

Title of Meeting:	Governing Body	Agenda Item: 7.1									
Date of Meeting:	6 December 2018	<table border="1"> <tr> <th align="left" colspan="2">Session (Tick)</th> </tr> <tr> <td>Public</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Private</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Workshop</td> <td><input type="checkbox"/></td> </tr> </table>		Session (Tick)		Public	<input type="checkbox"/>	Private	<input type="checkbox"/>	Workshop	<input type="checkbox"/>
Session (Tick)											
Public	<input type="checkbox"/>										
Private	<input type="checkbox"/>										
Workshop	<input type="checkbox"/>										
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)	Decision	Discussion	Assurance								
	<input type="checkbox"/>	<input type="checkbox"/>	X								
Has the report (or variation of it) been presented to another Committee / Meeting? If yes, state the Committee / Meeting: Finance, Performance & Commissioning Committee											
Executive Summary This paper summarises the CCG's reported financial position for the 2018/19 financial year, based on information available to 31 October 2018. The CCG continues to report a breakeven forecast position that is consistent with the 2018/19 financial plan. This breakeven position is predicated on the CCG delivering against its control total of £10m deficit thereby qualifying for receipt of the planned £10m commissioner sustainability funding (CSF). £3.5m of the CSF has been received for Q1&Q2 and receipt of £6.5m is assumed across the remaining two quarters. There are risks to the delivery of this position that relate mainly to meeting the £5.6m QIPP requirement, increased expenditure relating to Continuing Healthcare and acute PBR contracts. These risks are expected to be mitigated by taking forward further QIPP opportunities and utilising the CCG's contingency reserves.											
Recommendations The Governing Body is asked to: <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. 											
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.											
CCGs Strategic Objectives supported by this paper											

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	N/A
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.
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Dilani Gamble
Chief Finance Officer

NHS Harrogate & Rural District Clinical Commissioning Group
Finance & Contracting Report
Period Ended 31 October 2018

Achievement of Financial Duties / Plans

Based on information received up to 31st October 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	71,748	71,735	(13)	122,996	122,961	(35)	Green
Community Services	7,067	7,202	136	12,114	12,347	233	Red
Mental Health Services	10,676	10,611	(65)	18,302	18,191	(111)	Green
Continuing Health Care Services	10,987	12,207	1,220	19,468	21,558	2,090	Red
Prescribing	15,207	14,918	(288)	25,681	25,201	(480)	Green
Primary Care	2,371	2,158	(213)	4,064	3,709	(355)	Green
Primary Care - Co-Commissioning	12,238	12,330	92	20,969	21,124	155	Amber
Other Contracted Services	575	578	3	986	986	-	Green
Running Costs	1,981	1,981	0	3,394	3,394	-	Green
Better Care Fund/New Care Models	2,294	2,294	(0)	3,933	3,933	-	Green
Contingency & Earmarked Funds	1,680	809	(871)	2,973	1,476	(1,497)	Green
Total Expenditure	136,824	136,824	0	234,881	234,880	(0)	-
Resource Allocation from NHSE				224,881			
Qtr 1 Commissioner Sustainability Funding				3,500			
Overspend				(6,500)			
Remaining Commissioner Sustainability Funding				6,500			
				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 October 2018.

The CCG continues to report a breakeven forecast position that is consistent with the 2018/19 financial plan. This breakeven position is predicated on the CCG delivering against its control total of £10m deficit thereby qualifying for receipt of the planned £10m commissioner sustainability funding (CSF). £3.5m of the CSF has been received for Q1&Q2 and receipt of £6.5m is assumed across the remaining two quarters.

There are risks to the delivery of this position that relate mainly to meeting the £5.6m QIPP requirement, increased expenditure relating to Continuing Healthcare and acute PBR contracts. These risks are expected to be mitigated by taking forward further QIPP opportunities and utilising the CCG's contingency reserves.

Finance and Contracting – Key Messages:

Acute Services

The position for acute contracts below is based on 6 months activity information (5 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 a small underspend position. The cost of delivery information to support AIC arrangements is still not fully available. 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 an overspend on this contract of £353k for 2018/19 as a result of pressures in A&E, non-electives and outpatient procedures. Discussions are ongoing with the provider to manage the contract to forecasted levels.
- Leeds Teaching NHS Trust - The CCG is forecasting an overspend on this contract of £394k for 2018/19 as a result of pressures in planned care, non-electives and high cost drugs. Discussions are ongoing with the provider to manage the contract to forecasted levels.
- South Tees Hospitals NHS Foundation Trust - The CCG is forecasting a small underspend of £100k on this contract for 2018/19.
- BMI Duchy Hospital – The CCG is forecasting an underspend of £436k on this contract for 2018/19. The variance against contract plans is being reviewed to inform contract planning for 2019/20.

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 an overspend of £2m following incorporation of legacy impact, in-year cost pressures and assumed QIPP delivery. Data cleansing and responsible commissioner work is ongoing.

Prescribing

Actual prescribing information is available to the CCG 2 months in arrears. Based on national information through the NHS Business Services Authority and the assessment of the impact QIPP delivery, forecast outturn is expected to be an underspend of £480k.

