

**NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY MEETING
FINANCIAL POSITION AS AT 30TH NOVEMBER 2013**

Date of the meeting	15/01/2014
Author	C Hickson, Head of Management Accounts
Sponsoring GB member	P Vater, Chief Finance Officer
Purpose of report	To provide the Governing Body members 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 objectives	<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	FIN10 – The Specialist Commissioning adjustment has been processed at Month 6 against the CCG recurrent allocation. Risk Score 12.
Outcome of equality impact assessment process	As this is a financial monitoring report, Equality Impact Assessment is not required.
Actions to address impact	Please see above.
Legal implications	None.
Freedom of information	Unrestricted.
Public and patient involvement	None.
Reason for inclusion in Part 2	N/A
Previous Committees/Governing Body	N/A

1. INTRODUCTION

- 1.1 The purpose of this report is to update members on the financial performance and the actions taken in delivering the financial control target agreed with NHS South of England for 2013/14.
- 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;
 - Appendix 4 - GP Prioritisation Monies Schedule 2013/14;
 - Appendix 5 - Headroom Analysis (non recurrent) 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 October 2013.
- 2.3 The forecast at month 7 has been updated to reflect the forecast surplus against the Running Cost allocation, this approach has been confirmed with NHS England. Dorset CCG has been awarded a Running Cost allocation of £18,730K. Within the national finance system Dorset CCG is forecasting a £2m surplus against this area. The agreed control total of £12,614K has been split programme £10,614K and administration £2,000K.
- 2.4 The £2,000K surplus against the Running Cost allocation reinforces the opportunity provided by forming the third largest CCG in the country with an NHS England advised population of 749,179. This represents a Running Cost of £22.33 per head of population. Using the Exeter GP list size of 765,984 as at April 2013 Running Cost per head of population falls to £21.84.
- 2.5 The Management Accounts Team rolled out Directorate specific Finance Training. This training was carried out over a six week period and over 100 nominated CCG finance system users have received dedicated Directorate specific finance training.

ACUTE CARE

- 2.6 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.
- 2.7 With the increase in emergency pressures expected in all acute providers the CCG has continued to fund non-recurrent winter pressure based schemes. This is as an important national and local priority that was identified within the Annual Delivery Plan for the CCG.
- 2.8 Dorset CCG referral rates are closely monitored through the year at a practice and locality level. At 31st October 2013 net referrals are growing on average of 4.06% compared to 2012/13. Growth in GP referrals will crystallize as part of the 2014/15 contracting setting process and represents a stepped increase in cost.
- 2.9 The majority of this growth is through GP referrals into Poole 8%, Royal Bournemouth & Christchurch 3% and Salisbury 9.03%. Referral rates into BMI and New Hall have shown substantial growth within 2013/14 mainly through the Choice agenda and the access times being offered by these providers.
- 2.10 Referral growth has been specifically seen in trauma & orthopaedics, rheumatology, ophthalmology, dermatology and all cancer fast track referrals.
- 2.11 The CCG identified non recurrent funds of £3.5M for the development of transformational Urgent Care Pilots within 2013/14. The Urgent Care Board is managing this process and Acute and Ambulance providers were asked to submit bids against the £3.5M fund. These bids are being reviewed by a dedicated CCG project team. The impact of these schemes will be measured and monitored through the Urgent Care Board and this intelligence will be used to inform future commissioning decisions. The Board has agreed robust and accurate performance metrics are central in measuring the success of these schemes. To date DCHFT is the only provider to invoice the CCG to the value of £333K being October and November payments against agreed schemes of £1M.
- 2.12 At the time of writing this paper robust secondary care information is available for the period up to and including 31st October 2013. It should be noted due to the nature of managed contracts any over performance in 2013/14 will not crystallise financially until 2014/15.

