

NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY MEETING
FINANCIAL PERFORMANCE AS AT 31st January 2014

Date of the meeting	19/3/2014
Author	C Hickson, Head of Management Accounting and Financial Planning
Sponsoring Board Member	P Vater, Chief Finance Officer
Purpose of Report	To update the Governing Body on the CCG financial position as at 31 st January 2014.
Recommendation	The Governing Body is asked to note the report.
Stakeholder Engagement	Audit and Quality Committee have a finance section at their regular meetings at which the details of this paper are discussed in depth.
Previous GB / Committee/s, Dates	None

Monitoring and Assurance Summary

This report links to the following Assurance Domains	<ul style="list-style-type: none"> • Quality • Engagement • Outcomes • Governance • Partnership-Working • Leadership 		
I confirm that I have considered the implications of this report on each of the matters below, as indicated:	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	✓		✓

Initials: CH

NHS Dorset Clinical Commissioning Group

Governing Body

FINANCIAL PERFORMANCE AS AT 31st January 2014

1. INTRODUCTION

- 1.1 The purpose of this report is to update Directors 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

2. OVERALL FINANCIAL PERFORMANCE

- 2.1 The final financial out-turn for the year ending 31st 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 The forecast at month 10 has been updated to reflect the forecast surplus against the Running Cost allocation, this approach has been confirmed with NHS England. Dorset CCG has received a Running Cost allocation of £18,730K. Within the national 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.
- 2.3 The CCG has submitted its first submission of its five year financial plan as required by NHS England and detailed within the Planning for Patients Guidance 2014/15 – 2018/19. This submission is aligned to the opening budget paper for 2014/15 which is also being presented at the Governing Body on the 19th March 2014.

ACUTE CARE

- 2.4 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.
- 2.5 With the increase in emergency pressures experienced in all acute providers the CCG has continued to fund non-recurrent winter pressure based schemes.

9.3

- 2.6 Dorset CCG referral rates are closely monitored through the year at a practice and locality level. As at the 31st December 2013 net referrals are growing on average of 4.5% compared to 2012/13. Growth in GP referrals will crystallize as part of the 2014/15 contracting setting process and represents a stepped increase in cost.
- 2.7 The majority of this growth is through GP referrals into Poole 8.2%, Royal Bournemouth & Christchurch 1.3% and Salisbury 16.6%. 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.
- 2.8 Referral growth has been specifically seen in trauma & orthopaedics, rheumatology, ophthalmology, dermatology and all cancer fast track referrals.
- 2.9 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. The providers are now invoicing against the schemes that have been implemented.

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st December 2013 for the Dorset CCG does represent an under spend of £501K at marginal rates.</p> <p>Day case activity remains notably over plan with the majority of this seen in Haematological, MSK and Skin and Breast areas. However this is being offset by Elective activity being under plan in various areas of the Digestive and MSK chapters.</p> <p>Emergency Department attendances have moved further under plan in December after a 6% fall in attendances compared to the previous month.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14. The forecast has been updated to recognise acute fines.</p>		<p>(£184K)</p>

2.10

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st December 2013 for Dorset CCG does represent an under spend of £48K at marginal rates.</p> <p>The contract position outside of marginal rate agreement remains above plan but has slightly reduced from November. This is mainly attributable to continued increases in outpatients for orthopaedics, general medicine and dermatology specialties. There is a notable increase in emergency admissions. This is being offset by lower levels of births and caesareans over the last two months.</p> <p>The CCG Performance team is working closely with the provider to understand why the provider has seen a recent increase in day case and elective admissions attendances. However, overall the contract remains within the financial tolerances assumed for 2013/14. The forecast has been updated to recognise acute fines.</p>		(£52K)

2.11

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st December 2013 for Dorset CCG does represent an under spend of £299K at marginal rates.</p> <p>Performance is below contract in December following two months of over performance against the levels seen in the previous year. Emergency admissions remain well above contracted levels. Outpatient first attendances are showing pressure particularly in Paediatrics, this is due to an additional clinic designed to reduce emergency admissions.</p> <p>An additional query is outstanding with the trust with regards to an increase in length of stay in stroke admissions. Non elective excess bed day costs are £373K or 30% greater than the levels seen in the previous year</p> <p>GP referrals at DCHFT are currently running at 2.2% higher year to date compared against a 2012/13 baseline, this is of concern as an increasing trend.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14. The forecast has been updated to recognise acute fines.</p>		(£96K)

