

Financial Report at Month 9
Primary Care Commissioning Committee Meeting
24 January 2019

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Purpose of Paper	
<p>This report provides Primary Care Commissioning Committee with the financial position for primary care budgets for the nine months to 31 December 2018 and considers the issues which need to be managed during quarter 4 particularly in the light of the additional allocations received at Month 9.</p> <p>It also provides a first high level summary of the recently announced funding for delegated primary care commissioning for 2019/20 and beyond. A more detailed paper on initial budgets for primary care for 2019/20 will be presented in February 2019.</p>	
Key Issues	
<p>A small year to date underspend across delegated and CCG commissioned primary care of in aggregate £0.5m or 0.8% is likely to increase to £1.5m or 1.6% by year end. This increase is mainly due to managed slippage on late allocations at Month 9 and slippage on certain ring fenced budgets in total amounting to over £0.9m. The CCG will play this slippage into its overall financial position for 2018/19 and will re-provide the £0.9m in 2019/20 as part of prioritising the use of 2019/20 main CCG allocations. This is a strategic decision and forms part of the CCG’s vision and the high priority placed on supporting primary care transformation.</p>	
Is your report for Approval / Consideration / Noting	
Consideration.	
Recommendations / Action Required by the Primary Care Commissioning Committee	
The Primary Care Commissioning Committee is asked to consider the financial position at month 9.	
Governing Body Assurance Framework	
<p><i>Which of the CCG’s objectives does this paper support?</i> 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>	
Are there any Resource Implications (including Financial, Staffing etc)?	
There are no resource implications.	
Have you carried out an Equality Impact Assessment and is it attached?	
There are no specific issues associated with this report.	
Have you involved patients, carers and the public in the preparation of the report?	
Not applicable.	

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Primary Care Commissioning Committee Meeting

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1. Introduction

The primary purpose of this paper is to update the Committee on the financial position for the first 9 months of 2018/19 and consider the issues which need to be managed during quarter 4 particularly in the light of the additional allocations received at Month 9.

It had been anticipated that a paper would be presented to Committee in January 2019 to allow the consideration of initial budgets for 2019/20. However, CCGs only received their allocations for 2019/20 on 10 January 2019 and at the time of writing this paper there are still significant areas where we need clarification from NHS England before we can put together an overall financial plan for the CCG and as part of this, detailed budgets for primary care spend (both delegated and additional CCG commissioned services). As a result a brief synopsis of the funding for delegated commissioning and next steps is included at section 5 below and it is now anticipated that a paper outlining initial budgets for 2019/20 will be presented to the February meeting of Committee.

2. 2018/19 Budgets Update including New Allocations Received at Month 9

Three non-recurrent allocations for primary care were notified to relevant CCGs by NHS England in late December which while good news is complicating managing the year end financial position on primary care. In this section we outline the allocations and then in section 4 we set out how we plan to utilise the funding.

- Funding for the 1% additional pay award for GPs and practice staff agreed as part of the DDRB final agreement - £592k. The allocation was unexpected as earlier indications were that CCGs needed to plan to fund the additional pay award pressures that formed part of the DDRB settlement for 2018/19 as part of existing allocations and indeed we had put aside a c£700k reserve at the start of the year for this purpose and utilised £590k for the additional pay award with most of the balance going towards funding the winter resilience initiative. To receive such a late notification of effectively “windfall” funding presents logistical issues if we are to spend effectively on primary care and hence some urgent meetings involving directors and the primary care team have been held over the last 2 weeks to bring together proposals and a suggested way forward. These are discussed in more detail in section 4. We do not have a flexibility to carry forward into 2019/20 as we had already committed to re-provide the £1 per head funding also recently confirmed as discussed below. The funding was received as a “delegated” allocation but as there is no requirement for this funding for core contract purposes as we have already funded the pay award, we have shown as a transfer to additional CCG commissioned primary care services in Table 1 below, taking the total of such transfers in year to £1,325k.

- Funding at approx £1 per head for the development of primary care networks (neighbourhoods) - £575k. This funding is not being made available to all CCGs nationally but is available to those in the South Yorkshire & Bassetlaw ICS. It has been allocated as part of main CCG programme budgets. We were made aware of the funding a few weeks ago and it has been confirmed in our Month 9 allocation. Discussions within the CCG's primary care team indicated that as there has already been significant non recurrent funding to support the development of neighbourhoods in 2018/19 and no funding was confirmed/guaranteed for such developments in 2019/20 it would be better to see if we could play this funding into managing other areas of CCG spend in 2018/19 and seek to re-provide in 2019/20 as a cost pressure in 2019/20 against the CCG's main allocation. Thus the budget is shown as fully underspent at month 9.
- Funding for Windows 10 implementation of £58k. This is to pay for the roll-out of Windows 10 and a plan is being developed for this. It is assumed that this will all be spent in 2018/19.

