

NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY
FINANCIAL PERFORMANCE AS AT 31ST JULY 2015

Date of the meeting	16/09/2015
Author	C Hickson - Head of Management Accounting & Financial Planning
Sponsoring Board Member	P Vater - Chief Finance Officer
Purpose of Report	Update the Governing Body on financial performance for the financial year 2015-16.
Recommendation	The Governing Body is asked to note the report
Stakeholder Engagement	N/A
Previous GB / Committee/s, Dates	N/A

Monitoring and Assurance Summary

This report links to the following Strategic Principles	<ul style="list-style-type: none"> • Services designed around people • Preventing ill health and reducing inequalities • Sustainable healthcare services • Care closer to home 		
	Yes [e.g. ✓]	Any action required?	
		Yes Detail in report	No
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	✓		✓
I confirm that I have considered the implications of this report on each of the matters above, as indicated	✓		

Initials : CH

1. Introduction

- 1.1 The purpose of this report is to update the Governing Body on the financial performance for the financial year ending 31st March 2016.
- 1.2 The Five Year Forward View identified a further £8 billion made available to the NHS over the next five years to invest in out of hospital care models. NHS England used a formula based on distance from target to allocate these funds to Clinical Commissioning Groups. Dorset CCG has benefited from this allocation methodology as it has historically operated within its resource allocation which is lower than its target allocation. The surplus target has increased marginally from £14,832K in 2014-15 to £15,698K in 2015-16 or 1.5% of the 2015-16 resource limit. Financial planning mandates 1% of resource limit for surplus target within financial plans.
- 1.3 The following areas are reported within this paper:
 - Appendix 1 - Dorset CCG Board Summary 2015-16
 - Appendix 2 - Dorset CCG Detailed Summary 2015-16
 - Appendix 3 – Dorset CCG Bridge Analysis 2015.16
- 1.4 The financial reporting functionality has been further developed in 2015-16 to include recurrent and non recurrent sources of funds. The non recurrent funds identified within Appendix 1 & 2 are either non recurrent resource allocations through NHS England or contractually agreed non recurrent contract payments included within 2015-16 contracts.
- 1.5 Non recurrent sources of funds as at 31st July total £23,051K. It should be noted that this includes £4,652 for Continuing Health Care national risk reserve for retrospective claims. There has also been considerable investment to underwrite acute transformation and support operational resilience and capacity planning for winter. With the provider sector in deficit it would be very challenging to fully withdrawal non recurrent funds within 2016-17.
- 1.6 Further developments in reporting this month, includes a bridge analysis highlighting the movement in cost forecasts from one reporting period to the next. (Appendix 3)
- 1.7 The trend arrow has been updated to reflect a RAG rating. The highest risks will be red trend and red over spend against budget. The over spend position is RAG rated against the GB approved budget. Acute budgets with a red trend and green spend position reflect the nature of a managed contract where activity trend is increasing but financial risk is limited due to managed contract agreements. Managed contracts limit financial risk in year but any over contract activity will result in a stepped change in cost for future years.

