Agenda Item: 17.48

NHS
West Norfolk
Clinical Commissioning Group

Subject:	2017/18 – Local Enhanced Services
Produced by:	Steve Lloyd – Head of Primary Care (WNCCG)
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Submitted to:	West Norfolk Primary Delegated Commissioning Committee
Purpose of Paper:	For Information and approval

Executive Summary

This paper provides an overview of the proposal for WNCCG Primary Care Local Enhanced Services for the financial year 2017/18

KEY RISKS (in relation to CCG strategic objectives and statutory duties)

Clinical & Quality: Compliance is monitored, and activity recorded by the CCG. Specifications to receive CCG Clinical and Quality sign-off before implementation.

Finance and Performance: Risk that changing the basis and approach of LES payments may exceed the funding available through current LES budget, and the 2017/18 PMS release monies.

Reputation: The CCG routinely reviews any reputational risks associated with its work on Primary Care. Early relationship building with West Norfolk Health, who have been significantly involved in developing the proposal.

Legal: The CCG ensures that it is acting within its statutory obligations in relation to primary care development.

Patient focus: Aim to provide parity of services to all WNCCG patients.

Information Governance: Compliance to policy

Conflicts of Interest: The Committee has been set up to ensure that the CCG acts within the guidance on conflicts of interest. This represents significant payments to WNCCG GP practices.

Equality Impact Assessment: Not applicable.

Reference to relevant risk on the Governing Body Assurance Framework: Not applicable.

RECOMMENDATION: The Committee is asked to approve:

1) The adoption of the proposal

West Norfolk CCG – Development of Local Enhanced Services for 2017/18 and the development of a Demand Management in Primary Care Agreement

Introduction

Historically, a range of Local Enhanced Services (LES) have been commissioned from practices in West Norfolk. The services commissioned fall outside of the core GP contractual payments and the enhanced services commissioned at a national level (eg Influenza, Childhood Immunisations). The commissioning of these services ensures that services are provided by practices for the benefit of their patients. These services have not been reviewed for a number of years in terms of value for money and relevance.

As part of this review, it was identified that one of the most significant funding pressures for some practices is as a direct result of the PMS review. CCG's are required to reinvest PMS review monies into primary care in an equitable manner. As such, the CCG has previously committed to utilising this funding to support the delivery and development of Local Enhanced Services in primary care.

Historically, the services have been offered to practices in the hope that practices would choose to sign up to delivering them. Sign-up has not been compulsory and therefore, there have been some gaps in service provision. This project seeks to review the services commissioned, address the provision gaps and make a proposal for the 2017/18 financial year.

One of the services historically commissioned is a service to incentivise practices to use the e-referral system (previously choose and book). In many CCG areas, this type of service is no longer commissioned as the use of the e-referral system has become routine and there are future plans to make electronic referrals the only acceptable method (By October 2018 at the latest).

The Approach taken for the review

A working group of 4 practice managers and the Head of Primary Care for West Norfolk CCG was formed. The group identified a number of factors relating to the current suite of services:

- It was felt that some of the services were not adequately funded and that practices were delivering services at a loss
- It was felt to be vital to provide all patients with equity of access to the LES's
- It was felt that financial pressures on practices would lead to an assessment on whether or not services were financially viable, potentially leading to a reduction in service or a movement of work to secondary care.

The group agreed that a transparent approach would be taken in the review:

- All currently commissioned services to be reviewed, with the exception of near patient testing which would roll forward in the interim. This service requires a much more detailed review and will require significant clinical engagement and expertise.
- A transparent costing methodology would be used. This methodology would ensure that the actual costs incurred by a practice for delivering services are recognised. This would

include staff costs including on-costs, non-pay costs, a recognition of overheads and a profit element.

- Open and honest dialogue around the staff time required and the non-pay costs incurred.
- Through working in partnership with the CCG, the practices, through West Norfolk Health would assure that all patients would be able to access all services. This may involve practices in their locality areas working together to identify the most effective way of delivering services, not necessarily meaning that all practices would provide all services.

The group reviewed historic activity data supplied by practices and noted that there was significant variation in the activity levels. Particular variation was noted for the most recently commissioned service – "Treatment Room LES". The group felt that this reflected two issues:

1. The coding of activity in practices varies
2. The provision of services by practices is also varied

<u>The Proposal</u>

<u>Local Enhanced Services</u>

- The group have developed a costed suite of services and associated service specifications for the LES scheme for 2017/18.

