

Financial Report at Month 4

Primary Care Commissioning Committee meeting

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8 September 2016

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Is your report for Approval / Consideration / Noting	
<p>For consideration: This report provides the Committee with information on the financial position for primary care budgets at month four (July 2016), together with a discussion on key risks and challenges to deliver a balanced position at year end. At this stage of the year, there is limited information on actual or projected spend against some budget lines but we have produced a forecast year end position.</p>	
Are there any Resource Implications (including Financial, Staffing etc)?	
None.	
Audit Requirement	
<p>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.</p>	
Equality Impact Assessment	
<p>Have you carried out an Equality Impact Assessment and is it attached? No.</p> <p>If not, why not? There are no specific issues associated with this report.</p>	
PPE Activity	
<p>How does your paper support involving patients, carers and the public? Not Applicable.</p>	
Recommendations	
<p>The Primary Care Commissioning Committee is asked to note the financial position at Month 4 and consider the risks and challenges to delivery of a balanced financial position against primary care budgets.</p>	

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1. Introduction

The Primary Care Commissioning Committee considered the financial position, risks and challenges at Month 3 at the meeting on 21 July 2016. The purpose of this paper is to update the Committee on the financial position at month 4 and to update the forecast of the potential year end position.

2. Financial Position

2.0 Budget Overview

From Month 4 we are reporting on other existing budgets where there is spend on services or activities supporting primary care such as GP IT and Protected Learning Initiatives (PLIs). There have been two amendments to budgets this month, a non-recurrent return to CCG's General Reserves of £133k relating to the reversal of 2015/16 accruals and a transfer in from Commissioning reserves of £41k for GP IT. Table 1 shows the budgets and projected spend.

<u>Table 1: Summary of Resources and Projected Spend</u>	Primary Care Delegated Budgets £'000	Additional CCG Commissioned Services £'000	TOTAL £'000
2015/16 Recurrent Budget	72,174	5,998	78,172
Growth Funding from NHSE	2,573	0	2,573
Investment from CCG allocation <i>subject to schemes commencing</i>		3,477	3,477
Opening 2016/17 Budget	74,747	9,475	84,222
Transfer from General Reserve		300	300
Transfer between budgets	(2,724)	2,724	0
Total Prior Month Movements	(2,724)	3,024	300
Month 4 Budget Movements			
Non-recurrent return to General Reserve		(133)	(133)
Transfer from Commissioning Reserve		41	41
Revised 2016/17 Budget	72,023	12,407	84,430

Increase in Funding		6,258	8%
Projected Spend at Month 4			
Core Contract	47,993		47,993
Premises	10,398		10,398
Directed Enhanced Services	3,166		3,166
QOF	7,433		7,433
Other GP Services	2,109		2,109
CCG Commissioned Services		8,292	10,488
CCG Commissioned Services Reserve eg for Neighbourhoods Developments		1,114	1,114
Other Primary Care Expenditure		3,247	3,247
Contingency Reserve		0	0
1.0% Systems-Wide Reserve	747		747
	71,846	12,653	84,499
Forecast Variance - Overspend			69

2.1 Month 4 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 small forecast overspend of £69k. It is expected that there will be further in year slippage on some budget lines which will allow a return to breakeven. If not, the CCG will need to cover through underspends in other budget areas as part of managing to its overall control total of 0.5% surplus.

Primary Care delegated budget (Appendix A) has an underspend of £388k to M4. The main variances relate to;

- Core contract where an underspend of £158k is reported to M4. This relates in part to the closure of a GP practice which has caused the dispersal of patients and the impact on other practice list sizes may not have fully worked through the reported positions as yet. Contract payments are currently based on the list size as at April 2016, and additional payments will be due when the list sizes are reviewed.
- Premises where an underspend of £140k is reported, which reflects the charges for LIFT premises for GP practices being lower than budget, further work is required to fully understand this position.
- Other GP services where an underspend of £90k is reported relating to employment of locum clinicians to cover maternity, paternity and sick-leave. This is variable, unpredictable expenditure.

These variances are currently being investigated with finance colleagues at NHS England to understand their impact on the forecast. Pending this further analysis we are forecasting that overall there will be an underspend of £177k at the end of the year, to help offset the overspend in the non-delegated budgets.

Primary Care budget from main allocation (Appendix B) has an underspend of £216k to M4 and is mainly as a result of an underspend on the reserve we have for GP engagement with Neighbourhoods where schemes are still being identified of £371k, an underspend on the contract with Primary Care Sheffield Ltd of £52k where activity is low as the schemes are just starting, and an overspend on GP IT of £92k

The forecast financial position for this budget is £246k overspent which is due to variances over a number of areas but predominantly because of a forecast overspend on GP IT of £277k as a result of additional costs emerging under the new contract arrangements since the budget was set as part of the planning round.

