

Report to the Primary Care Commissioning Committee : October 2018 Meeting

Summary Finance Report : Month 6

20/10/18

1 : Introduction

This report provides a total view of Primary Care spend within Hammersmith & Fulham CCG at end Month 06. As such this paper is intended to improve the understanding of the totality of Primary Care spend in Hammersmith & Fulham CCG and how it compares against the 'Target Allocation', whilst also conveying information in relation to detailed lines of spend and variations against budget.

The Primary Care Commissioning Committee is asked to note the financial position reported in this paper, including the final point regarding the pulling forward of payment dates for GMS payment dates, thereby aligning that date with other NWL CCGs.

2 : Essential Reading including Definitions and Terminology

Target Allocation : this is the term used for the nationally set benchmark level for allocations made to CCGs. There are separate Target Allocations for both Primary Care spend and spend for all other ('Core') service areas.

The value of a Target Allocation is equal to the level of financial resource which NHSE believes should be sufficient to pay for the care needs of a CCGs population, be they Primary Care services or Core services.

The formula that sets the Target Allocation specifically takes account of the needs and size of a CCGs population, and does so on a consistent basis. In doing so it takes account of :-

- Age and sex demographics
- Relative needs for various care services (Primary Care; Mental Health etc)
- Relative deprivation levels
- Relative cost levels (as with 'Market Forces Factors' applied to tariff in Acute settings of care) including relative unavoidable costs and geographic issues

Precise guidance on the basis of the formula can be found at “<https://www.england.nhs.uk/wp-content/uploads/2016/04/1-allctins-16-17-tech-guid-formulae.pdf>” (Page 37 et seq).

Actual Allocation : is the value of Allocation, or financial resource, which a CCG receives. For historical reasons, allocations to CCGs tend to receive allocations which are above or below the level of Target Allocations. Over a period of 5 years, ending in 2020/21 the NHS plans to ensure that material variations above or below Target Allocation levels are eliminated.

Over-/Under-Capitated : A CCG is described as being over- or under-capitated when the Actual Allocation it receives is more or less than its Target Allocation.

In 2016/17 H&F CCG was over-capitated by £19.6m for its Core Allocation, and £3.2m under-capitated for Primary Care. In 2018/19 those figures are £15.8m over and £0.8m under respectively, a net real terms reduction of £1.4m for overall over-capitation. Despite this, over the same period of time Primary Care spend has increased by £1.2m excluding the impact of GP at Hand.

Delegated Budget : (also known as co-commissioning). NHS England allowed CCGs to take on greater responsibility for General Practice commissioning, effectively taking on that responsibility from NHSE (ie NHSE delegated that area of commissioning to CCGs who opted to do so). Items within the Delegated Budget are payments for : Global Sum; QOF; Seniority; Practice Rent and Directed Enhanced Services.

Headroom : This term is used when the actual spend against the Delegated Budget is not the same as the Delegated Budget allocation. Headroom can be positive (when spend is below the Delegated Budget) or negative (when spend is above).

NHS England is clear that positive headroom can be either reinvested within primary care or allowed to flow to the bottom line of the CCG. Similarly if there is negative headroom no further resource will be made available and CCGs will have to manage this pressure by effectively using Core Funding to pay for Primary Care.

In 2017-18, and despite using £7.3m of Core Funding to pay for Primary Care Services, Hammersmith and Fulham CCG spent £1.4m from headroom on a number of non-recurrent Primary Care projects, with a further £0.6m planned to be spent from anticipated 2018-19 headroom.

Elsewhere in NWL:

- Central London CCG had circa £380k headroom which they allowed to flow down to the bottom line.
- West London CCG did not have any headroom.

Core Funding : We use this term where Primary Care services are being paid for from funds which the CCG received within its Core Allocation. In 2018/19 the amount of Primary Care spend planned to be funded from Core Funds is £5.9m, albeit the forecast is £1.8m higher.

Illustrations Using the 2018/19 Plan : The following is a summary and quantification of some of the terms referred to above, with values drawn from the 2018/19 plan :-

- Core Budget :
 - o Allocation : is £263.7m
 - And is £15.8m over capitated
 - le the allocation of £263.7m is above the Target of £247.9m by £15.8m
- Delegated Budget :
 - o Allocation : is £28.8m
 - And is £0.9m under capitated
 - le the allocation of £28.8m is below the Target of £29.7m by £0.9m
 - o Headroom : is £1.9m
 - le the planned spend of £26.9m is £1.9m below the actual allocation of £28.8m
- Core Funding planned to fund Primary Care services
 - o Is £5.9m
 - le the Headroom noted above does not take into account the £5.9m of planned spend on Primary Care services funded from allocations diverted from the Core allocation of £263.7m
 - le the Headroom adjusted to reflect this spend is negative by £4m (£6.9m - £1.9m)
 - This figure becomes £5.8m when reflecting the forecast overspend.

