

**NHS DORSET CLINICAL COMMISSIONING GROUP**  
**GOVERNING BODY**  
**FINANCIAL PERFORMANCE AS AT 31<sup>ST</sup> May 2015**

<b>Date of the meeting</b>	15/07/2015
<b>Author</b>	C Hickson - Head of Management Accounting & Financial Planning
<b>Sponsoring Board Member</b>	P Vater - Chief Finance Officer
<b>Purpose of Report</b>	Update the Governing Body on financial performance for the financial year 2015-16.
<b>Recommendation</b>	The Governing Body is asked to <b>note</b> the report
<b>Stakeholder Engagement</b>	N/A
<b>Previous GB / Committee/s, Dates</b>	N/A

**Monitoring and Assurance Summary**

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

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 31<sup>st</sup> 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 It should be noted that the national adjustment for previously unassessed retrospective cases within continuing healthcare has increased to £4,654K in 2015-16. This has been planned for accordingly.
- 1.4 The following areas are reported within this paper:
  - Appendix 1 - Dorset CCG Board Summary 2015.16
  - Appendix 2 - Dorset CCG Detailed Summary 201516
- 1.5 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.
- 1.6 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.
- 1.7 In a letter dated 16<sup>th</sup> June 2015 to the Chief Finance Officer NHS England have officially approved Dorset CCG's financial plan and thanking the team for their co-operation throughout a partially challenging planning process nationally.

## 2. Overall Financial Performance

- 2.1 The forecast financial out-turn for the year ending 31<sup>st</sup> March 2016 is attached (Appendix 1), with supporting commentary on significant variances below.
- 2.2 Dorset CCG will benefit from a return of surplus from 2014-15 of £14,830K. The return of surplus from 2014.15 has been invested in delivery of the 2015-16 control total.
- 2.3 Demonstrating best practice control and assurance processes finance have worked closely with Counter Fraud to develop a Fraud, Bribery & Corruption online training module. This update has been added to the Finance Assurance Statutory Training module which also forms part of the appraisal process. There will be a roll out programme for all staff to complete this new element of the module with the aim of providing full assurance to the Audit & Quality Committee.
- 2.4 NHS England from 1<sup>st</sup> 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. There will then be a further requirement to demonstrate at the close of the project that the principles and objectives of the original business case have been delivered. The recent messaging from NHSE and The TDA Trust Development Authority is that this process will be tightly performance managed. A full paper has been drafted for Directors review and consideration.
- 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 resilience winter plans. As part of the planning process for 2015-16 NHSE 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. This allows a longer lead time for providers and commissioners to implement and pilot future winter plans with certainty.
- 2.6 GP Referrals at 31<sup>st</sup> May 2015 are showing 2.9% increase compared to a 2014-15 baseline. Paediatrics 17%, urology 7% and trauma and orthopaedics 23% are specific areas of high referrals. Salisbury is also seeing high levels of GP referral growth. RBHFT reduced their Choose & Book polling ranges, which has impacted on the availability of appointment slots in the wider health economy by redirecting referrals into other providers. A performance notice has been issued to RBHFT and commissioners have been working very closely with them to resolve this situation.
- 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. The CCG has now agreed heads of terms for all 2015-16 acute contracts, and are in the process of finalising all contracts.

# 9.3

2.8

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position for Dorset CCG does represent an over spend against activity of £181K, before national and local rules are applied on marginal rates. Adjusted for local marginal rates the position is an under spend of £120K.</p> <p>Emergency admissions remain the main area of concern at 3.7% above planned levels. The majority relates to urinary tract, male reproductive system and vascular.</p> <p>GP referral rates are 6% below 2013-14 levels. This relates to the limiting of Choose &amp; Book referrals by this provider. The CCG has worked closely with the provider to resolve this and a performance notice has been issued.</p>		<p>£0K</p>

2.9

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position for Dorset CCG does represent an over spend against activity at local and marginal rates of £125K.</p> <p>GP Referrals rates have jumped by 21% compared to 2014-15 levels. Referrals have seen growth in specialities neurology, ENT and dermatology. This surge in growth in the main is due to the impact of RBHFT re-profiling their Choose &amp; Book offer.</p> <p>There have been a number of data quality issues which have been highlighted; these are being investigated by the Trust.</p> <p>However, overall the contract remains within the financial tolerances planned for 2015-16.</p>		<p>£0K</p>

