

NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY MEETING
FINANCIAL PERFORMANCE AS AT 30 SEPTEMBER 2016

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| Date of the meeting | 16/11/2016 |
| Author | C Hickson, Assistant Director of Finance |
| Sponsoring Board Member | P Vater, Chief Finance Officer |
| Purpose of Report | Update the Governing Body on financial performance for the financial year 2016/17. |
| Recommendation | The Governing Body is asked to note the report. |
| Stakeholder Engagement | N/A |
| Previous GB / Committee/s, Dates | Governing Body 20/07/2016 approved the recommendation: Freeze of spend against uncommitted budgets with immediate effect across the entire CCG. Exceptional spend to be at the discretion of the Accountable Officer and/or Chief Finance Officer. This action supports the delivery of the 2016/17 surplus target of £17,698K. |

Monitoring and Assurance Summary

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|--|--|--------------------------------|-----------|
| 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 2017.
- 1.2 The planned surplus target challenge for 2016/17 has remained constant at £17,698K or 1.5% of the 2016/17 confirmed resource limit. Current financial planning mandates 1% of resource limit for surplus target. The increased surplus challenge above the 1% only offers non recurrent opportunity and is subject to very strict assurance controls via NHS England.
- 1.3 The CCG became level 3 full delegation for Primary Care from the 1st April 2016. From a financial perspective this has resulted in the CCG being devolved a Primary Care allocation of £103,258K for 2016/17.
- 1.4 The following areas are reported within this paper:
- Appendix 1 - Dorset CCG Board Summary 2016/17
 - Appendix 2 - Dorset CCG Detailed Summary 2016/17
 - Appendix 3 - Dorset CCG Primary Care Analysis 2016/17.
- 1.5 Non recurrent sources of funds as at 31st August 2016 total £23,669K. It should be noted that this includes £1,861K 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.
- 1.6 The final 2015/16 lead provider position was a £23.1M **deficit**.

| Annual Reported Surplus/(Deficit) | 2014-15 Actual £m | 2015/16 Plan £m | 2015/16 Actual £m |
|---|-------------------|-----------------|-------------------|
| Dorset County Hospital | (0.7) | (3.5) | (5.5) |
| Dorset Healthcare University | (1.5) | (2.2) | (1.9) |
| Poole Hospital | (4.9) | (6.7) | (4.1) |
| Royal Bournemouth & Christchurch Hospitals | (5.2) | (12.9) | (11.6) |
| Total | (12.3) | (25.3) | (23.1) |

- 1.7 Providers in Dorset have now signed up to the STP (Sustainability & Transformation Plan). This has been delivered through a Dorset system wide approach and allows access to £22.1M of additional STP funding into the Dorset system. The STP requires strict delivery of agreed financial control milestones which are assessed on a quarterly basis. The table below details the planned movement from a £63.6M deficit to a £8M deficit by 31st March 2017. It should be noted that CIP (cost improvement plans) have been RAG rated for risk of delivery. Quarter 1, assurance has been provided that

financial milestones are on plan, releasing the Q1 STF fund payment direct to providers.

| Provider | Plan pre STP* funding and pre CIP** | STP funding (+) | Financial gap post STP funding but pre CIP | In year CIP green schemes (+) | In year CIP amber schemes (+) | In year CIP red schemes (+) | Plan outturn 2016/17 |
|-------------------------|-------------------------------------|-----------------|--|-------------------------------|-------------------------------|-----------------------------|----------------------|
| DCH FT | -13.2 | 4.7 | -8.5 | 3.4 | 0.9 | 2.4 | -1.8 |
| DHU FT | -14.0 | 1.9 | -12.1 | 7.4 | 0.2 | 0.5 | -4.0 |
| PH FT | -17.9 | 7.9 | -10.0 | 6.1 | 1.9 | 1.2 | -0.8 |
| RBCH FT | -18.5 | 7.6 | -10.9 | 6.7 | 1.5 | 1.3 | -1.4 |
| Dorset Providers | -63.6 | 22.1 | -41.5 | 23.6 | 4.5 | 5.4 | -8.0 |

