

**NHS DORSET CLINICAL COMMISSIONING GROUP**  
**GOVERNING BODY MEETING**  
**FINANCIAL PERFORMANCE AS AT 31<sup>st</sup> May 2014**

<b>Date of the meeting</b>	16/07/2014
<b>Author</b>	C Hickson, Head of Management Accounting and Financial Planning
<b>Sponsoring Board Member</b>	P Vater, Chief Finance Officer
<b>Purpose of Report</b>	To update members on the CCG financial performance as at 31 <sup>st</sup> May 2014.
<b>Recommendation</b>	The Governing Body is asked to <b>Note</b> the report.
<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 Assurance Domains</b>	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Engagement</li> <li>• Outcomes</li> <li>• Governance</li> <li>• Partnership-Working</li> <li>• Leadership</li> </ul>		
<b>I confirm that I have considered the implications of this report on each of the matters below, as indicated:</b>	<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	✓		✓

Initials: CH

## 1. Introduction

- 1.1 The purpose of this report is to update members on the financial performance as at 31<sup>st</sup> May 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 CCG delivered the agreed control total of £12,614K for 2013.14 which has now received full external audit assurance.
- 2.2 The final financial out-turn for the month ending 31<sup>st</sup> May 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 £12,610K 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 1% delivery.
- 2.3 It should be noted that the CCG has experienced significant 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.
- 2.4 At this stage the delivery of the control total has been highlighted as amber risk due to the anticipated financial pressures facing the CCG for 2014.15. This will be carefully monitored and this risk level could be subject to escalation when further intelligence has been received from providers and relevant agencies.

### Acute Care

- 2.5 The non-elective emergency admission tariffs for 2014.15 still applied a threshold where marginal rates are at 30%, although reductions in activity below plan would achieve 100% tariff savings.
- 2.6 With the increase in emergency pressures experienced in all acute providers the CCG will continue to fund non-recurrent winter pressure based schemes through the Urgent Care Board.
- 2.7 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

## 9.3

of the 2015.16 contracting setting process and represents a stepped increase in cost.

- 2.8 The majority of this growth in 2013.14 was 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 though out 2013.14 mainly through the Choice agenda and the access times being offered by these providers.
- 2.9 Reducing GP referrals by 1% forms part of the CCG QIPP delivery against a baseline of 4.5%. Current indications for 2014.15 show large growth for GP referrals into Poole Hospital and Salisbury at 5.8% and 2.4% respectively.
- 2.10 The CCG identified non recurrent funds of £3.5M in 2014/15 for the development of transformational Urgent Care Pilots. The Urgent Care Board provides the governance for this process and Acute and Ambulance providers work as part of a collaborative membership to deliver approved schemes.
- 2.11 At the time of writing this report detailed performance information is available for April 2014 only.

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th April 2014 for the Dorset CCG does represent an over spend against activity at marginal rate of £172K. This extrapolated represents a £2,066K potential risk for 2015.16, it should be noted we are at a very early point in the financial year and this will be subject to change.</p> <p>Day case and elective activity is the main area of concern at this stage. Musculoskeletal is over plan this is being driven primarily by total knee replacements being notably over plan.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		£0

2.12

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th April 2014 for Dorset CCG does represent an over spend against activity at marginal rate of £126K. This extrapolated represents a £1,512K potential risk for 2015.16, it should be noted we are at a very early point in the financial year and this will be subject to change.</p> <p>GP referrals rates for this provider are running at 5.8% above</p>		£0

## 9.3

<p>a 2013.14 baseline. This is a continuation of the trend seen in 2013.14 for GP referrals into Poole Hospital and is of concern. Referral rates in 2013.14 showing a 10.5% growth into this provider.</p> <p>The over plan activity is mainly related to emergency admissions in respiratory and digestive chapters.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		
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2.13

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th April 2014 for Dorset CCG does represent an over spend against activity at marginal rate of £61K. This extrapolated represents a £732K potential risk for 2015.16, it should be noted we are at a very early point in the financial year and this will be subject to change.</p> <p>Emergency admissions remain above contracted levels but GP referrals are currently flat compared to 2013.14. Pressure is mounting within outpatient first attendances and non PBR drugs.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		<p>£0</p>

2.14

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.</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 that have been identified through the Urgent Care Board have been funded non-recurrently. The outcome of these pilots would be used to inform future commissioning</p>		<p>£0</p> <p><b>Block Contract for 2014/15</b></p>

## 9.3

<p>decisions and the development of the Urgent &amp; Emergency Care and Frail Elderly strategy.</p> <p>Activity information is limited at the time of writing this report but early indications suggest 0.2% above expected contract levels.</p>		
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### 2.15

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 30th April 2014 for Dorset CCG does represent an under spend against activity at marginal rate of £26K. It should be noted we are at a very early point in the financial year and this will be subject to change.</p> <p>Salisbury has recently transferred to a new data capture system which has produced live data for April. There have been significant challenges in the reconciliation of data and the Dorset CCG performance team are working closely with Salisbury to better understand the challenges.</p> <p>It should be noted the current activity reports for April do include unusual spikes in coding which are being investigated.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		£0

