

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

<b>Date of the meeting</b>	21/03/2018
<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 end November 2017 at its meeting in January 2018.

**Monitoring and Assurance Summary**

<b>This report links to the following Strategic Principles</b>	<ul style="list-style-type: none"> <li>• Services designed around people</li> <li>• Preventing ill health and reducing inequalities</li> <li>• Sustainable healthcare services</li> <li>• Care closer to home</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 financial year as at 31 January 2018.
- 1.2 We are now approaching the end of the financial year and, therefore, the accuracy of our forecast position is improving with more certainty about the potential realisation of risks and mitigations.

## 2. Finance Report

### 2.1 Forecast Outturn

- The CCG is reporting that it will deliver its planned in-year break-even position for 2017/18, including delivery of 0.5% mandated risk reserve of £5.1m. This is after an agreed draw-down of £1.594m against the carried forward surplus.

### 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 has since increased in year to £1,162.5m, the addition of £13.7m being a combination of:
  - \* An extra £14.6m of non-recurrent funds; and
  - \* Removal of £0.9m of recurrent funds.
- In addition the CCG still has a carried-forward surplus of £27.2m to which the delivery of the £5.1m mandated risk reserve will be added together with £1.2m of benefit from Category M pricing on drugs which has been held back centrally this year. This gives us a planned 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 as part of annual financial planning. (Note that the CCG is waiting to hear whether the Category M pricing benefit will be carried forward or released in this financial year).

### 2.3 Financial Performance Highlights and Exceptions

- The end of January financial performance to date provides a sound basis from which to forecast for the remainder of the year. The table below shows the forecast end of year position on key reporting lines based on the end of January 2018 information. Further narrative on notable highlights are as follows:-

## 9.3

Expenditure (January 2018)	Annual Budget £'000	Forecast Expenditure £'000	Forecast Variance £'000	Previous Reported Variance £'000	Variance Change
Dorset Main Providers	644,350	644,421	71	0	Deteriorating
Other Acute Commissioning	111,773	113,376	1,603	1,106	Deteriorating
Other Community and Partnerships	4,868	5,044	177	298	Improving
Other Mental Health and Learning Disabilities	21,148	20,612	(536)	67	Improving
Primary Care Delegated	102,041	100,844	(1,198)	(229)	Improving
Prescribing	122,707	126,457	3,750	2,484	Deteriorating
Other Primary Care	34,711	34,373	(338)	39	Improving
Continuing Care	67,177	68,500	1,323	1,282	Deteriorating
Better Care Fund (non-core)	25,534	25,534	0	0	Static
Other Programmes	4,061	3,986	(75)	(56)	Improving
Contingencies and Reserves	15,615	10,838	(4,777)	(4,991)	Deteriorating
Unidentified QIPP	(7,427)	(7,427)	0	0	Static
Corporate Running Costs	15,985	15,985	0	0	Static
<b>TOTAL EXPENDITURE</b>	<b>1,162,542</b>	<b>1,162,542</b>	<b>0</b>	<b>0</b>	<b>Static</b>

- **Other Acute Commissioning (£1.6m overspend forecast, previous reported position £1.1m over-spend forecast)**
  - \* **Non-NHS contracts – Static since November at forecast £231k overspend.** This is a summary position of non-NHS providers with varying volatility of a mixed portfolio of activity. Actions are in progress to address increasing activity in the independent sector.
  - \* **Southampton University Hospitals NHS FT. Forecast overspend £98k which is an improvement of £37k from end November forecast.** Within this high-level position, there are various areas of pressure which are under review. We will continue to review activity and monitor closely as this contract has historically overspent.
  - \* **Salisbury NHS FT. Static since November at forecast £725k overspend.** This is due to high reported activity on several areas. Reported activity is being challenged due to concerns about validity of data.
  - \* **Yeovil District Hospital NHS FT. Forecast overspend of £732k which is a significant deterioration since the November forecast of £300k.** This is due to high activity reported to date in adult

critical care, outpatient procedures, emergency department and maternity.

