

NHS Rotherham Clinical Commissioning Group

Primary Care Committee 14th December 2016

Finance Report

Lead Executive:	Keely Firth
Lead Officer:	Wendy Allott
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Purpose:

To brief members on the financial position at month 7.

Background:

There have been no in month changes to the primary care allocation which remains at £37.4m.

POSITION TO DATE AND FORECAST OUTTURN

1. In Year Financial Position

Table 1 sets out the £37.4m allocation falling under the responsibility of the Primary Care Committee, the year to date financial position and the current assessment of forecast outturn. Prior month's figures are provided for information and significant variances are described below.

TABLE 1

Area of Spend	Annual Budget £m	Month 7		Prior Month	
		Variance to Date	Forecast Outturn Variance	Variance to Date	Forecast Outturn Variance
		£m	£m	£m	£m
Premises Cost Reimbursement	3.0	0.0	0.0	0.0	0.0
Other Premises costs	0.4	(0.0)	0.0	(0.0)	0.0
Enhanced Services (DES + LES)	4.4	0.2	0.5	0.2	0.5
General Practice - APMS	0.8	0.0	(0.0)	(0.0)	0.0
General Practice - GMS	3.9	(0.0)	0.0	(0.0)	0.0
General Practice - PMS	19.9	(0.6)	(1.0)	(0.5)	(1.0)
Other GP Services	1.0	(0.0)	0.0	(0.0)	0.0
Other Misc - Reserves	0.5	(0.5)	(0.6)	(0.5)	(0.6)
QOF	3.5	(0.1)	(0.1)	(0.1)	(0.1)
TOTAL	37.4	(1.0)	(1.2)	(0.9)	(1.2)

Enhanced Services (DES & LES)

Expenditure against this line includes the 'PMS reinvestment schemes' described above. It also includes the CCG's longer standing LES schemes as well as national DES schemes.

Further detail on the financial performance of the PMS reinvestment schemes and the CCG's longer standing LES schemes is provided below. This analysis shows PMS reinvestment schemes continuing to performing close to plan in terms of both year to date and forecast outturn positions, with more significant underspends on the longer standing LES schemes. (Please note that for the purpose of this sub-analysis and in order to assist the reader with interpreting the net financial position notional budgets have been allocated against the PMS reinvestment schemes, whereas these budgets are permanently allocated to PMS Contract lines)

	Annual Budget	YTD Budget	YTD Actual (AP7)	YTD Variance	FCOT Spend	FCOT Variance
	£'000	£'000	£'000	£'000	£'000	£'000
PMS Reinvestment LES's	511.4	298.3	311.6	13.3	438.9	(72.5)
Quality Contract	460.7	268.7	268.7	(0.0)	460.7	0.0
TOTAL PMS reinvestment monies	972.1	567.0	580.4	13.3	899.6	(72.5)
BCF LES's (Over 75's , LTC Case Mgt, Care Homes)	2,145.0	1,251.3	919.9	(331.4)	1,805.9	(339.1)
All other LES's	1,046.8	610.6	590.6	(20.0)	1,002.4	(44.4)
TOTAL Other LES	3,191.8	1,861.9	1,510.5	(351.4)	2,808.2	(383.6)
TOTAL ALL LES's	4,163.9	2,428.9	2,090.8	(338.1)	3,707.8	(456.1)

General Practice – PMS

This line includes allocations totalling £1.9m affected by the NHSE's national equitable funding exercise. As funds are removed from PMS contracts via the equitable funding exercise, they are being made capable of being reinvested back with Rotherham GP Practices via a series of Local Enhanced Service (LES) schemes under the overall umbrella of the Rotherham Quality Contract. 2016-17 is year 2 of the 4 year exercise and as such 50% of the £1.9m funds will be withdrawn from PMS contracts during 2016-17, resulting in a forecast underspend of £1.0m against the PMS line.

Other Misc. – Reserves

The derivation of this £0.5m allocation has been described in detail in previous reports and there are no significant changes to report this month.

2. QIPP Savings

As previously reported these have been fully achieved for 2016-17

The following areas currently remain under review:

3. Business rate reviews

The process of enacting any business rate reductions arising from the amended valuation methodology is being managed by NHSE in partnership with individual GP Practices and remains ongoing. Since last reporting further work undertaken by the CCG in conjunction with NHSE colleagues has confirmed budget estimates made at the start of the year, based on expected rate reductions, have been largely borne out by actual valuation decisions. As a consequence we will continue forecasting to breakeven and, based on this analysis, do not now expect any significant changes for the remainder of the year. This now closes this item.

However since last month we have been advised by NHS Property Services of potential business rate increases for 2017-18. Figures are not yet known however this would present a cost pressure, and an emerging risk for 2017-18.

4. NHS Property Services rent reviews

- (i) NHS Property Services charges are moving to a market rent valuations basis, the results of which alter both rental charges but also the related void and subsidy charges. Any change should ultimately result in a neutral circular flow of funds and NHSE have for asked CCG's to currently show a neutral financial position in relation to this item whilst it can be worked through nationally.
- (ii) There is a risk that the circular flow of funds may not mitigate all cost pressures in the meantime it is difficult to fully understand the in-year financial position. The matter is a national issue and is being escalated on behalf of delegated commissioners by our local NHSE team.
- (iii) For these reasons there is an assumption that charges will be on the basis of prior year

budgets which essentially means balanced in-year and forecast outturn positions.

Equality Impact:

No new issues

Financial Implications:

None

Human Resource Implications:

No impact

Procurement:

No impact

Recommendations:

Members of the Primary Care Committee are asked to:

- (i) Note the latest analysis of expenditure in Table 1**
- (ii) Note the areas still under review nationally which may have an impact on future forecasting.**
- (iii) Note the potential for business rate increases in 2017-18**