

**NHS Dorset Clinical Commissioning Group  
Governing Body Meeting  
Financial Position as at 31<sup>st</sup> July 2013**

<b>Date of the meeting</b>	18/09/2013
<b>Author</b>	C Hickson, Head of Management Accounts
<b>Sponsoring GB member</b>	P Vater Chief, Finance Officer
<b>Purpose of report</b>	To provide the Members of Dorset Clinical Commissioning Group assurance over the financial performance of the organisation.
<b>Recommendation</b>	The Governing Body are asked to <b>note</b> the report.
<b>Resource implications</b>	None.
<b>Link to strategic objectives</b>	<ul style="list-style-type: none"> <li>• Services designed around patients</li> <li>• Preventing ill health and inequalities</li> <li>• Sustainable healthcare services</li> <li>• Care closer to home</li> </ul>
<b>Risk assurance</b> Impact on high level risks	FIN10 – Further specialist commissioning adjustments could be required against the CCG recurrent allocation. Risk Score 12.
<b>Privacy impact assessment</b>	N/A
<b>Outcome of equality impact assessment process</b>	As this is a financial monitoring report only it is unlikely that this process is required. This is however being checked further with Information Governance.
<b>Actions to address impact</b>	Please see above.
<b>Legal implications</b>	None.
<b>Freedom of information</b>	Unrestricted.
<b>Stakeholder Engagement</b>	None.
<b>Reason for inclusion in Part 2</b>	N/A
<b>Previous Committees/Governing Body</b>	N/A

## 1. INTRODUCTION

- 1.1 The purpose of this report is to update Members on the financial performance and the actions taken in delivering the financial control target agreed with NHS South of England for 2013/14.
- 1.2 The following areas are reported within this paper:
  - Appendix 1 - Dorset CCG Board Summary 2013/14
  - Appendix 2 - Dorset CCG Detailed Summary 2013/14
  - Appendix 3 - Locality Devolved Budget Summary 2013/14
  - Appendix 4 - GP Prioritisation Monies Schedule 2013/14

## 2. OVERALL FINANCIAL PERFORMANCE

- 2.1 The final financial out-turn for the year ending 31<sup>st</sup> March 2014 is attached (Appendix 1), with supporting commentary on significant variances below. Dorset CCG has agreed a control target under spend with NHS England of £12,614K for 2013/14.
- 2.2 NHS England has now confirmed that if the organisation is on trajectory to deliver the control total this needs to be presented within the Strategic Investment Framework area. NHS England has requested this approach due to the requirement of the Integrated Single Financial Environment (ISFE) reporting structure all CCG organisations are working within. Dorset CCG is fully compliant with this approach as at 31<sup>st</sup> July 2013.
- 2.3 The CCG is working within the ISFE finance system provided by SBS Shared Business Services. This is a nationally prescribed finance system and has a very limited coding structure and limited flexibility for local reporting. Dorset Clinical Group is pushing nationally for the release of Analysis 1 codes which would allow this flexibility.
- 2.4 The Management Accounts Team rolled out Directorate specific ISFE Finance Training in July. This training was carried out over a three week period and over 80 CCG ISFE users have received dedicated training on the new system.

### ACUTE & SPECIALIST CARE

- 2.5 The non elective emergency admission tariffs for 2013/14 still apply a threshold where marginal rates are at 30%, although reductions in activity below plan would achieve 100% tariff savings.
- 2.6 With the increase in emergency pressures expected in all acute providers the CCG has continued to fund non-recurrent winter pressure based schemes. This is as an important national and local priority that was identified within the Annual Delivery Plan for the CCG.

## 9.4

- 2.7 Dorset CCG referral rates are closely monitored through the year at a practice and locality level. At the 31<sup>st</sup> July 2013 net referrals are growing at 4% compared to 2012/13. The majority of this growth is through referrals into Poole and Royal Bournemouth & Christchurch hospital acute providers. 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 Referral growth has been specifically seen in trauma & orthopaedics, rheumatology and dermatology.
- 2.9 The CCG identified non recurrent funds of £3.5M for the development of Urgent Care Pilots within 2013/14. The Urgent Care Board is managing this process and Acute and Ambulance providers were asked to submit bids against the £3.5M fund. These bids are being reviewed by a dedicated CCG project team. The impact of these schemes will be measured and monitored through the Urgent Care Board and this intelligence will be used to inform future commissioning decisions. The deadline for completed bids from providers was the 14<sup>th</sup> August 2013. The dedicated CCG urgent care project team will review bids and confirm with providers successful schemes by the end of August.
- 2.10 At the time of writing this paper robust secondary care information is available for the period up to and including the 30<sup>th</sup> June 2013.

