

## **The new GMS contract explained**

### **Focus on...**

#### **Funding for Information Management and Technology – third update**

This is the third guidance note produced by the General Practitioners Committee to help GPs and Local Medical Committees understand the funding arrangements for Information Management and Technology under the new GMS contract, and is part of a series of guidance notes on the new contract. The guidance will be updated as progress is made throughout the implementation discussions and negotiations. We would advise all GPs to read the contract document and supporting documentation, available on the BMA website at [www.bma.org.uk](http://www.bma.org.uk). The GPC has produced a list of frequently asked questions and answers which can also be found at the website address.

### **England**

#### **Overall funding for IT**

In 2003/04 the following funding has been allocated to PCTs in England:

- £50 million – recurrent funding, the estimated figure which is in existing PCT baseline budgets
- £20 million recurrent funding
- £30 million one off payment – this funding was based on the bids received by the Department of Health from PCTs and has therefore been allocated according to local IT needs.

This IT funding has been issued with clear guidance to PCTs (annex A). This Department of Health guidance states that the additional £30m has been 'allocated on the provision that the £50m which Primary Care Trusts spend through baseline funding continues to be used for general practice IM&T'. This means that the pre-existing spending on IT in general practice must be maintained.

This funding is for both GMS and PMS practices. John Hutton has written to all GPs, on 17<sup>th</sup> February 2004, detailing the exact sums of money allocated by the Department of Health to his or her PCT for new GMS IT (annex B). LMCs can obtain a listing of the financial allocations for all English PCTs from the GPC office. Any queries relating to these allocations should be directed to local PCTs.

#### **Guarantee of IT Funding**

The Department of Health guidance to PCTs, at annex A, states that 'the financial allocation confirmed in this paper must only be used for the purposes outlined in this paper' (i.e. spent on general practice IT), that the use '*must*' comply with the definitions in the nGMS contract and that PCTs '*must*' ensure that major upgrades are funded.

We believe that the allocations and accompanying guidance to PCTs from the Department of Health should be enough reassurance for GPs and LMCs alike as to whether or not the promises of the new GMS contract for IT have been delivered.

#### **IT Items GPs can expect to be funded**

Paragraph 4.41 of the new GMS contract (blue book) states that 'work is continuing to develop a minimum functionality specification for practice systems that defines the information requirements to deliver integrated care and meets the requirements of the new GMS contract'.

The GPC, Department of Health and NHS Confederation have agreed the IT items which practices can expect to receive funding for and these are listed in annex A. Items have been categorised as 'core' and 'additional'. Core items are those for which PCTs will be expected to fully fund. Additional items are a lower priority and should be funded subject to the availability of funding and the submission of a business case.

However, page 3, paragraph 4 of Annex A secures pre-existing spending on IT, whether considered core or otherwise. It states that 'it is important that any funding which has already been agreed and made available locally for core and or additional items should not be reduced or removed as a result of the new GMS contract.' This is in effect saying that PCTs cannot withdraw funding for any IM&T system they have historically funded prior to the new GMS contract.

### **Scotland, Wales and Northern Ireland**

The first and second Focus on funding for Information Management and Technology detailed the funding which has been made available in the Celtic countries. The list of core and additional items, which has been agreed in England, is currently being considered by Scotland, Wales and Northern Ireland. We will provide an update when further information is available.

### **LMCs: what can you do?**

- Ensure that this information is cascaded to practices so that GPs are aware of the IT items they are entitled to receive funding for under the new GMS contract.

### **Enquiries and Information**

Please send enquiries and/or information about information management and technology to the GPC office at:

[rmerrett@bma.org.uk](mailto:rmerrett@bma.org.uk)

## Department of Health Guidance issued to PCTs

### New GMS Contract – Additional Funding for General Practice IT (England)

#### Summary

In November 2003 the Department of Health distributed £20m from the National Programme for IT to Primary Care Trusts based using the unified budget allocation formula. This funding was to meet the commitment in the GMS Contract to provide “a contribution to the cost of maintenance and minor upgrades” of GP systems. It was allocated on the provision that the £50m which Primary Care Trusts spend through baseline funding continues to be used for general practice IM&T.

The accompanying letter stated that Primary Care Trusts that are still unable to meet the funding commitments for IT that are contained in the new GMS contract would be considered for further funding. They would be required to submit supporting evidence to the Department of Health via their Strategic Health Authority Chief Information Officer.

The total additional funding required by PCTs was £30m. This paper confirms a one off capital £30m allocation to “make absolutely sure that all practices can support the new contract”. This applies to both GMS and PMS practices. All PCTs have now been notified of their allocations.