# 9.3

2.10

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position for Dorset CCG does represent an under spend against activity of £293K, before national and local rules are applied on marginal rates. Adjusted for local marginal rates the position is an under spend of £37K.</p> <p>GP Referrals are 1% below the 2014-15 baseline.</p> <p>Emergency admissions have seen pressure particularly in respiratory and musculoskeletal and we have also seen reported pressures in non PbR Drugs.</p> <p>However, overall the contract remains within the financial tolerances planned for 2015-16.</p>		<p>£0K</p>

2.11

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 84.05%. Dorset is 2.68% below expected activity levels to the 31<sup>st</sup> May 2015.</p> <p>The Trust wide contract is 2.98% above plan and Red 1 performance is being delivered above target at 76.98%. Red 1 Trust wide delivery forms part of the Quality Premium measures.</p> <p>Commissioners have worked closely with providers on hand over delay processes. This has resulted in improvements in hand overs specifically within RBHFT and PHTFT. This has been recognised as really positive by SWAST and recorded as such in recent SWAST performance meeting.</p> <p>It should be noted that other associate commissioner are not seeing such high levels of performance against target. There are high levels of vacancies and staff turnover and the Trust is working hard to reduce these workforce related risks.</p>		<p>£0K</p> <p><b>Block Contract for 2015/16</b></p>

# 9.3

2.12

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position at 31st May 2015 for Dorset CCG represents an over spend against activity of £220K.</p> <p>The majority of the over spend can be seen within non PBR, adult critical care and emergency.</p> <p>GP referrals at 31<sup>st</sup> May are running at 7% above 2014-15 baseline levels.</p> <p>The performance team are still experiencing high levels of un-coded activity but this has fallen from 23% in April to 10% for month May.</p>		<p>£0K</p>

2.13

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position at 31<sup>st</sup> May 2015 for Dorset CCG represents, an under spend against activity at marginal rate of £122K.</p> <p>The largest area of over performance is non elective emergency which is £18K over contract. The area of concern is respiratory being £53K above expected levels.</p> <p>However, overall the contract remains within the financial tolerances planned for 2014-15.</p>		<p>£0K</p>

2.14

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position at 31<sup>st</sup> May 2015 for Dorset CCG does represent an under spend against activity of £6K.</p> <p>The contract is mainly within the expected plan with the exception of non PbR drugs specifically growth hormone.</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>		<p>£0K</p>

## Primary Care – Practice Prescribing

2.15

Practice Prescribing	Trend	Year End Forecast
<p>The mid-year announcement of a change to the Community Pharmacy Contractual Framework to raise the price of category M drugs from October was initially estimated to cost the CCG circa £800K. However, based on the latest forecast outturn provided by the PPA, the actual cost of this mid-year price increase is likely to be between £1.5M and £2.0M.</p> <p>The higher than originally estimated cost of the category M price increase is not unique to Dorset CCG with larger than anticipated increases being seen both by our local neighbouring CCGs and also CCGs nationally.</p> <p>The opening plan for 2015-16 for prescribing has been increased by a net 2.8% growth on the final 2014-15 outturn position. This will need to be closely monitored throughout 2015-16.</p> <p>This has been highlighted through the Medicines Optimisation Group and a paper will be presented to the Clinical Commissioning Committee by the Chief Pharmacist concerning this financial risk. At this stage due to the lack of available information a break even position has been forecast, this will be updated for month 3.</p>		<p><b>£0K</b></p>

