

Title of Meeting:	Governing Body	Agenda Item: 7.1																				
Date of Meeting:	2 August 2018	<table border="1"> <tr> <th colspan="2">Session (Tick)</th> </tr> <tr> <td>Public</td> <td>X</td> </tr> <tr> <td>Private</td> <td></td> </tr> <tr> <td>Workshop</td> <td></td> </tr> </table>			Session (Tick)		Public	X	Private		Workshop											
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Paper Title:	Finance & Contracting Report																					
Responsible Governing Body Member Lead Dilani Gamble Chief Finance Officer		Report Author and Job Title Dilani Gamble Chief Finance Officer																				
Purpose (this paper if for)	<table border="1"> <tr> <th>Decision</th> <th>Discussion</th> <th>Assurance</th> <th>Information</th> </tr> <tr> <td></td> <td></td> <td>X</td> <td></td> </tr> </table>				Decision	Discussion	Assurance	Information			X											
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		X																				
<p>Has the report (or variation of it) been presented to another Committee / Meeting? If yes, state the Committee / Meeting: Finance, Performance & Commissioning Committee</p>																						
<p>Executive Summary This paper summarises the CCG's reported financial position for the 2018/19 financial year based on information available to 30 June 2018.</p> <p>The CCG reported forecast position is that it will end the current financial year in a £10m deficit position, consistent with 2018/19 financial plan. In delivering this position, the CCG has assumed receipt of £10m commissioner sustainability funding, thereby forecasting an in year breakeven position overall.</p> <p>There are some risks to the delivery of this position that relate mainly to meeting the £5.6m QIPP requirement and potential increased expenditure relating to Continuing Healthcare, not known at planning stage. These risks are expected to be mitigated by taking forward further QIPP opportunities and utilising the CCG's contingency reserves for unforeseen pressures not known at planning stage.</p>																						
<p>Recommendations The Governing Body is asked to:</p> <ul style="list-style-type: none"> Accept the Finance & Contracting update for 2018/19 Note that there are risks to delivery of the financial position in 2018/19 which will be monitored and managed through the CCG's Finance, Performance & Commissioning Committee. 																						
<p>Monitoring The Governing Body will receive regular update reports on the finance and contract position at each meeting. The Finance, Performance & Commissioning Committee is responsible for the detailed monthly monitoring of delivery of the CCG's financial plan.</p>																						
<p>CCGs Strategic Objectives supported by this paper</p> <table border="1"> <tr> <th></th> <th>CCG Strategic Objective</th> <th>X</th> </tr> <tr> <td>1</td> <td>Quality, Safety and Continuous Improvement</td> <td>X</td> </tr> <tr> <td>2</td> <td>Better Value Healthcare</td> <td>X</td> </tr> <tr> <td>3</td> <td>Well Governed and Adaptable Organisation</td> <td></td> </tr> <tr> <td>4</td> <td>Health and Wellbeing</td> <td>X</td> </tr> <tr> <td>5</td> <td>Active and Meaningful Engagement</td> <td></td> </tr> </table>						CCG Strategic Objective	X	1	Quality, Safety and Continuous Improvement	X	2	Better Value Healthcare	X	3	Well Governed and Adaptable Organisation		4	Health and Wellbeing	X	5	Active and Meaningful Engagement	
	CCG Strategic Objective	X																				
1	Quality, Safety and Continuous Improvement	X																				
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5	Active and Meaningful Engagement																					

CCG Values underpinned in this paper

CCG Values		X
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

Does this paper provide evidence of assurance against the Governing Body Assurance Framework?

YES	X	NO	
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If yes, please indicate which principle risk and outline

Principle Risk No	Principle Risk Outline
2-4	The scale of QIPP required to support delivery of the Financial Recovery Plan could impact on capacity and opportunity to develop and implement achievable service change.
2-5	The CCG financial plan for 2018/19 will not be delivered resulting in deterioration in the in-year financial position.
2-6	Slippage in the delivery of the CCGs recovery plan resulting in the deterioration of the CCGs longer term financial sustainability
4-1	The expectation of the public, patients or other stakeholders could impact on the CCG's strategy to improve health and wellbeing, promote and implement co-production and develop the shift in culture that would support more effective self-care and self-management.

