

Finance Report



As at 30th September 2019



The month 6 (September 2019) forecast financial position for the CCG is that the budget will be met and the £2m surplus control total will be delivered.



Included within this forecast are significant anticipated overspends in acute commissioning and Personal Health Commissioning (PHC). The following are the main variances included in the forecast:

- A **£10,495k** pressure in PHC, of which half arises in Continuing Health Care for adults and children
- A **£2,051k** cost pressure arising in acute services, including non STP acute providers (principally Yeovil and Southampton) and ambulance
- The Integrated Community Equipment Service, which is a pooled budget between the CCG and two Local Authorities, is forecasting an overspend, with the CCG share being **£328k**. Control measures have now been agreed and are anticipated to reduce this overspend

As previously reported, risks in the acute care costs are continuing in Yeovil and Southampton hospitals. A contract variation is being negotiated with Yeovil for their over performance, whilst the forecast overspend in Southampton has fallen but a risk remains due to high cost non-elective admissions and is therefore volatile.

Ambulance activity is 3.8% above the contracted levels for Dorset and has incurred a charge under the break glass clause of £165k. Further payments are likely unless there is a significant mitigation of activity levels.

These forecast overspends are being mitigated by actions to reduce forward expenditure and the use of non-recurrent sources.



The CCG QIPP plans are for savings of **£53.0m**. Of this, £52.6m will be delivered through existing plans leaving **£0.4m** that currently has no identified plan for recurrent delivery. The Finance Sustainability Taskforce, chaired by the Chief Finance Officer, is working to develop plans for the remainder and monitors achievement of the total QIPP requirement.



The CCG currently has £1.8m of income that is overdue from other organisations. This includes £1.1m from Wiltshire CCG, of which £0.7m is over a year old and is waiting the outcome of arbitration with NHS England. The debts with the Local Authorities are largely due to funded out of hospital costs and discussions are ongoing between directors of these organisations.

Ninety eight per cent of CCG invoices are paid within target timescales against a standard of 95% required.



Overall the system continues to report that it will meet the combined control total of £5.9m and so receive the **full £14m** of Provider Sustainability Funding (PSF).

There are risks across the system to delivering the control total, with providers reporting £5.7m of unidentified savings within their position. All organisations continue to seek solutions to mitigate the risk.

Workforce cost pressures are a significant factor across the health system, with increases in the number of employees and in agency spend. Since highlighting the issues at the start of the financial year further scrutiny across the system has been underway to understand and explain the causes of the growth.

Finance Report September 2019/20 (Month 6)

Finance Summary and Risks

CCG Summary

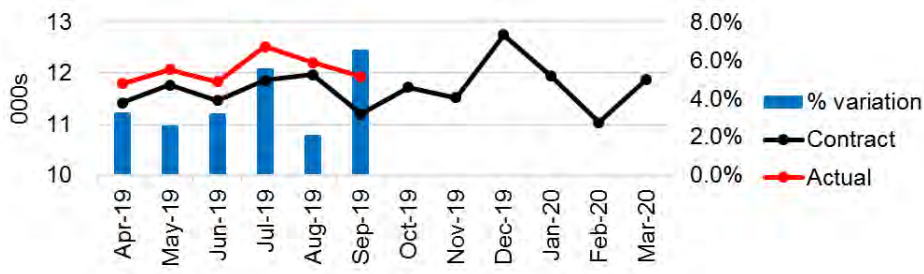
| | Annual | Forecast | Forecast |
|---|------------------|------------------|----------------|
| | Budget | Year End | Year End |
| £000 | | Outturn | (Under) / |
| | | | Overspend |
| Acute Commissioning | 607,555 | 609,606 | 2,051 |
| Dorset HealthCare University NHS FT | 221,123 | 221,123 | 0 |
| Other Mental Health & Learning Disabilities | 14,687 | 14,353 | (333) |
| Primary Care Commissioning | 260,470 | 260,470 | 0 |
| Other Community Health | 5,924 | 6,005 | 81 |
| Better Care Fund | 26,573 | 26,901 | 328 |
| Personal Health Commissioning | 80,631 | 91,126 | 10,495 |
| Other Commissioning | 13,424 | 13,424 | 0 |
| NHS England Business Rules | 4,884 | (9,738) | (14,622) |
| Corporate Running Costs | 16,341 | 16,341 | 0 |
| GRAND TOTAL | 1,251,612 | 1,249,612 | (2,000) |
| Resource Allocation | (1,251,612) | (1,251,612) | 0 |
| (Under) / Overspend | 0 | (2,000) | (2,000) |

