

Subject:	Primary Care Finance Report as at Month 5 2017/18
Presented By:	Emma Kriehn-Morris, Deputy Chief Finance Officer
Submitted To:	NHS West Norfolk CCG Primary Care Commissioning Committee 21 st September 2017
Purpose of Paper:	Discussion and Information
<p>Summary:</p> <p>This report provides an overview of the CCG's year to date financial position in respect of delegated budgets for Primary Care (GP) services.</p> <p>The year to date position at Month 5 is a breakeven position however there remain known financial risks to address within 2017/18 such as premises cost increases and activity risks within contracts i.e. list size growth.</p> <p>A full review of the practice budgets for alignment and reserve forecast was planned for late August however due to a Capita prescribing payment error and NHSE staffing issues this exercise to be undertaken between the CCG and NHS England finance colleagues has now been scheduled to complete by the end of September. The purpose of the review will allow timing differences to be distinguished from real risks.</p> <p>In light of the above the CCG's forecast outturn position remains at plan.</p>	
<p>Recommendation:</p> <p>The Primary Care Commissioning Committee is asked to note the Month 5 Financial Position and risks to delivery of balance against the delegated budget for primary care services.</p>	

1. Introduction

The CCG's delegated allocation from NHS England for Primary Care GP services totals £28,111k for 2017/18.

This report outlines the financial position against delegated budgets as at Month 5 and highlights key risks to delivery of balance against these budgets in 2017/18.

2. Summary Financial Position to Month 5

The overall position as at Month 5 is a breakeven position as summarised in the table below.

£'000	In month budget	In month actual	In month variance	YTD budget	YTD Actual	YTD Variance	Annual budget	Current Forecast
Contractual	1,479.03	1,529.48	50.45	7,395.14	7,573.64	178.50	17,748.30	18,176.75
Enhanced services	67.14	67.14	0.00	335.71	336.24	0.54	805.70	806.99
Other - GP Services	284.73	349.11	64.38	1,423.63	1,576.44	152.81	3,416.70	3,783.45
Premises cost reimbursements	213.45	174.75	(38.70)	1,067.25	1,029.14	(38.11)	2,561.40	2,469.94
QOF	218.42	221.56	3.14	1,092.12	1,107.81	15.69	2,621.10	2,658.75
Other Reserves	79.28	0.00	(79.28)	309.44	0.00	(309.44)	957.80	215.12
Grand Total	2,342.05	2,342.05	0.00	11,623.28	11,623.28	0.00	28,111.00	28,111.00

At this point in the year it would not be expected to see any material contractual variances, as activity-related pressures relating to areas such as list size adjustments, enhanced services, and QOF outcomes will materialise later during the year.

The Month 5 position once again reports a breakeven position. At the start of the financial year there was a known risk of a £58k potential budget shortfall and there is no indication after five months that this risk has increased. The release of resources over the period to date is as follows;

Reserves (£'000)	In month budget	YTD Actual
M2	35	77
M3	76	153
M4	77	230
M5	79	309
M12 Projected		742

Clearly the absorption of reserves requires close monitoring as this reflects the only mitigation the CCG has against cost growth risks.

Each month budget needs to be released from M12 reserves into the current position to match the actual incurred costs by the practices. This exercise for M1-6 will be completed in M06 and then monthly going forward.

Appendix A gives a brief description of each category of spend for reference and Appendix B reports the M05 position by practice.

In light of the above the CCG's forecast outturn position remains as per plan.

3. Key Financial Risks in 2017/18

The key risks to delivery of financial balance within delegated primary care budgets in 2017/18 are outlined below, alongside potential mitigations:

Risk	Mitigation
Over-performance on activity-related budgets such as enhanced services and QOF and list size adjustments.	Budgets are set based on historic delivery, which reduces the risk of material overspend.
Exceptional payments relating to individual practices (e.g. locum cover, support for practices in difficulty)	The 2017/18 budgets include a reserve for such costs. Local policies are to be developed to ensure consistency of approach to exceptional circumstances.

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 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.

Appendix B – Practice analysis at 31 August 2017

Row Labels	Sum of YTD budget (£)	Sum of YTD Actual (£)	Sum of YTD Variance (£)	Sum of Annual budget (£)
PMS	4,269,515	4,453,456	183,941	10,246,800
D82044 - VIDA HEALTHCARE	1,908,510	1,945,948	37,438	4,580,400
D82099 - SOUTHGATES	796,255	848,842	52,587	1,911,000
D82035 - UPWELL HEALTH CENTRE	705,085	781,537	76,452	1,692,200
D82051 - ST JAMES MEDICAL PRACTICE	859,665	877,129	17,464	2,063,200
GMS	6,330,800	6,433,268	102,468	15,193,900
D82070 - GREAT MASSINGHAM SURGERY	508,875	525,949	17,074	1,221,300
D82010 - GRIMSTON MEDICAL CENTRE	372,875	376,955	4,080	894,900
D82043 - WATLINGTON MEDICAL CENTRE	439,755	451,494	11,739	1,055,400
D82049 - LITCHAM HEALTH CENTRE	306,705	312,716	6,011	736,100
D82057 - CAMPINGLAND SURGERY	494,300	494,030	(270)	1,186,300
D82065 - MANOR FARM MEDICAL CENTRE	546,330	547,064	734	1,311,200
D82072 - BURNHAM SURGERY PE31 8DH	356,210	359,360	3,150	854,900
D82079 - FELTWELL SURGERY	368,915	378,218	9,303	885,400
D82621 - PLOWRIGHT MEDICAL CENTRE	549,880	561,824	11,944	1,319,700
D82015 - BRIDGE STREET SURGERY PE38 9DH	509,030	510,554	1,524	1,221,700
D82027 - HEACHAM GROUP PRACTICE	512,670	519,584	6,914	1,230,400
D82068 - HOWDALE SURGERY	449,790	453,543	3,753	1,079,500
D82105 - ST CLEMENTS SURGERY PE34 4LZ	438,670	451,034	12,364	1,052,800
D82604 - BOUGHTON SURGERY	222,960	225,825	2,865	535,100
D82618 - WOOTTON SURGERY	253,835	265,118	11,283	609,200
APMS	580,200	638,338	58,138	1,392,500
Y00297 - THE HOLLIES SURGERY PE38 9JE	242,205	261,332	19,127	581,300
Y03222 - ST JOHNS SURGERY PE14 7RR	337,995	377,005	39,010	811,200
Other Allocated Budgets	133,330	98,220	(35,110)	320,000
000000 - Default	133,330	98,220	(35,110)	320,000
Other Reserves	309,437	0	(309,437)	957,800
000000 - Default	309,437	0	(309,437)	957,800
Grand Total	11,623,282	11,623,282	0	28,111,000

Please note:

Other allocated budgets are budgets that have been given to the CCG that were previously held by NHSE. These costs will still be incurred by NHSE (for example Waste Disposal) and then recharged to the CCG to be matched to these budgets. These are not surplus budgets available for general use.

Other reserves are earmarked and unallocated reserves.