

PRIMARY CARE NETWORKS

Financial and business considerations

All Primary Care Networks (PCN) will have now submitted their registration information to their CCG, and will be working over the next few weeks to complete their PCN agreements.

The timescales are short as the PCN contract goes live on 1 July 2019. This document comments on some of the financial considerations.

From initial discussions it seems that most PCNs are going down either the 'Flat Practice Structure' or 'Lead Provider' operating model, so that NHS Pension membership is available to employees of the PCN. This document addresses these options, and not the 'GP federation/provider entity' or other options.

SHARING OF INCOME AND EXPENDITURE

The network agreement will need to set out the principles to be used when allocating income and expenditure between practices; for example is income to be shared based on:

- Actual list size
- Registered list size
- Equally between practices
- In proportion to the time input by each practice

There may be different arrangements for each source of income, so at this stage the agreement will not be able to cover every eventuality, but the core principles should be set out which can then be used as guidance as and when new sources of income come along.

The network agreement will also need to set out whether the PCN is to build up any contingency funds. The PCN funding is guaranteed for five years, but practices may want to build up a reserve for redundancy costs in case funding is withdrawn at the end of this period.

BANKING ARRANGEMENTS

A separate bank account should be opened and all income and costs relating to PCN activity should pass through this bank account. The bank account will need to be opened by the nominated practice, but funds will be held on trust for all the members of the PCN. Consideration will need to be given to who will be the signatories to the account, and the number of signatures required. For example, a signatory from the nominated practice may be sufficient to authorise payments up to a certain limit, but a counter-signatory from another practice may be needed for larger payments.

All practices may want 'read-only' access to the bank account.

FINANCIAL REPORTING

Each member of the PCN will need to incorporate their share of the income and expenditure of the PCN into their own financial accounts. As a result the PCN will need to prepare accounts at least annually, but possibly at more frequent intervals if the member practices have differing accounting year ends.

There may be a need for monthly reporting if any of the practices are VAT registered (see separate factsheet on VAT).

LEGAL MATTERS

The PCN will need to take legal advice on such matters as:

- How decisions are to be made
- Circumstances when a member might be required to leave the PCN
- How the nominated practice is to be indemnified for any claims against the PCN

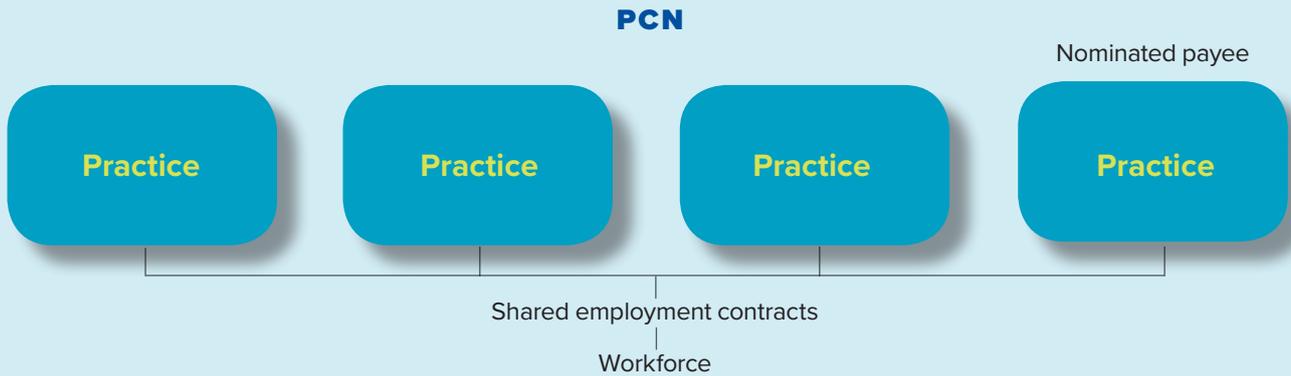
FINAL COMMENTS

The timescale for getting a PCN agreement in place by 1 July 2019 is very short. Rather than be rushed into hurried decisions, it may be better to take more time over getting the agreement right. If this means a short delay in receiving some funding, this might be preferable to feeling pressured to making decisions in haste.

As pension regulations are developed to cope with PCNs, and as the levels of funding and number of employees increase, it may be that a separate legal entity will become the preferred route in the medium term.

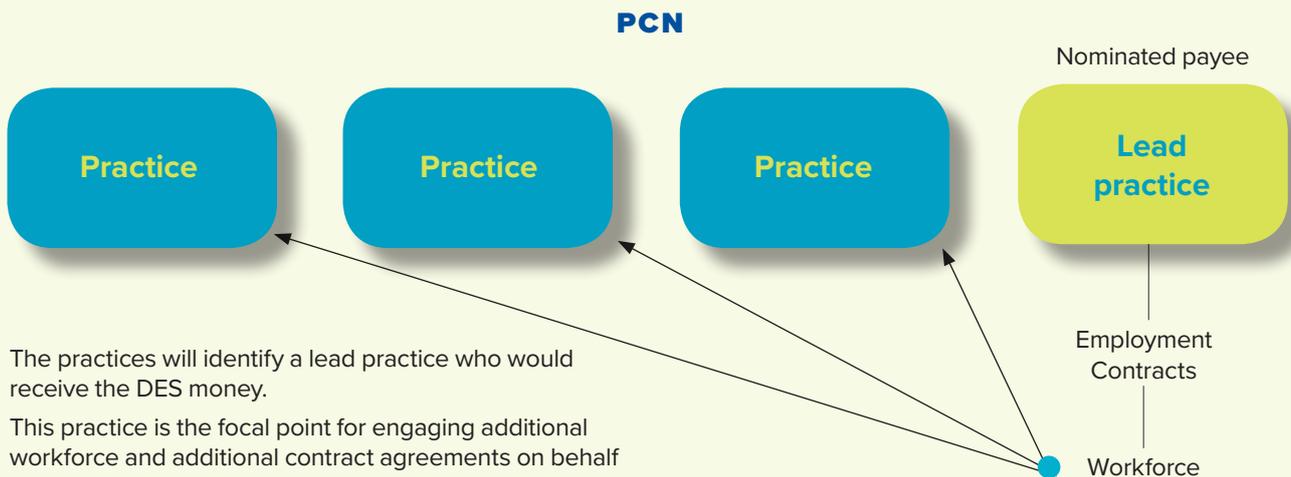
At this stage, the emphasis should be on getting an agreement up and running so that practices can get used to working together, without trying to cover every eventuality.

FLAT PRACTICE STRUCTURE



- Responsibilities, contractual commitments and funding would be spread across its members.
- One practice would receive the DES money as 'Nominated Payee'.
- Network staff would be held on joint contracts of employment.

LEAD PROVIDER



- The practices will identify a lead practice who would receive the DES money.
- This practice is the focal point for engaging additional workforce and additional contract agreements on behalf of the PCN.
- The lead practice would employ the network staff but they would be used by all practices as required.



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