year scheme which will provide greater certainty and stability on the CQUIN goals leaving more time for health communities to focus on implementing the initiatives.

The CQUIN scheme is intended to deliver clinical quality improvements and drive transformational change. With these objectives in mind the scheme is designed to support the ambitions of the Five Year Forward View and directly link to the NHS Mandate and it now focuses on two areas:

- 1. Clinical quality and transformational indicators - 13 indicators have been defined which aim to improve quality and outcomes for patients including reducing health inequalities, encourage collaboration across different providers and improve the working lives of NHS staff.**
- 2. Supporting local areas:**
 - Sustainability and Transformation Plans – reinforcing the critical role providers have in developing and implementing local STPs.**
 - Local financial sustainability – encouraging providers and commissioners to work together to achieve financial balance and to complement the introduction of system control totals at STP level.**

To achieve the ambitions both individual provider contributions and cross community collaborations have a part to play. By doing so the NHS will deliver better quality standards for patients, improve the working environment for staff, and deliver financial balance.

2.0 Clinical quality and transformational indicators

The national indicators are:

1. Improving Staff Health and Wellbeing	6. Offering Advice and Guidance	11. Personalised care and support planning
2. Reducing the impact of serious infections (Antimicrobial resistance and Sepsis)	7. e-Referrals	12. Ambulance conveyance
3. Improving physical healthcare to reduce premature mortality in people with serious mental illness (PSMI)	8. Supporting proactive and safe discharge	13. NHS 111 referrals
4. Improving services for people with mental health needs who present to A&E	9. Preventing ill health by risky behaviours – alcohol and tobacco	
5. Transitions out of Children and Young People's Mental Health Services	10. Improving the assessment of wounds	

The national CQUIN indicators on improving the health of our staff, reducing serious infections and PSMI are retained from the 2016/17 scheme as these remain a priority for the NHS.

The new CQUIN indicators focus on:

- **improving the outcomes and experience of patients with mental health needs (3,4 and 5);**
- **enabling GPs to have better access to consultants to determine the best course of action for their patients and make it easier for GPs to access appointments for their patients (6 and 7);**
- **provider collaboration to support patients in hospitals to get back home in a safe and timely manner (8);**
- **patients accessing advice and referral to services to prevent ill health related to tobacco and alcohol (9);**
- **community services placing a greater emphasis on wound care leading to better patient and system outcomes (10);**
- **empowering staff to help patients take more control of their own existing long term conditions (11); and**
- **supporting patients to move through the urgent care services in a way that meets their clinical needs (12 and 13).**

2.1 Clinical quality and transformational indicators Goals

This section gives an overview of each of the indicators. The indicator specifications can be found [here](#).

1. Improving staff health and wellbeing

Goal: Improve the support available to NHS Staff to help promote their health and wellbeing in order for them to remain healthy and well.

2. Reducing the impact of serious infections

Goal: Timely identification and treatment for sepsis and a reduction of clinically inappropriate antibiotic prescription and consumption.

3. Improving physical healthcare to reduce premature mortality in people with serious mental illness(PSMI)

Goal: Assessment and early interventions offered on lifestyle factors for people admitted with serious mental illness (SMI).

4. Improving services for people with mental health needs who present to A&E

Goal: Ensuring that people presenting at A&E with mental health needs have these met more effectively through an improved, integrated service, reducing their future attendances at A&E.

5. Transitions out of Children and Young People's Mental Health Services

Goal: To improve the experience and outcomes for young people as they transition out of Children and Young People's Mental Health Services.

6. Offering Advice and Guidance

Goal: Improve GP to access consultant advice prior to referring patients in to secondary care.

2.1 Clinical quality and transformational indicators Goals

This section gives an overview of each of the indicators. The indicator specifications can be found [here](#).

7. e-Referrals

Goal: All providers publish all of their services and make all first outpatient appointment slots available on e-referral service by 31 March 2018.