There have been other minor changes to budgets since the last report which include additional non-recurrent budgets received for Latent TB (£22k for Q3) and £5k from NHSE to be passed through to Primary Care Sheffield Ltd for the Buddying Network Scheme.

3. Month 9 Financial Position and Forecast Outturn

Table 1 below summarises the overall financial position, with more detail provided in Appendices **A and B**.

Delegated Budgets

Overall there is a year to date underspend of £412k which we are forecasting to reduce slightly to £387k before any release of the general contingency. The variance is due to:

- Core Contract – a net £29k overspend due to list size fluctuations
- Enhanced Services - £162k underspend as not all practices signed up to the Extended Hours DES and there are underspends on the Minor Surgery DES to date; It is likely that the underspend on Enhanced Services will continue to year and this has been factored into the forecast £207k underspend;
- Premises – £88k underspend on rent reimbursement increases and pressures. The use of this budget varies between months depending on approvals. Some of the underspend is due to savings on reimbursements for domestic rates and this has been shown in the forecast position (£80k underspend). It is anticipated that the rest of this budget will be utilised by the end of the year;
- Other GP Services - a £190k underspend as we have not needed to use all the budget set aside to reimburse locum expenditure. It is hard to predict the use of such budgets, however as we are at month 9, it is prudent to release a £200k underspend into the forecast position. The variance also reflects likely £20k spend in year against the £50k budget created for the GP Retention scheme.

Additional CCG-Commissioned Expenditure

The month 9 position is an overall net underspend of £120k. The forecast outturn is an underspend primarily due to 3 ring fenced allocations where spend is anticipated to be in 2019/20 as discussed in sections 2 and 5.

Table 1 : Summary of Resources 2018/19				
	Primary Care Delegated Budgets	Additional CCG Commissioned Services	Additional CCG Commissioned Services	Total
	Total	Recurrent	Non-Recurrent	
	£'000	£'000	£'000	£'000
2016/17 Confirmed Allocation	74,747			74,747
Less: Subsequent claw backs by NHSE	(226)			(226)
Add: confirmed cash uplifts				
- 2017/18 uplift	1,375			1,375
- 2018/19 uplift	1,469			1,469
Less: Transfers to CCG Commissioned Services	(3,425)	3,425		0
= PMS transition released -mainly to fund "over & above" LCS				
CCG commissioned service recurrent budget b/f		9,185		9,185
Primary Care Access funding made recurrent for 18/19		3,496		3,496
Non-Recurrent Funding				
PCS System-Wide Work			150	150
Practice Transformational Support (bal of £3 per head)			1,539	1,539
Primary Care at Scale - Networks - £1 per head			591	591
Primary Care at Scale - £0.50 per head			296	296
On-Line Consultations			148	148
Initial Budgets 2018/19 (note 1)	73,940	16,106	2,724	92,770
In-Year Adjustments to Budgets				
Transfers To & From Reserves	(140)	(65)	950	745
Transfers Between Budgets	(1,325)		1,325	0
Allocations To & From NHS England	592		643	1,235
Revised 2018/19 Budget at Month 9	73,067	16,041	5,642	94,749
Use of Proposed Budget 2018/19:				
Delegated Expenditure				
Core Contract	51,142			51,142
Premises	9,959			9,959
Directed Enhanced Services	1,569			1,569
QOF	7,501			7,501
Other GP Services	2,115			2,115
Additional CCG-Commissioned Expenditure:				
Ophthalmology		310		310
GP Services		8,380	72	8,452
Pharmacy		334		334
Other Primary Care Expenditure		6,371	317	6,688
QIPP		(24)		(24)
PLI Budget		100		100
PQIS			1,329	1,329
Reserves:				
Non-Recurrent Reserve - 1% (note 2)	25			25
General Contingency Reserve 0.5% (note 3)	370			370
Development Reserve			0	0
Winter Reserve			302	302
Practice Transformational Support & Primary Care at Scale			2,515	2,515
M9 Allocations - 1% Additional Pay Award			592	592
M9 Allocations - £1 per head Devlpt Primary Care Networks			0	0
Total Use of 2018/19 Budgets	72,680	15,470	5,128	93,278
Forecast Variance (note 4)	(387)	(571)	(514)	(1,472)
Note 1: Budget is £100k higher than per GB Board Paper as it includes budget for PLIs which forms part of CCG's RCA				
Note 2 - CCG has been holding £740k risk reserve for outcome of DDRB settlement. This is now announced and is estimated to cost £615k which will play into budgets from October				
Note 3: at the start of the year, to meet NHSE Business Rules the CCG must provide for a 0.5% contingency on Delegated Budgets				
Note 4: Any underspend on activity-driven budgets, as per the rest of the CCG budgets, needs to contribute to delivery of the overall financial position				

