

Dear Colleagues,

5 June 2013

To:

**Gateway Reference: [add in]**

Area Team Directors  
Area Team Directors of Commissioning  
Area Team Directors of Finance

Cc:

Regional Directors  
Regional Directors of Commissioning

(by email)

### **Personal Medical Services (PMS) reviews**

As you will know, we have been looking to identify a way forward for PMS reviews that will enable area teams to review the value that they are getting from PMS expenditure and to identify ways of improving value for money for the future, whilst ensuring that there is a consistent set of principles that underpin these reviews. In looking at this with you, we have also been very conscious that some area teams have been looking to PMS reviews as a way of delivering QIPP savings during 2013/14 – and that some area teams have inherited PMS reviews that are almost complete. This letter sets out our proposed way forward.

This is a complex area, and there have inevitably had to be some trade-offs in how we reconcile these competing tensions, but we hope that the proposed way forward offers a way of maintaining pace and momentum in improving value for money from PMS investment whilst at the same time providing assurance that, as a single commissioning organisation, we are acting in a way that is fair and consistent for practices and for the communities they serve.

We want to ensure that we bear in mind the original rationale for PMS contracts and that, where PMS funding is currently being used to promote innovation and local service improvement, we ensure that we are able to sustain these benefits in the new system and ensure flexibility to reflect local circumstances. At the same time, we need to move towards a consistent, equitable approach to determining the 'core' funding that GMS and PMS practices receive based on their registered populations.

As you will see, there will need to be considerable further work over the course of the next few months to ensure that we are in a position to start implementing changes during 2014/15, and we will need to work very closely together with you and external stakeholders to make sure that we manage this important work efficiently and effectively.

The proposed way forward is that:

- We will work with you to review all PMS contracts during 2013/14, working to a consistent set of principles and parameters, but ensuring sufficient flexibility to recognise local circumstances and local priorities.
- This review will need to consider how far PMS expenditure (in so far as it exceeds the equivalent expenditure on GMS services) is effectively paying for 'core' primary care services and should be treated in the same way as MPIG expenditure; how far it is paying for innovation and quality improvement in primary care; and how far it is paying for 'enhanced' primary care services. The review will need to establish both how we ensure equitable 'core' funding between GMS and PMS practices and how we ensure the best possible value from investment in services that go beyond the 'core'.
- To ensure a nationally consistent way of reviewing the way forward for PMS contracts, we have concluded that, subject to the two caveats below, area teams should not initiate their own independent reviews of PMS funding during 2013/14.
- The only exceptions to this will be where there is Local Medical Committee support for a local review of PMS funding, or where PCT clusters had gone out to consultation on changes to PMS arrangements and it now falls to you to consider the outcome of those consultations and put into effect the resulting changes.
- Without prejudice to the future handling of PMS funding, area teams will be free to review with local practices and Local Medical Committees the precise nature of the enhanced service elements (or higher quality requirements) that are being delivered from existing investment, to help make sure that these resources are being used as effectively and efficiently as possible, that they reflect local health and wellbeing priorities, and that they complement CCG commissioning plans.
- We recognise there are already significant pressures on budgets and area teams will need to look across their budgets to identify where they can make savings. However, subject to the exceptions above, we do not intend any changes in the quantum of PMS funding this year while we work together to identify the best way forward for 2014/15 and beyond.

The wider review will commence with systematic work to gather and understand fully at individual contract level by area team the basis of existing PMS funding and its component parts. We will write shortly to set out the proposed process for gathering this information by the end of August and the support that will be available to assist you in this to ensure a nationally consistent approach.

We will also set out – for your views and comments – proposals and options for how we use this information to underpin decisions about handling of PMS resources from 2014/15 onwards, so that we can work collectively with external stakeholders to agree the best way forward.

*High quality care for all, now and for future generations*

It would be helpful if you could confirm by 14 June to Sue Pritchard [sue.pritchard@nhs.net](mailto:sue.pritchard@nhs.net) a lead representative from your area team to coordinate your input into this review.

Yours sincerely

**ANN SUTTON**  
Director of Commissioning

**BEN DYSON**  
Director of Commissioning  
Policy & Primary Care