

To: NHS Executive Regional Directors  
Chief Executives of DHA & FHSAs  
GP Practices

Copy: Chairmen of Regional Health Authorities  
Chairmen of DHAs and FHSAs  
Chairmen and Chief Executives of NHS Trusts  
Chief Executives of Postgraduate Teaching Hospitals  
Directors of Social Services  
Community Health Councils

**EL(94)92**

9 December 1994

Dear Colleague,

***Towards a Primary Care - led NHS:  
An Accountability Framework for GP Fundholding*****Summary**

1. The accompanying document "Towards a Primary Care - led NHS: An Accountability Framework for GP Fundholding" sets out for consultation a draft accountability framework for GP fundholding practices. The consultation period will last two months. Comments should be sent in writing, by 10 February 1995, to Andreas Lambrianou, NHS Executive, 3W26 Quarry House, Quarry Hill, Leeds LS2 7UE.
2. Following consultation a revised framework will be issued for implementation in financial year 1995/96. The framework will be kept under review.

**Background**

3. The draft accountability framework is a key part of the Government's strategy for expanding GP fundholding and developing a genuinely primary care led NHS. This was set out in EL (94)79 and the accompanying booklet "Developing NHS Purchasing and GP Fundholding: Towards a Primary Care - led NHS".
4. The draft framework derives from GPs' own requirements for managing a fund and purchasing care efficiently and effectively on behalf of their patients. It draws on best practice from around the country. The aim is to balance the requirements of public accountability within a centrally funded service with the need to streamline, and keep to a minimum, the administrative workload in GP practices and health authorities.

**A primary care - led NHS**

5. The draft framework lays the foundation for health authorities<sup>1</sup> and GPs to work together to develop and implement health and service strategies. The key to a primary care led NHS is the development of effective partnerships within this framework based on:
  - *GPs' freedom* to use resources directly in the best interests of their patients and their *responsibility* to contribute to national goals and priorities;

<sup>1</sup> health authority refers to the new health authorities which, subject to Parliament, will replace existing district and family health services authorities (FHSAs). Before these are established it refers to FHSAs or district health authorities as appropriate.

- and *health authorities' responsibilities* for leading the development of local strategies, monitoring primary health care team performance and supporting and developing primary care.

### **Core Management Requirements**

6. Four management requirements are identified for GP fundholding practices to underpin this relationship:
  - advance announcement of major purchasing shifts
  - an annual practice plan
  - a performance report
  - performance review.
7. The framework emphasises the importance of involving patients and the public in this process. For completeness, it also sets out the financial and professional responsibilities of fundholding practices.
8. Although the framework is intended primarily for GP fundholders, the framework is of relevance to all GPs and their developing relationships with health authorities.

### **Action**

9. FHSAs should ensure a copy of this EL and accompanying booklet is sent immediately to each GP practice.
10. As part of the consultation process, DHAs and FHSAs should discuss the draft framework, and how it might work in practice, with GP practice teams locally and feed back the results through their regional purchasing or fundholding leads by 10 February 1995.

### **Further Information**

11. Enquiries about this letter should be addressed in the first instance to your regional purchasing/fundholding leads or to Andreas Lambrianou at the above address.
12. This letter and accompanying booklet may be freely reproduced locally. Further copies can be obtained by written request from:

The Health Publications Unit  
Heywood Stores  
Manchester Road  
Heywood  
OL10 2PX

Yours sincerely,



Alasdair Liddell  
Director of Planning and Performance Management  
NHS Executive

This letter will be cancelled on 1 April 1995.

# **For Consultation**

***An Accountability  
Framework for  
GP Fundholding***

***Towards a Primary  
Care-led NHS***

**NHS**  
**Executive**

# Towards a primary care led NHS : An accountability framework for GP fundholding

This document sets out for consultation an accountability framework for GP fundholding. The framework forms an integral part of the Government's plans for the creation of a primary care-led NHS. These were outlined in *Developing NHS Purchasing and GP Fundholding (EL(94)79)*, published in October 1994.

The framework clarifies and streamlines the accountability arrangements for GP fundholding, building on best practice from around the country. The principles which underpin it are of relevance to all GPs.

The framework will operate from the beginning of the 1995/96 financial year and be kept under review.

