

Health Service Circular

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Primary Medical Services Allocations 2004/05

To: PCT Chief Executives
PCT Directors of Finance
SHA Chief Executives
SHA Directors of Finance
NHS Trusts Chief Executive
NHS Trusts Directors of Finance
Directors of Social Services

Further details from: Resource Allocation
Finance and Investment Directorate
0113 254 5536

Additional copies of this document can be obtained from:

Department of Health

PO Box 777

London

SE1 6XH

Fax 01623 724524

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Primary Medical Services Allocations 2004/05

Summary

1. This HSC notifies Primary Care Trusts (PCTs) of their actual resource limited primary medical services allocation for 2004/05. It funds delivery of General Medical Services (GMS), Personal Medical Services (PMS), PCT Medical services and alternative providers as set out in Chapter 2 of "Delivering Investment in General Practice".
2. The funding in the 2004-05 allocation is non-recurrent. It is intended that in future the funding will be made recurrent and form part of unified allocations. Work on this will begin shortly, as indicated in paragraph 5.18 of the GMS guidance.
3. For the first time PCTs will receive a resource limited allocation for the commissioning of GMS and PMS services. This allocation means that the previous GMS non-discretionary arrangements will cease. PCTs should manage these resources with those in the unified allocation to meet key national and local service targets. The funding for the delivery against the Quality and Outcomes Framework will be allocated separately. PCTs will continue to have a responsibility to live within their overall cash and resource limited allocation.
4. The allocations reflect the agreements set out in the GMS and PMS guidance that was circulated in December 2003: "Delivering Investment in General Practice" and "Sustaining Innovation through New PMS Arrangements". Along with the funding already in the unified budget, this allocation of resources will allow PCTs to fund the practice entitlements set out in the Statement of Financial Entitlement, as well other new and existing commitments. This circular should be read in conjunction with the guidance, which set out key implementation milestones for Directors of Finance: www.doh.gov.uk/gmscontract/implementation.htm).

Resources

5. £4.3 billion of resources are being allocated to PCTs as part of the 2004-05 Primary Medical Services allocations. This means that PCTs will control 78.5% of the NHS budget in 2004-05, or 81% once in-year allocations from central budgets have been taken into account.

Table 1: 2004-05 Primary Medical Services Allocations : England

	£ m
Global Sum/MPIG ⁽¹⁾	1,805
Appraisal ⁽¹⁾	17
Premises ⁽²⁾	329
IT ⁽²⁾	64
Enhanced Services ⁽¹⁾	108
PCT Administered Funds ⁽¹⁾	89
Quality Preparation ⁽²⁾	29
PMS ⁽³⁾	1,817
Total	4,258

(1) GMS only

(2) GMS and PMS

(3) PMS only

6. PCTs are being notified today of the 2004-05 PCT Primary Medical Service allocations and Resource Limit Adjustments under cover of Allocation Working Paper AWP(2004-05)26.

7. A 2004-05 Primary Medical Services Exposition Book is being issued to SHA Directors of Finance today under cover of an Allocation Working Paper AWP(2004-05)PCT24. This includes contractor-level data on the global sum/MPIG calculation, such as list size, global sum weightings, the component parts of those weightings and their ranges, together with an explanation of the data sources that have informed these elements of the allocations. SHAs will be responsible for ensuring that the information in the Exposition Book is made available to the relevant PCTs and practices – this is needed in the process to set indicative practice budgets. The AWP includes instructions on how to cascade the information to ensure every organisation receives the information in the same format.

Funding Streams within the Primary Medical Services Allocation

8. The Primary Medical Services allocation includes the following funding streams, and these have been cross-referenced to Chapter 5 of the GMS guidance (in brackets) and Chapter 6 of the PMS guidance :
 - **Global sum** (paragraph 5.20 et seq) - The Global Sum allocation covers the payments PCTs will make to GMS practices as a contribution towards the contractors' costs in delivering essential and additional services.

- **Minimum Practice Income Guarantee** (paragraph 5.20 et seq) - This allocation covers the payments PCTs will make to GMS practices to protect income levels in relation to some previous fees and allowances and is delivered through the "correction factor".
- **Appraisal** - This allocation covers funding for appraisal for GMS practices. Over time the aim is to pay this as part of the global sum.
- **Premises** (paragraph 5.38 et seq) - Funding for existing and agreed premises spend will be allocated directly to PCTs. Funding for new premises developments, since 1 October 2003, is not covered by this circular, but will be allocated shortly to a lead PCT within each SHA.
- **Information Technology** (paragraph 5.42 et seq) - The IT allocation covers all IT funding previously financed through the GMS cash-limited part of the unified allocation.
- **Enhanced Services** (paragraph 5.27 et seq) - The enhanced services allocation includes funding for GMS practices that were previously funded from the GMS non-discretionary budget. This funding will form part of the 2004-05 PCT Enhanced Services Floor (see paragraph 9).
- **PCT Administered Funds** (paragraph 5.36 et seq) - This funding has been allocated to cover a range of payments to GMS practices, such as seniority and locum payments.
- **Quality Preparation** (paragraph 5.30 et seq) - This covers the one-year cost of paying Contractors for preparing to implement the Quality and Outcomes Framework.
- **Personal Medical Services** (See chapter 6 of the PMS guidance) - The PMS allocation covers all the funding previously allocated from the PMS Discretionary Budget, at full year effect, where applicable. It excludes all non-recurrent funding. The allocation includes funding for flu and pneumococcal vaccinations, rates, actual and notional rents, and some funding for enhanced services, PCT administered funds and appraisal. Funding for PMS practice staff remains in the unified allocation. The IT and premises allocation covered by this circular includes PMS funding.

