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| General Practitioners Committee |

16 April 2013

Dear Colleague

# Government plans for securing 'equitable funding' in contractual arrangements 2014/15 and beyond

The Government in England will, from April 2014, make far-reaching changes to practice funding. Its stated intention is to reduce the wide variation in core funding per weighted patient between practices. **This may have a profound effect on your practice income**. The attached guidance outlines what we know of these changes so far and I urge you to read this.

With less than a year to go before these changes are put into place, GPs deserve to have absolute clarity about the Government’s intentions so they can plan their services. Unfortunately, despite the Government having had many months to consider these proposals, and despite repeated requests for clarity and reassurance from the BMA’s General Practitioners Committee (GPC), the profession has not been given any certainty at all. Most worryingly of all, the Government has failed to reassure us that PMS and GMS contracts will be treated equitably and as a whole or that the proposals will not reduce existing funding in primary medical services.

The Government has repeatedly stated that its plans for securing equitable funding mirror those developed in negotiation with GPC last year but the current plans bear very little resemblance to these proposals. We are deeply concerned that the government may renege on this commitment, and instead use money currently in PMS contracts to plug funding gaps elsewhere in the NHS. This would lead to this money being lost to general practice, seriously destabilising thousands of practices.

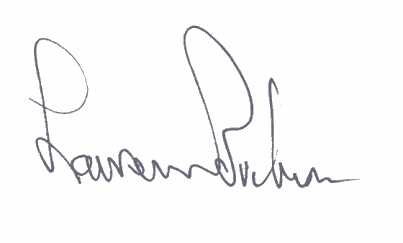
We very much hope that this situation will not come to pass. We continue to urge NHS England to do the right thing by:

* calling an immediate halt to local PMS reviews until a fair process has been centrally determined in discussion with the GPC
* treating PMS and GMS practices equitably during this process using a unified, aggregated approach
* ensuring that all money currently in general practice stays within general practice
* providing urgent clarity to all practices about what will happen to their practice funding over the next eight years.
* creating a process for those practices that cannot be covered by a rigid formulaic approach

In the meantime, the Government and NHS England must realise that practices will not be able to make any long-term investment decisions, such as recruiting more medical or nursing staff until they know exactly what will happen to their funding. The longer this uncertainty continues the bigger impact this will have on our patients. I will write to you again as soon as I have more information.

The GPC has developed guidance to explain all of the imposed contract changes. This can be found on the BMA website <http://bma.org.uk/practical-support-at-work/contracts/gp-contract-survival-guide> This Survival Guide will be expanded over the coming weeks with further practical advice for practices so do keep looking.

Yours sincerely



Laurence Buckman

Chairman, General Practitioners Committee

**Securing ‘equitable funding’ in contractual arrangements 2014/15 and beyond**

The Government in England will, from April 2014, make far-reaching changes to practice funding. Its stated intention is to reduce the wide variation in core funding per weighted patient between practices. **This may have a profound effect on your practice income**.

Currently, practices with above average levels of funding generally receive either large correction factor payments (as a result of the Minimum Practice Income Guarantee negotiated at the time of the new GMS contract) or above average PMS funding. This matter was discussed at length during negotiations between the GPC and NHS Employers in 2012 and draft proposals were agreed in principle (see below). However, despite repeated rhetoric that the Government is implementing the GPC’s proposals **the current plans do not implement our suggested approach and have the potential to do serious financial damage to some practices.**

**GMS practices**

So far, the Government’s plans focus on ‘securing equitable funding in GMS contractual payments’ by phasing out correction factor payments. **From April 2014, practices in receipt of correction factor payments will lose one seventh of their 2014 correction factor funding each year for seven years until all GMS practices receive the same weighted price per patient**. This process has been set out in the 2013/14 Statement of Financial Entitlements. The Government has stated that it intends to recycle the freed up correction factor funding into global sum payments. Assuming this happens, global sum payments will increase. Practices with a small or no correction factor should see an increase in their overall gross income, those with large correction factor payments will lose funding, though not to the extent that they are reduced to their 2014 global sum income. We would expect the global sum to rise as a result of annual uplifts during this time as well as a result of correction factor recycling. **The GPC also believes very firmly that it is essential for the future stability and sustainability of all practices that freed up PMS money should be retained in general practice funding and reinvested into global sum payments or the PMS equivalent**.

