

**NHS DORSET CLINICAL COMMISSIONING GROUP  
GOVERNING BODY MEETING  
FINANCIAL POSITION AS AT 30<sup>TH</sup> SEPTEMBER 2013**

<b>Date of the meeting</b>	20/11/2013
<b>Author</b>	C Hickson, Head of Management Accounts
<b>Sponsoring GB member</b>	P Vater, Chief Finance Officer
<b>Purpose of report</b>	To provide the Governing Body members of Dorset Clinical Commissioning Group assurance over the financial performance of the organisation.
<b>Recommendation</b>	Members are asked to <b>note</b> the report.
<b>Resource implications</b>	None.
<b>Link to strategic objectives</b>	<ul style="list-style-type: none"> <li>• Services designed around patients</li> <li>• Preventing ill health and inequalities</li> <li>• Sustainable healthcare services</li> <li>• Care closer to home</li> </ul>
<b>Risk assurance</b> Impact on high level risks	FIN10 – The Specialist Commissioning adjustment has been processed at Month 6 against the CCG recurrent allocation. Risk Score 12.
<b>Outcome of equality impact assessment process</b>	As this is a financial monitoring report an equality impact assessment is not required.
<b>Actions to address impact</b>	Please see above.
<b>Legal implications</b>	None.
<b>Freedom of information</b>	Unrestricted.
<b>Stakeholder engagement</b>	None.
<b>Previous Committees/ Governing Body</b>	N/A

## 1. Introduction

1.1 The purpose of this report is to update members on the financial performance and the actions taken in delivering the financial control target agreed with NHS South of England for 2013/14.

1.2 The following areas are reported within this paper:

- Appendix 1 - Dorset CCG Board Summary 2013/14
- Appendix 2 - Dorset CCG Detailed Summary 2013/14
- Appendix 3 - Locality Devolved Budget Summary 2013/14
- Appendix 4 - GP Prioritisation Monies Schedule 2013/14
- Appendix 5 - Headroom Analysis (non recurrent) 2013/14

## 2. Overall Financial Performance

2.1 The final financial out-turn for the year ending 31<sup>st</sup> March 2014 is attached (Appendix 1), with supporting commentary on significant variances below. Dorset CCG has agreed a control target under spend with NHS England of £12,614K for 2013/14.

2.2 NHS England has now confirmed that if the organisation is on trajectory to deliver the control total this needs to be presented within the Strategic Investment Framework area. NHS England has requested this approach due to the requirement of the Integrated Single Financial Environment (ISFE) reporting structure all CCG organisations are working within. Dorset CCG is fully compliant with this approach as at 30<sup>th</sup> September 2013.

2.3 The ISFE forecast at month 6 has been updated to reflect the forecast surplus against the Running Cost allocation, this approach has been confirmed with NHS England. Dorset CCG has been awarded a Running Cost allocation of £18,730K. Within the ISFE finance system Dorset CCG is forecasting a £2m surplus against this area. The agreed control total of £12,614K has been split programme £10,614K and administration £2,000K within ISFE.

2.4 The £2,000K surplus against the Running Cost allocation reinforces the opportunity provided by forming the third largest CCG in the country with an NHS England advised population of 749,179. This represents a Running Cost of £22.33 per head of population. Using the Exeter GP list size of 765,984 as at April 2013 Running Cost per head of population falls to £21.84.

2.5 The Management Accounts Team rolled out Directorate specific ISFE Finance Training. This training was carried out over a six week period and over 100 nominated CCG ISFE users have received dedicated Directorate specific finance training.

