FSU Contract Holding – Organisational Structure

Background

Discussions have taken place with FSU Chairs, RCGP and NIGPC in relation to working together to take a more proactive approach in applying for and taking on the contracts for GP Practices when contracts have been handed back to SPPG. This approach will be similar to what has been put in place for Beechwood Medical Practice in Portadown, but will require the establishment of a GP owned and led infrastructure to facilitate on a larger scale. Approval was given to establish an infrastructure to facilitate the holding of multiple contracts.

Criteria

In working up the structure, it was felt that it had to meet the following criteria:

- GP led and established as Community Interest Companies
- Facilitate the ongoing delivery of GMS services to relevant patient population
- Supports the sustainability of each individual practice to operate on a standalone basis
- Allows for the handing over of each individual Practice back to a traditional GP Partnership model when appropriate.
- Includes input from wider GP family including all four LMCs and RCGP
- Has the ability to take on Practices across the region
- Effectively mitigates risk to the four Federations Support Units

Structure

Following legal and financial advice, the following organisational model has been developed to best meet the above criteria:

- A central FSU Contract Management C.I.C will be established to oversee all GP Practice contracts held through this structure

- It is proposed that FSU Contract Management will be owned by the four Federation Support Units

- The Board of Directors of FSU Contract Management CIC will include 1 voting director from each Trust area, along with a non-voting representatives of the four LMCs (1 rep on behalf of all LMCs) and RCGP. A Non-Executive director will be appointed by the Board of Directors, preferably from a financial background

- FSU Contract Management CIC will be governed by a detailed members agreement

- FSU Contract Management CIC can generate a surplus, which it must reinvest in the CIC. The surplus is asset locked within the CIC, therefore cannot be paid in dividends to individual directors

- Where a financial surplus is generated, this will either be re-invested into service delivery or paid to the four Federation Support Units (if all involved) on an equal basis.

- For each individual GP Practice taken on through this structure a separate CIC will be established. These individual CICs will be wholly owned and managed by FSU Contract Management CIC. Establishing a separate C.I.C for each individual contract will allow each Practice to operate in a sustainable and stand alone way. It is also the most effective model to mitigate risk and liability across each Practice and back to FSUs.

- Each contract holding CIC will have two GP Directors, with at least one coming from the local Trust area.

- Each Practice contract will be agreed as an APMS contract, but based on a traditional GMS contract.

Frequently Asked Questions

What is a CIC?

A Community Interest Company (CIC) is a form of limited company which exists primarily to benefit a community or with a view to pursuing a social purpose, rather than to make a profit for shareholders. All GP Federations and Federation Support Units are established as CICs.

The Community Interest Company (CIC) Regulator is an independent body that oversees the operation of CICs in the UK. The Regulator is responsible for ensuring that CICs operate in the best interests of their communities, and they have a range of powers to investigate CICs and take action if necessary.

How will this new CIC be related to Federations?

There will be no direct relationship between any GP Federation and any contract holding or management CIC. The overarching FSU GP Management CIC will have four shareholders if they agree to be part of it – each of the four Federation Support Units. Each CIC established to hold a practice contract will be wholly owned by FSU GP Management CIC

Is there any risk to member Directors or Practices of a Federation?

As with any director position the director must uphold responsibilities as outlined by company law and ensure that the community interest test is satisfied. They can be held liable in the event that they breach their statutory regulations and obligations or if they are found guilty of wrongful or fraudulent trading upon the company becoming insolvent.

Members have ultimate control and responsibility for the organisation. The risks held are to the face-value of the shares or guarantees held, (£1 in the instance of the FSU GP Management CIC).

Practices of a federation will not be directly impacted by this new organisation as they are not direct members of the FSU GP Management CIC.

How do we ensure the company runs effectively and does not breach statutory regulations and obligations?

These contract holding companies are established as CICs in the same way and Federations and Federation Support Units. As with any company, they need to run in line with statutory regulations and obligations. In order to ensure this we will:

- Appoint a Board of Directors to oversee the running of the company
- Appoint company secretariat
- Appoint accountants to the organisation to ensure all obligations to companies house are fulfilled
- Appoint an experienced Non-Executive director to the company (preferably from a finance background)
- Ensure legal and financial input into all APMS contracts taken on
- Appoint reps to the board of the company from RCGP and LMCs
- Ensure financial reports across all Practices are considered by the board at every meeting

It is important to note that the first federation was incorporated in 2013. Since then there has never been an issue with any federation fulfilling its statutory requirements.

