

**NHS DORSET CLINICAL COMMISSIONING GROUP  
GOVERNING BODY MEETING  
FINANCE REPORT AS AT 31 MARCH 2018**

<b>Date of the meeting</b>	16/05/2018
<b>Author</b>	H Morris, Assistant Director of Finance
<b>Sponsoring Board member</b>	S Hunter, Chief Finance Officer
<b>Purpose of Report</b>	To update the Governing Body on the CCG financial performance for the financial year 2017/18.
<b>Recommendation</b>	The Governing Body is asked to <b>note</b> the report.
<b>Stakeholder Engagement</b>	N/A
<b>Previous GB / Committee/s, Dates</b>	The Governing Body was updated about financial performance up to the end of January 2018 at its meeting in March 2018.

**Monitoring and Assurance Summary**

<b>This report links to the following Strategic Objectives</b>	<ul style="list-style-type: none"> <li>• Prevention at Scale</li> <li>• Integrated Community and Primary Care Services</li> <li>• One Acute Network</li> <li>• Digitally Enabled Dorset</li> <li>• Leading and Working Differently</li> </ul>		
	<b>Yes</b> [e.g. ✓]	<b>Any action required?</b>	
		<b>Yes</b> Detail in report	<b>No</b>
All three Domains of Quality (Safety, Quality, Patient Experience)	✓		✓
Board Assurance Framework Risk Register	✓	✓	
Budgetary Impact	✓	✓	
Legal/Regulatory	✓	✓	
People/Staff	✓		✓
Financial/Value for Money/Sustainability	✓	✓	
Information Management & Technology	✓		✓
Equality Impact Assessment	✓		✓
Freedom of Information	✓		✓
<b>I confirm that I have considered the implications of this report on each of the matters above, as indicated</b>	✓		

Initials : HM

## 1. Introduction

- 1.1 The purpose of this report is to update the Governing Body on the financial performance for the full 2017/18 financial year as at 31<sup>st</sup> March 2018.
- 1.2 The financial year has now ended and the CCG final financial position has been reported to NHS England.
- 1.3 The CCG financial statements and annual report have been drafted and submitted in accordance with the specified deadline and are with the external auditors for review. The Governing Body will approve the final financial statements at its special meeting on 23<sup>rd</sup> May 2018.

## 2. Finance Report

### 2.1 Overall financial performance in year

- The CCG achieved its financial duties for 2017/18 including break-even on income and expenditure in year after:
  - \* Delivering a mandated set-aside of £5.138m as contribution to a central 'risk reserve'. This supports the national NHS position and is retained by NHS England on the CCG's behalf.
  - \* Having £1.236m expected rebate on category M (generic) drugs held back by NHS England in year (in line with national policy and all other CCGs) and rebated at the end of March 2018
- This results in a reported surplus for the year of £6.374m.
- Other key factors are that the CCG also:
  - \* Underspent on its running cost allowance of £16.8m by £0.8m
  - \* Rolled forward a surplus of £28.8m from the previous financial year, of which £1.6m was drawn down and spent in year.

### 2.2 Revenue Resource Limit

- The amount which the CCG has available for revenue expenditure in year is known as the annual revenue resource limit. This was reported in the opening budget paper as £1,148.8m but increased across the year to £1,164.8m, the addition of £16.0m being a combination of:
  - An extra £16.9m of non-recurrent funds; and
  - Removal of £0.9m of recurrent funds.
- In addition the CCG still has the brought-forward surplus of £27.2m to which the in-year surplus of £6.374m will be added. This gives the CCG a carried forward surplus at 31 March 2018 of £33.4m. This surplus is held by NHS England and can only be accessed by prior agreement.

## 2.3 Financial Performance Highlights and Exceptions

- Underlying the overall financial performance of the CCG are variances on individual budgets. The table below provides a summary of the final position on various key areas which have been reported to the Governing Body throughout the year. Further narrative on notable highlights follows.

Expenditure (2017/18 out-turn)	Annual Budget	Actual Expenditure	Actual Variance against budget	Previous Reported Variance	Variance Change since last report to Governing Body
	£'000	£'000	£'000	£'000	
Dorset Main Providers	648,452	648,422	(30)	71	Improvement
Other Acute Commissioning	111,913	112,740	827	1,603	Improvement
Other Community and Partnerships	4,910	5,750	840	177	Deterioration
Other Mental Health and Learning Disabilities	20,877	20,497	(380)	(536)	Deterioration
Primary Care Delegated	102,129	100,514	(1,615)	(1,198)	Improvement
Prescribing	122,707	126,382	3,675	3,750	Improvement
Other Primary Care	34,750	34,140	(610)	(338)	Improvement
Continuing Care	67,177	68,634	1,457	1,323	Deterioration
Better Care Fund (non-core)	25,534	25,287	(247)	0	Improvement
Other Programmes	3,775	3,460	(315)	(75)	Improvement
Contingencies and Reserves	14,784	4,808	(9,976)	(4,777)	Improvement
Unidentified QIPP	(8,165)	(8,165)	0	0	Static
Corporate Running Costs	16,006	16,006	0	0	Static
<b>TOTAL EXPENDITURE / SURPLUS</b>	<b>1,164,849</b>	<b>1,158,475</b>	<b>(6,374)</b>	<b>0</b>	<b>Improvement</b>

- Other Acute Commissioning (£0.8m final overspend, previous reported forecast position £1.6m over-spend)**
  - Non-NHS contracts** – The final position is an underspend of £308k which is a significant improvement against the last reported position to the Governing Body of a forecast £231k overspend. This is a summary position of non-NHS providers with varying volatility of a mixed portfolio of activity. The most marked improvements contributing to the swing in financial position related to New Hall Hospital, BMI Healthcare and Nuffield Hospital.
  - Southampton University Hospitals NHS FT.** The final underspend is £30k which is an improvement against the last reported position to the Governing Body of a forecast £98k overspend. The final net

## 9.3

underspend is made up of an underspend of £50k against contracted activity and an overspend of £20k on non-contracted activity.