8. Supporting proactive and safe discharge

Goal: Enabling patients to get back to their usual place of residence in a timely and safe way.

9. Preventing ill health by risky behaviours – alcohol and tobacco

Goal: To support people to change their behaviour to reduce the risk to their health from alcohol and tobacco.

10. Improving the assessment of wounds

Goal: To increase the number of full wound assessments for wounds which have failed to heal after 4 weeks.

11. Personalised care and support planning

Goal: To identify the groups of patients who would benefit most from the delivery of personalised care and support planning and provide this support to them.

12. Ambulance conveyance

Goal: To support the ambulance service to become a community-based provider of mobile urgent and emergency healthcare.

13. NHS 111 referrals

Goal: To Increase the proportion of NHS 111 referrals to services other than to the ambulance service or A&E.

3.0 Supporting local areas

The CQUIN scheme has shifted focus from local CQUIN indicators to prioritising STP engagement and delivery of financial balance across local health economies. It is anticipated that this approach will free up commissioner and provider time and resource to focus on delivering critical priorities locally. The local element of the scheme is worth 1% of CQUIN and is applicable to NHS providers only:

1. 0.5% of the scheme will be made available to support engagement with STPs:

- If in 17/18 the STP has been agreed through STP governance and agreed by the individual Board of every other organisation in the STP, the provider's board must have approved the plan. Where the STP has not been agreed through STP governance and individual boards, the provider (and all other organisations) must agree a plan to reach timely agreement on the STP.
- If during 2017/18 and 2018/19 the provider makes the required contribution to STP transformation initiatives and demonstrates to the STP governance arrangements how it is supporting and engaging in the local STP initiatives, the 0.5% for 2018/19 will be paid.

2. 0.5% will be linked to the risk reserve:

- If a provider delivers its agreed organisational control total in 2016/17, the CQUIN will be paid at the beginning of 2017/18 to the provider, who will be required to hold it as a reserve until release for investment is authorised (see below).
- If the provider's agreed 2016/17 control total is not achieved, the 0.5% risk reserve will be held by its commissioners until release is authorised.
- A similar criterion will be applied for 2018/19 based on delivery of 2017/18 control total.
- In line with the Planning Guidance the release of the CQUIN element of the risk reserve during 2017/18 and 2018/19 will be dependent on delivery of the in-year system control total or its STP area (or part thereof where NHSE and NHSI have agreed to operate control totals and risk management on that basis) and subject to a satisfactory national risk profile. This assessment on system control totals and national risk profile will be made by NHS England and NHS Improvement on a quarterly basis. Once released it may be invested by the relevant provider to support local priorities.
- If the conditions for release are not met, the relevant CQUIN sum must remain unspent in the books of the provider or commissioner (depending on the above criteria for reserve holding), leading to an improved bottom line financial position.
- Where an NHS provider has not agreed a control total in 17/18 and/or 18/19, it will forfeit this element of CQUIN, and the funding will remain with its CCG(s) to be held as a risk reserve until released for CCG-led investment in support of local priorities.

It should be noted that the above arrangements are not applicable to contracts where NHS England is the sole commissioner or to the element of other contracts attributable to services commissioned by NHS England.

4.0 Scheme Eligibility and Value

4.1 Eligibility

Any provider of healthcare services commissioned under an NHS Standard Contract (full-length or shorter-form version) is eligible for CQUIN. This is inclusive of the independent sector e.g. care homes and the third sector.

4.2 Scheme values

Depending on provider performance, the CQUIN scheme is worth a maximum of 2.5%, payable in addition to the Actual Annual Value (AAV). The AAV is the aggregate of all payments made to the provider for services delivered under the specific contract during the contract year, not including CQUIN and other incentive payments, and after any deductions or withholdings), subject to certain exclusions (see section [5.1 Rules](#)).

