



NHS Management Executive
St. Andrew's House
Edinburgh EH1 3DG

21st January 1999
January 1999

Dear Colleague

**A RESIDUAL SCHEME FOR GP FUNDHOLDING FROM
1 APRIL 1999
INTRODUCTION OF A RESIDUAL SCHEME
FOLLOWING THE ABOLITION OF STANDARD
FUNDHOLDING AND PRIMARY CARE PURCHASING**

Summary

The Annex to this letter provides guidance on the arrangements for a residual fundholding scheme which, subject to Parliament, will operate from 1 April 1999. The intention is that this scheme should be in place until such time as the Bill that the Government will bring forward this session to abolish GP fundholding and implement other changes set out in The White Paper 'Designed to Care' receives Royal Assent. This scheme will operate alongside Local Health Care Co-operatives and those who take up the residual scheme are encouraged to also be members of LHCCs.

Action

- Health Boards should:
 - pass on this guidance to all GP fundholders in their area
 - consider applications to take up the residual scheme
 - in due course inform local NHS Trusts of practices recognised as residual fundholders
 - determine the allotted sums of residual fundholders by 30 April 1999

Addressees

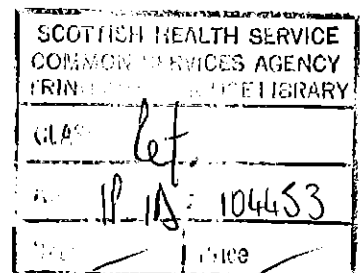
For action:
General Managers,
Health Boards

For information:
Chief Executive,
NHS Trusts

Enquiries to:

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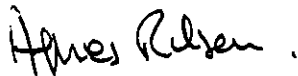
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- GP fundholders should:
 - note arrangements for a residual scheme and formally apply to their Health Boards by **1 March 1999** if they would like to take up the residual scheme.

- NHS Trusts should:
 - note the arrangements for a residual scheme.

Yours sincerely



AGNES ROBSON
Director of Primary Care

Introduction

1. Ministers shortly intend to lay regulations which, subject to Parliament, will amend the NHS (Fundholding Practices) (Scotland) Regulations 1997 to end current forms of fundholding on 31 March 1999. A residual scheme, which meets the requirement under the NHS and Community Care Act 1990 to provide a fundholding scheme, will operate from 1 April 1999. The residual scheme will, again subject to Parliament, end on the first suitable date after Royal Assent of the Bill which the Government intends to bring forward this session to abolish fundholding and implement other changes in *Designed to Care*. GPs who are currently standard fundholders, are in a primary care purchasing practice, or who form a Purchasing Co-operative constituted under the GP Fundholding Regulations will be eligible to apply to take up the residual scheme. This guidance is being issued in advance of the regulations in order to give maximum notice of the proposed changes. The regulations will be issued under cover of an explanatory circular immediately after they come into effect.

Application to join the Residual Scheme

2. The new regulations are expected to provide that fundholders who wish to take up the residual scheme from 1 April 1999 will need to apply to their Health Board if they would like to take up the residual scheme. The closing date for applications is 1 March 1999. Every member of the existing fundholding practice should sign the application before it is submitted to the health board. From 1 April 1999, recognition will be withdrawn should any partner in a residual fundholding practice leave (other than through death or retirement).

3. Recognition will automatically be withdrawn from any fundholders who have not applied to the Health Board to take up the residual scheme by the due date, and they will leave the scheme when existing GP fundholding schemes end on 31 March 1999.

4. Only those who are established fundholders will be able to take up the residual scheme on 1 April 1999. Those in preparatory phase will automatically leave the scheme on 31 March 1999.

5. In determining applications, health boards must assure themselves that fundholders continue to meet the requirements of the scheme as set out in Schedule 2 of the current regulations. It is anticipated that all existing fundholders will meet these criteria unless, in the board's view, they are no longer able to manage a fund. This may be apparent if they have overspent their fund allocation in 1998-99.

Scope of the Scheme

6. The residual scheme will include the following NHS therapy services – occupational therapy, speech therapy, chiropody and dietetics along with a budget for practice staffing.

7. All other goods and services will be excluded from the residual scheme including all outpatient and inpatient services save those specified in paragraph 5 above; community nursing and mental health services; specialty nursing services; all goods. Prescribing costs will also be excluded from the residual scheme.

Contracts

8. Regulations are expected to provide that contracts with the independent sector will be excluded from the residual scheme. NHS contracts, which should in the main be block, entered into by residual fundholders will be limited to a 6 month time period.

9. Residual fundholders will be expected, like all GPs, to take the provisions of their Health Boards Health Improvement Programme fully into account. They will also be expected to discuss their intentions with the relevant Trust before entering into new contracts.

Allotted sum – budget allocations

10. Health Boards will need to collate the appropriate information, and then discuss with relevant practices the proposed allotted sum for services included in the residual scheme. To meet the requirements of existing primary legislation, the proposed sum should cover the full financial year. The allotted sum is to be determined by **30 April 1999**, therefore Health Boards will indicate full-year budgetary allocations to the practices concerned by end April. In order to reduce bureaucracy Boards may want to manage the funds on behalf of practices. This will ensure that the money is properly reflected in Boards' accounts at the end of the residual scheme and negate the need for separate account verification by auditors.

Management Allowances

11. The maximum level of Management Allowances will be set in proportion to the allotted sum. At present maximum levels of management allowance are set at around 4% of the allotted sum, excluding prescribing. The same percentage will apply to maximum management allowances for residual fundholders. Boards must ensure that 'value for money' criteria are adhered to when making management allowance decisions.

12. Residual fundholders will not be able to use any part of the management allowance either to pay themselves for managing the fund or to meet locum costs.