Any statutory / regulatory / legal / NHS Constitution implications	All statutory financial targets are required to be approved by the Governing Body
Management of Conflicts of Interest	No conflicts of interest have been identified prior to the meeting.
Communication / Public and Patient Engagement	Not applicable
Financial / resource implications	Implications are clear within the report.
Outcome of Impact Assessments completed (e.g. Quality IA or Equality)	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.

Dilani Gamble, Chief Finance Officer

NHS Harrogate & Rural District Clinical Commissioning Group
Finance & Contracting Report
Period Ended 30 June 2018

Achievement of Financial Duties / Plans

Based on information received up to 30th June 2018, financial performance targets for 2018/19 are projected to achieve the following:

	Performance Assessment
Operate within Financial Plan	Green
Operate within Running Cost Allocation	Green
Not exceed cash limit	Green
Underlying position	Red

Financial Performance / Forecast

	Year to Date (£000's)			Full Year (£000's)			
	Budget	Spend	Variance	Budget	FoT	Variance	
Acute & Ambulance Services	30,732	30,732	(0)	122,927	122,927	-	Green
Community Services	3,029	3,028	(0)	12,114	12,114	-	Green
Mental Health Services	4,533	4,533	(0)	18,133	18,133	-	Green
Continuing Health Care Services	4,587	4,574	(13)	18,928	18,928	-	Green
Prescribing	6,516	6,516	0	25,681	25,681	-	Green
Primary Care	923	935	13	3,594	3,594	-	Green
Primary Care - Co-Commissioning	5,320	5,319	(0)	21,279	21,279	-	Green
Other Contracted Services	242	242	(0)	967	967	-	Green
Running Costs	842	842	0	3,368	3,368	-	Green
Better Care Fund/New Care Models	983	983	(0)	3,933	3,933	-	Green
Contingency & Earmarked Funds	611	611	0	2,966	2,966	-	Green
Total Expenditure	58,317	58,317	(0)	233,890	233,890	-	
Resource Allocation from NHSE				223,890			
Overspend				(10,000)			
Commissioner Sustainability Funding				10,000			
				0			
Deficit Brought Forward from 2017/18				(18,563)			
Planned Deficit for 2018/19				0			
Deficit Carried Forward at end of 2018/19				(18,563)			

Summary

This paper summarises the CCG's reported financial position for the 2018/19 financial year based on information available to 30 June 2018.

The CCG reported forecast position is that it will end the current financial year in a £10m deficit position, consistent with 2018/19 financial plan. In delivering this position, the CCG has assumed receipt of £10m commissioner sustainability funding, thereby forecasting an in year breakeven position overall.

There are some risks to the delivery of this position that relate mainly to meeting the £5.6m QIPP requirement and potential increased expenditure relating to Continuing Healthcare, not known at planning stage. These risks are expected to be mitigated by taking forward further QIPP opportunities and utilising the CCG's contingency reserves for unforeseen pressures not known at planning stage.

Finance and Contracting – Key Messages:

Acute Services

The position for acute contracts below is based on 2 months activity information (1 months freeze/final and 1 month flex/initial):

- Harrogate and District NHS Foundation Trust - The CCG is currently forecasting a breakeven position on this contract for 2018/19. The CCG is operating an aligned incentives contract of £94m in 2018/19. Based on PbR costing, the contract is currently trading above planned levels in the first two months. The CCG and Trust are jointly investigating variances to plan and discussions are ongoing to address issues, manage demand and put in place cost improvement/reduction plans.
- York Teaching NHS Foundation Trust – The CCG is forecasting a breakeven position on this contract for 2018/19.
- Leeds Teaching NHS Trust - The CCG is forecasting a breakeven position on this contract for 2018/19.
- South Tees Hospitals NHS Foundation Trust - The CCG is forecasting a breakeven position on this contract for 2018/19.
- BMI Duchy Hospital – The CCG is forecasting a breakeven position on this contract for 2018/19.

