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NHS Dorset Clinical Commissioning Group Governing Body Financial Position as at 31st May 2013

Date of the meeting	17/07/2013
Author	Chris Hickson, Head of Management Accounts
Sponsoring DCCGGB member	Paul Vater, Chief Financial Officer
Purpose of report	To provide the Governing Body of Dorset Clinical Commissioning Group assurance over the financial performance of the organisation.
Recommendation	The Governing Body is asked to Note the report.
Resource implications	None.
Link to strategic principles	<ul style="list-style-type: none"> • Services designed around patients • Preventing ill health and inequalities • Sustainable healthcare services • Care closer to home
Risk assurance Impact on high level risks	None
Privacy impact assessment	N/A
Outcome of equality impact assessment process	This finance report shows the current financial performance of Dorset Clinical Commissioning Group against the NHS England agreed control target and commentary on significant variances.
Actions to address impact	Please see above.
Legal implications	None.
Freedom of information	Unrestricted.
Public and patient involvement	None.
Current status	GREEN
Trend	
Reason for inclusion in Part 2	

NHS Dorset Clinical Commissioning Group Governing Body

Report to the Governing Body on 17th July 2013

FINANCIAL PERFORMANCE AS AT 31st May 2013

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 as at 31st May 2013.
- 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

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 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 31st May 2013.
- 2.3 The CCG is working within the ISFE finance system provided by SBS Shared Business Services. This is a nationally prescribed finance system and has very limited coding structure and no flexibility for local reporting currently. Locality budget devolvement as an example has been challenging to put in place for 2013/14 as Locality budget codes are not available nationally. Finance has developed a local solution which has been rolled out to locality managers for 2013/14. Dorset Clinical Group is pushing nationally for the release of Analysis 1 codes which would allow this flexibility.

ACUTE & SPECIALIST 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. With the increase in emergency pressures experienced in all the acute providers during 2013/14 the CCG has continued to fund non-recurrent winter pressure based

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schemes. This area has also been identified this as an important national and local priority within the Annual Delivery Plan for the CCG.

2.5 At the time of writing this report limited robust Secondary Care activity and spend information is available. This is mainly due to the complexities around the Specialist Commissioning adjustment and the implementation by providers of various new national and local tariff arrangements.

2.6

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The RBCHFT contract has now been agreed and signed for 2013/14.</p> <p>Included within the agreed contract are the Specialist Commissioning Maximum Take contract reductions which have now been agreed with the provider. Further work is ongoing with Specialist and RBCHFT to agree their respective contract element.</p>		<p>£0K</p>

2.7

Specialist Commissioning	Trend	Year End Forecast
<p>In 2013/14 Specialist Commissioning will be 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>Currently this is shown as a negative budget of £29.343M at Month 2. This budget has reduced by £14.991M from an opening position of £44.334M this reflects the Maximum Take adjustments that have been agreed with providers to date. It is planned that the remaining difference will be removed in Month 3.</p>		<p>£0K</p>

2.8

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The PHFT contract has been agreed and signed for 2013/14 which includes a robust risk share agreement that supports a managed contract.</p> <p>In 2013/14 Poole has seen large scale adjustments in contracting currency for Maximum Take, Best Practice, unbundling of the Diabetes Paediatric Tariffs and the transition to the new Maternity Pathway Tariff, at the time of writing this report these changes are still being processed by the provider.</p>		<p>£0K</p>

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Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The DCHFT contract has been agreed and signed for 2013/14 which includes a robust risk share agreement. All provider contracts use the mandated NHS Standard contract.</p> <p>For 2013/14 the risk share agreement includes thresholds for each area of contract performance activity. Initial activity information available for month 1 does show higher than contracted levels for Elective Day case activity and Outpatient procedures. Considerable pressures are being reported across all points of service delivery for Respiratory and Orthopaedic interventions.</p>		<p>£0K</p>

2.10

South Western Ambulance NHS FT	Trend	Year End Forecast
<p>The SWAST 999 contract has been agreed and signed by all commissioners. One of the main priorities for 2013/14 is hand over delays. This has been highlighted nationally with the inclusion of penalties within the standard NHS contract for hand over delays.</p> <p>Dorset CCG has agreed local penalties for hand over delays and agreed a financial cap with SWAST. Hand over delays will be included within the wider Urgent and Emergency Care review throughout 2013/14. At month 2 999 contract activity levels are below plan by 0.3%.</p> <p>SWAST were award 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. Activity levels at month 2 are being managed against agreed key performance indicators.</p>		<p>£0K</p> <p>Block Contract for 2013/14</p>

