Working with you to make Sheffield HEALTHIER

NHS Sheffield Clinical Commissioning Group

Financial Report at Month 8

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Primary Care Commissioning Committee Meeting

21 December 2017

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Sponsor	Julia Newton, Director of Finance

Is your report for Approval / Consideration / Noting

For Consideration: This report provides information on the financial position for primary care budgets for 8 months to 30 November 2017 and asks PCCC to consider the risks and issues to be managed in year.

Are there any Resource Implications (including Financial, Staffing etc)?

None.

Audit Requirement

CCG Objectives

Which of the CCG's objectives does this paper support?
Strategic Objective - To ensure there is a sustainable, affordable healthcare system in Sheffield. It supports management of the CCG's principal risks 3.1, 4.1, 4.2 and 4.3 in the Assurance Framework.

Equality Impact Assessment

Have you carried out an Equality Impact Assessment and is it attached? No.

If not, why not? There are no specific issues associated with this report.

PPE Activity

How does your paper support involving patients, carers and the public?
Not applicable.

Recommendations

The Primary Care Commissioning Committee is asked to note the financial position at month 8 and consider the potential risks and challenges to delivery of a balanced financial position against primary care budgets for 2017/18.

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1. Introduction

The purpose of this paper is to update the Committee on the financial position at month 8 and to give a forecast on the potential year end position.

2. Financial Position: At Month 8 and Forecast Out-turn

The month 8 year-to-date position is showing an underspend of £29k on the Delegated budgets as discussed in more detail in section 2.1 below and an underspend of £306k on the additional CCG Commissioned budgets.

The forecast outturn position is £90k underspend for Delegated budgets, having made some assumptions around list-size increases and additional expenditure on premises and locums. The forecast outturn position for the CCG Commissioned budgets is £948k underspent due to a number of factors as discussed below.

Table 1 summarises the position and Appendices **A and B** show the detail.

2.1 Primary Care Delegated Budget (Appendix A)

The year-to-date underspend of £29k relates to:

- Core contract: the over-spend of £5k relates to list size adjustments. The budget for core contract was uplifted by 0.4% for 2017/18 to reflect an expected demographic increase. At quarter 2 the list size reduced slightly but then has gone up in quarter 3. We expect it to reduce slightly in Q4.

- Premises: an underspend of £19k is reported against the reserve set aside for pressures resulting from the re-valuation of premises. A number of pressures have already materialised for example the increased reimbursement for the Woodseats Medical Centre and the requirement to pay premises costs for Beighton Health Centre now that it has been vacated.

- Enhanced Services – the underspend of £145k is because not all of the practices have signed up to the Extended Hours DES. 60 practices are being paid for the full year, and 5 are being paid for half the year, while 17 are not participating and will not receive any payments. In addition Q2 figures for the Minor Surgery DES show an underspend to date.

- Other GP Services – there is an overspend of £130k which is partly due to the reimbursements which are made to practices for their CQC registrations. While

provision was made for this additional cost, the CQC fees increased considerably from 16/17 and have caused a cost-pressure. Seniority payments are being phased out and this is helping to offset the CQC cost pressure and also the increased costs of locums.

The forecast position is £90k underspent because it is assumed that the underspends on the Enhanced Services continue but that this is mainly offset by the overspend on Other GP Services (locums and CQC fees).

Last month there was a forecast overspend and to offset it we had to release £46k of the General Contingency Reserve. This has not been required in month 8 as underspends on a number of Enhanced Services have offset.

2.2 Additional Primary Care Services (Appendix B)

The month 8 forecast outturn for Additional CCG Commissioned budgets is an underspend of £948k. The CCG is including this underspend within its overall reported financial position at month 8 as part of managing its overall financial challenges. The main variances are:

- £84k underspend on anti-coagulation due to a reduction in activity reported through the activity database. This has been a trend for a number of quarters. The £24k overspend on DMARDS and £44k overspend on ophthalmology services are all due to variations in activity.