Community Services

- Harrogate and District NHS Foundation Trust – This contract continues to be managed as a block contract in 2018/19.

Mental Health Services

- Tees, Esk & Wear Valley Foundation Trust – This contract continues to be managed as a block contract in 2018/19. In the context of the challenging financial position, joint work is being undertaken to fully understand how the requirements of the five year forward view for mental health can be delivered through new ways of working within affordable resources.

Continuing Healthcare & Funded Nursing Care

The CCG is currently forecasting a breakeven position. Initial reports are highlighting some pressures and this information is being reviewed. A comprehensive QIPP programme has been developed and an independent review of the scale of this savings opportunity is being taken forward to ensure that all possible opportunities are incorporated within the QIPP programme.

Prescribing

Forecast outturn is assumed to be at planned levels as national information reporting does not yet include a forecast outturn position. April expenditure information received (information is received 2 months in arrears) is in line with April budget.

Running Costs

The CCG is currently forecasting a breakeven position based on monitoring at directorate level.

Other Financial Information

Underlying Position

The CCG's underlying position is shown in the table below as reported at Month 3. The £10m underlying deficit, is consistent with 2018/19 planned position.

CCG UNDERLYING POSITION	Forecast Net Expenditure				Remove Non Recurrent Items				Part/Full Year Effects		2018/19 Underlying Position
	Plan	Actual	Variance	Variance	NR Allocations & Matched Expenditure	NR QIPP Benefit	Contingency	Other NR Spend / Income	QIPP	Other	
	£m	£m	£m	%							
REVENUE RESOURCE LIMIT (IN YEAR)	223.890				(0.029)						223.861
Acute Services	122.850	122.850	-	0.0%	(0.008)	-					122.842
Mental Health Services	18.132	18.132	-	0.0%	(0.021)	-					18.111
Community Health Services	12.114	12.114	-	0.0%	-	-					12.114
Continuing Care Services	18.182	18.182	-	0.0%	-	-					18.182
Primary Care Services	29.347	29.347	-	0.0%	-	-					29.347
Primary Care Co-Commissioning	21.279	21.279	-	0.0%	-	-					21.279
Other Programme Services	8.618	8.618	-	0.0%	-	0.150			(0.150)		8.618
Commissioning Services Total	230.522	230.522	-	0.0%	(0.029)	0.150	-	-	(0.150)	-	230.493
Running Costs	3.368	3.368	-	0.0%	-	-					3.368
TOTAL CCG NET EXPENDITURE	233.890	233.890	-	0.0%	(0.029)	0.150	-	-	(0.150)	-	233.861
IN YEAR UNDERSPEND / (DEFICIT)	(10.000)	(10.000)	-	0.0%							(10.000)
										Underlying Underspend / (Deficit) % RRL	(4.5%)

Risks & Mitigations

The CCG is reporting a nil net risk position at Month 3 as per the table below.

CCG RISKS & MITIGATIONS	RISKS (enter negative values only)						TOTAL RISKS
	Contract	QIPP	Performance Issues	Prescribing	Other		
	£m	£m	£m	£m	£m	£m	
Acute Services					(0.200)		(0.200)
Mental Health Services							-
Community Health Services							-
Continuing Care Services		(1.010)			(0.400)		(1.410)
Primary Care Services							-
Primary Care Co-Commissioning							-
Other Programme Services							-
Commissioning Services Total	-	(1.010)	-	-	(0.600)	-	(1.610)
Running Costs							-
Unidentified QIPP							-
TOTAL CCG NET EXPENDITURE	-	(1.010)	-	-	(0.600)	-	(1.610)
CCG RISKS & MITIGATIONS	MITIGATIONS (enter positive values only)						TOTAL MITIGATIONS
	Contingency Held	Contract Reserves	Investments Uncommitted	Further QIPP Extensions	Other Mitigations	Potential Funding	
	£m	£m	£m	£m	£m	£m	
Acute Services	0.200			-			0.200
Mental Health Services				-			-
Community Health Services				-			-
Continuing Care Services	0.400			-			0.400
Primary Care Services				-			-
Primary Care Co-Commissioning				-			-
Other Programme Services				-			-
Commissioning Services Total	0.600	-	-	-	-	-	0.600
Running Costs				-			-
Unidentified QIPP				1.010			1.010
TOTAL CCG NET EXPENDITURE	0.600	-	-	1.010	-	-	1.610

Cash

At this point in the financial year the CCG has not undertaken a forecasting of cash, particularly given the balanced forecast outturn position expected.