2. Overall Financial Performance

- 2.1 The forecast financial out-turn for the year ending 31st March 2016 is attached (Appendix 1), with supporting commentary on significant variances below.
- 2.2 Dorset CCG benefits from a return of surplus from 2014-15 of £14,830K. The return of surplus from 2014-15 has been directly invested in delivery of the 2015-16 surplus of £15,698K.
- 2.3 The Fraud, Bribery & Corruption online training module has now been rolled out across the organisation. This development has been in close partnership with Secure and is being recognised as national best practice. The online Finance Assurance module with Fraud, Bribery & Corruption now provides significant assurance to the Governing Body and the Audit & Quality committee in these areas.
- 2.4 NHS England from 1st June have imposed a control on all consultancy spend. Any consultancy spend above £50K inclusive of VAT has to be pre-approved by NHS England and the Treasury via a strict business case approvals process. This process is now fully embedded within Dorset CCG supported by detailed guidance and frequency asked questions via a dedicated management online portal.
- 2.5 The CCG received via NHS England non recurrent operational resilience funds (ORCP) for 2014-15 for the development of transformational urgent care pilots and winter resilience plans. As part of the planning process for 2015-16 NHS England have made tranche 1 ORCP funds of £4,988K recurrent and the CCG has allocated the additional £3,322K ORCP match funding from growth non recurrently.
- 2.6 GP Referrals at 30th June 2015 are showing 4.2% increase compared to a 2014-15 baseline, this is the underlying growth number of GP referrals. Paediatrics 13%, urology 8% and trauma and orthopaedics 21% are specific areas of high referrals. Salisbury is also seeing high levels of GP referral growth at 6.5%. RBHFT closed their Choose & Book in dermatology, neurology, max facial and ENT, which impacted on the availability of appointment slots in the wider health economy by redirecting referrals into other providers. This has since been resolved and referrals into RBH have now recovered.
- 2.7 Where the CCG has managed contracts in place, increases in referrals above planned levels are managed in year by providers but creates a stepped change risk for 2016-17. All major contracts are now signed and in place for 2015-16.
- 2.8 As part of the financial planning for 2015-16 investment of £3.6M or 22% growth has been applied to Non NHS Contracts to fund the 2014.15 outturn. As at 31st July, Non NHS Contracts are forecast to be £1.8M above this funded budget. A focused project approach should be undertaken to assess

9.3

whether further mitigation can be actioned in this area recognising the balance of patient choice and financial sustainability. Areas to consider are communications and contracting arrangements.

2.9 NHS Contracts

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th June for Dorset CCG does represent an over spend against activity of £547K, before national and local rules are applied on marginal rates. Adjusted for local marginal rates the position is an under spend of £367K.</p> <p>Emergency admissions remain the main area of concern at 4.6% above planned levels and an increasing trend. The majority relates to urinary tract, male reproductive system and vascular.</p> <p>GP referral rates are 3% below 2014-15 levels. This relates to a period where this provider limited the Choose & Book offer. The CCG has worked closely with the provider to resolve this and a performance notice was issued.</p>		<p>£0K</p>

2.10

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th June for Dorset CCG does represent an over spend against activity at local and marginal rates of £448K. Emergency Admissions are continuing to increase above plan.</p> <p>GP Referrals rates have jumped by 18% compared to 2014-15 levels. At least 30% of this growth relates to the service movement of Neurology from DCHFT to PGHFT. The impact of RBHFT re-profiling their Choose & Book offer has also seen growth within ENT and Dermatology referrals.</p> <p>However, overall the contract remains within the financial tolerances planned for 2015-16.</p>		<p>£0K</p>

2.11

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position for Dorset CCG does represent an under spend against activity of 60K, before national and local rules are applied on marginal rates. Adjusted for local marginal rates the position is an under spend of £14K.</p>		

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<p>GP Referrals are now 1.3% above the 2014-15 baseline.</p> <p>Performance was above plan for the first month in 2015-16. The main pressure in June has been elective day case due to waiting list initiatives. Emergency admissions remain above contracted levels where strokes are showing specific pressure.</p> <p>However, overall the contract remains within the financial tolerances planned for 2015-16.</p>		<p>£0K</p>
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2.12

South Western Ambulance NHS FT (SWAST)	Trend	Year End Forecast
<p>Red 1 (8 minute response time) target is 75% currently SWAST is reporting Red 1 performance for Dorset of 84.95%. Dorset is 4.48% below expected activity levels to the 31st July 2015.</p> <p>The Trust wide contract is 2% above plan and Red 1 performance is being delivered above target at 76.23%. Red 1 Trust wide delivery forms part of the Quality Premium measures which links Red 1 performance and financial incentives to the CCG.</p> <p>Dorset is currently the best performing health economy against planned levels. This does replicate the wider South position which is performing well compared to the North which is experiencing much higher demand than planned. Dorset CCG is currently the Deputy Commissioner for this contract and will be the lead commissioner from 2016-17.</p>		<p>£0K</p> <p>Block Contract for 2015/16</p>

