

**NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY MEETING
FINANCE REPORT – MONTH4**

Date of the meeting	16/09/2020
Author	M Gravelle, Assistant Director of Finance - Strategy
Sponsoring Board member	N Rowland, Chief Finance Officer
Purpose of Report	To present the month 4 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 4

1 Summary

- 1.1 The attached report summarises the financial position of the CCG as at the end of the July 2020/21.
- 1.2 The CCG received a revised allocation for the first four months of 2020/21, totalling £420m. Additional cost pressures of £39m have been incurred and are assessed and funded via the top up process. The CCG therefore expects to achieve the required breakeven position.
- 1.3 Included in the additional costs are £20m of covid-19 expenditure.

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 £20m have been reported and form part of the shortfall. These have been agreed to be funded.
- 2.3 The existing financial arrangements will continue for months 5 and 6 before changing in month 7. The financial envelopes for month 7 onwards have yet to be notified to organisations.

3 Recommendation

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

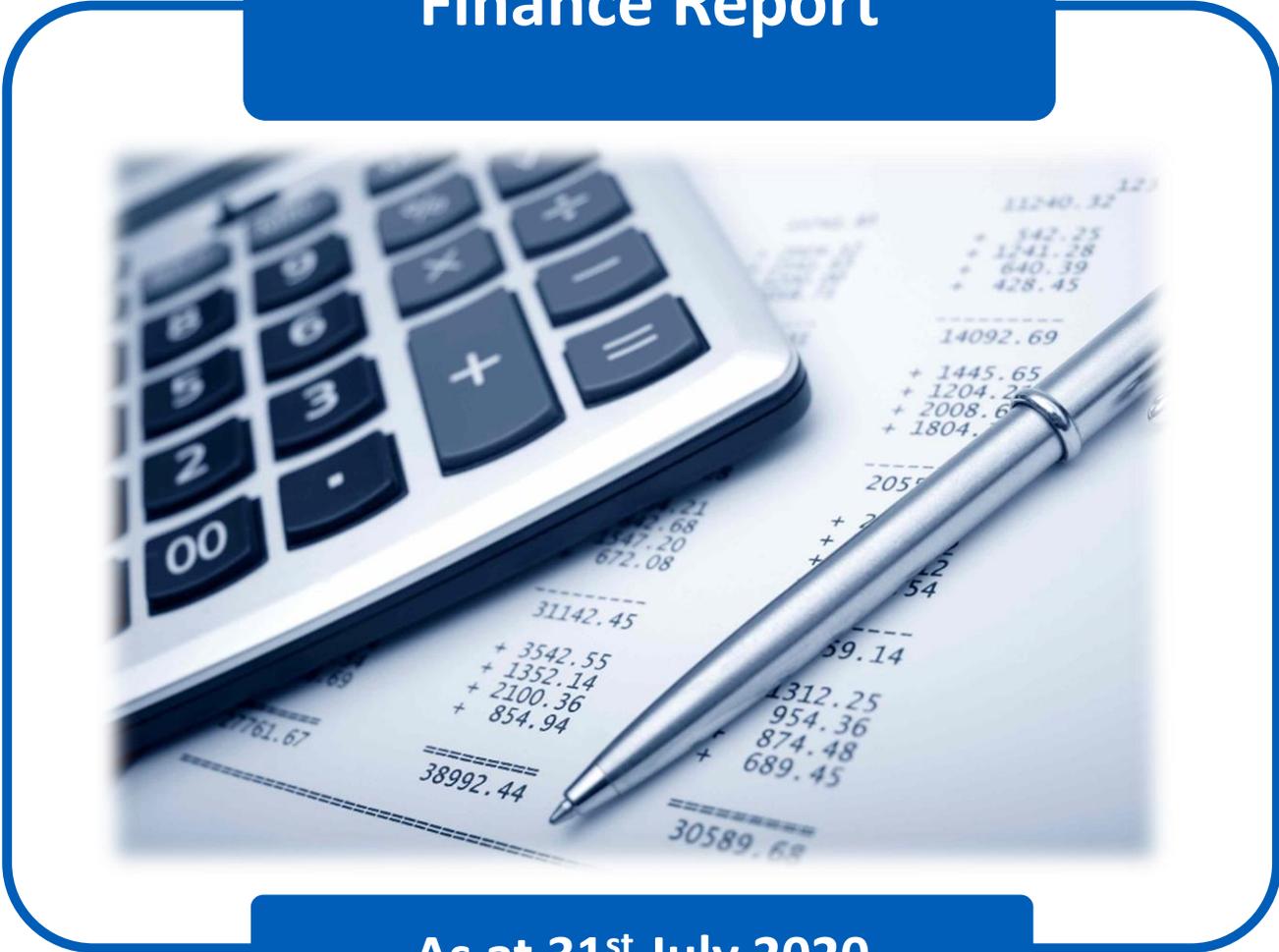
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Date : 2 September 2020