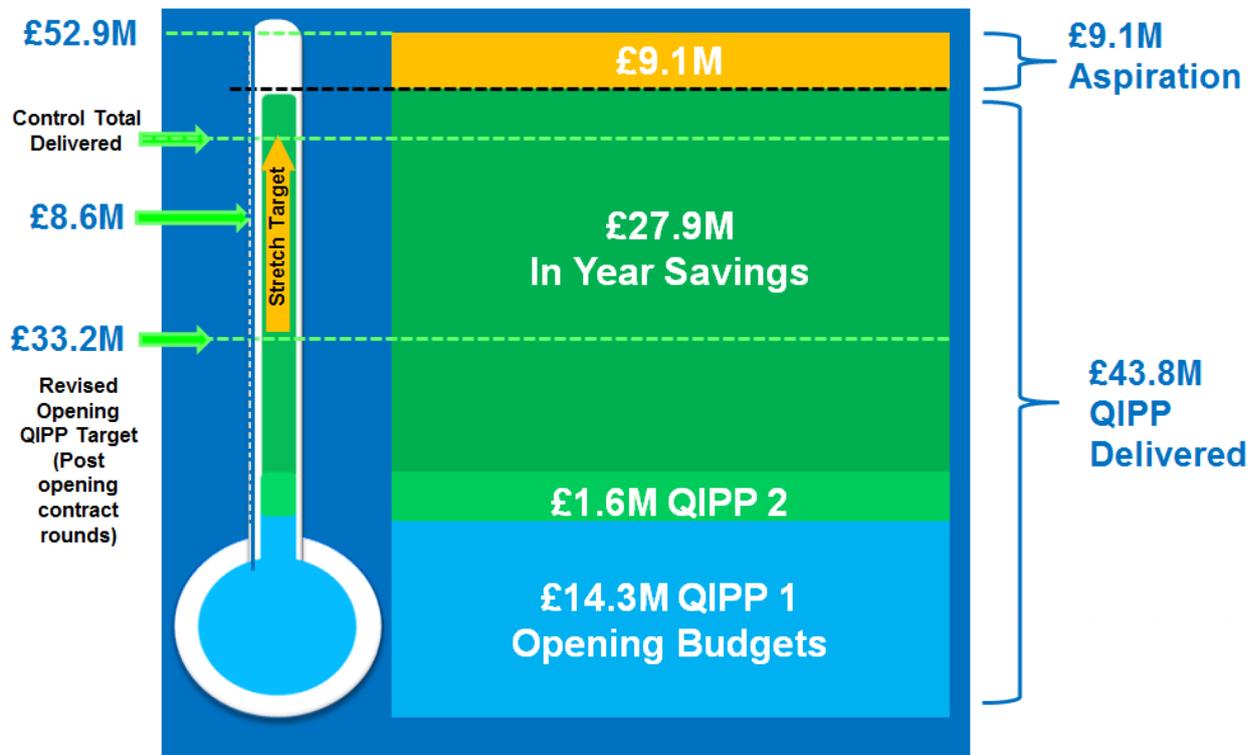
* STP - Sustainability and Transformation Funding issued through NHS Improvement

**CIP – Cost Improvement Plans

- 1.8 The trend arrow has been updated to reflect a RAG rating. The highest risks will be red trend and red overspend against budget. The overspend 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.
- 1.9 **GP Referrals at the 31st August 2016 are 5.4% above 2015/16 levels.** A presentation was made to the Clinical Commissioning Committee 17 August 2016, providing further detail on this demand and the main pressure areas which include trauma and orthopaedics, ophthalmology, ENT and dermatology. **Referral into BMI are of particular concern at 23% over 2015/16 levels.** Repatriation of services into the NHS is seen as an opportunity for the Dorset health system and is being explored as part of Sustainability and Transformation opportunities. This Financial Sustainability Task Force has been driving forward innovative ways of targeting variation and supporting general practice through the Right Care approach.
- 1.10 The CCG is forecast to achieve £43.8M of QIPP as at 30st September 2016. It should be recognised that due to in year over performance for 2016/17 a QIPP stretch target for a further £8.6M was required to deliver the £17.7M control total. As part of the 2016/17 planning guidance NHS England have requested the CCG create an additional 1% or £11.1M headroom above the agreed £17.7M.

9.3

- 1.11 To deliver both the £17.7M surplus and the £11.1M 1% headroom, the total stretch target following in year over performance is £19.7M. As at 31st September 2016 £10.6M has been delivered leaving a £9.1M aspiration to deliver the 1% headroom in full. This challenge should not be underestimated.