- £200k underspend on care planning as this is the 4th year of a 5 year programme and expenditure is tapering as it becomes embedded in routine service provision. This was forecast to be £100k underspent last month but a review has enabled a larger variance to be declared.

- £71k underspend on pharmacy charges due to variable activity particularly around minor ailments.

- There is expected to be a £86k overspend on community clinics where the pilot was extended beyond the original 6 months to November 2017. A new business case regarding provision of city-wide community clinics is currently in progress.

- There is a forecast underspend on the care homes LCS of £75k as not all homes are currently covered and there has been a reduction in the number of beds.

- £656k slippage on the budget provided for Practice Transformational Support as detailed in 2.6 below.

2.3 Budget Changes

There have been no budget changes since the last report to PCCC.

2.4 Notified Allocations

There have been no further notified allocations in November 2017.

Table 1 : Summary of Resources 2017/18	Primary Care Delegated Budgets	Additional CCG Commissioned Services	Additional CCG Commissioned Services	Total
	Total	Recurrent	Non-Recurrent	
	£'000	£'000	£'000	£'000
Closing Allocation from 2016/17	**74,653**			**74,653**
2017/18 Cash Uplift on Allocation	1,375	0		**1,375**
Confirmed Allocation NHSE	**76,028**	**0**		**76,028**
Closing Recurrent Budget from CCG Programme		4,752	3,976	**8,727**
Previously Approved Budget Changes (note 1)	(3,100)	3,100	883	**883**
Proposed Budget 2017/18 (29th March meeting)	**72,928**	**7,852**	**4,859**	**85,638**
Following Further Budget Review:				
Funding Between Budgets	(800)	50	750	**0**
Transfer From Commissioning Reserve		247		**247**
Transfer From NHS England (GP Extended Access)		3,479		**3,479**
Revised Opening Budget 2017/18 Approved by PCCC 29.06.17(note 2)	**72,128**	**11,628**	**5,609**	**89,365**
In-Year Adjustments to Budgets				
Transfers To & From Reserves (note 3)	(269)	213	(55)	**(111)**
Allocations To & From NHS England	(31)			**(31)**
Revised 2017/18 Budget at Month 8	**71,828**	**11,841**	**5,553**	**89,222**
Projected Spend at Month 8:				
Delegated Expenditure				
Core Contract	49,704			**49,704**
Premises	9,698			**9,698**
Directed Enhanced Services	1,235			**1,235**
QOF	7,574			**7,574**
Other GP Services	2,801			**2,801**
Additional CCG-Commissioned Expenditure:				
Ophthalmology		335		**335**
GP Services		8,222	209	**8,431**
Pharmacy		377		**377**
Other Primary Care Expenditure		2,509	4,217	**6,726**
Reserves:				
Non-Recurrent Reserve - 0.5% (note 4)	363			**363**
General Contingency Reserve 0.5% (note 5)	363			**363**
Provisional Winter Resilience			350	**350**
Practice Transformational Support (note 6)			227	**227**
Total Use of 2017/18 Budgets	**71,738**	**11,443**	**5,003**	**88,184**
Forecast Variance (note 7)	**(90)**	**(398)**	**(550)**	**(1,038)**

Note 1: Practices move from £4 to £5 per head on 'over and above' LCS and this can be funded from PMS transition £'s

Note 2: Budget is £103k higher than per GB Board Paper as it includes budget for PLIs which forms part of CCG's RCA

Note 3: Reversal of prior year-end accruals reduces budget and reported expenditure non-recurrently with a net impact of zero

Note 4: 0.5% reserve to be held uncommitted as required by NHSE

Note 5: at the start of the year, to meet NHSE Business Rules the CCG must provide for a 0.5% contingency on Delegated Budgets

Note 6: Identification of £3 per head over 2 years non-recurrently is FYFV and National Operational Plan Guidance - PCCC will need to confirm use of £s in due course.

