

NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY MEETING
FINANCE REPORT – MONTH 2

Date of the meeting	15/07/2020
Author	M Gravelle, Assistant Director of Finance - Strategy
Sponsoring Board member	N Rowland, Chief Finance Officer
Purpose of Report	To present the month 2 finance position for 2020/21.
Recommendation	The Governing Body is asked to note the report.
Stakeholder Engagement	N/A
Previous GB / Committee/s, Dates	N/A

Monitoring and Assurance Summary

This report links to the following Strategic Objectives	<ul style="list-style-type: none"> • Prevention at Scale • Integrated Community and Primary Care Services • One Acute Network • Digitally Enabled Dorset • Leading and Working Differently 		
	Yes [e.g. ✓]	Any action required?	
		Yes Detail in report	No
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	✓		✓
I confirm that I have considered the implications of this report on each of the matters above, as indicated	✓		

Initials : MG

Finance Report – Month 2

1 Summary

- 1.1 The attached report summarises the financial position of the CCG as at the end of the May 2020/21.
- 1.2 The CCG is reporting a deficit of £19.3m against the four-month interim budget. However, this arises from the revised funding allocation methodology and identified issues are being resolved with NHS England and Improvement. The CCG expects to achieve the required breakeven position following conclusion of these discussions.

2 Key Issues

- 2.1 The funding shortfall arises from assumptions within the methodology to calculate the revised CCG allocation, principally in relation to non-recurrent income received in 2019/20.
- 2.2 Additional cost pressures in relation to covid-19 totalling £3.0m to date have been reported and form part of the shortfall. These have been agreed to be funded.
- 2.3 The uncertainty about the financial arrangements after July 2020 present a risk, both financially and operationally, to the CCG. Guidance is expected in mid-July.

3 Recommendation

- 3.1 The Governing Body is asked to **note** the report and the measures being taken.

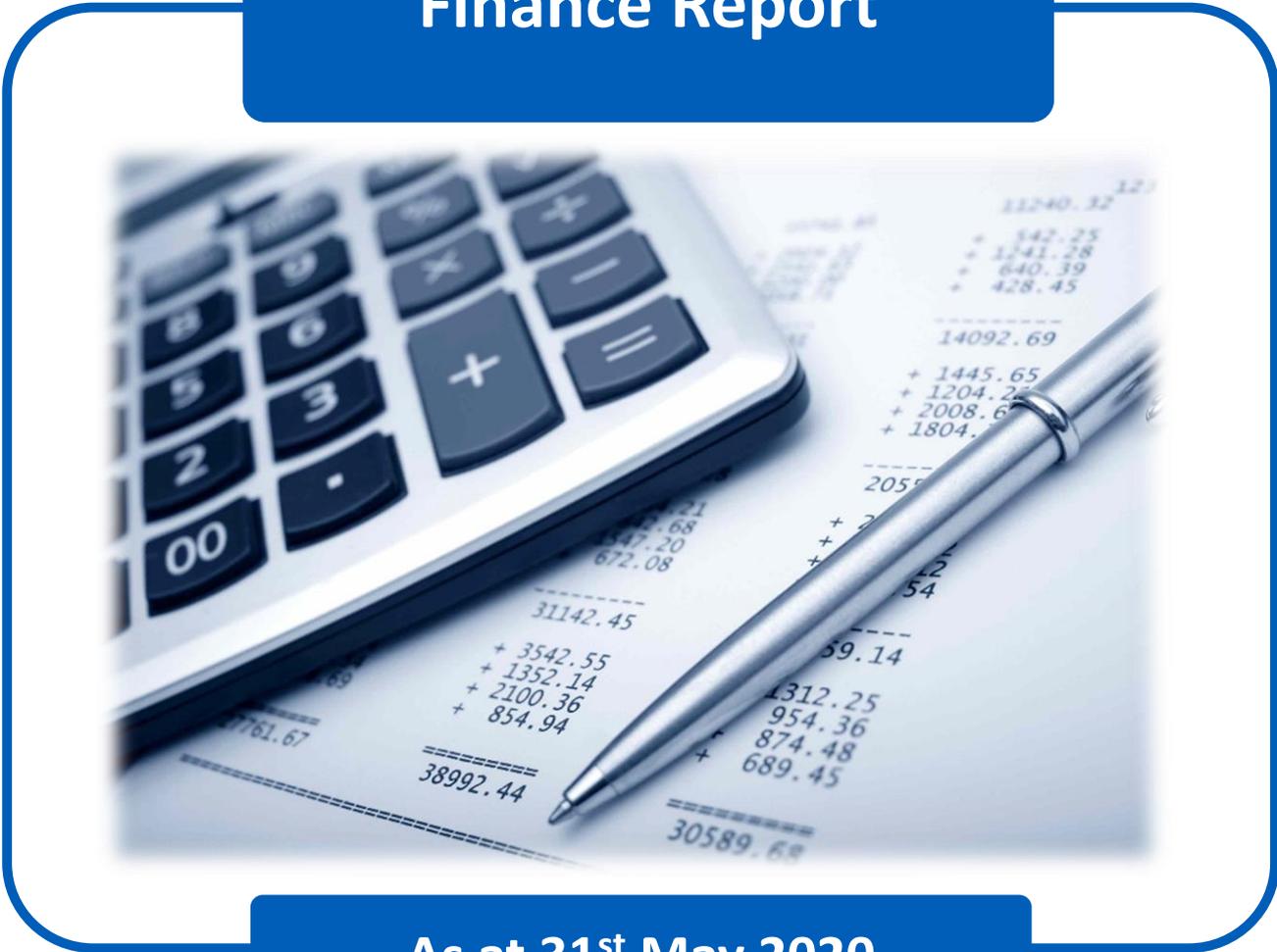
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Date : 30 June 2020

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APPENDICES	
Appendix 1	Month 2 - Finance report

Finance Report



As at 31st May 2020



The CCG is currently operating with a four month interim budget. Following the adjustment of the allocation to Dorset CCG for months 1 – 4, and taking in to account additional cost pressures including covid-19 the CCG has a forecast shortfall of £19.3m against the allocation.

