

**Agenda Item: 11**

Primary Care Delegated Commissioning Committee  
Thursday 25<sup>th</sup> April 2019

<b>Subject:</b>	Primary Care Finance Report as at Month 12 2018/19
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<b>Submitted To:</b>	NHS Norwich CCG Primary Care Delegated Commissioning Committee 25 <sup>th</sup> April 2019
<b>Purpose of Paper:</b>	Discussion and Information

**Summary:**

This report provides an overview of the CCG's year end financial position in respect of the delegated budgets for Primary Care (GP) services, shown in the context of the CCG's overall budgets for Primary Care & Prescribing services.

The draft year end position at March 2019 (month 12) reports an overspend of £40k against a budget for the year of £30.8m (note: this position remains subject to audit). However, this position includes significant slippage on the use of the reserve for PMS transformational schemes – if this is excluded, the underlying position on delegated primary care budgets is a shortfall of £0.9m. This shortfall has been addressed in budget-setting for 2019/20.

Key points to note are as follows:

- The start year budgets for delegated primary care commissioning exceed the CCG's allocation for delegated commissioning by £0.8m. This represents an underlying shortfall in the 2018/19 financial position but will be addressed in the CCG's financial plan for 2019/20.
- The financial position includes the benefit from releasing some 2017/18 accruals (estimates for outstanding costs) following the actual costs being less than the original estimates. The total benefit from this in 2018/19 is £0.4m, which helps to offset the budget shortfall identified above.
- There is a sum of £0.88m available within delegated budgets in respect of funds released from the NHS England (NHSE) PMS review. In addition to this there is an underspend of £0.56m from prior year PMS premium monies that is ear-marked within CCG primary care budgets, giving a total PMS fund for 2018/19 of £1.44m. A number of schemes have been approved by the Primary Care Committee but there is still a significant balance remaining unspent in 2018/19 (£0.60m). The Primary Care Committee agreed in December that any underspend on PMS funds in 2018/19 will be made available in 2019/20 to enable the CCG to continue to invest in transformational initiatives, and this amount has been reflected in the CCG's 2019/20 financial plan.

**Recommendation:**

The Primary Care Commissioning Committee is asked to note the outturn financial position reported as at month 12 2018/19.

## 1. Introduction

The CCG's delegated allocation from NHS England for Primary Care GP services totals £30,807k for 2018/19. This has reduced from the start year allocation of £31,047k due to the transfer of £240k to CCG programme costs in respect of a number of GP Forward View initiatives (this was a nationally-initiated transfer for all CCGs reflecting the utilisation of baseline funding for indemnity costs no longer needed by CCGs).

The broader context of overall CCG Primary Care and Prescribing budgets is summarised below, as reported within the CCG's Finance Report as at Month 12. This shows an overall underspend of £368k on Primary Care and Prescribing budgets, with the total position on Delegated budgets (the highlighted rows) being a net overspend of £40k.

Description	Position to Month 12			
	Budget £'000	Actual £'000	Variance £'000	Variance %
LOCALLY COMMISSIONED SERVICES	1,970	2,210	240	12.2%
GP OUT OF HOURS CONTRACT	1,587	1,586	(2)	-0.1%
OTHER PRIMARY CARE SERVICES	2,018	1,971	(47)	-2.3%
OTHER PRIMARY CARE SERVICES - PMS SCHEMES	562	845	283	0.0%
PRIMARY CARE DELEGATED BUDGETS - PMS RESERVES	878	0	(878)	-100.0%
PRIMARY CARE DELEGATED BUDGETS	29,929	30,847	918	3.1%
GP PRESCRIBING	31,034	29,726	(1,308)	-4.2%
OTHER PRESCRIBING COSTS	1,477	1,903	425	28.8%
<b>Total Primary Care &amp; Prescribing</b>	<b>69,456</b>	<b>69,088</b>	<b>(368)</b>	<b>-0.5%</b>

The rest of this report outlines the financial position against delegated budgets as at Month 12.

## 2. Summary Financial Position to Month 12 – delegated budgets

The overall position reported on delegated GP budgets to month 12 is an overspend of £40k (the combined total of the two highlighted rows above). However, this is after release of the PMS premium reserve, and so the true position is a year end deficit of £918k. The key components of this variance is as follows:

Description	(Surplus)/ Deficit £000
Start year budget gap	850
Contingency within delegated budgets	(155)
Release of excess prior-year accruals where actual costs are less than estimates made at year end	(391)
Global sum inflationary uplift (1%)	295
Locum costs in excess of budget (sickness, maternity etc)	250
Other minor variances (inc rent arrears)	118
<b>Total (surplus) / deficit</b>	<b>918</b>
<i>Release of PMS premium reserve to offset expenditure outside of delegated budgets *</i>	<i>(878)</i>
<b>Total reported (surplus) / deficit</b>	<b>40</b>

\*Note: NHS England reporting requirements dictate that expenditure on schemes utilising PMS premium monies should be shown outside of delegated budgets (in the table in Section 1 this spend is shown within "Other Primary Care Services"). Hence the offsetting release of PMS premium reserve is shown above as a technical adjustment.