### 2.16

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 30th April 2014 for Dorset CCG does represent an under spend against activity at marginal rate of £56K. It should be noted we are at a very early point in the financial year and this will be subject to change.</p> <p>The largest area of concern is day case admissions which are £26K over expected levels. Over performance is mainly seen in the digestive chapter.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		£0K

2.17

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th April 2014 for Dorset CCG does represent an over spend against activity at marginal rate of £32K. This extrapolated represents a £384K potential risk for 2015.16, it should be noted we are at a very early point in the financial year and this will be subject to change.</p> <p>The majority of this over expected contract level falls within adult critical care.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		£0

### Primary Care – Practice Prescribing

2.18

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). At this early stage in the financial year this information is not available at the time of writing this report. We are expecting the first PMD forecast for Dorset CCG to be available at the end of August 2014.</p> <p>Practices have been working hard against action plans identified through the previous QIPP agenda to target particular drug spending areas. Saving plans that impacted in 2013.14 will need to continue into 2014.15 for Dorset CCG.</p> <p>There are a number of expected cost pressures for 2014.15. The most significant being the newer anticoagulants. Usage is increasing and the national picture suggests a tipping point, after which usage will grow exponentially. 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> <p>Although we are currently reporting a breakeven position,</p>		£0

<p>early estimates suggest that the budget is likely to be overspent by £565K.</p> <p>This is based on an estimate of growth in prescribing from the Chief Pharmacist at 2.5% on 13.14 outturn. The current investment for growth in the prescribing budget is 1.97% (£2,122K) on 13.14 outturn as an result of a large increase in the year end forecast from the month 9 position that the 14.15 opening budget was based. This increase was due to generic savings actually achieved being less than the levels the Department of Health forecast.</p> <p>The Chief Pharmacist has requested an additional investment of £565K in the prescribing budget to bring this in-line with 2014.15 outturn and a managed 2.5% growth assumption.</p>		
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### Locality Devolved Budgets

2.19

Locality Devolved Budget	Trend	Year End Forecast
<p>The Locality Devolved Commissioning Budget forms part of a £1.2M recurrent 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 will be working very closely with locality managers and Review Design and Delivery in the development of a refreshed Locality Devolved Commissioning guidance document for 2014.15.</p> <p>Reports will be provided to the Audit and Quality Committee on request detailing all schemes to allow an Audit and Quality overview.</p>		£0

## Continuing Care

2.20

Continuing Health Care (CHC)	Trend	Year End Forecast
<p>In the last quarter of 2013.14 CHC experienced increasing levels of growth. This has resulted in a challenging budget settlement for 2014.15 which will need to be very carefully managed.</p> <p>Finance will be working 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>		<b>£1500</b>

## Dorset Integrated Community Equipment Service

2.21

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 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>£425K</b>

### Partnership Agreements MH & LD

2.22

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

2.23

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 process of agreeing further quality performance indicators against marginal rate payments.</p> <p>It was expected that as the eligibility criteria is enforced by acute providers activity will reduce. Patient transport providers will be working with the acute sector and commissioners to provider eligibility education and improve awareness. The current PTS provider is producing much higher quality now data which is being used by the Performance and Commissioning teams to inform Trusts on their performance of abandon rates and eligibility enforcement. This process should increase awareness and improve efficiency and quality.</p> <p>In May 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 finance and performance team will monitor very closely registered patient, abandonment rates and cross boarder recharges as part of a wider finance and performance focus.</p>		<b>£0</b>

2.24

New Hall, BMI & Spire Healthcare Non NHS Contracts	Trend	Year End Forecast
<p>The CCG experienced considerable growth in quarter four within BMI and New Hall Hospital. The opening budget is based on month 9 performance. Increased activity is being driven by the Choice agenda and access times offered by these providers.</p> <p>At this early stage in the financial year all early indicators suggest this trend will continue.</p>		<b>£258K</b>

### NHS Non Contract Activity

2.25

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 will be produced for 2014.15 highlighting key risks.</p>		<b>£178K</b>

### Individual Patient Treatments

2.26

Individual Patient Approvals	Trend	Year End Forecast
<p>The CCG is experiencing higher than expected activity levels in the About Health and Standard Health. Standard Health relates to the extended choice network. About Health provides dermatology services via the AQP (any qualified provider) developments.</p>		<b>£276K</b>

## Resource Limit

2.27

Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31<sup>st</sup> May 2014 is £961.081M which has been confirmed with NHS England. We are expecting the following adjustments in June 2014 as follows:</p> <ul style="list-style-type: none"> <li>-£43K CHID Maintenance</li> <li>-£367K Poole Hospital Dental</li> <li>-£18K Diabetic Retinopathy - DHUFT</li> <li>-£239K Poole Hospital Specialised</li> <li>-£445K DHUFT – eating disorders</li> <li>-£779K DCH Critical Care</li> <li>-£597K DCH Chemotherapy</li> <li>£28K Primary Care Glaucoma</li> <li>£135K New Born Screening</li> </ul> <p>The above adjustments have been confirmed with NHS England as correct.</p>		<p>£0</p>

## 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 30th April 2014 shows a 98.9% cumulative performance for NHS invoices and 99.3% 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 and continued growth in GP referrals rates. The 4.5% net growth in GP Referrals rates into the acute sector seen in 2013.14 is not sustainable moving forward.

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.

## 9.3

- 3.3 At this early 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.

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**Date : 19 June 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>