

HEALTH AND WELLBEING BOARD

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NHS ENGLAND – SOUTH (SOUTH EAST)

PRIMARY CARE BUDGETS

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(South East)

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Summary

This report summarises at the request of Medway Health & Wellbeing Board members the funding levels for NHS primary care services, benchmarking of Medway, Kent and appropriate districts and the national position. This paper has focussed on primary medical services (general practice).

1. Introduction

NHS England South (South East) receives a national allocation for all its commissioned services covering the geographical counties of Kent, Surrey and Sussex. Most services are commissioned from independent contractor providers to deliver NHS services to patients who reside across a range of local authorities. Only primary care services that are delivered by GP contractors can be attributed to individual local authorities areas on a registered patient basis.

Table 1 below shows the indicative Medway Primary Care budget for 2015/16 broken down into the main areas of contractual expenditure.

Table 1: Indicative 2015/16 - Primary Care budget for Medway

	£000
GP contracts	33,991
NHS Property Services costs	240
GP IT	42
Medical revalidation	23
Primary dental services	9,407
Secondary and community dental	4,171

Community pharmacy	7,736
Ophthalmic	2,333
Contingency/Uncommitted	395
Total Medway Primary Care Budget	58,338

Although primary care includes services provided by opticians, pharmacists and dentists, this report primarily considers those services delivered by GP contractors (primary medical services). Primary medical services are delivered to registered patient lists under three types of contracts. These are General Medical Services (GMS), Personal Medical Services (PMS) or Alternative Provider Medical Services (APMS) contracts.

GMS: A total of 48 GP practices hold GMS contracts

PMS: Only 1 GP practice in Medway holds a PMS contract

APMS: There are 7 GP practices holding APMS contracts in Medway. This includes the contract for the GP Walk-In centre which provides a service for both registered and non-registered patients.

The attached link document provides an overview of these different types of contract in more detail and provides some wider contextual information about general practice.

<http://researchbriefings.files.parliament.uk/documents/CBP-7194/CBP-7194.pdf>

It is important to note the following three points regarding GP contracts in Medway:

Firstly, Medway CCG is very unusual in that it has only 1 practice that holds a PMS contract. Across England the number of practices holding PMS contracts is around 40%. A specific consequence of this is that the aggregate value of the PMS premium in Medway is very small (approximately £20K). Typically if Medway CCG had 40% of its registered practice population of 283,000 patients managed under PMS contracts then the aggregated PMS premium may be expected to be in the region of £1m.

Secondly, Medway CCG is unusual because it has a relatively large number of practices that hold APMS contracts.

Thirdly, the vast majority of contracts that exist were awarded many years ago (which is also the case nationally). Consequently the number of contracts that are held by NHS England and their individual and collective value are essentially the legacy from the former Medway PCT. Therefore budget that underpins the value of GP contracts held in Medway is very much a reflection of historic commissioning and contracting decisions.

2. Background

The total primary care budget allocated to NHS England South (South East) for 2015/16 is £969m. This includes allocation attributable to the two CCGs within the South East which have delegated commissioning authority (Eastbourne, Hailsham &

Seaford CCG and High Weald, Lewes & Havens CCG). Within this allocation, the following financial targets are set by NHS England:

Surplus 1.0%

Contingency 0.5%

Drawdown* £0

* 'Drawdown' is the change in financial performance, comparing one year with the next. In this context, a £0 Drawdown means that the surplus (or deficit) achieved in the previous financial year is matched (or bettered) in the following financial year, after allowing for any non-recurrent changes to the allocations. In 2014/15, there was a recurrent surplus of £11.2m across the whole of the South East in all Primary Care Services, and this had to be replicated in the Plans for 2015/16.

Therefore, total spend on all primary care services in the South East cannot exceed £958m. Of this, £4.8m had to be reserved as a contingency, and £562m is earmarked for general practice services.

Health and Social Care Information Centre (HSCIC) data has not been included in this paper because that data looks at payments made to GP Practices via the National Health Applications and Infrastructure Services' (NHAIS) Exeter system only and therefore does not give a true reflection of the total money spent on GP services. The main reason for this is that during the time period that the data looks at (2013/14) there were a significant number of APMS practices in Medway delivering GP services. These practices were not paid via the NHAIS Exeter payments system (they were paid through invoices via Shared Business Services) and therefore the costs of these practices have been excluded from the HSCIC data. Payments to these practices totalled £3.6m in 2013/14.

3. Medway 2015/16 budgets

Many of the elements of the budgets for GP practice contracts are calculated on contracts that are subject to annual national negotiations and whereby there are known costs. The principal payment is Global Sum which is a set payment multiplied by each GP practice's adjusted quarterly list size. Practice reimbursement costs do not vary significantly, and other costs such as Directed Enhanced Service payments, Minimum Practice Income Guarantee payments and seniority payments are determined nationally. The budget for GP practices allows for a level of population growth in year.

Budgets for PMS and APMS practices are similarly calculated and often the costs are based on fixed prices. For all the practices in Medway, this results in a budget for 2015/16 of £33,991,136.