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APPENDICES	
Appendix 1	Month 4 - Finance report

Finance Report



As at 31st July 2020



The CCG is currently operating with a four month interim budget and is required to deliver a break even position each month, achieved through a retrospective top up process. At the end of July the CCG had incurred £38.9m expenditure above the allocation.

Of the £38.9m, £19.8m relates to covid-19 expenditure and has been approved for payment. A further £13.0m has been approved in relation to other pressures and errors in the allocation calculation. The remaining £6.1m is subject to ongoing discussions with NHS England.

In addition to the covid-19 spend the other pressures above allocation consist of:

- In year cost pressures not included in the allocation calculations, such as £2.9m for prescribing, £1.1m for Funded Nursing Care backdated pay increase and £1.8m commitments in Primary Care Direct Enhanced Services.
- The impact of non recurrent expenditure and income in the 2019/20 baseline that formed the basis for the new allocation calculations.



On 31st July NHS England and Improvement issued the covid-19 response phase 3 planning letter, setting out the requirements on systems for the remainder of the financial year. This confirmed that the current regime would be in place for August and September, before moving to a new arrangement for the second part of the year. The intention is that systems will be issued with funding envelopes comprising funding for NHS providers equivalent in nature to the current block and prospective top-up payments and a system-wide covid-19 funding envelope. There will no longer be a retrospective payment mechanism. It is expected that there will be a requirement to manage productivity and efficiencies through delivery of QIPP schemes.

The financial envelopes for the remainder of the year have not yet been released.

It has also been confirmed that the Mental Health Investment Standard will be required to be delivered in full and that allocations will be adjusted to reflect this.



The CCG has incurred £19.8m of covid-19 related costs in the first four months. NHS England and Improvement have confirmed these will be reimbursed.

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.
- Primary care support – reimbursement of additional staffing costs as well as safety equipment and configuration of hot and cold sites.



A comparison with the other CCGs in the region indicates that Dorset is in line with the average spend per head of population (£14) but has a significantly higher spend on patient transport services than the other systems.

Capital bids to support phase 2 of the covid-19 response have been submitted to the region. These total £3.7m for primary care estates works and £0.4m for IT. No decision on these bids has yet been notified to the CCG.

	Interim Budget £'000	Month 4 Outturn £'000	Variance Over / (Overspend) £'000
Acute Commissioning	204,137	204,204	67
Dorset HealthCare University NHS FT	75,907	76,190	282
Other Mental Health & Learning Disabilities	5,073	5,039	(34)
Primary Care Commissioning	92,635	96,071	3,436
Other Community Health	2,013	2,000	(12)
Better Care Fund	9,407	9,407	0
Personal Health Commissioning	33,644	36,437	2,792
Other Commissioning	4,478	4,558	80
NHS England Business Rules	6,043	20,281	14,238
Corporate Running Costs	4,816	4,844	28
GRAND TOTAL	438,154	459,031	20,877
Core Allocation		(420,084)	-
Covid top up received		(12,076)	-
Covid top up approved		(7,781)	(7,781)
Additional top up received		(6,003)	-
Additional top up approved		(6,980)	(6,980)
Additional top up - ongoing discussions		(6,116)	(6,116)
Resource Allocation		(459,031)	(20,877)
(Under) / Overspend		-	-

The revised allocation for the CCG was calculated as £420.1m for the first four months. The interim budget reflects this, plus the additional top up allocations that have been received (£18.1m).