Ambulance

Ambulance activity is 3.8% above contracted levels over the first 6 months. Charges are incurred every 2 months and the estimated risk is another **£235k**. In the SW region only Kernow CCG are at or below contracted activity levels. There are a number of variables that affect this forecast so it is only presented as a risk at this stage.

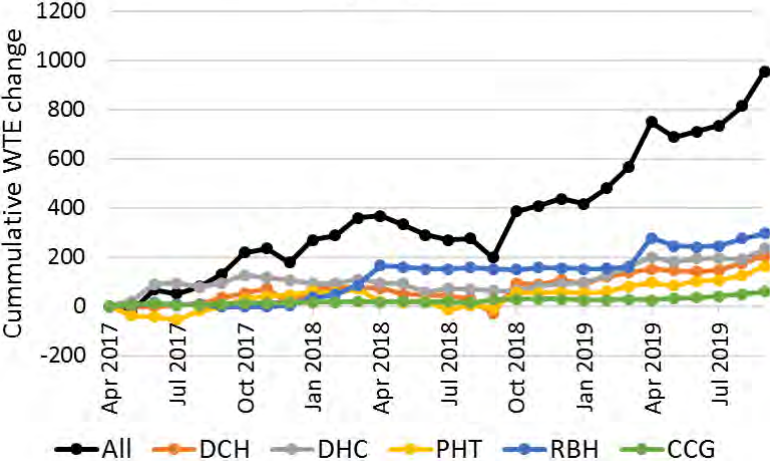
As well as presenting a financial risk for the current year, the high levels of activity growth will impact the cost, and performance, in future years.

Ambulance activity in Dorset



Workforce

Movement in employee numbers since April 2017 (WTE)



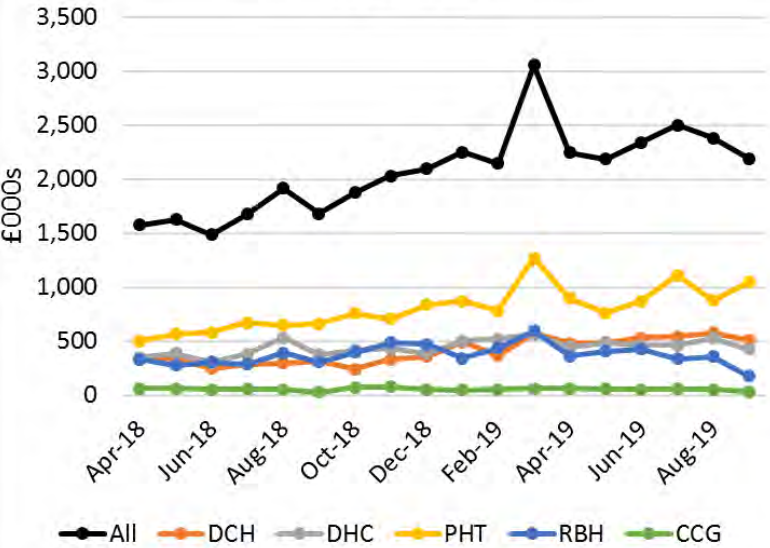
Across the system substantive workforce numbers have increased by 956 WTE (6.8%) since April 2017 and are currently at 15,043 (September 2019). The largest percentage increase is in CCG employees. Overall the system is below the 2019/20 planned establishment by 2.0%.