Note 7: Any underspend on activity-driven budgets, as per the rest of the CCG budgets, needs to contribute to delivery of the overall financial position

2.5 Reserves

There are a number of reserves in the Primary Care budgets:

0.5% Non-Recurrent Reserve - £363k: Planning guidance from NHS England requires that all CCGs hold back 0.5% of the revenue resource limit as a contingency. NHSE will inform CCGs in year whether funding can be utilised in 2017/18 or whether we will have to release to the CCG's "bottom line" to increase our overall surplus and hence carry forward the funding to future years.

0.5% General Contingency Reserve - £363k: The first call on this reserve remains any further cost pressures on delegated, but if not required, we will release any balance towards the year end to support the management of the overall CCG financial position.

Primary Care Developments Reserve - £250k: £82k has been spent to date and there are plans in place for the use of the majority of this reserve.

Winter Resilience Reserve - £350k: PCCC voting members received a business case in early November for a scheme to utilise the funding in 2017/18. Virtual approval was given on 10 November 2017 and the details of the proposal were presented to PCCC for information at its November meeting.

2.6 Practice Transformational Support - £883k for Transformation, Resilience & Sustainability

The 17/18 national planning guidance identified that CCGs should plan to spend a total of £3 per head planned support in relation to the resilience, sustainability and transformation of Primary Care as a one off non-recurrent investment commencing in 2017/18 from within their NHS England allocations for CCG services. CCGs were able to decide to spend this over one or two years. Sheffield CCG proposed to spend the £3 per head over the two year period 2017/18 and 2018/19. This equates to £883,000 for 2017/18 and £883,000 2018/19.

PCCC received outlined proposals for the use of the 2017/18 budget at its meeting on 27 July 2017. Key issues identified in the delivery of this programme were:

- *Funding for the resilience programme (if this was not forthcoming)*
- *Schemes to achieve desired transformational impact given timescales of implementation*
- *Adequate resource in the CCG to manage the programme*
- *Consideration of issues relating to procurement*
- *Financial challenges facing NHS Sheffield CCG*

PCCC recognised the need to allow flexibility as well as the need to evaluate recently implemented schemes, prior to moving forward.

An update on the use of the Resilience Funding of £45k was presented to PCCC on 23 November 2017. At 1 December 2017, the committed use of the £883k stands at £227k as outlined in the table below. This reflects the expenditure needed to support immediate priorities, e.g. vulnerability, workforce and estate strategy implementation.

Committed 2017/18	**£**
2 Funded GPN-Ready Nurses & 2 Funded HCAs Programme	20,000
20 Spirometry Training Places	15,000
10 Mentors & ATP Support	17,000
Continuation of GP Support Manager Programme x 4 GPSMs	40,000
P.A Development x 2 Funded to Support Vulnerable Workforce Practices	32,000
Neighbourhood estates development - development of plan for estates including space utilisation and quality of building assessment. To inform estates capital future bids. Implement the Primary Care Estates Strategy, Neighbourhood Estate Plans, PID Development and workshops	35,000
Development of contracting under the new models of care and neighbourhood maturity index	35,000
Clinical training and development and leadership, to include Neighbourhood Clinical Leads development, INR, prescribing updates, clinical masterclasses, leadership	30,000
Supporting Engagement and Development in GPFV Transformational Programme Third Practice Manager Event	3,000
	227,000

A combination of three factors means that the recommendation is that the balance of the budget, £656k, is re-profiled into 2018/19. The Director of Finance has confirmed that re-profiled spend from this budget will be honoured in 2018/19:

- Since July 2017, it has been confirmed that NHSE will make available £1 per head non recurrently in 2017/18 for the development of Local Care Networks (so circa £580k for Sheffield) and while we await the final national guidance re use of this funding, informally we have been prioritising attention on getting ready to deploy. An oral update on progress will be provided in private session to this meeting of PCCC.
- We need to re-evaluate use of the £883k in the light of this new funding and progress on neighbourhood development and it would appear to make better strategic sense to utilise with the £883k budget for 2018/19 to allow greater impact.
- Overall the financial position of the CCG means that we need to re-evaluate whether it is essential to commit funding which remains uncommitted contractually at this time, in order to meet the CCG's requirements on financial balance.

