28 October 2014

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BY EMAIL ONLY

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Cllr Ann Munn
Chair
Inner North East London Joint Health
Overview and Scrutiny Committee

Dear Ann

Threats to viability of GP Practices in East London due of the withdrawal of the 'Minimum Practice Income Guarantee' (MPIG)

Thank you for your letter of 26 September 2014.

I note the key points made by the senior GPs present and that the Committee had asked the BMA and LMC representatives to prepare a joint business case to put to NHSE to challenge our proposals. I also note the Committee's suggestion about the type of aggregated evidence from the practices affected that might be useful in such a case. I shall await this document with interest. On the assumption that such a case is made we are likely to discuss this with national colleagues.

Your letter went on to say that if NHS England is aware of the extent of the *(MPIG/Global Sum)* problem, as a Committee that you would argue that NHS England has a duty to ensure that these Practices are properly funded. Whilst NHS England is the main commissioner of GP services, part of their income is also derived from services commissioned by the CCGs and the Local Authorities' public health functions. Co-commissioning between area teams and CCGs is likely to increase the proportion of GP practice funding that is being managed through CCGs. The duty on commissioners is to secure services that enable patients to receive

- Health- and Wellbeing-promoting care
- Fast, responsive access to care
- Proactive and coordinated care
- Holistic and person-centred care
- Consistently high-quality care

To deliver this, those GPs that are on the GMS contract type are funded for their core service provision (and a range of Directed Enhanced Services) on nationally determined contracts (specifications for DES) for which a "price" is negotiated nationally with NHS Employers (for NHS England) and the General Practice Committee of the BMA for the GPs. Government sets out the level of any national pay award/uplift by responding to evidence submitted by the Doctors' and Dentists' review Body (DDRB). The duty of NHS England is to establish those contracts and ensure that they are paid in accordance with the contract terms and the various Statutory Instruments that sit behind them. Income is only one side of the equation. NHS England has no control or sway over practice costs

(which includes staffing costs) or the amount doctors choose to take “as profit” from their businesses. The NHS England position is that through contract negotiations with the GPC we are discharging our responsibility to ensure that practices are fairly funded for the work they do.

You asked NHS England to explain how the revision of the Carr-Hill Formula is going to reconcile the ongoing tensions between ‘age’ vis-à-vis ‘deprivation’ in how the formula is devised. Your view is that unless the funding formula takes proper account of what is known as “healthy-life expectancy” the formula will continue to be weighted against GP Practices in areas where there are both significant health inequalities and where Practices are under increasing pressure because of the population pressures.

There is an expert group established nationally to look at revisions to the Carr Hill funding formula. It is worth noting that Carr-Hill was reviewed in 2007 by a group which included GPC / BMA representatives, but then in the negotiations on the GMS contract subsequently, the GPC refused to see the implemention of the recommendations, their concern being that any changes, would inevitably result in there being winners and losers.

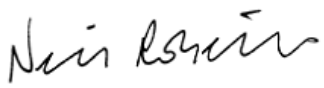
I have already referred upwards to the national team some interesting proposals about life expectancy being used within a funding model. That will be ultimately for the national review group, working with the GPC / BMA to consider.

Finally, I have discussed the issue of production of redacted data with the national Head of Primary Care. Our position remains that it would be inappropriate for NHS England to release any information regarding funding to practices in advance of what the HSCIC will publish in relation to 2013/14 practice income from our audited accounts in December.

We do not believe redaction can effectively anonymise financial data, and whilst we intend to move towards a position of greater transparency of GP income, this is necessarily sensitive and is being currently negotiated with the GPC. Our stance does not however preclude individual practices disclosing their own data to the LMC and the overview and scrutiny committee of its funding streams.

I hope this clarifies the position of NHS England (London) and is of help.

Yours sincerely,



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