- 1.12 Currently the CCG has identified QIPP as follows:

- QIPP 1 £14.3M delivered as part of the budget setting process
- QIPP 2 £1.6M delivered as part of the opening budget approval
- QIPP 3 £27.9M in year delivery of both recurrent and non-recurrent savings

It should be recognised that without the in-year stretch target (in year over performance) of £19.7M the CCG would be forecast to deliver the control total of £17.7M and £11.1M 1% headroom.

- 1.13 The Financial Sustainability Task Force has been driving forward the **Right Care** variation agenda and the ability to create a more reactive response. It should be noted this includes both qualitative and quantitative schemes which include but not limited to focus on:

- **Right Care** Indicators & opportunities
- Focus on variation

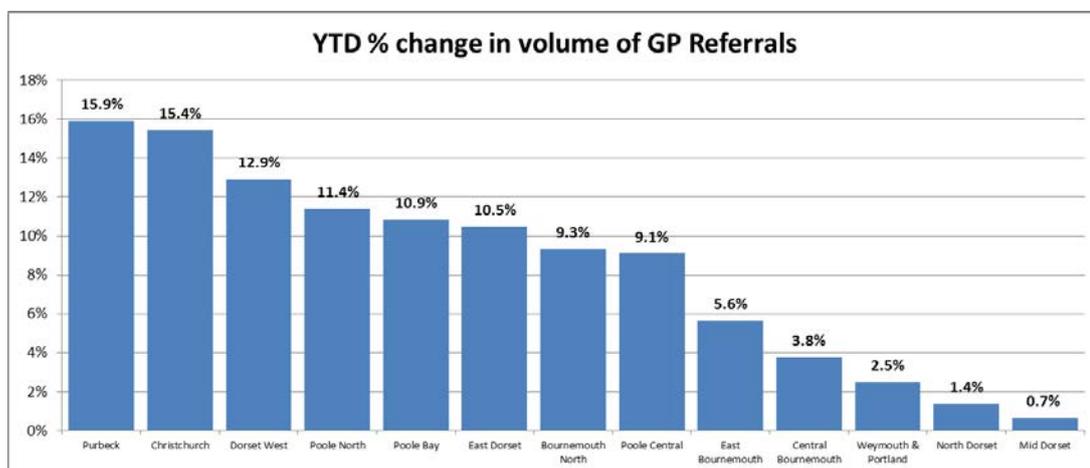
- Referral management & referral benchmarking
- Reduce level of low priority procedures
- Prescribing efficiencies through reduction of waste and variation*
- Prescribing of low value items
- Non NHS Contracts & repatriation to NHS Providers
- New procurements of services to extract additional cost savings
- Benchmarking community services
- Estates rationalisation
- Reducing length of stay
- Continuing healthcare market development
- Previous Unassessed Periods of Care PUPOC
- Expansion of CEFF (Controlled Environment for Finance)

2. Overall Financial Performance

- 2.1 The forecast financial out-turn for the year ending 31st March 2017 is attached (Appendix 1), with supporting commentary on significant variances below.
- 2.2 Dorset CCG benefits from a return of surplus from 2016/17 of £17,698K. The return of surplus from 2015/16 has been directly invested in delivery of the 2016/17 surplus of £17,698K. This is a non-recurrent source of funds as it's a return of previous year's final position. **It should be noted that the return of surplus process would also apply to any year end deficit and NHS England rules would require this to be repaid in the following year. This quickly creates a compounded effect on debt.**
- 2.3 NHS England from 1st June 2015 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 accounts online portal. All applications must be approved by the Chief Finance and Accountable Officer before submission to NHS England. This approval process was extended on the 1st August 2016 to cover agency and off payroll recruitments.
- 2.4 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 2017/18. Tariff uplifts for 2016/17 included baseline 1.1% uplift on 2015/16 prices and a requirement to purchase activity and move away

from managed contracts. This has resulted in risk share arrangements in place with lead providers for both over performance and excluded drugs of £4,650K. This is above current opening contract level and the forecast has been updated accordingly for both Royal Bournemouth Hospitals FT and Dorset County Hospitals FT.

- 2.5 Referrals at 31st March 2016 showed a 4.25% increase compared to 2014-15 baseline. There is a high level of variation at a locality level which needs to be fully understood to allow mitigating actions to be identified. The CCG has now adopted a reactive response to understanding and focusing on variation to ensure value for money by applying the **Right Care** approach and the establishment of the Financial Sustainability Task Force to challenge variation. Currently we have a variation range of -0.7% to 15.9% growth in GP referrals across Dorset. The Clinical Commissioning Local Improvement Plan for 2016/17 has been modified to support general practice in understanding this variation.