**PMS practices**

**The Government is currently treating PMS practices separately**. It has stated that from April 2013 NHS England will begin discussions with PMS contractors ‘to identify and agree the basis for implementing similar actions to achieve equitable and fair core funding between GMS and PMS contractors on the basis of a standard weighted capitation formula’. However, **it has yet to provide any reassurance that PMS money will be ring-fenced and reinvested in core general practice**. The GPC is seeking urgent clarification on how PMS will be treated over the next eight years and what will happen to any PMS monies removed from practices. In the absence of proper redistribution and retention by general practice of PMS funding, there will really be no equalisation of resources across practices. Our belief is that the Government’s plans as they currently stand will have a hugely destabilising impact on many practices, both PMS and GMS.

Over the last few years, PMS funding reviews have already taken place in many parts of England. In some areas long planned reviews are now in their final stages. For now though, **ongoing local reviews must cease and no others should begin until clarity has been provided by NHS England on how the process as a whole is to be taken forward**.

**What will happen to my practice?**

We understand that practices want to know urgently what will happen to their funding over the next 8 years. We appreciate that the current uncertainty makes planning for services and staffing virtually impossible. It will be difficult for practices to take on new partners, salaried GPs or other staff without knowing for certain what will happen to this essential practice funding. **The GPC plans to model the likely impact of these changes on practices as soon as we get clarification of the Government’s plans for PMS funding and the most up to date data from NHS England.**

Whether GMS or PMS, **practices that have a substantial proportion of their funding removed over the next eight years will inevitably have to review their staffing levels and service provision.** In some cases the viability of their practice may be seriously threatened. Some practices will find that they have been providing services to their patients that go beyond those required under their contract. Practices losing funding will not have capacity for service expansion and will have to resist even more forcefully unresourced workload dumping from other providers. It is likely that many practices will not be able to provide current access levels and waiting times for appointments will increase. Over the coming months, GPC will produce guidance for practices to help them survive these far-reaching funding changes.

**Practices with unusual circumstances**

We know that there are some practices which, for legitimate reasons, receive and require greater per capita funding than global sum payments can deliver. The GPC will continue to push for these practices to be given the special consideration they need. We will work with LMCs to help ensure that practices in this position are brought to the attention of NHS England and handled appropriately.

**The GPC position**

The GPC, in line with LMC conference policy, is in favour of reducing the current variability of funding over time but it also acknowledges that the reasons for historically higher funding can be complex and are often reflected in additional patient services, higher staffing levels, unusual practice structures or unique patient populations in better-funded practices. For this reason, it has always been accepted that a move towards more equal funding must be done gradually and in a planned way that does not radically destabilise patient services.

During negotiations, the GPC and NHS Employers discussed possible changes to practice payment streams in England only that would, over time, reduce variability in practice funding. Our willingness to consider redistribution of funding between practices reflected considerable movement on our part, was part of what was then anticipated to be an overall contract agreement, and was contingent on the following:

* that the proposals would not reduce existing investment overall for primary medical services
* that the arrangements would cover GMS and PMS practices equally and that, in this way, redistribution would secure PMS funding, which is rapidly being eroded on a local basis, for general practice. Local reviews of PMS funding would be halted until the new arrangements had been agreed. PMS practices would retain their right to revert to GMS contracts
* that the proposals would be fully modelled, down to individual practice level, to ensure we understood the likely impact for all practices and could identify and help financial outliers
* that the proposals would not be agreed until all the data had been analysed, shared with the profession and approved by GPs through an opinion survey or special conference
* that as part of this process Area Teams would have conversations with higher funded practices to establish if extra services were being offered or if there were particular reasons for the higher funding. In this way, by stripping out enhanced type services from PMS contracts, and through local recommissioning of specific services, we sought to protect PMS practices and patients from destabilising change. We agreed with NHS Employers that there may be a few GP practices, both PMS and GMS, for which different arrangements might need to be agreed. This might include practices serving very small or specific populations.

**Not one of these conditions has been met by the Government’s ill-considered proposals. They have had plenty of time since the imposition “consultation” to work out what they want to do and GPs must therefore assume that they are planning to embark on a series of changes some of which will be unpalatable for some practices.**