The extended primary care team will consider updated proposals to cover all of the budget in January 2018 with the intention of presenting the proposals to PCCC in February 2018 for approval.

2.7 Key Financial Issues, Risks and Challenges

There remain a number of potential risks or cost pressures that may need to be managed. As discussed in section 2.5 above, they will be a first call on the £363k General Contingency Reserve if they crystallise including:

- the revenue consequences of any capital developments. There has been a process for practices to bid for capital funds under the Estates and Technology Transformation Fund (ETTF). The one scheme which has been put in cohort 1 will not have any revenue consequences. However there are some schemes in cohort 2 which may have revenue consequences. The revenue impact of these schemes is unlikely to start until later in 2017/18 or possibly 2018/19 but nevertheless should be budgeted for at a reasonable level.

- the recent national rates review may have an impact on the reimbursement due to GPs.

- the increase in the weekly amount payable for locum sickness cover may mean that additional budget is required, This is entirely variable expenditure and hard to forecast. An assumption has been made in the forecast but this could be incorrect.

- Any further changes to list sizes, other than those anticipated may cause a cost pressure.

3. Recommendation

The Primary Care Commissioning Committee is asked to note the financial position at month 8 and consider the potential risks and challenges to delivery of a balanced financial position against primary care budgets.

Julia Newton
Director of Finance
8 December 2017

Appendix A

Primary Care Delegated Budget
Month 8 Position - April - November 2017

Budget	Full Year Plan	Year to Date Budget	Year to Date Spend	Year to Date Variance	Forecast Spend	Forecast Variance
	£	£	£	£	£	£
Core Contract GMS practices	20,518,600	13,678,821	13,701,181	22,360	20,518,600	0
Core Contract PMS practices	27,497,551	18,331,504	18,331,929	425	27,497,551	0
Core Contract APMS practices	1,688,343	1,125,554	1,108,039	(17,515)	1,688,343	0
Directed Enhanced Services	1,521,214	668,328	523,139	(145,189)	1,234,630	(286,584)
Premises	9,668,572	6,453,082	6,434,395	(18,687)	9,697,675	29,103
QOF	7,574,000	3,730,312	3,731,018	706	7,574,000	0
Other GP services - seniority & locums	2,152,578	1,252,537	1,381,398	128,861	2,319,570	166,992
Prescribing & Dispensing Doctors	481,142	320,464	320,464	0	481,142	0
Reserves						
1% Non-Recurrent Reserve 0.5% - to remain uncommitted (note 1)	363,000	0	0	0	363,000	-
0.5% General Contingency (note 2)	363,000	0	0	0	363,000	0
Total	**71,828,000**	**45,560,602**	**45,531,563**	**(29,039)**	**71,737,511**	**(90,489)**

note 1 - 0.5% reserve to be held uncommitted as required by NHSE
note 2 - at the start of the year, to meet NHSE Business Rules, the CCG must provide for a 0.5% contingency on Delegated Budgets

Appendix B

Additional CCG-Commissioned Expenditure on Primary Care Services
Month 8 Position - April - November 2017

