

Submission to health select committee public expenditure inquiry 2014: *Clarification on spending on general practice*

The Nuffield Trust's written and oral evidence to the Committee highlighted the discrepancy between different published estimates from different statutory bodies of GP spending in 2012/13 and 2013/14. The different sources for each year are shown below. The absolute sum reported as being spent on general practice varies by over £1 billion, as shown below. Note that in this table 2012/13 expenditure is shown in real terms using the June 2014 GDP deflator, to match figures included in our submission.

	HSCIC Investment in General Practice Report £000	DH Annual Accounts for 2013/14 £000	Nuffield Trust from PCT accounts	NHS England Annual Accounts £000
2012/13	£8,605,118	£ 7,839,809	£7,976,196	
2013/14	£8,752,902	£ 7,552,562		£7,590,086
Real terms change	+1.7%	-3.8%		

We have since contacted NHS England, the Department of Health, and the Health and Social Care Information Centre about these differences. The DH and NHS England figures for 2013/14 are essentially identical when taking into account “intercompany elimination” – spending cancelled out because it stays within the greater NHS system. The real difference to resolve is that between the HSCIC report and the DH annual accounts – the former shows a 1.7% real terms increase in funding whereas the latter shows a real terms decrease of 3.8%. These apparently contradict one another in reference to the same year, despite being based on the same underlying information provided by commissioners.

Officials in NHS England’s Strategic Finance directorate have provided us with a reconciliation document that explains the differences between the two sources’ 2013/14 figures in full. They are as follows, accounting for a total gap of £1.162 billion:

- Two budget lines counted by HSCIC were not counted at all towards the GP total by the DH: money spent on reimbursing GPs for dispensed drugs, and money spent by local authorities paying GPs to do public health work. This accounts for £660 million of spending included in the HSCIC total but not in the DH total.
- Two budget lines counted fully by HSCIC were mostly not counted towards the GP total by the DH: spending on IT, where much of the money does not directly reach GPs, and spending on out-of-hours care, which is since 2004 not a core GP service. These account for a further £469 million.
- The remaining £33 million is accounted for by some miscellaneous real estate related spending, updated dispensing fee figures, and errors made in the accounts but corrected before the HSCIC report.

These differences mean that the HSCIC figures are more up to date in including errors and adjustments, but also contain more funding sources which do not go towards the core primary care contract for GPs. Because IT spending and local authority investment contribute substantially to the increase in funding shown by the HSCIC from 2012/13 to 2013/14, removing them accounts for much of the difference in the trend given by the two sources.

In light of this, the best way for the Committee to reach a robust estimate for the recent trend in spending on General Practice services may be to consistently eliminate certain non-core services each year from the table shown in Annex A1 of the HSCIC report. Although exact figures will depend on which budget lines the Committee decides are not part of spending on GP services per se, this broadly shows a trend of falling spending since 2010, with this fall flattening out between 2012/13 and 2013/14.

The Nuffield Trust supports the implications of NHS England’s Five Year Forward View that carrying on this trend is not compatible with the ambitions we share for general practice. In future, GP funding will need to keep pace better with other parts of the system.

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