- 2.6 The Quality Premium (QP) represents a £3.8M opportunity. The CCG received £567K for 2014-15 performance. It is expected this will fall to £400K based on 2015/16 performance measures. The missed opportunity for the Dorset health economy for 2015/16 is estimated as £3.4M. The CCG is challenging the 2015/16 performance for QP achievement as the CCG delivered local targets for both Ambulance and Dementia. QP focuses on provider wide delivery of these targets, this does represent an opportunity for challenge.

2.7 NHS Contracts (Information based on contract reports to 31/08/16)

| Royal Bournemouth & Christchurch Hospital NHS FT | Trend | Year End Forecast |
|--|---|-------------------|
| <p>The position as at 31st August for Dorset CCG represents a forecast over spends against activity. It should be noted that this activity is capped at £3.5M for 2016/17 and represents continued major risk for 2017/18.</p> <p>GP referral rates are 10% above 2015/16 levels. This growth % is partly due to the impact of RBH closings choose & book slots in Q1 2015/16.</p> <p>Higher than expected activity within Elective Admissions and Day Case. This over spend can mainly be seen in urinary track and male reproductive system whilst a reduction has been seen in major knee procedures in August.</p> <p>Emergency admissions are currently forecast above expected levels. Digestive system is the largest area of over spend and specific growth can be seen in gastrointestinal procedures.</p> |  | £3,500K |

2.8

| Poole Hospital NHS FT | Trend | Year End Forecast |
|---|---|-------------------|
| <p>The Trust position as at 31st August for Dorset CCG does represent a forecast over spend against activity of £1.96M. It should be noted that this is a managed contract for 2016/17 but increased growth represents significant system and financial risk. The £224K forecast cost pressure relates to Neurology which is a cost and volume element of the contract for 2016/17.</p> <p>GP Referrals at August are at 3% growth compared to a 2015/16 baseline. It should be noted that due to RBCHFT closing choose and book beds PGHFT experienced very high levels of referrals in 2015/16.</p> <p>Emergency Admissions are the largest driver of this demand being £1.8M above expected levels. Mainly seen in Respiratory, pneumonia, COPD and acute lower respiratory infections. Elective performance is £198K above expected levels predominantly in Digestive and Musculoskeletal.</p> |  | £224K |

2.9

| Dorset County Hospital NHS FT | Trend | Year End Forecast |
|--|---|-------------------|
| <p>The Trust position for Dorset CCG as at 31st August 2016 does suggest an under spend against activity. It should be recognised at this stage the financial forecast has remained at the maximum cap level due to the uncertainty in the activity forecast. There has been considerable reduction in Elective activity throughout the July and August holiday period which is driving the reduction in activity below expected levels.</p> <p>GP Referrals are flat at 0% compared to 2015/16 baseline.</p> <p>Emergency admissions are of concern and forecast to be £143K above expected levels. The trusts conversion of A&E attendances to emergency admissions remains higher than national and local rates.</p> |  | £1,150K |

2.10

| Yeovil | Trend | Year End Forecast |
|---|---|-------------------|
| <p>The Trust position as at 31st August 2016 for Dorset CCG represents a forecast under spend against expected activity of £163K, it should be noted this is a managed contract.</p> <p>GP Referrals are 12% above the 2015/16 baseline predominately within ENT, general surgery and gastroenterology. Currently referral data for June, July and August is still not available due to the provider upgrading their PAS (Patient Administration System).</p> <p>Emergency admissions are of concern and forecast to be £432K above expected levels. This is an increasing trend and increases above expected levels are being seen in immunology, infectious diseases, urinary tract and digestive system.</p> <p>The CCG has invested 5.3% growth within this contract based on the 2015/16 budget.</p> |  | £0K |

2.11

| Salisbury Hospital Foundation Trust | Trend | Year End Forecast |
|--|---|-------------------|
| <p>The Trust position at 31st August 2016 for Dorset CCG represents an over spend against expected activity of £195K at month 5. The £161K relates to the month 6 position with local rates applied.</p> <p>Pressure can be seen within local tariff cost and volume arrangements of £185K critical care and excluded drugs £20K.</p> <p>GP referrals at 31st May 2016 are running at 3% below 2015/16 baseline levels.</p> |  | £161K |

