

NHS England - London Region
 Financial Reports – 10 Months to 31st January 2016
 South West London Primary Medical Services

1. Overview:

The overall financial position for South West London Primary Medical services is showing an overspend of £1,093k against issued budgets for year to 10 months ending 31st January. This includes the release of £1,042k non-recurrent 2014/15 accruals.

Overspend is largely due to under-achieved planned QIPP savings. The year to date position comprises underspends (before QIPP and prior year accruals) on PMS **£99k**, GMS **£77k**, APM **£51k** offset by an overspend on other medical services. There has been a slight improvement on the forecast outturn at £1.3m overspend, driven by the QIPP shortfall but including further non-recurrent mitigations. Work is continuing across Primary Care within NHS England to mitigate the overall position.

Primary Medical Services Expenditure Summary

The expenditure summary for South West London for 10 months to 31st January 2016 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 | Forecast Variance | Forecast % Variance | 2014/15 Outturn |
| | £000's | £000's | £000's | £000's | £000's | £000's | % | £000's |
| PMS | 141,005 | 117,499 | 117,400 | (99) | 140,876 | (129) | -0.1% | 139,643 |
| GMS | 40,705 | 33,914 | 33,837 | (77) | 40,634 | (71) | -0.2% | 39,782 |
| APMS | 7,571 | 6,312 | 6,261 | (51) | 7,527 | (44) | -0.6% | (10,160) |
| Other Medical Services | 90 | 74 | 224 | 150 | 270 | 180 | 200.0% | 49 |
| Prior Year Accruals | 0 | 0 | (1,042) | (1,042) | (1,250) | (1,250) | | 0 |
| QIPP | (2,654) | (2,212) | 0 | 2,212 | 0 | 2,654 | 100.0% | 0 |
| Total Primary Care Medical Services | 186,717 | 155,587 | 156,680 | 1,093 | 188,057 | 1,340 | 0.7% | 169,314 |

| Croydon CCG | | | | | | | | |
|--|---------------|---------------|------------------------|--------------|---------------|-------------------|---------------------|-----------------|
| Service | Annual Budget | YTD Budget | YTD Actual Expenditure | YTD Variance | Forecast | Forecast Variance | Forecast % Variance | 2014/15 Outturn |
| | £000's | £000's | £000's | £000's | £000's | £000's | % | £000's |
| PMS | 39,022 | 32,517 | 32,470 | (47) | 38,951 | (71) | -0.2% | 39,467 |
| GMS | 3,849 | 3,206 | 3,184 | (22) | 3,810 | (39) | -1.0% | 3,457 |
| APMS | 3,149 | 2,625 | 2,646 | 21 | 3,156 | 7 | 0.2% | 2,506 |
| Other Medical Services | 23 | 19 | 24 | 5 | 29 | 6 | 26.1% | 1 |
| Prior Year Accruals | 0 | 0 | (202) | (202) | (243) | (243) | | |
| QIPP | (640) | (534) | 0 | 534 | 0 | 640 | 100.0% | |
| Total Primary Care Medical Services | 45,403 | 37,833 | 38,122 | 289 | 45,703 | 300 | 0.7% | 45,431 |

| Kingston CCG | | | | | | | | |
|------------------------|---------------|------------|------------------------|--------------|----------|-------------------|---------------------|-----------------|
| Service | Annual Budget | YTD Budget | YTD Actual Expenditure | YTD Variance | Forecast | Forecast Variance | Forecast % Variance | 2014/15 Outturn |
| | £000's | £000's | £000's | £000's | £000's | £000's | % | £000's |
| PMS | 11,981 | 9,985 | 9,923 | (62) | 11,909 | (72) | -0.6% | 12,350 |
| GMS | 10,269 | 8,555 | 8,566 | 11 | 10,294 | 25 | 0.2% | 10,219 |
| APMS | 1,571 | 1,309 | 1,255 | (54) | 1,548 | (23) | -1.5% | (15,512) |
| Other Medical Services | 11 | 9 | 21 | 12 | 25 | 14 | 127.3% | (2) |

| | | | | | | | | |
|--|---------------|---------------|---------------|-----------|---------------|------------|-------------|--------------|
| Prior Year Accruals | 0 | 0 | (130) | (130) | (156) | (156) | | |
| QIPP | (337) | (281) | 0 | 281 | 0 | 337 | 100.0% | |
| Total Primary Care Medical Services | 23,495 | 19,577 | 19,635 | 58 | 23,620 | 125 | 0.5% | 7,055 |

