

NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY
FINANCIAL PERFORMANCE AS AT 31 MARCH 2015

Date of the meeting	20/05/2015
Author	C Hickson - Head of Management Accounting & Financial Planning
Sponsoring Board Member	P Vater - Chief Finance Officer
Purpose of Report	Update the Governing Body on the financial performance for the financial year 2014-15.
Recommendation	The Governing Body is asked to note the report and confirmation that Dorset CCG's has achieved its financial obligations for 2014-15.
Stakeholder Engagement	N/A
Previous GB / Committee/s, Dates	None

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 for the financial year ending 31st March 2015.
- 1.2 The control target for 2015-16 of £14,832K has been achieved based on the unaudited draft accounts for the year ended 31 March 2015. The control target had 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. In December this was recalculated nationally and our contribution reduced to £1,349K. As per national guidance the £2,222K reduction has been added to the control total.
- 1.3 It should be noted that this national adjustment for previously unassessed retrospective cases within continuing healthcare has moved 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 2014-15
 - Appendix 2 - Dorset CCG Detailed Summary 2014-15
- 1.5 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.
- 1.6 Dorset CCG has submitted its financial plan in line with national planning requirements laid down by NHS England. At the time of writing this report the financial plan submission for 2015-16 is being assessed through the NHSE Local Area Team assurance process. The plan has been managed for 2015-16 though a new locally developed collection process which has focused on very close engagement across the organisation at all points of the process. This new innovative process has been well received as it has allowed the organisation to consider various options and prioritisation stages.

2. Overall Financial Performance

- 2.1 The final financial out-turn for the year ending 31st March 2015 is attached (Appendix 1), with supporting commentary on significant variances below.
- 2.2 Dorset CCG has delivered its updated control target underspend with NHS England of £14,832K for 2014-15. The NHS has faced continued demands on its services due to ageing population, developments in technologies and increasing patient expectation. Dorset CCG has managed its finances through a very challenging financial year to deliver its statutory financial obligations in full.

- 2.3 The previous control total of £12,610 represents 1.3% of the final resource limit for 2014-15. The financial planning requirement from NHS England requires a target surplus of 1% delivery. The increase in control target of £2,222K should be seen as a technical accounting adjustment only in line with mandated national guidance.
- 2.4 Dorset CCG will benefit from a return of surplus from 2014-15 of £14,830K. Financial plans for 2015-16 currently require the CCG to deliver a surplus of £15,248K or 1.5% of the 2015-16 resource limit. The return of surplus from 2014-15 will need to be invested in delivery of the 2015-16 control total.
- 2.5 The budget managers with finance and performance teams have worked very hard throughout 2014-15 to mitigate financial risks to deliver the 2014-15 position.

NHS Contracts

- 2.6 Pressure into A&E departments is at unprecedented levels nationally and this has been seen in Dorset throughout 2014-15. This has resulted in 100% bed occupancy at peak periods within the acute sector. Conveyance rates into A&E via ambulances have created additional pressure. Conveyance rates by ambulances into A&E growth year to date comparing 2013-14 to 2014-15 are as follows:
- Royal Bournemouth & Christchurch FT 7.9%
 - Poole Hospital 8.1%
 - Dorset County Hospital FT 8.7%
- 2.7 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. This totalled £11,503K for 2014-15 non recurrent funding. 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. This allows a longer lead time for providers and commissioners to implement and pilot future winter plans with certainty.
- 2.8 The finance and performance teams provide detailed analysis concerning ambulance activity. A detailed analysis of the age profile for Dorset CCG shows the highest users of ambulance service are within age bracket 80 – 89 years. There are on average over 3000 ambulance activations recorded for this cohort per month. To give context the 60 – 69 years bracket creates on average 1000 ambulance activations per month.
- 2.9 GP Referrals at 28th February are showing 4.7% 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 5.6% comparing 2014-15 to 2013-14. This is a slight improvement on the previous month's performance.

9.3

- 2.10 Where the CCG has managed contracts in place, increases in referrals above planned levels are managed in year by providers but provides a stepped change risk for 2015-16. The CCG has now agreed heads of terms for 2015-16 acute contracts and the associated financial frameworks.
- 2.11 The CCG has actioned fines for acute providers in line with national contract penalties and non delivery of CQUINS.
- 2.12

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 £1,014K, before national and local rules are applied on marginal rates. Adjusted for local marginal rates the position is an under spend of £1,465K.</p> <p>Emergency admissions remain the main area of concern with growth of 13% compared to 2013-14. The majority relates to respiratory and COPD admissions.</p> <p>GP referral rates are 6% above 2013-14 levels which are at levels which are unsustainable.</p> <p>However, overall the contract remains within the financial tolerances planned for 2014-15. The CCG has imposed fines of £350K for nationally mandated contract penalties and £150K for non delivery of CQUIN schemes.</p>		<p>(£500K)</p>

