

NHS England - London Region
 Financial Reports – 6 Months to 30th September 2015
 South West London Primary Medical Services

1. Overview:

The overall financial position for South West London Primary Medical services is showing an overspend of £652k against issued budgets for year to 6 months ending 30th September. This includes the release of £1,029k non-recurrent 2014/15 accruals write backs. Overspend is largely due to unachieved planned QIPP savings. The year to date position comprises net overspends after QIPP on PMS **£268k**, GMS **£231k**, APMS **£61k** with a slight overspend on other.

Primary Medical Services Expenditure Summary

The expenditure summary for South West London for 6 months to 30th September 2015 is set out in Table 1 below with a break down at CCG level in Appendix A.

Table 1

South West London Total								
Service	Annual Budget	YTD Budget	YTD Actual Expenditure	YTD Variance	Forecast Outturn	Forecast Variance	Forecast % Variance	2014/15 Outturn
	£000's	£000's	£000's	£000's	£000's	£000's	%	£000's
PMS	141,186	70,589	69,865	(724)	140,941	(245)	-0.2%	136,340
GMS	40,673	20,331	20,277	(54)	40,648	(25)	-0.1%	38,580
APMS	7,651	3,824	3,832	8	7,685	34	0.4%	6,630
Other Medical Services	90	44	136	92	188	98	108.9%	49
QIPP	(2,654)	(1,330)	0	1,330	(936)	1,718	64.7%	1,718
Total Primary Care Medical Services	186,946	93,458	94,110	652	188,526	1,580	0.8%	183,317

Croydon CCG								
Service	Annual Budget	YTD Budget	YTD Actual Expenditure	YTD Variance	Forecast Outturn	Forecast Variance	Forecast % Variance	2014/15 Outturn
	£000's	£000's	£000's	£000's	£000's	£000's	%	£000's
PMS	39,012	19,504	19,238	(266)	38,895	(117)	-0.3%	39,467
GMS	3,822	1,910	1,858	(52)	3,758	(64)	-1.7%	3,457
APMS	3,149	1,574	1,581	7	3,199	50	1.6%	2,506
Other Medical Services	23	11	14	3	29	6	26.1%	1
QIPP	(640)	(321)	0	321	(225)	415	64.8%	415
Total Primary Care Medical Services	45,366	22,678	22,691	13	45,656	290	0.6%	45,846

Kingston CCG								
Service	Annual Budget	YTD Budget	YTD Actual Expenditure	YTD Variance	Forecast Outturn	Forecast Variance	Forecast % Variance	2014/15 Outturn
	£000's	£000's	£000's	£000's	£000's	£000's	%	£000's
PMS	11,981	5,990	5,894	(96)	11,901	(80)	-0.7%	12,405
GMS	10,269	5,133	5,162	29	10,283	14	0.1%	10,219
APMS	1,571	785	794	9	1,580	9	0.6%	1,810
Other Medical Services	11	5	12	7	11	0	0.0%	(2)
QIPP	(337)	(169)	0	169	(119)	218	64.7%	218
Total Primary Care Medical Services	23,495	11,744	11,862	118	23,656	161	0.7%	24,650

Richmond CCG								
PMS	2,124	1,061	1,089	28	2,099	(25)	-1.2%	2,179
GMS	20,687	10,342	10,316	(26)	20,739	52	0.3%	20,357
APMS	0	0	0	0	0	0	0.0%	0
Other Medical Services	11	6	12	6	11	0	0.0%	12
QIPP	(320)	(160)	0	160	(114)	206	64.4%	206
Total Primary Care Medical Services	22,502	11,249	11,417	168	22,735	233	1.0%	22,754


Sutton CCG								
PMS	23,373	11,687	11,466	(221)	23,344	(29)	-0.1%	22,811
GMS	569	283	287	4	571	2	0.4%	542
APMS	279	139	135	(4)	271	(8)	-2.9%	300
Other Medical Services	11	5	28	23	46	35	318.2%	7
QIPP	(339)	(170)	0	170	(119)	220	64.9%	220
Total Primary Care Medical Services	23,893	11,944	11,916	(28)	24,113	220	0.9%	23,880

Merton CCG								
PMS	26,490	13,245	13,074	(171)	26,464	(26)	-0.1%	22,092
GMS	0	0	0	0	10	10		(1,199)
APMS	853	426	424	(2)	848	(5)	-0.6%	343
Other Medical Services	12	6	31	25	44	32	266.7%	8
QIPP	(383)	(192)	0	192	(135)	248	64.8%	248
Total Primary Care Medical Services	26,972	13,485	13,529	44	27,231	259	1.0%	21,492

Wandsworth CCG								
PMS	38,206	19,102	19,104	2	38,238	32	0.1%	37,386
GMS	5,326	2,663	2,654	(9)	5,287	(39)	-0.7%	5,204
APMS	1,799	900	898	(2)	1,787	(12)	-0.7%	1,671
Other Medical Services	22	11	39	28	47	25	113.6%	23
QIPP	(635)	(318)	0	318	(224)	411	64.7%	411
Total Primary Care Medical Services	44,718	22,358	22,695	337	45,135	417	0.9%	44,695

Brackets denote underspend

1.1 Medical Services

Key Financial Indicator : Medical: Over/(Under) spend against budget	£652k	
---	-------	---

Medical services are showing an overspend of £652k (0.7%) across South West London. This is largely due to under-achievement of target QIPP savings to date after releasing £1,029k 2014/15 accruals.

