

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

<b>Date of the meeting</b>	21/01/2015
<b>Author</b>	C Hickson - Head of Management Accounting
<b>Sponsoring Board Member</b>	P Vater - Chief Finance Officer
<b>Purpose of Report</b>	Update the Governing Body on financial performance as at 30 November 2014 and consider mitigating actions.
<b>Recommendation</b>	The Governing Body is asked to <b>approve</b> the holding of underspent budgets to assist with the delivery of the control target surplus of £12.610M as part of mitigating actions.
<b>Stakeholder Engagement</b>	N/A
<b>Previous GB / Committee/s, Dates</b>	None

**Monitoring and Assurance Summary**

<b>This report links to the following Strategic Principles</b>	<ul style="list-style-type: none"> <li>• Services designed around people</li> <li>• Preventing ill health and reducing inequalities</li> <li>• Sustainable healthcare services</li> <li>• Care closer to home</li> </ul>		
	<b>Yes</b> [e.g. ✓]	<b>Any action required?</b>	
		<b>Yes</b> Detail in report	<b>No</b>
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	✓		✓
<b>I confirm that I have considered the implications of this report on each of the matters above, as indicated</b>	✓		

Initials : CH

## 1. Introduction

- 1.1 The purpose of this report is to update the Governing Body on the financial performance as at 30<sup>th</sup> November 2014 and the actions taken in delivering the financial control target agreed with NHS 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
- 1.3 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.

## 2. Overall Financial Performance

- 2.1 The final financial out-turn for the month ending 30<sup>th</sup> November 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 healthcare, Non-NHS contracts, prescribing, Section 117 joint care packages, community equipment service, increases in emergency admissions and the patient transport service. This financial pressure is resulting in a significant risk of the delivery of the agreed control total of £12,610K for 2014.15.
- 2.3 In addition there has been an additional financial impact due to national and local policy changes. Specifically the imposed adjustment for exempt overseas visitors of £558K and an adjustment for prescribing category M drugs. The initial estimated impact was £800K. Early modelling of this NHS England decision suggests it is now likely to be in the region of £1.2M, however, could be as high as £2.0M in additional prescribing costs. This was not known at the time of the planning process and the expectation is that, CCGs will have to manage this financial impact locally.
- 2.4 The delivery of the control total has been escalated up to red risk due to the factors set out in 2.3 and 2.4 above. The main movement to the October Governing Body report has been an increase in Non NHS Contract spend by £1.2M, through contract pressure with our main Patient Transport Service provider E-zec, and increasing activity and spend with BMI, Ramsey New Hall Standard Health and About Health through patients electing choice options.

- 2.5 The budget managers and finance and performance teams are working hard to mitigate these risks. However, with the significant risk to the delivery of the 2014.15 control total it is imperative that where current underspend positions exist these are now held to mitigate against the significant cost pressures as described in this report.

## **NHS Contracts**

- 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. Conveyance rate growth year to date comparing 2013.14 to 2014.15 are as follows:

- Royal Bournemouth & Christchurch FT 9.0%;
- Poole Hospital 11.5%;
- Dorset County Hospital FT 7.0%.


- 2.7 The CCG has received via NHS England non recurrent operational resilience funds 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. Operational resilience non recurrent funds for 2014.15 now total £10.6M.

- 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, and schemes are now being mobilised. Schemes range from practice specific to system wide locality models.


- 2.9 GP Referrals at 31<sup>st</sup> October 2014 are showing 5.4% 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 6.1% comparing 2014.15 to 2013.14. This increase will impact on the acute contracts, with additional activity requiring financing from growth funding in 2015/16.

# 10.3

2.10


Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> October 2014 for the Dorset CCG does represent an over spend against activity at marginal rate of £152K. This extrapolated represents a £260K potential risk for 2015.16. This is an improvement on the previous month.</p> <p>Emergency admissions remain the main area of concern with October experiencing the largest total expenditure in a single month this year, amounting to a 15% increase from the previous month.</p> <p>Emergency admission for cardiac conditions and surgery is the largest area over plan at £492K.</p> <p>GP referral rates are 6.3% above 2013.14 levels.</p> <p>However, overall the contract remains within the financial tolerances planned for 2014.15.</p>		<p>£0</p>

2.11


Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> October 2014 for Dorset CCG does represent an over spend against activity of £23K. This extrapolated represents a £39K potential risk for 2015.16 which is a significant improvement on the previous month.</p> <p>Emergency admissions continue to be the main contributor and in particular musculoskeletal (trauma related hip procedures), immunology and infectious disease.</p> <p>GP Referrals rates into this provider are seeing growth of 4.3%. Referrals mainly relate to general medicine, surgery and gynaecology.</p> <p>However, overall the contract remains within the financial tolerances planned for 2014.15.</p>		<p>£0</p>