2.13

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position for Dorset CCG does represent an over spend against activity of £1,199K, before national and local rules are applied on marginal rates. Adjusted for local marginal rates the position is an over spend of £350K.</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 have fallen to 2% compared to 2013-14 levels. Referrals have seen growth in general medicine, trauma & orthopaedics and paediatrics.</p> <p>However, overall the contract remains within the financial tolerances planned for 2014-15. The CCG has imposed fines for non delivery against national contract penalties.</p>		<p>(£208K)</p>

2.14

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position for Dorset CCG does represent an over spend against activity of £540K, before national and local rules are applied on marginal rates. Adjusted for local marginal rates the position is an over spend of £230K.</p> <p>GP Referrals are 1.2% above the 2013-14 baseline. GP referrals for November and January actually fell below 2013-14 levels.</p> <p>Emergency admissions have seen pressure 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>However, overall the contract remains within the financial tolerances planned for 2014-15. The CCG has imposed fines against national contract penalties.</p>		<p>(£134K)</p>

2.15

South Western Ambulance NHS FT (SWAST)	Trend	Year End Forecast
<p>Red 1 (8 minute response time) has been delivered trust wide by SWAST following implementation of an extensive recovery plan agreed with commissioners. Dorset CCG has been a key player in this process. As from 1st April 2015 Dorset CCG will become deputy lead commissioner for SWAST and will become lead from 1st April 2016. The delivery of Red 1 trust wide safeguards 25% of any Quality Premium award for Dorset 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 999 contract is running trust wide as 3% above plan and within Dorset CCG as 1% above plan. This has been managed within the existing financial envelope of the contract.</p>		<p>£50K</p> <p>Block Contract for 2014/15</p>

2.16

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st March 2015 for Dorset CCG represents an under spend against activity of £429K at adjusted marginal rates.</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 £120K 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>GP referrals at 28th February are running at 9% above 2013-14 baseline levels. Detailed practice level information on this increase has been shared with the locality for further review. This has however fallen from a peak of 11% seen earlier in 2014-15.</p>		<p>£120K</p>

2.17

Salisbury Hospital Foundation Trust - Fertility	Trend	Year End Forecast
<p>Following the decision by the CCG to offer one cycle to all eligible groups, there has been a gradual month on month increase in activity levels resulting in activity this year of £129k more than the original £455k contract value.</p> <p>Fertility currently sits outside of the main contract and is funded on a cost per case basis. The additional £129K has been released from agreed reserves to manage this pressure in year.</p> <p>The increase in 2014-15 has happened more gradually than expected, but we are expecting this slow growth in activity levels to continue into 2015-16.</p> <p>As part of the financial planning process the Maternity programme have worked with finance to identify future financial risk of £887K which has been included within the 2015-16 plan.</p>		<p>£0K</p>

2.18

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st March 2015 for Dorset CCG represents, an over spend against activity at marginal rate of £158K.</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>

2.19

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st March 2015 for Dorset CCG does represent a final over spend against activity of £1,346K</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 and commissioning intentions.</p>		<p>£1,346K</p>

Primary Care – Practice Prescribing

2.20

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. This equates to a final cost pressure against the board approved prescribing budget of £1,505K.</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 prescribing has been awarded a net 2.8% growth on the final 2014-15 outturn position. This will need to be carefully monitored throughout 2015-16.</p> <p>It should be noted the final position for 2014-15 prescribing performance won't be known until June due to the two month time lag in prescribing data.</p>		£1,505K

Locality Devolved Budgets

2.21

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> <p>Regular reports are produced for the Audit and Quality Committee detailing scheme spend.</p> <p>This area did represent an opportunity to support the CCG in</p>		(£696K)

<p>achieving its financial control total, through using uncommitted funds non-recurrently against the significant cost pressures experienced in year.</p> <p>The decision to protect the under spent position greatly assisted Dorset CCG in delivering its financial obligations in a very challenging financial climate.</p> <p>The Chief Finance Officer will be taking forward an annual Value for Money review with the Governing Body to consider future options of this budget area, recognising underspends to date.</p>		
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Continuing Care

2.22

Continuing Health Care (CHC)	Trend	Year End Forecast
<p>The rapid implementation of corrective actions by the CHC team has seen the net forecast cost pressure in 2014-15 fall from a peak of £4.5M to a final position as at 31st March 2015 of £2M. This has included a refund of £1.3M from Dorset County Council. The CHC team has provided effective financial management of this challenging budget in this year.</p> <p>During Q3 four nursing homes were closed which has reduced the number of available beds, due to demand exceeding supply this will result in increased rates for other homes. 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>It should be recognised CHC remains a very challenging area financially for Dorset and extremely high financial risk for the CCG now and into the future.</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. The introduction of eligibility panels will reduce the number of future disputes and we are working with the Local Authorities to resolve existing disputes and improve the process. 2. Working with the Local authorities to apply appropriate process of for people entering into the CHC process, 		£2,029K

particularly with hospitals to more effectively manage CHC demand and reduce delays.