Other factors include cost pressures emanating from QOF and unplanned non recurrent non-contractual costs such as patient transport costs. Annual budgets are allocated net of £2.7m QIPP savings across South West London, but including the contingency allowance (£899k) which has been allocated to budgets.

There has been a year on year growth of 0.5% in South West London’s weighted population from April 2014 to April 2015. At quarter 2, the July 2015 capitation report shows a growth of 0.3% over the previous quarter (April 2015). Demographic growth has been funded at 1.3% in 2015/16 financial plan, therefore demographic growth is adequately covered on an aggregate basis, however there will be variations in growth for individual CCGs.

Overall, in absolute terms the South West London population has seen an increase of 6,662 year on year and 4,818 over the previous quarter in its normalised weighted population.

It is important to note that growth is net of list reduction emanating from the list maintenance QIPP project which is difficult to quantify.






2. QIPP Initiatives

The total planned QIPP for Primary Care across London Region is £12.7m of which £2.7m relates to SW London. There is a recognition that there will be a shortfall in QIPP savings target after risk rating of all schemes.

Following the national direction that all PMS premium savings must be re-invested within Primary Care within the same CCG area, the plans for cash-releasing QIPP are being re-visited. A review of the schemes that other NHS England regions have developed across Primary Care has been carried out and this identified very limited opportunities. The region can no longer rely on some of the national schemes to support QIPP delivery and this represents a significant risk to the financial position. At present at regional level, c£3m of the target £12.7m Medical services QIPP is supported by schemes. The region is now seeking further mitigations and non-recurrent measures (such as release of accruals) to address the 2015/16 shortfall. As a result,

- A) A QIPP delivery group is being proposed to support with identifying further opportunities and enable sharing of QIPP schemes across areas of London.
- B) An external QIPP review led by North East London Commissioning Support Unit (CSU) commissioned by NHS England is now underway the purpose of which is to identify additional opportunities across London.

QIPP schemes

Schemes	Planned savings		Expected Delivery
	London Region	SWL	SWL
	£'000	£'000	
Routine List Maintenance	-1,000	-160	
Clinical waste	-1,500	-240	
APMS Procurements & Renegotiations	-500	-80	
Alternative savings opportunities		-622	
Un- identified QIPP	-9,700	-1,552	
Total	-12,700	-2,654	

Routine list maintenance: It is difficult to quantify savings generated to date from the on-going list maintenance exercise as this is masked by new population growth and an element of re-registration of patients removed from the list via FP69s. The net year to date population growth across SW London in quarter 2 (1st July) was 0.3% an annual equivalent of 0.9% compared to 1.3% in the plan.

Following a review of the 2014/15 actual outturn to date, £2m (full year effect) of accruals have been identified for release to support the QIPP shortfall. Settlement of all of the prior year liabilities remains outstanding, in particular premises reimbursement for CHP & NHSPS landlords. Work is continuing to finalise all these areas as the validated information becomes available.

Key Risk Areas	Mitigation Action	Impact YTD
QIPP under achievement.	Alternative savings opportunities to be identified in order to make up for shortfall in savings.	Year to date deficit.

3. Appendix A details each CCG's financial performance for the 6 months to the end of September.

3.1 Croydon

Six months results to 30th September are showing largely a breakeven position. This comprises overspend due to under-delivered QIPP (£321k) offset by underspends resulting from non-recurrent claw back of overpayments to a couple of practices on core services. The forecast year end outturn variance based on month 6 is an overspend of £290k (0.6%) comprising £415k QIPP under-achievement, offset by £125k underspend on core services.

Croydon's weighted population has increased by 0.6% year on year from April 2014 to April 2015.

There has been a growth of 0.3% in the second quarter (July 2015) over the first quarter of the current year (April 2015).

3.2 Kingston

Six months results to 30th September are showing an overspend of £118k (1%) largely due to under achievement of planned QIPP savings to date offset by underspend on core services which will smooth over the course of the year.

The forecast year end outturn variance based on month 6 is an overspend of £161k (0.7%) comprising £218k QIPP under-achievement and a slight overspend on core services.

Kingston's weighted population has increased by 0.9% year on year from April 2014 to April 2015.

There has been a growth of 0.3% in the second quarter (July 2015) over the first quarter of the current year (April 2015).