2.2 Key Financial Issues, Risks and Challenges

The uncommitted reserve of £306k is helping to cover the forecast overspend on GP IT and on GP Premises. There is further review to do and the budgets where expenditure can change in-year are;

- Premises – impact of ongoing rent and rate reviews
- Impact of Primary Care Transformation Fund applications
- Enhanced services – dependent on 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 annual demand increase and finalisation of any “special cases” funding for Clover Group practices.
- PCS Ltd contract - actual CASES activity

2.3 1.0% Non-Recurrent Reserve

Planning guidance from NHS England requires that all CCGs hold back at least 1% of the programme revenue resource limit to be used on a non-recurrent basis and subject to approval of NHS England. We await further guidance from NHS E as to if/when we can make a case to utilise the funding in 2016/17 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. Given the current national NHS financial position and because Sheffield CCG does not comply with the business rule of an overall 1% surplus, the likelihood of resources becoming available is considered very small. At the last meeting, however, there was a request to have proposals available for how the £747k might be spent if the funding became available during quarter 4. This action has not been progressed to date, but the overarching proposal is to support the development of the neighbourhood model.

3. Recommendation

The Primary Care Commissioning Committee is asked to note the financial position at Month 4 and consider the risks and challenges to delivery of a balanced financial position against primary care budgets.

Julia Newton
Director of Finance
August 2016

**Primary Care Delegated Budget
Month 4 Position - April to July**

Budget	Full Year Plan £000	Year to Date Budget £000	Year to Date Spend £000	Year to Date Variance £000	Forecast Spend £000	Forecast Variance £000
Core Contract GMS practices	19,297	6,432	6,429	(3)	19,297	0
Core Contract PMS practices	26,915	8,972	8,814	(157)	26,915	0
Core Contract APMS practices	1,781	594	596	2	1,781	0
Directed Enhanced Services	3,166	1,055	1,055	0	3,166	0
Premises	10,269	3,423	3,283	(140)	10,398	129
QOF	7,433	2,477	2,477	0	7,433	0
Other GP services - seniority & locums	1,662	554	464	(90)	1,662	0
Prescribing & Dispensing Doctors	447	149	149	0	447	0
<u>Reserves</u>						
1% Non-Recurrent Reserve	747	0	0	0	747	0
General Contingency	306	0	0	0	0	(306)
Total	72,023	23,655	23,268	(388)	71,846	(177)

**Locally Commissioned Expenditure on Primary Care Services
Month 4 Position - April to July**

Appendix B

Budget	Full Year Plan	Year to Date	Year to Date	Year to Date	Forecast Spend	Forecast
	£000	Budget £000	Spend £000	Variance £000	£000	Variance £000
Paediatric Referral Refinement	23	8	9	2	28	6
Glaucoma Service	7	2	2	0	7	1
CATS scheme	10	3	3	(1)	8	(2)
PEARS scheme	213	71	77	6	232	19
Ophthalmology Services - Sub Total	253	84	92	8	276	23
24 Hour Blood Pressure Monitoring	152	51	54	3	159	7
Anticoagulation	952	293	309	16	927	(25)
Care Homes	755	252	247	(5)	755	0
Care Planning	544	159	121	(38)	494	(50)
Care Of Homeless	43	14	14	0	43	0
Carpal Tunnel	35	11	12	0	31	(4)
Eating Disorders	37	12	12	(0)	37	(0)
D Dimers	4	1	1	0	4	1
Dermatology/Cryotherapy/Cutting	28	9	10	1	33	5
Dmards	180	60	60	0	195	15
Diabetes (note 1)	0	0	(23)	(23)	0	0
Central Locality ENT Pilot	88	29	26	(3)	87	(1)
Endometrial Biopsy	9	3	1	(2)	3	(6)
Hepatitis B	8	3	3	(0)	11	3
Mirena	22	7	7	0	22	0
Colorectal Screening	9	3	2	(1)	7	(2)
Pessaries	49	16	16	(0)	49	0
Zoladex	41	14	13	(0)	43	3
Minor Surgery	24	8	7	(1)	16	(8)
PMS transition:"Over and Above" & Special Cases	3,216	1,072	1,193	121	3,216	0
GP Engagement Elective Service Transformation	1,149	383	383	0	1,149	0
GP Engagement Prescribing Quality	287	96	96	0	287	0
GP Services - Sub Total	7,628	2,496	2,565	69	7,567	(61)
Pharmacy - Sub Total	448	149	149	(1)	448	(0)
Neighbourhood Developments Reserve	1,114	371	0	(371)	1,114	0
Other Primary Care Expenditure						
PLIs	106	35	35	0	106	0
GP IT	1,009	336	429	92	1,286	277
Contract With Primary Care Sheffield Ltd	1,083	120	69	(52)	1,083	0
GP Training	40	13	19	6	46	6
Interpreting Services	726	242	276	34	726	0
Other Primary Care Expenditure - Sub Total	2,964	747	827	80	3,247	283
Locally Commissioned Expenditure on Primary Care Services - Total (note 2)	12,407	3,848	3,633	(216)	12,653	246

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