2.12

| University Hospitals Southampton NHS FT | Trend | Year End Forecast |
|---|---|-------------------|
| <p>The Trust position at 31st August 2016 for Dorset CCG represents an over spend of £244K against expected levels. It should be noted this is a full cost and volume contract.</p> <p>The most significant over spend can be seen in elective of £188K mainly seen in Musculoskeletal.</p> <p>Finance has carried out an assurance review of the data provided by South CSU. This overview raises questions on the levels of data validation. This is currently being explored by Finance directly.</p> <p>The forecast has now reduced by £243K from £487K reported in July. This reduction directly following the finance assurance review challenge with South CSU.</p> <p>The extension of responsible commissioner assurance checks is one of the pillars of the Financial Sustainability Task Force.</p> |  | £244K |

2.13

| Practice Prescribing | Trend | Year End Forecast |
|---|--|-------------------|
| <p>The current forecast outturn position issued by the NHS Business Services Authority (NHS BSA) is based on the July 2016 prescribing data and continues to indicate that at this early stage there could be underspend against the GB approved budget.</p> <p>However, the NHS BSA forecast is historically unreliable in the early months and the July position is showing a substantial adverse movement from the June reported forecast, so at this point we do not believe that the national profiling is fully considering the gradual build-up of expensive NOAC prescribing that we saw over the course of 2015/16. This is artificially suppressing the NHS BSA reported forecast position. Internal forecasting supports a small underspend should the current year to date trend continue.</p> <p>Due to only having 4 months data available and the continued risk to this budget should the national tariff prices continue to rise at the levels seen in 2015/16 we are currently forecasting a breakeven position pending updates of future in year tariff adjustments.</p> <p>As part of the Financial Sustainability Task Force the CCG finance team is working closely with the Chief Pharmacist and the Medicines Optimisation Group to highlight, identify innovative ways to create efficiencies.</p> <p>At the last Medicines Optimisations Group approval was given for a paper to be taken to the Clinical Commissioning Committee, recommending the creation of a Medicines Optimisation Task Force to target variation and assist practices in releasing identified saving potential. This process was supported by the Financial Sustainability Task Force on the 18th October 2016.</p> <p>The Task Force challenged protocols concerning low value prescribing items and the need to understand other commissioner's approach to this area, wider risks and opportunities.</p> |  | <p>£0K</p> |

Continuing Care

2.14

| Continuing Health Care (CHC) & FNC | Trend | Year End Forecast |
|--|---|-------------------------|
| <p>CHC & FNC reported a net under spend of £3.5M as at 30th September 2016 which is linked to a £2M gain share arrangement with the Local Authorities. In addition the joint CHC work programme continues with the three Local Authorities to reduce CHC demand and care costs.</p> <p>This joint work programme supports the Better Care Fund investment made by the CCG, with the reciprocal commitment from the three Local Authorities to continuing reversing the trend of CHC expenditure and growth.</p> <p>The CHC team has identified QIPP cost avoidance savings in 2016/17 of £3.4M.</p> <p>In year capacity of nursing and residential beds has remained steady. Although several smaller homes recently closed, market capacity was boosted by a number of new or expanded purpose-built units opening.</p> <p>To enable timely hospital discharge it has therefore become necessary to place patients in homes at a higher weekly cost. This demonstrates the challenge with market management in limited bed availability in Dorset.</p> <p>Initial indications and previous bench marking supports that a cost per case focus and market development offers considerable financial opportunity and needs to be fully resourced and explored.</p> <p>This will be challenged via the Financial Sustainability Task Force and Business Intelligence will be working with CHC in the development of a performance dash board including cost per case bench marking and activity reporting. This approach is working well in NEW Devon and CCG BI teams have been working closely to take this forward in Dorset.</p> |  | <p>(£3,508K)</p> |

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| <p>Finance is working closely with the CHC team, procurement and colleagues in Local Authorities to engage with providers to ensure there is appropriate capacity for CHC patients.</p> <p>It should be recognised that adults and children's CHC forecast is a £8.3M under spend. This is offset by a nationally mandated uplift for FNC of 40% which alongside activity pressure is a forecast cost pressure of £4.8M.</p> | | |
|--|--|--|