- \* For all non-Dorset providers, efforts continue to ensure that activity for which the CCG is charged is within agreed contracts and care pathways and is for Dorset residents.
- **Other mental health and learning disabilities (£0.5m underspend, previous reported position was £0.1m overspend)**
  - \* This is an improvement of £602k against the end November forecast. The main driver for this improvement has been a reduction of £416k related to the inclusion of six additional clients to the Moving on from Hospital Living Pool and the hospital admission of some patients normally funded via the local authority dowry. This means that an additional provision to meet obligations to the pool is no longer required as these costs are already accounted for in other CCG budgets.
- **Primary Care Delegated (£1.2m under-spend forecast, previous reported position £0.2m under-spend)**
  - \* The forecast underspend has increased by £1m since the end of November. Significant aspects of this improvement have been:
    - release of £522k which had been held back as part of the mandated risk reserve until it was clarified that this was not required for primary care
    - £216k improvement relating to quality outcomes framework (QOF) forecast where expected list size increases did not materialise
    - £126k reduction in forecast for rent increases.
- **Prescribing (£3.7m over-spend forecast, previous reported position £2.5m overspend)**
  - \* This forecast marks a deterioration of £1.3m from the end of November forecast. The increase is due to the same factors as reported to the November Governing Body:
    - 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 are being retained by NHS England as a risk reserve in this financial year. They will be released to the CCG at some point in the future, to be notified by NHS England.

- the effect of high drugs prices resulting from drugs classified as NCSO (No Cheaper Stock Obtainable).

#### 2.4 Quality, Innovation, Productivity and Prevention (QIPP)

- As reported to previous Governing Body meetings, for the QIPP £8.6m plans in progress, the state of readiness of action plans is varied. Schemes representing £6.7m are deemed to be at high risk of non-delivery.
- £7.4m of unidentified QIPP remains in year but the negative impact of this on the financial position has been eliminated in year by receipt of non-recurrent funds
- The Financial Sustainability Task Force chaired by the Chief Financial Officer continues to work with lead officers on identification and delivery of QIPP.

#### 2.5 System Position

- As at the end of January 2018, finance for the health sector is reported as being on track for delivery in the financial year by all Dorset FTs and the CCG.  
The level of gap for unidentified CIP and QIPP is £4.0m and £7.4m respectively. This gap is being filled in year with non-recurrent solutions.
- Significant risks to delivery remain, most notably:
  - \* Non-delivery of control totals and A&E performance targets leading to Sustainability and Transformation Funding not achieved
  - \* Non-delivery of demand management to previous year levels
  - \* Non-delivery of current CIP and QIPP schemes
  - \* Pressure on prescribing costs due to No Cheaper Stock Obtainable
- The activity and performance headlines are that:
  - \* Activity is broadly flat across the acute collaborative providers for 2017/18 compared to 2016/17, although there is pressure on unplanned care:
    - ✗ emergency A&E Attendances 1.7%
    - ✓ First and follow up Outpatients -2.5% reduction
    - ✓ Elective Inpatients -5.8% reduction
    - ✓ Day Case -1.2% reduction
    - ✗ Unplanned admissions 0.4% increase

- \* Activity on Dorset CCG GP referrals is now at -5.5% across the collaborative providers for the year to date and this reflects a reduction for all three acute providers on 2016/17 levels.
- Latest performance reports for the Dorset Collaborative are varied, summarised below:
  - ✓ 14, 31 and 62 day cancer waits have been achieved
  - ✓ Steps to wellbeing referral to treatment within 6 weeks has been achieved

However, the Collaborative is currently not achieving:

- ✗ delivery of A&E standard of 95%. January 2018 performance was 92.9% and Dorset County Hospital was the only provider to achieve the target at 96.1%
- ✗ 18 week Referral to Treatment (RTT) 92% standard, performance is 88.9%
- ✗ 99% 6 week Diagnostics Standard is at 85.4%
- ✗ 3.5% target for delayed transfers (DTOCs), performance is 4.3%.

## 2.6 Future reporting format

- 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

- 3.1 The CCG will meet its break-even target for 2017/18 and the Governing Body is asked to **note** the report.

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