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30<sup>th</sup> June 2013 for the Dorset CCG does represent an over spend of £137K at marginal rates.</p> <p>Emergency activity is the largest area of concern against the expected plan at £307K over before marginal rates are applied. Elective activity for digestive and musculoskeletal is helping to offset pressure within day case metabolic disorders, major skin procedures and emergency.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.11

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>£0K</p>

<p>This budget has now been adjusted from an opening position of £44.334M. This reflects the Maximum Take adjustments that have been agreed with providers. The full budget adjustment has been made in month 4 as can be seen in Appendix 2.</p>		
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## 2.12

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30<sup>th</sup> June 2013 for the Dorset CCG does represent an over spend of £147K at marginal rates.</p> <p>Outpatients procedure continue to remain over plan and are contributing to the majority of the over performance. The Information Team are currently working closely with the Trust to rectify outpatient coding issues including TIA clinics, DVA clinics and Pain Management, AB06Z Minor Pain Procedures.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

## 2.13

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30<sup>th</sup> June 2013 for the Dorset CCG does represent an under spend of £161K at marginal rates.</p> <p>The CCG Payment by Results activity is under spent within Elective and Non Elective Emergency against the agreed plan. Outpatient first and follow up appointments at month 3 are above plan by £100K.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

## 2.14

South Western Ambulance NHS FT	Trend	Year End Forecast
<p>Handover delay penalties were included within the national NHS contract for 2013/14. Q1 charges at 15% have been calculated at £39K. At 100% this does represent significant future financial risk. Commissioners are working closely with providers via the Urgent Care Board to identify new ways of working within Urgent and Emergency care.</p>		<p>£0K</p>

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<p>SWAST were award the 111 contract for Dorset CCG which launched publicly on the 19<sup>th</sup> March 2013. Initial call volumes were much higher than anticipated. Dorset CCG has worked closely with SWAST on a recovery programme. Activity levels at month 4 are being managed against agreed key performance indicators. Dorset CCG has had to provide additional financial support for 111 call handlers and medical advisors.</p>		<p><b>Block Contract for 2013/14</b></p>
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2.15

<b>University Hospitals Southampton NHS FT</b>	<b>Trend</b>	<b>Year End Forecast</b>
<p>The Trust position as at 30<sup>th</sup> June 2013 for the Dorset CCG does represent an under spend of £79K at marginal rates.</p> <p>The CCG Payment by Results activity is under spent within Elective and Non Elective Emergency against the agreed plan of £116K. Outpatient first and follow up appointment activity is above plan by £18K.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

2.16

<b>Salisbury Hospital Foundation Trust</b>	<b>Trend</b>	<b>Year End Forecast</b>
<p>The Trust position as at 30<sup>th</sup> June 2013 for the Dorset CCG does represent an over spend of £291K.</p> <p>This is an indicative position only as the removal of specialist commissioning data is still undergoing negotiation with NHS England.</p>		<p>£0K</p>

2.17

<b>Yeovil Hospital NHS Foundation Trust</b>	<b>Trend</b>	<b>Year End Forecast</b>
<p>The Trust position as at 30<sup>th</sup> June 2013 for the Dorset CCG does represent an under spend of £64K at marginal rates.</p> <p>An area of concern is the Emergency Department which is starting to over heat against plan.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2013/14.</p>		<p>£0K</p>

## CONTINUING CARE

2.18

Continuing Health Care	Trend	Year End Forecast
<p>Currently we are predicting growth in Continuing Care costs to be around 6.14% which is in line with current planned growth of 7%. However there is a backlog of FNC assessments which if found eligible for CHC funding could result in a potential cost pressure on the CHC budget. The current situation is 800 FNC cases with an estimated conversion rate to CHC of 30%; however this conversion rate is purely an estimate at this stage.</p> <p>In regards to Retrospectives the Department of Health advised a deadline of the 30<sup>th</sup> September 2012 for retrospective claims for Continuing Health Care. The deadline applied to:</p> <ul style="list-style-type: none"> <li>• Those who never received an assessment for NHS Continuing Health Care.</li> <li>• Those who believe they may have been eligible for periods of care which occurred between 1<sup>st</sup> April 2004 and 31<sup>st</sup> March 2011.</li> </ul> <p>This deadline has prompted approximately 1,500 new Pan Dorset notifications for possible retrospective CHC claims. At this stage 890 fully completed claim forms have been received with a potential further 44 incomplete applications.</p> <p>We continue to receive completed applications on a weekly basis for the 2<sup>nd</sup> closure period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 and so far out of 80 enquiries there have been 25 applications submitted.</p> <p>As part of the PCT legacy a provision was created to manage the future financial risk of these retrospective claims. It is expected at this stage but not confirmed that the CHC legacy provisions will be passed to the CCG. NHS England have not confirmed the final position as the time of writing this report.</p> <p>Continuing Health Care remains a high risk area for the CCG and is being carefully managed in 2013/14. In recognition of this, monthly monitoring of the actual expenditure against plan has been established, including testing the assumptions made on the financial risk related to Retrospective and addressing backlogs.</p> <p>There is a review of the current structure within the CCG to provide the most efficient and effective commissioning</p>		<p>£0K</p>