| Organisation | % Change | Current vacancy vs 19/20 opening plan |
|--------------|----------|--|
| CCG | 19.3% | -0.15% Over (358.7 actual vs 358.2 plan) |
| DCH | 9.1% | -0.25% Over (2,445 actual vs 2,439 plan) |
| RBH | 7.9% | -3.01% Over (4,047 actual vs 3,929 plan) |
| DHC | 5.3% | 4.9% |
| PHT | 4.9% | 2.6% |
| All | 6.8% | 1.4% |

Since April 2018 the increase is 589 WTE (4.1%).

(Data from Provider Workforce returns to NHS I)

Monthly agency spend



Monthly expenditure on agency staff has increased by £782k since April 2018 and £475k since the same month last year. Although there is monthly variation the trend has been consistently upwards.

Poole Hospital have the largest agency costs, with monthly spend in July and September 2019 exceeding £1m, although this dropped back to £874k in August. Agency spend in all other providers and the CCG fell since August.

CCG QIPP

| £000 | Non recurrent funding | Delivered through Contract setting | Identified Plan | Unidentified | QIPP PLAN |
|--------------|-----------------------|------------------------------------|-----------------|--------------|-----------------|
| Low Risk | (13,189) | (18,979) | (5,617) | - | (37,785) |
| Medium Risk | - | (1,103) | (6,713) | (425) | (8,240) |
| High Risk | - | - | (7,001) | (0) | (7,001) |
| Total | (13,189) | (20,081) | (19,331) | (425) | (53,026) |

Dorset CCG has £0.4m unidentified QIPP. The CCG is working across the Directorates to place a value on the schemes being developed to close the unidentified QIPP gap.

Plans for savings in relation to Yeovil and PHC totalling £1.7m are considered a high risk of non-delivery.

System CIP

| | Total Savings Plan | | | Total Savings Actual | | |
|---|--------------------|----------------------------------|---------------------------|----------------------|------------------|------------------|
| | Total £000 | Of which Unidentified £000 | Non- Recurrent £000 | Forecast £000 | Variance £000 | Achievement % |
| NHS Dorset CCG | 53,026 | 425 | 14,942 | 53,026 | 0 | 100% |
| Dorset County Hospital NHS Foundation Trust | 7,130 | 1,576 | 2,851 | 7,130 | 0 | 100% |
| Dorset Healthcare University NHS Foundation Trust | 10,431 | 1,500 | 6,182 | 10,431 | 0 | 100% |
| Poole Hospital NHS Foundation Trust | 9,031 | 931 | 5,527 | 9,031 | 0 | 100% |
| Royal Bournemouth & Christchurch Hospitals NHS FT | 10,452 | 1,255 | 5,719 | 10,452 | 0 | 100% |
| Sub-Total - Dorset Provider | 90,070 | 5,687 | 35,221 | 90,070 | 0 | 100% |
| South Western Ambulance Service NHS FT | 9,506 | 0 | 2,700 | 9,506 | 0 | 100% |
| Sub-Total - Dorset NHS Position - Surplus/ (Deficit) | 99,576 | 5,687 | 37,921 | 99,576 | 0 | 100% |
| Bournemouth, Christchurch Poole Council | 10,798 | 0 | 0 | 10,798 | 0 | 100% |
| Dorset Council | 0 | 0 | 0 | 0 | 0 | 100% |
| Total - Dorset ICS Position - Surplus/ (Deficit) | 110,374 | 5,687 | 37,921 | 110,374 | 0 | 100% |

NB: BCP Council savings are their total, not just Adult and Social care related, Dorset Council are still to confirm their final figure.

Of the total system savings of £110m, £19m are classified as high risk, £29m as medium risk and £62m as low risk.

All organisations are forecasting to deliver their saving target. Unidentified savings requirements have reduced from £14.7m to £5.7m and all parties report that their savings trajectories are as planned at this point in the year.