

Gateway reference: 2159

New GMS Contract & Changes to the GP Premises Funding Arrangements

The new general medical services contract introduces new arrangements for premises funding. This note, prepared by the Department of Health, explains the process for cash limiting GP premises spending. It is our intention to ensure that sufficient funding is available to cover all existing developments, planned LIFT developments and any other developments approved through the new arrangements in order of priority.

Premises allocations will take account of existing spend, existing commitments and funds for growth. The cut-off point for the baseline of commitments contractually entered into is the end of September 2003. It is intended that allocations will be made in the New Year.

The funds available for growth will need to be prioritised and allocated locally. It is from within this element that costs of new schemes not committed by the end of September 2003 would need to be identified. We do not anticipate known projects failing to proceed due to lack of growth monies, although of course there may be other reasons for non-completion.

This note addresses the concerns that are currently being raised about the new funding arrangements. This will also be posted on the NHS Estates website primary care section¹ and then into the New GMS Contract Guidance and will also be included in an electronic Newsletter for SHA new contract leads being produced to report developments under the new Contract.

What are the changes?

When the new Contract is introduced there will be a single unified funding stream to meet all general practice costs, including payments in respect of GP premises.

How will PCTs Access this New Funding Stream?

From April 2004, for new GMS Contract practices, PCTs allocations will include three elements in respect of GP premises costs:

- a baseline of existing premises spend
- an additional element to meet the cost of new agreed premises developments (ie those ready for occupation, under construction and others contractually agreed between the practice and the provider) contractually agreed before 30 September 2003
- a further element weighted to take account of premises inflation to meet costs of, for example, use of flexibilities and new premises developments which are agreed after 30 September

The first two elements will be allocated direct to individual PCTs. The third element will be allocated using a modified weighted capitation formula, which includes a premises market

¹ http://www.nhsestates.gov.uk/primary_care/index.asp

forces factor, to lead-PCTs for onward cascade to support premises new initiatives agreed with the Strategic Health Authority.

For PMS practices, baseline funding is already in PCT allocations which will be topped-up as described above for the other two elements.

What Guarantees of Sufficient Funding?

Work is being completed on how the new arrangements will operate and the detail of individual allocations is not yet available. The aim is to allocate as much as possible of the funding for the new contract at the same time. The date for announcing the allocations is not yet known, but we are aiming for this to be some time in the New Year. However, significant new funding was secured as part of the 2002 Spending Review. As described above, this will be added to baselines and matched against planned premises programmes.

The 'further allocations' described under the third bullet point will take into account government priorities and initiatives which are supported by SHAs through approved SSDPs and are at advanced stages of delivery.

Baseline and commitment information is being collected by the Department from a number of sources. We are currently asking PCTs to confirm their existing GMS premises spend and anticipate full validation to be completed by 12 December. A separate exercise will also be conducted to verify the Valuation Office Agency records of those new developments which reached contractual agreement by 30th September. This will be done under cover of an Allocation Working Paper expected to be released w/c 17 November.

Will PCTs be Able to Add to Their Premises Fund?

Yes, they will be able to vire-in from other elements of their allocations.

What is the role of the Lead-PCT and how are they to be Identified by SHA?

There will be two main roles. First, to act as the conduit on behalf of the SHA for new premises funding to pass to other PCTs and hold funds yet to re/allocated. Second, to advise SHAs on primary care estate procurement, management and disposal.

Identifying a single PCT to effect the first role should be relatively straightforward but SHAs will wish to ensure that the PCT is sufficiently resourced. For the second role, SHAs may have one PCT with the necessary experience and expertise to advise on primary care estate matters. Alternatively, the SHA could consider bringing together those skills from more than one PCT.