- **Salisbury NHS FT. The final reported net overspend is £361k which is an improvement against the last reported position to the Governing Body of a forecast £725k overspend.** The final net overspend is made up of an overspend of £800k against contracted activity and an underspend of £439k on non-contracted activity. Reported activity for 2017-18 continues to be challenged due to concerns about validity of data. This challenge has now reached the formal mediation stage.
- **Yeovil District Hospital NHS FT. The final reported net overspend is £984k which is a deterioration against the previous reported overspend of £732k.** This is due to high activity reported in adult critical care, outpatient procedures, emergency department and maternity.
- **Other mental health and learning disabilities (£0.4m final underspend, previous reported forecast position was £0.5m underspend)**
  - This is a deterioration against the position reported to the last Governing Body and is primarily due to an increase in expenditure on named patients with a learning disability.
- **Primary Care Delegated (£1.6m final underspend, previous reported forecast position £1.2m under-spend)**
  - This is an improvement against the position reported to the last Governing Body and is due to late notification that indemnity fees would be funded centrally rather than by CCGs.
- **Prescribing (£3.7m final over-spend, previous reported position £3.7m overspend)**
  - The final overspend is a marginal improvement on the previous forecast overspend presented to Governing Body. The significant overspend in year is due to:
    - a change in the treatment of the windfall savings on Category M drugs. Category M are generic drugs for which the price is set by the Department of Health. The savings were retained by NHS England as a risk reserve in the financial year and released direct to the CCG's surplus at the end of the year (in line with NHS England guidance).
    - the effect of high drugs prices resulting from drugs classified as NCSO (No Cheaper Stock Obtainable).

## 2.4 System Position

- The final out-turn position for the Dorset health sector for 2017/18 is achievement of a surplus of £7.1m against an initial planned deficit of £10.4m. This does not include the CCG's mandated set aside of £5.1m or the CCG's centrally held surplus of £27.2m.
- The most notable reason for the improvement in the position is the release of centrally held Sustainability and Transformation funding (STF) to NHS providers which is dependent on performance and reflects the significant achievements of the Dorset system in 2017-18.
- The activity headlines are that activity is broadly flat across the acute collaborative providers for 2017/18 to date compared to 2016/17, although there is pressure on unplanned care:
  - ✗ Emergency Department attendances 2.0% increase
  - ✗ Unplanned admissions 0.6% increase
  - ✓ First and follow up Outpatients -3.4% reduction
  - ✓ Elective Inpatients -7% reduction
  - ✓ Day Case -2.5% reduction
  - ✓ Total referrals from Dorset CCG GPs -6.4% reduction.
- Latest performance reports for the Dorset Collaborative are varied, summarised below:
  - ✓ 14 and 31 day (urgent) cancer wait targets for February have been achieved
  - ✓ Steps to Wellbeing referral to treatment within 6 weeks and the 50% recovery rate continue to be met for February.

However, the Collaborative is currently not achieving:

- ✗ The four-hour Accident and Emergency target at the end of March 2018 as a System was reported at 91.1%. Only Dorset County Hospital achieved the 95% target at 95.6%. It should be noted that as a system Dorset was 7th in the country (91.1%) and no STP system achieved the 95% target (the highest achieved was 93.6%). Therefore, the Sustainability and Transformation Funds for quarter 4 were not received.
- ✗ 62 day cancer waits performance collectively for the year to date for the three Dorset acute trusts is 85%, however it should be noted that the position as a CCG just failed the 85% target at 83.6%

- ✘ 18-week Referral to Treatment 92% standard, performance for January (confirmed position) is 89.2%, with all providers below the target
- ✘ Dorset County Hospital (DCH) and Poole Hospital underperformed against the Diagnostic access target, DCH at 88.2% and Poole at 97% against a 99% target to be seen within 6 weeks. A diagnostic performance project group has been created to work with the affected areas
- ✘ 3.5% target for delayed transfers of care in acute trusts (DTCOs average bed days lost), performance is 4.2%. Dorset HealthCare is reporting 24.9% against a 7.5% target. However, overall the system is seeing an improvement of 9.5% of total beds days lost compared to the previous year. It should be noted that Royal Bournemouth and Christchurch shows an increase of 12.2% bed days lost whilst Poole shows a significant 40.5% decrease

## 2.5 Future reporting format

- As reported to the last Governing Body, the intention for 2018/19 reporting is to move to a more visual style of reporting on finance matters. The proposed content has been trialled at the Directors' monthly Performance meeting and feedback will be considered in devising the new report to Governing Body.
- The new style Finance report will be introduced for the Governing Body in July 2018 when we will be reporting on the 31 May 2018 financial position.
- The plan is to integrate Finance, Performance and Quality Reporting from the same date.

## 3. Conclusion

- The CCG has met its financial targets for 2017/18 and the Governing Body is asked to **note** this report.
- The opening budget for 2018/19 is reported elsewhere on the agenda for this meeting.

**Author's name and Title: Hannah Morris, Assistant Director of Finance**

**Date : 30 April 2018**

**Telephone Number : 07881 255317**

<b>APPENDICES</b>	
<b>Appendix 1</b>	<b>Board summary 2017/18</b>
<b>Appendix 2</b>	<b>Detailed summary 2017/18</b>
<b>Appendix 3</b>	<b>Primary care analysis 2017/18</b>