Consultation on the draft framework lasts two months. Written comments should be sent, by 10 February 1995, to Andreas Lambrianou, NHS Executive, 3W26, Quarry House, Quarry Hill, Leeds, LS2 7UE.

## 1. Introduction

- 1.1 The Government's plans for the next steps in the development of NHS purchasing were set out in *Developing NHS Purchasing and GP Fundholding (EL(94)79)*, published in October 1994, and the accompanying booklet *Developing NHS Purchasing and GP Fundholding: Towards a Primary Care - led NHS*.
- 1.2 The plans involve a major extension of the GP fundholding scheme; a clear strategic, monitoring and support role for the new health authorities<sup>1</sup>; and a stronger partnership between health authorities and GPs.
- 1.3 The extensions to the fundholding scheme will increase the numbers of GPs who can buy services directly on behalf of their patients and the range of services they can buy. But with these freedoms comes

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<sup>1</sup> *health authority* refers to the new health authorities which, subject to Parliament, will replace existing district and family health services authorities (FHSA's). Before these are established it refers to FHSA's and /or district health authorities as appropriate.

responsibility. This includes managing increasing amounts of NHS resources on behalf of patients and being accountable for how these resources are used. A variety of accountability mechanisms have been developed locally, and it is now time to codify best practice and bring the requirements of fundholder accountability together in a single document.

1.4 This draft guidance, therefore, describes a proposed set of requirements for GP fundholder accountability. It aims to balance the requirements of public accountability within a centrally-funded service with the need to keep to a minimum the administrative workload in GP practices and health authorities.

1.5 The guidance:

*Emphasizes the principle of GPs using their knowledge and judgement to best meet patients' needs.*

*Reinforces GP fundholders' freedom to use their funds as flexibly as possible for this purpose within the national framework.*

*Derives from GPs' own requirements for managing a fund, based on best practice from around the country.*

*Makes explicit the accountability arrangements between health authorities and fundholders.*

*Streamlines reporting arrangements by reflecting the new health authorities' responsibility for primary, hospital and community health care and the seamless nature of services delivered by primary health care teams.*

## **2. Principles of accountability**

- 2.1 All parts of the NHS - family practitioners, health authorities and NHS trusts - operate within an integrated national health service and are expected to conform to the highest standard of integrity and probity.
- 2.2 As well as providing general medical services, fundholding GPs take on additional responsibilities for directly managing resources and purchasing services on behalf of their patients. This includes playing their full part in meeting national priorities and objectives (for example, Health of the Nation, Patient's Charter, community care and national efficiency targets).
- 2.3 Like all GPs, fundholders should work in partnership with health authorities to develop and implement locally agreed health, service and social service strategies. Equally health authorities need to involve GPs in this process in a way that is non-bureaucratic and sensitive to the needs and working practices of primary health care teams.
- 2.4 Health authorities have statutory responsibility for leading the implementation of Government policy at local level. This includes advising and informing GP fundholders of the wider implications of their purchasing intentions (such as the impact on hospitals or community units or on local strategy) but without second-guessing clinical and management decisions taken by GPs on behalf of their patients.
- 2.5 Within this framework GP fundholders are free to use NHS resources to achieve the most appropriate care for their patients. Equally, though, persistent breaches of the framework could ultimately lead to expulsion from the fundholding scheme.

## **3. Lines of accountability**

- 3.1 GP fundholders are statutorily accountable to the NHS Executive (through its regional offices<sup>2</sup>) but day-to-day management contact for fundholders will normally be through the new health authorities (as now with FHSAs).
- 3.2 The NHS Executive will ensure that relationships between health authorities and GPs develop in accordance with the above principles and will arbitrate in rare cases where local agreement cannot be reached.

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<sup>2</sup> subject to Parliament, regional offices of the NHS Executive will replace regional health authorities. Before these are established GP fundholders remain accountable to regional health authorities.

## Demonstrating accountability

4.1 GP fundholders, like all GPs, are directly accountable to their patients and the General Medical Council for the quality of the services that they provide. In addition, they are accountable to the NHS for their use of public money. These responsibilities can be grouped into four main areas:

- management accountability (as part of an integrated NHS);
- accountability to patients and the wider public;
- financial accountability;
- professional accountability.

## Management accountability

5.1 Drawing on best practice from around the country, the NHS Executive has identified four key requirements for GP fundholder management accountability:

(i) *The annual practice plan*

This should set out how the practice intends to use its fund and management allowances over the coming year and demonstrate the practice's contribution to national targets and priorities as well as any locally-agreed objectives.

