

Annex 1: Funding analysis of the GP Forward View

The GP Forward View significantly increases the funding available to general practice

The GP Forward View has announced a significant increase in the level of investment in primary care, and specifically to general practice. Investment to general practice services will rise by a recurrent £2.4bn by 2020/21, which will increase the proportion of investment going into general practice to over 10%. This is slightly lower than the 11%, or £2.5bn, we have asked for, but will take longer to deliver than much of the profession needs.

NHS England expects this funding to be supplemented by CCGs from commissioning local out of hospital services from practices, which would increase the spend in general practice further. This may be a challenge for some CCGs facing deficits, though as a principle GPC believes it is vital that funding follows where care is delivered.

The recurrent £2.4bn investment is primarily made up of

- An £1.8bn increase in commissioning allocations to primary care, which was announced at the end of 2015. However this is now specifically committed to general practice as opposed to “primary care”
- An additional £0.6bn from within the overall spending review allocation.
- The £2.4bn investment includes £500m by 2020/21 to enable CCGs to commission and fund extra capacity across England and provide appointments at evenings and weekends to meet local demand. This will replace the £100m per annum non-recurrent funding currently allocated through the Prime Minister’s Challenge Fund/GP Access Fund. However under the new arrangements a much lower amount per patient will be made available to providers of this service and they will therefore have to adjust their appointment provision accordingly. (The GP Forward View specifies that it is for local commissioners to determine the level of routine capacity needed in evenings and weekends.)

It is also unclear how exactly the extra £2.4bn will be distributed between now and 2020/21. Figure 1 depicts a graph of cash terms investment in general practice that is included in the GP Forward View. This indicates that the current plan appears to be that it will be distributed equally up to 2020/21. The BMA’s GP committee will be challenging this modelling as it seeks to secure front-loading of the funding to better deal with the current crisis in general practice.

