Working with you to make Sheffield HEALTHIER

NHS Sheffield Clinical Commissioning Group

Financial Report at Month 7

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Primary Care Commissioning Committee Meeting

23 November 2017

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Is your report for Approval / Consideration / Noting

For Consideration: This report provides information on the financial position for primary care budgets for 7 months to 31 October 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 7 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 7 and to give a forecast on the potential year end position.

2. Financial Position: At Month 7 and Forecast Out-turn

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

The month 7 year-to-date position is showing an underspend of £82k on the Delegated budgets as discussed in more detail in section 2.1 below and an underspend of £269k on the additional CCG Commissioned budgets.

The forecast outturn position is breakeven 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 £172k 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 £82k relates to:

- Core contract: the underspend of £23k 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.

- Premises: an underspend of £12k 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 £124k 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.

- Other GP Services – there is an overspend of £77k which is 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 has 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 excluding reserves is £46k overspent because it is assumed that the underspends on the core contracts and the premises do not continue, and that the overspend on Other GP Services continues to deteriorate.

To offset this overspend we have had to release £46k of the General Contingency Reserve. 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.

2.2 Additional Primary Care Services (Appendix B)

The month 7 forecast outturn for Additional CCG Commissioned budgets is an underspend of £172k. The CCG is including this underspend within its overall reported financial position at month 7 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 £38k overspend on ophthalmology services are all due to variations in activity.

- £100k 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.

- £70k underspend on pharmacy charges due to variable activity.

- There are a range of smaller variances. There is a £20k cost pressure on the Primary Care Sheffield Ltd contract where it has been agreed in year as part of being successful for national funding for a clinical pharmacy initiative that the CCG would part fund some of the posts. There is expected to be a £45k overspend on community clinics where the pilot was extended beyond the original 6 months to November 2017. A new business case re community clinics is currently in progress.

2.3 Budget Changes

There have been a number of small budget changes since the last report to PCCC including the return of £132k for Dental Occupational Health to NHSE where NHSE had previously allocated the funding in error to the CCG.

2.4 Notified Allocations

The CCG has been informed that it will receive an allocation of £147,563 in 17/18 for On-Line Consultation Systems. Plans are being discussed for this expenditure.

The CCG expects to receive £1 per head for Local Care Networks in 17/18 (£601k if based on actual list size, £586k if based on weighted list size). We are currently awaiting guidance from NHSE on whether there are any specific requirements on how this funding is utilised. We expect to be in a position for proposals to be agreed in December.

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 is if there are any further cost-pressures on primary care which arise in the remainder of the year. £46k has already been forecast as outlined above. There are a number of assumptions about cost pressures and savings in the forecast outturn at month 7 and these will change as the year progresses. In addition, there are significant risks within the overall CCG financial position and the reserve may have to contribute to the management of this position.

Primary Care Developments Reserve - £250k: £70k 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 have 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 will be presented to PCCC for information at its November meeting.

Practice Transformational Support - £883k CCGs have to provide £3/head over 2 years and Sheffield's is split equally over the years with £883k in 17/18 and £883k in 18/19. High-level plans were brought to PCCC in July and the more detailed plans are being drawn-up and agreed by the Primary Care Team. It may be that we decide to phase the expenditure differently depending on the plans which are being agreed and the overall financial position of the CCG.

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 7	**71,828**	**11,841**	**5,553**	**89,222**
Projected Spend at Month 7:				
Delegated Expenditure				
Core Contract	49,704			**49,704**
Premises	9,698			**9,698**
Directed Enhanced Services	1,371			**1,371**
QOF	7,574			**7,574**
Other GP Services	2,801			**2,801**
Additional CCG-Commissioned Expenditure:				
Ophthalmology		329		**329**
GP Services		8,394	167	**8,561**
Pharmacy		378		**378**
Other Primary Care Expenditure		2,503	4,217	**6,720**
Reserves:				
Non-Recurrent Reserve - 0.5% (note 4)	363			**363**
General Contingency Reserve 0.5% (note 5)	317			**317**
Provisional Winter Resilience			350	**350**
Practice Transformational Support (note 6)			883	**883**
Total Use of 2017/18 Budgets	**71,828**	**11,605**	**5,617**	**89,050**
Forecast Variance (note 7)	**0**	**(236)**	**64**	**(172)**

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

2.6 Key Financial Issues, Risks and Challenges

At this stage of the financial year, as might be expected, there are a number of potential risks or cost pressures that may need to be managed. They will, as discussed in section 2.5 above, need to be a first call on what is left of the £363k General Contingency Reserve (£317k) 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 7 and consider the potential risks and challenges to delivery of a balanced financial position against primary care budgets.

