1. **Introduction**

1.1 Since the introduction of the new General Medical Services (GMS) contract in 2004, there has been a significant increase in the level of care provided by General Medical Practitioners due to substantial and sustained new investment by Primary Care Trusts (PCTs), that has enabled the delivery of a range of new services (in particular through the Quality and Outcomes Framework (QOF) and the growth in Enhanced Services).

1.2 NHS Employers (NHSE) has previously submitted evidence to the Doctors and Dentists Review Body (DDRB) based on the outcomes of PCT completed questionnaires. For the first time last year, NHSE commissioned NHS Primary Care Commissioning to conduct a focus group comprised of PCT Commissioners, Finance and Primary Care leads to capture the views and opinions of PCTs on the 2008/09 and 2009/10 pay awards.

1.3 Given the positive feedback from the DDRB on last year’s evidence, NHSE has once again commissioned NHS Primary Care Commissioning to facilitate two focus groups comprised of PCT commissioners, finance and primary care leads to capture the views and opinions of PCTs on the 2009/10 and 2010/11 pay awards. A broad cross section of 15 PCTs were represented in two separately organised focus groups that took place during August and September 2009 and the views of the groups have been used to inform this evidence. NHS Employers has also engaged with the NHS Confederation’s PCT Network in the preparation of this evidence.
2. **NHS Employers recommendations**

2.1 Based on the available evidence and in particular on the views of PCTs, NHSE recommends an overall gross uplift of up to 1% be applied to General Medical Services (GMS) contract payments\(^1\) for 2009/10.

2.2 In determining their recommended uplift to the gross GMS contract values, DDRB should take into account the:

- affordability concerns of PCTs, who expressed the strong view that anything more than a 1% uplift to gross GMS contract payments would represent poor value for money, be unaffordable longer term and lead to investment in other critical patient care areas having to be reduced

- opportunities that will likely be available to GMPs during 2010/11 to earn additional income outside of GMS contract payments

- ability of general practice to deliver cash releasing efficiencies. Past experience demonstrates the proven ability of independent contractor GMPs to manage their costs and maintain their profits, in particular through changing the skill mix of the practice primary care team

- extent to which general practice costs are directly reimbursed by PCTs.

2.3 In order to ensure that any uplift is affordable to the NHS, NHSE recommends that general practices should be required to make an efficiency saving of at least 1%. Some PCTs expressed the view that general practice should have the same requirement placed on them to achieve efficiency savings as that placed on the rest of the NHS, i.e. a minimum of 3% in 2010/11.

2.4 Given the above, NHSE believes that an award of 1% applied to GMS gross contract values, will deliver up to a 1% net uplift to GMP’s pay (which is broadly consistent with the net uplift being sought by NHSE for other comparable staff groups).

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\(^1\) These include payments made as part of the Global Sum, Correction Factor, Quality Outcomes Framework, Directed Enhanced Services, Locum and Seniority arrangements
3. **Erosion of Minimum Practice Income Guarantee (MPIG)**

3.1 NHSE are still committed to working toward the continued erosion of MPIG.

3.2 Due to the complex negotiations that have taken place regarding the swine flu vaccination programme, NHSE and the General Practitioners Committee (GPC) have not yet been able to conclude negotiations regarding other elements of change to the contract for 2010/11. However, these negotiations remain ongoing and NHSE hopes to be in a position shortly, along with the other parties, to submit details on any agreement as part of supplementary evidence.

4. **2009/10**

4.1 PCTs were pleased that the 2009/10 award contributed to significant progress being made in the erosion of MPIG. It is estimated that 23% of practices in England, involving correction factor payments amounting to £154m, were taken off MPIG arrangements in 2009/10. However, estimates also indicate that some 68% of practices, involving correction factor payments of £131m, still receive income protection under MPIG.

4.2 The impact of the pay award varied considerably depending on the mix of practices in each PCT. The majority of practices received a minimum uplift in their GMS contract income (estimated to be 0.7%). This minimum uplift to all practices was welcomed by PCTs. However, a significant number, in particular those who were no longer in receipt of correction factor payments under MPIG, received much more.

