

NHS DORSET CLINICAL COMMISSIONING GROUP

GOVERNING BODY

FINANCE REPORT – MONTH 6

Date of the meeting	18/11/2020
Author	M Gravelle, Assistant Director of Finance - Strategy
Lead Director	N Rowland, Chief Finance Officer
Purpose of Report	To present a summary of the financial position as at month 6 2020/21, including the impact of the Covid-19 response.
Recommendation	The Governing Body is asked to note the report.

Monitoring and Assurance Summary

Conflicts of Interest	N/A
Involvement and Consultation	N/A
Equality, Diversity and Inclusion	N/A
Financial and Resource Implications	N/A
Legal/governance	N/A
Risk description/rating	N/A

1 Summary

- 1.1 The attached report summarises the financial issues for the CCG as at the end of September 2020.

2 Key Issues

- 2.1 This is the final month of the initial modified financial regime in which the CCG is working to an interim budget that aligns to revised allocations as modelled by NHS England and Improvement (NHSE/I).
- 2.2 A break-even position is required each month, achieved through control of expenditure to match the new allocations and a top up process to recognise reasonable additional expenditure.
- 2.3 A previous issue with NHSE/I in relation to payment of the impact of the non-recurrent expenditure and income has now been resolved and will be paid, with the exception of £5.3m in relation to the Hospital Discharge Programme (HDP). The region expect the Dorset system to resolve concerns identified in respect of adherence to the guidance and, as the HDP scheme is continuing it

is anticipated that this can be adjusted in months 7 to 12 once the work is concluded.

- 2.4 A draft plan for months 7 to 12 has been completed and submitted to NHS England and Improvement for approval.

3 Recommendation

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

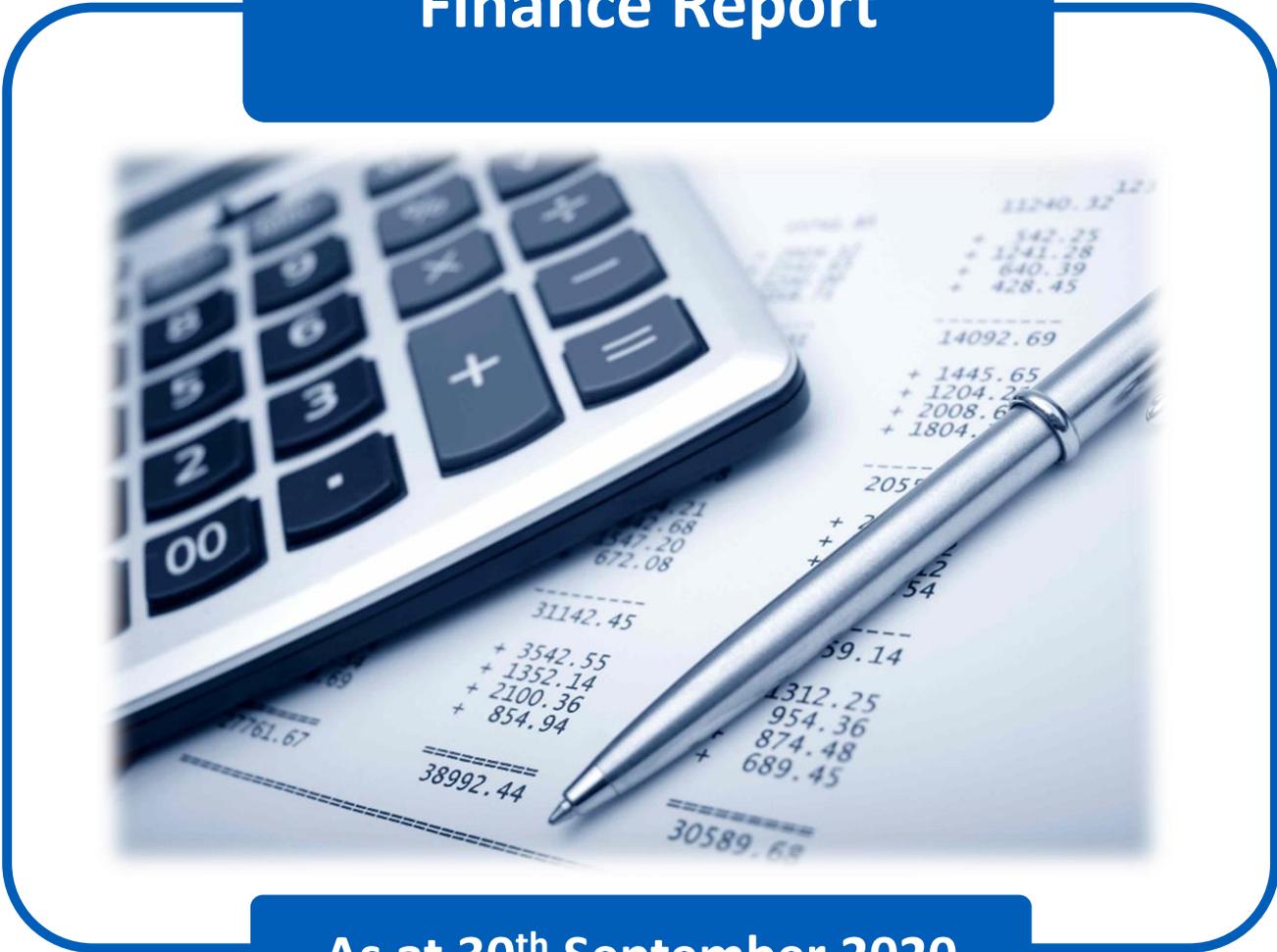
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Date: 4 November 2020