2.13

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position at 30th June 2015 for Dorset CCG represents an over spend against activity of £335K. The contract includes a risk share agreement and without this mitigation the full financial risk would be 1,342K</p> <p>The majority of the over spend can be seen within non PBR, adult critical care and emergency.</p> <p>GP referrals at 30th June are running at 6.5% above 2014-15 baseline levels.</p>		<p>£382K</p>

2.14

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position at 30th June 2015 for Dorset CCG does represent an over spend against activity of £440K.</p> <p>The majority of this can mainly be seen within elective admissions musculoskeletal and non PBR growth hormone drugs.</p> <p>The CCG is working with NHS South CSU who lead on the contract reporting to fully understand the existing trends and current financial risks. This contract is at full cost and volume which does represent significant financial risk.</p>		£440K

Primary Care – Practice Prescribing

2.15

Practice Prescribing	Trend	Year End Forecast
<p>The CCC has approved a paper presented through the Medicines Optimisation Group to recognise the late rise in prescribing costs seen in Q4 2014-15. This has resulted in a further £684K identified from the CCC investment fund allocated against the 2015-16 prescribing budget.</p> <p>At this stage due to the lack of available information a break even position has been forecast, this will be updated for month 5 when the first forecast becomes available.</p>		£0K

Continuing Care

2.16

Continuing Health Care (CHC)	Trend	Year End Forecast
<p>A joint CHC work programme has been established with the three Local Authorities to minimise the level of CHC demand and care costs. This joint work programme supports the Better Care Fund investment made by the CCG.</p> <p>The team have identified a QIPP saving by reviewing eligibility processes against best practice with a target figure</p>		

9.3

<p>of 2.5%.</p> <p>It should be noted that since 1 April 2015, a total of 89 nursing beds have been lost in Poole due to 3 nursing home closures.</p> <p>To enable timely hospital discharge it is become necessary to place patients in homes at a higher weekly cost. This demonstrates the challenge with market management in limited bed availability. CHC are working with new providers to block purchase beds to increase capacity for CHC patients.</p>		<p>£1,199K</p>
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Community Health Services

2.17

Dorset Health Care Foundation Trust	Trend	Year End Forecast
<p>The Dorset Healthcare University Hospitals Foundation Trust contract has been signed at a value of £187,107K however £28,422k of this is reported separately against the Better Care Fund.</p> <p>2% of the contract (£3,837K) is contracted on a cost per case basis so the potential financial adjustment for over or under planed levels is limited. Cost per case services are pain, endoscopy, dermatology and pulmonary rehabilitation. It should be noted that commissioners would not view cost per case elements of the contract in isolation when considering the overall financial position.</p> <p>Dorset Healthcare University Hospitals Trust has been issued with an Exception Report as the Trust has not achieved the milestones set out in the remedial action plan to improve poor performance in the Memory Assessment Service. This has resulted in £100K being withheld from the contract.</p> <p>Plans have been finalised to invest £650K into a 24/7 Psychiatric Liaison Service at each of the three acute hospitals which will improve the waiting time for assessment in ED.</p> <p>This is part of a £2M investment in mental health with Dorset Healthcare as part of the national requirement for Parity of Esteem for Mental Health services.</p>		<p>£0K</p>

Non NHS Contracts

2.18

Patient Transport Services (PTS)	Trend	Year End Forecast
<p>Finance and Contracting teams have been working very closely with the PTS provider to specifically understand about cancellation chargers and Dorset registered patient's costs in line with responsible commissioner guidance.</p> <p>Due to the development of the Controlled Environment for Finance (CEFF) any non Dorset registered patient charges are passed back to the provider, this process also passes back incomplete records where the charges cannot be validated by the CCG.</p> <p>This process is now embedded in the business as usual validation processes with the provider on a monthly basis. This has resulted in considerable savings against the expected plan.</p>		<p>£0</p>