## Acute & Specialist Care

- 2.6 The non elective emergency admission tariffs for 2013/14 still apply a threshold where marginal rates are at 30%, although reductions in activity below plan would achieve 100% tariff savings.
- 2.7 With the increase in emergency pressures expected in all acute providers the CCG has continued to fund non-recurrent winter pressure based schemes. This is as an important national and local priority that was identified within the Annual Delivery Plan for the CCG.
- 2.8 Dorset CCG referral rates are closely monitored through the year at a practice and locality level. At the 31<sup>st</sup> August 2013 net referrals are growing on average of 5.5% compared to 2012/13. The CCG is experiencing an increasing trend in GP referrals evidenced by the upward movement of 1.5% from the July figure of 4%. Growth in GP referrals could crystallize as part of the 2014.15 contracting setting process and represents a stepped increase in cost.
- 2.9 The majority of this growth is through GP referrals into Poole 9%, Royal Bournemouth & Christchurch 4% and Salisbury 12.12%. Referral rates into BMI and New Hall have shown substantial growth within 2013/14 mainly through the Choice agenda and the access times being offered by these providers.
- 2.10 Referral growth has been specifically seen in trauma & orthopaedics, rheumatology and dermatology.
- 2.11 The CCG identified non recurrent funds of £3.5M for the development of transformational Urgent Care Pilots within 2013/14. The Urgent Care Board is managing this process and Acute and Ambulance providers were asked to submit bids against the £3.5M fund. These bids are being reviewed by a dedicated CCG project team. The impact of these schemes will be measured and monitored through the Urgent Care Board and this intelligence will be used to inform future commissioning decisions. The Board has agreed robust and accurate performance metrics are central in measuring the success of these schemes.
- 2.12 At the time of writing this paper robust secondary care information is available for the period up to and including the 31<sup>st</sup> August 2013.

## 8.3

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> August 2013 for the Dorset CCG does represent an under spend of £250K at marginal rates.</p> <p>Emergency activity is the largest area of concern against the expected plan at £155K over before marginal rates are applied. Elective activity for digestive and musculoskeletal is helping to offset pressure within day case metabolic disorders, major skin procedures and emergency.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.13

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> August 2013 for the Dorset CCG does represent an under spend of £128K at marginal rates.</p> <p>The contract performance has remained static for this period however Non Elective Other/Transfers mainly in paediatrics and Maternity have increased in August. Outpatients including procedures remains the main pressure area which is likely to continue based on current referral trends.</p> <p>Performance is working closely with the Trust to better understand the increased activity in General Surgery, Rheumatology and Dermatology specialties.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>(£5K)</p>

2.14

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> August 2013 for the Dorset CCG does represent an under spend of £111K at marginal rates.</p> <p>The CCG Payment by Results activity is under spent within Elective and Non Elective Emergency against the agreed plan and the new for 2013/14 Maternity pathway also remains below plan by £154K.</p> <p>GP referrals at DCHFT are currently running at 3.4% lower year to date compared against a 2012/13 baseline.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

# 8.3

2.15

South Western Ambulance NHS FT	Trend	Year End Forecast
<p>Handover delay penalties were included within the national NHS contract for 2013/14. Dorset CCG agreed that any hand over delay penalties for 2013/14 would be applied by SWAST at 15% of the national tariff.</p> <p>At month 5 charges at 15% have been calculated as £64K. At 100% this does represent significant future financial risk. Commissioners are working closely with providers via the Urgent Care Board to identify new ways of working within Urgent and Emergency care.</p> <p>In Dorset SWAST are delivering 83.3% against the national target for A8 of 75%. Delivery of A8 forms 25% of the quality premium for 2014.15. This is a trust wide measure and currently SWAST are failing this national target. The trust wide month 5 position is 73.1%.</p>		<p style="text-align: center;"><b>£152K</b></p> <p style="text-align: center;"><b>Block Contract for 2013/14</b></p>

2.16

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> August 2013 for the Dorset CCG does represent an over spend of £257K.</p> <p>The month 5 position does reflect the Specialist Commissioning Maximum Take removal. This adjustment has resulted in a marked reduction in the CCG responsible commissioner position.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p style="text-align: center;"><b>£0K</b></p>

2.17

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> August 2013 for the Dorset CCG does represent an over spend of £140K at marginal rates.</p> <p>The largest area of concern is Non Emergency admissions which are £74K over plan.</p> <p>GP referrals rates are currently running at 5.62% above a 2012/13 baseline.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p style="text-align: center;"><b>£0K</b></p>

