

Approval of H1 Opening Budgets for Primary Care 2021/22 and Financial Position at Month 3 2021/22

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Primary Care Commissioning Committee Meeting

15 July 2021

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Sponsor Director(s)	Sandie Buchan, Director of Commissioning Development Jackie Mills, Director of Finance and Corporate Services
Purpose of Paper	
<p>The purpose of this paper is to:</p> <p>a) seek formal approval of the initial budgets for primary care for H1 (April 2021 – September 2021); and</p> <p>b) update the Committee on the full year financial position for the 3 months April 2021 to June 2021 in relation to primary care budgets</p>	
Key Issues	
<p>In order to comply with prime financial policies, Governing Body approved the financial plan for 2021/22 at its meeting on 4th March 2021, recognising that at that point information was still awaited from NHS England in terms of confirmation of financial arrangements for 2021/22 and actual allocations. Subsequent to that report, CCG's were informed that a financial regime similar to 20/21 would continue for the first half of 21/22. A revised plan for the first six months, April – September 2021 (Half 1 or H1) was presented to Governing Body on 6th May 2021. This covered the totality of the CCGs budgets including primary care.</p> <p>For H1, total opening funding for delegated primary care is £44.4m, which is adjusted by the funding that has previously been transferred to LCS, leaving funding of £42.3m. Initial forecast expenditure for the period April-September 2021 is £43.3m, which is a forecast deficit of £1m.</p> <p>This does indicate a significant level of financial pressure that we need to identify recurrent solutions to manage.</p> <p>At month 3, there is an overspend on primary care budgets of £347k (£375k overspend on delegated budgets and £28k underspend on CCG additionally commissioned budgets).</p> <p>At month 3 we are reporting a forecast of £779k overspend at the end of H1, with a total forecast overspend of £1,559k for the full financial year (if current arrangements continue), before quantification of further potential mitigations.</p>	
Is your report for Approval / Consideration / Noting	
Approval and consideration.	

Recommendations / Action Required by Primary Care Commissioning Committee
<p>The Primary Care Commissioning Committee is asked to:</p> <ul style="list-style-type: none"> • Approve the budgets for H1 as set out in Appendix A and Appendix B noting that in terms of delegated budgets, this includes a negative budget line of £1m. Work continues to quantify the potential mitigations that may be available to offset this pressure. • Consider the final reported financial position as at month 3.
What assurance does this report provide to the Primary Care Commissioning Committee in relation to Governing Body Assurance Framework (GBAF) objectives?
<p>Which of the CCG's Objectives does this paper support?</p> <p>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> <p>Description of Assurances for Primary Care Commissioning Committee The financial plan for 2021/22 is designed to meet the key priorities identified in relation to primary care.</p>
Are there any Resource Implications (including Financial, Staffing etc)?
Resource implications are discussed in the paper.
Have you carried out an Equality Impact Assessment and is it attached?
<p><i>Please attach if completed. Please explain if not, why not</i></p> <p>There are no specific issues associated with this report.</p>
<i>Have you involved patients, carers and the public in the preparation of the report?</i>
Not applicable

Approval of Financial Plan 2021/22 (H1 April – September 2021) and Financial Report at Month 3 2021/22

Primary Care Commissioning Committee Meeting

15 July 2021

1. Introduction

The purpose of this paper is to:

- a) seek formal approval of the initial budgets for primary care for H1. These were initially presented **for consideration** in the paper to PCCC on 13 May, given the significant overcommitment and the work required to test the assumptions. The paper presents a range of mitigations that may go some way towards managing the financial pressures on primary care budgets.
- b) update the Committee on the financial position for the 3 months April 2021 to June 2021 in relation to primary care budgets.

2. 2021/22 H1 Financial Plan

In order to comply with prime financial policies, Governing Body approved the financial plan for 2021/22 at its meeting on 4th March 2021, recognising that at that point information was still awaited from NHS England in terms of confirmation of financial arrangements for 2021/22 and actual allocations. Subsequent to that report, CCG's were informed that a financial regime similar to 20/21 would continue for the first half of 21/22. A revised plan for the first six months, April – September 2021 (Half 1 or H1) was presented to Governing Body on 6th May 2021. This covered the totality of the CCGs budgets including primary care.