# 10.3

2.12


Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> October 2014 is an over spend at marginal rates of £79K, full year £136K.</p> <p>GP Referrals are 2.1% above the 2013.14 baseline.</p> <p>Emergency admissions, after 2 months of under contracted levels, has moved to an over contract level.</p> <p>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 planned for 2014.15.</p>		<p>£0</p>

2.13


South Western Ambulance NHS FT (SWAST)	Trend	Year End Forecast
<p>Red 1 (8 minute response time) has been included within the contract for 2014.15 with a penalty for non-delivery. The Quality Premium for 2014.15 requires delivery of the Red 1 target that 75% of Red 1 calls are responded within 8 minutes trust wide. This target attracts 25% of the total Quality Premium available to the CCG.</p> <p>Handover delays continue to be a challenge for Providers and Commissioners. The CCG has the contractual ability to pass through these fines to the relevant acute providers. Royal Bournemouth and Poole Hospitals are experiencing high levels of handover delay targets. SWAST will be working closely with these providers with the aim of resolving continued issues and agreeing a joint way forward.</p> <p>The trust is delivering its Red 1 target as trust wide at 75.32%. The 999 contract is running trust wide as 2.53% above plan and within Dorset CCG as 0.76% above plan. This is being managed within the existing financial envelope of the contract. Year to date activity has reduced again in Q3 from 2.79% again moving the trust wide contract closer to planned levels. It should be recognised that Red 1 performance has fallen from 75.8% to 75.32% over the same period.</p>		<p>£50K</p> <p><b>Block Contract for 2014/15</b></p>

# 10.3

2.14


Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> October 2014 for Dorset CCG represents an under spend against activity of £220K year to date with a forecast of £378K 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 now produces live data. 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>GP referrals at 31<sup>st</sup> October are running at 11.3% above 2013.14 baseline levels. Detailed practice level information on this increase has been shared with the locality for further review.</p>		<p>£110K</p>

2.15

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 31<sup>st</sup> October 2014 for Dorset CCG represents an over spend against activity at marginal rate of £67K and a forecast of £115K.</p> <p>The largest area of overperformance 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>


# 10.3

2.16

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30<sup>th</sup> September 2014 for Dorset CCG does represent an over spend against activity at marginal rate of £668K.</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.</p>		<b>£668K</b>


## Primary Care – Practice Prescribing

2.17

Practice Prescribing	Trend	Year End Forecast
<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. This was initially estimated at approximately £800,000, however, early indications suggest this cost pressure is likely to be between £1.2M and £2.0M. We are awaiting a revised monthly spend profile from the PPA to be able to fully understand the likely cost pressure.</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 forecasts, so there is a very significant risk of overspending against the agreed budget.</p>		<b>£0</b>


## Locality Devolved Budgets

2.18

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>A refreshed Locality Devolved Commissioning guidance document for 2014.15 has been produced. This aims to apply a simple set of principles to aid the assurance and governance process.</p> <p>A report has been produced for the Audit and Quality Committee detailing scheme spend for the period April to September 2014.</p> <p>This area does represent an opportunity to support the CCG in achieving its financial control total, through using uncommitted funds non-recurrently against the significant cost pressures outlined in the rest of this report. The current uncommitted funds are currently in the region of £700K.</p>		<p>£0</p>

## Continuing Care

2.19

Continuing Health Care (CHC)	Trend	Year End Forecast
<p>There have been 4 home closures which has reduced the number of available beds, due to demand exceeding supply, this has resulted in increases in rates for other homes and will increase our forecast outturn costs for the year. There is ongoing work to develop the care home market further in Dorset.</p> <p>CHC forecast outturn now contains the impact of the live Previous Unassessed Periods of Care cases. This adjustment recognises the financial risk due to the continuation of the pre CCG applications to date.</p> <p>In November there was a slight improvement in the CHC forecast position, however this was offset by an increase in the FNC position due to a large number of backdated claims.</p>		



Finance continues 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


Actions are being taken include:

1. Managers are sending systematically (monthly) detailed information regarding individual packages to better facilitate the forecasting process.
2. Review of fast Track referral process to make sure the right patients are referred. The number of Fast Track cases and longer survival periods indicate that criteria thresholds need to be further reviewed.
3. Focused work on addressing review backlogs is being undertaken.
4. A High Cost Panel has been put in place from September 2014. The panel will review all cases over a minimum threshold to make sure options are explored to achieve best value for money when meeting patient needs.
5. The Senior Management Team are implementing an eligibility panel. The panel will ensure quality of MDT recommendations meet minimum standards and identify areas where further training is needed where standards are not met on a systematic basis. The panel will also ensure consistency of decision making for cases that are of a similar nature.
7. As Personal Health Budgets (PHB) are being mainstreamed, an audit by the team is taking place on how PHB's are being used and the impact on expenditure.
8. Training on completing Decision Support Tools for people with learning disabilities and complex cases has been rolled out to all CHC staff.
9. Negotiations with the Local Authorities is underway to move CHC checklists and assessments out of a hospital setting.