  The costs were built up to recognise:

  - Staffing costs including on-costs at an estimated 25%. The time required to undertake each procedure was identified by staff member. 2 minutes of admin time and 2 minutes of receptionist time were assumed per procedure. The staff groups recognised were:
    - GP
    - Practice Nurse
    - HCA
    - Admin staff
    - Receptionist
  - Non-pay costs were identified for each procedure
  - A profit element at 15% has been included – the group felt that this was felt to be a reasonable margin, representing a reasonable return for the practice and value for money to the CCG.
  - An overheads figure of 2.5% has been included – this was an estimated figure which the group felt reflected the level of overhead that could fairly be attributed to the services.
  - A way of recognising the capital equipment required to provide the services.

- The draft proposal has been shared with West Norfolk Health, with feedback being largely positive.

- It had been intended that the contract for the provision of the LES agreements would be with West Norfolk Health rather than with individual practices. Contractual issues and superannuation complexities mean that this is not currently a viable prospect. It remains the intention that a move to this model would apply once all of the factors had been resolved.
- West Norfolk Health will have responsibility for providing the monitoring of the LES's and will challenge and validate practice activity. The CCG will retain accountability for this.

The impact on finances

The table below details the position comparing 2016/17 to the proposal for 2017/18:

SERVICE	**16/17 Actual spend**	**17/18 Forecast spend**
Treatment Room LES	£360,573	-
Choose and book LES	£201,393	-
Near Patient Testing	£109,552	£109,552
All other Local enhanced Services	£871,859	£1,675,056
Transitional payments	£79,147	-
Demand Management in Primary Care Agreement	-	£208,980
Total	£1,622,524	£1,993,588

The table shows that the total proposed investment into Local Enhanced Services and the Demand Management in Primary Care Agreement for 2017/18 is greater than the 2016/17 by £371,064. This amount is partially offset by the need for the CCG to re-invest the released PMS premium monies for 2017/18 of £225,001. This leaves a cost pressure of **£146,063**

Additionally, the group felt that it was important that the costs of purchasing and maintaining capital equipment should be recognised. If all services requiring capital equipment were provided at all sites, the group calculated that the annual cost would be approximately **£37,000** for the whole CCG area. It is proposed that practices should be able to invoice annually for their proportion of the costs if they are providing the service.

There are also license costs associated with INR Star for the anti-coagulation service which would need to be invoiced by those practices providing anti-coagulation monitoring – this will be around **£15k- £20k** per annum in total.

It should be noted that although a cost pressure would exist in 2017/18, that a further £225,001 will be released in 18/19.

Demand Management in Primary Care Agreement

- The group recognised that the existing LES for "Chose and Book" was no longer as relevant as it once was and accepted that a need to change how this funding was utilised existed.

- The wider group were not involved in the development of the Demand Management in Primary Care Agreement – this document has been produced by the Head of Primary Care.
- The intention is that this agreement would be between the CCG and individual practices
- West Norfolk Health will be engaged in the monitoring of the agreement as part of their wider engagement in meeting the CCG's Demand Management work stream.
- The agreement requires practices to:
    - continue using the e-referral system, including using the Advice and Guidance component
    - To undertake audits relating to referral activity / peer review
    - Adherence to the referral thresholds identified for prior approval activity
    - Participate in the National Diabetes Audit

Recommendation

The group seeks approval for the commissioning of two agreements and recommends that two items are commissioned:

1. Demand Management in Primary Care Agreement (Appendix 1)
2. Suite of Local Enhanced Services (Appendix 2)

The Risks

- The proposal creates a direct link between activity undertaken and the amount of income a practice would receive. Activity estimates have been built up based upon historic activity levels reported by practices. The activity is believed to be relatively robust, although the activity relating to services provided under the "Treatment Room LES" in 16/17 is believed to be less reliable due to it not having been recorded consistently in the past.
- The working group have been clear on the principle that the money should follow the patient and have been resistant to any capitation or block payments for the Local Enhanced Services. If there is a cap on activity, it is felt that there is a potential for services to be withdrawn leading to increased referrals to secondary care.
- Anti-coagulation was previously paid on a per patient per year basis. The calculation makes an assumption that patients on warfarin will be tested on average 10 times per year. This may be under or overstated, thus presenting either a risk or a benefit.
- The CCG quality team would like to add further detail to the quality requirements in the specifications. The financial values and the general requirements would not change as a result of this, so it shouldn't defer any decision.