5. **Management of contracts**

5.1 Many PCTs report that a significant number of new contracts are being let as Alternative Provider Medical Services (APMS), as they believe that this allows them more flexibility to negotiate services that are tailored to local need. Feedback from PCTs is that GMS contracts do not offer them the same flexibility.

5.2 It is clear that PCTs wish to use their available funding to improve the range and quality of services provided, in particular to obtain clear deliverables from any investment.

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2 APMS is a contractual route through which PCTs can contract with a wide range of providers to deliver primary medical care services
6. Recruitment and retention

6.1 PCTs also report no major difficulties in GMP recruitment and retention. The job market appears buoyant. Feedback is that practices appear to be able to fill vacancies without significant problems. Where problems are experienced in filling vacancies, these are generally attributed to the geographic location of practices rather than level of pay on offer.

6.2 Several PCTs indicated that they are starting to see a number of practices recruit partners again. Whilst older partners continued to retire, it would appear that experienced salaried GPs were now being given the opportunity to become partners as an incentive for them to stay at the practice.

7. Opportunities for GPs to gain income

7.1 Due to the nature of the GMS contract, GMPs will have opportunities in 2010/11 to earn additional income outside of GMS contract payments including through Directed Enhanced Services (DES), Local Enhanced Services (LESs) and Practice Based Commissioning.

7.2 Data recently published by The NHS Information Centre shows that although the take up by general practice of the 5 new clinical DESs introduced in 2008/09 was low, there was a very significant increase in the level of money paid to general practice through LESs.

7.3 The majority of the PCTs questioned, confirmed that the 5 new clinical DESs had been offered to all practices but some practices had chosen to decline the offer.

7.4 Despite the recession, PCTs are still expecting the primary medical care sector to expand, particularly as treatments are moved out of secondary care and into primary care. Such an approach is being encouraged by Government policy and is being facilitated through Practice Based Commissioning.
8. **GP earnings**

8.1 Data taken from the 2007/08 GP Earnings and Expenses Provisional Report\(^3\) shows that the average income before tax for contractor GMPs across the UK, i.e. their net profit in 2007/08 was £106,072, a decrease of 1.5% since 2006/07. This reduction in net income was expected following the 0% DDRB award that year and an increase in practice expenses.

8.2 However, this needs to be set in the context of GMPs having received a cumulative cash increase of over 48% in their net profits over the four year period 2003/04 (when average net profit was calculated to be £72,716) through to 2006/07 (£107,667).

9. **Expenses**

9.1 The provisional earnings to expenses ratio, as reported by The NHS Information Centre for 2007/08, is 57.9%, an increase of 1.4 percentage points since 2006/07.

9.2 NHSE believes that the recommendations of the DDRB for 2008/09 and 2009/10 will have moved this ratio even closer to the traditional figure of 60:40. On this basis, NHSE is of the opinion that the amount of profit taken by an independent contractor GMP from each £1 spent with them in 2009/10 is broadly around 40 pence. This is in line with the traditional figure.

9.3 PCTs report that practices are suggesting expenses (e.g. staff costs) have risen. However, practices have not provided evidence to support this assertion. One PCT reported that its LMC surveyed local practice about cash flow issues but did not receive any firm evidence of increase costs.

9.4 PCTs would want the increase in staff expense, particularly due to any increase in staff pay, to be met by DDRB. NHSE believes that up to a 1% uplift to gross contract values would do so.

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\(^3\) GP Earnings and Expenses 2007/08 Provisional Report, The Health and Social Care Information Centre.
10. Efficiency savings

10.1 GMPs have, over recent years, demonstrated their ability to manage their costs and maintain their profits. In particular, through changing the skill mix of the practice primary care team, for example, increasing the workload undertaken by practice nurses, employment of salaried GPs etc.

10.2 Expecting practices to achieve efficiency savings is consistent with the approach taken to other providers within the NHS who are required to make a minimum cash releasing efficiency saving in 2010/11 of 3%.

