

NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY MEETING
FINANCIAL PERFORMANCE AS AT 30 SEPTEMBER 2014

Date of the meeting	19/11/2014
Author	C Hickson, Head of Management Accounting and Financial Planning
Sponsoring Board Member	P Vater, Chief Finance Officer
Purpose of Report	Update Governing Body on the CCG financial performance as at 30th September 2014.
Recommendation	The Governing Body is asked to Note the report.
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 Governing Body on the financial performance as at 30th September 2014 and the actions taken in delivering the financial control target agreed with NHS South of England for 2014.15.
- 1.2 The following areas are reported within this paper:
 - Appendix 1 - Dorset CCG Board Summary 2014.15
 - Appendix 2 - Dorset CCG Detailed Summary 2014.15

2. Overall Financial Performance

- 2.1 The final financial out-turn for the month ending 30th September 2014 is attached (Appendix 1), with supporting commentary on significant variances below. Dorset CCG has agreed a control target underspend with NHS England of £12,610K for 2014.15. This represents 1.31% of the total planned resource limit for 2014.15. The financial planning requirement from NHS England requires a target surplus of 1% delivery.
- 2.2 It should be noted that the CCG has experienced significant and ongoing cost pressures since setting the opening budget within Continuing Health Care, Prescribing, Section 117, Community Equipment Store and increases in Emergency Admissions. This financial pressure significantly increases the risk in the delivery of the agreed control total of £12,610K for 2014.15.
- 2.3 Governing Body and the Governing Body should also recognise the financial impact imposed in year by NHS England due to changes in national and local policies. Specifically the imposed adjustment for exempt overseas visitors of £558K and adjustment for prescribing category M estimated impact of £800K. These impacts were not considered in the planning process laid out by NHS England and the expectation is that CCGs will have to manage this financial impact locally.
- 2.4 The CCG has been working closely with ECIST (Emergency Care Intensive Support Team) since early September. This team specialises in Urgent and Emergency Care focusing on performance and quality. Assignments typically include working with local health communities jointly to diagnose areas for performance improvement, supporting implementation planning and delivery. There has been a diagnostic review and data workshop which has resulted in an agreed action plan with recommendations. ECIST are currently reviewing community service provision as part of the process.
- 2.5 At this stage the delivery of the control total has been highlighted as amber risk due to the known and forecast financial pressures facing the CCG in 2014.15. This will be carefully monitored and this risk level could be subject to escalation dependant on further intelligence from providers and relevant

agencies. The finance and performance teams are working hard to mitigate these risks and have a proven track record in this process.

Acute Care

- 2.6 Pressure into A&E departments is at unprecedented levels. 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. Poole Hospital has experienced a 14% increase in conveyance rates. Conveyances at Poole Q1 have increased from 5776 in 2013.14 to 6586 in 2014.15.
- 2.7 The CCG has had confirmation from NHS England of non recurrent operational resilience funds of £4998K for 2014.15 for the development of transformational urgent care pilots and resilience winter plans. The System Resilience Board provides the governance for this process and Acute, Local Authority and Ambulance providers work as part of a collaborative membership to deliver approved schemes. These schemes are designed to provide resilience within the system to help manage this unprecedented pressure within urgent and emergency care.
- 2.8 As part of the Planning for Patients guidance the CCG has made available a £3.8M fund for the development of locality plans to support the development of frail elderly over 75s. Funding has been released following authorisation of successful business cases through the Assurance Group. This Group will assess the potential impact of these schemes. The membership of the assurance panel has been derived across a wide range of professionals including general practice, quality and finance. Schemes range from practice specific to system wide locality models.
- 2.9 The total value of emergency activity included within current 2014.15 contracts equals £138.7M or 28% of acute spend. If emergency activity was to grow in line with Poole Hospital conveyance rates of 14% this would represent a financial risk for Dorset CCG valued at £19.4M.
- 2.10 Dorset CCG referral rates are closely monitored through the year at a practice and locality level. Referral rates grew in 2013.14 at 4.5% compared to previous years. This rate of growth is not financially viable and will need to be closely managed within 2014.15. Growth in GP referrals will crystallize as part of the 2015.16 contracting setting process and represents a risk of a stepped increase in cost.
- 2.11 GP Referrals at 31st August 2014 are showing 3.2% 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 5.1% comparing 2014.15 to 2013.14.
- 2.12 At the time of writing this report detailed performance information is available for August 2014 only.