A top up process is part of the new financial regime which is intended to provide the necessary additional income for the CCG to achieve a breakeven position. As at the end of May agreement had been reached with NHS England and Improvement to fund £8.6m of a year-to-date gap of £9.7m, leaving £1.1m that is still being discussed but is expected to be resolved by the end of month 3 reporting. The causes of the overall shortfall are closely related to those for the year-to-date position and so it is anticipated that the discussions will address the whole gap and that the CCG will have a breakeven position at month four.



The system is beginning to move in to the recovery phase of the covid-19 pandemic with plans being developed about how to restart services. This will lead to increased costs for the CCG within acute care where services with non NHS providers may be required to support the system capacity. Similarly, in Primary Care changes in working practices and requirements to deal with backlogs of work could put financial pressure on practices.

Some of the underlying risks in the CCG may materialise during the later part of 2020/21, including cost pressures in Personal Health Commissioning (PHC) and prescribing.

The main risk at the current time is the uncertainty about the financial arrangements from August onwards. Guidance is expected in mid July and will influence how the CCG and wider system approach recovery planning for the last eight months of the year.



The CCG has incurred £3.0m of covid-19 related costs in April and May 2020. These form part of the £9.7m year-to-date shortfall and have been reimbursed by NHS England and Improvement.

The main areas of covid-19 spend are:

- Hospital Discharge Programme – provision of out of hospital care for patients to release hospital bed capacity. For the period of the covid-19 response all new and enhanced packages of care are funded centrally, removing the distinction between self funders, local authority or Continuing Healthcare (CHC).
- Enhanced patient transport services to transport patients to and from NHS care.
- Personal Protective Equipment (PPE) – although this is now largely provided from central supplies some local purchases were necessary in the early part of the pandemic to meet the surge in demand.
- Primary care support – reimbursement of additional staffing costs as well as safety equipment and configuration of hot and cold sites.
- Staffing the CCG Incident Control Centre and other additional requirements where these cannot be met through redeployment of existing resources, including working unsocial hours.

Finance Report May - 2020/21 (Month 2)

Summary Position

CCG Summary

	Interim Budget £'000	Forecast Month 4 Outturn £'000	Variance Over / (Overspend) £'000
Acute Commissioning	203,638	203,890	252
Dorset HealthCare University NHS FT	75,167	76,298	1,131
Other Mental Health & Learning Disabilities	5,012	5,012	0
Primary Care Commissioning	89,386	93,258	3,872
Other Community Health	2,013	2,013	0
Better Care Fund	9,407	9,407	0
Personal Health Commissioning	31,880	32,556	676
Other Commissioning	3,703	4,209	506
NHS England Business Rules	(4,938)	7,913	12,851
Corporate Running Costs	4,816	4,816	0
GRAND TOTAL	420,084	439,371	19,287
Resource Allocation	(420,084)	(420,084)	0
(Under) / Overspend	0	19,287	19,287

Cost pressures that are not funded as part of the allocation include:

- Price and volume increases in primary care prescribing (£2.3m)
- A back dated increase in Funded Nursing Care pay for 2019/20 (£1.1m)
- Commitments to additional roles in Primary Care Networks (£0.9m)
- Covid-19 costs (£3.0m)

It is expected that all issues will be resolved for the month 3 return leaving the CCG with a breakeven position.

The differences between the interim budget and forecast expenditure arise from additional cost pressures that were not included within the allocation calculations, and from the calculation methodology that used the month 11 2019/20 forecast position as the starting point and therefore build in factors that are not applicable in 2020/21.

The main issue with the allocation is that non-recurrent income received in 2019/20 was part of the calculation of funding for 2020/21. This offset expenditure that will continue in to 2020/21.

It was a requirement of the revised financial framework that the distribution of the allocation across budget headings was retained which has resulted in variations against a number of lines.

Unfunded cost pressures are principally on the primary care and business rules lines.

A summary of the covid-19 expenditure incurred to date by the CCG is shown below.

	£000s	Year to Date
Hospital Discharge Programme		726
Support for stay at home models		692
Enhanced Patient Transport Services		535
National procurement areas		409
After care and support costs		305
Other		229
Remote management of patients		92
Remote working for non patient activities		16
Total		3,004

Hospital Discharge costs are understated as they are mainly care services commissioned through the local authorities and there have been delays in collating these costs. The June position will be more complete.

The National Procurement category is for costs that are usually provided through central procurement, such as PPE, but for which it was necessary for local supplies to address shortfalls.

Overall the Dorset NHS organisations have incurred £17.9m in covid-19 expenditure in 2020/21, and an additional £4.1m in March (i.e. 2019/20).

	£000s	March	April	May	Year to date
Dorset CCG		386	1,918	1,086	3,004
Dorset Healthcare		169	1,014	913	1,927
Dorset County Hospital		782	1,068	862	1,930
Poole Hospital		540	1,094	1,439	2,533
Royal Bournemouth and Christchurch Hospitals		487	1,233	1,000	2,233
South Western Ambulance Service		1,772	3,727	2,547	6,274
Monthly Total		4,136	10,054	7,847	17,901

Note: South Western Ambulance Service figures are for the whole south west region, not just Dorset.