| | | | | | | | | |
|--|---------------|---------------|---------------|------------|---------------|------------|-------------|---------------|
| Richmond CCG | | | | | | | | |
| PMS | 2,124 | 1,769 | 1,770 | 1 | 2,126 | 2 | 0.1% | 2,179 |
| GMS | 20,687 | 17,237 | 17,216 | (21) | 20,677 | (10) | 0.0% | 20,357 |
| APMS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 |
| Other Medical Services | 11 | 9 | 14 | 5 | 17 | 6 | 54.5% | 12 |
| Prior Year Accruals | 0 | 0 | (120) | (120) | (144) | (144) | | |
| QIPP | (320) | (266) | 0 | 266 | 0 | 320 | 100.0% | |
| Total Primary Care Medical Services | 22,502 | 18,749 | 18,880 | 131 | 22,676 | 174 | 0.8% | 22,548 |


| | | | | | | | | |
|--|---------------|---------------|---------------|------------|---------------|------------|-------------|---------------|
| Sutton CCG | | | | | | | | |
| PMS | 23,215 | 19,345 | 19,364 | 19 | 23,259 | 44 | 0.2% | 22,811 |
| GMS | 574 | 478 | 472 | (6) | 569 | (5) | -0.9% | 542 |
| APMS | 239 | 201 | 190 | (11) | 200 | (39) | -16.3% | 300 |
| Other Medical Services | 11 | 9 | 48 | 39 | 58 | 47 | 427.3% | 7 |
| Prior Year Accruals | 0 | 0 | (185) | (185) | (221) | (221) | | |
| QIPP | (339) | (283) | 0 | 283 | 0 | 339 | 100.0% | |
| Total Primary Care Medical Services | 23,700 | 19,750 | 19,889 | 139 | 23,865 | 165 | 0.7% | 23,660 |

| | | | | | | | | |
|--|---------------|---------------|---------------|------------|---------------|------------|-------------|---------------|
| Merton CCG | | | | | | | | |
| PMS | 26,419 | 22,014 | 21,942 | (72) | 26,324 | (95) | -0.4% | 25,450 |
| GMS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 3 |
| APMS | 813 | 676 | 677 | 1 | 813 | 0 | 0.0% | 875 |
| Other Medical Services | 12 | 10 | 53 | 43 | 64 | 52 | 433.3% | 8 |
| Prior Year Accruals | 0 | 0 | (107) | (107) | (129) | (129) | | |
| QIPP | (383) | (319) | 0 | 319 | 0 | 383 | 100.0% | |
| Total Primary Care Medical Services | 26,861 | 22,381 | 22,565 | 184 | 27,072 | 211 | 0.8% | 26,336 |

| | | | | | | | | |
|--|---------------|---------------|---------------|------------|---------------|------------|-------------|---------------|
| Wandsworth CCG | | | | | | | | |
| PMS | 38,244 | 31,869 | 31,931 | 62 | 38,307 | 63 | 0.2% | 37,386 |
| GMS | 5,326 | 4,438 | 4,399 | (39) | 5,284 | (42) | -0.8% | 5,204 |
| APMS | 1,799 | 1,501 | 1,493 | (8) | 1,810 | 11 | 0.6% | 1,671 |
| Other Medical Services | 22 | 18 | 64 | 46 | 77 | 55 | 250.0% | 23 |
| Prior Year Accruals | 0 | 0 | (298) | (298) | (357) | (357) | | |
| QIPP | (635) | (529) | 0 | 529 | 0 | 635 | 100.0% | |
| Total Primary Care Medical Services | 44,756 | 37,297 | 37,589 | 292 | 45,121 | 365 | 0.8% | 44,284 |

Brackets denote underspend

1.1 Medical Services

| | | |
|---|---------|---|
| Key Financial Indicator : Medical: Over/(Under) spend against budget | £1,093k |  |
|---|---------|---|

Medical services are showing an overspend of £1,093k (0.7%) of which £2,212k is attributable to QIPP under-delivery offset by a non-recurrent release of 2014/15 accruals (£1,042k) across South West London. Other factors include cost pressures emanating from QOF (£775k) and unplanned non recurrent non-contractual costs such as patient transport costs offset by underspends on seniority cost and core contracts as analysed below by CCG. The underspend on seniority cost is due to contractual changes emanating from a phased reduction in seniority payments over 6 years which has been reinvested in core services effective from October 2015.

This represents an improvement over month 9 in varying degrees across SWL CCGs due to benefit seen on core services from less than planned demographic growth.

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.