As at month four the outturn was £459.0m, a variance of £20.9m compared to the interim budget. This variance includes £7.8m of covid-19 expenditure and £7.0m of additional expenditure that have been approved for payment but not yet received, leaving £6.1m. Discussions are continuing with NHS England to agree how this cost pressure has arisen and secure payment as part of the month 5 return.

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.

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. Forecast cost pressures that are not funded as part of the core allocation include:

- Price and volume increases in primary care prescribing (£2.9m)
- A back dated increase in Funded Nursing Care pay for 2019/20 (£1.1m)
- Commitments to additional roles and other new DES requirements in Primary Care Networks (£1.8m)
- Covid-19 costs (£19.8m)

Finance Report July - 2020/21 (Month 4)

Covid expenditure

Dorset CCG has recorded £19.8m of covid-19 related expenditure in the first 4 months of 2020/21.

The largest area of expenditure, accounting for 70% of the total, is for the Hospital Discharge Programme. This provides care for patients discharged from hospital, primarily via services commissioned by the two local authorities and recharged to the national programme via the CCG. This programme is being revised from the 1st September and will only fund the first 6 weeks of care after discharge.

After care and support costs totalling £1.7m have been incurred, providing ongoing care for patients who have recovered from covid-19 and for those shielding.

The other large area of spend is enhance patient transport services, providing additional capacity to allow for infection control and reduced vehicle occupancy.

A total of £1.9m has been spent supporting primary care, through payment for additional staffing, PPE and other infection control measures.

Category	£000s
Hospital Discharge Programme	13,868
After care and support costs	1,689
Enhanced Patient Transport	1,261
National Procurement Areas	559
Consumables	495
Bank Holidays	476
Other Covid-19	403
CHC Inflation	394
Additional capacity (excluding care homes)	244
Backfill for higher sickness absence	242
Remote management of patients	182
Internal and external communication costs	15
Sick pay at full pay for all staff policy	14
Travel	4
Total	19,848

Regional analysis of the spend as at month 3 indicated that Dorset has an average level of covid-19 spend per head of population (£14.2) compared to the region (£14.0 average). However, we are an outlier for PTS spend, being 3 times higher than the next highest (Kernow), indicating we have taken a different approach to this service area than other systems.

CCG capital schemes for 2020/21 are summarised below.

Capital Scheme	Allocation	Progress
CCG IM&T Capital	£287k	NHSE awarded and transferred funding to the CCG in July. IM&T are working with Procurement to ensure amounts can be spent on agreed projects by 31 March 2021.
CCG Fixtures & Fittings Capital	£25k	NHSE approved funding to the CCG in July. Projects will need to be completed by 31 March 2021.
GP IM&T Capital	£613k	NHSE approved funding to the CCG in July. Schemes will need to be completed by 31 March 2021.
GP N365 Capital	£513k	Funding bid to support N365, the NHS instance of Microsoft Office 365, is with NHSE for approval.
Minor Improvement Grants (Primary Care)	£640k	NHSE approved funding to the CCG in July. Schemes will need to be completed by 31 March 2021.

A bid for capital funding to support the covid-19 response has been made to NHS England, totalling £4.1m. This is primarily for infection prevention control and creation of hot/isolation areas at GP practices, but also includes investment in IT. Schemes were required to be deliverable during 2020/21 and a response is still awaited.

Category	Primary Care £	CCG £
Infrastructure (Build)	3,709,000	0
Additional small extension to side of building	25,000	
Automatic doors / sensors / intercoms for safe GP practice access	390,000	
Create additional administration room	8,000	
Creation of hot/isolation areas	538,000	
Extension to waiting room	90,000	
Infection control flooring - patient corridors and waiting room areas	1,296,000	
Infection control flooring - GP practice consulting rooms	600,000	
Screens for GP Practices in patient and staff areas	50,000	
Wipe cleanable waiting room seating in GP Practices	712,000	
IT	250,000	180,000
Continuation of Teams to support remote working for all Dorset NHS Organisations	100,000	
Cyber Resource		50,000
Remote consultations for Care Homes		50,000
Self care monitoring, funding for My mHealth		80,000
Support remote working for Primary Care	150,000	
Grand Total	3,959,000	180,000