**£4,082K**


## Dorset Integrated Community Equipment Service

2.20

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 2015.16 to support working strategically with Local Authority partners to deliver the Better Care agenda including the provision of virtual ward models of care in the community.</p>		<b>£430K</b>


## Partnership Agreements MH & LD

2.21

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 and previous trends.</p>		<b>£1,113K</b>


## Non NHS Contracts

2.22

Patient Transport Services (PTS)	Trend	Year End Forecast
<p>Commissioners have been working very closely with the PTS provider to fully understand and manage capacity issues. Commissioners are in the progress of refining KPI delivery targets for this contract.</p> <p>It was expected that as the eligibility criteria is enforced by acute providers activity will reduce. Patient transport provider 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 and reduce cost. Draft reports have been shared on PTS activity with acute providers.</p> <p>The current run rate of actual activity is forecasting a £930K cost pressure over and above the existing budget by 31<sup>st</sup> March 2015.</p> <p>As with eligibility education, NHS Dorset CCG are working with the provider to understand the high number of aborts which are being recharged to Dorset CCG.</p> <p>The information team have been working closely with the PTS provider to improve the data received and this recent progress in understanding the position has allowed a more accurate forecast outturn of over activity cost pressures.</p> <p>The PTS provider submits detailed patient journey data which is validated through the CEFF (Controlled Environment for Finance). This validation looks to confirm Dorset CCG registered patients and also that full validation data is included. 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><b>£930K</b></p>


# 10.3

2.23

New Hall, BMI & Spire Healthcare Non NHS Contracts	Trend	Year End Forecast
<p>BMI is currently £679K over contract at October. 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 £670K or 18% 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 cost and volume and contract mechanisms for 2015.16 will be explored with these provider to further mitigate financial risk.</p>		<b>£2,179K</b>

## NHS Non Contract Activity

2.24


NHS Non Contract Activity	Trend	Year End Forecast
<p>Current activity analysis suggests that activity from out of area providers is lower than anticipated resulting in a forecast underspend against expected activity.</p> <p>This is partly offset by Royal Devon and Exeter who are reflecting an overspend in Non PbR Cost &amp; Volume activity, mainly critical care and drugs and devices. This is based on October monitoring data.</p> <p>A monthly analysis for NHS Non Contract Activity is produced for 2014.15 highlighting key risks. This is published online as part of the monthly reporting routine.</p>		<b>(£573K)</b>

## Enhanced Services

2.25


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>		

# 10.3

<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 &amp; Q2 claims from nearly all of the practices participating in the service, and the process of validation has been completed. The forecast spend has reduced compared to previous months, and now that we have better information we are confident that we have a more robust forecast of spend for the year.</p>		<b>£188K</b>
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## Resource Limit

2.26

Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31<sup>st</sup> October 2014 is £970.819M which has been confirmed with NHS England. We actioned the following adjustment in November 2014 as follows:</p> <p>Specialist Commission adjustment (£7K)</p> <p>The above adjustments have been confirmed with NHS England as correct.</p>		<b>£0</b>

## Other Financial Targets

2.27 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 November 2014 shows a 100% cumulative performance for NHS invoices and 99% for non-NHS invoices.

## 3. Conclusion

- 3.1 The CCG faces significant 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 costs, continued growth in non NHS contract spend, over activity in Patient Transport Service activity and continued growth in GP referrals rates.
- 3.2 The delivery of the control total has been escalated up to a red risk. The financial challenges and the movement already seen in 2014.15 are considerable and should not be underestimated, that said the CCG does benefit from very robust financial control arrangements.
- 3.3 With this escalation in risk around the delivery of the agreed £12.6M control total it is imperative that any current forecast underspends are held and not spent. The CCG has fully released all headroom and contingency in delivery of the agreed control total and current forecast position.
- 3.4 Emergency admissions and GP referrals in the East are running at high levels which are likely to crystallise in the 2015.16 contracting process. At the current rate of growth seen within the acute sector this will be extremely challenging, both financially and from a capacity provider perspective. This is a concerning, challenging and unsustainable trend.
- 3.5 Continuing Health Care represents the highest priority risk against delivery of the NHS England agreed control total. To date the CCG is managing a £4.1M over spend and this limits any movement in all other areas. Benchmarking does indicate that substantial opportunities exist to mitigate this spend further.
- 3.6 Operational Resilience non recurrent funds now total £10.6M for 2014.15. For 2015/16 CCG allocations now include winter pressure funding on a recurrent basis, so in future it is not anticipated that there will be in year allocations for this service area.
- 3.7 The Locality Development fund is circa £700K uncommitted. Currently we have forecast a fully committed and spent position by 31<sup>st</sup> March 2015. It is recommended that this underspend is protected to assist with the delivery of the control total.

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**Date :** 22<sup>nd</sup> December 2014  
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<b>APPENDICES</b>	
<b>Appendix 1</b>	<b>CCG Board Summary 2014/15</b>
<b>Appendix 2</b>	<b>CCG Detailed Summary 2014/15</b>