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APPENDICES	
Appendix 1	Month 6 - Finance report

Finance Report



As at 30th September 2020

Key Points



During months 1 to 6 the CCG has been operating under a revised financial regime of a fixed, centrally calculated allocation, and a retrospective top up process for any reasonable additional spend. The top up covered expenditure in support of the response to the covid-19 pandemic as well as additional cost pressures. A total of £67.5m expenditure above the allocation was reported at month 6.

Of the £67.5m, £32.5m relates to covid-19 expenditure. The remaining £35.0m arises from a combination of allocation calculations that did not correctly reflect the impact of non-recurrent income in 2020/21 as well as unfunded cost pressures.

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 £7.3m for prescribing, £9.8m for Personal Health Commissioning (PHC), including national Funded Nursing Care pay increases and £2.4m 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, totalling £9.1m.

A previous issue with NHS England and Improvement (NHS E/I) in relation to payment of the impact of the non-recurrent expenditure and income has now been resolved and will be paid, with the exception of £5.3m in relation to the Hospital Discharge Programme (HDP). The region expect the Dorset system to resolve concerns identified in respect of adherence to the guidance and, as the HDP scheme is continuing it is anticipated that this can be adjusted in months 7 to 12 once the work is concluded.



The CCG has incurred £32.5m of covid-19 related costs in the first six months. The primary areas of spend are:

- Hospital Discharge Programme – £23.4m has been spent supporting getting patients out of hospital and preventing admission. The majority of these costs are commissioned by the Local Authorities and recharged to the NHS through the CCG.
- Enhanced patient transport services - £2.3m on additional provision to transport patients to and from NHS care.
- Primary care support - £2.7m including costs for staff cover, additional hours, care home support, provision of hot sites and PPE.

Regional benchmarking has identified that Dorset CCG is spending above the regional average on Hospital Discharge Programme (HDP) and Patient Transport. The Patient Transport service has now been reduced whilst a review of the HDP spend is being undertaken, including discussions about the level of financial contribution the Local Authorities should be expected to make towards these costs.



The CCG continues to pay over 98% of invoices within 30 days, and is achieving approximately 82% within 7 days, which is the ambition set for NHS bodies during the covid-19 period.



On 22nd October 2020 the Dorset ICS submitted plans for months 7 to 12, under the revised financial regime for the second half of the year. These draft plans are now being reviewed with NHS England and Improvement to get an approved position.