The resources made available to PCTs for Primary Medical Services will cover funding for new PMS schemes, any new investment in existing PMS schemes, and to meet the appropriate and reasonable costs of practices that move between GMS and PMS contractual arrangements. There will no longer be any in-year allocation adjustments.

PCT Enhanced Services Floor

9. For 2004-05, each PCT has been set an enhanced services floor. This is the minimum level a PCT can spend on enhanced services in 2004-05. This floor cannot be breached, but can be exceeded. The floor comprises of:
 - (i) the funding included in the 2004-05 unified allocation (£394m);
 - (ii) the 2004-05 GMS enhanced services allocation (see paragraph 8); and
 - (iii) funding within the 2004-05 PMS allocation (includes funding for enhanced services in the PMS baseline).
10. Paragraphs 2.78 and 2.79 of Delivering Investment in General Practice set out the definitions of what counts as spend towards this floor. The PCT enhanced services floor replaces the 2003-04 national floor arrangements set out in HSC 2002/12.

Calculation of Indicative Contractor Budgets

11. PCTs need to calculate indicative contractor budgets by the end of the second week in February, and then agree these with contractors by the end of February 2004 (see paragraphs 5.53 to 5.60 of the GMS guidance). To support PCTs in this task an indicative contractor budget spreadsheet has been developed. The tool is described in the recently published GMS guidance, and can be found, along with a PMS version of the tool, on the DH website at, www.doh.gov.uk/gmscontract/implementation.htm.
12. When establishing budgets, PCTs must share fully with contractors the baseline financial information and the component parts of the global sum and Minimum Practice Income Guarantee (MPIG) calculations. This information is included in the Primary Medical Services Exposition Book published at the same time as this Circular. This will allow a full and open dialogue on the status of the indicative budgets. Final budgets for global sum and MPIG will be calculated using revised list size and other data in April. **The GPC, the NHS Confederation and the Department of Health all strongly advise contractors and PCTs to defer potential disputes on the global sum and MPIG until actual figures are known.** It is important for PCTs and contractors to note that by signing the contract, neither side is indicating its agreement to the final global sum and MPIG payments. The GPC is producing a model letter for use by contractors, which complements this advice.

Funding Streams not included in this allocation

13. The following funding is not covered by this allocation:
 - **Quality aspiration** - Funding for quality aspiration payments will be allocated to PCTs in April 2004 on the basis of the agreed Interim Aspiration Utility returns held on the Exeter payment system or through bespoke PMS arrangements where the IAU and Exeter are not used for PMS contracts.

- **Quality achievement** - The balance of funding for quality achievements will be allocated to PCTs in year. Further guidance on this process will follow.
- **Out of hours** - The fund for Out of Hours services has been doubled, to £92 million annually from 2004/05. Details of the allocation by PCT will be circulated shortly. The existing restrictions on spending Out-of-Hours Development Funds will be amended to enable more flexible approaches to provision, and the increased sum will be subject to a legal ring-fence from April 2004. A further £28m will be made available over the next two years to the areas facing the greatest challenges in delivering out-of-hours services.
- **Dispensing and Personal Administration** - The distribution of funding will remain unchanged, with PCTs continuing to draw down funding from the non-discretionary budget for 2004-05 for GMS practices only. The funding for PA and dispensing for PMS practices forms part of the Primary Medical Services allocation.
- **Recruitment and retention** - Recruitment and retention allowances, such as Golden Hellos, will remain centrally funded.
- **Sabbaticals** – funding to be allocated separately.
- **Premises growth funding** – funding to be allocated separately.
- **Pension contributions** - There will be a further allocation before April to cover the cost of increased employer pension contributions from 7% to 14%, and to cover the increased cost of pension contributions as a result of implementation of the new GMS contract.

Enquiries

14. Enquiries about these allocations by PCTs should be addressed to their SHA. Contacts for SHA enquires are set out below:
 - General allocations (GMS) - Sarah Butler on 0113 254 5324 or David Hubbard on 0113 254 5329.
 - General allocations (PMS) - Lorraine Middlemas on 0113 254 5536 or Sally Chapman on 0113 254 5411
 - GMS and PMS finance – Michael Munt on 0207 210 5397
 - Premises – Julian Garthwaite on 0113 2547179

This Circular has been issued by:

A handwritten signature in black ink, appearing to read 'R. Douglas', with a long horizontal flourish extending to the right.

RICHARD DOUGLAS
DIRECTOR OF FINANCE