

JOINT COMMISSIONING COMMITTEE

MEETING DATE:	Thursday 11 June 2015
AGENDA ITEM NUMBER:	Item 5.0
AUTHOR:	Bill Lovell
JOB TITLE:	Assistant Senior Officer - Finance
DEPARTMENT:	Finance

Finance Report: Out-turn 2014/15 & Annual Budgets 2015/16

PURPOSE/ACTION REQUIRED:	For Information
CONSULTATION AND/OR INVOLVEMENT PROCESS:	<i>The majority of the "raw" Financial data has been received from NHS England – but please note that any views expressed are the report authors' alone.</i>
FREEDOM OF INFORMATION:	Public

1. PURPOSE OF THE REPORT:

Provides information relating to GP practice Primary Care and CCG Provider Out-turn for 2014/15 and Annual Budgets in 2015/16 – along with key related issues.

2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT:

Continue to improve the quality of services	
Reduce unwarranted variations in services	
Deliver the best outcomes for every patient	
Improve patient experience	
Reduce the inequalities gap in North Lincolnshire	

Indirectly all of these objectives are facilitated to some degree by expenditure funded from Primary Care budgets

3. ASSURANCES TO THE JOINT COMMISSIONING COMMITTEE

The Out-turn figures for 2014/15 have been subjected to external audit

4. IMPACT ON RISK ASSURANCE FRAMEWORK:		Yes		No	x
5. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:		Yes		No	x
6. LEGAL IMPLICATIONS:		Yes		No	
<p>The management of expenditure within authorised budget limits is a statutory requirement of all NHS organisations.</p>					
7. RESOURCE IMPLICATIONS:		Yes		No	x
8. EQUALITY IMPACT ASSESSMENT:		Yes		No	x
<p><i>This is not a Policy, Plan or Procedure, so such an assessment is not applicable.</i></p>					
9. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS:		Yes		No	x
10. RECOMMENDATIONS:					
<p>The Joint Commissioning Committee is asked to:</p> <ul style="list-style-type: none"> Review and Note this report. 					

PRIMARY CARE FINAL OUTTURN 2014/15 & ANNUAL BUDGETS 2015/16

1. INTRODUCTION

This report details:

- The Out-turn for Primary Care in 2014/15.
- The Base Budgets for Primary Care in 2015/16
- Key points relating to Primary care budgets in 2015/16

All figure presented here are on a consolidated basis for Primary Care in North Lincolnshire (i.e. Expenditure on GP Practice related Primary care which has been supplied by the NHS England – Sub Region, and GP Provider expenditure on Local Enhanced Services (LES) which has been supplied by North Lincolnshire CCG).

2. INFORMATION FOR CONSIDERATION

Attached at **Appendix 1** are details of all Primary Care actual expenditure in 2014/15 and budgeted expenditure for 2015/16, which has been summarised into the main funding source categories, by funding organisation. This information is the same information which has been made available to those CCG's which are operating under delegated co-commissioning powers.

The definition and key feature of each funding category are briefly set out in **Appendix 2**, which may assist with the Committee's understanding of the potential for funding flexibilities and cost pressures which may be available during 2015/16, and future financial years.

3. GENERAL CONTEXT

When considering the information presented in **Appendices 1 and 2**, it is important to note:

- The main Practice related Primary Care Budgets held by NHS England – Sub Region have been based on 2014/15 Out-turn, uplifted plus adjustments for known contract changes.

- The main contract changes, from the previous financial year, with an immediate and direct financial significance are as follows:
 - For GMS practices - a £2.21 or 3% increase (from £73.56 to £75.77) in the unit value applied to the contractor's weighted population. This is to provide core Essential and Additional services (including staffing) through their main Global Sum payment.
 - For PMS & APM practices a £1.66 increase in the unit value applied to their weighted population, to provide Essential & Additional services (including staffing) for their patients.
 - The Patient Participation and Alcohol Enhanced Services have ended though the funding has been "reinvested" into the Global Sum payments from 1/04/2015, This means practices are still obligated to have a Patient Participation Group (PPG) and to identify newly registered patients aged 16 or over who are drinking alcohol at increased or higher risk levels.
 - Those practices who still have "Correction Factor Payments" (CFP) under the "Minimum Practice Income Guarantee" (MPIG) which was introduced in 2004 but which is being phased out over a 7 year period starting in 2014/15, will see their CFP reduce by circa 14.29% in 2015/16.
 - A reduction of 15% in Seniority Payments for any practice which is still receiving them, pending their total abolition on 31 March 2020.