The plan should include an outline longer term view and, optionally, the practice's primary health care team charter and plans for the practice's general medical services (GMS) activity (see also Section 9).

Fundholders should submit the plan to the health authority. It will be the health authority's responsibility to confirm that fundholders' plans are consistent with national priorities and, in aggregate, meet national targets and objectives set out in the *Annual Priorities and Planning Guidance*<sup>3</sup>.

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<sup>3</sup> published in the summer of each year; copies will be sent to all GP Practices.

***(ii) Purchasing intentions***

As part of their annual planning GP fundholders should announce major shifts in their purchasing intentions in the same way as district health authorities. This is to assist health authorities to form an overview of the combined effects of purchasing plans and to feed this back to GPs and NHS trusts to assist them to plan more effectively for the coming year.

***(iii) Reporting performance***

As part of the process of reviewing their performance, GP fundholders should submit a brief annual report to the health authority setting out performance against plan and highlighting significant developments. Optionally the report may also incorporate the practice's annual GMS report and Patient's Charter statements.

***(iv) Reviewing performance***

To complete the cycle fundholders and health authorities should hold regular review meetings. These should be genuine dialogues between partners with the focus on identifying areas for development and sharing best practice to inform planning for the year ahead.

- 5.2 Figure 1 illustrates how the requirements fit with the annual NHS purchasing cycle.
- 5.3 Many fundholders and health authorities already have arrangements in place to meet these requirements. Routine requirements should not normally go beyond those set out above except in exceptional circumstances, for example, in following up significant variances from plan in monthly returns.
- 5.4 Clearly, fundholding practices which set themselves, and deliver on, reasonable objectives within this framework can expect to be monitored less closely than those which do not. Equally, GP fundholders can expect the information they provide to be used by health authorities to inform local strategic planning, and to receive regular feedback on this as well as on their own comparative performance.



## **Accountability to patients and the wider public**

- 6.1 GP fundholders manage large sums of public money and, like other managers of NHS resources, have responsibility to make their plans and performance reports available for public scrutiny. This includes publishing information on plans and performance; involving patients in service planning; and ensuring an effective complaints system.

### ***Publishing information***

- 6.2 GP fundholders are expected to publish the key documents which relate to the management of their fund: major shifts in purchasing, annual practice plans, primary health care team charter (if separate), and performance reports. Copies of these documents should be sent to the health authority and the community health council. GP fundholders should also ensure that a copy of the above documents (or a summary) is available at the practice for consultation by patients.
- 6.3 In addition, health authorities should consider publishing annual aggregate summaries of fundholder performance either as part of their own annual reports or separately.

### ***Involving patients in service planning and review***

- 6.4 GPs' closeness to patients and the involvement of patients in decisions about their own health care are major strengths of general practice and the GP fundholding scheme. GP fundholding practices are already developing a range of models for involving patients in wider service planning.
- 6.5 The NHS Executive will be collecting and publishing examples of best practice in this area during 1995. GP fundholders will be able to adapt these guidelines to meet their own and patients' requirements as they wish.

### ***Complaints***

- 6.6 GP fundholders, like other GPs, should ensure that they have appropriate arrangements in place for dealing with patient complaints. Protocols for practice-based complaints systems have been developed by the Medical Protection Society and the Medical Defence Union.
- 6.7 In addition GP fundholders have a responsibility for ensuring that the contracts they place for hospital and community health services include appropriate arrangements for handling complaints. Depending on local circumstances, GP fundholders may wish to adopt local health authority standards or develop their own practice standards.

## **7. Financial accountability**

7.1 The financial accountability requirements for GP fundholding are set out in the *General Practice Fundholders' Manual of Accounts*<sup>4</sup>. They are to :

- prepare annual accounts for independent audit by the Audit Commission. Once audited, these are public documents and available for inspection at the health authority.
- have their fundholding expenditure and activity monitored on a monthly basis against plan. The health authority will discuss with the practice any action that may be necessary to bring activity or expenditure back into line. A health authority can institute an audit and review where it considers this necessary.
- secure health authority agreement for any proposed use of savings. Health authorities are responsible for ensuring that proposed expenditure of savings is for the benefit of patients, in accordance with regulations, and represents value-for-money.
- state in their annual practice plan how they intend to deliver their contribution to local efficiency targets set by the NHS Executive.

