

## Financial Report at Month 8

Primary Care Commissioning Committee meeting

**D**

4 January 2017

<b>Author(s)</b>	Linda McDermott, Senior Finance Manager
<b>Sponsor</b>	Julia Newton, Director of Finance
<b>Is your report for Approval / Consideration / Noting</b>	
For consideration: This report provides the Committee with information on the financial position for primary care budgets at Month 8 (November 2016), together with a discussion on key risks and challenges to deliver a balanced position at year-end.	
<b>Are there any Resource Implications (including Financial, Staffing etc)?</b>	
None.	
<b>Audit Requirement</b>	
<b><u>CCG Objectives</u></b>  <b><i>Which of the CCG's objectives does this paper support?</i></b> 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.	
<b><u>Equality Impact Assessment</u></b>  <b><i>Have you carried out an Equality Impact Assessment and is it attached?</i></b> No  <b><i>If not, why not?</i></b> There are no specific issues associated with this report.	
<b><u>PPE Activity</u></b>  <b><i>How does your paper support involving patients, carers and the public?</i></b> Not Applicable	
<b>Recommendations</b>	
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.	

## **Financial Report at Month 8**

### **Primary Care Commissioning Committee meeting**

**4 January 2017**

#### **1. Introduction**

The Primary Care Commissioning Committee considered the financial position, risks and challenges for Month 6 (September 2016) at the meeting on 17 November 2016. The purpose of this paper is to update the Committee on the financial position as at Month 8 (November 2016) and the forecast of the potential year-end position. As a result of the timing of the meetings, this report is updated with information from October and November 2016.

#### **2. Financial Position**

##### **2.0 Budget Overview**

Three amendments have been actioned to budgets since Month 6:

- £850k has been transferred non-recurrently between delegated and CCG-Commissioned Services. The £850k is from the forecast underspend on Delegated budgets including the £306k contingency reserve. By transferring it to CCG-Commissioned Services it allows budgets to be set up for Winter Resilience of £350k, a contingency budget of £200k for in-year specific primary care pressures to be managed by the Programme Director for Primary Care and £300k to support the contract arrangements with Primary Care Sheffield Ltd, releasing £300k CCG programme resources to fund other winter pressures.
- £50k has been used to provide £12.5k to each locality for funding to provide extra capacity to support neighbourhood developments. As this funding has to be sourced from running costs, to counter-balance this pressure in running costs, an equivalent amount has been transferred non-recurrently from additional CCG-commissioned services budget back to CCG general reserves.
- £88k has been used non-recurrently from CCG-commissioned services to support pilot schemes for GPs to work as part of STH and Sheffield Children's Hospital A&E arrangements.

The CCG has been notified that they will be receiving a non-recurrent allocation of £199k in 16/17 from the General Practice Resilience Programme. This programme is part of the commitment set out in the General Practice Forward View to invest £40m nationally over the next 4 years to support struggling practices. The programme aims to deliver a menu of support that will help practices become more sustainable and resilient. A plan is being drawn up for how to most effectively utilise this allocation. The Programme Director for Primary Care will be able to provide an oral update at the meeting.

Table 1 shows the budgets and projected spend at Month 8.

<b>Table 1 : Summary of Resources and Projected Spend</b>	<b>Primary Care Delegated Budgets</b>	<b>Additional CCG Commissioned Services</b>	<b>Total</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>2015/16 Budget</b>	<b>72,174</b>	<b>5,998</b>	<b>78,172</b>	
Growth Funding From NHSE	2,573	-	2,573	
Investment From CCG Allocation		3,477	3,477	
<b>Opening 2016/17 Budget</b>	<b>74,747</b>	<b>9,475</b>	<b>84,222</b>	
Transfer To/From General Reserve		167	167	
Transfer To/From Commissioning Reserve		41	41	
Transfer Between Budgets	(2,724)	2,724	-	
Transfers with NHS England	(43)	-	43	
<b>Total Prior Month Movements</b>	<b>(2,767)</b>	<b>2,932</b>	<b>165</b>	
<b>Months 7 &amp; 8 Budget Movements</b>				
Transfer Between Budgets	(850)	850	0	
Transfer to General Reserve		(50)	(50)	
Transfer to Commissioning Reserve (GPs in A&E)		(88)	(88)	
Transfer to Commissioning Reserve		(300)	(300)	
<b>Revised 2016/17 Budget</b>	<b>71,130</b>	<b>12,819</b>	<b>83,949</b>	
<b>Increase in Funding</b>			<b>5,777</b>	<b>7%</b>
<b>Projected Spend at Month 8:</b>				
Core Contract	47,817		47,817	
Premises	9,881		9,881	
Directed Enhanced Services	3,049		3,049	
QOF	7,412		7,412	
Other GP Services	2,001		2,001	
CCG Commissioned Services		8,216	8,216	
CCG Commissioned Services Reserve e.g. for Neighbourhoods Developments		633	633	
Winter Resilience		350	350	
Contingency Reserve		200	200	
Other Primary Care Expenditure		3,138	3,138	
Contingency Reserve	-		-	
1% Systems-Wide Reserve	747		747	
	<b>70,906</b>	<b>12,537</b>	<b>83,443</b>	
<b>Forecast Variance - Underspend</b>			<b>(506)</b>	