The budget for 2015/16 was calculated by taking the 2014/15 outturn position and adjusting this to take account of any non-recurrent costs in 2014/15, any developments for 2015/16, uplifting by the average 1.16% pay award costs of the

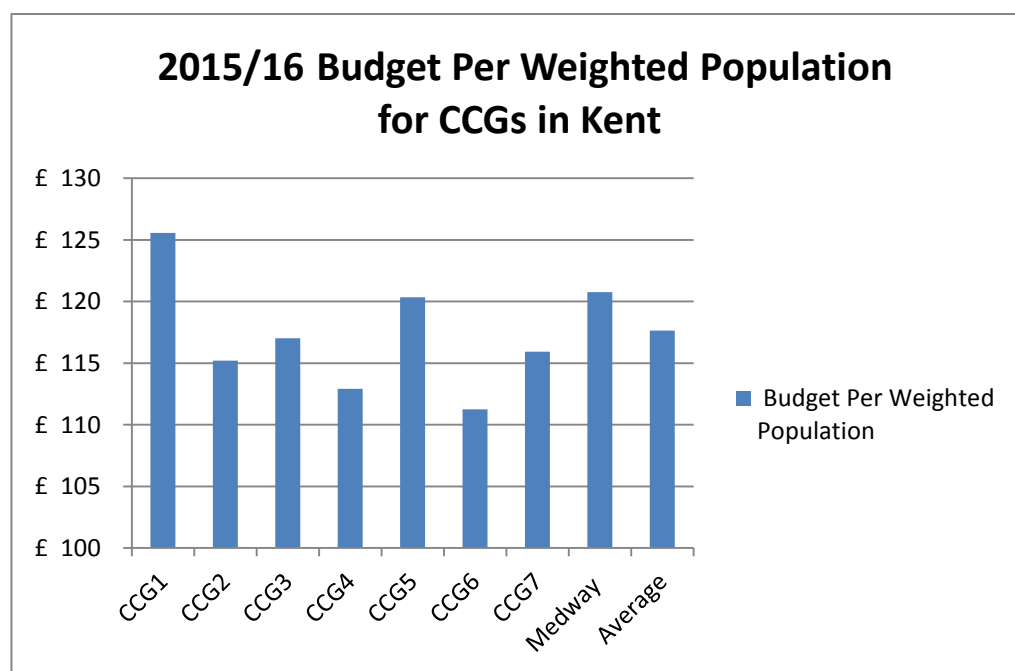
recommendations of the Doctors' and Dentists' Review Body, and adjusting for anticipated List Size growth. These results can be summarised as follows:

	£'000
2014/15 Outturn Expenditure	33,737
Add 2015/16 Investments / Developments	34
Add 1.16% DDRB pay uplift	240
Add 1% anticipated List Size increase	126
Add Other Reserves	39
	<hr/> 34,176
Less QIPP	185
Total - 2015/16 Budget	<hr/> 33,991 <hr/>

The resulting budget for 2015/16 is based on the level of expenditure spent in 2014/15 while the budget has been increased to meet the needs of a growing population.

4. Fair Shares

Expenditure on primary care in Medway can be compared with that of neighbouring CCGs in Kent. Taking the 2015/16 Budget above of £33.991m, the cost per weighted population, using the population as at April 2015, is £121. The average for Kent (including Medway) is £118. Across the whole of Kent, expenditure in Medway is second highest, with a range between £111 and £126. The graph below shows a comparison of Medway with the other CCGs in Kent.



5. Risks

In formulating the Budgets, there are a number of risk factors, and where possible these have been identified and shown how they can be mitigated. The main risks are:

- Growth in list sizes greater than expected
- Additional premises developments
- Higher than expected premises cost inflation/NHS Property Services charges

For most of these, the use of contingencies will enable them to be mitigated, but this restricts the use of contingency reserves for any other unforeseen events.

One factor not included in the budgets or the list above relates to the recent consultation document issued by the Department of Health on in-year savings on local authority Public Health allocations. As part of the wider Government action on deficit reduction, the 2015/16 public health grant to local authorities will be reduced by £200m. One option includes a standard, flat rate reduction of 6.2% applied to all local authorities; for Medway Council, this equates to a reduction of £1.04m (out of a total Public Health budget of £16.8m). If other LAs argue for a lesser share, then the share to be found by Medway Council would increase. A reduction in the Public Health budget may put additional pressure on primary care budgets.

6. The New Deal For General Practice

The above analysis does not factor in the additional monies that are to be made available principally through NHS England to support the delivery of new models of care and the New Deal for General Practice.

NHS England will be investing an extra £1billion into general practice over a four year period commencing 2015/16. This will be in the form of £250m a year, every year over a four year period and is known as the GP Infrastructure Fund.

This funding will deliver on the promise of a new deal for primary care. The first tranche of £250m will improve premises, help practices to harness technology and give practices the space to offer more appointments and improved care for the frail elderly – essential in supporting the reduction of hospital admissions.

GP practices were invited to submit their bids in January 2015 for the first wave of this funding, either through making improvements to existing buildings or the creation of new ones. In the first year it is anticipated that the money will predominantly accelerate schemes that were already in the pipeline, bringing benefits to patients more quickly. Practices were asked to set out proposals that would provide them with more capacity to do more; provide value for money; and improve access and services for the frail and elderly.

This new funding will accelerate investment in increasing infrastructure, accelerate better use of technology and in the short term, will be used to address immediate capacity and access issues, as well as lay the foundations for more integrated care to be delivered in community settings.

Across NHS South (South East) a number of the proposals submitted by GP practices will be supported through the GP Infrastructure Fund in 2015/16. The detail underpinning these individual schemes is currently being examined further and confirmation of final support will be issued shortly to the successful practices.

7. Conclusion

The 2015/16 budget for general practice services in Medway has been produced using the principles set out in this paper, and is designed to meet the targets set by NHS England. In Medway, a sum of £33,991,136 has been identified for the General Practices budget, an increase over 2014/15 of 0.75%.

8. Recommendation

That the Health and Wellbeing Board note this report.

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Appendices

None

Background papers

None