10.3

2.13

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st August 2014 for the Dorset CCG does represent an over spend against activity at marginal rate of £335K. This extrapolated represents a £805K potential risk for 2015.16.</p> <p>Emergency admissions is the main area of concern with the contract position being £224K over planned levels, primarily in cardiac and digestive system areas.</p> <p>Outpatient attendances are notably lower in August with 24% less attendances compared to the previous month. The Performance team is working closely with the provider to understand this activity change.</p> <p>GP referral rates are 3.4% above 2013.14 levels.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		<p>£0</p>

2.14

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st August 2014 for Dorset CCG does represent an over spend against activity at marginal rate of £254K. This extrapolated represents a £608K potential risk for 2015.16. Emergency admissions continue to be the main contributor for musculoskeletal for trauma related hip procedures, immunology and infectious disease.</p> <p>GP Referrals rates into this provider are seeing growth of 3.2% which is slowing compared to the peak 5% experienced in June. Referrals mainly relate to general medicine, surgery and gynaecology.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		<p>£0</p>

2.15

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31st August is an over spend at marginal rates of £78K, full year £186K.</p>		

10.3

<p>Emergency admissions remain above contracted levels in August. GP Referrals are 2.2% above the 2013.14 baseline. Outpatient first attendances are showing pressure particularly in Orthopaedics. Pressure is mounting in the Non-PbR drugs, in particular Cytokine Modulators</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		<p>£0</p>
--	---	-----------

2.16

South Western Ambulance NHS FT (SWAST)	Trend	Year End Forecast
<p>Red 1 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.</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. These fines have been capped at £50K with SWAST. Currently Royal Bournemouth and Poole Hospitals are performing poorly against handover delay targets. This has been escalated through Review, Design and Delivery who are facilitating discussions between these acute providers and SWAST to resolve issues.</p> <p>Dorset CCG is working very closely with providers via the System Resilience Board to identify transformational ways of working within Urgent and Emergency care. Pilot schemes that have been identified through the System Resilience Board have been funded non-recurrently. The outcome of these pilots will be used to inform future commissioning decisions and the development of the Urgent & Emergency Care and Frail Elderly strategy.</p> <p>The trust is delivering its Red 1 target as trust wide 75.8%. The 999 contract is running trust wide as 2.79% above plan and within Dorset CCG as 1.26% above plan. This is being managed within the existing financial envelope of the contract. Year to date activity has reduced in Q2 from 3.12% moving the trust wide contract closer to planned levels.</p>		<p>£50K</p> <p>Block Contract for 2014/15</p>

10.3

2.17

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st August 2014 for Dorset CCG does represent an under spend against activity of £63K to date with a forecast of £152K under spend.</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>Salisbury has recently transferred to a new data capture system which has produced live data for April & May. There have been significant challenges in the reconciliation of data to the previous system and the Dorset CCG performance team is working closely with Salisbury to better understand the challenges.</p> <p>There has been significant progress in this project with only August data to be fully coded. Challenges are in place for £90K mainly associated with non Dorset registered patients and inpatient activity.</p> <p>GP referrals at 31st August are running at 8.7% above 2013.14 baseline levels. These high levels of referrals are of major concern.</p> <p>The contract has been agreed with a risk share for over/under performance where 50% of variances greater than £200K will be paid.</p>		<p>£110K</p>

2.18

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31st August 2014 for Dorset CCG does represent an under spend against activity at marginal rate of £25K and a forecast of £60K.</p> <p>The largest area of concern is elective admissions and day cases. Over contract is mainly seen in Musculoskeletal.</p> <p>However, overall the contract remains within the financial tolerances assumed 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 August 2014 for Dorset CCG does represent an over spend against activity at marginal rate of £531K.</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 be considered for 2015.16.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		<p>£531K</p>