2.19

New Hall, BMI & Spire Healthcare Non NHS Contracts	Trend	Year End Forecast
<p>BMI is currently £247K over contract as at 30th June 2015, forecast to be £1,020K by 31st March 2016 at this stage.</p> <p>The over spend is entirely within day case elective admissions and can be seen at both Winterbourne and Harbour sites.</p> <p>Ramsey New Hall spinal & orthopaedics contract is £185K above planned levels in June.</p> <p>These contracts are full cost and volume and all activity will be charged at full rates. The CCG has explored marginal rates with these providers at a local level but these providers' negotiate contracts at a national level. This has resulted in very little flexibly locality to manage unit cost.</p> <p>This follows the high over performance in this area seen in 2014-15, which was fully funded as part of setting the budget for 2015-16. This should be seen as a very high financial risk area where there is an opportunity to reduce this current trend.</p> <p>Further mitigating actions are highlighted in 2.8.</p>		<p>£1,785K</p>

Primary Care

2.20

Primary Care	Trend	Year End Forecast
Local contracts within general practice are seeing higher than planned levels of activity. It has been agreed to continue the prostate local contract which has resulted in an additional cost pressure above planned levels.		£42K

Other Mental Health & Learning Disabilities

2.21

Section 117	Trend	Year End Forecast
<p>Anyone who has been detained in hospital under section 3, 37, 45A, 47 or 48 of the Mental Health Act 1983 is entitled to free aftercare under section 117 at any time after they leave hospital. The CCG has a legal duty to fund aftercare jointly with Local Authorities.</p> <p>The CCG has invested an additional £500K above the 2014-15 out turn within Section 117 for new cases. There have been 18 new cases to the 31st July resulting in a forecast cost pressure of £441K.</p> <p>The causes of the increasing number of cases and rising costs including names patient mental health packages will be subject to a deep dive review by the Specialist Services Commissioning Manager.</p>		£441k

2.22

Named Patients	Trend	Year End Forecast
<p>Mental Health named patients is also forecast to overspend against the 2015-16 agreed budgets. Named patients relates to specialist case provided to patients where no facility exists in Dorset.</p> <p>The average cost is £90K per case but the CCG has experienced a small number of new cases forecast to cost between £160K and £180K in 2015-16. This cost per case increase and higher than expected cases are generating this overspend.</p>		£336k

Resource Limit

2.23

Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31st July 2015 is £1,023,601M which has been confirmed with NHS England. This represents an increase of £2,012K against the opening resource limit and include the following:</p> <p>NHSE Responsibility for OH within Primary Care: £25K Primary Care GP IM&T Allocation: £2,009K Waiting List Validation: £28K</p>		£0

Other Financial Targets

2.24 The BPPC (Better Payment Practice Code) requires NHS organisations to pay 95% of all invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The payment performance at 31st July 2015 shows a 96.4% cumulative performance for NHS invoices and 97.4% for non-NHS invoices.

3. Conclusion

3.1 The CCG has reinvested its 2014-15 control surplus of £14,830K into the 2015-16 surplus requirement agreed with NHS England of £15,698K. This increases the surplus target from 2014-15 and represents 1.5% of the control total against the national requirement of 1%.

3.2 The CCG surplus is a non recurrent fund brought forward and reinvested in the control total delivery. An analysis of the underlying recurrent position as at the 31st July 2015 based on known and forecast cost pressures is a break even underlying position.

3.3 The main risk areas for Dorset CCG have already been highlighted for 2015-16 as Continuing Health Care, Non NHS Contracts, and critical care costs at Southampton Hospital, Section 117 and Named Patients.

3.4 The CCG has a strategic ambition to further develop integrated community services, however additional resourcing of this will be dependent on the budgets holding for the rest of the financial year.

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Date : 21st August 2015

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APPENDICES	
Appendix 1	CCG Board Summary 2015-16
Appendix 2	CCG Detailed Summary 2015-16
Appendix 3	CCG Bridge Analysis 2015-16