

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

Date of the meeting	18/03/2015
Author	C Hickson - Head of Management Accounting
Sponsoring Board Member	P Vater - Chief Finance Officer
Purpose of Report	To update the Governing Body on financial performance as at 31 st January 2015 and consider mitigating actions.
Recommendation	The Governing Body is asked to Note the report and approve the continuation where possible of holding underspent budgets to assist with the delivery of the updated control target surplus of £14,832K.
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 as at 31st January 2015 and the actions taken in delivering the updated financial control target agreed with NHS England for 2014.15.
- 1.2 The control target has been updated by the reduction in the national continuing healthcare risk share for previously unassessed retrospective cases. Previously we were requested to plan for a £3,571K charge. This has now been recalculated nationally and our contribution reduced to £1,349K. As per national guidance from NHS England there is a clear expectation that the reduction in the continuing healthcare change of £2,222K, should be added to the control total increasing the surplus to £14,832K. This is on the basis, that we never anticipated this level of rebate within the CCG planning assumptions for 2014/15, and have consistently forecast achievement of the former control total of £12.610M without this rebate being required.
- 1.3 The following areas are reported within this paper:
- Appendix 1 - Dorset CCG Board Summary 2014.15
 - Appendix 2 - Dorset CCG Detailed Summary 2014.15
- 1.4 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 2015.16.

2. Overall Financial Performance

- 2.1 The final financial out-turn for the month ending 31st January 2015 is attached (Appendix 1), with supporting commentary on significant variances below. Dorset CCG has agreed an updated control target underspend with NHS England of £14,832K for 2014.15.
- 2.2 The revised control total of £14,832K represents approximately 1.5% of the resource total approx £970M, and represents less than a week's spend. The minimum requirement for a surplus is 1%, approx. £9.7M. The surplus is carried forward to the following year.
- 2.3 It should be noted that the CCG has experienced significant and ongoing cost pressures since setting the opening budget within continuing healthcare, Non-NHS contracts, prescribing, Section 117 joint care packages, community equipment service, increases in emergency admissions and the patient transport service. This financial pressure is resulting in a significant risk of the delivery of the agreed control total for 2014.15. This risk has now been RAG rated as RED.

9.3

- 2.10 GP Referrals at 31st December 2014 are showing 4.9% increase compared to a 2013.14 baseline. However due to recalculation comparing actual working days available year to date for 2014.15 there is an increase of 5.8% comparing 2014.15 to 2013.14.
- 2.11 Where the CCG has managed contracts in place, increases in referrals above planned levels are managed in year. Increases within GP referrals in 2014.15, represents a stepped financial risk for 2015.16.
- 2.12

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st December 2014 for Dorset CCG does represent an under spend against activity at marginal rate of £245K.</p> <p>Emergency admissions remain the main area of concern with growth of 14%.</p> <p>GP referral rates are 7% above 2013.14 levels which is of major concern for 2015.16 contracting.</p> <p>However, overall the contract remains within the financial tolerances planned for 2014.15.</p>		<p>£0</p>

2.13

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st December 2014 for Dorset CCG does represent an over spend against activity of £51K. This extrapolated represents a full year cost of £67K.</p> <p>Emergency admissions continue to be the main contributor and in particular musculoskeletal (trauma related hip procedures), immunology and infectious disease.</p> <p>GP Referrals rates into this provider are seeing growth of 4%. Referrals mainly relate to general medicine, surgery and gynaecology.</p> <p>However, overall the contract remains within the financial tolerances planned for 2014.15.</p>		<p>£0</p>

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2.14

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st December 2014 is an over spend at marginal rates of £124K, full year £166K, this has increased from November.</p> <p>GP Referrals are 1.4% above the 2013.14 baseline. GP referrals for November and December have fallen below 2013.14 levels.</p> <p>Emergency admissions have seen an in month increase of £369K particularly in respiratory and musculoskeletal.</p> <p>Outpatient first attendances are showing pressure particularly in Nephrology, Urology and Clinical Haematology. Outpatient procedures in particular Skin, Breast and Burns have also shown pressure.</p> <p>Non-PbR drugs, in particular Cytokine modulators and Subfoveal choroidal neovascularisation are pressure areas.</p> <p>However, overall the contract remains within the financial tolerances planned for 2014.15.</p>		<p>£0</p>