### 3. Analysis of Financial Position to Month 12 – Delegated Budgets

The Primary Care Delegated budget lines above are further analysed below (with additional explanation of the categories shown at Appendix A). In month 12, practice budgets have been reviewed by NHS England finance colleagues, and the Global Sum and other quarterly budgets (eg, Seniority) have been uplifted to take into account quarter 4 actual costs and to provide a full year estimate.

Expenditure Category	Budget (£'000)	Actual (£'000)	Variance (£'000)	Comments
Contractual	22,568	22,839	271	Global Sum 1% uplift & Seniority claw-back 17/18
Premises	3,551	3,490	(61)	Benefit of 17/18 excess accrual net of rent arrears payment
Enhanced services	855	866	11	Benefit of 17/18 excess accrual
QOF	2,727	2,614	(113)	Benefit of 17/18 excess accrual
Other - GP services	1,784	1,038	(746)	Benefit of 17/18 excess accrual; high locum cost; PMS to GMS reserve
Other - Reserves	(678)	0	678	Negative reserve release net of Contingency and other minor adjs
<b>Total</b>	<b>30,807</b>	<b>30,847</b>	<b>40</b>	

Note: positive variances are overspends; negative variances (in brackets) are underspends.

Further information on budget performance against each of these lines is as follows:

**Contractual payment** budgets have been amended to take into account the quarter 4 list size effect on both the Global Sum and Contract payments. The overspend has been mainly caused by a national Global Sum inflationary uplift of 1%, back-dated to the 1<sup>st</sup> April.

**Premises costs** budget is set at the level of March 18 costs, and continues to be impacted by cost pressures from on-going rent reviews. The 2018/19 position has benefited from the release of 17/18 accruals where actual costs came in £70k lower than the original estimates. Budget uplifts have been made in year where rent increases have been confirmed by the District Valuer.

**Enhanced Services** – this budget relates to Directed Enhanced Services (DES) for minor surgery, extended access, and health checks for patients with a learning disability, and also includes funding for translation services.

**Quality & Outcomes Framework (QOF)** – budgets are based on a prudent view of anticipated year end achievement. The 2018/19 position has benefited from the release of 17/18 accruals where actual costs came in £112k lower than the original estimate.

**Other GP Services** – this budget includes the City Reach contract and funding for locum cover for sickness, maternity leave etc. The year to date position has benefited from the release of 17/18 accruals where actual costs came in £190k lower than the original estimates, in the main due to an over-estimate against the City Reach contract. This benefit is outweighed by excess locum costs for sickness, maternity leave etc that are significantly above the budgeted level.

**Other reserves** – there are 3 component parts of this budget:

- **Contingency reserve** – the CCG set aside 0.5% of funding (£155k) at the start of the year as a contingency against unforeseen cost pressures;
- **PMS premium reserve** – funding of £878k has been released from historic PMS premium payments and is available for reinvestment in practices. The costs relating to this reinvestment are required by NHS England to be reported outside of delegated budgets as noted above;
- **Budget shortfall** – the CCG's budget for delegated primary care services is £850k above the funding allocation received for these services. This is consistent with the position seen in 2017/18 when a range of mitigations was identified to offset the cost pressure, including £500k of one-off transitional funding from NHS England and other non-recurrent

benefits such as rates rebates and slippage on the use of PMS premium monies. In 2018/19 this budget gap is shown as a negative reserve and has been released monthly into the reported position. In 2019/20 this shortfall has been addressed in budget-setting.

## Appendix A

Brief descriptions of each category of spend are as follows:

- **Contractual payments** contains General Practice GMS, PMS and other list based services relating to contract and list size driven budgets allocated to practice level. They include global sum, MPIG, contract values, transitional payments, PMS premium/growth and seniority budgets. These budgets, with the exception of the PMS premium treatments are driven by contractual obligations.
- **Enhanced Services** are budgeted on the basis of historic achievement for the ad-hoc smaller payments or recognising the potential full achievement for those which are list size/patient driven for the practices that have signed up to the particular services, e.g. extended hours. Payment is based upon achievement so variances against budget can occur.
- **Other – GP Services** include budgets and payments for dispensing & prescribing professional fees, CQC reimbursements and locum allowances such as for maternity & paternity cover. Budgets for the locum allowances are not allocated at practice level at the start of the year as claims can be difficult to forecast.
- **Premises cost** reimbursements include budgets for rent, rates and water charges. Premises budgets are also allocated on a contractual basis and have very little scope for local influence other than through commissioner decisions around future investments in buildings or estate rationalisation.
- **Quality Outcomes Framework (QOF)** Aspiration payments are based upon 70% of the previous year's achievement adjusted for year on year points and price changes. Budgets are set in line with this and pro rata to reflect final forecast Achievement. As payment is based upon actual achievement this means that the CCG may have a financial risk or benefit depending on future practice achievement.
- **Reserves** includes budgets for anticipated list size changes, premises rent increases etc. as well as some central budgets such as Clinical Waste, Occupational Health Contracts, Translation Services and CQC Fees.