4. Update on Plans for Expenditure of Primary Care at Scale Monies and Other Non-Recurrent Budgets

As detailed in previous papers, there is significant additional non recurrent funding available for primary care in 2018/19. This is an update on all key elements:

Previously confirmed funding

- £1,539k – balance of Transformation Fund A separate Q3 update report is being presented to this meeting. We are working hard to ensure full utilisation of this funding by year end with the balance remaining to be spent primarily linked to neighbourhood development proposals which are due to be submitted by 1 February 2019. It is a national CCG assurance framework metric that funding is fully utilised in 2018/19.
- £591k - £1 per head for local care network development linked to priorities identified as part of the neighbourhood maturity self-assessment and also to the completion of development action plans for the year ahead. Returns from practices were requested by 29 June and to date payments have been made to 11 Neighbourhoods. Neighbourhoods need to submit a signed Neighbourhood Financial Agreement in order to receive the funding. Four Neighbourhoods have not returned their forms yet and are being actively chased to do so, so that the funding can be used effectively in the current financial year. Practices which elected to use their £1 for Virtual Wards were paid at the beginning of September for the first 5 months of the agreed practice payment and have been paid monthly since. The small projected year end underspend reflects changes to practice list sizes compared to when the allocation was made.
- £296k - 50p per head for multi-disciplinary team working and enhanced ase-management, to be paid in conjunction with the Neighbourhoods LCS. Practices have submitted their returns to the CCG and all payments (apart from the ones for Virtual Ward) were made at the beginning of August 2018. Practices which elected to use their 50p for Virtual Wards were paid at the beginning of September for the first 5 months of the agreed practice payment and the rest is being paid monthly. The small underspend at year end is due to changes in weighted list size compared to when the allocation was made by NHSE.
- Prescribing Quality Incentive Scheme (PQIS) budget of £1,329k. There are 2 elements to this budget. Regarding the practice payments, all but 1 of the practice submissions have been approved and payments have been made. In terms of the element for locality payments, the process is ongoing with business cases having been approved by the CCG's Clinical Commissioning Committee. We are working with Locality Managers to actively manage the funding to minimise underspends at year end and the complication of trying to carry forward funding into next year to honour full utilisation of the PQIS entitlements.
- Winter Resilience Budget of £300k. The Locally Commissioned Service for this funding was sent to practices for them to choose how the funding would be utilised and a payment of 50% was made in December with the balance due in quarter 4. We expect a small overspend on this budget due to changes in list size but this can be accommodated.
- On line Consultations - £347k in total (combining 2017/18 and 2018/19 ring fenced allocations). The CCG is dependent on work by specialist colleagues leading on the

implementation of this initiative. Progress has been slower than originally envisaged. The latest intelligence is that there will be minimal or no spend in 2018/19 and so we are now look like we will need to factor a full underspend against budget into overall CCG financial management for 2018/19 and unfortunately seek to re-provide this funding in 2019/20 as a cost pressure next year.

- Reception & Clerical Training (Care Navigation) - £101k 2018/19 is the second year of specific funding for this initiative. There was good take up last year of the training and we are now proactively working to ensure that we sensibly fully utilise this year's funding. As a result we are forecasting full utilisation of the budget.

New Funding confirmed at Month 9

- “Windfall” Non Recurrent Allocation of £592k linked to 1% additional pay award
As described in section 2 above, the funding is not required for the pay award. As a result it is intended that it is used in full in quarter 4 to support a range of non recurrent initiatives where it is practical to bring forward actions eg those which would otherwise need to be funded in 2019/20. The primary care team are continuing to pool proposals following a meeting with the CCG's Executive Directors on 8 January 2019 which looked at initial set of proposals.

It is fortunate, given the timescales, that we already have good information from practices and neighbourhoods on areas that would benefit from non-recurrent investment. We will use this to inform proposals that will be assessed against an agreed framework including contribution to CCG strategic goals and objectives, priorities, and fit with the GP Forward View and 10 Year Plan expectations. They will need to impact on addressing health inequalities and wherever possible schemes will seek to advance existing commitments of projects. Schemes will have clear outcomes and performance indicators to support monitoring impact and delivery.