2.1 Delegated Primary Care

For delegated primary care, CCG allocations are in line with previously published allocations, together with some additional funding based on a share of additional funding linked to the impact of changes in the 2020/21 GP contract

As noted in the paper considered by the committee in May, the total opening funding for delegated primary care is £44.4m for H1, which is adjusted by the funding that has previously been transferred to LCS, leaving funding of **£42.3m**. Initial forecast expenditure for the period April-September 2021 is **£43.3m**, which is a forecast deficit of **£1m** for the 6 months.

PCCC members will recall that when we approved the financial plan for 2020/21, this included a forecast deficit of £1.1m (so £0.5m for 6 months) as a result of historic contract uplifts being higher than increases to funding. This pressure has been further exacerbated by new cost pressures including

additional VAT liabilities (as a consequence of premises charges transferring from SHSC to PCS); the need to create a 0.5% contingency for primary care; additional costs associated with the care homes premium as well as other cost pressures from 2020/21 (including additional costs associated with GP locums). The initial assessment of the financial position for H1 is summarised in the table below:

	£'000
PC Delegated Allocation	44,410
LCS transfer	(2,138)
Resources Available	42,273
Core Contract	28,051
Enhanced Services	4,118
Premises	5,483
Primary Care Other Services	1,253
QOF	4,369
Forecast Expenditure	43,274
Shortfall	1,002
<u>Made up of:</u>	
recurrent shortfall b/f	542
21/22 cost pressures:	
Premises VAT	68
0.5% contingency	217
Care Homes Premium	113
Other	63

When the budget was initially presented to the committee, I confirmed that further work was required to test the assumptions and identify solutions to mitigate the financial pressure. Having reviewed the budgets further I am recommending that these are approved, with an offsetting negative budget relating to recurrent savings still to be identified. Clearly this gives us a significant financial pressure in the initial financial period (and we would expect this level of pressure to continue into H2).

Having examined a range of options to manage the financial position, I am not recommending any actions at this stage to reduce individual budget lines (given the significant level of pressures on General Practice at the current time, I do not think that such a course of action would be prudent). However, I have identified a range of issues that should go some way to mitigating the financial pressure (although there is a level of uncertainty regarding some of these).

The table below summarises the key areas.

	H1 £'000
H1 2021/22 budget shortfall	1,002
<u>Contingency.</u> Utilise full contingency – noting that this means there is no flexibility to deal with any future unidentified cost pressures	(222)
<u>Premises reserve.</u> Assume the reserve for increased premises costs (to cover rent reviews etc) is not fully utilised in H1. An estimate of £70k slippage has been included but this could vary, both up or down	(70)
<u>List size reserve.</u> The plan allows for increases in list sizes. April weighted list size was actually 0.4% lower than January, although list sizes do fluctuate quarter on quarter. If list size growth at the end of Q1 and Q2 is lower than planned, we can assume a level of slippage to offset the pressure. An estimate of £377k slippage has been included but this could vary. Increases in the second half of the year may offset this slippage which would need to be recognised in the plan for H2.	(379)
<u>Locums.</u> Spend in 20/21 was approximately £500k than the approved budget, mainly as a result of additional sickness levels relating to COVID-19. The plan for H1 assumes a level of spend below 20/21 but above the 20-21 budget. If sickness levels go back to historic levels, this would deliver an underspend of £113k. Given ongoing infection rates this may not be realistic. An estimate of £80k underspend has been included but this could vary, both up or down.	(80)
Balance still to be identified	(250)
	0

2.2 CCG Additionally Commissioned Services

In terms of additionally commissioned services, the opening budget for the 6 months is £8.8m as shown below.

	£'000
GP IT*	1,003
Locally Commissioned Services	7,822
	<u>8,824</u>

*relates to the cost of the IT service funded from CCG programme allocation not the capital allocation for GP IT equipment/systems funded by NHS England/Improvement.

In 2020/21 there was slippage against certain budgets, including reserves and GPIT. These may be available again in H1 2021/22 to provide some in-period mitigation but will not be available to resolve the recurrent pressure.

3. Month 3 Financial Position

At month 3, there is an overspend on primary care budgets of **£347k** (£375k overspend on delegated budgets and £28k underspend on CCG additionally commissioned budgets).

3.1 Delegated Budgets

The position at month 3 shows an overspend of £347k. This is primarily due to the budget pressure summarised in section 2.1 above. Whilst the utilisation of the contingency reserve has been fed into the reported position, there is insufficient data to quantify the impact of the remaining potential mitigations.

