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VIA EMAIL ONLY

To: LMC Chief Officers in London
LMC Chief Officer, Surrey & Sussex LMC

London Region
Southside
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12 August 2014

Dear Colleague

GMS FUNDING CHANGES

I am writing to set out new financial support arrangements for GP practices in areas of high deprivation that are facing a significant impact from changes to General Medical Services (GMS) funding arrangements.

Background

The recent GMS funding changes have arisen largely for two reasons. The first reason was the decision in 2013 to move to a fairer distribution of general practice funding by phasing out, over seven years, the Minimum Practice Income Guarantee (MPIG) and redistributing these freed-up resources into the 'global sum' funding that all GMS practices receive. As you know, global sum funding is based on the numbers of registered patients served by each practice and the demographic profile of each practice population, as measured through the Carr-Hill formula which includes adjustments for age, deprivation, rurality and other factors. At present, practices serving similar populations can be paid very different amounts of money per registered patient. The phased redistribution of MPIG resources will put right this long-standing inequity.

The second reason was the decision last year, by agreement with the BMA General Practitioners Committee, to reduce the size of the Quality and Outcomes Framework (QOF) and, for GMS practices, move the associated resources into global sum payments. These changes to QOF are designed to reduce administrative burdens on GPs and give GPs greater flexibility to decide how best to provide high-quality care for people with long term conditions.

We offered to meet with each of the practices in London that are most affected by these changes to discuss the impact and identify how they can be supported on a case by case basis. While there has not been significant take up of this offer, we have had helpful discussions with a number of practices that have helped to provide further insights into the nature of the challenges facing them.

Both in London and in other parts of the country, one of the main themes to arise from these discussions has been whether, in some specific cases, the Carr-Hill formula may not sufficiently reflect relative practice workload because of specific demographic factors, particularly in relation to levels of deprivation. Work is currently underway

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nationally to review the Carr-Hill formula, specifically with a view to giving greater weight to deprivation factors.

Proposals

Taking into account these factors and pending the outcome of the review of the national funding formula, the London region of NHS England, in discussion with NHS England's national primary care team, proposes to offer financial support to those practices that are losing more than £3 per weighted head of patient population from GMS funding changes in 2014/15 and where the current funding formula may not provide sufficient sensitivity to local patient needs. This financial support will be for 2014/15 and for 2015/16, subject to a review if in the interim there are changes agreed to the national funding formula.

This support will apply where there is evidence of extenuating circumstances within the practice population, related to patient demographics, that have an impact on practice workload. We have decided that this will be defined as an Index of Multiple Deprivation (IMD) score of 35 or higher (the upper quintile) for the practice. Among other factors, this measure is designed to take account of health Inequalities. This and the other criteria for financial support are set out fully below.

The level of support will be the total annual loss as determined by NHS England arising from GMS global sum changes for 2014/15 and 2015/16 (and no greater than this), subject to confirmation that pensionable income does not increase beyond £106,100 during this period.

The full criteria for receiving financial support are set out below. GMS practices will have to meet all these criteria to receive funding.

Criteria	Rationale
There must be a reduction in GMS global sum funding greater than £3 per weighted patient in 2014/15	There must be a significant negative financial impact on the practice
No doctor in the practice should have declared pensionable earnings in excess of £106,100 p.a., with a pro rata adjustment for part time GPs (Source: DDRB 2014 report, England average for 2011/12)	Support not designed to increase pensionable income of GPs
Practice expenses must be evidenced to be greater than 63 per cent	National average ratio of expenses:profit is 63:37
No contract breaches for any reason issued since 1 April 2013	Marker of poorer quality practice

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A significant proportion of contract holders (“significant” defined as greater than or equal to 50 per cent) do not have “live” cases with NHS England performer machinery or GMC, including the Interim Orders Panel. Suspensions, which are a neutral act, will be disregarded and will not prejudice a practice’s position under these criteria.	Marker of poorer quality practice
Fewer than five outliers on the GP High Level Indicators (GPHLIs) on the current system	Potential marker of poorer quality practice
There must be evidenced extenuating circumstances within the practice population related to patient demographics that impact on practice workload For the purposes of this exercise, this is defined as an IMD score of 35 or higher for the practice population	Must be evidence of local demographic factors that may not be fully reflected in the Carr-Hill formula IMD is a marker of deprivation which is likely to impact on a practice workload

This support would need to be set up via a formal agreement under Section 96 of the National Health Service Act 2006. We will prepare this document which will be specific in terms of parties, intent, financial amount, purpose and duration.

Next steps

I shall write out to all practices where their loss is greater than £3 pwp pa. The letter will show our assessment against those criteria set out above which can be answered from information already held here. If that means the practice would not qualify, they will be able to challenge our information (not the criteria). Where our assessment shows the criteria are met, practices would need to confirm income/expenses levels and pensionable earnings by submitting a set of the most recent year’s signed annual practice accounts.

I anticipate those letters to be sent by close of business Tuesday 12 August. Practices must request the money and sign the s96 agreement by 30 September 2014 – otherwise the offer would no longer be available to the individual practice.

As you know, the financial data being used for this exercise were provided centrally and are not in the public domain, and we intend to maintain that position as we write out to practices.

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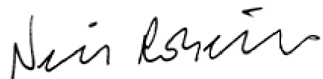
We will continue to work with national colleagues and with CCGs to identify potential future options for supporting practices.

I have sent a copy of this letter to CCG Chief Officers and to the Office of London's CCGs.

Yours sincerely



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