The financial allocation confirmed in this paper must only be used for the purposes outlined in this paper and as agreed with the Chief Information Officer who will deal with any queries. The use of this new funding must comply with the agreed definitions for maintenance and minor upgrades as defined in the GMS contract. PCTs and SHAs must ensure the further additional funding is used to provide major upgrades as defined in “PCT Actions Required” below.

#### ***PCT Actions Required***

Primary Care Trust's must:

- Maintain an agreed record with the General Practice of items funded through these arrangements. Practices will be expected to cooperate fully with the development and maintenance of these inventories.
  - Ensure that core system components are fully funded as described in this paper (see also Appendix 1)
  - Ensure that all practice systems are compliant with requirements of the national quality and outcomes framework
- Replace pre-RFA 99 legacy systems
- Provide access to clinical systems for practices that are currently uncomputerised
- Provide prescription printers that meet current national recommendations for prescription printing
- Participate in the implementation of the national GMS Payments Project as required

Primary Care Trusts must ensure that the funds available through existing baselines and the new allocations provided in 2003/4 are used flexibly to meet the key objectives described in this paper.

#### ***Strategic Health Authority Actions Required***

Chief Information Officers are required to:

- Deal with any queries from General Practice and ensure that PCTs meet their IT funding obligations as described in this guidance and the new GMS contract.
- Maintain a full audit trail of claims for additional funding received and oversee the implementation of plans contained in these claims.

- Participate in the implementation of the national GMS Payments Project as required.

## **Ownership of General Practice IT Systems**

The Department of Health is still in discussion with the BMA General Practitioner Committee regarding the ownership of systems under the new GMS Contract. Further guidance will be provided in due course.

In the meantime Primary Care Trusts must ensure that GP IT systems (hardware and software) that have been funded from this new capital allocation are recorded in the PCT asset register, and have PCT asset tags.

## **Funding Arrangements**

Primary Care Trusts need to differentiate, as far as possible, between those elements funded through:

- The unified budget
- £20m additional revenue allocation maintenance and minor upgrades (being made available in each year of the contract)
- £30m additional capital allocation (a one-off addition to ensure practices are equipped to meet the requirements of the contract)

Primary Care Trusts will therefore need to balance their expenditure to ensure they receive the maximum value for money that these flexible arrangements offer them using the following definitions as a guideline.

## **Accounting Arrangements**

The Department of Health has adopted a £5,000 capitalisation threshold for individual assets, although assets of lesser value may be capitalised for purchasing purposes if they form part of a group, with a group value in excess of £5,000, as defined below. The £5,000 figure includes VAT where this is not recoverable.

Further guidance is provided in the NHS Finance Manual. Please note, the Accounting Section in Department of Health will not be able to offer additional advice in individual cases.

### **Grouped Assets**

"Grouped assets" are a collection of assets which individually may be valued at less than £5,000 but which together form a single collective asset because the items fulfil all the following criteria:

- The items are functionally interdependent;
- The items are acquired at about the same date and are planned for disposal at about the same date;
- The items are under single managerial control; and,
- Each individual asset thus grouped has a value of over £250.

The Capital Accounting Manual states that IT hardware is to be considered interdependent if it is attached to a network, the fact that it may be capable of stand-alone use notwithstanding. The effect of this will be that all IT equipment purchases, where the final three criteria above apply, will be capitalised. Where an NHS body adopts this firmer interpretation of interdependency with regard to IT assets, and has not capitalised such purchases before, auditors may consider that the change constitutes a Prior Period Adjustment. The effect of such a change may well not be material, given the rate of depreciation that would have been applied to prior-period purchases.

The distinction between assets that are in some way dependent on each other for their effective and efficient operation and those that are “stand-alone” items can be a fine one. Where items are used within a system (e.g. trays of sterile instruments are designed to be used with a specific sterilisation system), those items are likely to be considered interdependent even though they also have a value in “stand alone” use.

It is not possible to set guidance in this paper to cover every circumstance in which assets might be considered as comprising a group: this is a matter for local judgement.

It is important that any funding which has already been agreed and made available locally for core and or additional items should not be reduced or removed as a result of the new GMS contract.

### **Maintenance and Minor Upgrades**

Maintenance covering the routine support that is provided through annual contracts with GP clinical system suppliers or third parties should be treated as revenue expenditure.