CURRENT RISKS / OPPORTUNITIES

- The financial budgets (as held by both the NHS England Sub Region and CCG) are currently forecast to break-even in 2015/16.
- The 2014/15 Quality & Outcomes Framework (QOF) achievement payments for practices in 2014/15 are currently being signed off to be paid in June 2015, and will be charged back against the accruals for estimated 2014/15 achievement payments made by NHS England Sub Region at the end of 2014/15. Therefore, any under or over shoot against these estimates payments will be an opportunity or cost pressure against the 2015/16 budgets. However, please note that any financial implications which arise will remain the responsibility of the current funding organisation.
- The Elderly Care Fund LES is currently being held in Earmarked Reserves by the CCG but will be transferred to GP practices once the final scheme based allocation of these funds has been agreed.

- Funding for any “Golden Hellos” agreed as part of the GP recruitment exercise being undertaken in the Netherlands this year, the costs to cover the costs associated with the introduction of the Primary Care Diabetes Model, and any uplift in the Elderly Care Fund LES will be the first call on any “spare” CCG budgets which are returned to Reserves during the financial year.
- Work is on-going by NHS England to identify QIPP schemes, and the main areas of focus are currently the following:
 - Clinical waste charges.
 - A review of business rates
 - Small business rates relief
 - List size reviews
 - APMS procurements
- Though no specific areas have yet been highlighted as specific opportunities for joint working between NHS England and the CCG, this subject needs to be considered by this committee and form part of its work programme during 2014/15.
- Monitoring information for Financial Budgets in 2015/16 will be supplied by NHS England at a summarised level on a quarterly basis, and will cover the year to date position and forecast outturn.
- In addition, a group for Joint Committee CCGs in Yorkshire and the Humber and NHS England has been established and is attended by deputy CFOs. This group meets quarterly and is similar to the group which has been established for the CCGs with delegated powers. It is designed discuss common issues, share best practice and discuss any new developments.

4. CONCLUSION & RECOMMENDATION

Members of the Committee are requested to review and note this report.

NORTH LINCOLNSHIRE - TOTAL PRIMARY CARE EXPENDITURE

ACTUAL EXPENDITURE 2014/15 & BUDGETED EXPENDITURE 2015/16

	Note in Appendix 2	COL A 2014/15 OUT-TURN	COL B 2015/16 BUDGET	COL B-A MOVEMENT PER ANNUM	
	NOTE	£	£	£	%
<u>NHSE - FUNDED EXPENDITURE</u>					
1 PAYMENT FOR "CORE" ESSENTIAL & ADDITIONAL SERVICES	1	13,997,136	14,389,466	392,330	2.80%
2 ENHANCED SERVICES	2				
2.1. LES - Choice GP		7,001	27,069	20,067	286.63%
2.2. DES - Case Finding Patients - Dementia		83,868	125,772	41,903	49.96%
2.3. DES - Extended Hours Access		220,660	246,181	25,521	11.57%
2.4. DES - Learning Disability Health Check		44,015	44,015	0	0.00%
2.5. DES - Minor Surgery		229,973	215,691	(14,281)	(6.21%)
2.6. DES - Patient Participation		58,782	0	(58,782)	(100.00%)
2.7. DES - Unplanned Admissions		480,513	482,085	1,573	0.33%
		1,124,811	1,140,813	16,002	1.42%
3 QUALITY & OUTCOMES PAYMENTS	3	2,154,474	2,202,180	47,706	2.21%
4 PREMISE COSTS RE-IMBURSEMENT	4	1,776,031	1,824,106	48,075	2.71%
5 OTHER PREMISE COSTS	5	4,405	4,494	89	2.02%
6 DISPENSING / PRESCRIBING DOCTORS	6	1,598,643	1,515,836	(82,807)	(5.18%)
7 OTHER GP SERVICES	7	373,963	401,214	27,251	7.29%
8 TOTAL NHS ENGLAND FUNDING		21,029,463	21,478,109	448,646	2.13%
<u>CCG - FUNDED EXPENDITURE</u>					
9 ENHANCED SERVICES	2				
9.1. LES GTT Test		17,463	16,270	(1,193)	-6.83%
9.2. LES Post Operative Care		62,935	61,815	(1,120)	-1.78%
9.3. Non Practice Level Expenditure *		336,265	208,510	(127,755)	-37.99%
9.4. LES Care of Older People *		844,163	849,700	5,537	0.66%
9.5. LES Diabetes-Insulin (GTT)		13,561	10,006	(3,555)	-26.22%
9.6. LES Productive General Practice		79,080	0	(79,080)	-100.00%
9.7. LES Minor Injuries/Illness		43,340	36,957	(6,383)	-14.73%
9.8. LES Near Patient Testing		75,837	80,149	4,312	5.69%
10 TOTAL CCG FUNDED EXPENDITURE		1,472,644	1,263,407	(209,237)	-14.21%
<u>TOTAL EXPENDITURE</u>		22,502,108	22,741,516	239,408	1.06%

Note: The figures may not exactly cross cast because of Roundings.