Figure 1¹ - general practice investment 2003/4 - 2020/21

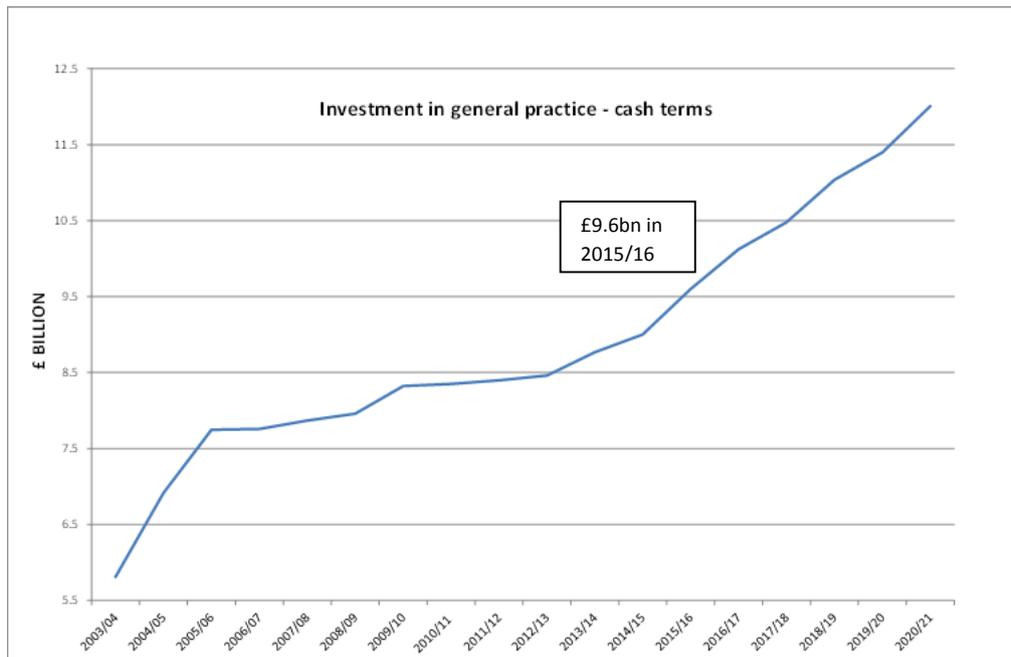


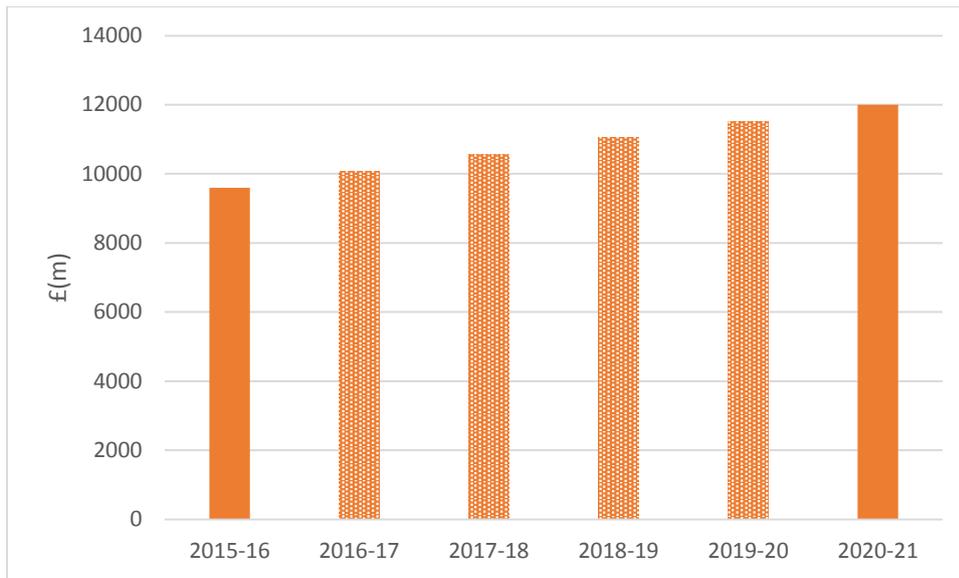
Figure 2 shows the recurrent funding announced by the GP Forward View for 2015/16 to 2020/21 in cash terms.

The GP Forward view states that: *“By investing a further £2.4 billion a year by 2020/21 into general practice services. This means that investment will rise from £9.6bn a year in 2015/16 to over £12bn a year by 2020/21.”*

In Figure 2 we have assumed that this recurrent fund is distributed equally over the five years (i.e. an increase of £480m per year). In 2016/17 £322 million of this funding has been allocated out to local teams and CCGs to cover the costs of contract rises, beyond the original £220 million agreed uplift to the GMS contract.

¹ Provided by NHS England

Figure 2 - General practice allocations (equal distributions) 2015/16 - 2020/21

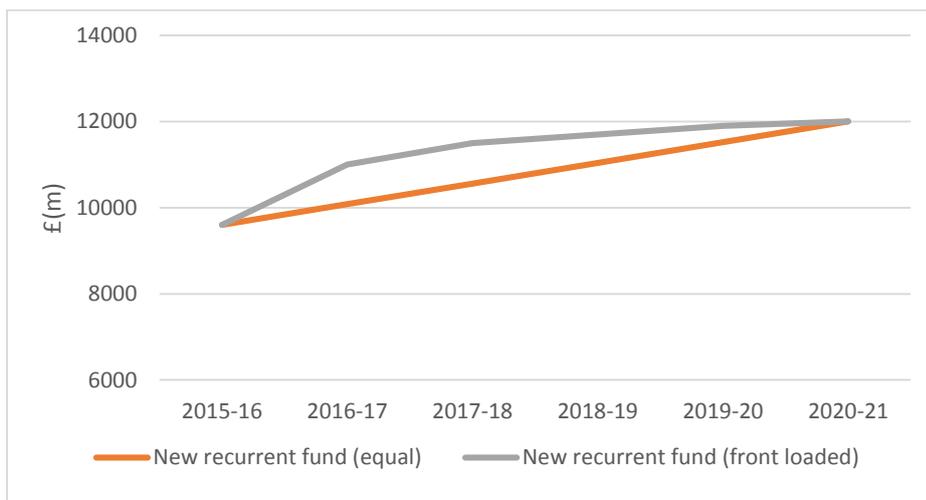


For the purposes of this analysis we have assumed two different possible scenarios of how the money might be allocated over the five years – equal distribution and front loading.