3 : Executive Summary : Forecast Excluding GP at Hand Costs

The forecast is for a total spend in Primary Care that will be £4.9m above the Target Allocation. This relates generally to historic investments in Primary Care, funded from Core Funding.

Because the CCG receives less than its Target Allocation for Primary Care, the total value of Primary Care services funded from Core Funding is expected to be £5.8m, £1.8m worse than budget.

The forecast overspend of £1.8m relates to QIPP plans which now will not be delivered during 2018/19, but which remain to be actioned and taken forward in 2019/20.

Forecast Cost Position

Spend/Allocation					(Over) / Under Spend Versus :		
£'000	Forecast	Budget	Target Allocation	Actual Allocation	Budget	Target Allocation	Actual Allocation
Total	34,566	32,804	29,693	28,812	(1,762)	(4,873)	(5,754)
Funded by:							
Core Allocation	7,647	5,882			(1,765)		
Delegated Allocation	26,919	26,922			3		

Year to Date Position

Spend/Allocation					(Over) / Under Spend Versus :		
£'000	Actual	Budget	Target Allocation	Actual Allocation	Budget	Target Allocation	Actual Allocation
Total	16,951	16,555	14,847	14,406	(396)	(2,104)	(2,545)
Funded by:							
Core Allocation	3,496	3,183			(312)		

Delegated Allocation	13,455	13,371			(84)		
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4 : GP at Hand Costs

The above analysis is the 'true' position of the CCG, ignoring GP at Hand driven cost pressures, in relation to which NHSE have advised that the CCG should expect and plan for full mitigation of those costs.

The costs which we are seeing in Primary Care and which are driven by GP at Hand (primarily Global Sum payments) amount to £1.1m YTD and £2.8m full year, against a full year plan of £4.2m. The main variable for GP at Hand costs is list size growth, which also explains the anticipated underspend.

Any net over- or under-estimate of costs will be of no financial consequence to the CCG given the position as advised by NHSE.

Detailed analysis follows on subsequent pages.

5 : Budgets Resourced From Core Funding

The year to date (YTD) position as at month 06, for Primary Care core spend is a YTD actual of £3,496k against a budget of £3,183k, an overspend of £312k. The forecast of £7,647k represents an overspend of £1,765k, and relates to QIPP schemes that are not currently expected to deliver in 2018/19, but which will be needed to deliver in 2019/20.

	YTD Budget	YTD Actual	YTD Variance	Annual Budget	FOT	FOT Variance
EPC						
EPC OOH	930,295	1,021,295	-£91,000	1,860,590	2,088,590	-£228,000
EPC Population Health Management	142,206	142,206	£0	580,162	604,499	-£24,337
EPC Primary Care Development (GPFV)	158,136	158,136	-£0	316,280	316,280	£0
EPC - Prescribing Incentive Scheme	-	-	£0	267,000	267,000	£0
EPC Total	1,230,637	1,321,638	-£91,001	3,024,033	3,276,370	-£252,337
Extended Hours						
Weekend Plus	346,242	334,755	£11,487	692,488	669,509	£22,979
LES - Extended Hours	367,706	528,524	-£160,818	1,094,431	918,155	£176,276
QIPP Target	-	-	£0	1,573,000	-	-£1,573,000
Extended Hours Total	713,948	863,279	-£149,331	213,919	1,587,664	-£1,373,745
Other Areas						
GPFV	58,813	58,813	£0	241,639	241,639	£0
GP IT	277,230	282,644	-£5,414	565,463	576,287	-£10,824
Out of Hours	507,498	507,498	£0	1,015,000	1,015,000	£0
Central Drugs	292,500	304,588	-£12,088	585,000	604,093	-£19,093
Oxygen	102,498	157,162	-£54,664	205,000	314,324	-£109,324
Other			£0	32,000	32,000	£0
Total	3,183,124	3,495,621	-£312,497	5,882,054	7,647,377	-£1,765,323

5.1 Detailed Components

a) **Enhanced Primary Care** : The EPC OOH is reporting a forecast overspend of £228k which reflects the agreement to set plan at 17-18 outturn, and to commission Mental Health SMI for practices who were achieving less than 50% of the national target at higher levels. Equipment costs are included in this overspend.

The Q1 position is not yet frozen, it is expected that the Q1 freeze will be reflected in the month 7 position; the population health management, primary care development and prescribing incentive schemes are block contracts. The above is compensated for by :

b) **Extended Hours** : There is an anticipated underspend for the weekend plus and extended hours schemes of £199k. The QIPP schemes to move the extended hours scheme to a DES and reduce the number of hubs for weekend plus have been delayed and therefore will not be achieved in year. Below is a summary of the usage between M1-6 for the extended hours LES service which contributes to this underspend :

	Commissioned Hours	Activity to Date	Weekly Average	Utilisation

Hours Delivered	3,718	3,259	125	
Appts Offered		22,532	867	
Appts Booked		20,187	776	90%
Appts Attended		16,587	638	74%

The extended hours LES funds practices to open additional hours outside of core contracted hours (8am-6:30pm). The contract is flexible and does not set a minimum number of hours that must be provided. Practices are paid for the number of hours they provide up to their weekly contracted hours.