Community Health Services

2.15

| Dorset Health Care Foundation Trust | Trend | Year End Forecast |
|--|---|---------------------|
| <p>The total value of healthcare contracts with Dorset HealthCare University NHS Foundation Trust is £197M however £27M is shown within the Better Together area. This is the CCG's largest contract.</p> <p>The majority of services are contracted on a managed basis however a small element is commissioned on a cost per case basis.</p> <p>The forecast overspend has decreased this month to £284K.</p> <p>It has been proposed Persistent Pain and Rapid Access Pain are brought into the managed contract for 2016/17. Current activity levels are below expected and any contract adjustment needs to carefully consider the level of the adjustment. Finance and Business Intelligence have been working closely with Service Delivery.</p> <p>The over spend relates to forecast cost per case activity for Dermatology at £191K and Endoscopy at £132K offset by an underspending against pulmonary rehabilitation.</p> <p>There are now three smaller, separate contracts, as the Weymouth Urgent Care Centre has been added £1,125K in 2016/17 and full year impact £1,498K along with the Acquired Brain Injury and Med TOP which value £217k and £78k respectively.</p> |  | <p>£284K</p> |

2.16

| New Hall, BMI & Non NHS Contracts | Trend | Year End Forecast |
|--|--|-----------------------|
| <p>BMI is currently £813K over contract as at 31st August 2016, forecast to be £1,625K by 31st March 2017.</p> <p>The overspend is entirely within Day Case and Elective Orthopaedic admissions and can be seen at both the Winterbourne and Harbour sites, with the data alone showing a circa 24.8% increase in referrals compared to 2015/16.</p> <p>Ramsey New Hall Spinal & Orthopaedics contract is currently forecast to be £304K above planned levels. Referrals for this provider are 19.3% higher than 2015/16 levels, this is an increasing trend.</p> <p>Overspends are due to a high increase of GP referrals in to these independent sector providers for Orthopaedic activity.</p> <p>Finance and Business Intelligence Teams have been working closely with Service Delivery on developing further mitigating actions.</p> <p>This is historically a very high growth area and this trend continues into 2016/17.</p> <p>From the 1st April 2013 CCG inception to 31st July 2017 this area has consumed £5.1M of growth or 38.4% increase.</p> |  | <p>£2,426K</p> |

2.17

| Non Contract Activity (NCA) | Trend | Year End Forecast |
|---|---|-------------------|
| <p>Non Contract Activity (NCA) continues to increase from 2015/16 levels. High cost patients, critical care costs and increases in activity are main causes of the over spend in NCA areas.</p> <p>These costs relate to Dorset registered patients who obtain health services outside of the Dorset Health System. These contracts are managed via a lead commissioner arrangement within London by Optum.</p> |  | £21K |

Primary Care

2.18

| Primary Care Delegation | Trend | Year End Forecast |
|---|---|-------------------|
| <p>The Primary Care delegation budget as at 31st September 2016 is £101,220K for 2016/17. Appendix 3 provides a detailed analysis of Primary Care both delegated and core. Core being CCG core primary care funded services.</p> <p>Dorset CCG finance teams have worked closely with NHS England finance teams concerning the funding of local contracts and the impact of the PMS premium calculation. This has been adjusted within the month 6 position.</p> <p>The CCG is in a process of reviewing the impact of the over 75 schemes. As part of this process there will be an extension of existing schemes. Over 75 schemes are valued at £3.9M for 2016/17. The CCG has clawed back £302K of 2015/16 scheme underspends.</p> <p>The Clinical Commissioning Local Improvement Plan has been revised for 2016/17. The revised CCLIP comes into effect from 1st October 2016 and valued at £2.3M for 2016/17. It is recognised that the CCLIP will continue to evolve to be aligned in supporting the GP Referral work stream.</p> <p>On the 1st April 2016 the Primary Care support</p> |  | (£426K) |

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|---|--|--|
| <p>contract provision has moved from Shared Business Services (SBS) to Capita and this continues to cause concerns around payment processes which have been escalated to NHS England.</p> <p>The current underspend of £426K relates to the decision to freeze uncommitted budgets by the Governing Body. The £426K has been directly reinvested in support of the 2016/17 control total requirement.</p> <p>The primary care budget continues to remain in balance and has been adjusted to reflect all national uplifts for 2016/17 and adjustments following the PMS Premium review.</p> <p>As part of the Financial Sustainability Task Force approach the Primary Care commissioning team have developed a practice profiling Right Care process which uses variation in the identification of support and best practice. Reporting processes have been modified to this process.</p> | | |
|---|--|--|