13. No additional resources to fund management allowances will be allocated. Health Boards will therefore have to fund these costs from within their overall allocations.

14. Management allowances for the residual scheme will count against overall Health Board management costs.

Savings

15. Existing fundholders will continue to have the use of accumulated savings for a period of 2 years after the end of the current schemes. This will be subject to two restrictions:

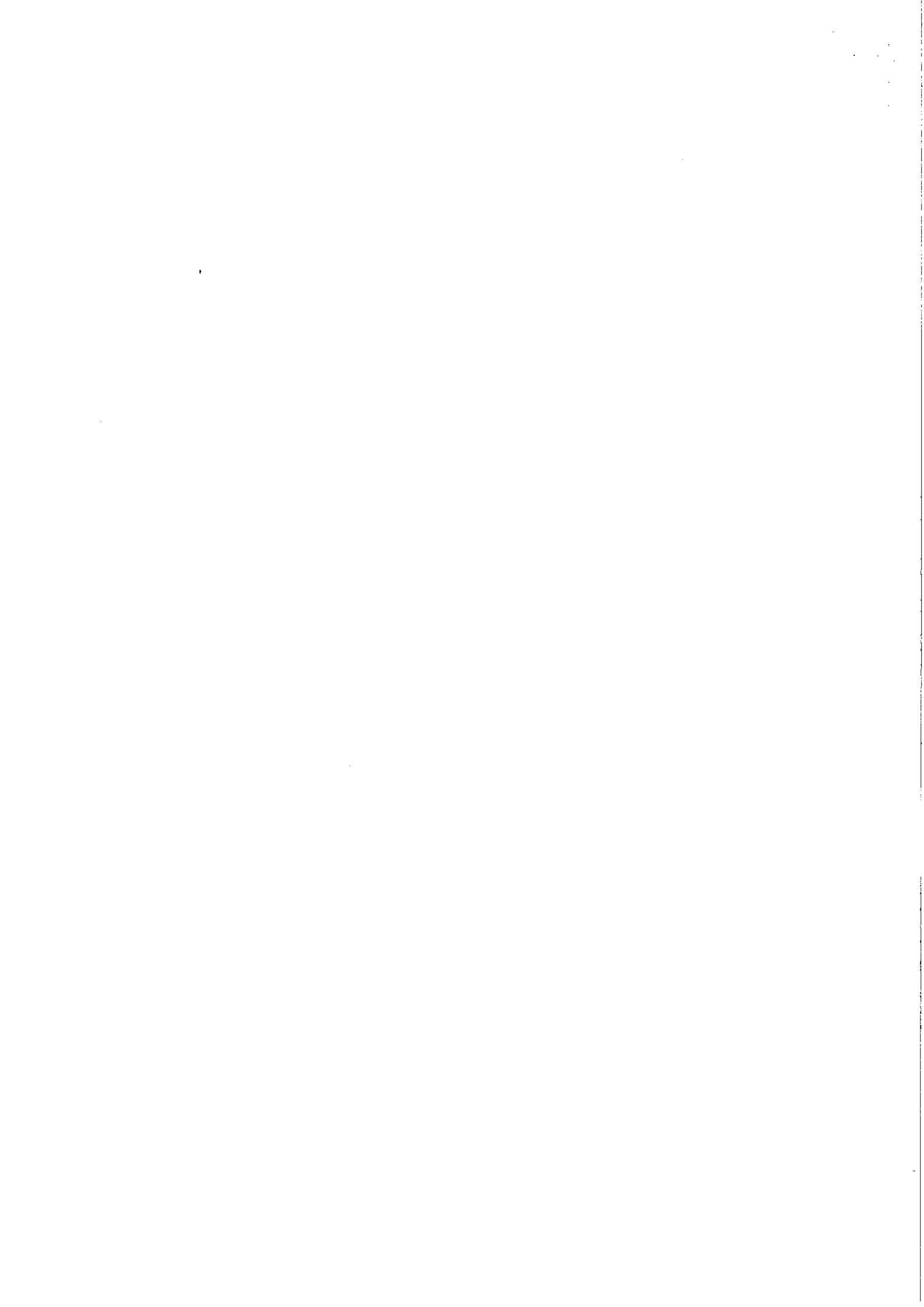
- from 1 April 1999 fundholder savings can only be used to provide primary care and community goods and services for patients;
- fundholder savings may only be used to fund premises developments which are in line with fundholding regulations and the premises strategy of the relevant Primary Care Trust.

This freedom will exist whether or not fundholders choose to join an LHCC.

The same arrangements will apply for the residual scheme. Savings made from 1 April 1999 until the end of the residual scheme will be protected for 2 years from the last day the scheme is in operation.

End of the Residual Scheme

16. Subject to Parliament, the residual scheme will end on the first suitable date after the forthcoming Bill receives Royal Assent. The Bill will also provide for secondary legislation which will set out the detail of the transitional provisions and closure arrangements.



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Please find enclosed the following Management Information:

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meL (1999) 3

Date of Circular:
21.01.99

Date of Issue:
25.01.99

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General Manager's Personal Assistant	✓				
Facilities Director					
Director of Finance	✓				
Human Resources Director	✓				
Public Affairs Manager	✓				
Executive Co-ordinator	✓				
Central Legal Office	✓				
Scottish Centre for Infection & Environmental Health	✓				
Dental Practice Division	✓				
Practitioner Services Division	✓				
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National Services Division	✓				
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Scottish National Blood Transfusion Service	✓				
Scottish Healthcare Supplies	✓				
Information & Statistics Division	✓				
Mr Alan Jamieson, Library, ISD for Logging/ retention	✓	ALWAYS SEND FOUR COPIES			

Signed By: *P. Wallace*

Date: 25/1/99