The total commissioned hours between M1 to 6 is 3,718 but only 3,259 hours have been delivered as some practices do not offer the same number of hours every week, whilst Parkview Practice does not offer extended hours at all.

The CCG has paid for 47 hours less than the delivered hours as some practices provide more hours than they are contracted for.

90% of appointments are booked but due to DNA's the utilisation of available appointments at all practices is 74%.

c) Other Areas

- i. The GPFV budgets are non-recurrent and are for specific projects such as improving access, online consultation and resilience; these will be fully spent.
- ii. GP IT is overspending due to unexpected cabling costs in the practice buildings
- iii. Out of Hours is a block contract with LCW

6 : Delegated Budgets (Note : Includes GP at Hand Costs)

The YTD spend at month 06 is £14,530k against a budget of £14,896k, and the forecast is for an underspend to £1,478k. The reduced spend vs plan is driven by lower GP at Hand costs than anticipated, resulting from a lower growth of list size. There is no net benefit to the CCG of that underspend given that the mitigations to be received will reduce in line with lower GP at Hand costs, pound for pound.

Description	Annual Budget £	YTD Budget £	YTD Actual Expenditure £	YTD Variance £	Forecast Outturn £	Forecast Variance £
All Additional and Essential Services	23,152,650	10,985,964	10,584,498	401,466	21,801,286	1,351,364
All Enhanced Services	121,034	60,449	86,818	(26,369)	173,637	(52,603)
All Quality and Outcomes Framework(QOF)	1,868,506	934,149	934,254	(105)	1,868,507	(1)
All Premises	4,298,009	1,814,500	2,116,826	(302,326)	4,417,652	(119,643)
All CQC	148,300	74,148	60,633	13,515	121,266	27,034
All Seniority	215,444	107,664	104,957	2,707	209,914	5,530
All Administered Funds (Locum/Retainers etc)	142,655	71,313	87,126	(15,813)	174,253	(31,598)
All Personally admin drugs	67,600	33,736	33,795	(59)	67,591	9
Other	1,137,309	814,249	521,064	293,186	839,754	297,555
Total	31,151,507	14,896,172	14,529,971	366,201	29,673,859	1,477,648

6.1 Details

The key variances at month 06 are :

a) Core Contract

- i. Global Sum : YTD variance of £463k favourable, of which £450k is directly in relation to lower GP at Hand pressures.
 - ii. PMS & APMS contracts : YTD adverse variance of £62k due to uplifted contract payments in 18/19. The PMS practice is expected to sign onto the new PMS contract this year which will reduce their contract price to around £129k (July 18) per month from £171k per month and help mitigate this pressure.
 - iii. Contracts will see an uplift of 1% in 18/19. An accrual for this uplift has been made totalling £114k YTD.
- b) **Enhanced services** : There is a YTD overspend of £26k, which is due to Extended Hours payments being over budget, and a higher than expected Violent Patient Qtr 1 invoice coming in at £9.6k against a budget of £6.5k. Given uncertainty over future activity levels the YTD position has been extrapolated in forecast to deliver a £52k overspend for the year.
- c) **QOF** : Year to date spend is based on actual payments whilst the forecast is to plan.
- d) **Administered Funds** : includes payments to practices over and above clinical services/QOF and premises. Seniority, locum payments and reimbursement of CQC fees are the main items.

6.2 Rent and Rates

As this is still an area of risk, this month we have undertaken a review of practices to highlight which have made claims so far in 2018/19 and which are still yet to claim. The summary for H&F CCG is as below:

RENT	
Total number of practices	29

Number of practices claimed as at month 6	22
No of practices yet to claim	7
RATES	
Total number of practices	29
Number of practices claimed as at month 6	14
No of practices yet to claim	15

Of the total YTD spend of £2.1m c£0.7m is an accrual to reflect latest information on costs, including updated figures from NHSPS. We have received information from NHSPS and the findings will inform subsequent month reporting.

The NHS Finance team is in the process of contacting the practices that are yet to claim to find out why and when they are likely to claim. The CCG Primary Care team can also work with practices to ensure claims are submitted.

6.3 GMS Payment Dates : Alignment Across North West London

In order to align the GMS payment dates across North West London CCGS, we will be bringing forward the date on which practices will receive the monthly contract payment from the 30th day of the month to the 22nd day of the month. If the payment date falls on a weekend or bank holiday, practices will receive payment on the last working day prior.

This change will be effective from November – meaning that the November monthly payment will be made on 22 November 2018.