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Integrated Care Board

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Capitated Local Enhanced Service (LES) Principles and End of Year Projections – 2025/26

Dear Colleagues

This year, we were able to secure significant additional investment in Local Enhanced Services (LESs) across Lancashire and South Cumbria. This has provided practices with the opportunity to consistently deliver services for their patients and earn the associated funding. You will appreciate that there is rightly a considerable focus on delivery, which in turn informs future funding allocations and our ability to reinvest.

Following the recent capitated budget review shared with a subset of practices in December, a number of practices continue to report zero or minimal activity against their indicative planned activity levels **(defined as below 50%).**

These year-end principles are being shared to provide clarity and transparency, ensure activity is appropriately coded, and minimise the potential for financial recovery.

A high proportion of practices have advised that activity has been completed but not coded, highlighting the importance of timely and accurate coding and regular review of the monthly business intelligence data made available so that any adjustments can be made in-year where required. We recognise that some practices have already achieved, or are on track to achieve, their expected activity levels.

Approach to year-end payment decisions

As these LESs are capitated and do not specify minimum activity requirements; year-end payment decisions will be based on whether practices have delivered a level of activity that provides reasonable assurance of service delivery and value for money. Indicative activity levels are used for assurance purposes rather than as contractual targets.

Year-end principles

• **0% activity**: Where a practice has not delivered a service it signed up to provide, the full amount paid will be recovered for each applicable capitated LES.

• **1%–49% activity**: A proportion of the capitated payment will be recovered, aligned to the final end-of-year achievement level determined through the reconciliation methodology outlined below.

• **50% or above activity**: Practices will receive the full capitated LES payment.

Where recovery is required, practices will be able to arrange a payment plan with Finance.

Exclusions

Simple Injections and PSA activity will not be included within the **2025/26** year-end principles.

For **Simple Injections**, further work is required to review and refine the expected activity levels, as current indicative levels are not felt to accurately reflect delivery across practices. This work will be undertaken to ensure that any future expected activity levels for **2026/27** are reflective of current practice delivery.

For **PSA**, activity will also be excluded for **2025/26** while work continues to establish a more accurate and consistent representation of practice delivery.

Capitated LES's included in these principles are –

- **ECGs**
- **Phlebotomy**
- **Wound Care**

Calculating activity

The contracts run for 11 months (May–March).

We recognise that, at the start of these LESs, practices required time to establish service delivery. To account for this for the purposes of final reconciliation, end-of-year achievement will be assessed using defined averaging methodologies designed to recognise mobilisation time and reflect delivery patterns across the year.

The ICB will calculate achievement using the following approaches:

1. **Average activity delivered in Months 8–10 (November–January)** applied to estimate earlier months of delivery (May–January), with actual activity for February and March added.

2. **Average activity delivered in Months 2–10 (May–January)** applied to estimate earlier months of delivery (May–January), with actual activity for February and March added.

3. **Actual cumulative activity delivered across Months 2–12 (May–March)**

The highest resulting achievement figure will be used to determine the final end-of-year position for each practice, ensuring that delivery across the year is appropriately reflected.

Projection report

Included with this letter is a projection report showing your current year-to-date achievement (Month 2 – May to Month 10 – January).

To provide an indicative end-of-year position, the report applies an averaging methodology using:

• the average of Months 8–10; and
• the average of Months 2–10.

The higher of these two calculated averages is applied across the 11-month contract period to generate a projected end-of-year achievement.

This projection is provided for indicative purposes only and does not replace the final reconciliation calculation, which will apply the full three-scenario reconciliation methodology outlined above once actual February and March activity is available.

For each LES, the report will show whether a recovery of funds is required based on projected achievement. It will include:

• the total achievable payment
• the actual payment payable (where recovery applies)
• the recovery amount

Where no recovery is required, this will be shown as "N/A", and the full achievable payment will be paid.

Payment and recovery

Practices achieving below **50%** of expected activity for a LES will be paid based on the proportion of activity delivered, as determined by the final end-of-year achievement figure calculated using the reconciliation methodology outlined above.

For example, if the total achievable payment for a LES is **£1,000**:

• if **35%** of expected activity is delivered, the practice would receive **£350**
• a recovery of **£650** would apply

Any recovery of funds will be applied as part of the year-end reconciliation process.

Allowances

In setting these year-end principles for 2025/26, the ICB has applied several defined allowances to ensure a fair, proportionate and consistent approach across practices.

These include the exclusion of **PSA and Simple Injections from the 2025/26 year-end principles** and the application of a **50% activity threshold**, whereby practices **achieving 50% or above of expected activity will receive the full capitated payment.**

In addition, practices may retrospectively code eligible activity. As outlined above, multiple averaging methodologies will be applied at year end, with the highest resulting achievement level being used.

Mitigation should therefore be reserved for demonstrably exceptional circumstances.

Mitigation

Where delivery is **below 50% due to demonstrably exceptional circumstances** that were outside the control of the practice and could not reasonably have been mitigated, practices may submit mitigation for consideration. Any mitigation must be supported by appropriate evidence and submitted to the relevant place-based primary care team by **8 May 2026**. A mitigation template and accompanying guidance will be issued separately.

Practices have had the opportunity throughout the year, including following the capitated review in December, to deliver activity, address coding issues, and raise any data quality concerns where delivery has occurred but is not reflected. Responsibility for service delivery and accurate coding rests with the practice. Decisions at year end will therefore be based on coded activity rather than retrospective mitigation.

Practices must ensure that all eligible activity delivered during the financial year is fully coded by **10 April 2026** to support timely end-of-year reconciliation. Accurate and complete coding by this date will support timely confirmation of final achievement levels and any associated recovery position. **Practices are therefore encouraged to ensure activity is fully recorded within the agreed timescales to avoid delays in confirming their final position.**

Support remains available should practices require assistance with coding. Activity data published on the GP intranet is refreshed monthly and is typically one month in arrears; some variance may therefore be expected when compared with internal practice records.

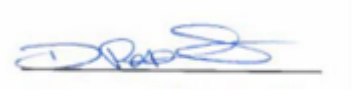
Where a significant discrepancy is identified, practices should raise this with the **Data Quality (DQ) Team**.

All requests for support or query resolution should be logged via the MLCSU IT Service Desk: Sostenuto self-service portal / AVA Chatbot / 0300 555 0212

If you have any questions or require further clarification, please contact the generic LES inbox at lscicb.primarycareles@nhs.net

Kind regards,





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