

NHS DORSET CLINICAL COMMISSIONING GROUP

GOVERNING BODY

FINANCE REPORT NOVEMBER 2020 (MONTH 8)

Date of the meeting	20/01/2021
Author	M Gravelle, Assistant Director of Finance - Strategy
Lead Director	N Rowland, Chief Finance Officer
Purpose of Report	To present the financial position as at the end of month 8.
Recommendation	The Governing Body is asked to note the report and financial position.

Monitoring and Assurance Summary

Conflicts of Interest	N/A
Involvement and Consultation	N/A
Equality, Diversity and Inclusion	N/A
Financial and Resource Implications	The planned deficit position for months 7-12 will constrain available resources in the second half of the financial year. If the CCG is unable to improve this position there are likely to be impacts in to 2021/22.
Legal/governance	The CCG has a statutory duty to keep expenditure within resource limits. The planned deficit means this duty will not be met in 2020/21 without further mitigation.
Risk description/rating	The financial performance risk for the CCG arises from the position reported here.

1 Introduction

- 1.1 The report describes the current financial position of Dorset CCG as at the end of month 8.
- 1.2 The CCG is reporting to deliver a deficit outturn position of £7.5m, which is an improvement on the planned position deficit of £16.5m at the year end. The

improvement arises from agreement from NHS England and Improvement to fund £9.0m arising from errors in the allocation calculation methodology.

2 Report

- 2.1 The financial position and the issues arising are described in Appendix 1.
- 2.2 Under the revised financial regime in place for months 7 to 12 the CCG will deliver a deficit of £7.5m.
- 2.3 The main causes of the deficit position are prescribing (£4.0m) and Personal Health Commissioning (PHC £1.9m) which are consistent with the planned position.
- 2.4 Expenditure on the Hospital Discharge Programme is still reimbursed in addition to the core allocation and is forecast to reach £12.4m at year end. Expenditure is monitored and reported monthly against a notional budget agreed with the local authorities, who commission the majority of this spend.
- 2.5 Following an internal review of the categorisation and reporting of the CCG financial position an adjusted, and improved, grouping of budgets is presented in this paper. Appendix 1 illustrates the movement between the presentation used in previous reports and the new format.