Primary Care – Practice Prescribing

2.20

Practice Prescribing	Trend	Year End Forecast
<p>The latest prescribing forecast provided via the Prescription Pricing Authority (PPA) is based on August 2014 data and is currently reflecting a circa £800K under spend against the CCG agreed budget.</p> <p>It has been announced that there will be a mid-year change to the Community Pharmacy Contractual Framework that will result in an average increase of 12p in the cost of Category M drugs in October. The rise in Category M drugs cost being offset by a reduction in the Practice payment made to pharmacies for dispensing drugs. Pharmacy contracts are held by NHS England so Dorset CCG will not realise these pharmacy savings and as a result this guidance will result in a cost pressure to the prescribing budget of approximately £800,000. This change in practice imposed by NHS England will offset any savings achieved against the prescribing budget.</p> <p>The PPA forecast has a 2 month time lag so does not yet include the potential cost pressure mentioned above. It should be noted that at this stage from previous experience the CCG can expect significant movement in the PPA</p>		<p>£0</p>

10.3

<p>forecasts, so there is a very significant risk of overspending against the agreed budget.</p> <p>Winter will be crucial to the performance against the prescribing budget. At this early stage it is assumed breakeven.</p>		
--	--	--

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>Finance worked very closely with locality managers and Review Design and Delivery in the development of a refreshed Locality Devolved Commissioning guidance document for 2014.15. This aims to apply a simple set of principles to aid the assurance and governance process.</p> <p>This guidance has been approved, published and shared with all locality leads.</p> <p>Reports will be provided to the Audit and Quality Committee on request detailing all schemes, to allow an Audit and Quality overview and assurance.</p>		<p>£0</p>

Continuing Care

2.22

Continuing Health Care (CHC)	Trend	Year End Forecast
<p>Finance will continue to work very closely with CHC throughout 2014.15 to deliver an improvement plan. There has been a change in leadership within the department which provides a refreshed focus to deliver efficiencies where possible. That said it should be recognised CHC remains a very challenging area financially for Dorset and extremely high financial risk for the CCG</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:

1. Managers are sending systematically (monthly) detailed information regarding individual packages to Finance to better facilitate the forecasting process.
2. Review of Fast Track referral process to make sure the right patients are referred. The position at the end of August was approximately 30% of patients referred were exceeding the expected pathway duration of care.
3. 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.
4. Discussions are taking place at Senior Management Team to implement 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.
5. Discussions are taking place at Senior Management Team about how best we re-organise our resources to deliver the department's deliverables.
6. As PHB is being mainstreamed from the PHB team to the CHC team, an internal audit is taking place as this is the budget line that explains most of the difference between forecast at month 3 and forecast at month 6.
7. Training on completing DST for Learning disabilities and complex cases has been rolled out to all CHC staff.



£4,322K

That said it should be recognised CHC remains a very challenging area financially for Dorset.

This area is now considered the number one 2014.15 in year financial risk for Dorset CCG.

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. Specifically advances in technology in the type of equipment available to support these pathways.</p> <p>The CCG will need to consider investment within this service for 2014.15 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>		£400K

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.</p> <p>The CCG has a legal duty to fund 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 CCG are reviewing the reasonableness of the health contribution towards aftercare costs, comparing with other CCGs.</p>		£1,113K