Capitation Report

| CCG | Normalised weighted list as at 01/04/2014 | Normalised weighted list as at 01/04/2015 | Year on Year % Movement | Normalised weighted list as at 01/07/2015 | Normalised weighted list as at 01/10/2015 | Normalised weighted list as at 01/01/2016 | Movement YTD | % Movement YTD |
|------------------|---|---|-------------------------|---|---|---|---------------|----------------|
| Croydon | 363,747 | 365,839 | 0.6% | 366,903 | 367,681 | 367,862 | 2,022 | 0.6% |
| Kingston | 174,085 | 175,703 | 0.9% | 176,186 | 178,056 | 177,153 | 1,450 | 0.8% |
| Merton | 191,811 | 191,797 | 0.0% | 192,432 | 195,454 | 193,870 | 2,073 | 1.1% |
| Richmond | 185,085 | 185,210 | 0.1% | 186,062 | 187,424 | 187,765 | 2,555 | 1.4% |
| Sutton | 176,602 | 177,219 | 0.3% | 177,638 | 177,850 | 178,284 | 1,066 | 0.6% |
| Wandsworth | 334,159 | 336,383 | 0.7% | 337,748 | 337,270 | 339,278 | 2,895 | 0.9% |
| Total SWL | 1,425,489 | 1,432,152 | 0.5% | 1,436,969 | 1,443,734 | 1,444,212 | 12,060 | 0.8% |

There has been a year on year growth of 0.5% in South West London's weighted population from April 2014 to April 2015. The capitation report shows a growth of **0.8%** for the four quarters of the current year to 1st January 2016.. Demographic growth has been funded at 1.3% in 2015/16 financial plan, therefore demographic growth is adequately covered on an aggregate basis.

Having received the capitation report for the final quarter of the current year, benefits from lower than budgeted growth have now been factored in to the YTD and forecast position where applicable, with the actual cost pressure emanating from population growth now being incorporated into the CCG level reports to date. In line with expectation, there are variations for individual CCGs as indicated in the above.

Overall, in absolute terms the South West London population has seen an increase of 6,662 year on year and 12,060 year to date 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 will be significant under-delivery on the recurrent savings required on Medical services in 2015/16. Delivery on identified schemes will be maximised for recurrent impact in 2016/17.

Following the national direction that all PMS premium savings must be re-invested within Primary Care within the same CCG area, other plans for cash-releasing QIPP are required. 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 has sought mitigation for the QIPP shortfall in 2015/16 and identified sufficient from the residual non-recurrent headroom (after national and local commitments), underspends on other Primary Care budgets and the full use of non-medical contingency to ensure the financial plan is delivered this year. The focus is now on identifying NHS England transactional savings (such as list cleansing, re-procurement clinical waste etc) for 2016/17 as well as the recurrent impact from the 15/16 schemes such as the rate re-bates. Where these are not directly linked into a particular geography the savings from these will be distributed amongst CCGs on a fair shares basis.

NHS England commissioners will continue to work jointly with CCGs and increasingly SPGs to identify transformational efficiencies within local Health Economies, including Premises savings which was an area identified for potential savings by the QIPP review.

| Key Risk Areas | Mitigation Action | Impact YTD |
|-------------------------|---|-----------------------|
| QIPP under achievement. | Alternative savings / mitigation 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 10 months to the end of January.

3.1 Croydon

Ten months results to 31st January are showing an overspend of £289k (0.8%) of which £534k is attributable to under-delivered QIPP offset by underspends on core services, premises costs, seniority cost and a non-recurrent benefit from 2014/15 accruals. The underspend on seniority cost is due to contractual changes emanating from a phased reduction in seniority payments over six years which has been reinvested in core services effective from October 2015.

This represents an improvement over month 9 due to benefit seen on core services from less than planned demographic growth.

The forecast year end outturn variance based on month 10 is an overspend of £300k (0.7%) comprising £640k QIPP under-achievement, £232k overspend on QOF offset by underspend on core services (£229k), premises cost (£91k) and a non-recurrent benefit on prior year accruals (£243k).

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

There has been a growth of 0.6% (2,022 weighted population) for the 4 quarters to 1st January 2016.

3.2 Kingston

Ten months results to 31st January are showing an overspend of £58k (0.3%) of which £281k is attributable to under-delivered QIPP offset by underspends on premises cost and a non-recurrent benefit from 2014/15 accruals. Other causes of the overspend are cost pressures emanating from QOF and discretionary payments such as locum GP cost for maternity cover.

This represents an improvement over month 9 due to benefit seen on core services from less than planned demographic growth.

The forecast year end outturn variance based on month 10 is an overspend of £125k (0.5%) comprising £337k QIPP under-achievement and underspend on premises costs (£119k), seniority costs and a non-recurrent benefit on prior year accruals (£156k).

The underspend on seniority cost is due to contractual changes emanating from a phased reduction in seniority payments over six years which has been reinvested in core services effective from October 2015.

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

There has been a growth of 0.8% (1,450 weighted population) for the 4 quarters to 1st January 2016.