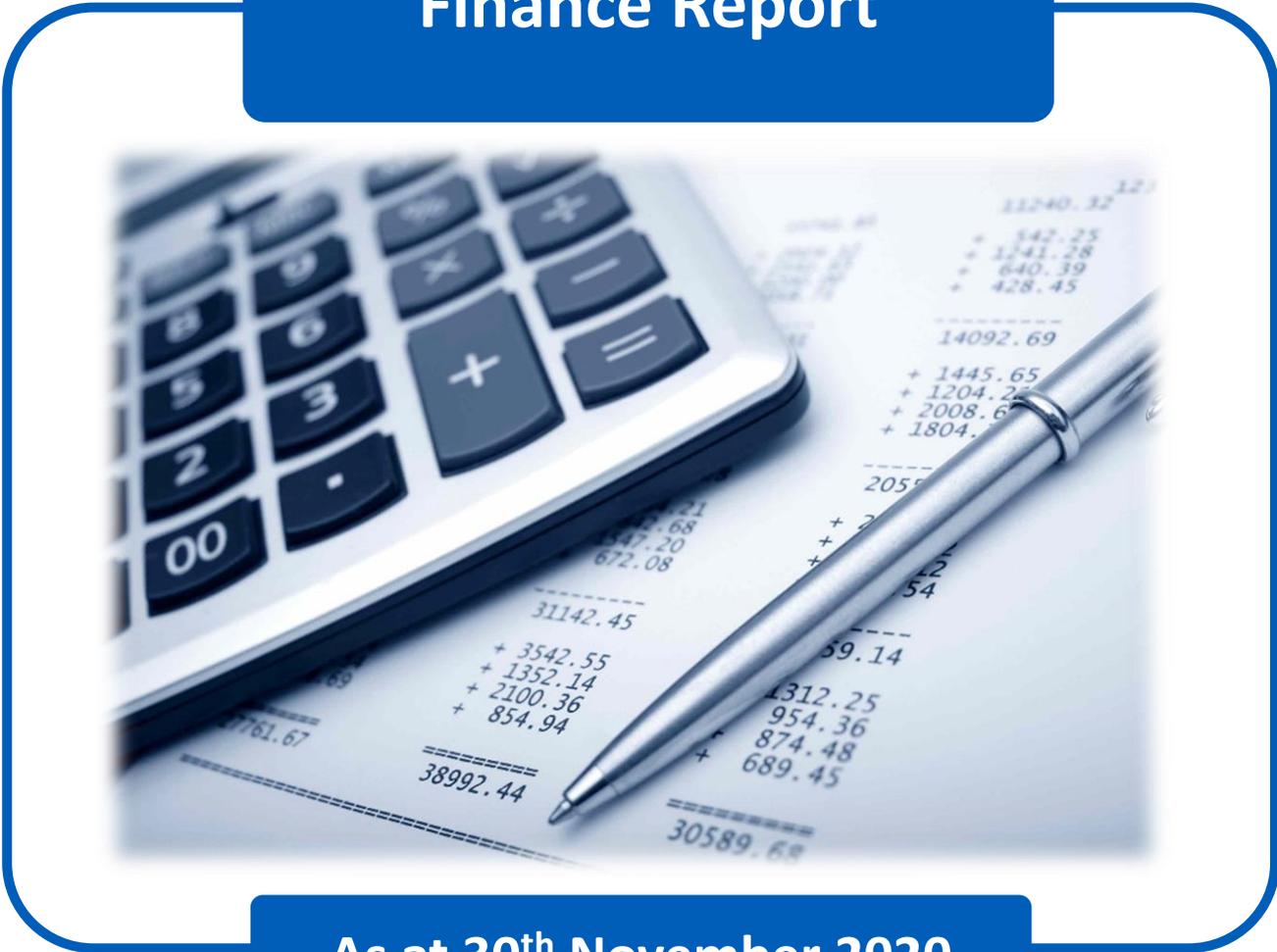
3 Conclusion

- 3.1 The Governing Body is asked to **note** the position reported.

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Date : 30 December 2020

APPENDICES	
Appendix 1	Mapping to new financial reporting presentation

Finance Report



As at 30th November 2020

Key Points



For months 7 to 12 the CCG is operating under a revised financial regime of a fixed, centrally calculated allocation without the top up mechanism that existed in the first half of the year. As a result of underlying cost pressures the draft CCG plan was to deliver a deficit position of £16.5m. This position has subsequently improved by £9.0m as NHS England and Improvement have agreed that there was an error in the allocation calculation. The CCG is now forecasting to deliver a deficit of £7.5m.

The main causes of the deficit position are prescribing (£4.0m) and Personal Health Commissioning (PHC £1.9m) which are consistent with the planned position.



Currently the pressure in prescribing is as planned but there are a variety of factors which may alter this. The impact of announced reductions in the price of Cat M drugs will be monitored, as will the volume of activity, which was assumed in the plan to follow previous years patterns over winter.



Section 117 and Named Patients budgets were also planned to show anticipated cost pressures in the second half of the year but are overspending further.



The interim budget required the delivery of £1.1m QIPP (Quality, Innovation, Productivity and Prevention) savings. This was consistent with the savings requirements in the Dorset NHS providers but, as reported in the interim budget paper, largely consisted of unidentified ambitions. Budget managers are reviewing opportunities to deliver savings schemes this financial year with the expectation that the full QIPP requirement will be achieved.



The CCG now has a fixed allocation for covid-19 funding for the second half of the year. This allocation is equivalent to the spend incurred in the first six months, after adjustment for some elements

that are either nationally provided (such as Personal Protective Equipment) or expected to have reduced levels of spend (notably Patient Transport Services). There is no top up or reimbursement mechanism for these costs and the plan and forecast outturn assumes the CCG is able to manage within this allocation.

