

NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY
FINANCIAL PERFORMANCE AS AT 31st March 2014

Date of the meeting	21/5/2014
Author	C Hickson, Head of Management Accounting and Financial Planning
Sponsoring Board Member	P Vater, Chief Finance Officer
Purpose of Report	To update members on the CCG financial performance as at 31 March 2014.
Recommendation	The Governing Body is asked to note the CCG financial performance as at 31 March 2014.
Stakeholder Engagement	N/A
Previous GB / Committee/s, Dates	None

Monitoring and Assurance Summary

This report links to the following Assurance Domains	<ul style="list-style-type: none"> • Quality • Engagement • Outcomes • Governance • Partnership-Working • Leadership 		
I confirm that I have considered the implications of this report on each of the matters below, as indicated:	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	✓		✓

Initials: CH

NHS Dorset Clinical Commissioning Group

Governing Body

FINANCIAL PERFORMANCE AS AT 31st March 2014

1. INTRODUCTION

- 1.1 The purpose of this report is to update Members on the financial performance as at 31st March 2014 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

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 The CCG has delivered the agreed control total of £12,614K and achieved its statutory financial obligations. This has been delivered as forecast split programme £10,614K and administration £2,000K. This position was delivered as planned in advance of the national timeline. The final position for 2013/14 will be subject to external audit assurance.
- 2.3 It should be noted that the CCG has experienced significant costs pressures since setting the opening budget within Continuing Health Care, Prescribing and increases in referrals rates.

ACUTE CARE

- 2.4 The non elective emergency admission tariffs for 2013/14 still applied a threshold where marginal rates are at 30%, although reductions in activity below plan would achieve 100% tariff savings.
- 2.5 With the increase in emergency pressures experienced in all acute providers the CCG continued to fund non-recurrent winter pressure based schemes.
- 2.6 Dorset CCG referral rates are closely monitored through the year at a practice and locality level. As at the 31st March 2014 net referrals grew by 4.5% compared to 2012/13. Growth in GP referrals will crystallize as part of the

9.4

2014/15 contracting setting process and represents a stepped increase in cost.

- 2.7 The majority of this growth is through GP referrals into Poole 10.5%, Royal Bournemouth & Christchurch 2.2% and Salisbury 10.9%. 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.
- 2.8 Reducing GP referrals by 1% forms part of the CCG QIPP delivery against a baseline of 4.5% referrals seen in 2013/14.
- 2.9 Referral growth has been specifically seen in trauma & orthopaedics, rheumatology, ophthalmology, dermatology and all cancer fast track referrals.
- 2.10 The CCG identified non recurrent funds of £3.5M in 2013/14 for the development of transformational Urgent Care Pilots. The Urgent Care Board managed this process and Acute and Ambulance providers have submitted bids against the £3.5M fund.

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st March 2014 for the Dorset CCG does represent an over spend against activity at marginal rates.</p> <p>Day case activity remains notably over plan with the majority of this seen in Haematological, MSK and Skin and Breast areas.</p> <p>The final month of 2013/14 has been the highest month in terms of overall cost of activity. Large growth in MSK day procedures, emergency digestive system activity and insulin pumps issued/maintained has resulted in a surge of costs in month March.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14. The position has been updated to recognise acute fines of £184K.</p>		<p>(£184K)</p>

2.11

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st March 2014 for Dorset CCG does represent an over spend against activity at marginal rates.</p> <p>The contract position has increased in quarter four mainly due to under reporting of home births which forms part of the maternity pathway tariff. Emergency admissions for respiratory and paediatric chapters and outpatient areas are above planned activity levels.</p> <p>GP referrals rates for this provider are running at 10.5% above 2012/13 rates. 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 attendances and such high GP referral growth.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14. The forecast has been updated to recognise acute fines of £52K.</p>		(£52K)