3.3 Richmond

Ten months results to 31st January are showing an overspend of £131k (0.7%) of which £266k is attributable to under-delivered QIPP offset by an underspend on seniority cost and a non-recurrent benefit from 2014/15 accruals. The underspend on seniority cost is due to contractual changes emanating from a phased reduction in seniority payments over six years which has been reinvested in core services effective from October 2015. Other causes of the overspend are cost pressures emanating from QOF.

This represents an improvement over month 9 due to benefit seen on core services from less than planned demographic growth.

The forecast year end outturn variance based on month 10 is an overspend of £174k (0.8%) comprising £320k QIPP under-achievement and a slight overspend on QOF offset by underspends on seniority (£41k), Enhanced services (£36k) and a non-recurrent benefit on prior year accruals (£144k).

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

There has been a growth of 1.4% (2,555 weighted population) for the 4 quarters to 1st January 2016.

3.4 Sutton

Ten months results to 31st January are showing an overspend of £139k (0.7%) of which £283k is attributable to under-delivered QIPP offset by an underspend on seniority cost and a non-recurrent benefit from 2014/15 accruals. The underspend on seniority cost is due to contractual changes emanating from a phased reduction in seniority payments over six years which has been reinvested in core services effective from October 2015.

Other causes of the overspend are cost pressures on QOF and other non-contractual costs such as patient transportation costs.

The forecast year end outturn variance based on month 10 is an overspend of £165k (0.7%) comprising £339k QIPP under-achievement, overspend on QOF (£200k), offset by underspends on seniority cost (£105k) and a non-recurrent benefit on prior year accruals (£221k).

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

There has been a growth of 0.6% (1,066 weighted population) for the 4 quarters to 1st January 2016.

3.5 Merton

Ten months results to 31st January are showing an overspend of £184k (0.8%) of which £319k is attributable to under-delivered QIPP offset by an underspend on core services, seniority cost and a non-recurrent benefit from 2014/15 accruals. The underspend on seniority cost is due to contractual changes emanating from a phased reduction in seniority payments over six years which has been reinvested in core services effective from October 2015.

This represents a slight improvement over month 9 due to benefit seen on core services from less than planned demographic growth.

Other causes of the overspend are cost pressures emanating from QOF (£88k), premises cost and other non-contractual costs such as premises valuation.

The forecast year end outturn variance based on month 10 is an overspend of £211k (0.8%) comprising £383k QIPP under-achievement, overspends on QOF (£105k), offset by underspends on core services (£91k) seniority cost (£66k) and a non-recurrent benefit on prior year accruals (£129k).

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

There has been a growth of 1.1% (2,073 weighted population) for the 4 quarters to 1st January 2016.

3.6 Wandsworth

Ten months results to 31st January are showing an overspend of £292k (0.8%) of which £529k is attributable to under-delivered QIPP offset by an underspend on core services, seniority cost and a non-recurrent benefit from 2014/15 accruals. The underspend on seniority cost is due to contractual changes emanating from a phased reduction in seniority payments over six years which has been reinvested in core services effective from October 2015.

This represents a slight improvement over month 9 due to benefit seen on core services from less than planned demographic growth.

Other causes of the overspend are cost pressures emanating from QOF, Enhanced services and non-contractual costs such as patient transportation cost.

The forecast year end outturn variance based on month 10 is an overspend of £365k (0.8%) comprising £635k QIPP under-achievement, overspends on QOF (£190k), offset by an underspend on seniority cost (£118k), core services (£107k) and a non-recurrent benefit on prior year accruals (£357k).

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

There has been a growth of 0.9% (2,895 weighted population) for the 4 quarters to 1st January 2016.

4. Forecast Year End Position

Based on month 10 results the Medical services budget is forecast to be **£1.3m (0.7%)** overspent due to the QIPP position. Given the fact that there are no further Medical Services risk reserves to offset any overspends, it would be cautious to note that there is a risk overspends may increase.

Overall based on month 10 results, the forecast outturn has slightly improved over month 9 reported figure due to a slight savings on demographic growth cost, 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 in London were all written to by NHS England regarding the QIPP position for 2015/16 and the joint response from Andrew Bland has been noted. In line with the response, NHS England has now confirmed it will fully mitigate the QIPP shortfall and expects to meet any further pressures. Whilst this has largely involved non-recurrent actions, there will be some further recurrent benefits from 2015/16 schemes and the rate reviews. CCG-based Primary Care Medical budgets have now been published for the next 5 years.

A Primary Care Technical Group has been established with representatives of all London SPGs to work with NHS England to understand the co-commissioned / delegated pressures and recommend options for budget-setting for 2016/17. Subject to the Comprehensive Spending Review settlement and allocations, there is likely to be a QIPP requirement for 2016/17 of 1-1.5% (similar to 2015/16), including any brought-forward recurrent pressures.

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.