A reimbursement mechanism is still in place for the Hospital Discharge Programme, with funding for both scheme 1 (patients discharged between April and August) and the modified scheme 2 (discharges from September onwards). An estimated spend, and refund, of £12.4m for the last six months is included within the financial position, which will be monitored and scrutinised carefully to avoid some of the issues with reclaim that were experienced for the first half of the year.



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.



Dorset ICS anticipated an overall deficit at year end of £34.3m. This has improved as at month 8 due to the improvement in the CCG position of £9.0m and £2.1m in the Trusts, leaving a residual forecast deficit of £23.1m.



Planning for 2021/22 is now underway, with a consistent approach being adopted across Dorset ICS NHS organisations. Using 2019/20 underlying position as a starting point the system is then identifying unavoidable costs increase such as pay and inflation and any pre-committed expenditure to arrive at a baseline for 2021/22. A system wide prioritisation process will then be applied to any investment decisions, with a particular focus on patient safety and on elective activity recovery. This approach is intended to achieve a system financial position that focusses on priorities, balanced against the overall system financial envelope. Details of this envelope are not yet known.

CCG Summary

	£'000	Budget	Forecast year end outturn	Forecast variance (Under) / Overspend
ICS system - acute commissioning		568,304	568,304	0
ICS system - non acute commissioning		237,373	237,373	0
NHS out of area acute commissioning		115,767	115,770	3
Non NHS acute commissioning		8,810	8,622	(189)
Mental Health & Learning Disabilities		15,850	15,600	(250)
GP led Primary Care Commissioning		279,772	284,246	4,475
Non GP led Primary Care Commissioning		5,373	6,036	663
Personal Health Commissioning		108,039	109,890	1,852
Community Health		4,205	4,136	(69)
Better Care Fund		28,587	28,587	0
Other Commissioning		29,090	41,579	12,489
CCG establishment		22,670	22,937	267
NHS England Business Rules		14,180	10,884	(3,296)
Total Expenditure		1,438,020	1,453,965	15,945
Allocation		(1,438,020)	(1,438,020)	
HDP Top up pending			(12,413)	(12,413)
Unallocated system funding			3,916	3,916
(Surplus)/Deficit		0	7,448	7,448

The financial position presented above is the forecast full year outturn and reflects both the month 1 to 6 allocation and expenditure and the new allocation and plan for months 7 to 12.

The CCG is plan has improved by £9.0m to a forecast deficit of £7.4m at year end. This position includes an assumed reimbursement of £12.4m of expenditure on the Hospital Discharge Programme (the spend is reported against Other Commissioning) and the application of £3.9m of unallocated system funding that is currently held within the CCG allocation.

The financial plan for months 7 to 12 includes a requirement for the CCG to deliver a QIPP saving of £1.1m. This was set as a target consistent with the other Dorset NHS organisations as an achievable part mitigation of the planned deficit, so whilst the CCG opening plan was a £16.5m deficit this would be £17.6m if QIPP is not achieved. Given the short time frame and the ongoing impact of covid-19 on both the cost of delivery of services and the capacity for organisations to implement savings schemes a high level of savings target was not considered viable.

For the CCG the plans give indicative savings against key budget areas as shown below.

Budget Area	QIPP £000s
Non NHS Contracts	(22)
Other Mental Health	(48)
Prescribing	(384)
Other Primary Care	(324)
Other community Health	(8)
Personal Health Commissioning	(270)
Other commissioning	(21)
Running costs	(73)
Total QIPP required	(1,149)

Budget managers are now assessing opportunities for delivery of these savings expectations, including a review of schemes that had been identified for 2020/21 planning but put on hold due to the covid-19 pandemic. It is recognised that there are some opportunistic efficiencies arising that may not be recurrent, such as an estimated £130k saving in travel costs, but the focus of the work is to identify recurrent savings schemes which will also inform the delivery of QIPP in 2021/22.

As part of the planning process for 2021/22 all Dorset NHS organisations are targeting efficiencies of 2% and the CCG is now developing plans to achieve this. A robust monitoring and assurance process will be in place through 2021/22 to identify any gaps in delivery and opportunities for additional or alternative efficiencies.