NHS Harrogate & Rural District Clinical Commissioning Group									
Cash Drawdown to Period ended 30th June 2018									
Total Cash Drawdown Allocation (£m):- £233.464	Opening Balance	CCG Drawn Down	Prescription Drawn Down	Other Income	CCG Spend	Prescription Spend	Closing Balance	Closing Balance as % of draw down	Achieved as % of HS Target?
Monthly straight-line drawdown (£m):- £19.46	£m	£m	£m	£m	£m	£m	£m		
April	0.101	16.253	1.515	0.564	-16.811	-1.515	0.107	0.66%	YES
May	0.107	20.054	1.691	0.111	-20.203	-1.691	0.069	0.35%	YES
June	0.069	18.475	1.622	0.022	-18.507	-1.622	0.059	0.32%	YES
July	0.059								
August									
September									
October									
November									
December									
January									
February									
March									
Cash drawn down to Date (actual)		59.609							
Cash Drawdown Allocation (straight line)		58.366							
Difference		(1.243)							
									Note: Target is 1.25%

The table above highlights that the CCG continues to meet the national requirement to ensure there is less than 1.25% of its cash drawdown in its closing monthly cash balance.

Better Payment Practice Code

The CCG continues to be monitored against BPPC. The CCG is above the 95% target by volume and value as highlighted in the table below.

BPPC - Consolidated Summary 2018/19							
BPPC Paid Period	Supplier Type	Invoices Paid to date	Invoices Paid within target	% Passed	Amount Paid to date	Amount Paid (within target)	% Amount Passed
Apr-Jun-18	NHS	680	675	99.26%	44,512,844	41,865,472	94.05%
Apr-Jun-18	NON-NHS	715	710	99.30%	10,584,796	10,588,143	100.03%
Apr-Jun-18	COMBINED	1,395	1,385	99.28%	55,097,641	52,453,614	95.20%

Debtors

The CCG debtors stand at £357K as at 30 June 2018, £137K of this debt is over 90days old.

Balance Sheet

The CCG's balance sheet is included in this report for information.

	Jun-18 (£000's)	May-18 (£000's)	Movement (£000's)
Assets:			
Cash at Bank & In Hand	59	70	(10)
Pre-payments (Maternity Pathway)	371	371	0
Debtors	357	141	216
Accrued Income	54	49	6
Other		23	(23)
Total Assets	841	653	188
Liabilities:			
Creditors - NHS	1,822	1,821	1
- Non NHS	41	160	(119)
- Other	-	-	-
Accrued Expenditure - NHS	8,272	9,336	(1,064)
- Non NHS	2,493	1,665	828
- Other		-	-
Payroll Deductions - Inland Revenue (CCG)	59	58	1
- Pension (CCG)	42	41	0
- Pension (GPs)	272	242	30
Total Liabilities	13,000	13,324	(324)
Cash Drawdown			
CCG Drawdown	54,782	36,307	18,475
Prescriptions Drawdown	4,871	3,241	1,630
Opening Balances	(13,497)	(13,497)	-
Total Recharges	46,157	26,051	20,105
BALANCE SHEET TOTAL	58,315	38,722	19,593
Net Expenditure Position	58,317	38,722	19,594
Difference	-	-	-

The Governing Body is asked to:

- Accept the Finance & Contracting update for 2018/19
- Note that there are risks to delivery of the financial position in 2018/19 which will be monitored and managed through the CCG's Finance, Performance & Commissioning Committee.