## 2.1 Month 8 Financial Position and Forecast Outturn Position

**Appendices A and B** show the year to date and forecast financial position for all primary care budgets. Overall there is a forecast underspend on the totality of the delegated and the CCG commissioned budget of £506k which is factored into the CCG's overall reported financial position at Month 8.

The position has moved favourably by £212k since Month 6 due to clarification of a number of issues.

The Primary Care delegated budget (Appendix A) is showing an underspend of £288k to Month 8 and a forecast underspend of £224k primarily as a result of:

- Other GP Services where a forecast underspend of £65k is reported which relates to payments for Seniority which are lower than initial budget.
- QOF where a forecast underspend of £21k is reported due to slightly lower estimates of payments than anticipated.
- Premises where a forecast underspend of £138k is reported due to fluctuations in payments for rates and rent reimbursement. This has moved £112k favourably since Month 6 as further savings from the rates review have been identified.

The Primary Care budget from the CCG's main allocation (Appendix B) is showing a favourable variance of £742k to Month 8, mainly as a result of an underspend of £390k on the reserve we have set aside for GP engagement with Neighbourhoods, when funding started mid-year and a £233k underspend on the budget set aside for winter resilience due to the timing of payments. We expect the winter resilience budget to be fully spent by year end. This is one of the reasons we expect the net underspend to reduce to under £300k by year end.

## 2.2 Key Financial Issues, Risks and Challenges

While the forecast position looks favourable, expenditure can vary and there are still some areas where expenditure may change over the coming months. These areas include:

- Premises – impact of ongoing rent and rate reviews
- Impact of Primary Care Transformation Fund applications
- Enhanced services – dependent on sign-up and activity undertaken
- Other GP services – locum services required randomly throughout the year.
- List size adjustments – noting that 0.7% budget increase has been built in
- The impact of a GP practice closing and dispersal of patients
- QOF – dependent on the level of achievement by practices
- Locally commissioned services – particularly interpreting services and any annual demand increase.
- PCS Ltd contract - actual CASES activity. Actual activity monitoring has started to feed through from PCS and some invoices have been paid, however there is still work to do to fully reconcile activity information.

It should be noted that NHS England is still expecting all CCGs to hold the 1% headroom reserve without commitment (£747k) and has indicated through regional briefings that it is highly likely that CCGs will be required to hold the reserve throughout 2016/17.

## **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  
21 December 2016

**Primary Care Delegated Budget  
Month 8 Position - April to November**

<b>Budget</b>	<b>Full Year Plan</b>	<b>Year to Date Budget</b>	<b>Year to Date Spend</b>	<b>Year to Date Variance</b>	<b>Forecast Spend</b>	<b>Forecast Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Core Contract GMS practices	19,297	12,864	12,906	42	19,297	0
Core Contract PMS practices	26,738	17,826	17,731	(95)	26,658	(80)
Core Contract APMS practices	1,781	1,187	1,201	14	1,861	80
Directed Enhanced Services	3,049	2,032	2,032	0	3,049	0
Premises	10,019	6,679	6,476	(203)	9,881	(138)
QOF	7,433	4,955	4,955	0	7,412	(21)
Other GP services - seniority & locums	1,619	1,079	1,032	(47)	1,554	(65)
Prescribing & Dispensing Doctors	447	298	299	1	447	0
<u>Reserves</u>						
1% Non-Recurrent Reserve	747	0	0	0	747	0
General Contingency	0	0	0	0	0	0
<b>Total</b>	<b>71,130</b>	<b>46,919</b>	<b>46,631</b>	<b>(288)</b>	<b>70,906</b>	<b>(224)</b>