Schemes will address identified needs with regard to training, patient engagement and communication, care home support, equipment and GP IT and are likely to include expenditure with neighbourhoods, the voluntary sector and pharmacists as well as practices.

A further meeting to review proposals has been scheduled for 22 January 2019 and it is hoped to provide a summary of proposals at PCCC on 24 January 2019 for endorsement as it is clearly urgent to progress these initiatives as soon as practical in quarter 4.

- Funding at approx £1 per head for the development of primary care networks (neighbourhoods) - £575k.

As discussed in section 2 above, this funding will be re-provided in 2019/20 rather than attempts to spend in addition to the £592k above and in the light of the already substantial funding to support networks in the current financial year.

5. 2019/20 Allocations

NHS England published indicative CCG allocations for the next 5 years on 10 January 2019. In relation to primary care delegated commissioning budgets the uplift is slightly higher than that attributed to main CCG allocations. For Sheffield there is an uplift of

6.16% for primary care delegated compared to 5.26% for main CCG programme. The rationale is that this will ensure that the Prime Minister’s commitment that funding for primary medical and community health services should grow faster than the overall NHS revenue funding settlement.

The confirmed cash uplifts for primary care delegated budgets for the next five years are:

Cash Uplifts		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Sheffield Primary Medical	£	1,375	1,469	4,746	3,338	4,240	3,361	3,514
Sheffield Primary Medical	%	1.8%	1.9%	6.1%	4.1%	4.9%	3.7%	3.8%
National Primary Medical	%	3.1%	2.5%	6.6%	4.4%	5.4%	4.1%	4.1%

The table above confirms that Sheffield CCG receives an uplift below national average growth due to having a historic allocation above “fair shares” target.

6. Recommendation

The Primary Care Commissioning Committee is asked to consider the financial position at month 9.

Paper prepared by: Linda McDermott, Finance Manager
 On behalf of: Julia Newton - Director of Finance
 Nicki Doherty - Director of Delivery Care Out of Hospital

14 January 2019

Primary Care Delegated Budget
Month 9 Position - April 2018 - December 2018

Budget	Full Year Plan	Year to Date Budget	Year to Date Spend	Year to Date Variance	Forecast Spend	Forecast Variance
	£	£	£	£	£	£
Core Contract GMS practices	21,153,475	15,866,317	15,825,907	(40,410)	21,153,475	0
Core Contract PMS practices	28,117,276	21,086,366	21,174,866	88,500	28,255,276	138,000
Core Contract APMS practices	1,733,195	1,299,904	1,280,603	(19,301)	1,733,195	0
Directed Enhanced Services	1,775,847	1,341,843	1,179,449	(162,394)	1,568,516	(207,331)
Premises	10,039,625	7,524,562	7,436,152	(88,410)	9,959,163	(80,462)
QOF	7,500,590	5,591,266	5,591,266	0	7,500,590	0
Other GP services - seniority & locums	1,849,244	1,411,951	1,221,912	(190,039)	1,641,922	(207,322)
Prescribing & Dispensing Doctors	452,952	331,167	331,167	0	452,952	0
GP Retention Scheme	50,000	12,192	12,192	0	20,000	(30,000)
<u>Reserves</u>						
Reserve for impact of DDRB settlement - (note 1)	24,587			0	24,587	0
0.5% General Contingency (note 2)	370,000			0	370,000	0
Total	73,066,791	54,465,568	54,053,514	(412,054)	72,679,676	(387,115)

note 1 - CCG created a £740k risk reserve for outcome of DDRB settlement. This was then estimated to cost £615k. The actual cost now calculated at £590k leaving £25k in reserves.

note 2 - To meet NHSE Business Rules, the CCG must provide for a 0.5% contingency on Delegated Budgets to manage in year unexpected pressures. Still being held in case of Q4 pressures.