2.12

South Western Ambulance NHS FT	Trend	Year End Forecast
<p>In Dorset SWAST are delivering 82.15% against the national target for Red 1 of 75%. Delivery of Red 1 forms 25% of the quality premium for 2014/15. This is a trust wide measure and currently SWAST are failing this national target. Dorset CCG is currently 2.53% below plan, trust wide is 1.34% below plan.</p> <p>Commissioners have been working closely with SWAST on delivery of Red 1 for quarter 4. SWAST presented an action plan to the Chief Finance Officers of each CCG. SWAST have highlighted that its very high risk that Red 1 will not be achieved as a SWAST trust wide target for 2013/14. This is mainly due to the performance in the North division, being the previous GWAS patch prior to SWAST acquisition.</p> <p>The action plan for quarter 4 is currently delivering Red 1 performance Trust wide. Commissioners are working with the provider to deliver a sustainable delivery of Red 1 within 2014/15.</p> <p>Handover delays continue to be a challenge for Providers and Commissioners. At month 9 Dorset CCG is forecasting to incur full year penalties of £152K. The CCG has the contractual ability to pass through these fines to the relevant acute, acute fines have now been raised.</p> <p>Dorset CCG is working very closely with providers via the Urgent Care Board to identify transformational ways of working within Urgent and Emergency care. Pilot schemes have been identified and will be funded non-recurrently for 2013/14. The outcome of these pilots would be used to inform future commissioning decisions and the development of the Urgent & Emergency Care and Frail Elderly strategy.</p>		<p>£152K</p> <p>Block Contract for 2013/14</p>

2.13

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st December 2013 for Dorset CCG does represent an over spend of £636K or 4.78%. Challenges are in place for a total of £121K concerning data completeness and quality.</p> <p>The contract position has continued to increase in month 9, however the trend has slowed from previous months.</p>		



9.3

<p>The baseline for maternity has been agreed and rebased removing all community midwife funding and introducing a maternity pathway risk share as per national guidance. The introduction of a planned level of emergency admissions marginal rate discount has been introduced from month 6 which has brought emergency admissions close to planned levels.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£10K</p>
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2.14

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st December 2013 for Dorset CCG does represent an over spend of £50K.</p> <p>The largest area of concern is non elective emergency admissions which are £110K over plan.</p> <p>GP referrals rates are currently running at 8.92% above a 2012/13 baseline which is of major concern.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.15

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th November 2013 for Dorset CCG does represent an under spend of £93K at marginal rates.</p> <p>The CCG Payment by Results activity is under spent within elective against the agreed plan by £174K. Outpatient first and follow up appointment activity is above plan by £48K</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>(£27K)</p>

9.3

2.16

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>The Maximum Take adjustments that have been agreed with providers and NHS England, no further material adjustments are expected this year.</p>		<p>£0K</p>

2.17

Dorset Health Care University Health Care FT	Trend	Year End Forecast
<p>The majority of the Dorset HealthCare University NHS Foundation Trust services are contracted on a managed contract basis. However a small element is on a cost per case basis.</p> <p>Dermatology and Endoscopy AQP are forecasting an over spend of £100,000 and £12,000 respectively however this is being offset by slippage on the Pain Service. This is a new service which was awarded to DHUFT through a competitive tendering process for 2013/14. Stage one has seen West patients move to the service and from Q3 East patients in the stage two transition process. Currently this community service is running below expected volumes.</p>		<p>(£325K)</p>

2.18

Urgent Care (Out of Hours) Service	Trend	Year End Forecast
<p>Activity levels at month 10 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>£528K</p>

PRIMARY CARE – PRACTICE PRESCRIBING

2.19

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 November PMD reported data.</p> <p>The November PMD report is forecasting an under spend of £1.7M. Early indications are that expected savings from the October category M price reduction have been offset by the recent PPRS (Pharmaceutical Price Regulation Scheme) announcement concerning an increase of 3 to 4 % for branded drugs.</p> <p>There is a future risk for the CCG that spend in the area of anti-coagulants could reach £2M if these drugs become more widespread and start to significantly replace the use of Warfarin. The CCG Medicines Management Team are continuing to monitor this position closely.</p>		<p>(£1,687)K</p>