3.3 Richmond

Six months results to 30th September are showing a slight overspend of £168k (1.5%) largely due to under achievement of planned QIPP savings to date. Other causes of the overspend are cost pressures emanating from QOF offset by the release of 2014/15 unutilised accruals. There's been a slight non-recurrent overspend on premises.

The forecast year end outturn variance based on month 6 is an overspend of £233k (1%) which is largely due to QIPP under-achievement.

Richmond's weighted population has increased by 0.1% year on year from April 2014 to April 2015.

There has been a growth of 0.5% in the second quarter (July 2015) over the first quarter of the current year (April 2015).

3.4 Sutton

Six months results to 30th September are showing a breakeven position which comprises £170k overspend due to QIPP under achievement offset by underspends in core services and premises costs which will smooth over the course of the year.

The forecast year end outturn variance based on month 6 is an overspend of £220k (0.9%) comprising £220k QIPP under-achievement and slight overspend on QOF offset by underspends on seniority costs.

Sutton's weighted population has increased by 0.3% year on year from April 2014 to April 2015.

There has been a growth of 0.2% in the second quarter (July 2015) over the first quarter of the current year (April 2015).

3.5 Merton

Six months results to 30th September are showing a slight overspend of £44k (0.3%) largely due to under achievement of planned QIPP savings to date. Other causes of the overspend are cost pressures emanating from QOF offset by the non-recurrent benefit from 2014/15 accruals write back.

The forecast year end outturn variance based on month 6 is an overspend of £259k (1%) comprising £248k QIPP under-achievement and a slight underspend on core services.

Merton's weighted population plateaued year on year from April 2014 to April 2015.

There has been a growth of 0.3% in the second quarter (July 2015) over the first quarter of the current year (April 2015).

3.6 Wandsworth

Six months results to 30th September are showing a slight overspend of £337k (1.5%) largely due to under achievement of planned QIPP savings to date. Other causes of the overspend are cost pressures emanating from QOF offset by non-recurrent benefit from 2014/15 accruals write back.

The forecast year end outturn variance based on month 6 is an overspend of £417k (0.9%) which is largely due to QIPP under-achievement and a slight underspend on seniority.

Wandsworth's weighted population saw a 0.7% growth year on year from April 2014 to April 2015.

There has been a growth of 0.4% in the second quarter (July 2015) over the first quarter of the current year (April 2015).

4. Forecast Year End Position

Based on month 6 results the Medical services budget is forecast to be **£1.6m (0.8%)** overspent. Given the the fact that there are no risk reserves to augment any overspends, it would be cautious to note that there is a risk that the overspend on medical services may increase.

Overall based on month 6 results, there is now an improvement on the year to date position due to mitigation actions put in place by management such as the release of 2014/15 accruals and reservation of the uncommitted balance of the 1% non-recurrent headroom.

All CCGs have been asked to consider any further PC QIPP savings that may be available in 2015/16 and what transformational QIPP could be available to support PC investment in 2016/17. A QIPP requirement in 2016/17 is likely be in the region of 0.5-1% given London's capitation position.

5. Exclusions

This report excludes:

- Surplus brought forward from 2014/15 across all services of the Primary care budgets.
- 1% headroom is also excluded from this report.

Prepared by

NHSE England Primary Care Finance Team

6. Comment from Acting Chair of Finance and Contracting Sub Committee:

The financial summary above includes the benefit of £1m of writeback of 2014/15 accruals against specific contract lines. For the next months report, we have asked NHSE to clearly show the recurrent position of each CCG, which is then reduced for non-recurrent items to give an in-year position.

We are also completing analysis to make the 2014/15 historical spend more meaningful at practice and borough level (e.g. especially Merton). We would expect this to be updated for Month 8 reporting.

Given the adverse performance in addressing the QIPP target for 2015/16, NHSE has written to CCGs in London outlining the following:

- (i) NHSE steps to review that QIPP delivery has been maximised in 2015/16,
- (ii) NHSE to use non-recurrent sources to manage the gap in 2015/16 (e.g. write back of 14/15 accruals, use non-recurrent contingencies, favourable position on other primary care budgets), and
- (iii) a request to CCGs to contribute to the residual gap in 2015/16 (circa £3m across London), and to work collaboratively to address the larger recurrent gap.

CCGs are considering a London wide response to the letter which will be finalised on 6 November. The response will reflect that SWL CCGs are currently co-commissioners and do not hold financial responsibility for primary care in 2015/16, whilst recognising the longer term funding gap can only be resolved with joint working.

There is little doubt that the primary care budgets for 2016/17, whether delegated or co-commissioned, will open with a significant recurrent deficit equivalent to the 2015/16 QIPP target (£2.7m) plus any further funding shortfall in 2016/17 budgets. The analysis by NHSE is expected to indicate that the QIPP opportunity for primary care is much smaller than the QIPP target.

Although a due diligence engagement has been commissioned, any CCG considering taking on full delegation from 2016/17 must do so in the full knowledge of the current recurrent funding gap of £2.7m in GP primary care budgets.