Regional benchmarking of covid-19 spend by South West CCGs has been published for month 8. As in previous months Dorset has very high expenditure, being the second highest total spend but when adjusted for population the CCG is the highest in the region.

CCG	System Population	Covid Costs Excluding Nightingale	
		£000s	£ per head
Dorset	811,921	42,207	51.98
Gloucestershire	660,995	19,250	29.12
Kernow	586,775	27,671	47.16
Somerset	586,147	16,686	28.37
BNSSG	1,035,614	31,480	30.33
Devon	1,244,937	46,369	35.51
BSW	957,814	36,496	38.10
	5,884,203	220,158	37.03

As has been reported previously spend on the hospital discharge programme is the largest area of expenditure and Dorset is reporting the highest total spend of the 7 CCGs on this programme. Kernow CCG do have a higher spend per head of population over 75 but all other systems are considerably lower than Dorset.

CCG	Hospital Discharge Programme		
	£000s	£ per head over 75	% over 75
Dorset	30,415	331.75	11.3%
Gloucestershire	9,105	147.82	9.3%
Cornwall	23,120	378.55	10.4%
Somerset	7,139	114.23	10.7%
BNSSG	19,782	258.44	7.4%
Devon	30,181	231.93	10.5%
BSW	19,504	239.49	8.5%
	139,245	246.47	

The guidance for the scheme has been interpreted in a number of different ways and reported differently by CCGs, which has some impact on the validity of the benchmarking, but it is recognised by the CCG and the two local authorities that the approach taken in Dorset was not consistent with other areas. Agreement has now been reached with the councils, and with NHS E/I to remove some costs charged to the scheme and to include a budget contribution from each council in to the pool. This will reduce the overall Dorset spend on HDP but it will still be above average.

Current Appendix 1 reporting categories

Royal Bournemouth and Christchurch Hospitals NHS FT
Poole Hospital NHS Foundation Trust
Dorset County Hospital NHS Foundation Trust
South Western Ambulance Service NHS Trust
Salisbury NHS Foundation Trust
Yeovil District Hospital NHS Foundation Trust
NHS Non Contract Activity - Named Providers
NHS Non Contract Activity - General
NHS Non Contract Activity
Non NHS Contracts
Southampton University Hospitals NHS Trust
Non NHS Individual Patient Treatment Approvals
Transformation projects and recommissioning
Winter Pressures & Held Reserves

Acute Commissioning Other

Acute Commissioning

Community Health Services
Mental Health
Learning Disabilities
Reablement
Better Care Fund
Integrated Urgent Care Services (IUCS)

Dorset HealthCare University NHS FT

Other Learning Disabilities
Other Mental Health
Non Contract Activity (MH & LD)
Learning Disabilities - Dowry
Learning Disabilities - Section 117 (s117)
Learning Disabilities - Adult CHC
Moving On From Hospital Living (MOFHL)

Other Mental Health & Learning Disabilities

Primary Care Prescribing
Primary Medical Services
Primary Care Delegated
Enhanced Services
Primary Care GP IM&T Services

Primary Care Commissioning

Rehabilitation and Reablement
Social Prescribing
Hospices

Community Health Commissioning Other

Adults and Children's Safeguarding

Dorset Community Volunteer Services (CVS) & Safewise
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Other Grants and Voluntary Schemes

Clinical Services Review (CSR) Communications

Partnership Agreements
Home Oxygen Service

Other Community Health

New Categorisation

Royal Bournemouth and Christchurch Hospitals NHS FT
Poole Hospital NHS Foundation Trust
Dorset County Hospital NHS Foundation Trust
ICS system - acute commissioning
Dorset Healthcare - Community Health Services
Dorset Healthcare - Mental Health
Dorset Healthcare - Learning Disabilities
Dorset Healthcare - Reablement
Dorset Healthcare - Better Care Fund
Dorset Healthcare - Integrated Urgent Care Services (IUCS)
ICS system - non acute commissioning

