



Chief Executive/Secretary: Dr Brian D Balmer

Deputy Chief Executive: Andrew Bradshaw

25 April 2014

Dear Colleague(s)

Review of PMS Contracts – Favourable Right of Return to GMS Arrangements

PMS practices across the country are facing an uncertain future with the prospect of PMS reviews to be completed within the next two years. The PMS review process is likely to be lengthy and bureaucratic and result in substantial levels of funding being removed from affected practices. NHS England believes that nationally there is £325m additional investment in PMS in comparison to GMS, of which the Essex share is £10m.

PMS practices have two options:

- They can remain in PMS and seek to influence the outcome of their PMS review; or
- They can revert to a GMS contract.

The Essex Area Team has confirmed that it expects PMS practices in the county will be subject to a PMS review within the current financial year and that a substantial level of funding will be redeployed, over a period not exceeding three years. All the indications are that PMS practices will suffer a significant loss of income following the PMS review process.

The option of a return to GMS would under normal circumstances seem even less satisfactory as MPIG (correction factor) does not apply to PMS practices returning to GMS. A shift from PMS baselines to GMS global sum would therefore result in an immediate and substantial loss of income for most PMS practices.

However, during a constructive meeting with the Essex Area Team to discuss a proposal put forward by the LMCs, a significant concession was secured with regards to a return to GMS. This has been confirmed in principle by the Area Team in a subsequent letter which sets out the conditions that would apply if a PMS practice chooses to revert to a GMS contract from April 2014. The proposed arrangements are:

- The practice's PMS Premium is calculated as the difference between their current PMS baseline (which includes all historic growth money) and GMS global sum payments the practice would receive under GMS arrangements.
- PMS practices are not entitled to correction factor payments on their return to GMS. Instead, the practice's PMS Premium will be converted to transitional funding (to be known as the Essex Factor).

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- **Once in GMS, the Essex Factor payments will directly mirror the arrangements applying to correction factor payments. This means transitional funding will reduce by 1/7th each year, commencing 1 April 2014.**
- The annual reduction in Essex Factor payments will be used to create a General Practice Transformation Fund.
- The General Practice Transformation Fund will be held by the Area Team and will be available to all practices in Essex to support developments in line with the Essex Primary Care Strategy. The LMCs will have a key role in ensuring that this funding is used effectively to benefit Essex practices.

These concessions will only be available for a limited period of time. To take advantage of the Essex Factor payments, practices will need to have formally agreed to revert to GMS by no later than 31st May 2014. The LMCs' understanding is that practices choosing to exercise their right of return to GMS after this date will have no access to transitional funding.

A right of return to GMS under the terms detailed in this letter continues to be entirely voluntary for all practices. The decision about how to proceed rests with individual practices who may wish to take advice from their accountants. The LMCs' view is that all practices should give serious consideration to this time limited option. Whilst any significant loss of income is problematic, a phased reduction over seven years will better allow practices to plan services appropriately and reduce the risk of disruption to the care of patients. Whichever option practices choose they will continue to be supported by the LMCs during any discussions/negotiations with the Essex Area Team.

A number of meetings have been arranged (details are listed below) which will enable further discussion on what is being proposed and allow practices to raise any questions or concerns.

7th May Hilton, Stansted
 1:00pm Registration & buffet lunch
 1:30 – 2:30pm Presentation, Q&As

7th May Holiday Inn, Southend
 6:45pm Registration & hot buffet
 7:30-9:00pm Presentation, Q&As

9th May Holiday Inn, Eight Ash Green (Colchester)
 1:00pm Registration & buffet lunch
 1:30-2:30pm Presentation, Q&As

All practices are encouraged to send a representative(s) to one of the meetings. Places need to be reserved by contacting Annette or Sarah at the LMC office or by e-mailing events@essexlmc.org.uk

In the meantime, if you require any further information please do not hesitate to contact myself or Andrew.

Yours sincerely



Brian Balmer
 Chief Executive