The 2.5% payable depending on performance is split as follows:

- 1.5% of the scheme is assigned to the clinical and transformational indicators. Each national indicator has a minimum weighting of 0.25%, with the exception of:
 - providers who deliver more than one type of service e.g. acute and community services will be expected to use the overall contract value with the default being that each indicator is evenly weighted and that, by mutual agreement, the commissioner and provider can agree to vary the weightings locally (but coming back to 1.5% across the applicable national indicators). Where an indicator applies across different services e.g. staff health and well being this should be given a total minimum weighting of 0.25%.
 - providers (typically smaller, non-NHS) to whom some of the national indicators don't readily apply in those cases, CCGs should offer additional local CQUIN indicators (an appropriate number and complexity, proportionate to the scale of the contract).
- 1% of the scheme is assigned support local areas on STPs and achieving financial balance the details of which are set out in section 3.0.

It should be noted that for the independent and third sector organisations the full 2.5% will be available for local CQUINs or as per the guidance set out for small value contracts.

4.0 Scheme eligibility and value

4.3 Application of indicators by provider type

The indicators in this scheme have been designed to operate across specific provider types. Figure 1 below sets out the indicators that apply to the different provider types. Providers will be expected to deliver all the national indicators that apply but where local CQUIN indicators can be agreed CCG should offer an appropriate number and in proportion to the scale of the contract.

Figure 1: Application of indicators by provider type

Acute	Community	Mental Health	Ambulance	NHS 111	Integrated care providers	Care Homes	Non-NHS providers of other services
NHS Staff Health and Wellbeing	NHS Staff Health and Wellbeing	NHS Staff Health and Wellbeing	NHS Staff Health and Wellbeing	NHS Staff Health and Wellbeing	NHS Staff Health and Wellbeing	Proactive and Safe Discharge	Locally devised indicators as required
Proactive and Safe Discharge	Proactive and Safe Discharge	Child and Young Person MH Transition	Ambulance Conveyance	111 referrals to A&E and 999	+ relevant indicators from acute, community and mental health categories	+ locally devised indicators as required	
Reducing the impact of serious infections	Wound Care	Physical Health for people with Severe Mental Illness	+ locally devised indicators if required	+ locally devised indicators if required			
Improving services for people with mental health needs who present to A&E	Physical Health for people with Severe Mental Illness	Improving services for people with mental health needs who present to A&E					
e-Referrals (Year 2017/18 only)	Preventing ill health by risky behaviours – alcohol and tobacco	Preventing ill health by risky behaviours – alcohol and tobacco					
Preventing ill health by risky behaviours (2018/19 only)							
Offering Advice and Guidance	Personalised Care / support planning	+ locally devised indicators if required					

5.0 Rules and Guidance - Agreeing and Implementing a CQUIN Scheme

This CQUIN guidance applies to commissioners and providers using the NHS Standard Contract in 2017 – 2019. The national indicators are not mandatory for inclusion in CQUIN schemes in contracts where NHS England is the sole commissioner. NHS England will separately publish specific indicators for use in its contracts for directly-commissioned services.

Our plan is to make challenging but realistic CQUIN schemes available for providers; we expect that a high proportion of commissioner CQUIN funding will be earned.

5.1 Rules

The following established rules (1-11) should govern the approach to establishing the CQUIN scheme locally:

Rule	Detail
1	A scheme must be offered to each provider which provides healthcare services under the NHS Standard Contract (but see notes on non-contract activity (section 5.7, pg. 14) and low-value contracts (section 5.6, pg. 13)).
2	There should be one scheme per contract, offered by the co-ordinating commissioner to the provider. (See note on arrangements for agreeing schemes among the commissioners who are party to a contract (section 5.2, pg. 11)).
3	The commissioner may offer a combined scheme to a number of related providers or may seek to align the content of separate schemes across different providers.
4	The maximum value of the scheme – that is, the maximum amount which a provider can earn under it – will be 2.5% of the Actual Annual Value of the contract as defined in the NHS Standard Contract 2017/19, subject to certain exclusions, see rule 5.