2.19

| Better Care Fund | Trend | Year End Forecast |
|---|---|-------------------|
| <p>The Better Care Fund includes a risk share arrangement with Local Authority partners concerning Continuing Health Care and financial performance.</p> <p>The CCG is also required to contribute towards financial over performance for the Integrated Community Equipment Store (ICES).</p> <p>The current forecast overspend of £975K is split as follows:</p> <p>Continuing Health Care Risk Share £500K DCC Rapid Response Contribution £160K BBC Continuity of Service £125K BOP Continuity of Service £100K ICES Cost Pressure £90K</p> |  | £975K |

2.20

| Resource Limit | Trend | Year End Forecast |
|--|---|-------------------|
| <p>The allocation for Primary Care as at 31st September 2016 is £1,154,161K which has been confirmed with NHS England.</p> <p>The following IAT (Inter Account Transfers) have been actioned following the PMS Premium review and correction of local contracts.</p> <p>Pharmacy to Wessex (£410K) Wessex Payment (£224K) Q2 Vanguard Funding £305K Faster Diagnosis Test Sites £119K Primary Care Work Flows £69K Acceleration Funding £79K</p> |  | £0 |

Other Financial Targets

- 2.21 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 August 2016 shows a 100% cumulative performance for NHS invoices and 98.3% for non-NHS invoices.

3. Conclusion

- 3.1 The CCG has reinvested its 2015/16 control surplus of £17,698K into the 2016/17 surplus requirement agreed with NHS England of £17,698K. This is a return of non-recurrent funds. Any drawdown on this non-recurrent surplus would need to be agreed with NHS England and would result in high level of interest, scrutiny and strict controls imposed by NHS England.
- 3.2 The CCG surplus is a non-recurrent fund brought forward and reinvested in the control total delivery. The underlying recurrent position based on known and forecast cost pressures is an underlying deficit. Our resource growth in total for 2017/18 is likely to be in the region of £11m.
- 3.3 The 2017/19 contracting process has adopted a system wide approach in the spirit of the Dorset Health system and the Sustainability and Transformation plans. Providers and commissioners have moved towards system affordability and financial envelopes and a move away from tariffs. There is a stepped change in the process to a collective system approach.

- 3.4 NHS Dorset CCG delivers QIPP (Quality Innovation Productivity & Prevention) both through the budget award phase of its financial planning cycle by embedding QIPP in opening budgets and through in year schemes. The CCG is forecast to achieve £43.8M of QIPP as at 31st September 2016. It should be recognised that due to in year over performance for 2016/17 a QIPP stretch target for a further £8.6M was required to deliver the £17.7M control total.
- QIPP 1 £14.3M delivered as part of the budget setting process
 - QIPP 2 £1.6M delivered as part of the opening budget approval
 - QIPP 3 £27.9M in year delivery of both recurrent and non-recurrent savings
- 3.5 Continuing healthcare has continued to underspend releasing QIPP but this is being offset by a nationally imposed uplift for FNC of £3.3M. The under spend within CHC is being driven by a focus on conversion rates.
- 3.6 Initial benchmarking suggests that opportunity exists within the cost per case variation within CHC. This can only be realised through carefully considered market development. Business Intelligence are exploring the development of CHC cost per case bench marking and reporting to inform this process.
- 3.7 A system wide approach has been followed which has allowed access to the STP fund of £22.1M for the Dorset provider system in 2016/17. It should be noted that this fund is subject to strict financial milestones being delivered.
- 3.8 It should be recognised that the CCG is facing significant financial risks in 2016/17 in meeting a control total of £17,698K. A Finance Sustainability Group Chaired by the Accountable Officer meets regularly to review progress with schemes designed to mitigate against the financial pressures identified. To date the Task Force has been driving forward a range of schemes as detailed in 1.12. There has been a strong focus on the Right Care approach.
- 3.9 It should be noted that schemes will include a mix of both qualitative and quantitative schemes. As at 31st September forecast the CCG is on track to deliver the £17.7M NHS England agreed control total through the delivery of substantial savings in year. It should be recognised that these savings include both recurrent and non-recurrent savings which still represents very high financial risk for 2017/18 and beyond.

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Date : 2/11/2016

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| APPENDICES | |
|-------------------|--------------------------------------|
| Appendix 1 | CCG Board Summary 2016/17 |
| Appendix 2 | CCG Detailed Summary 2016/17 |
| Appendix 3 | Primary Care Analysis 2016/17 |