

Title of Meeting:	Governing Body	Agenda Item: 7.1																				
Date of Meeting:	4 October 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: Yes. 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 31 August 2018.</p> <p>The CCG reported forecast position is that it will end the current financial year in a breakeven position, consistent with 2018/19 financial plan. In delivering this position, the CCG has assumed receipt of the planned £10m commissioner sustainability funding (CSF). £1m of the CSF has been received for Q1 and receipt of £9m is assumed across the remaining three quarters.</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																				
2	Better Value Healthcare	X																				
3	Well Governed and Adaptable Organisation																					
4	Health and Wellbeing	X																				
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
2-1	The scale of QIPP required to support delivery of the Financial Recovery Plan has increased and this could impact on capacity and opportunity to develop and implement achievable service change.
2-3	The CCG financial plan for 2017/18 will not be delivered resulting in deterioration in the in-year financial position and longer term financial sustainability.
5-1	Relationships and the expectations of a range of stakeholders and partners or NHS regulators will impact on the CCGs ability to work effectively or engage to maintain a sustainable health economy for local people.

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	N/A
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 31 August 2018

Achievement of Financial Duties / Plans

Based on information received up to 31st August 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	51,219	51,269	50	122,926	122,926	-	Green
Community Services	5,047	5,047	(0)	12,114	12,114	-	Green
Mental Health Services	7,617	7,617	(0)	18,281	18,281	-	Green
Continuing Health Care Services	7,623	7,924	301	18,928	18,928	-	Green
Prescribing	10,860	10,511	(350)	25,681	25,681	-	Green
Primary Care	1,558	1,554	(3)	3,594	3,594	-	Green
Primary Care - Co-Commissioning	8,559	8,559	(0)	21,279	21,279	-	Green
Other Contracted Services	411	408	(3)	986	986	-	Green
Running Costs	1,414	1,414	(0)	3,395	3,395	-	Green
Better Care Fund/New Care Models	1,639	1,639	(0)	3,933	3,933	-	Green
Contingency & Earmarked Funds	1,021	1,020	(1)	2,973	2,973	-	Green
Total Expenditure	96,968	96,963	(6)	234,090	234,090	-	
Resource Allocation from NHSE				224,090			
Qtr 1 Commissioner Sustainability Funding				1,000			
Overspend				(9,000)			
Remaining Commissioner Sustainability Funding				9,000			
				(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 31 August 2018.

The CCG reported forecast position is that it will end the current financial year in a breakeven position, consistent with 2018/19 financial plan. In delivering this position, the CCG has assumed receipt of the planned £10m commissioner sustainability funding (CSF). £1m of the CSF has been received for Q1 and receipt of £9m is assumed across the remaining three quarters.

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 4 months activity information (3 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 a fixed value aligned incentives contract (AIC) of £94m in 2018/19. Indicative position at the end of August based on PbR costing is above planned levels and based on average planned pricing is at a breakeven position. The cost of delivery information to support AIC arrangements is expected by the end of September. 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. Information to the end of August has highlighted pressures above year to date plans in A&E, non-electives and outpatient procedures. These variances are being investigated and discussions are ongoing with the provider to manage the contract to planned levels for 2018/19.
- Leeds Teaching NHS Trust - The CCG is forecasting a breakeven position on this contract for 2018/19. Information to the end of August has highlighted pressures above year to date plans in planned care, non-electives and high cost drugs. These variances are being investigated and discussions are ongoing with the provider to manage the contract to planned levels 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 has been undertaken to ensure that all possible opportunities are incorporated within the QIPP programme.

Prescribing

Forecast outturn is expected to breakeven based on national information through the NHS Business Services Authority. Actual prescribing information is available to the CCG 2 months in arrears.

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 5. 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	%	£m	£m	£m	£m	£m	£m	
REVENUE RESOURCE LIMIT (IN YEAR)	225.090				(1.196)						223.894
Acute Services	122.849	122.849	-	0.0%	(0.008)	-					122.841
Mental Health Services	18.280	18.280	-	0.0%	(0.188)	-					18.092
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	8.644	8.644	-	0.0%	(1.000)	0.150		1.000	(0.150)		8.644
Commissioning Services Total	230.695	230.695	-	0.0%	(1.196)	0.150	-	1.000	(0.150)	-	230.499
Running Costs	3.395	3.395	-	0.0%	-	-					3.395
TOTAL CCG NET EXPENDITURE	234.090	234.090	-	0.0%	(1.196)	0.150	-	1.000	(0.150)	-	233.894
IN YEAR UNDERSPEND / (DEFICIT)	(9.000)	(9.000)	-	0.0%							(10.000)
											(4.5%)