2.12

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st March 2014 for Dorset CCG does represent an under spend against activity at marginal rates.</p> <p>Emergency admissions have remained above planned levels for quarters three and four possibly linked to winter pressures. Non elective excess bed day costs have cost £517K which is 32% higher than 2012/13 performance. Outpatient first attendances are showing pressure particularly in Paediatrics. This is due to an additional clinic designed to reduce emergency admissions.</p> <p>GP referrals at DCHFT are currently running at 2.6% higher year to date compared against a 2012/13 baseline, this is of concern as an increasing trend up from 2.2% in December 2013. An additional query is outstanding with the Trust concerning an increase in length of stay in stroke admissions.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14. The position has been updated to recognise acute fines of £88K</p>		(£88K)

South Western Ambulance NHS FT (SWAST)	Trend	Year End Forecast
<p>In Dorset for 2013/14 SWAST delivered 83.63% against the 75% national target for Red 1, response within 8 minutes. Delivery of Red 1 forms 25% of the quality premium for 2014/15.</p> <p>Commissioners worked very closely with SWAST developing an action plan in the delivery of Red 1 for quarter 4. SWAST presented an action plan to the Chief Finance Officers of each CCG. Red 1 performance at Q4 was delivered at a Trust wide level above the national requirement. Unfortunately due to poor performance mainly in Q1 and Q2 the year to date Trust wide position was 73.15% and so Red 1 was not delivered as at 31st March 2014.</p> <p>The West division being the old SWAST patch performed well at 77.28% for 2013/14 and above target. Poor performance has mainly been experienced in the East being the old GWAS catchment. There has been a definition classification challenge made by SWAST concerning Red 1, this will have a favourable impact on Red performance moving forward and we understand brings SWAST into line with other ambulance providers. This has been presented recently by SWAST to the Ambulance Chief Executive Group (ACE).</p> <p>As part of the contracting process for 2014/15 financial penalties will be applied if Red national targets are not achieved in 2014/15.</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 and fines for 2013/14 were applied. In Dorset for 2013/14 474 patients experienced a wait above 60 minutes out of a total conveyance rate of 48,421 into Accident & Emergency departments.</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 were funded non-recurrently for 2013/14. The outcome of these pilots would be used to inform future commissioning decisions and the development of the Urgent & Emergency Care and Frail Elderly strategy.</p>		<p>£152K</p> <p>Block Contract for 2013/14</p>

2.14

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st March 2014 does represent an over spend against planned activity levels. Challenges are in place for a total of £149K concerning data completeness and quality.</p> <p>The contract position has continued to increase however the CCG has experienced a significant increase in un-coded activity which needs to be resolved.</p> <p>Elective day case and outpatient activity has continued to rise in line with increased referrals currently running at 10.9% above a 2012/13 baseline.</p> <p>The introduction of a planned level of emergency admissions marginal rate discount has been introduced from month 6 which has moved emergency admissions closer to planned levels.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£9K</p>

2.15

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st March 2014 for Dorset CCG does represent an over spend against planned activity levels.</p> <p>The largest area of concern is non elective emergency admissions which are £159K over planned levels.</p> <p>GP referrals rates are currently running at 10.1% above a 2012/13 baseline which is of major concern. This is an increasing trend moving from 8.9% in December to a final out turn of 10.1%.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.16

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st March 2014 for Dorset CCG does represent an under spend against planned activity at marginal rates.</p> <p>The CCG Payment by Results activity is under spent within elective against the agreed plan. Outpatient first and follow up appointment activity is above plan.</p>		£32K

2.17

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, no further material adjustments are expected this year.</p>		£0K

2.18

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 overspend 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. Currently this community service is running below expected volumes.</p>		(£397K)

2.19

Urgent Care (Out of Hours) Service	Trend	Year End Forecast
<p>SWAST (South Western Ambulance) were awarded the 111 contract for Dorset CCG which launched on the 19th March 2013. Initial call volumes in Dorset were much higher than planned. High levels of calls were not isolated to Dorset, high call volumes were experienced nationally on launch. Dorset CCG worked closely with SWAST on a recovery programme.</p> <p>Following the successful delivery of the recovery programme activity levels at month 12 are now 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. Referral rates into 999 that led to an ambulance dispatch as at 6/4/14 equated to 10.4%. This is below the national average of 10.6%. This information is reported nationally on a weekly basis.</p> <p>As part of the recovery programme Dorset CCG provided additional financial support to SWAST for 111 call handlers and medical call advisors.</p> <p>Nationally throughout 2013/14 we have seen commissioners having to procure replacement 111 providers due to capacity, quality and performance issues. The Dorset model has been recognised nationally with a recent visit by Sir Bruce Keogh in March 2014 at the Dorset clinical hub.</p>		£498K