2.15

South Western Ambulance NHS FT (SWAST)	Trend	Year End Forecast
<p>Red 1 (8 minute response time) has been included within the contract for 2014.15 with a penalty for non-delivery. The Quality Premium for 2014.15 requires delivery of the Red 1 target that 75% of Red 1 calls are responded within 8 minutes trust wide. This target attracts 25% of the total Quality Premium available to the CCG.</p> <p>Handover delays continue to be a challenge for Providers and Commissioners. The CCG has the contractual ability to pass through these fines to the relevant acute providers. Royal Bournemouth and Poole Hospitals are experiencing very high levels of handover delays. SWAST will be working closely with these providers with the aim of resolving continued issues and agreeing a joint way forward.</p> <p>The trust is delivering its Red 1 target as trust wide at 73.06% which is below the 75% and risks 25% of the Quality Premium for 12 Clinical Commissioning.</p>		<p>£50K</p> <p>Block Contract for 2014/15</p>

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<p>The 999 contract is running trust wide as 3.21% above plan and within Dorset CCG as 1.01% above plan. This is being managed within the existing financial envelope of the contract.</p> <p>The Performance against Red 1 in December and January as fallen to 63.72% and 68.27% which has drastically affected the year to date performance.</p>		
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2.16

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st December 2014 for Dorset CCG represents an under spend against activity of £357K year to date with a forecast of £476K under spend.</p> <p>The majority of the under spend can be seen within non PBR in both adult critical and excluded drugs.</p> <p>The financial appendix shows £110K pressure, this is associated with spinal patient charges where discharge into other settings has been delayed. A revised pathway is now in place which will mitigate any delays for this group of patients moving out of the acute setting.</p> <p>The Trust has improved on the previous coding issues with less than 1% of activity being flagged as un-coded per month.</p> <p>GP referrals at 31st December are running at 11% above 2013.14 baseline levels. Detailed practice level information on this increase has been shared with the locality for further review.</p>		<p>£110K</p>

9.3

2.17

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st December 2014 for Dorset CCG represents, an over spend against activity at marginal rate of £301K and a forecast of £401K.</p> <p>The largest area of over performance is elective admissions and day cases. Over contract activity is mainly seen in Musculoskeletal.</p> <p>However, overall the contract remains within the financial tolerances planned for 2014.15.</p>		<p>£0K</p>

2.18

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st December 2014 for Dorset CCG does represent an over spend against activity of £866K</p> <p>The majority of this over expected contract level falls within adult critical care. 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 for 2014.15 is at full cost and volume and this will need to be considered for 2015.16. The CCG may want to consider the current arrangement with NHS South CSU and the value for money this agreement is delivering.</p>		<p>£1,158K</p>

Primary Care – Practice Prescribing

2.19

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 £800,000. However, based on the latest forecast outturn provided by the PPA (using November prescribing data), the actual cost of this mid-year price increase is likely to be between £1.5M and £2.0M. This equates to a forecast cost pressure on the board approved prescribing budget of £800,000.</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>It should be noted that the PPA forecast has a 2 month time lag so we currently have only 2 months data to base the full year effect of the price increase on, and the NHS Business Services Authority which issues the PPA monthly forecast has advised that they are releasing a updated profile for the December forecast data given the nationally higher than anticipated effect of the price increase.</p> <p>The new forecast model will be available mid February based on December prescribing data, and should give a more accurate indication of the likely effect of the price increase.</p>		£800K

Locality Devolved Budgets

2.20

Locality Devolved Budget	Trend	Year End Forecast
<p>The Locality Devolved Commissioning Budget forms part of a £1.2M fund for 2014.15 apportioned by GP Practice registered population. This fund is used to support Locality Schemes identified and supported by each locality.</p> <p>Localities have been working in partnership with Local Authorities to develop partnership locality schemes.</p>		(£325K)

<p>A refreshed Locality Devolved Commissioning guidance document for 2014.15 has been produced. This aims to apply a simple set of principles to aid the assurance and governance process.</p> <p>A report has been produced for the Audit and Quality Committee detailing scheme spend for the period April to September 2014.</p> <p>As at 31st December £325K under spend has been released to protect control total delivery.</p>		
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Continuing Care