2.18

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> August 2013 for the Dorset CCG does represent an under spend of £150K at marginal rates.</p> <p>The CCG Payment by Results activity is under spent within Elective against the agreed plan by £175K. Outpatient first and follow up appointment activity is above plan by £35K</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.19

Specialist Commissioning	Trend	Year End Forecast
<p>In 2013/14 Specialist Commissioning are responsible for the Maximum Take adjustment which results in its full portfolio of Commissioned Services. This includes large scale transfers of Commissioning responsibility including elements of Cardiac and Cancer services.</p> <p>This budget has now been adjusted from an opening position of £44.334M. This reflects the Maximum Take adjustments that have been agreed with providers and NHS England.</p> <p>It has now been confirmed via NHS England that the CCG remains the responsible commissioner for patient transport for Dorset CCG registered patients receiving Specialist Commissioning services.</p>		<p>£0K</p>

2.20

Urgent Care (Out of Hours) Service	Trend	Year End Forecast
<p>SWAST were awarded the 111 contract for Dorset CCG which launched publicly on the 19th March 2013. Initial call volumes were much higher than anticipated. Dorset CCG has worked closely with SWAST on a recovery programme.</p> <p>Activity levels at month 6 are performing well against agreed key performance indicators (KPI). The Dorset service is now delivering the key indicator that 95% of calls are answered within 60 seconds.</p> <p>Dorset CCG has had to provide additional financial support for 111 call handlers and medical advisors. These additional advisors are over the initial opening contract value.</p> <p>The KPI concerning clinical call back within 10 minutes still needs to be achieved. The commissioning lead is working closely with the provider in delivering this challenging target.</p>		<b>£528K</b>

### Primary Care – Practice Prescribing

2.21

Practice Prescribing	Trend	Year End Forecast
<p>The forecast for GP Prescribing is based on the data included within the PMD (Prescribing Monitoring Document) report published by the PPD (Prescription Pricing Division). The PMD position is reported 2 months in arrears with the current forecast based on the July PMD reported data.</p> <p>The July PMD report is forecasting an under spend of £1.4M, however expected savings from the October category M price reduction and the current discussions with NHS England over the recharging of Influenza and Vaccines spend will increase this under spend which is reflected in the reported in the month 6 position.</p> <p>There are a number of expected cost pressures for 2013/14. The most significant being the newer anticoagulants. There is a future risk for the CCG that spend in this area could reach £2M if these drugs become more widespread and start to significantly replace the use of Warfarin. The CCG Medicines Management Team is monitoring the position closely.</p>		<b>(£2,009)K</b>

<p>As part of the national CCG planning process CCG baseline prescribing budgets were calculated using the 2012/13 Month 9 forecast. The prescribing position improved in Q3 and Q4 for 2012/13. This has resulted in an inflated prescribing baseline resulting in net growth allocated to the prescribing budget of 5% rather than the initial expected 3% uplift on 2012/13 outturn.</p>		
---	--	--

## Locality Devolved Budgets

2.22

Locality Devolved Budget	Trend	Year End Forecast
<p>The CCG has continued to support the two Locality Devolved Commissioning Budgets being the Locality Management Budget and the Locality Commissioning Budget. The Locality Devolved Commissioning Budget forms part of a £1.2M recurrent fund for 2013.14 apportioned by GP Practice registered population. This fund is used to support Locality Schemes identified and supported by each locality.</p> <p>Locality Schemes have included the purchase of dermatoscopes to support dermoscopy in Primary Care with the aim of reducing inappropriate dermatology referrals and increasing quality.</p> <p>In line with the CCG Urgent &amp; Emergency Care Review the Weymouth &amp; Portland Locality are piloting a Health and Social Care co-ordinator. This role will work across Health and Social Care partners with the aim of reducing avoidable admissions and planning packages of care for patients awaiting discharge from acute hospital settings.</p>		<p>£0K</p>