**Locally Commissioned Expenditure on Primary Care Services**  
**Month 8 Position - April to November**

**Appendix B**

<b>Budget</b>	<b>Full Year Plan</b>	<b>Year to Date</b>	<b>Year to Date</b>	<b>Year to Date</b>	<b>Forecast Spend</b>	<b>Forecast</b>
	<b>£000</b>	<b>Budget</b>	<b>Spend</b>	<b>Variance</b>		<b>Variance</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Paediatric Referral Refinement	23	15	13	(2)	20	(3)
Glaucoma Service	7	5	5	0	7	0
CATS scheme	10	6	7	0	10	1
PEARS scheme	213	142	167	24	250	37
<b>Ophthalmology Services - Sub Total</b>	<b>253</b>	<b>168</b>	<b>192</b>	<b>23</b>	<b>287</b>	<b>35</b>
24 Hour Blood Pressure Monitoring	152	101	119	18	178	27
Anticoagulation	952	622	642	20	935	(17)
Care Homes	755	503	471	(32)	755	0
Care Planning	544	351	263	(89)	394	(150)
Care Of Homeless	43	28	28	0	43	0
Carpal Tunnel	35	23	15	(8)	23	(11)
Eating Disorders	37	25	25	(0)	37	(0)
D Dimers	4	2	2	(1)	3	(1)
Dermatology/Cryotherapy/Cutting	28	19	18	(1)	27	(1)
Dmards	180	120	122	2	184	4
Diabetes (note 1)	0	0	23	23	0	0
Central Locality ENT Pilot	88	59	64	6	104	16
Endometrial Biopsy	9	6	2	(4)	3	(6)
Hepatitis B	8	5	5	(1)	7	(1)
Mirena	22	14	18	3	22	0
Colorectal Screening	9	6	4	(2)	6	(3)
Pessaries	49	32	32	(1)	47	(1)
Zoladex	41	27	27	0	41	0
Minor Surgery	24	16	13	(2)	21	(2)
PMS Transition:"Over and Above" & Special Cases	3,216	2,144	2,144	(0)	3,216	0
GP Engagement Elective Service Transformation	1,149	766	755	(11)	1,149	0
GP Engagement Prescribing Quality	287	191	187	(4)	287	0
Winter Resilience	350	233	0	(233)	350	0
Contingency Reserve	200	133	0	(133)	200	0
GPs in A&E SCH and STH	(88)	(59)	0	59		88
<b>GP Services - Sub Total</b>	<b>8,090</b>	<b>5,370</b>	<b>4,978</b>	<b>(392)</b>	<b>8,031</b>	<b>(60)</b>
<b>Pharmacy - Sub Total</b>	<b>448</b>	<b>299</b>	<b>299</b>	<b>0</b>	<b>448</b>	<b>(0)</b>
<b>Neighbourhood Developments Reserve</b>	<b>1,064</b>	<b>709</b>	<b>319</b>	<b>(390)</b>	<b>633</b>	<b>(431)</b>
<b>Other Primary Care Expenditure</b>						
PLIs	106	71	71	0	106	0
GP IT	1,009	673	785	112	1,177	168
Contract With Primary Care Sheffield Ltd	1,083	602	468	(134)	1,083	0
GP Training	40	27	36	9	46	6
Interpreting Services	726	484	514	31	726	0
<b>Other Primary Care Expenditure - Sub Total</b>	<b>2,964</b>	<b>1,856</b>	<b>1,873</b>	<b>18</b>	<b>3,138</b>	<b>174</b>
<b>Locally Commissioned Expenditure on Primary Care Services - Total (note 2)</b>	<b>12,819</b>	<b>8,402</b>	<b>7,660</b>	<b>(742)</b>	<b>12,537</b>	<b>(281)</b>

Notes:

1) The CCG has received income of £22.5k for diabetes which will be spent by the end of the year

2) If this total is compared with the Governing Board Paper there is a difference of £106k as the PLI budget is recorded under Running Costs