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 7. 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)	228.381				(1.213)						227.168
Acute Services	122.919	122.884	0.035	0.0%	(0.008)	-					122.876
Mental Health Services	18.301	18.191	0.110	0.6%	(0.205)	-					17.982
Community Health Services	12.114	12.347	(0.233)	(1.9%)	-	-					12.347
Continuing Care Services	18.722	20.812	(2.090)	(11.2%)	-	-					20.812
Primary Care Services	29.817	28.982	0.835	2.8%	-	-					28.982
Primary Care Co-Commissioning	20.969	21.124	(0.155)	(0.7%)	-	-					21.124
Other Programme Services	8.644	7.146	1.498	17.3%	(0.996)	0.150	3.500		(0.150)		9.650
Commissioning Services Total	231.486	231.486	(0.000)	(0.0%)	(1.213)	0.150	-	3.500	(0.150)	-	233.773
Running Costs	3.395	3.395	-	0.0%	-	-					3.395
TOTAL CCG NET EXPENDITURE	234.881	234.881	(0.000)	(0.0%)	(1.213)	0.150	-	3.500	(0.150)	-	237.168
IN YEAR UNDERSPEND / (DEFICIT)	(6.500)	(6.500)	0.000	(0.0%)							(10.000)
									Underlying Underspend / (Deficit)		(10.000)
									% RRL		(4.4%)

Risks & Mitigations

The CCG is reporting a nil net risk position at Month 7 as per the table below.

CCG RISKS & MITIGATIONS	RISKS (enter negative values only)						TOTAL RISK
	Contract	QIPP	Performance Issues	Prescribing	Other		
	£m	£m	£m	£m	£m	£m	
REVENUE RESOURCE LIMIT (IN YEAR)							
REVENUE RESOURCE LIMIT (CUMULATIVE)							
Acute Services	(0.600)	-					(0.600)
Mental Health Services							-
Community Health Services							-
Continuing Care Services		(0.500)			(0.700)		(1.200)
Primary Care Services							-
Primary Care Co-Commissioning							-
Other Programme Services							-
Commissioning Services Total	(0.600)	(0.500)	-	-	(0.700)		(1.800)
Running Costs							-
Unidentified QIPP							-
TOTAL CCG NET EXPENDITURE	(0.600)	(0.500)	-	-	(0.700)		(1.800)
IN YEAR UNDERSPEND / (DEFICIT)							
CUMULATIVE UNDERSPEND / (DEFICIT)							

CCG RISKS & MITIGATIONS	MITIGATIONS (enter positive values only)								
	Contingency Held	Contract Reserves	Investments Uncommitted	Further QIPP Extensions	Non-Recurrent Measures	Delay / Reduce Investment Plans	Other Mitigations	Potential Funding	TOTAL MITIGATIONS
	£m	£m	£m	£m	£m	£m	£m	£m	£m
REVENUE RESOURCE LIMIT (IN YEAR)									
REVENUE RESOURCE LIMIT (CUMULATIVE)									
Acute Services	0.600			-					0.600
Mental Health Services				-					-
Community Health Services				-					-
Continuing Care Services	0.200			0.200					0.400
Primary Care Services				0.200					0.200
Primary Care Co-Commissioning				-					-
Other Programme Services									-
Commissioning Services Total	0.800	-	-	0.200	-	-	-	-	1.400
Running Costs				-					-
Unidentified QIPP				0.400					0.400
TOTAL CCG NET EXPENDITURE	0.800	-	-	1.000	-	-	-	-	1.800
IN YEAR UNDERSPEND / (DEFICIT)									
CUMULATIVE UNDERSPEND / (DEFICIT)									

Cash

The cash drawdown allocation of £234.881m 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 to Period ended 31st October 2018									
Total Cash Drawdown Allocation (£m):- £234.881	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):- £19.57	£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	17.307	1.644	0.078	-17.436	-1.644	0.042	0.24%	YES
October	0.042	17.334	1.795	0.087	-17.400	-1.795	0.062	0.36%	YES
November									
December									
January									
February									
March									
Cash drawn down to Date (actual)		135.033							
Cash Drawdown Allocation (straight line)		137.014							
Difference		1.981							

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 but slightly below target for value as highlighted in the table below.

Period ended 31st October 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-Oct-18	NHS	1,439	1,422	98.82%	101,247,074	94,643,434	93.48%
Apr-Oct-18	NON-NHS	1,608	1,578	98.13%	21,637,650	21,636,205	99.99%
Apr-Oct-18	COMBINED	3,047	3,000	98.46%	122,884,723	116,279,639	94.62%

Debtors

The CCG debtors stand at £147K as at 31 October 2018, £143K of this debt is over 90days old.

Balance Sheet

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

	Oct-18 (£000's)	Sep-18 (£000's)	Movement (£000's)
Assets:			
Cash at Bank & In Hand	62	42	20
Pre-payments (Maternity Pathway)	367	367	(0)
Debtors	147	210	(63)
Accrued Income	242	216	26
Other	36	20	16
Total Assets	854	855	(1)
Liabilities:			
Creditors - NHS	224	1,798	(1,574)
- Non NHS	(43)	49	(92)
- Other		-	-
Accrued Expenditure - NHS	5,441	2,554	2,887
- Non NHS	10,086	10,330	(244)
- Other	13	24	(11)
Payroll Deductions - Inland Revenue (CCG)	73	63	10
- Pension (CCG)	49	44	5
- Pension (GPs)	194	190	4
- Other	-	-	-
Other (CHC Provision accrual)			-
Total Liabilities	16,038	15,052	986
Cash Drawdown			
CCG Drawdown	123,373	106,038	17,335
Prescriptions Drawdown	11,764	10,002	1,762
Opening Balances	(13,497)	(13,497)	-
Total Recharges	121,641	102,543	19,097
BALANCE SHEET TOTAL	136,825	116,740	20,084
Net Expenditure Position	136,824	116,740	20,084
Difference	0	0	0