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st October 2013 for the Dorset CCG does represent an under spend of £534K at marginal rates.</p> <p>Day case activity is the largest area of concern against the</p>		

9.3

<p>expected plan at £383K over when marginal rates are applied. Elective activity for digestive and musculoskeletal is helping to offset this pressure as currently under plan by £652K at marginal rate.</p> <p>Commissioners have also seen an under spend against expected plan within non emergency non elective of £140K. This is predominantly due to a reduction in the cardiac activity transferred from Poole hospital.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>(£5K)</p>
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2.13

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st October 2013 for Dorset CCG does represent an under spend of £280K at marginal rates.</p> <p>The contract position outside of marginal rate agreement remains above plan. This is mainly attributable to continued increases in outpatients for orthopaedics, general medicine and dermatology specialties.</p> <p>The CCG Performance team is working closely with the provider to understand why the provider has seen a recent increase in day case and elective admissions at month 7. However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.14

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st October 2013 for Dorset CCG does represent an under spend of £97K at marginal rates.</p> <p>The CCG Payment by Results activity is under spent within Elective and Non Elective Emergency against the agreed plan and the new for 2013/14 Maternity pathway also remains below plan by £143K.</p> <p>GP referrals at DCHFT are currently running at 0.4% lower year to date compared against a 2012/13 baseline.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.15

South Western Ambulance NHS FT	Trend	Year End Forecast
<p>In Dorset SWAST are delivering 83.3% against the national target for Red 1 of 75%. Delivery of Red 1 forms 25% of the quality premium for 2014/15. This is a trust wide measure and currently SWAST are failing this national target.</p> <p>Commissioners have been working closely with SWAST on delivery of Red 1 for quarter 4. SWAST have presented an action plan to the Chief Finance Officers of each CCG. SWAST have highlighted that its very high risk that Red 1 will not be achieved as a SWAST trust wide target for 2013/14. This is mainly due to the performance in the North division, being the previous GWAS patch prior to SWAST acquisition.</p> <p>Handover delays continue to be a challenge for Providers and Commissioners and at month 7 Dorset CCG is forecasting to incur full year penalties of £152K. The CCG has the contractual ability to pass through these fines to the relevant acute provider.</p> <p>Dorset CCG is working very closely with providers via the Urgent Care Board to identify transformational ways of working within Urgent and Emergency care. Pilot schemes have been identified and will be funded non-recurrently for 2013/14. The outcome of these pilots would be used to inform future commissioning decisions.</p>		<p>£152K</p> <p>Block Contract for 2013/14</p>

9.3

2.16

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st October 2013 for Dorset CCG does represent an over spend of £550K.</p> <p>Over spends have been seen within day case, elective and outpatient activity. The performance team is currently challenging data coding quality to the value of £84K.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.17

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st October 2013 for Dorset CCG does represent an over spend of £52K.</p> <p>The largest area of concern is non elective emergency admissions which are £98K over plan.</p> <p>GP referrals rates are currently running at 5.62% above a 2012/13 baseline.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.18

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st August 2013 for Dorset CCG does represent an under spend of £67K at marginal rates.</p> <p>The CCG Payment by Results activity is under spent within elective against the agreed plan by £174K. Outpatient first and follow up appointment activity is above plan by £48K</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.19

Specialist Commissioning	Trend	Year End Forecast
<p>In 2013/14 Specialist Commissioning are 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>The Maximum Take adjustments that have been agreed with providers and NHS England and no further material adjustments are expected this year.</p> <p>It has now been confirmed via NHS England that the CCG remains the responsible commissioner for patient transport for Dorset CCG registered patients receiving Specialist Commissioning services.</p>		<p>£0K</p>

2.20

Dorset Health Care University Health Care FT	Trend	Year End Forecast
<p>The majority of the Dorset HealthCare University NHS Foundation Trust services are contracted on a managed contract basis. However a small element is on a cost per case basis.</p> <p>Dermatology and Endoscopy AQP are forecasting an over spend of £100,000 and £12,000 respectively however this is being offset by slippage on the Pain Service. This is a new service which was awarded to DHUFT through a competitive tendering process for 2013/14. Stage one has seen West patients move to the service and from Q3 East patients in the stage two transition process.</p>		<p>£0K</p>