## Continuing Care

2.23

Continuing Health Care	Trend	Year End Forecast
<p>Spend on Continuing Healthcare costs is currently forecasting an over spend of £778K.</p> <p>This is due to current growth in Continuing Care cases being on average 2 cases per months higher than predicted, coupled with higher than anticipated spend on Personal Health Budgets. However there is a review being undertaken on commissioned Personal Health Budgets to establish if there is likely to be unutilised spend to be reclaimed by the CCG within these commissioned packages.</p> <p>There is a backlog of FNC assessments which if found eligible for CHC funding could result in a potential cost pressure on the CHC budget. The current situation is 800 FNC cases with an estimated conversion rate to CHC of 30%; however this conversion rate is purely an estimate at this stage.</p> <p>In regards to Retrospectives the Department of Health advised a deadline (30 September 2012), which has now passed, prompted approximately 1,500 new Pan Dorset notifications for possible retrospective CHC claims, which has resulted in 866 fully completed claim forms to be processed. However of these completed claims 133 require further investigation to establish the responsible commissioner.</p> <p>As part of the PCT legacy a provision was created to manage the future financial risk of these retrospective claims. NHS England has also confirmed that CCG's cannot retain the benefit if the provision is underutilised.</p> <p>Continuing Health Care remains a high risk area for the CCG and is being carefully monitored in 2013/14.</p> <p>There is an ongoing review of the current structure within the CCG to provide the most efficient and effective commissioning function for Continuing Health and Funded Nursing Care.</p>		<b>£778K</b>

## Resource Limit

2.24

Anticipated Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 30th September 2013 is £942.6M this represents an increase in the 2013/14 baseline of £7.7M from the Month 5 position. This includes the follow adjustments agreed with NHS England.</p> <p>Special Commissioning adjustment £7,656K            Community Dental Education £128K            Public Health Adjustment (£68)K            Public Health Immunisation (£5)K</p>		£0

## Other Financial Targets

2.25 The BPPC (Better Payment Practice Code) requires NHS organisations to pay all invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The payment performance at 31<sup>st</sup> August shows a 97.1% performance for NHS invoices and 97.3% for non-NHS invoices.

## 3. Conclusion

3.1 In 2012/13 the Cluster delivered the control target under spend of £12,614K. Nationally it has been calculated that the CCG will continue to commission 73% of the original PCT Cluster's services. It has then been calculated nationally that Dorset CCG will receive a legacy under spend from the PCT Cluster of £9,253K. This has been fully reinvested in the planned CCG surplus for 2013/14 and beyond.

3.2 Dorset CCG is confident in meeting the financial targets for the year ending 31st March 2014. The financial challenge this year is considerable, and the future financial risks facing the CCG are increasing.

3.3 Continuing Health Care and more specifically retrospective claims do continue to represent significant financial risk to Dorset CCG. The Cluster provided a provision from PCT legacy for retrospective claims. Any return of provision will be excluded from achievement of CCG surplus target.

3.4 Finance and Performance teams within the CCG will continue working very closely with the localities in the development of referral management and financial monitoring systems throughout 2013/14. These systems not only look at referral patterns but also the associated financial impact. Business Intelligence has developed in partnership with Somerset CCG the Dorset Information Dashboard which is currently being rolled out to every practice within Dorset CCG.

3.5 The current trend in GP referrals is of particular concern. The CCG have moved from an average growth of 4% reported in month 4 to 5.5% in month 5. Any activity growth for 2013/14 would crystallize in opening baselines with providers for 2014/15.

**Author's Name : Chris Hickson, Head of Management Accounts**

**Date : 30 October 2013**

**Telephone number : 01305 368931**

## Appendices

<b>Appendix 1</b>	<b>CCG Board Summary 2013/14</b>
<b>Appendix 2</b>	<b>CCG Detailed Summary 2013/14</b>
<b>Appendix 3</b>	<b>Devolved Commissioning Budgets 2013/14</b>
<b>Appendix 4</b>	<b>Annual Operating Plan Investments 2013/14</b>
<b>Appendix 5</b>	<b>Headroom Analysis (non recurrent) 2013/14</b>

---