

Governing Body Meeting Date:
5 June 2014



**Harrogate and Rural District
Clinical Commissioning Group**

Report Sponsor

Dilani Gamble
Interim Chief Finance Office

Report Author

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Interim Chief Finance Officer

1. Title of Paper: Finance and Contract Update

2. CCG Corporate Objectives supported by this paper

	CCG Corporate Objective	Tick
1	Engage and enable local people to be involved in decisions made about the healthcare we commission	
2	Commission services to ensure and improve quality and safety of services and improve outcomes	
3	Achieve a sustainable Health Economy	X
4	Deliver transformational service change	X
5	Develop strong and mature partnerships	X
6	Develop a strong, sustainable and successful CCG	X

3. CCG Values Underpinned in this paper

	CCG Values	Tick
1	Respect and Dignity	
2	Commitment to Quality of Care	X
3	Compassion	
4	Improving Lives	X
5	Working Together for Patients	X
6	Everyone Counts	X

4. Executive Summary

This report provides an update by summarising the current financial and contractual position for the CCG.

The CCG's financial and budgetary processes are in place to support the submitted financial plan for 2014/15.

Contract discussions with the CCG's main acute provider, Harrogate and District NHS Foundation Trust (HDFT), are continuing. There is a commitment from both the Trust and CCG to have a signed contract in place by the end of June.

5. Any statutory / regulatory / legal / NHS Constitution implications

The CCG aspires to the highest standards of excellence and professionalism, works across organisational boundaries and in partnership with other organisations in the interest of patients, local communities and the wider population.

We are committed to providing best value for taxpayers' money and the most effective, fair and sustainable use of finite resources and are accountable to the public, communities and patients we serve.

6. Equality Impact Assessment

The CCG is committed to fulfilling its duty under the Equalities Act 2010 and to ensure its commissioned services are non-discriminatory. This report is intended to support delivery of our duty to have a continuing impact on equality and diversity.

The CCG will work with providers, communities of interest and service users to ensure that any issues relating to equality of service within this report have been identified and addressed.

7. Implications/Actions for Public and Patient Engagement

N/A

8. Recommendations / Action Required

The Governing Body is asked to **review** and **accept**:

- The current position with respect to agreement of the HDFT contract for 2014/15
- The financial risks highlighted within the report for 2014/15

9. Assurance

Ongoing Financial Performance and risks are reported to the Finance, Performance and Commissioning Committee on a monthly basis.

The Governing Body will receive an assurance update on the financial performance of the CCG at each meeting.

For further information please contact:

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Finance and Contract Update

Governing Body Meeting

5 June 2014

1.0 Purpose of the Report

The purpose of this report is to provide the Governing Body an update on the current financial and contractual position.

2.0 Summary Position

The CCG has submitted a financial plan following Governing Body approval that meets all of the financial planning requirements for 2014/15. (1% surplus, 0.5% Contingency and 2.5% non-recurrent expenditure)

Individual budgets are currently been uploaded to reflect these plans. As such detailed finance and activity reports are not being prepared from Month 1 (April 2014) which is consistent with the approach taken by NHS England for the single integrated financial ledger. This approach also supports contracts as initial activity information for April 2014 will not be available until mid June.

3.0 Detailed Position

Finalisation of 2013/14 Contract Outturn

Initial Month 12 (flex) information is now available and discussions are ongoing with respect to Harrogate and District Foundation Trust, Leeds Teaching Hospitals NHS Trust and York Hospitals Foundation Trust contracts to bring these to a conclusion. It should be noted that this information may still change and final (freeze) position will not be available until mid June after which final resolution can be reached.

Agreement of 2014/15 Contracts

Contract discussions with Harrogate Trust are continuing and there is an overall financial gap of £4.8M between provider expectations and CCG contract assessment. The main areas that are outstanding for agreement are activity growth assumptions, impact of QIPP initiatives and agreement of local tariff increases. There has been some positive dialogue in the last few weeks and there is a commitment to have a signed contract in place by the end of June. Correspondence has been shared between the Chief Officer and Chief Executive of the CCG and Trust that confirms this commitment, agreements made to date and process and timescales for agreeing finance and activity levels, leading up to contract sign off.

Contract plans with all other contracts are largely agreed. The impact of allocation adjustments with respect to specialised services, however, presents a risk to the

CCG particularly with respect to Leeds Teaching Hospitals NHS Trust, York Hospitals Foundation Trust and BMI Healthcare contracts.

QIPP

The CCG has developed plans to achieve a £5.6M QIPP programme in 2014/15 – the main focus is on the effective management of elective and non-elective activity. The delivery of the QIPP plan is essential in ensuring that the CCG effectively commissions services within the financial resources available.

4.0 Recommendations

The CCG Governing Body is asked to review and accept:

- The current position with respect to agreement of 2014/15 contract with Harrogate and District Foundation Trust.
- The financial risks for 2014/15 highlighted within this report.

Dilani Gamble
Interim Chief Finance Officer