2.21

Continuing Health Care (CHC)	Trend	Year End Forecast
<p>During Autumn 2014 four nursing homes were closed which has reduced the number of available beds, due to demand exceeding supply this will result in increase in rates for other homes and has increased our FOT. Complex care packages are increasing and it's been noted that providers are increasingly requesting 1 to 1 in addition to core costs to cope with the complexity of patient's needs.</p> <p>CHC forecast outturn now contains the impact of the live Previously Unassessed Periods of Care PUPOC cases and the FNC assessment project which equates to £1.9m. In the last quarter of 2013.14 CHC experienced increasing levels of growth. This has resulted in a challenging budget settlement for 2014.15 which will need to be very carefully managed. Finance will continue to work very closely with CHC throughout 2014.15 to deliver an improvement plan.</p> <p>It should be recognised CHC remains a very challenging area financially for Dorset and extremely high financial risk for the CCG.</p> <p>Actions are being taken to not only more accurately forecast the financial year end position but also manage the financial pressures of the department:</p> <ol style="list-style-type: none"> 1. SMT are reviewing individual packages to better facilitate the forecasting process on a monthly basis. 2. Review of Fast Track referral process to make sure the right patients are referred. The position at the end of August pan Dorset was approximately 30% of patients referred were still alive after 3 months This suggest that the Fast Track 		<p>£4,755K</p>

criteria is not being applied correctly by our external referrers. Individual feedback given to Royal Bournemouth Hospital and the District Nursing teams regarding their use of the tool.

3. Focused work on addressing review backlogs is being undertaken. A team has been recruited until 31/03/2015 and will concentrate on Interim Reviews and PHB reviews. All people funded through interim arrangements started having reviews week commencing 10/11/2014.

4. A High Cost Panel has been put in place from September 2014. The panel will review all cases over a minimum threshold to make sure options are explored to achieve best value for money when meeting patient needs.

5. The Senior Management Team will be implementing an eligibility panel. The panel will ensure quality of MDT recommendations meet minimum standards and identify areas where further training is needed where standards are not met on a systematic basis. The panel will also ensure consistency of decision making for cases that are of a similar nature.

6. The Senior Management Team are reviewing how workforce resources are organised to deliver the department's deliverables.

7. As Personal Health Budgets (PHB) are being mainstreamed, an audit by the team is taking place on how PHB's are being used and the impact on expenditure. To date this audit has reclaimed £160k since October 2014.

8. Training on completing Decision Support Tools for people with learning disabilities and complex cases has been rolled out to all CHC staff.

9. Negotiations with the Local Authorities is under way to move CHC checklists and assessments out of a hospital setting.

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. Specifically, advances in technology in the type of equipment available to support these pathways.</p> <p>The CCG will need to invest within this service for 2015.16 to support working strategically with Local Authority partners to deliver the Better Care agenda including the provision of virtual ward models of care in the community.</p> <p>Finance are requesting that a review of stock be carried out by 31st March 2015. This could result in revenue to capital transfers which will result in a reduction of revenue costs and improvement in the forecast out turn position.</p>		£546K

Partnership Agreements MH & LD

2.23

Partnership Agreements – MH & LD	Trend	Year End Forecast
<p>Mental Health and Learning Disabilities over spend relates to S117 placements. Anyone who has been detained in hospital under sections 3, 37, 45A, 47 or 48 is entitled to free aftercare under S117 at any time after they leave hospital.</p> <p>The CCG has a legal duty to fund this aftercare jointly with the local authority and both partners are experiencing increasing growth in numbers.</p> <p>One area of work that the CCG is pursuing is ensuring that, when clinically appropriate, people are discharged from their Section. The forecast is based on expected growth within sector 117 placements based on all available data, previous trends and also actual costs.</p>		£1,297K

Non NHS Contracts

2.24

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 abort and cancelation charges.</p> <p>The current run rate of actual activity is forecasting a £930K cost pressure over and above the existing budget by 31st March 2015.</p> <p>The information team have been working closely with the PTS provider to improve the data received to provide assurance that only Dorset registered patients are charged to Dorset in line with responsible commissioner guidance.</p> <p>The PTS provider submits detailed patient journey data which is validated through the CEFF (Controlled Environment for Finance). This validation looks to confirm Dorset CCG registered patients and also that full validation data is included.</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>Following an extensive period of consultation and joint working on data quality improvements the CCG has now escalated this formally with the provider in writing and in line with the terms of the contract. The CCG has raised challenges with the provider on abort charges as outlined in the contract.</p> <p>Eligibility education is a key part of the original contract and commissioners will be focussing the development of education training programmes as outlined in the contract with the provider.</p>		<p>£930K</p>