	Interim Budget £'000	Month 6 Outturn £'000	Variance Over / (Overspend) £'000
Acute Commissioning	306,168	306,485	316
Dorset HealthCare University NHS FT	114,002	114,284	283
Other Mental Health & Learning Disabilities	7,560	7,941	380
Primary Care Commissioning	142,022	146,363	4,341
Other Community Health	2,939	2,876	(62)
Better Care Fund	14,111	14,111	0
Personal Health Commissioning	52,574	57,676	5,102
Other Commissioning	6,958	7,725	767
NHS England Business Rules	16,892	32,959	16,067
Corporate Running Costs	7,224	7,254	30
GRAND TOTAL	670,450	697,674	27,224
Core Allocation		(630,126)	0
Covid top up received		(25,479)	0
Covid top up - pending		(7,019)	(7,019)
Additional top up received		(14,845)	0
Additional top up approved		(9,091)	(9,091)
Additional top up - ongoing discussions		(11,114)	(11,114)
Resource Allocation		(697,674)	(27,224)
(Under) / Overspend		-	-

The financial regime for months 1 – 4 has been extended to month 6, meaning the CCG continues to operate with an fixed allocation plus retrospective top up. The fixed allocation was £630.1m. The interim budget reflects this, plus the additional top up allocations that have been received (£40.3m).

The outturn for month 6 is £697.6m, a variance of £27.2m compared to the interim budget and an increase of £11.3m over the previously forecast month 6 position. The position deteriorated due to a combination of several unexpected one-off costs and changes in run rates in some budget areas. Due to the large movement NHS England and Improvement are seeking further explanations before releasing the final top up payment.

One large change was in relation to the Hospital Discharge Programme where the Local Authorities are still catching up with charging for costs incurred in prior months due to difficulties with data collection and validation.

Personal Health Commissioning (PHC) costs also increased, due to a payment dispute totalling £1.8m that was decided against Dorset CCG, contrary to all advice received before the ruling.

Growth in prescribing has also increased more than anticipated, and together with other cost pressures in primary care contributed £3.2m to the position movement.

Finance Report September - 2020/21 (Month 6)

Covid expenditure

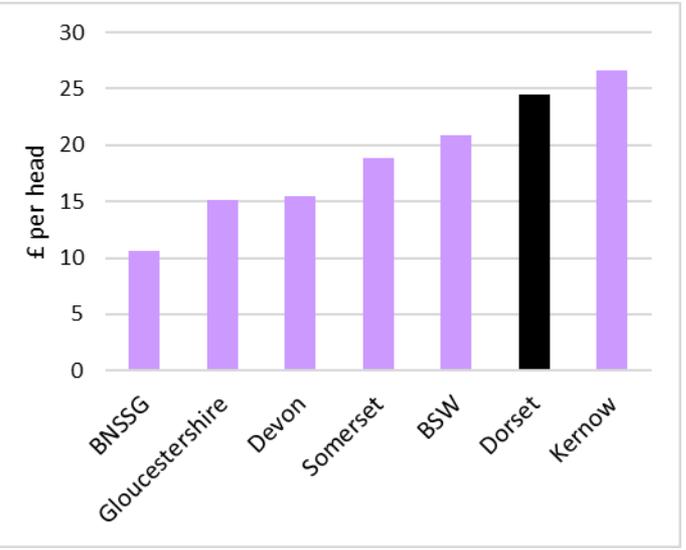
Dorset CCG Covid expenditure for the first 6 months is shown to the right. The highest areas of spend are Hospital Discharge, Support for stay at home models (care costs to prevent hospital admissions) and Patient Transport Services.

Within primary care the highest costs have been for staff (additional capacity plus bank holidays and backfill), as well as consumables.

	Primary Care	Other CCG	Total
Hospital Discharge Programme	0	23,350	23,350
Support for stay at home models	0	2,702	2,702
Patient Transport Services	0	2,336	2,336
National Procurement Areas (e.g PPE)	289	361	650
Consumables	622	0	622
Additional capacity	558	0	558
Bank Holidays	471	0	471
CHC Inflation	0	387	387
Backfill for higher sickness absence	357	0	357
All other categories	413	652	1,066
Total	2,710	29,788	32,498

The South West Region have conducted a benchmarking comparison of Covid expenditure across the region for months 3 and 4. As previously reported Dorset CCG is one of the highest spenders to date, being a particular outlier on the Hospital Discharge Programme and Patient Transport Services.

CCG spend per head



Provider (acute) total spend