PRIMARY CARE – PRACTICE PRESCRIBING

2.20

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 year-end forecast based on the January PMD reported data.</p> <p>The January PMD report is forecasting an under spend of £0.6m. Expected savings from the October category M price reductions did not, as was initially assumed, fully offset the PPRS (Pharmaceutical Price Regulation Scheme) announcement concerning an increase of 3 to 4 % for branded drugs. This along with late changes by the PMD to</p>		(£618)K

<p>the national forecasting tool has resulted in a reduced under spend position. The final 2013/14 outturn position will be known at the end of May 2014 but early indications do suggest the forecast may have improved slightly.</p> <p>There is a future risk for the CCG that spend in the area of anti-coagulants could reach £2M if these drugs become more widespread and start to significantly replace the use of Warfarin. The CCG Medicines Management Team are continuing to monitor this position closely</p>		
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LOCALITY DEVOLVED BUDGETS

2.21

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 was presented to the February Audit and Quality Committee detailing 2013/14 locality approved schemes.</p> <p>Counter Fraud have provided refresh training on the risks associated with conflict of interest. The findings within the Counter Fraud report have provided the Audit & Quality Committee with the assurance required concerning any conflicts of interest.</p> <p>Localities have been working in partnership with Local Authorities to develop partnership locality schemes.</p>		<p>(£156K)</p>

CONTINUING CARE

2.22

Continuing Health Care	Trend	Year End Forecast
<p>The overall in year growth for 2013/14 is now showing as 7% which is on plan however this does not take into account the significant growth that occurred between March and April 2013. If we take this into account actual growth from March 2013 would be 14% and equates to a significant element of the year end overspend. In addition to this there have been a number of high cost cases.</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.</p> <p>In response to the increasing growth of CHC applications, the CHC department is under significant pressure and work has been undertaken to understand the impact of this increase on workload, productivity and capacity requirements. There are some backlogs in CHC assessments and reviews, which can have a negative impact on financial forecasting and expenditure. All efforts are being made to ensure the department has a good early understanding of developing backlogs. A business case has been agreed and the team are exploring how best to use this money to address these issues and are working towards recruiting to these posts.</p>		£4,866K

DORSET INTEGRATED COMMUNITY EQUIPMENT SERVICE

2.23

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 investment within this service for 2014/15 as works strategically with Local Authority partners to deliver the Better Care agenda including the provision of virtual ward models of care in the community.</p>		£459K

<p>During March Bournemouth Bough Council carried out a stock revaluation which has resulted in an increased stock value. This has reduced revenue spend accordingly and the final outturn for 2013.14 has benefited by £98K compared to the month 11 forecast.</p>		
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PARTNERSHIP AGREEMENTS MH & LD

2.24

Partnership Agreements – MH & LD	Trend	Year End Forecast
<p>This overspend relates to the increasing number of patients being sectioned in Dorset and the associated costs for their care.</p> <p>The original budget was informed by the lead budget manager as at 1st May 2013. Within 2013/14 £102k of budget transferred from the Named Patients area.</p> <p>The CCG has experienced increasing demand and section 117 spend has continued to grow throughout 2013/14. This trend is expected to continue and remains a high risk financially for the CCG moving forward.</p>		<p>£905K</p>