LOCALITY DEVOLVED BUDGETS

2.20

Locality Devolved Budget	Trend	Year End Forecast
<p>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>Inline with the CCG Urgent & Emergency Care Review the Weymouth & 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>A paper was presented to the February Audit and Quality Committee detailing 2013/14 locality approved schemes. Counter Fraud have provided refresh training on the risks associated with conflict of interest. The findings within the Counter Fraud report have provided the Audit & Quality Committee with the assurance required concerning any conflicts of interest.</p>		<p>£0K</p>

CONTINUING CARE

2.21

Continuing Health Care	Trend	Year End Forecast
<p>The overall in year growth for 2013/14 is now showing as 7% which is on plan however this does not take into account the significant growth that occurred between March and April 2013. If we take this into account actual growth from March 2013 would be 14%. The over spend reflects the increase in patient numbers between March and April 2013.</p> <p>Conversation rates of people applying increased in the last national reported quarter, however investigation of this revealed that this was due to a dip in applications during the previous quarter and this coupled with 14 cases received in the previous quarter, but then ratified in the next. The unit cost for care has remained stable for over a year.</p> <p>In response to the increasing growth of CHC applications, the CHC department is under significant pressure and work has been undertaken to understand the impact of this increase on workload, productivity and capacity requirements. There are some backlogs in CHC assessments and reviews accruing, which can have a negative impact on financial forecasting and expenditure. All efforts are being made to ensure the department has an understanding of developing backlogs and is increasing capacity to address these.</p>		£3,439K

DORSET INTEGRATED COMMUNITY EQUIPMENT SERVICE

2.22

Dorset Integrated Community Equipment Service	Trend	Year End Forecast
<p>Due to the increase in Care Closer to Home strategies being implemented increased costs are being seen in community equipment prescribing.</p> <p>Over spends are also being driven by changes in clinical practice concerning tissue viability and pressure care.</p> <p>The CCG will need to consider investment within this service for 2014/15 as works strategically with Local Authority partners to deliver the Better Care agenda including the provision of virtual ward models of care in the community.</p>		£650K

PARTNERSHIP AGREEMENTS MH & LD

2.23

Partnership Agreements – MH & LD	Trend	Year End Forecast
<p>This overspend relates to the increasing number of patients being sectioned in Dorset and the associated costs for their care.</p> <p>The original budget was informed by the lead budget manager as at 1st May 2013. In month 9 £102k of budget transferred from the Named Patients area.</p> <p>The forecast has been updated in month 10 due to increased demand we have seen throughout 2013/14 within section 117.</p>		£878K

NON NHS CONTRACTS

2.24

Patient Transport Services	Trend	Year End Forecast
<p>Patients Transport has experience higher levels of activity than predicted as part of the competitive tendering process. Internal Audit have been working with the new provider who commenced the contract on the 1st October 2013. The CCG has commissioned Internal Audit to review mileage collection systems and processes, to provide assurance over the additional costs being incurred. Initial indications are that the mileage charges are in accordance with the tender specification.</p> <p>Commissioners have been working closely with the new provider to understand and manage capacity issues. Over performance has been agreed at marginal rates for the period 1 January 2014 to 31 March 2014, and the CCG expectation is that these will continue post 1 April 2014.</p> <p>It is expected that as the eligibility criteria is enforced by acute providers activity will reduce. Patient transport providers will be working with acute sector and commissioners to provider eligibility education and improve awareness.</p>		£735K

RESOURCE LIMIT

2.25

Anticipated Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31st January 2014 is £946.38M which has been confirmed with NHS England. This represents a movement of £13K from 31st December 2013, reconciled as follows:</p> <p>£13K Support Improved DOS for all NHS 111 Providers</p> <p>Dorset CCG has received confirmation with NHS England Wessex Area Team on the above adjustments.</p>		<p>£0</p>

OTHER FINANCIAL TARGETS

2.26 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 31st December shows a 98% performance for NHS invoices and 98% for non-NHS invoices, which is a slight improvement on the previous month.

3. CONCLUSION

3.1 The CCG is on track to deliver the control target underspend of £12,614K, although significant financial risks are emerging particularly in the area of continuing healthcare costs.

3.2 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 has been offered to every practice within Dorset CCG. Uptake for this commissioning intelligence tool has been high.

3.3 The current trend in GP referrals is creating pressures in the secondary care contracts. GP referral growth is growing at 4.5% for 2013/14 compared to a 2012/13 baseline. These increases will require changes to the activity plans included within the contracts for 2014/15.

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Appendices

Appendix 1

CCG Board Summary 2013/14

Appendix 2

CCG Detailed Summary 2013/14