5.0 Rules and Guidance - Agreeing and Implementing a CQUIN Scheme

5.1 Rules continued...

Rule	Detail
5	<p>The exclusions, on the value of which CQUIN is not payable, are:</p> <ul style="list-style-type: none">a) (For the avoidance of doubt) any payments made to providers from the Sustainability and Transformation fund;b) High cost drugs, devices and listed procedures (available at: https://www.improvement.nhs.uk/resources/national-tariff-1719-consultation/#respond) and all other items for which the commissioner make payment on a “pass-through” basis to the provider (that is, where the commissioner simply meets the actual cost to the provider of a specific drug or product, for example); andc) The value of all services delivered by the provider under the relevant contract to Chargeable Overseas Visitors (as defined in the NHS Standard Contract), regardless of any contribution on account paid by any commissioner in respect of those services. However, services delivered to any Chargeable Overseas Visitor is still contract activity under that contract, and so must be included in calculations in relation to national or local CQUIN indicators.
6	<p>Funding paid to providers under the scheme is non-recurrent.</p>
7	<p>Discussion between the commissioner and provider (or groups of providers) on the content of each scheme is encouraged, but in the end it is for the commissioner to determine, within the framework of this guidance, the priorities and focus for each scheme.</p>
8	<p>The scheme offered to each provider must be in accordance with this guidance and must give the provider a realistic expectation of earning a high proportion of the 2.5% available. Further detail on the process for proposal and agreement of schemes is set out in section 5.3</p>
9	<p>Each scheme must be recorded in the Schedule 4D of the local contract (which will be in the form of the NHS Standard Contract). Contracts must set out clearly the proportion of payment associated with each scheme indicator and the basis upon which payment will be made. A spreadsheet to capture the agreed indicator set is available here.</p>
10	<p>Actual in-year payment to the provider must be based on the provider’s achievement of the agreed objectives within the scheme, in line with the detailed arrangements set out in this guidance and in the NHS Standard Contract.</p>
11	<p>Any disputes about schemes which have been agreed and recorded within contracts should be resolved in accordance with the dispute resolution mechanism set out in the NHS Standard Contract.</p>

5.0 Rules and Guidance - Agreeing and Implementing a CQUIN Scheme

5.2 Agreement between commissioners

Where multiple commissioners are proposing to be party to the same contract with a provider, they must identify one of them to act as co-ordinating commissioner and put in place a Collaborative Commissioning Agreement (<http://www.england.nhs.uk/nhs-standard-contract/>). This Agreement can be used to describe the governance arrangements; how the co-ordinating commissioner will consult and engage with other commissioners to determine the proposed content of the CQUIN scheme to be offered to the provider.

5.3 Offer and agreement between commissioners and providers

In line with [rule 7](#), it is important to be clear about how commissioners and providers should engage on any content of the CQUIN scheme which is to be locally agreed – and what happens if they are unable to reach agreement:

- Commissioners will wish to engage with providers, or groups of similar providers, at the earliest opportunity, in order to discuss proposals for CQUIN schemes.
- Where multiple commissioners are party to the same contract with a provider, it is for the co-ordinating commissioner to lead the discussions with the provider on CQUIN.
- The commissioner and provider should make every effort to agree the CQUIN scheme as part of the overall contract, as per the national deadline for contract agreement of 23 December 2016.
- The commissioner must make a reasonable offer of a CQUIN scheme to the provider, in line with the requirements of this guidance, by 9 December 2016.
- Ultimately, where the commissioner has made such an offer and the provider has not accepted it as part of a signed contract (or contract variation) by 23 December 2016:
 - commissioner will be entitled to withdraw the offer of local CQUIN indicators from the 1.5% available and need not make available local CQUIN indicators to that provider for the remainder of that contract year, even if a contract (or contract variation) is subsequently signed. In this scenario, the commissioner should ensure that it reduces accordingly any CQUIN payments it makes on account to the provider.