Julia Newton
Director of Finance
10 November 2017

Appendix A

Primary Care Delegated Budget
Month 7 Position - April - October 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	11,968,969	11,956,781	(12,188)	20,518,600	0
Core Contract PMS practices	27,497,551	16,040,066	16,044,293	4,227	27,497,551	0
Core Contract APMS practices	1,688,343	984,860	969,668	(15,192)	1,688,343	0
Directed Enhanced Services	1,521,214	653,921	530,522	(123,399)	1,371,214	(150,000)
Premises	9,668,572	5,672,103	5,660,037	(12,066)	9,697,675	29,103
QOF	7,574,000	3,265,881	3,265,881	0	7,574,000	0
Other GP services - seniority & locums	2,152,578	1,168,633	1,245,516	76,883	2,319,570	166,992
Prescribing & Dispensing Doctors	481,142	280,406	280,406	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	316,905	(46,095)
Total	**71,828,000**	**40,034,839**	**39,953,104**	**(81,735)**	**71,828,000**	**0**

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 7 Position - April - October 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	12,775	14,725	1,950	25,243	3,343
Glaucoma Service	7,875	4,594	4,760	166	8,160	285
CATS Scheme	10,180	5,938	5,720	(218)	9,806	(374)
PEARS Scheme	250,989	146,410	166,800	20,390	285,943	34,954
Ophthalmology Services - Sub Total	**290,944**	**169,717**	**192,005**	**22,288**	**329,151**	**38,207**
24 Hour Blood Pressure Monitoring	196,954	114,890	129,557	14,667	222,098	25,144
Anticoagulation	904,729	527,759	478,478	(49,281)	820,248	(84,481)
Care Homes	754,667	440,222	396,783	(43,439)	754,667	0
Care Planning	484,000	255,250	106,012	(149,238)	384,000	(100,000)
Care Of Homeless	42,667	24,889	24,890	1	42,667	0
Carpal Tunnel	10,281	5,997	747	(5,251)	1,280	(9,001)
Eating Disorders	37,280	21,747	22,024	278	37,756	476
D Dimers	2,025	1,181	963	(219)	1,650	(375)
Dermatology/Cryotherapy/Cutting	31,875	18,594	15,966	(2,628)	27,370	(4,505)
Dmards	192,043	112,025	125,787	13,761	215,634	23,591
Diabetes	45,000	26,250	26,250	0	45,000	0
Diabetes Income	(45,000)	(26,250)	(26,250)	0	(45,000)	0
Central Locality ENT Pilot	42,614	42,614	48,615	6,001	63,813	21,199
Dermatology/Respiratory/COPD Clinics	79,600	61,161	71,738	10,577	103,248	23,648
Endometrial Biopsy	4,475	2,610	7,403	4,792	12,690	8,215
Hepatitis B	7,405	4,320	4,089	(230)	7,010	(395)
Mirena	29,583	17,257	10,063	(7,194)	17,250	(12,333)
Colorectal Screening	6,562	3,828	4,726	898	8,102	1,540
Pessaries	47,550	27,738	27,662	(76)	47,420	(130)
Latent TB Screening (allocation due)	0	0	0	0	0	0
Zoladex	41,140	23,998	24,523	525	42,040	900
Minor Surgery	21,905	12,778	11,993	(785)	20,560	(1,345)
PMS Transition:"Over and Above"	2,896,000	1,689,333	1,689,338	5	2,896,008	8
Special Cases	530,000	309,167	309,171	5	530,008	8
GP Engagement Elective Service Transformation	1,158,434	675,753	671,890	(3,863)	1,151,812	(6,622)
GP Engagement Prescribing Quality	289,637	168,955	166,314	(2,641)	285,110	(4,527)
GP Engagement - Neighbourhood Developments	868,834	506,820	506,805	(15)	868,808	(26)
GP Services - Sub Total	**8,680,260**	**5,068,885**	**4,855,536**	**(213,349)**	**8,561,249**	**(119,011)**
Pharmacy - Sub Total	**448,100**	**261,392**	**220,756**	**(40,636)**	**378,439**	**(69,661)**
PLIs	104,200	60,783	60,783	0	104,200	0
GP IT	1,238,936	722,713	710,861	(11,852)	1,243,612	4,676
Primary Care Sheffield Ltd Contract	4,295,253	2,452,231	2,448,174	(4,057)	4,315,253	20,000
Out of Hours	28,087	16,384	16,836	452	28,861	774
GP Training	40,000	23,333	23,333	0	40,000	0
Interpreting Services	784,757	457,775	435,901	(21,874)	737,997	(46,760)
Other Primary Care Expenditure - Sub Total	**6,491,233**	**3,733,219**	**3,695,889**	**(37,331)**	**6,469,923**	**(21,310)**
Primary Care Developments	250,000	69,798	69,798	0	250,000	0
Provisional Winter Resilience Reserve	350,000	0	0	0	350,000	0
Practice Transformational Support	883,000	0	0	0	883,000	0
Reserves - Sub Total	**1,483,000**	**69,798**	**69,798**	**0**	**1,483,000**	**0**
Additional CCG- Commissioned Expenditure on Primary Care Services - Total	**17,393,537**	**9,303,011**	**9,033,983**	**(269,028)**	**17,221,762**	**(171,775)**

Notified Allocations - yet to be transferred from NHSE:

Online Consultation Systems *147,563*