

**NHS DORSET CLINICAL COMMISSIONING GROUP  
GOVERNING BODY MEETING  
EXTENDING THE BUDGET ARRANGEMENTS**

<b>Date of the meeting</b>	16/09/2020
<b>Author</b>	M Gravelle, Assistant Director of Finance - Strategy
<b>Sponsoring Board member</b>	N Rowland, Chief Finance Officer
<b>Purpose of Report</b>	To update the Governing Body on the interim budget for months 5 and 6 2020/21.
<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>	N/A

**Monitoring and Assurance Summary**

<b>This report links to the following Strategic Objectives</b>	<ul style="list-style-type: none"> <li>• Prevention at Scale</li> <li>• Integrated Community and Primary Care Services</li> <li>• One Acute Network</li> <li>• Digitally Enabled Dorset</li> <li>• Leading and Working Differently</li> </ul>		
	<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	✓		✓
<b>I confirm that I have considered the implications of this report on each of the matters above, as indicated</b>	✓		

Initials : MG

## Finance Report – Interim Budget Month 5 and 6

### 1 Summary

- 1.1 The financial regime for the NHS for 2020/21 was altered following the covid-19 pandemic. As presented to the July 2020 Governing Body meeting, a centrally calculated block payment to providers, together with a top up process, has been in place for months 1 to 4.
- 1.2 It has now been confirmed that the arrangements will continue for months 5 and 6 of the current financial year.
- 1.3 A revised regime will then be in place for month 7 onwards, for which details are still to be confirmed by NHS England and Improvement.

### 2 Month 1 to 6 position

- 2.1 As a response to the covid-19 pandemic a revised financial regime has been in place for all NHS organisations from April 2020 (month 1).
- 2.2 This regime set centrally calculated block payments for the providers, with a top up process to reimburse additional spend and deliver a breakeven position for them each month.
- 2.3 Costs to deal with the covid-19 response, as well as additional cost pressures arising from the calculation methodology and changing requirements for service delivery, we funded via the retrospective top up each month.
- 2.4 For the CCG a revised allocation for month 1 to 4 was calculated to reflect both the block payments to providers and other changes to contracting arrangements, including those with the independent sector.
- 2.5 A top up process for covid-19 expenditure and other cost pressures was also applied to the CCG.
- 2.6 The initial arrangements covered months 1 to 4 and the interim budget presented to the Governing Body in July covered this period.
- 2.7 Subsequently Sir Simon Stephens and Amanda Pritchard announced that as part of phase 3 a modified financial regime will be in place from month 7 onwards. The existing arrangements will continue for months 5 and 6, meaning that the CCG will continue to make block payments and receive top ups for additional covid-19 spend and other pressures.
- 2.8 From month 7 onwards the details of the financial arrangements have not yet been released. However, we do know the principles that will be applied:
  - Fixed funding envelopes issued to systems comprising funding for NHS providers equivalent to the current block and top up arrangements.
  - A system allocation for covid-19 funding.
  - Cessation of retrospective top ups.

## 9.3

- An incentivisation scheme to adjust funding based on under or over achievement of performance targets.

2.9 Once the funding envelopes are published an interim budget for months 7 to 12 will be produced and presented to Governing Body.

### 3 Recommendation

3.1 The Governing Body is asked to **note** the report.

**Author's name and Title : Michael Gravelle, Assistant Director of Finance - Strategy**  
**Date : 3 September 2020**  
**Telephone Number : 07970 002653**