Why are we doing this?

This is not a long term solution to the current crisis in General Practice. The current model of General Practice is unsustainable and can only be addressed through a new contract and meaningful increase in training numbers. This is a short term fix to allow those negotiations to happen and try and prevent immediate area collapses. It aims to try and sustain small numbers of Practices which are viable and protect surrounding GPs and patient care whilst a new contract is developed. It is being taken forward with the full support of our GP negotiators who are working to try and secure a longer term solution.

What are the other options?

When a Practice contract is handed back to SPPG the options are a new GP contractor is found to take over the practice, dispersal of patients to neighbouring practices or a Trust taking over the running of the practice.

When Practice contracts have been advertised by SPPG recently, there has been very little success in securing a new GP contractor. If there are GPs interested in taking over any practice contract we would withdraw from the process.

Whilst list dispersal may be a viable option with small practices, there are a number of contracts that have been handed back to SPPG with larger list sizes. Feedback from LMCs has been that dispersal of these patients will collapse entire areas.

Trusts have held the contract for Bannview and Dromore and Trillick GP Practices. South Eastern Trust have just taken on the contract for Priory Surgery on a temporary basis. Experience has shown that the model of Trusts running GP Practices does not work:

- There is a lack of transparency around the funding;
- It is less cost effective;
- There is poorer continuity of care to patients;
- Neighbouring Practices have to deal with the consequences of taking on patients;
- Difficulties in securing locums due to overinflated payments offered to work in those Trust-run Practices.

The model we are proposing provides another option that is GP owned and controlled, and run in the best interests of General Practice and our patients.

What about Practices which a CIC doesn't take over contract?

When a Practice hands back its contract the partners will be responsible for all liabilities and costs incurred unless another contract holder is found. That should be an important consideration for Practices in that situation.

We will not be able to take on all contracts that are handed back to SPPG. We will only take on a Practice contract where we have the support of the Practice, local LMC and a viable plan and contract to sustain the Practice. There will be some Practices that we are unable to come up with a viable plan for, and we will not take them on. Every Practice will undergo a due diligence process, and approval from a Board of Directors (GPs) with full sight of that before we agree to take it on.

Is this not like a PCT?

No. It is a not for profit CIC that has the intention to re-float Practices as stand alone GMS Practices where possible. The timeframe for this will be different according to the individual circumstances of each Practice, and will take longer for some than others. Our hope is that a new contract will make General Practice, and the partnership model a much more attractive option and remove the longer term need for this model.

What is an Expression of Interest?

This is the initial, non binding, part of the process once a Practice contract has been advertised. If you do not put an expression of interest in by the closing date you can not revisit this once the closing date has passed. If you do put an expression of interest in it can be withdrawn at any time.

Normally there are 2-3 weeks to submit an expression of interest once a contract has been advertised. This is simply not enough time to carry out a due diligence process and have detailed discussions with all involved to establish if there is a viable plan to take on the Practice.

We would propose to proactively submit expressions of interest when a contract has been advertised and if we feel it may be potentially viable to take on and the Practice and local LMC support it. This is to allow time for a proper due diligence process to take place. If we are unable to come up with a viable plan from that process, or don't

have the support of the Practices or LMC, we will withdraw the expression of interest.

Where are the GPS coming from to staff these Practices and will locum rates be inflated?

Locum rates have been inflated previously particularly with Trust run Practices which has a negative impact on surrounding Practices. We will not pay £1000 a day for GPs to work in the Practice. We will look to recruit a number of Salaried GPs to work regular sessions in these Practices, based on BMA salary guidance. We aim to make them attractive roles with access to peer support, mentorship and learning opportunities that will help those GPs develop the skills needed to take on a Practice partnership if they wish

How do these Practices become GMS again?

When we feel we have a vaiable succession plan in place for the Practice and a commitment from GPs to take on the contract, we will hand the contract back to SPPG and support those GPs in securing the contract going forward. In doing so, they will also be eligible for the attract, recruit, retain payments.