ICS system

South Western Ambulance Service NHS Trust
Salisbury NHS Foundation Trust

Yeovil District Hospital NHS Foundation Trust
Southampton University Hospitals NHS Trust
Royal Devon & Exeter
Portsmouth
Taunton & Somerset
North Bristol
University Hospitals Bristol
London Providers (Optom)
NHS Non Contract Activity

Non ICS acute commissioning - NHS

Shepton Mallet Treatment Centre
BMI Healthcare
New Hall Hospital
Nuffield Hospital
Spire Healthcare
BPAS Services
Marie Stopes
About Health Ltd
Standard Health Ltd
Non NHS Non Contract Activity
Non NHS Individual Patient Treatment Approvals

Non ICS acute commissioning - non NHS

Non ICS Learning Disabilities
Non ICS Mental Health
Non Contract Activity (MH & LD)
Learning Disabilities - Dowry
Learning Disabilities - Section 117 (s117)
Learning Disabilities - Adult CHC
Moving On From Hospital Living (MOFHL)

Non ICS Mental Health & Learning Disabilities

Primary Care Prescribing
Primary Care Delegated
Primary Medical Services
Enhanced Services
GP led ICPSC

GP led Primary Care Commissioning

Primary Care GP IM&T Services
Non GP led ICPSC

Rehabilitation and Reablement

Social Prescribing

Podiatry

Physiotherapy

Ophthalmology, low vision aids and glaucoma

Non GP led Primary Care Commissioning

Lewis Manning Hospice
Weldmar Hospice
Julias House Hospice
Adults and Children's Safeguarding
Grants and Voluntary Schemes
Home Oxygen Service

Non ICS Community Health

Comments

Acute Commissioning Other - Mostly non recurrent, will be split into STP / acute commissioning as appropriate, and recurrent misc schemes moved to 'Projects & Programmes' below

Split general NCA pot into NHS and non NHS

Split general NCA pot into NHS and non NHS

New line to split out and identify ICPCS Note; schemes will mapped into above categories as appropriate, will then be renamed 'GPFV / transformation project funding' (or similar TBC)

New line to split out and identify ICPCS

Misc budgets moved into Primary care and 'Projects & Programmes'

New lines to split out and identify these areas (previously in 'Primary Medical Services' and 'Enhanced Services')

Clinical Services Review (CSR) Communications - no longer required

Continuing Health Care (CHC) - Adults
Continuing Health Care (CHC) - Children
NHS Funded Nursing Care (FNC)
Interim funded (formally FOH)
Named Patients (MH & LD)
Section 117 (MH & LD)
Complex Rehab
Personal Health Commissioning

Better Care Fund (non core)
Better Care Fund (non core)

Clinical Services Review (CSR)
Locality Commissioning
Patient Transport Services (PTS)
Programme Staffing Costs
Other Commissioning

Running Costs
Corporate Running Costs

NHS England confirmed control total
Unidentified QIPP
Managed Programmes
Risk Reserve
Local Contingency fund
NHS England Business Rules

Continuing Health Care (CHC) - Adults
Continuing Health Care (CHC) - Children
NHS Funded Nursing Care (FNC)
Interim funded (formally FOH)
Named Patients (MH & LD)
Section 117 (MH & LD)
Complex Rehab
Personal Health Commissioning

Better Care Fund (non core)
Intergrated Community Equipment Services (ICES)
Better Care Fund

Patient Transport Services (PTS)
Non recurrent Projects & Programmes
Other Commissioning

Programme - pay
Programme - non pay
Admin - pay
Admin - non pay
CCG establishment

NHS England confirmed control total
Unidentified QIPP
Managed Programmes
Risk Reserve
Local Contingency fund
NHS England Business Rules

New line to split out and identify ICES

Clinical Services Review (CSR) - no longer required
 New line (for misc ad hoc and NHS E in year non recurrent investments unless specifically related to above category for ISFE reporting i.e Primary Care)

New line to split out and identify pay and non pay

New line to split out and identify pay and non pay