3. Continued effort are being made in ensuring accurate and fair decision making on entitlement to maintain our improved benchmarking position where we are now 64th out of 221 CCGs in terms of the numbers we make eligible.
4. The backlog of reviews is reducing and a focus in this area will continue.
5. There is continued pressure on the price we pay for care and the CHC commissioning team is working closely with partners to ensure we pay a fair rate for the services needed, especially in domiciliary care and routine nursing beds, with the aim of reducing unit costs where appropriate and ensuring we have enough care capacity.

There has been a saving of £224K against Funded Nursing Care in part due to the above actions which has also assisted the position. The CHC team will be working with partners in 2015-16 to simulate the market and review best practice.

Dorset Integrated Community Equipment Service

2.23

Dorset Integrated Community Equipment Service (ICES)	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>As at the 31st March 2015 stock buyouts were transferred into providers DHUFT £681K and DCHFT £86K. The CCG fully funded these adjustments. Stock buyouts were required as the current provider Pluss ceased on the 31st March 2015. The new pan Dorset service went live on the 1st April 2015.</p> <p>Dorset CCG pushed hard for further review of stock which also resulted in movement from capital to revenue benefit of £138K. The net of these adjustments have shifted the ICES pressure from this service line and into provider contracts that said the CCG has still fully funded this cost pressure.</p>		£39K

Partnership Agreements MH & LD

2.24

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>		£1,130K

Community Health Services

2.25

Dorset Health Care Foundation Trust	Trend	Year End Forecast
<p>The majority (98%) of Dorset Healthcare University NHS Foundation Trust services are contracted on a block basis and these have provided a final break even position as at 31st March 2015.</p> <p>The underspending of £392K relates to the 2% of the contract that is cost per case. The principal cause is a slow build-up of activity on Pain Services resulting in an underspending of £535K. In addition there was an under spend of £94K on Pulmonary Rehabilitation offset by overspending in Dermatology of £214K.</p> <p>The finance and performance leads have been working closely with DHUFT to bring reporting into line with other provider reporting arrangements. It should be noted Mental Health tariffs are emerging and community activity tariff are not in place nationally. This will need to be considered as part of the process.</p>		<p>(£392K)</p>

Non NHS Contracts

2.26

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 cancellation charges.</p> <p>The final 2014-15 position is a £935K over spent against expected levels.</p> <p>The information and finance 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</p>		

<p>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. These challenges equate to £146K for April to January 2015. The contracting team has been heavily linked into this area and working closely with the provider.</p> <p>Eligibility education is a key part of the original contract and commissioners will be focussing on the development of education training programmes as outlined in the contract with the provider. It is envisage Counter Fraud to carry out awareness training events with health care professionals on site. The aim is to clarify eligibility and obtain learning.</p>		<p>£935K</p>
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2.27

New Hall, BMI & Spire Healthcare Non NHS Contracts	Trend	Year End Forecast
<p>BMI is currently £1,259K over contract as at 31st March 2015. 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 £1,043K 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 are being explored with these providers to further mitigate financial risk. That said it should be noted these contracts are nationally agreed and local variation will be difficult to negotiate.</p>		<p>£3,129K</p>

Primary Care

2.28

Primary Care	Trend	Year End Forecast
<p>Dorset CCG anticipated that 50% of the frail elderly over 75 schemes would be operational in 2014/15. The majority of locality and practice plans have now been approved and will be operational from 1 April 2015.</p> <p>The full frail elderly budget has been funded within the 2015.16 financial plan.</p>		(£832K)

Resource Limit

2.29

Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31st March 2015 is £970.473M which has been confirmed with NHS England. We actioned the following adjustments in March 2015 as follows:</p> <p>Independent Sector RTT £856K RTT 15% Premium £51K</p> <p>The above adjustments have been confirmed with NHS England as correct.</p>		£0

Other Financial Targets

- 2.30 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 March 2015 shows a 100% cumulative performance for NHS invoices and 98% for non-NHS invoices

3. Conclusion

- 3.1 The CCG has delivered its NHS England updated agreed control of £14,832K. This has been delivered through the early identification of cost pressures and collective mitigating actions with the assistance of budget managers and localities.
- 3.2 The main risk areas which were mitigated within 2014-15 related to Non NHS contracts, prescribing, critical care and continuing care. The financial challenges in 2015/16 are considerable, with all the Dorset acute providers now in financial deficits. The additional growth in Dorset funding in 2015/16, will be helpful in mitigating some of the financial challenges ahead.
- 3.3 Financial plans have been submitted in line with all NHS England deadlines following a refreshed process for 2014-15 of extensive organisational participation and engagement.

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