Non NHS Contracts

2.25

Patient Transport Services (PTS)	Trend	Year End Forecast
<p>Commissioners have been working very closely with current PTS provider to fully understand and manage capacity issues. Commissioners are in the progress of refining KPI delivery.</p> <p>It was expected that as the eligibility criteria is enforced by acute providers activity will reduce. Patient transport providers will need to work with the CCG to provide eligibility education and improve awareness. The PTS provider has been offered assistance by the Performance team to review its data reporting. One aim is to use PTS data to inform Trusts on their performance of abandon rates and eligibility enforcement. This process should increase medical eligibility awareness within the acute and community sectors and improve efficient utilisation of the PTS service resulting in reduced cost and improved capacity.</p> <p>The Finance & Information Group (FIG) provides a monthly forum for activity to be discussed in detail by provider and commissioner. The CCG finance and performance monitor very closely registered patient, abandonment rates and cross boarder recharges as part of a wider finance and performance focus.</p> <p>It should be noted there are large scale opportunity savings with a focus on eligibility criteria enforcement and abandonment rates. This has been highlighted with commissioners.</p>		<p>£0</p>

2.26

New Hall, BMI & Spire Healthcare Non NHS Contracts	Trend	Year End Forecast
<p>BMI is currently £160K over contract at August. 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 £239K or 16.3% above the expected levels. Standard Health and About Health contracts are also seeing high levels of activity well above expected levels.</p> <p>It should be noted that pain related activity is being provided through this route rather than the new community pain pathways. Commissioners have been informed.</p> <p>These contracts are cost and volume and contract mechanisms for 2015.16 needs to be put in place to mitigate the financial risk here. Commissioners are exploring marginal rates and local tariffs for 2015.16 and beyond to help mitigate this risk.</p>		£1,505K

NHS Non Contract Activity

2.27

NHS Non Contract Activity	Trend	Year End Forecast
<p>The CCG experienced considerable growth in quarter four within NHS Non Contract Activity. The opening budget is based on month 9 performance.</p> <p>Higher than expected activity was experienced due to Dorset registered patients choosing to access services and emergency admission with Oxford University Hospital and University Hospital Bristol specifically.</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>		(£317K)

Enhanced Services

2.28

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 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>		£188K

Resource Limit

2.29

Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 30th September 2014 is £962.644M which has been confirmed with NHS England. We actioned the following adjustments in September 2014 as follows:</p> <p>RTT £2,276K DCHFT Specialist Drugs £88K Dispensing Income Transfer £415K Community Dental £404K Overseas Visitors (£558K) SUT Specialist Adjustment (£567K) Health Visitors Lyme (£49K) NHSPS (£86K)</p>		£0

The above adjustments have been confirmed with NHS England as correct.		
--	--	--

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 30th September 2014 shows a 97.5% cumulative performance for NHS invoices and 98.3% for non-NHS invoices.

3. Conclusion

- 3.1 The CCG faces extreme financial risk in delivery of its NHS England agreed control total of £12,610K. This is mainly due to continued growth within CHC, Section 117 placements, growth in community equipment prescribing, risk in prescribing, continued growth in non NHS contract spend and continued growth in GP referrals rates. The 5.1% adjusted growth in GP Referrals rates into the acute sector seen in 2014.15 is not sustainable.
- 3.2 Finance and Performance teams within the CCG 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 At this midpoint stage in the financial year the delivery of the control total has been flagged as amber 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 a very robust legacy in financial control and delivery of control targets.
- 3.4 Emergency admissions and GP referrals in the East are running at high levels which could crystallise in the 2015.16 contracting process. At the current rate of growth seen within the acute sector this will be extremely challenging to establish a balanced budget in 2015.16 without the need for service redesign. This further supports the requirement of the Clinical Services Review.
- 3.5 The CCG has fully released all headroom and contingency in delivery of the agreed control total and current forecast position. This has been confirmed with NHS England as part of the deep dive exercise into the month 6 position and assurance processes.
- 3.6 Continuing Health Care represents the highest priority risk against delivery of the NHS England agreed control total. To date the CCG is managing a £4.3M over spend which is not sustainable and limits any movement in all other areas. There needs to be an urgent and sustained focus to mitigate, control

10.3

and ultimately understand the pressures experienced in this area. Benchmarking does indicate that these opportunities exist.

Author's name and Title : Chris Hickson, Head of Management Accounts and
Financial Planning
Date : 23rd October 2014
Telephone Number : 01305 368931

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