2.21

Urgent Care (Out of Hours) Service	Trend	Year End Forecast
<p>SWAST were awarded the 111 contract for Dorset CCG which launched publicly on 19th March 2013. Initial call volumes were much higher than anticipated. Dorset CCG has worked closely with SWAST on a recovery programme.</p> <p>Activity levels at month 7 are performing well against agreed key performance indicators (KPI). The Dorset service is now delivering the key indicator that 95% of calls are answered within 60 seconds.</p> <p>Dorset CCG has had to provide additional financial support for 111 call handlers and medical advisors. These additional advisors are over the initial opening contract value and are expected to require continued investment for 2014/15.</p>		£528K

PRIMARY CARE – PRACTICE PRESCRIBING

2.22

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). The PMD position is reported 2 months in arrears with the current forecast based on the September PMD reported data.</p> <p>The September PMD report is forecasting an under spend of £2.1M. Further expected savings from the October category M price reduction will now be offset by the recent PPRS (Pharmaceutical Price Regulation Scheme) announcement concerning an increase of 3 to 4 % for branded drugs.</p> <p>The under-spend could increase further due to anticipated recharging of Influenza and Vaccines to NHS England, as they are the responsible commissioner for these costs.</p> <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>		(£2,009)K

LOCALITY DEVOLVED BUDGETS

2.23

Locality Devolved Budget	Trend	Year End Forecast
<p>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>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>A paper is being prepared for the next Audit and Quality Committee detailing approved 2013/14 locality approved schemes. This report will include all agreed Locality Commissioning Proposal documents.</p>		<p>£0K</p>

CONTINUING CARE

2.24

Continuing Health Care	Trend	Year End Forecast
<p>Early investigation into the reason for the increased CHC expenditure against plan reported in October, indicates that this relates to an increase in the number of CHC applications and people being eligible for CHC funding during the months of March and April, and within the categories of older peoples physical disability and older peoples mental health. This growth was 20% compared to the 7% planned. There are indications that the growth has not continued at this rate, this will be clearer for December reporting.</p> <p>Conversation rates of people applying and those people eligible has not changed. The unit cost for care has remained stable for over a year.</p> <p>The growth may be connected to the national heightened publicity on the availability for CHC funding during these months when CHC retrospective claims deadlines were being reached. Further analysis is being undertaken to understand the route cause.</p> <p>In response to the increasing growth of CHC applications, the CHC department is under significant pressure and work is underway to understand the impact of this increase on workload, productivity and capacity requirements. There are some backlogs in CHC assessments and reviews accruing, which can have a negative impact on financial forecasting and expenditure.</p> <p>All efforts are being made to ensure the department has a good early understanding of developing backlogs and is increasing capacity temporarily to address existing backlogs, whilst a business case is completed for consideration, to ensure the department is fit for purpose.</p>		£2,140K

DORSET INTEGRATED COMMUNITY EQUIPMENT SERVICE

2.25

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.</p> <p>The CCG will need to consider further investment within this service for 2014/15 as it invests in the transformation agenda including the provision of virtual ward models of care in the community.</p>		£699K

RESOURCE LIMIT

2.26

Anticipated Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31st October 2013 is £942.6M which has been confirmed with NHS England. Future expected IAT (Inter Authority Transfers) with NHS England include:</p> <p>£101K Medical Certificates £847K Weymouth Walk In £100K Mental Capacity Act £142K Mail Transport Service (£159K) Dental Activity £17K Low Vision Aids</p> <p>Dorset CCG is awaiting final confirmation with NHS England Wessex Area Team on the above adjustments.</p>		£0

OTHER FINANCIAL TARGETS

2.27 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 October shows a 98% performance for NHS invoices and 97.1% 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, and the future financial risks facing the CCG are increasing.
- 3.3 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.
- 3.4 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.
- 3.5 The current trend in GP referrals is creating pressures in the secondary care contracts. GP referral growth is growing at 4% for 2013/14 compared to a 2012/13 baseline. Any activity growth for 2013/14 would crystallize in opening baselines with providers for 2014/15.

Author's Name and Title: C Hickson, Head of Management Accounts

Date : 16/12/13

Telephone Number: 01305 368931

Appendices

Appendix 1	CCG Board Summary 2013/14
Appendix 2	CCG Detailed Summary 2013/14
Appendix 3	Devolved Commissioning Budgets 2013/14
Appendix 4	Annual Operating Plan Investments 2013/14
Appendix 5	Headroom Analysis (non recurrent) 2013/14