Minor upgrades to ensure that existing clinical systems continue to perform efficiently (e.g. memory or hard disk upgrades, replacement of broken or defective items such printers, screens or back-up devices) may be treated as revenue expenditure or may be aggregated and treated as capital.

There is strong evidence that money can be saved and service levels improved if Primary Care Trusts review and consolidate existing hardware maintenance contracts to ensure that they represent value for money and provide the required levels of support.

The new GMS contract states that a national template Service Level Agreement (SLA) will be published to help Primary Care Trusts and practices to review existing support arrangements. The national GMS Payments Project has developed a first draft SLA which is being reviewed with Strategic Health Authorities before publication.

### **Major Upgrades and System Replacement**

Major upgrades are defined as:

- Whole clinical system implementation including legacy (non-RFA 99) system replacement and currently uncomputerised practices
- Major new hardware components
- Those items described as core items in Appendix 1 of this paper

Expenditure on these items should be treated as capital.

Funding arrangements need be in line with local priorities and business case processes as described in the new GMS contract. Guidance on how these business cases should be developed and managed will be made available shortly.

Where there is disagreement between practices and PCTs on the funding of any individual case these should be referred to the CIO of the Strategic Health Authority.

Primary Care Trusts are encouraged to seek quotations for hardware replacement, e.g. work stations or printers, from 3<sup>rd</sup> party suppliers under existing national arrangements or local alternatives. This should be undertaken in consultation with incumbent clinical system suppliers to ensure that equipment supplied under 3<sup>rd</sup> party arrangements is compatible with the clinical system.

### **Core Items (see also Appendix 1)**

The BMA General Practitioners Committee, the NHS Confederation and the Department of Health have agreed that claims for funding for general practice IT systems should be categorised as core and additional.

The principle of core items is to provide a:

- Nationally accredited clinical system which will allow a practice to develop and maintain electronic patient records and support the clinical management of the practice in accordance with national regulations and guidance
- Platform that will be compatible with NHS Care Records and national initiatives that will be delivered in due course.

PCTs will be expected to meet purchase, maintenance and appropriate upgrade costs for core components in full and these should be prioritised against other calls on the IM&T allocation.

### ***Additional Items***

Priority must be given to practices with funding requirements for core items although this will depend on local circumstances and priorities. Funding of additional items should be contingent on a clear business case and the adoption of safe, evaluated and supported solutions that are in widespread use.

National standards do not yet exist for many items that might be included in this category and therefore local discretion should be applied. The following items are regarded as examples of “additional” and should, therefore, receive a lower priority.

- Out of Hours,/A&E/MIU/NHSD links
- Discharge and referrals messaging
- Chronic disease management software
- Drug monitoring software
- Scanning software and document management systems
- Remote access / dial up software.
- Out of surgery records and transfer, taking individual record(s) on visits and synchronisation on return, mobile computing and handheld devices.

### ***Pre-RFA 99 Legacy Systems***

Primary Care Trusts should fully fund the replacement of legacy systems (non-RFA 99) subject to the approval of a “business case”. Each practice will have guaranteed choice from RFA 99 v1.x accredited systems. Such choices will be consistent with local development plans (or their equivalents) and in line with local business cases and service level agreements.

The national GMS Payments Project is currently holding discussions with Local Service Providers and suppliers of installed pre-RFA 99 legacy systems to develop minimum cost options for the managed replacement of those systems. The results of the discussions will be available shortly. Where Primary Care Trusts have already developed plans for legacy system replacement they should contact Mark Phillips ([mark.phillips@npfit.nhs.uk](mailto:mark.phillips@npfit.nhs.uk)) for further information.

**Note:** The baseline standard for clinical systems is RFA 99 (current version is RFA 99 v1.2). No funding should be made available for systems which are not accredited to RFA 99.

### ***Uncomputerised Practices***

Primary Care Trusts should fully fund clinical computer systems for currently uncomputerised practices subject to the agreement of a “business case” which describes the whole life cost and benefits of the system and addresses implementation issues including creating patient records, training.

**Note:** The baseline standard for clinical systems is RFA 99 (current version is RFA 99 v1.2). No funding should be made available for systems which are not accredited to RFA 99.

### ***Practices Which Already Have RFA 99 Systems***

Practices which currently have RFA 99 accredited systems should normally be expected to be using the latest version of those systems and should not expect to move to alternative systems unless:

- There is a clear and cost effective business case to do so which takes into account patient benefit, and necessary funding has been agreed in advance with the PCT and;
- Currently installed systems have been reviewed and found to be inadequate.