Figure 3 sets these two scenarios out in further detail.

This includes the possible equal distribution of £480m² per year starting at £9.6b in 2015/16 to £12b in 2020/21, but also an alternative scenario which has not been ruled out by NHS England where funding is front loaded. Our front loaded scenario again starts at £9.6b in 2015/16 but has assumed a greater increase in the first three years, until £12b is reached in 2020/21.

Figure 3 - General practice allocations (estimated distributions) 2015/16 - 2020/21



In addition to the £2.4bn extra recurrent funding, NHS England have announced one off extra investment such as the Sustainability and Transformation fund, as well as contributions made locally

² For 2016/17 £322 million of this funding has been allocated out to local teams and CCGs to cover the costs of contract rises

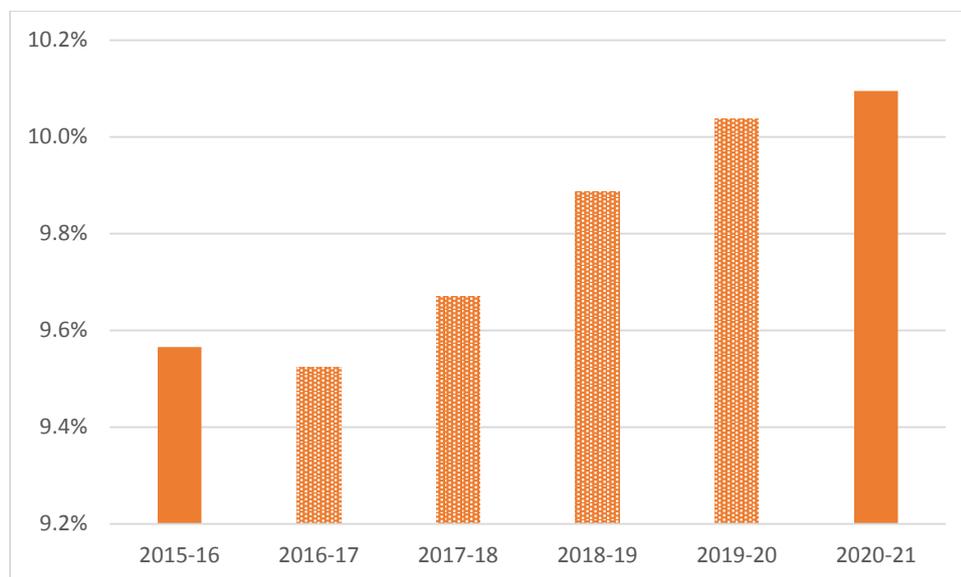
by CCGs, however assumptions cannot be made on how much the latter will be and when it will be invested. These additional funding streams are discussed later in the document.

The GP Forward View increases the general practice share of the NHS budget

Figure 4 and Figure 5 illustrate the increase in the share of the NHS budget going to general practice as a result of the GP Forward View. With the new recurrent funding announced in the GP Forward View at £9.6bn in 2015/16, the general practice share of the NHS budget is 9.6%. By 2020/21 the general practice share of the NHS budget increases to 10.1%.

The exact share of the NHS budget for the years in between is still not yet confirmed. We have therefore estimated it here assuming a likely equal distribution of the new recurrent funding across the five years. Overall, this represents a 14% real term increase in funding for general practice between 2015/16 and 2020/21, higher than the increase in funding across the rest of the NHS³.