Budget	Full Year Plan	Year to Date Budget	Year to Date Spend	Year to Date Variance	Forecast Spend	Forecast Variance
	£	£	£	£	£	£
Paediatric Referral Refinement	21,900	14,600	16,550	1,950	24,825	2,925
Glaucoma Service	7,875	5,250	5,530	280	8,295	420
CATS Scheme	10,180	6,787	6,260	(527)	9,390	(790)
PEARS Scheme	250,989	167,326	194,961	27,635	292,442	41,453
Ophthalmology Services - Sub Total	**290,944**	**193,963**	**223,301**	**29,338**	**334,952**	**44,008**
24 Hour Blood Pressure Monitoring	196,954	131,303	147,027	15,724	220,541	23,587
Anticoagulation	904,729	603,153	546,832	(56,321)	820,248	(84,481)
Care Homes	754,667	503,111	453,467	(49,645)	680,200	(74,467)
Care Planning	484,000	294,000	122,439	(171,561)	284,000	(200,000)
Care Of Homeless	42,667	28,445	28,445	1	42,667	0
Carpal Tunnel	10,281	6,854	853	(6,001)	1,280	(9,001)
Eating Disorders	37,280	24,853	25,171	317	37,756	476
D Dimers	2,025	1,350	1,100	(250)	1,650	(375)
Dermatology/Cryotherapy/Cutting	31,875	21,250	18,247	(3,003)	27,370	(4,505)
Dmards	192,043	128,029	143,756	15,727	215,634	23,591
Diabetes	45,000	30,000	30,000	0	45,000	0
Diabetes Income	(45,000)	(30,000)	(30,000)	0	(45,000)	0
Central Locality ENT Pilot	42,614	42,614	55,680	13,066	86,076	43,462
Dermatology/Respiratory/COPD Clinics	79,600	64,849	81,733	16,884	122,634	43,034
Endometrial Biopsy	4,475	2,983	8,460	5,477	12,690	8,215
Hepatitis B	7,405	4,937	4,673	(263)	7,010	(395)
Mirena	29,583	19,722	14,245	(5,477)	21,368	(8,215)
Colorectal Screening	6,562	4,375	5,401	1,027	8,102	1,540
Pessaries	47,550	31,700	31,613	(87)	47,420	(130)
Latent TB Screening (allocation due)	0	0	0	0	0	0
Zoladex	41,140	27,427	28,027	600	42,040	900
Minor Surgery	21,905	14,603	13,707	(897)	20,560	(1,345)
PMS Transition:"Over and Above"	2,896,000	1,930,667	1,930,672	5	2,896,008	8
Special Cases	530,000	353,333	353,339	5	530,008	8
GP Engagement Elective Service Transformation	1,158,434	772,289	767,875	(4,415)	1,151,812	(6,622)
GP Engagement Prescribing Quality	289,637	193,091	190,073	(3,018)	285,110	(4,527)
GP Engagement - Neighbourhood Developments	868,834	579,223	579,205	(17)	868,808	(26)
GP Services - Sub Total	**8,680,260**	**5,784,160**	**5,552,040**	**(232,120)**	**8,430,991**	**(249,269)**
Pharmacy - Sub Total	**448,100**	**298,733**	**251,477**	**(47,256)**	**377,215**	**(70,885)**
PLIs	104,200	69,467	69,467	0	104,200	0
GP IT	1,238,936	825,957	812,413	(13,545)	1,243,612	4,676
Primary Care Sheffield Ltd Contract	4,295,253	2,820,835	2,818,026	(2,810)	4,315,253	20,000
Out of Hours	28,087	18,725	19,241	516	28,861	774
GP Training	40,000	26,667	26,667	0	40,000	0
Interpreting Services	784,757	523,171	502,932	(20,239)	743,638	(41,119)
Other Primary Care Expenditure - Sub Total	**6,491,233**	**4,284,822**	**4,248,744**	**(36,078)**	**6,475,564**	**(15,669)**
Primary Care Developments	250,000	81,659	81,659	0	250,000	0
Provisional Winter Resilience Reserve	350,000	0	0	0	350,000	0
Practice Transformational Support	883,000	0	0	0	227,000	(656,000)
Reserves - Sub Total	**1,483,000**	**81,659**	**81,659**	**0**	**827,000**	**(656,000)**
Additional CCG- Commissioned Expenditure on Primary Care Services - Total	**17,393,537**	**10,643,337**	**10,357,221**	**(286,116)**	**16,445,722**	**(947,815)**

Notified Allocations - yet to be transferred from NHSE:

Online Consultation Systems *147,563*