### ***Procurement Principles***

When purchasing systems and system upgrades PCTs and practices should seek guidance from their SHA Chief Information Officer to ensure that NPfIT procurement principles are followed namely:

- Payments to suppliers should only start upon the delivery of functionality and value. The delivery of early value will be encouraged.
- Completion risk will remain with the contractor, with no payments being made until an agreed service milestone had been successfully achieved.
- The NHS will acquire necessary rights in respect of project assets. Where appropriate this will be reflected in the payment profile.
- Liquidated damages may be payable by a service provider for late delivery of any solution or service. Service credits will be structured to incentivise the maintenance of contracted service levels.
- LSPs will also deliver IT support, data migration and legacy management service at contracted national rates, but in volumes relevant to SHA and Trust level.

### ***Education and Training***

The GMS Payments Project will deliver training services and products relating to payments under the new contract to PCTs for their own staff and also for them to disseminate to practices. PCTs must ensure that the training of practice staff in the use of clinical systems is addressed in their local delivery plans.

## Core items

“Future nationally specified IM&T initiatives will be delivered to practices with 100 per cent funding for initial and continuing costs.” (GMS Contract 4.32)

The following should be regarded as core components for which PCTs will be expected to meet purchase, maintenance and appropriate upgrade costs in full and these should be prioritised against other calls on the IM&T allocation:

Heading	Note
Clinical system server (and administrative/network servers where appropriate)	This equipment should be fit for purpose to support appropriate, efficient and effective access to clinical information and supporting applications. Memory and storage capacity should be sufficient to meet the immediate and foreseeable requirements of the practice.
Workstations	Normally to be available in consulting rooms and appropriate administrative areas. Memory and storage capacity should be sufficient to meet the immediate and foreseeable requirements of the practice.
Printers	Normally to be available in consulting rooms and appropriate administrative areas. Dual bin cut sheet feeder to enable printing of prescriptions and other documents.
System Management	Backup devices and backup, restore and verification software. Virus protection software for servers and workstations. Auto power down software. Network support software Network backup facility
Clinical applications	Core clinical software (RFA 99 compliant) and associated applications and licences e.g. Read codes, drug database. Dispensing system and stock control system (dispensing practices only). Messaging including patient registration, pathology and items of service. Knowledge bases such as eBNF, Mentor and Oxford Textbook of Medicine. Appointment system.
NHSnet and the Internet	Connection and usage including firewall and email services
Network infrastructure	Including agreed branch surgery connections and UPS devices, routers, network equipment, cabling and storage
Core office applications	Office tools under NHS-wide licence arrangements.
Practice based staff should be able to access the clinical system and NHSnet via terminals or workstations from their normal working location within the practice (including branch surgeries as	



defined in the GMS contract). Each consulting area should normally be equipped with a printer suitable for the printing of prescriptions and letters.

This list is not exhaustive and PCTs and practices are expected to apply common sense when considering items not been included.

The clinical system and the data that it contains should be secured and managed in accordance with national guidelines including "Good Practice Guidelines for General Practice Electronic Patient Records (Version 3)" July 2003.

Gateway reference: 2159

17 February 2004

Dear General Practitioner

### **IT FOR GENERAL PRACTICES: ALLOCATION OF ADDITIONAL FUNDING**

One of the major benefits of the new General Medical Services contract is the opportunity it presents to modernise information management and technology in all types of general practice.

The contract agreement document “Investing in General Practice” outlined how, over time, the new arrangements would lead to the transfer of ownership of IT systems from practices to Primary Care Trusts (PCTs). That process has already begun with the 100% funding by PCTs of maintenance and minor upgrades and will continue as systems incapable of supporting the new contract are replaced in their entirety and practices which had previously operated without IT support use the introduction of the new contract to change their procedures.

Last November I was able to announce additional funding of £20m to help PCTs meet the new commitments and I am pleased to now be able to add to that with a further £30m of capital funding which will be allocated directly to PCTs to help support, in particular, the replacement of legacy systems, the purchase of systems for those new to IT and the purchasing by the PCT of items of kit needed by practices.

In your area [PCT to complete before forwarding to practices] has been allocated to the PCT. This sum has been arrived at with the help of the Chief Information Officer of the Strategic Health Authority, and bids previously submitted by your PCT, via their SHA, to the Department of Health, to make sure that it will provide the necessary resources to meet your entitlements.

The new contract offers you all a great opportunity and the additional funding we are putting into IM&T is a practical demonstration of our commitment to helping you achieve the maximum benefits from it.

A handwritten signature in black ink, appearing to read 'John Hutton', written in a cursive style.

April 2004