

## PRIMARY CARE NETWORKS (PCNs) – HOW ARE THEY GOING TO WORK IN 2022 ??

### BACKGROUND

- There have been a number of different types of structures used by GP Practices in recent years in order to provide additional services to their patients, as changes (quite) regularly occur within the NHS organisational structure(s).
- The newest structure that has been introduced as a means of providing more effective Primary care locally is the **Primary Care Network (PCN)**. This structure is now taking over some, or in some circumstances all, of the activities of the current GP Federation structures.
- **This also generates the question of what happens in 2022 with PCNs and GP Federations ?**
- GP Federations structures were previously '**encouraged**' to manage CCG wide contracts on behalf of GP Practices, which typically also required them to have in place some sort of separate management and financial structures (typically via a limited company).
- To date, most PCNs have been
  - much smaller than GP Federations e.g. members with list sizes of 50,000 v's list sizes of 200,000
  - have not been incorporated as limited companies, and
  - most of their funding or income has come from the PCN DES activity
- In practice therefore, PCN's have just been handling this activity on behalf of their member GP Practices in a less formal way than GP Federations i.e. limited management, financial and governance structures, with any surpluses and deficits within the PCN are also (strictly speaking), considered part of the GP Practices' profits and losses etc.

### THE CHANGING ROLE OF PRIMARY CARE NETWORKS (PCN's)

- As increasing amounts of funding and income '**passes**' to the PCNs in 2022, there will become an urgent requirement to plan for, and develop, management structures characteristic of a well-run business.
- Therefore for many PCNs, this is likely to require a decision on forming some type of incorporated entity e.g. a PCN limited company, which will have a separate legal structure and therefore be able to better manage the PCN activity(ies) more professionally - **while also containing risk outside of the GP Practices !**
- In practice, this will not be entirely dissimilar to how GP Federations are currently structured i.e.
  - the limited company being '**owned**' by it's member GP Practices
  - being tasked with securing and managing healthcare contracts for it's own area
  - much of which will typically be delivered by some, or all, of the member GP practices.

- The key issues for PCNs when considering the setup of a new incorporated entity to take on these increased responsibilities, will generally include:
  1. agreeing on the ownership arrangements of the PCN entity, the involvement of individuals acting as Shareholders or Directors for the entity on behalf of member GP Practices etc., ensuring that these are all contained in the appropriate legal form, **AND** to confirm that these documents and that of the entity itself are **NOT** in conflict with any specific NHS Regulatory requirements etc
  2. formally entering into provider NHS contracts
  3. providing the structure(s) for the appropriate level of governance within the PCN
  4. planning for and resolving any legal or other technical issues around the **'transfer'** of activity(ies) from the existing unincorporated PCN entity
  5. maintaining the relevant Contracts of service and employment for the entity
  6. securing eligibility for the NHS pension scheme for it's employees, whenever possible
  7. obtaining the appropriate tax advice at the right point in time to ensure there are no issues with ownership issues, goodwill, or other tax related issues
  8. ensuring that VAT, payroll and other standard business compliance issues are dealt with in good time
  9. establishing and agreeing on relevant expense-sharing arrangements with GP Practices for delivery of activity etc.

### **SO WHAT HAPPENS NEXT WITH PCN's AND GP FEDERATIONS ?**

- Both PCNs and GP Federations were established as ways for Primary Care to work at scale i.e. it is generally not feasible for one GP Practice alone to have the skills or resources to deliver on these area wide activities !
- With PCN's now likely to **'professionalise'** and take on more contractual responsibilities in 2022, the roles of both PCNs and GP Federations going forward needs to be carefully considered.
- With sources of funding on other contracts for GP Federations also under threat, as ICSs absorb CCGs and consider commissioning at an even greater scale, the original purpose of GP Federations is disappearing. Therefore many GP Federations have a choice of either **'scaling up'** to ICS size or **'scaling down'** - **and becoming a sub-contractor to PCNs !**
- It remains perfectly possible for PCNs and Federations to co-exist and continue to work together, however this is likely to be where a GP Federation can **'add value'** to a PCN i.e. **through the use of their existing size, expertise and experience in managing shared service(s) contracts for the GP Practices to date.**
- Obviously this is a **'still developing'** area for many organisations, with significant change continuing to occur at different speeds in different local areas across CCG's, GP Federations, PCNBs etc. over the course of the next 12 months (and beyond) !!

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