2.25

New Hall, BMI & Spire Healthcare Non NHS Contracts	Trend	Year End Forecast
<p>BMI is currently £787K over contract at January. The overspend 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 £719K or 15% above the expected levels.</p> <p>Standard Health and About Health contracts are also seeing high levels of activity well above expected levels.</p> <p>These contracts are full cost and volume and contract mechanisms for 2015.16 will need to be explored with these providers to further mitigate financial risk ideally through marginal rate agreements. That said it should be noted these contracts are nationally agreed and local variation will be difficult.</p> <p>Referral patterns into the independent sector need to be fully managed. There is a risk commissioners are paying twice with activity being funded in acute providers but the actual procedure being actioned in the independent sector who recharge accordingly.</p> <p>This has to be seen as a priority to fully understand activity flows to mitigate future risk.</p>		£2,506K

NHS Non Contract Activity

2.26

NHS Non Contract Activity	Trend	Year End Forecast
<p>Current activity analysis suggests that activity from out of area providers is lower than anticipated resulting in a continued increase in the forecast underspend against expected activity.</p> <p>This is partly offset by Royal Devon and Exeter who are reflecting an overspend in Non PbR Cost & Volume activity, mainly critical care and drugs and devices. This is based on December monitoring data.</p> <p>A monthly analysis for NHS Non Contract Activity is produced for 2014.15 highlighting key risks. This is published online as part of the monthly reporting routine.</p>		(£968K)

Enhanced Services

2.27

Leg Ulcers	Trend	Year End Forecast
<p>The ambulatory leg ulcer service, which is delivered mainly by General Practice (circa 70%) and the remaining population by Dorset Healthcare, was commissioned under new arrangements late in 2013.14 in recognition that this is not a core GMS activity.</p> <p>The funding of this service was agreed following the agreement of a business case at the Clinical Commissioning Committee (CCC) and through the prioritisation process. It was brought to the attention of the CCC that the financial business case, which informed the budget and used notional activity estimates. These estimates held some risk to the financial plan as there was limited robust activity information available. A range of sources was used to inform the activity plan.</p> <p>We have now received Q1 & Q2 claims from nearly all of the practices participating in the service, and the process of validation has been completed. The forecast spend has reduced compared to previous months, and now that we have better information we are confident that we have a more robust forecast of spend for the year.</p>		£102K

Resource Limit

2.28

Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31st October 2014 is £969.566M which has been confirmed with NHS England. We actioned the following adjustment in January 2015 as follows:</p> <p>Quality Premium Award 2013.14 £937K Dental & Community Services Adjustment (£2,190K)</p> <p>The above adjustments have been confirmed with NHS England as correct.</p>		£0

Other Financial Targets

- 2.29 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 December 2014 shows a 100% cumulative performance for NHS invoices and 98% for non-NHS invoices

3. Conclusion

- 3.1 The CCG faces significant financial risk in delivery of its revised NHS England agreed control total of £14,832K. This is mainly due to continued growth within CHC, Section 117 placements, growth in community equipment prescribing, risk in prescribing costs, continued growth in non NHS contract spend, over activity in Patient Transport Service activity and continued growth in GP referrals rates.
- 3.2 The increase in the control total from £12,610K to £14,832K is a mandated technical adjustment. This relates to a reduction in the previously unassessed retrospective CHC cases charge from NHS England. The reduction in the charge of £2,222K has, as mandated by NHS England been added to the control target for 2014.15.
- 3.3 The delivery of the control total has been escalated to RED risk. The financial challenges and the movement already seen in 2014.15 are considerable and should not be underestimated, that said the CCG does benefit from very robust financial control arrangements.
- 3.4 The Management Accounts team have developed an online Mandatory Finance Assurance training tool. Following approval by Directors the module has been rolled out across the organisation. In the first week 22% of staff have completed the training. This development has been welcomed by the Audit & Quality Committee as improves governance and financial awareness. The requirement is that all CCG staff regardless of contractual terms will need to complete the module by 31st March 2015.
- 3.5 System resilience non recurrent funds now total £10.6M for 2014.15. For 2015.16 CCG's will be expected to finance system resilience schemes from future growth.

9.3

- 3.6 The CCG has deployed significant non recurrent sources of funds to achieve the surplus required. The first call against the growth allocation for 2015.16 should be to ensure that the CCG is in recurrent financial balance. Further information is provided within the opening budget paper for 2015/16.
- 3.7 Continuing Health Care represents the highest priority risk against delivery of the NHS England agreed control total. To date the CCG is managing a £4.8M over spend and this limits any movement in all other areas. Benchmarking does indicate that substantial QIPP opportunities exist to mitigate this risk. There has been significant effort from the CHC team to introduce actions to mitigate the growth in this challenging cost area.

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APPENDICES	
Appendix 1	CCG Board Summary 2014/15
Appendix 2	CCG Detailed Summary 2014/15