**Additional CCG-Commissioned Expenditure on Primary Care Services
Month 9 Position - April 2018 - December 2018**

Appendix B

Budget	Full Year Plan	Year to Date Budget	Year to Date Spend	Year to Date Variance	Forecast Spend	Forecast Variance
	£	£	£	£	£	£
Paediatric Referral Refinement	24,825	18,619	11,950	(6,669)	15,933	(8,892)
Glaucoma Service	8,295	6,221	6,090	(131)	8,120	(175)
CATS Scheme	9,390	7,043	3,000	(4,043)	4,000	(5,390)
PEARS Scheme	291,117	218,338	211,612	(6,726)	282,149	(8,968)
Ophthalmology Services - Sub Total	333,627	250,220	232,652	(17,568)	310,203	(23,424)
24 Hour Blood Pressure Monitoring	220,541	165,406	155,539	(9,867)	207,385	(13,156)
Anticoagulation	781,055	575,993	527,365	(48,629)	716,217	(64,838)
Care Homes	744,255	555,588	516,441	(39,148)	744,255	0
Care Planning	277,017	202,017	202,017	0	253,017	(24,000)
Care Of Homeless	42,667	32,000	32,001	1	42,667	0
Carpal Tunnel	1,280	960	1,380	420	2,070	790
Eating Disorders	37,941	28,502	30,430	1,928	40,512	2,571
D Dimers	1,158	746	446	(300)	758	(400)
Dermatology/Cryotherapy/Cutting	10,200	6,758	5,100	(1,658)	7,990	(2,210)
Dmards	217,909	164,001	172,032	8,031	228,617	10,708
Endometrial Biopsy	12,400	9,228	9,925	698	13,330	930
Hepatitis B	6,578	4,826	3,368	(1,458)	4,634	(1,944)
Mirena	22,043	16,701	19,350	2,649	25,575	3,532
Colorectal Screening Follow-Up	8,287	6,262	8,116	1,854	10,759	2,472
Pessaries	47,542	35,687	36,017	330	47,982	440
Latent TB Screening (allocation due)	53,308	53,308	53,308	0	53,308	0
Zoladex	42,280	31,770	33,810	2,040	45,000	2,720
Minor Surgery	7,810	5,270	5,600	330	8,250	440
Existing Dermatology & Respiratory	65,000	48,750	52,983	4,233	65,958	958
Diabetes	16,000	14,222	18,962	4,740	18,962	2,962
PMS Transition:"Over and Above"	2,896,000	2,172,000	2,185,575	13,575	2,914,100	18,100
Special Cases	530,000	397,500	397,500	0	530,000	0
GP Engagement Elective Service Transformation	1,158,434	868,826	869,106	281	1,158,808	374
GP Engagement Prescribing Quality	289,637	217,228	215,168	(2,060)	286,890	(2,747)
GP Engagement - Neighbourhood Developments	868,834	651,626	655,665	4,040	874,220	5,386
GP Services - Sub Total	8,358,176	6,265,171	6,207,201	(57,971)	8,301,264	(56,912)
Pharmacy - Sub Total	445,581	333,556	244,251	(89,305)	333,534	(112,047)
PLIs	100,000	75,000	83,916	8,916	100,000	0
GP IT	1,526,554	1,142,151	1,184,468	42,317	1,576,554	50,000
Contract with Primary Care Sheffield Ltd	4,442,534	3,327,316	3,337,880	10,564	4,456,619	14,085
Out of Hours	21,083	15,812	14,185	(1,628)	18,913	(2,170)
GP Training	40,000	30,000	25,000	(5,000)	33,333	(6,667)
Interpreting Services	744,595	553,446	542,197	(11,249)	729,596	(14,999)
PQIS	1,329,056	848,666	848,666	0	1,329,056	0
Other Primary Care Expenditure - Sub Total	8,203,822	5,992,391	6,036,311	43,920	8,244,071	40,249
Practice Transformational Support (Bal of £3 per head) *	1,539,000	366,412	366,412	0	1,539,000	0
Networks - £1 per head ex NHSE *	591,000	376,776	376,776	0	582,825	(8,175)
Primary Care at Scale - £0.50 per head partly ex NHSE *	296,000	277,402	277,402	0	291,407	(4,593)
On-Line Consultation c/f from 2017/18 *	148,000	0	0	0	0	(148,000)
Winter Reserve *	300,000	150,000	150,959	959	301,918	1,918
Transfer From Delegated Budget - as per NHSE:						
Reception and Clerical Training *	101,915	8,804	8,804	0	101,915	0
On-Line Consultations 18/19 *	199,533	0	0	0	0	(199,533)
M9 Allocations - Funding for 1% Additional Pay Award - GPs & Practice Staff	592,000	0	0	0	592,000	0
M9 Allocations - £1 per head Development of Primary Care Networks	575,000	0	0	0	0	(575,000)
Reserves - Sub Total	4,342,448	1,179,394	1,180,353	959	3,409,065	(933,383)
Additional CCG- Commissioned Expenditure on Primary Care Services - Total	21,683,654	14,020,732	13,900,767	(119,965)	20,598,137	(1,085,517)

* budget is phased to reflect likely expenditure profile