Further information on the financial position is included in Appendix A including an estimated forecast outturn for H1 and the full year (assuming no change to funding in H2). This shows a forecast of £779k overspend at the end of H1, with a total forecast overspend of £1,559k for the full financial year, before quantification of further potential mitigations.

3.2. Additional CCG Commissioned Expenditure

The position at month 3, in relation to Additional CCG Commissioned Expenditure, shows a non-COVID underspend of £28k due to activity variances across a range of services.

Further information on the financial position is included in Appendix B including an estimated forecast outturn for H1 and the full year (assuming no change to funding in H2). This shows a forecast breakeven position at the end of H1 and for the full financial year.

The reported position includes additional spend to support the COVID-19 response, relating to the additional in-hours 'hot hub' capacity. Utilisation of both extended access hubs and 'hot hubs' continue to be closely monitored. PCCC members may wish to note that hot hub utilisation remains high, and does not follow the same pattern of underlying covid infection rates. NHS England have made clear statements regarding the expected reduction in covid funding in H2. Work is currently underway to develop proposals for the remaining months of the financial year, considering both extended access capacity as well as capacity to support symptomatic patients

4. Recommendation

The Primary Care Commissioning Committee is asked to

- Approve the budgets for H1 as set out in Appendix A and Appendix B noting that in terms of delegated budgets, this includes a negative budget line of £1m. Work continues to quantify the potential mitigations that may be available to offset this pressure.
- Consider the final reported financial position as at month 3.

Paper prepared by Linda McDermott, Finance Manager
On behalf of: Sandie Buchan, Director of Commissioning Development
Jackie Mills, Director of Finance and Corporate Services

8 July 2021

**Primary Care Delegated Budget
Month 3 Position - April 2021 - June 2021**

Assumes Full Year Budget
is Double H1 Budget

Budget	H1 Plan as per Paper to PCCC May 2021	Year to Date Budget	Year to Date Spend	Year to Date Variance	Forecast Spend H1	Forecast Variance H1	Forecast Spend Full Year	Forecast Variance Full Year
	£	£	£	£	£	£	£	£
Core Contract GMS practices	11,160,722	5,580,368	5,580,368	0	11,160,722	0	22,321,444	0
Core Contract PMS practices	16,026,065 #	8,032,851	8,032,852	1	16,026,065	0	32,052,130	0
Core Contract APMS practices	864,336	412,349	412,350	1	864,336	0	1,728,672	0
Directed Enhanced Services	398,226	199,113	199,113	0	398,226	0	796,452	0
Premises	5,483,444	2,741,733	2,738,164	(3,569)	5,483,444	0	10,966,888	0
QOF	4,368,683 #	2,184,341	2,184,341	0	4,368,683	0	8,737,366	0
<u>Other GP Services:</u>								
Locums	549,082	274,541	274,541	0	549,082	0	1,098,164	0
Occupational Health	21,403	10,701	10,701	0	21,403	0	42,806	0
CQC Fees	187,483	93,741	93,741	0	187,483	0	374,966	0
Retention Scheme	25,502	12,751	12,751	0	25,502	0	51,004	0
Prescribing & Dispensing Doctors	247,860	123,930	123,930	0	247,860	0	495,720	0
Network Contract DES								
Network Contract DES £1.50/head	shown in LCS as funded from CCG Allocations							
Network Contract DES - Clinical Director Support	226,904	113,452	113,460	8	226,904	0	453,808	0
Network Participation Practice Payment	522,135	261,068	261,157	89	522,135	0	1,044,270	0
Additional Roles Reimbursement scheme	2,008,100	1,004,050	1,254,454	250,404	2,508,909	500,809	5,017,818	1,001,618
Extended Hours DES	443,940	221,970	221,987	17	443,940	0	887,880	0
Impact & Investment Fund	251,000	125,500	125,500	0	251,000	0	502,000	0
Care Home Premium	267,500	133,750	122,910	(10,840)	267,500	0	535,000	0
0.5% General Contingency	222,000	111,000	0	(111,000)	0	(222,000)		(444,000)
Shortfall	(1,001,385)	(500,693)	0	500,693	0	1,001,385	0	2,002,770
Total	42,273,000	21,136,517	21,762,320	625,804	43,553,194	1,280,194	87,106,388	2,560,388
COVID-19 Expenditure in Primary Care	0	0	0	0	0	0	0	0
Total Delegated including COVID-19 Expenditure	42,273,000	21,136,517	21,762,320	625,804	43,553,194	1,280,194	87,106,388	2,560,388
Additional Allocation Anticipated - ARRS	0	250,404	0	(250,404)	0	(500,809)	0	(1,001,618)
Revised Delegated including COVID-19 Expenditure	42,273,000	21,386,921	21,762,320	375,400	43,553,194	779,385	87,106,388	1,558,770