Risks & Mitigations

The CCG is reporting a nil net risk position at Month 5 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		-			(0.610)		(0.610)
Mental Health Services		-					-
Community Health Services		-					-
Continuing Care Services		(1.000)			(0.400)		(1.400)
Primary Care Services		-					-
Primary Care Co-Commissioning		-					-
Other Programme Services		-					-
Commissioning Services Total	-	(1.000)	-	-	(1.010)	-	(2.010)
Running Costs		-					-
Unidentified QIPP		-					-
TOTAL CCG NET EXPENDITURE	-	(1.000)	-	-	(1.010)	-	(2.010)

CCG RISKS & MITIGATIONS	MITIGATIONS (enter positive values only)						TOTAL MITIGATIONS
	Contingency Held	Investments Uncommitted	Further QIPP Extensions	Non-Recurrent Measures	Other Mitigations	Potential Funding	
	£m	£m	£m	£m	£m	£m	
Acute Services	0.610		-				0.610
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	1.010	-	-	-	-	-	1.010
Running Costs			-				-
Unidentified QIPP			1.000				1.000
TOTAL CCG NET EXPENDITURE	1.010	-	1.000	-	-	-	2.010

Cash

The cash drawdown allocation of £233.664m is sufficient to cover the CCG's planned expenditure, adjusting for expected non-cash balance sheet movements (debtors and creditors balances).

NHS Harrogate & Rural District Clinical Commissioning Group									
Cash Drawdown t Period ended 31st August 2018									
Total Cash Drawdown Allocation (£m):- £233.664	Opening Balance	CCG Drawn Down	Prescription Drawn Down	Other Income	CCG Spend	Prescription Spend	Closing Balance	Closing Balance as % of draw down	achieved NHS Target?
Monthly straight-line drawdown (£m):- £19.47	£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	0.117	-20.203	-1.691	0.075	0.37%	YES
June	0.075	18.475	1.622	0.044	-18.507	-1.622	0.087	0.47%	YES
July	0.087	17.202	1.684	0.230	-17.378	-1.684	0.140	0.82%	YES
August	0.140	16.747	1.711	0.288	-17.083	-1.711	0.093	0.55%	YES
September	0.093								
October									
November									
December									
January									
February									
March									
Cash drawn down to Date (actual)		96.953							Note:
Cash Drawdown Allocation (straight line)		97.360							Target is
Difference		0.407							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 but slightly below target for value as highlighted in the table below.

Period ended 31st August 2018

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-Aug-18	NHS	1,045	1,032	98.76%	72,774,716	68,279,100	93.82%
Apr-Aug18	NON-NHS	1,179	1,166	98.90%	15,957,625	15,959,839	100.01%
Apr-Aug18	COMBINED	2,224	2,198	98.83%	88,732,341	84,238,938	94.94%

Debtors

The CCG debtors stand at £377K as at 31 August 2018, £136K of this debt is over 90days old.

Balance Sheet

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

	Aug-18 (£000's)	Jul-18 (£000's)	Movement (£000's)
Assets:			
Cash at Bank & In Hand	93	140	(48)
Pre-payments (Maternity Pathway)	367	445	(78)
Debtors	377	352	25
Accrued Income	181	10	171
Other	19	42	(23)
Total Assets	1,036	990	46
Liabilities:			
Creditors - NHS	1,822	1,822	-
- Non NHS	63	37	26
- Other	2	4	(2)
Accrued Expenditure - NHS	4,864	6,463	(1,599)
- Non NHS	7,441	5,032	2,408
- Other		-	-
Payroll Deductions - Inland Revenue (CCG)	65	61	3
- Pension (CCG)	47	43	4
- Pension (GPs)	152	272	(120)
- Other	6	-	6
Other (CHC Provision accrual)		-	-
Total Liabilities	14,460	13,734	726
Cash Drawdown			
CCG Drawdown	88,731	71,984	16,747
Prescriptions Drawdown	8,304	6,578	1,727
Opening Balances	(13,497)	(13,497)	-
Total Recharges	83,539	65,065	18,474
BALANCE SHEET TOTAL	96,962	77,809	19,153
Net Expenditure Position	96,963	77,809	19,153
Difference	- 0	- 0	- 0