* The amount / distribution of funds to Practice level is still to be confirmed. The reduction, year on year, in CCG Enhanced Service expenditure is mainly because of the end of the externally funded Non Recurrent Productive General Practice LES, which incurred expenditure at Practice and Non Practice Level in 2014/15.

BASIC EXPLANATORY NOTES FOR PRIMARY CARE EXPENDITURE

NOTE 1: PAYMENT FOR CORE SERVICES

- Defined as Essential and some Additional Services.
- For GMS Practices - payments are made via the Global Sum formula which provides a unit value payment for each patient on the GP's list, taking into account a weighting for each patient based on the Car-Hill formula to reflect differing patient needs due to factors such as age and deprivation.
- In addition, when the new General Medical Services (nGMS) contract was introduced in 2004, practices were given a "Minimum Practice Income Guarantee" (MPIG) to facilitate the uptake of the contract. Payments made to top up global some payments for some practices to match their basic income levels under the old contractual arrangements, are known as "Correction Factor Payments".
- As part of the GP contract settlement in 2013 the Department of health decided to phase out the MPIG top up payments over a 7 year period, commencing in 2014/15.
- PMS and APMS practices also have payments related to their personal contract for the provision of Essential and Additional services for their listed population at a point in time, with an agreement to review and amend payments in the light of list size changes, when particular thresholds are met or breached.
- In recent years, there has been a national drive to minimise the difference in funding levels between all the different forms of General Practice Contract holders per needs weighted patient, so the difference in different types of practice will become less important.
- For brevity all figures shown in this report have been aggregated – and do not distinguish between : GMS, PMS and APMS Primary Care General Practice service providers.

NOTE 2: PAYMENT FOR CORE SERVICES

- Enhanced services are defined as primary medical services other than essential services, additional services or out-of-hours services. NHS England commissions these services across England, along with CCGs.
- Enhanced Services are often used to target particular health concerns or priorities. Most Enhanced Services commissioned by NHS England are "Directed Enhanced Services" (DESS), whilst the CCG seeks to target its priorities by issuing "Local Enhanced Services" (LESS).
- As priorities change each financial year, the nature and level of the DESS and LES can vary.

NOTE 3: THE QUALITY & OUTCOMES FRAMEWORK

- The Quality and Outcomes Framework (QOF) is the annual reward and incentive programme detailing GP practice achievement results.
- QOF is a voluntary process for all surgeries in England and was introduced as part of the GP contract in 2004.
- QOF awards surgeries achievement points for:
 - managing some of the most common chronic diseases, e.g. asthma, diabetes
 - implementing preventative measures, e.g. regular blood pressure checks
 - the extra services offered such as child health

NOTE 4: PREMISE COST RE-IMBURSEMENT

- General Practices receive Premise cost re-imbursement for treating NHS patients in the premises that they have either rented or own.
- The type of payments which feature in this category of spend include:
 - Rent that is either cost based or notional – depending on whether the Premises or rented or owned.
 - Rates and Water Rates
 - Refuse & Clinical Waste
 - Premise Service Charges

NOTE 5: OTHER PREMISE COSTS

- Miscellaneous and / or non- recurrent Premise costs (e.g. premise Improvement grants) which fall outside regular Premise Re-imbursement costs.

NOTE 6: DISPENSING / PRESCRIBING DOCTORS

- As well as providing essential General Practice services, some practices – usually in more rural areas, provide dispensing services to patients who find it difficult to access a local pharmacy.
- Dispensing doctors receive a fee for each item that they dispense, with the fees scale calculated by dividing dispensing doctors' remuneration by the number of items expected to be dispensed in the relevant year.

NOTE 7: OTHER GP SERVICES

- Payments under this heading include costs for:
 - The Doctors retainer scheme
 - Locum Sickness, Maternity Leave etc.
 - Seniority Factor
- Seniority factor payments were introduced in 2004, and are calculated on a GP's years' of reckonable service in the NHS and "qualifying income fraction".
- The qualifying fraction determines the proportion of the seniority payment a GP receives, depending on whether they earn between 1/3rd and 2/3rds or 2/rds plus – of the national superannuable income (before seniority payments are taken into account).
- There have been no new entrants onto the seniority payment scheme since 1st April 2014, and the quantum of seniority payments is expected to fall by 15% each year from 2014/15 until all seniority payments cease on 31 March 2020.