NON NHS CONTRACTS

2.25

Patient Transport Services	Trend	Year End Forecast
<p>Patient Transport has experience higher levels of activity than predicted as part of the competitive tendering process. Internal Audit has been working with the new provider who commenced the contract on the 1st October 2013. The CCG has commissioned Internal Audit to review mileage collection IT systems and processes, to provide assurance over the additional costs being incurred.</p> <p>Commissioners have been working closely with the new provider to understand and manage capacity issues. Over performance has been agreed at marginal rates for the period 1 January 2014 to 31 March 2014, and the CCG expectation is that these will continue post 1 April 2014.</p> <p>It is expected that as the eligibility criteria is enforced by acute providers activity will reduce. Patient transport providers will be working with acute sector and commissioners to provider eligibility education and improve awareness.</p> <p>In March a Finance and Information Group (FIG) was formed which will provide a monthly forum for activity to be discussed in detail by provider and commissioner. The CCG performance and finance team have identified areas which need further review which include cross border and repatriation charging.</p>		£869K

2.26

New Hall, BMI & Spire Healthcare Non NHS Contracts	Trend	Year End Forecast
<p>Spire activity plan is for Spinal and Tier 3 weight management activity. The over spend of £32K in 2013/14 mainly relates to NCA (non-contracted activity) booked through Choose and Book which is outside of the contract.</p> <p>BMI overspend of £198K for 2013/14 mainly relates to an increase in elective activity with a focus on Musculoskeletal. This falls largely in three areas which are Major Hips, Major Knees Shoulder operations. Service users can book this provider through the Choose and Book system.</p> <p>Ramsey Newhall contract has generated an over spend of £250K. The largest area of concern is Elective, which is £118K over contract. The main pressure areas in Elective Activity are Chapter H (Musculoskeletal) with a £111k over spend, Female Reproductive (M) with an £13k overspend and Mouth Head Neck & Ears (C) with a £10k overspend. Service users can book these providers through the Choose and Book system. We have seen an increasing trend for use of these providers through 2013/14</p>		£480K

RESOURCE LIMIT

2.27

Final Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31st March 2014 is £947.097M which has been confirmed with NHS England. This represents a movement of £714K from 31st January 2014, reconciled as follows:</p> <ul style="list-style-type: none"> £10K Support for Planning to CCG £55K Personal Health Budgets £411K Capital Grant £245K Capital Grant £187K Specialist Commissioning -£19K Mail Transport to NHS England -£54K Dental Adjustment to NHS England -£121K Blood Spot Screening to NHS England <p>The above adjustments have been confirmed with NHS England as correct.</p>		£0

OTHER FINANCIAL TARGETS

- 2.28 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 March 2014 shows a 98.1% cumulative performance for NHS invoices and 96.9% for non-NHS invoices.

3. CONCLUSION

- 3.1 The CCG has delivered its control target under spend of £12,614K for 2013/14, although significant financial risks are emerging particularly in the area of continuing healthcare costs, GP referral growth and associated quarter four Secondary Care activity increases.
- 3.2 Finance and Performance teams within the CCG will continue working very closely with the localities in the development of referral management and financial monitoring system. 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 has been offered to every practice within Dorset CCG. Uptake for this commissioning intelligence tool has been high.
- 3.3 The current trend in GP referrals is creating pressures in the secondary care contracts. GP referral growth is growing at 4.5% for 2013/14 compared to a 2012/13 baseline. These increases will require changes to the activity plans included within the contracts for 2014/15 and ultimately risk increasing the financial pressures for the CCG. Secondary Care spending represents £502m or 53% of the CCG total spending for 2013/14.
- 3.4 The control total was delivered ahead of the NHS England agreed timetable and consistent with forecast.
- 3.5 It should be noted the CCG has experienced significant cost pressures in the last quarter of 2013/14 mainly within Continuing Health Care, GP Prescribing, Referrals rates running at 4.5% above 2012/13 baseline, financial pressures against section 117 and large increases within Non NHS providers through the Choice agenda. The impact of these additional cost pressures will need to be considered very early in 2014/15.

Author's Name and Title: Chris Hickson, Head of Management Accounting and Financial Planning

Telephone Number: 01305 368931

Appendices

Appendix 1

CCG Board Summary 2013/14

Appendix 2

CCG Detailed Summary 2013/14