

Finance Report



As at 31st March 2020

Finance Report March 2019/20 (Month 12 - Outturn)

Key Points



The outturn financial position for the CCG is that the budget was met and the £2m surplus control total was delivered. As has been reported through the year there were variances across a number of the budget lines but overall the required financial position was achieved.



Acute commissioning, primary care prescribing and Personal Health Commissioning (PHC) were the three main overspent areas. The response to the covid-19 outbreak changed the financial regime in the last two weeks of March and will have an ongoing impact on the financial environment for the CCG.



Personal Health Commissioning (PHC) has an overspend of **£11,202k**, of which over half arises in Continuing Health Care for adults and children. Although there has been considerable work to address processes and reduce costs the forecast overspend has remained fairly static throughout the year to date.



Acute care overspent by **£5,934k**. Included in this figure was payment for over contracted ambulance activity, additional funding to the Dorset NHS acute providers to mitigate the number of 52 week wait breaches and overspends with both non ICS providers (principally Yeovil and Southampton) and independent sector organisations.



Prescribing overspent by **£3,671k** due to price increases, particularly in the Cat M drugs. This was previously expected to be a short term issue but has now been confirmed nationally as an ongoing adjustment.



Other primary care budgets were slightly underspent, with the anticipated cost pressures arising from practice closures and locum payments mitigated by underspends across other budget areas.



The national response to the covid-19 pandemic has fundamentally changed the financial environment for NHS organisations which will have a significant impact in to 2020/21. As a result the CCG is proposing an interim budget for the new financial year, which is presented to part 2 of the Governing Body meeting.

From mid March 2020 there was an impact on Dorset CCG finances, with a national commitment to fund the costs of responding to the incident. Discharges from hospital were funded centrally from 19 March, contracts with several large independent sector providers were placed nationally and a process for reimbursing the CCG for additional costs was put in place.

The CCG reclaimed £386k of covid related costs for March 2020, which principally related to primary care costs, as well as additional costs of patient transport services. Additional costs related to the discharge of patients were incurred by the two Local Authorities as lead commissioners of care services, and these will be reclaimed.

Interim financial governance has been produced to facilitate robust but rapid decision making where financial impacts are anticipated.



The CCG is required to hold a minimum cash balance at the end of the financial year, and as at March 31st 2020 had £516k in cash and cash equivalents (the maximum allowed was £1,153k).

Throughout the year the CCG has consistently paid 98% of invoices with 30 days, compared to a national target of 95%. For the covid-19 emergency period all NHS organisations are expected to achieve payment within 7 days and the CCG has put processes in place to achieve this.



Dorset NHS ICS organisations have collectively achieved the system control total and will therefore receive the full Provider Sustainability Fund and Financial Recovery Fund income for 2019/20.

CCG Summary

	Annual £000 Budget	Year End Outturn	(Under) / Overspend
Acute Commissioning	614,157	620,091	5,934
Dorset HealthCare University NHS FT	223,269	223,259	(10)
Other Mental Health & Learning Disabilities	15,208	15,312	104
Primary Care Commissioning	261,211	264,877	3,665
Other Community Health	5,998	5,869	(129)
Better Care Fund	27,149	27,503	354
Personal Health Commissioning	80,631	91,833	11,202
Other Commissioning	13,065	13,076	11
NHS England Business Rules	6,461	(16,669)	(23,130)
Corporate Running Costs	17,138	17,138	(0)
GRAND TOTAL	1,264,288	1,262,288	(2,000)
Resource Allocation	(1,259,292)	(1,259,292)	0
(Under) / Overspend	0	(2,000)	(2,000)

Dorset CCG agreed to share the cost of plans to mitigate the growing risks of patients breaching the 52 week wait with Dorset NHS Providers. In total this added £1,068k to the overspend, but mitigated a risk of fines to the CCG that had been estimated at £2,665k.

Also included in this overspend is a £1,500k adjustment with the NHS providers to achieve the system control total.

Ambulance activity remained above the contracted level throughout 2019/20 (4.8% in Dorset) incurring additional costs of £582k.

Expenditure with two NHS Providers was over budget (Yeovil and Southampton hospitals) as forecast through the year. The total overspend from these two was £1,578k.

There were also cost pressures in independent sector providers, with an overspend of £1,171k.

The following table summarises the 2019/20 costs for the CCG that has been included on the national reclaim for March 2020. These figures do not include the costs incurred by the Local Authorities for care provision to support patients discharged from hospital. Once the authorities have compiled these costs they will be reclaimed.

Category	Reclaimed spend £
Primary Care	238,105
Transportation of patients	60,000
Hospital discharge programme (community equipment)	56,002
Other action	31,546
Grand Total	385,653

A process is in place for practices to reclaim additional costs of responding to the covid incident from the CCG, which are then reimbursed from the central funds. The primary care costs include additional staff cover for absences, purchase of personal protective equipment and equipment to ensure a safe service can be delivered to Dorset patients.

The national hospital discharge programme, initiated to ensure patients are able to move out of acute care beds as quickly as possible and release capacity, will cover all costs incurred since March 19th 2020, including the issuing in of equipment to enable these patients to be looked after outside of hospital.

Included in the 'other action' category are some costs to support more staff working from home and the additional pay costs to provide weekend and out of hours support to the Incident Control Centre rota.

The CCG had a savings plan for 2019/20 of £52,932k to be delivered through Quality, Innovation, Productivity and Prevention (QIPP) schemes.

Progress on the various schemes identified was mixed, with a delivery of £29,903k savings from the originally planned schemes. The slippage was offset by savings and efficiencies realised during the year through other measures.

	Annual QIPP Plan £000	QIPP delivered	Variance to plan	Non QIPP plan variances	Outturn variance
Acute Commissioning	(19,269)	(17,105)	2,165	3,769	5,934
Dorset HealthCare University NHS FT	(1,237)	(1,237)	0	(10)	(10)
Other Mental Health & Learning Disabilities	(191)	(191)	0	103	103
Primary Care Commissioning	(4,214)	(3,109)	1,105	2,561	3,666
Other Community Health	0	0	0	(129)	(129)
Better Care Fund	0	0	0	354	354
Personal Health Commissioning	(6,906)	(1,078)	5,828	5,376	11,204
Other Commissioning	(310)	(310)	0	11	11
NHS England Business Rules	(20,352)	(6,420)	13,932	(37,065)	(23,133)
Corporate Running Costs	(453)	(453)	0	(0)	(0)
GRAND TOTAL	(52,932)	(29,903)	23,029	(25,029)	(2,000)

Slippage against QIPP plans arose in acute commissioning schemes for non Dorset ICS providers, where increasing pressures meant the plans could not be achieved in full.

For primary care the prescribing plans were partly achieved but there was slippage of £1,105k due to growth in demand that could not be mitigated as well as price increases outside of CCG control that offset reductions in activity.

Personal Health Commissioning QIPP plans were identified as at risk of under delivery during 2019/20 and despite ongoing transformation work and improvements in processes they could not be delivered in full.