

Gateway Ref: 17390

*Quarry House
Quarry Hill
Leeds
LS2 7UE*

To: PCT Directors of Finance

Copy: SHA Directors of Finance
SHA Primary Care Leads

13 April 2012

Dear Colleagues

**FEES PAID UNDER PARTS 2 & 3 OF ANNEX G OF THE GMS STATEMENT
OF FINANCIAL ENTITLEMENT (SFE): ADJUSTMENTS TO COMPENSATE
PCTs IN 2012-13**

1. Following negotiations between the GPs' Committee of the British Medical Association and NHS Employers, Ministers have signed off a new method for calculating dispensing fees.
2. As part of the negotiated settlement, Ministers have also agreed that a one-off payment of £10 million should be made across GP practices in England. This will be funded by DH.
3. I am writing to confirm to PCTs:
 - a. that the Department of Health has provided PCTs with sufficient additional revenue resources, to fund these payments;
 - b. how we have calculated the level of payments that now need to be made to each GP practice in each PCT area as a result of this settlement;
 - c. that the costs need to be accrued for in the PCT's 11/12 Final Accounts and these payments should be made as soon as possible during the 2012-13 financial year;
 - d. that PCT Directors of Finance should copy this letter to PCT colleagues who need to see it, for example where the PCT has a Primary Care Director / Lead / Contact.

Background

4. The feescales under which dispensing and personally administered (PA) fees are paid is set out in Parts 2 and 3 of Annex G of the General Medical Services Statement of Financial Entitlement.

5. In October 2009 and October 2010, the feescales were adjusted in line with the agreement reached with the GPs' Committee of the British Medical Association in 2009.
6. The feescales were not adjusted in October 2011, however, as there was an underspend exceeding 5% between 2010-11 outturn and budget envelope, and as such the agreement was referred back to the negotiating parties to consider.
7. At the conclusion of those negotiations, Ministers agreed to a new method for calculating the feescales, to be implemented from October 2012, and to now make a one-off payment, worth £10 million in total, to practices across England.
8. This payment is in recognition that dispensing fees were not increased in 2011 and that there was an underspend against the feescale envelope in 2010-11.
9. In line with the position, the negotiators agreed, and Ministers accepted, the £10 million is being distributed across practices in proportion to the dispensing and personally administered (PA) fees earned by each practice during 2010-11. Further details on the methodology are set out in annex A.
10. The negotiating parties have agreed that a de minimis limit for these payments given that in the case of very small amounts, for example 12 pence, it can cost the practice and PCT more to administer and account for than the actual value of the payments. As such, it has been agreed that only payments that exceed £2.50 will be paid.

Action for PCTs

11. PCT should now make payments to their practices for the amounts shown in the accompanying spreadsheet as soon as possible in the 2012-13 year.
12. The spreadsheet shows in column A the PCT Code, in column C the Practice Code and in column H the amount now payable by the PCT to the practice. Columns showing data used to calculate the amounts payable have been hidden but should PCT staff wish to see this data they can 'unhide' these rows.
13. As stated above, Resource (Limit Adjustments have been made for each PCT, to cover the payments that need to be made.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Armstrong', written over a horizontal line.

RICHARD ARMSTRONG
Head of Primary Medical Care
Commissioning Development Directorate