10.3 It is recognised that GMPs have contributed to efficiency savings in past years, notably through improvements in the quality or level of services provided, i.e. through the negotiated changes to the Quality and Outcomes Framework (QOF). However, the recent agreement on delivering the swine flu vaccination precludes any change to the QOF in 2010/11.

10.4 PCTs were supportive that any DDRB award should take into account a requirement for practices to provide cash releasing efficiency savings. Unlike locally negotiated contracts, PCTs have no scope for negotiating efficiencies directly with GMS practices, as they would with other providers (such as Personal Medical Services (PMS) / Alternative Provider Medical Services (APMS)) as the DDRB award is automatically applied to contract values.

10.5 There is a high degree of uncertainty surrounding future PCT budgets. PCTs are facing the possibility of minimal or negative real terms growth and will have to plan spending accordingly. Given the current financial backdrop, PCTs already anticipate that they will have to make some difficult decisions on the provision of services. Not to expect general practice to deliver some sort of cash releasing efficiency would, PCTs believe, put an unsustainable cost pressure on other services.

10.6 NHSE believes that a gross uplift to GMS contract values of less than 1% in 2010/11 would be fair as it should cover for an increase in practice expenses, whilst providing an incentive for practices to deliver efficiencies that contribute to a net pay increase for GMPs.

10.7 The extent to which GMPs will be able to increase their profits will largely depend on their ability to deliver efficiencies and improved productivity.
11. DDRB formula

11.1 In the 38th report of the DDRB, a new formula was used to describe the relationship between a gross contract uplift and the resulting net pay award for GMPs.

11.2 NHSE agree with the principle behind the formula in terms of splitting the gross uplift into “cost” and “profit” elements. We would however propose to make the following changes:

- the use of Consumer Price Index (CPI) rather than Retail Prices Index excluding Mortgage Interest Payments (RPIX). PCTs felt that CPI was a better indicator of the change in practice expenses than RPIX due to the type of expenses incurred by practices and the extent to which practice costs are directly reimbursed by PCTs (such as premises)

- to include an element within the formula that takes into account expected efficiency, which is consistent with the approach taken in setting tariffs for secondary care and other NHS providers.

12. Swine flu vaccinations

12.1 On 14th September 2009, NHSE and the General Practitioners Committee (GPC) announced an agreement regarding the swine flu vaccination programme. The following was agreed:

12.2 In exchange for vaccinating those patients recently identified by the Joint Committee for Vaccinations and Immunisations (JCVI) as being ‘at risk’ (some 9.5m people in England) there would be:

- a payment to practices of £5.25 per dose of vaccination given to those in the ‘at risk’ group for swine flu. [The current assumption is that 2 doses will be required per patient. However, and this is still subject to the outcome of ongoing trials, there is some evidence to suggest that this might be reduced to one dose]

- no changes to QOF for 2010/11. However, all parties have agreed to release for recycling the 28 points which the National Institute for Clinical Excellence (NICE) have suggested are redundant, but not until 2011/12.
12.3 In addition:

- the date for collecting data on childhood immunisations relating to the third quarter of 2009 (ending in December), will be delayed by six weeks to mid February 2010, to give practices time to carry out the swine flu vaccination programme i.e. practices will still deliver childhood immunisations during the swine flu vaccination programme, but general practice will have 6 weeks longer to vaccinate the cohort of children that should be vaccinated between October and December 2009

- in return for practices vaccinating a higher percentage of 'at risk' swine flu patients (a minimum of 3 percentage points increase), compared to the 2008/09 uptake of seasonal flu, practices will get a 10% drop in the upper and 20% drop in the lower thresholds of Quality and Outcomes Framework (QOF) indicators PE7 and PE8 in 2009/10 (paid 2010/11)

- district nurses to vaccinate all housebound in line with seasonal flu arrangements

- Local Enhanced Services (LES) funding will not be withdrawn to fund the swine flu vaccination programme.
NHS Employers

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• pay and negotiations
• recruitment and planning the workforce
• healthy and productive workplaces
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NHS Employers is part of the NHS Confederation.

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