Figure 4 - General practice share of the NHS budget (equal distribution) 2015/16 - 2020/21



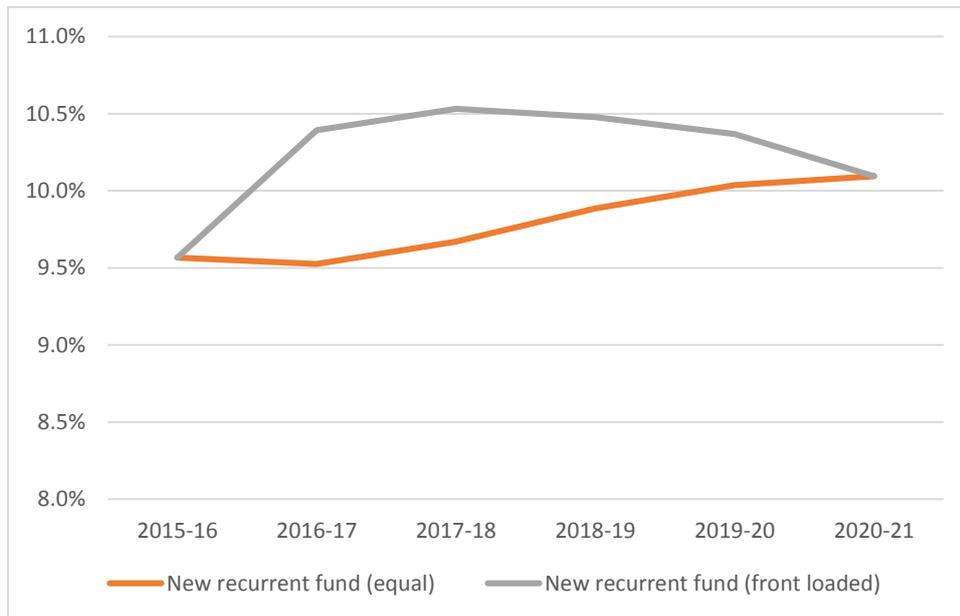
NB. General practice funding as a share of the NHS budget will drop in 2016/17, before rising again. This is because the total NHS budget between 2015/16 and 2016/17 rises faster than GP funding between these years (if GP funding is equally distributed). Hence the BMA's GP committee will seek to secure front-loading of the funding to better deal with the current crisis in general practice.

Figure 5 sets out how that share varies depending on how the funding is distributed between 2015/16 and 2020/21 by looking at our equal and front loaded funding distribution scenarios.

It is worth noting that the general practice share of the NHS budget is predicted to increase further due to increased local investment in general practice by CCGs, as part of moving care out of hospital. It is unclear how much this will be, as it will be determined locally and is likely to vary across the country. It is highly likely that other funding challenges will influence how much CCGs will be able to invest in general practice.

³ The GP Forward View document states that funding across the rest of the NHS will increase by 8% between 2015/16 and 2020/21.

Figure 5 - General practice share of the NHS budget (estimated distribution) 2015/16 - 2020/21



The impact of funding on expenses

It is difficult to know how the new £2.4bn recurrent funding set out in the GP Forward View will impact GP expenses. It is unclear how the new funding will make its way into practices and therefore difficult to determine its impact on the Expenses to Earnings Ratio which was last reported as 63.5% in 2013/4 for the UK. However it should be noted that a significant amount of any new funding will be used to cover practice expenses, as was the case with the major part of the £220m contract investment for 2016/17.

Health funding is rising quicker than that of other departments

Having examined the extra £2.4bn funding going to general practice until 2020/21, this section examines what this means in the overall context of government spending. The 2015 spending review⁴ sets out the planned funding available to all departments (total expenditure limits) from 2015/16 to 2019/2020⁵.