## **8. Clinical and professional accountability**

8.1 All clinicians in the NHS have a duty to ensure that the care they provide is of the highest possible standard. GP fundholders, like all GPs, are professionally accountable to the General Medical Council for the quality of their clinical work. It is expected that all GP practices, including GP fundholders, will participate in clinical audit of their GMS activities.

8.2 In addition fundholders are expected to ensure that clinical audit arrangements are in place for the hospital and community health services which they buy on their patients' behalf. GP fundholding practices should set out briefly in their annual practice plans their intentions for clinical audit in the coming year.

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<sup>4</sup> issued with FDL 93(16) on 5 March 1993.

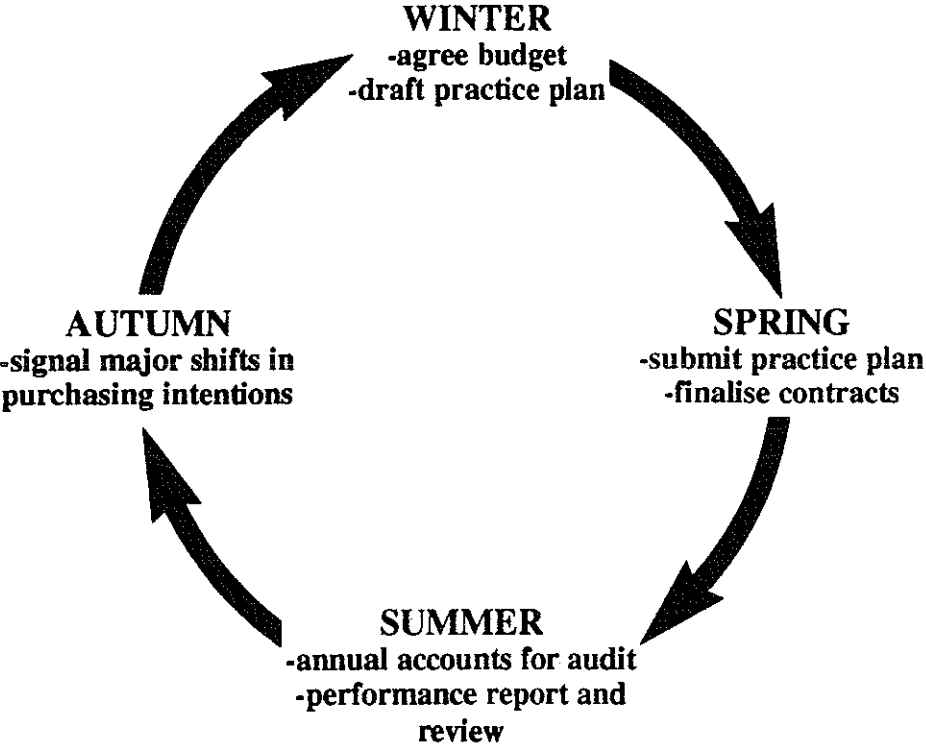
## **General Medical Services (GMS)**

- 9.1 While it is not a requirement for GP fundholders to include GMS in their annual practice plans, many may well wish to do so. This has the advantage of presenting a coherent view of all the services offered by the practice for its patients. It may also provide a useful reference point for practices and health authorities in planning developments through cash limited resources.
- 9.2 Such practice planning may provide a useful way for GPs and health authorities to work together on strategies for developing primary care. In time, this could replace some of the more bureaucratic elements of the existing framework for GMS.

## **10. Summary**

- 10.1 A summary of the requirements is at Annex A.

**FIGURE 1.**



## Summary of key requirements.

### *Management accountability*

- preparation of an annual practice plan
- signalling major shifts in purchasing intentions
- preparation of an annual performance report
- review performance with the health authority within the national framework

### *Accountability to patients and the wider public*

- publishing information (eg. annual practice plan and performance report)
- involving patients in service planning
- ensuring an effective complaints system

### *Financial accountability*

- preparation of annual accounts for independent audit
- providing monthly information for monitoring by the health authority
- securing health authority agreements to use of savings
- stating planned contribution to the local efficiency targets set by the NHS Executive.

### *Clinical and professional accountability*

- participating in clinical audit of GMS activities
- ensuring appropriate clinical audit of purchased hospital and community health care