**Additional CCG-Commissioned Expenditure on Primary Care Services
Month 3 Position - April 2021 - June 2021**

Budget	H1 Plan	Year to Date Budget	Year to Date Spend	Year to Date Variance	Forecast Spend H1	Forecast Variance H1
	£	£	£	£	£	£
Ophthalmology Services	165,905	82,953	90,367	7,414	180,734	14,829
Pharmacy	168,027	84,014	69,469	(14,545)	168,027	0
LCS Contracts With GP Practices						
PMS Transition:"Over and Above"	1,488,344	744,172	738,487	(5,685)	1,476,974	(11,370)
Quality Contract	1,190,675	595,338	590,790	(4,548)	1,181,579	(9,096)
£1.50 per Head to Develop and Maintain Networks	462,143	231,072	230,396	(676)	460,792	(1,351)
Care Homes	237,835	118,918	120,448	1,530	240,895	3,060
Anticoagulation	319,640	159,820	159,820	0	319,640	0
Special Cases	291,500	145,750	145,750	0	291,500	0
24 Hour Blood Pressure Monitoring	100,800	50,400	50,400	0	100,800	0
Dmards	145,074	72,537	72,537	0	145,074	0
Existing Dermatology & Respiratory Clinics	28,950	14,475	14,475	0	28,950	0
Latent TB Screening	54,072	27,036	27,036	0	54,072	0
Pessaries	25,348	12,674	12,674	0	25,348	1
Zoladex	31,000	15,500	15,500	0	31,000	0
Care Of Homeless	24,000	12,000	12,000	0	24,000	0
Eating Disorders	19,934	9,967	10,899	932	21,798	1,864
Mirena	19,013	9,506	9,506	(0)	19,013	0
Endometrial Biopsy	6,810	3,405	3,405	0	6,810	0
Dermatology/Cryotherapy/Cutting	9,520	4,760	4,760	0	9,520	0
Minor Surgery	7,146	3,573	3,573	0	7,146	0
Colorectal Screening	6,030	3,015	3,015	0	6,030	0
Hepatitis B	3,810	1,905	1,905	0	3,810	0
Degarelix	2,400	1,200	1,200	0	2,400	0
LCS Contracts With GP Practices - Sub Total	4,474,043	2,237,022	2,228,575	(8,446)	4,457,151	(16,892)
2021/22 Contract With Primary Care Sheffield Ltd						
CASES	333,590	166,795	166,795	0	333,590	0
System-Wide Work	75,000	37,500	39,350	1,850	78,700	3,700
Clinical Pharmacists	2,250	1,125	1,125	0	2,250	0
Extended Access	1,869,150	934,575	934,575	0	1,869,150	0
2021/22 Contract With Primary Care Sheffield - Sub Total	2,279,990	1,139,995	1,141,845	1,850	2,283,690	3,700
Other Expenditure to Support Primary Care						
PLIs & Practice Training	66,667	33,333	33,333	0	66,667	0
GP IT	439,217	219,609	205,307	(14,302)	439,217	0
GP IT - Shared Service	563,550	281,775	281,565	(210)	563,550	0
Out of Hours	9,462	4,731	4,731	0	9,462	0
Round Robin Postage	17,065	8,533	8,533	0	17,065	0
Interpreting Services	265,372	132,686	139,067	6,381	298,134	32,762
Other Primary Care Expenditure - Sub Total	1,361,333	680,666	672,535	(8,130)	1,394,095	32,762
Reserves						
Winter	150,000	75,000	75,000	0	150,000	0
Contingency	225,000	112,500	106,119	(6,381)	190,601	(34,399)
ICS Capital	0	0	0	0	0	0
Sub-Total Reserves	375,000	187,500	181,119	(6,381)	340,601	(34,399)
Additional CCG- Commissioned Expenditure - Total	8,824,298	4,412,149	4,383,910	(28,238)	8,824,298	0
COVID-19 Expenditure in Primary Care	225,000	112,949	112,949	0	225,000	0
Grand Total	9,049,298	4,525,098	4,496,859	(28,238)	9,049,298	0