5.0 Rules and Guidance - Agreeing and Implementing a CQUIN Scheme

5.4 Multiple-Year CQUIN Schemes

In previous years we have stated that commissioners should avoid agreeing binding CQUIN schemes with the providers which cover the period beyond 31 March 2017. This CQUIN scheme for the first time is a multi-year scheme and will need to be accommodated in the NHS Standard Contract as such.

5.5 Small-Value Contracts

Providers should have the opportunity to earn CQUIN payments, regardless of how small the value of their contract is. We recognise, however, that it may not always be a good use of time for commissioners and providers to develop and agree detailed schemes for very low-value contracts. At their sole discretion, therefore, commissioners may choose simply to pay 2.5% value to providers where this value would be non-material, rather than develop a specific scheme.

5.6 Joint Commissioning

Where NHS and Local Authority commissioners are jointly commissioning services under the NHS Contract for example care home but not pooling funds CQUIN only applies to that healthcare funding part. Local Authority commissioners could choose to match funding to the CQUIN equivalent but this is for local determination.

5.0 Rules and Guidance - Agreeing and Implementing a CQUIN Scheme

5.7 CQUIN and Non-Contract Activity

Non-Contract Activity (NCA) billing arrangements are not intended as a routine alternative to formal contracting, but for use where there are small, unpredictable flows of patient activity delivered by a provider which is geographically distant from the commissioner.

As a general principle, CQUIN payments may be earned by a provider on NCA. Subject to the restrictions below, the terms of a provider's CQUIN scheme with its main commissioner for the relevant service will be deemed to apply to any NCA activity it carries out in that service. Providers will need to supply reasonable evidence to NCA commissioners of that scheme and of achievement of incentive goals.

5.8 Local Incentive Schemes and Services Covered by Local Prices

It is of course possible for commissioners, at their discretion, to offer additional incentives to providers, on top of the main national scheme. CCGs may wish, for instance, to use funding they expect to earn through the Quality Premium scheme to offer additional incentives to providers – and this approach is encouraged.

Such schemes should be recorded as Local Incentive Schemes in the relevant schedule of the NHS Standard Contract. If local incentives affect services covered by National Prices, commissioners may need to submit a Local Variation to Monitor, as outlined in the National Tariff Payment System 2017 - 2019.

We recognise that, particularly where a competitive procurement approach is being used, commissioners may choose, as an explicit part of setting a local price for a contract, to create a broader local incentive scheme, incorporating the national CQUIN scheme but linking a higher proportion of contract value (above the 2.5% envisaged) to agreed quality and outcome measures, rather than activity levels. This is a legitimate approach, and there is no requirement in this situation for the commissioner to offer a further 2.5% CQUIN scheme to the provider, on top of the agreed local price. Commissioners should ensure that they make their intended approach clear from the outset of the procurement process.

5.0 Rules and Guidance - Agreeing and Implementing a CQUIN Scheme

5.9 Differential CQUIN for Specialised Service providers

The value of the national CQUIN scheme is set at 2.5% for all commissioned services, other than for prescribed specialised services commissioned by NHS England.

As in 2016/17, there will be a differential approach for specialised services.

- The 23 lead providers of Hepatitis C virus (HCV) Operational Delivery Networks will be offered a CQUIN of 2.8% in total of the applicable contract value of their specialised services (this will reflect the significant role that lead providers of HCV ODNs will play in the effective rollout and financial stewardship of the NHS's single largest investment in improving patient care).
- The remaining providers of specialised services will be offered a CQUIN of 2.0% of the applicable contract value of their specialised services.
- Mental Health providers will be offered CQUIN at 2.5% as the NHS works to take forward the findings of the independent Mental Health Taskforce.

In addition, NHS England will continue to provide separate funding in 2016/17 for those other Operational Delivery Networks at specific providers.

[For further details please refer to the prescribed services specialised CQUIN scheme available here](#)