

Budgets that Work

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Why set budgets for practices?

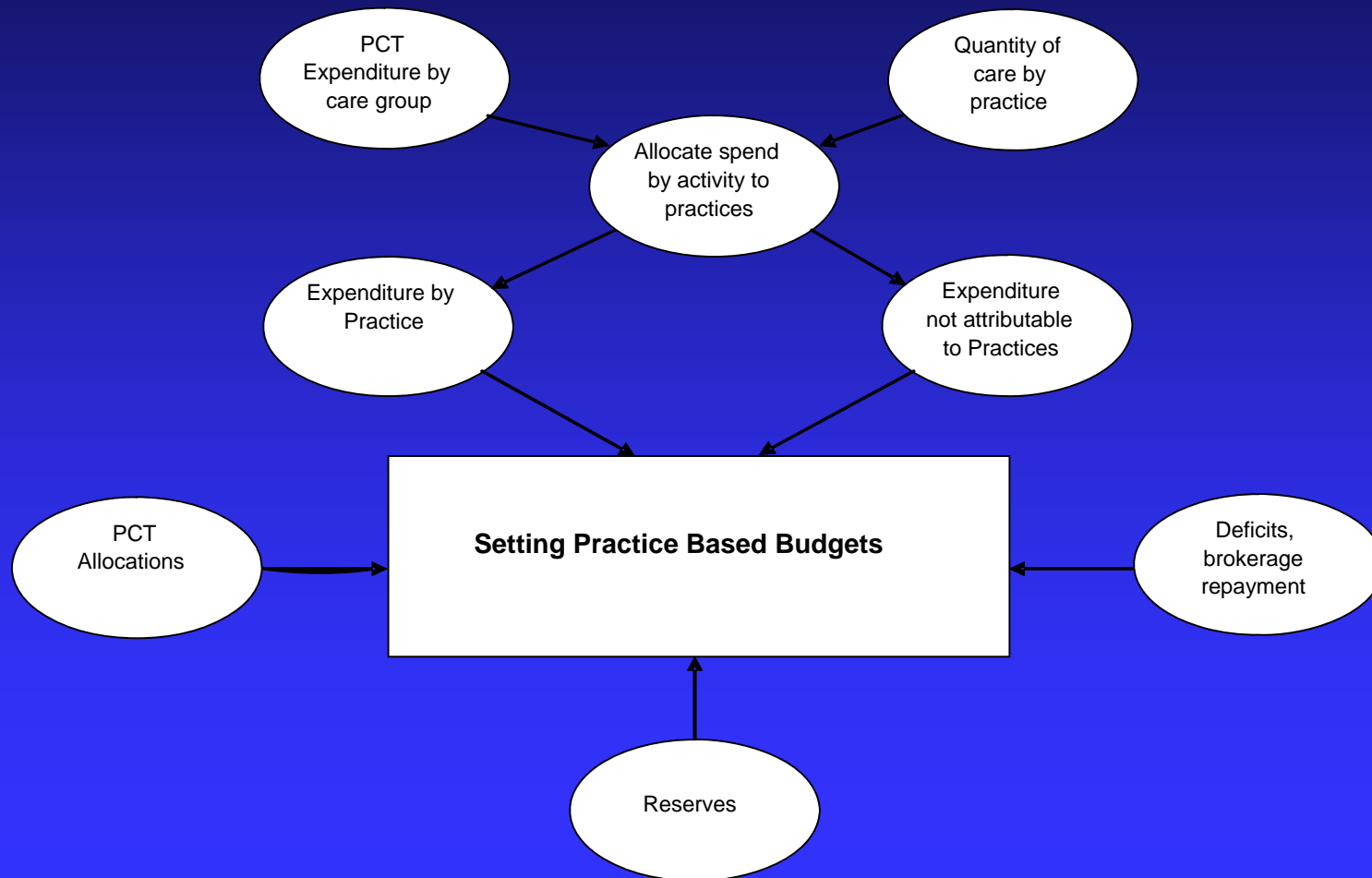
- PBC recognises that GPs already control NHS resources
- PBC links clinical decisions to financial accountability through indicative budgets
- PCTs are to become larger & more remote – practices are more responsive to local needs & patients' views
- Clinical leadership of service redesign is complemented by PBC giving clinical control of resources

Budget setting principles PBC guidance

- Transparent
- Comprehensive
- Fair
- Realistic
- Negotiated

Budget setting

Budget Setting Overview



Principles: Transparent & Comprehensive

- PCTs should set out ALL of their budgets, resources, reserves, deficits & commitments for consideration in negotiating practice budgets
- Includes recurring & non recurring and “DH allocations yet to be released”
- NHS Corporate governance already requires PCTs to report in year changes to allocations & deployment of reserves to Boards, practices should receive the same information
- PBC in effect makes PCTs joint custodian of NHS resources in partnership with practices
- PCTs cannot run “hip pocket/back of handbag” reserves – ALL resources must be in play under PBC

Principles: Fair, Realistic, Negotiated

- Start with accurate current use of services reconciled to the expenditure on them
- Move toward fair shares formula based budgets; pace of change?
- Financial equilibrium is mandatory therefore deficits & recovery plans are part of budgets
- Growth, targets & budgets should be agreed with practices as early as practicable

What is in PBC budgets?

- Nearly everything – the exclusions are specialised services, national screening & core GMS/PMS
- Practices can choose not to take responsibility for parts of their “full potential budget”
- Practices can choose to run their budget with other practices in consortia/localities

Basis of PBC budgets

Guidance advises:

- Historic use of services in 2005/06 (at current year Payment by Results tariffs)
- Prescribing formula
- Weighted Capitation shares for services where practice use is not known
- Increased to reflect changes in use since 2005/06 subject to affordability & movement toward fair shares