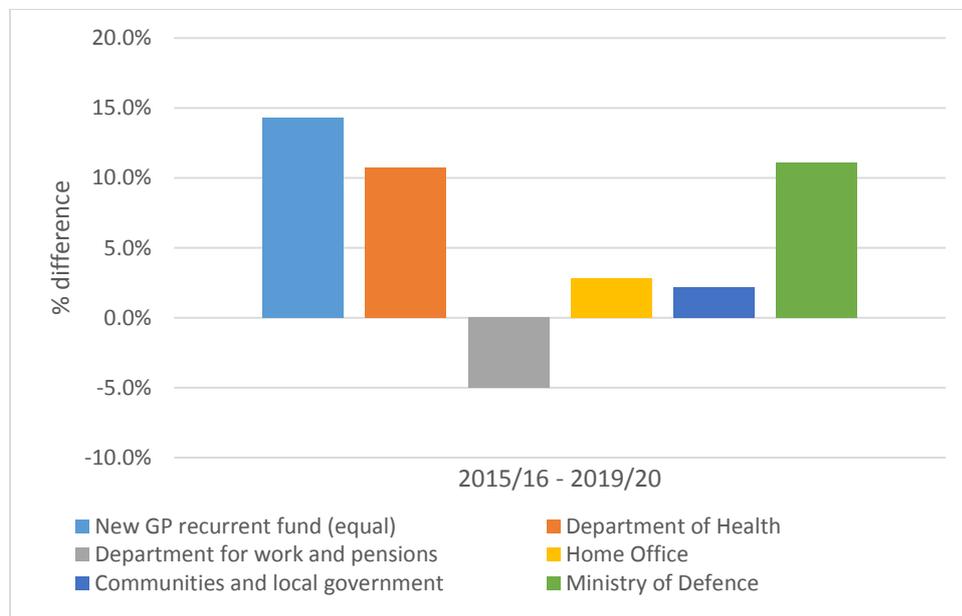
Figure 6 shows that many departments' cash terms funding allocations between 2015/16 to 2019/20 are rising at a slower rate than that for general practice, or even decreasing. For example, the nominal funding allocated to the Department for Work and Pensions between 2015/16 and 2019/20 will decrease by 5% and Communities and Local Government will see its funding increase by only 2.2%. Within this context overall health funding (Department of Health) is rising by 10.7% up to 2019/20.

⁴ HM Treasury (2015) Spending review and Autumn statement

⁵ The Spending Review 2015 only publishes DEL up to 2019/20 for some departments.

As part of this, the amount allocated to general practice will now increase by 14.3% in **cash** terms between 2015/16 and 2019/20⁶, taking into account the additional recurrent £2.4bn funding announced in the GP Forward View. In real terms this increase between 2015/16 and 2019/20 is 11%. This will increase to 14% in 2020/21, as stated in the GP Forward View⁷.

Figure 6 - Difference in funding allocation between 2015/16 - 2019/20



Additional funding announced in the GP Forward View increases general practice funding further

In addition to the recurrent £2.4b investment announced in the GP Forward View, non-recurrent funds will also be provided to general practice.

A non-recurrent £508m Sustainability and Transformation fund

Additional funds include a £508m general practice Sustainability and Transformation package. This includes £171m from CGGs to provide a practice transformational fund. The rest is a new allocation of money to general practice. This package includes:

- £40m for a new practice resilience programme starting in 2016/17; and an extra £16m to provide specialist services to GPs suffering burnout and stress. NHS England have stated that they will work with the BMA and the RCGP to develop this programme and will consider introducing practice resilience teams.
- £206m for workforce measures to grow the medical and non-medical workforce.
- £246m to support practices redesigning services including
 - £30m for a new national development programme for general practice

NHS England have confirmed that this £337m package will not come out of core primary medical care allocations.

⁶ This will be a 25% increase up to 2020/21 in cash terms

⁷ The GP Forward View states that funding across the rest of the NHS will increase by 8%

The Sustainability and Transformation package announced in the GP Forward View is likely to be part of the wider Sustainability and Transformation Fund that was announced in the Spending Review 2015.

Other funding initiatives

There are also a number of other funding initiatives that have either already been announced or are hard to measure at this stage due to issues such as exact costs not being available or a lack of clarity on how local funding will be determined. These include:

- £900m capital investment in general practice. This is NHS England's Primary Care Transformation Fund (now called the Estates and Technology Transformation Fund) announced in December 2014.
- Increased local investment in general practice by CCGs due to the move towards more integrated primary and community services. This is a welcome commitment but as it will be determined locally it is difficult to predict how much this will be at a local level.
- Additional investment in new care models – as in the above point, this is not a funding commitment and would be difficult to predict how much extra money it would amount to.
- Review of the Carr-Hill formula to better reflect the pressures on general practice – this is work that the GPC has been exploring with NHS England.
- Tackling rising costs of indemnity. We are pleased that the GP Forward View recognises this as an issue, but it is unclear what the financial effects of the initial steps they have taken will be at this point.