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University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The UHSFT contract has been agreed and signed for 2013/14 which includes a robust risk share agreement that supports a managed contract.</p>		<p>£0K</p>

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Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Salisbury FT contract has been agreed and signed for 2013/14 which includes a robust risk share agreement that supports a managed contract.</p> <p>The specialist service element of the contract will be subject to a contract variation when the value has been agreed with the Specialist Commissioning Area Team. This is BNSSG rather than Wessex Area Team.</p>		<p>£0K</p>

2.13

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>Initial month 1 activity for Yeovil FT is showing signs of over contracted activity levels. The largest area of concern is the Non PBR activity for Critical Care and also Non Elective Emergency procedures.</p>		<p>£0K</p>

CONTINUING CARE

2.7 2.14

Continuing Health Care	Trend	Year End Forecast
<p>Currently we are predicting growth in Continuing Care costs to be around 6.14% which is in line with current planned growth of 7%. However 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 of the 30th September 2012 for retrospective claims for Continuing Health Care. The deadline applied to:</p> <ul style="list-style-type: none"> • Those who never received an assessment for NHS Continuing Health Care. • Those who believe they may have been eligible for periods of care which occurred between 1st April 2004 and 31st March 2011. 		<p>£0K</p>

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This deadline has prompted approximately 1,500 new Pan Dorset notifications for possible retrospective CHC claims. At this stage 747 fully completed claim forms have been received with a potential further 163 incomplete applications.

We continue to receive completed applications on a weekly basis for the 2nd closure period 1st April 2011 to 31st March 2012 and so far out of 75 enquiries there have been 12 applications submitted.

As part of the PCT legacy a provision was created to manage the future financial risk of these retrospective claims. On the 10th June 2013 NHS England wrote to the CCG advising on the agreement of balances exercise and advised that further guidance will be published shortly. The retrospective provision for CHC claims forms part of this process.

Continuing Health Care remains a high risk area for the CCG and is being carefully managed in 2013/14. In recognition of this, monthly monitoring of the actual expenditure against plan has been established, including testing the assumptions made on the financial risk related to Retrospective and addressing backlogs.

There is a review of the current structure within the CCG to provide the most efficient and effective commissioning function for Continuing Health and Funded Nursing Care.

2.8

PRIMARY CARE – PRACTICE PRESCRIBING

2.9 2.15

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). At this early stage in the financial year this information is not available at the time of writing this report. We are expecting the first PMD forecast for Dorset CCG to be available at the end of August 2013.</p> <p>Practices have been working hard against action plans identified through the previous QIPP agenda to target particular drug spending areas. Saving plans that impacted in 2012/13 will need to continue into 2013/14 for Dorset CCG.</p>		<p>£0K</p>

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<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>		
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LOCALITY DEVOLVED BUDGETS

2.10 2.16

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 dermatology referrals whilst maintaining quality.</p> <p>In line 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>£0K</p>

2.11 RESOURCE LIMIT

2.12 2.17

Anticipated Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31st May 2013 is £934.7M this represents a movement downwards from the Month 1 position of £22M. This is due to adjustments for Maximum Take for Specialist Commissioning and adjustments to CCG baseline with NHS England concerning Headroom.</p>		<p>£0</p>

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2.14 OTHER FINANCIAL TARGETS

- 2.15 2.18 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 May shows a 99.97% performance for NHS invoices and 96.07% 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 but the SCCG has a proven track record in financial management and achievement of their financial obligations and control targets.
- 3.3 The Max Take adjustment for Specialist Commissioning does represent a significant financial risk in that all acute activity associated with this adjustment is correctly charged. The Max Take adjustment has been calculated as £44.334M reduction in resource limit for Dorset CCG. Currently £14.991M has been removed from contracts leaving a further balance of £29,343M to be processed with providers and Specialist Commissioning.
- 3.4 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. On the 10th June 2013 NHS England wrote to the CCG advising on the agreement of balances exercise and advised that further guidance will be published shortly. The retrospective provision for CHC claims forms part of this process.
- 3.5 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.

Appendices

Appendix 1	CCG Board Summary 2013/14
Appendix 2	CCG Detailed Summary 2013/14
Appendix 3	Devolved Commissioning Budgets 2013/14