function for Continuing Health and Funded Nursing Care.		
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### PRIMARY CARE – PRACTICE PRESCRIBING

2.19

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).</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 2012/13 will need to continue into 2013/14 for Dorset CCG.</p> <p>There are a number of expected cost pressures for 2013/14. The most significant being the newer anticoagulants. There is a future risk for the CCG that spend in this area could reach £2M if these drugs become more widespread and start to significantly replace the use of Warfarin. The CCG Medicines Management Team is monitoring the position closely.</p> <p>As part of the national CCG planning process CCG baseline prescribing budgets were calculated using the 2012/13 Month 9 forecast. The prescribing position improved in Q3 and Q4 for 2012/13. This has resulted in an inflated prescribing baseline resulting in net growth allocated to the prescribing budget of 5% rather than the initial expected 3% uplift on 2012/13 outturn.</p>		£0K

### LOCALITY DEVOLVED BUDGETS

2.20

Locality Devolved Budget	Trend	Year End Forecast
<p>The CCG has continued to support the two Locality Devolved Commissioning Budgets being the Locality Management Budget and the Locality Commissioning Budget. 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>Locality Schemes have included the purchase of dermatoscopes to support dermoscopy in Primary Care with the aim of reducing dermatology referrals whilst maintaining quality.</p> <p>Inline with the CCG Urgent &amp; Emergency Care Review the Weymouth &amp; 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>		£0K
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### RESOURCE LIMIT

2.21

Anticipated Resource Limit	Trend	Year End Forecast
<p>The resource limit as at 31<sup>st</sup> July 2013 is £935.1M this represents a movement downwards from the Month 1 position of £10.7M. This is due to adjustments for Maximum Take for Specialist Commissioning and adjustments to CCG baseline with NHS England concerning Headroom.</p>		£0

### OTHER FINANCIAL TARGETS

2.22 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 31<sup>st</sup> May shows a 99.87% performance for NHS invoices and 96.55% for non-NHS invoices.

### 3. CONCLUSION

3.1 In 2012/13 the Cluster delivered the control target under spend of £12,614K. Nationally it has been calculated that the CCG will continue to commission 73% of the original PCT Cluster's services. It has then been calculated nationally that Dorset CCG will receive a legacy under spend from the PCT Cluster of £9,253K. This has been fully reinvested in the planned CCG surplus for 2013/14 and beyond.

3.2 Dorset CCG is confident in meeting the financial targets for the year ending 31st March 2014. The financial challenge this year is considerable but DCCG had a proven track record in financial management and achievement of their financial obligations and control targets.

3.3 The Max Take adjustment for Specialist Commissioning does represent a significant financial risk in that all acute activity associated with this

## 9.4

adjustment is correctly charged. The Max Take adjustment has been calculated as £44.334M reduction in resource limit for Dorset CCG.

- 3.4 Continuing Health Care and more specifically retrospective claims do continue to represent significant financial risk to Dorset CCG. The Cluster provided a provision from PCT legacy for retrospective claims. It is expected but not confirmed CHC PCT legacy provisions will be passed to the CCG. This is still to be confirmed by NHS England at the time of writing this report.
- 3.5 Finance and Performance teams within the CCG will continue working very closely with the localities in the development of referral management and financial monitoring systems throughout 2013/14. These systems not only look at referral patterns but also the associated financial impact. Business Intelligence has developed in partnership with Somerset CCG the Dorset Information Dashboard which is currently being rolled out to every practice within Dorset CCG.

## Appendices

<b>Appendix 1</b>	<b>CCG Board Summary 2013/14</b>
<b>Appendix 2</b>	<b>CCG Detailed Summary 2013/14</b>
<b>Appendix 3</b>	<b>Devolved Commissioning Budgets 2013/14</b>
<b>Appendix 4</b>	<b>Prioritisation List of Investments</b>