## Continuing Care

2.16

Continuing Health Care (CHC)	Trend	Year End Forecast
<p>A challenging budget has been set for 2015/16, with less growth being added than the 6.5% assessment of growth requested by the CHC team.</p> <p>A joint CHC work programme has been established with the three Local Authorities to reduce CHC demand and care costs, this joint work programme supports the Better Care Fund investment made by the CCG, with the reciprocal commitment from the three Local Authorities to turn the trend of CHC expenditure.</p> <p>The team have identified a QIPP saving by reviewing eligibility processes against best practice with a target figure of 2.5%.</p> <p>There are 30 disputes with the Local Authorities which are being accrued at 50%. Actions are being taken with the Local Authorities to resolve the existing disputes by asking another CCG panel to consider the disputes and therefore have an independent decision which both parties will abide by.</p> <p>It may be that less than 50% are found eligible and this will be monitored. To reduce the number of disputes, eligibility panels have been established to consider cases where the CCG is minded not to accept an eligibility recommendation.</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>At the current time there are also a number of safeguarding concerns relating to other nursing homes in Poole. The consequence is that as of the beginning of June there is only one nursing home in Poole who will accept CHC /FNC patients at Framework rate.</p> <p>To enable timely hospital discharge it is therefore become necessary to place patients in homes at a higher weekly cost. This demonstrates the challenge with market management in limited bed availability. We are working with new providers to block purchase beds to increase capacity for CHC patients.</p>		<p><b>£1,259K</b></p>

## 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 £187,10K split Mental Health Services £81,678K, Community Services £95,208K and Learning Disability and Brain Injury £6,385K all of which are on a block value basis. Only 2% of the contract £3,837K is contracted on a cost per case basis and these services are pain, endoscopy, dermatology and pulmonary rehabilitation.</p> <p>In April, all governance risk targets for national measures as published within Monitor’s Risk Assessment Framework had been achieved. In addition 90% of Community Health Service targets have been met but only 75% of Mental Health Service targets have been met.</p> <p>Poor performance against the target of initial assessment and treatment within four weeks of referral to the Memory Assessment Service has resulted in £100K being withheld from contract payment. 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. The CCG is meeting with the Trust to review capacity and demand modelling.</p> <p>The CCG has committed £2M to invest in mental health with Dorset Healthcare as part of Parity of Esteem for Mental Health in line with national requirements. Plans are being 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. Other developments will include Child and Adolescent Mental Health Service, Perinatal, Attention Deficit Hyperactivity Disorder, Steps to Well Being, Early Intervention in Psychosis and Community Mental Health Team seven day working.</p>		<p><b>£0K</b></p>

# 9.3

## 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>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. Comparing May 2014 with May 2015 we are seeing a saving of £64K in this month alone.</p>		<p>£0K</p>

2.19

New Hall, BMI & Spire Healthcare Non NHS Contracts	Trend	Year End Forecast
<p>BMI is currently £173K over contract as at 31<sup>st</sup> May 2015 or 21%, forecast to be £1,120K by 31<sup>st</sup> 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 contract is £143K or 15% above the expected levels in May.</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 over performance in this area seen in 2014-15, which was fully funded as part of setting the budget for 2015/16. This area will requires commissioning review.</p>		<p>£1,901K</p>

# 9.3

## Primary Care

2.20

Primary Care	Trend	Year End Forecast
<p>Dorset CCG has agreed to compensate General Practice non recurrently concerning the closure of the Patient Contact Centre.</p> <p>The closure has resulted in an increased administration burden within General Practice due to the requirement to manage referral administration processes locally.</p> <p>A non recurrent fund of £43K has been agreed with General Practice. This will be a cost pressure within Primary Care as this was not identified by Primary Care commissioners within the 2015-16 planning process. This will be reflected in June reporting.</p>		<p>£0K</p>

## Resource Limit

2.21

Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31<sup>st</sup> May 2015 is £1,021,589M which has been confirmed with NHS England within the CCG financial plan approved by NHS England on the 16<sup>th</sup> June 2015.</p>		<p>£0</p>

## Other Financial Targets

2.22 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 31<sup>st</sup> May 2015 shows a 99% cumulative performance for NHS invoices and 99% 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 main risk areas for Dorset CCG have already been highlighted again for 2015-16 as Continuing Health Care and Non NHS Contracts.

# 9.3

- 3.3 Financial plans have been approved by NHS England.
- 3.4 The development of the Fraud, Bribery & Corruption online assurance tool will be rolled out across Dorset CCG. This aims to move to the highest level of assurance for the Audit & Quality Committee on Fraud awareness.

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<b>APPENDICES</b>	
<b>Appendix 1</b>	<b>CCG Board Summary 2015-16</b>
<b>Appendix 2</b>	<b>CCG Detailed Summary 2015-16</b>