

GPDF Chairs Update March 2024

GPDF held an Extra General Meeting (EGM) on 5th March 2024 as part of the Board's review of governance changes to bring GPDF more into line with the desires of LMCs for simplicity and cost-effective management, whilst ensuring an appropriate and robust governance framework.

Jon Stanley, our Independent Non-Executive Director was asked to review the articles of association and suggest possible changes to put forward to Members. We presented some amendments to reflect this work for ratification as an interim measure and will in the coming months be consulting with Members with a view to seeking approval of further changes to better reflect LMCs' and members' needs in terms of rights and protections. You can find a summary document [here](#) which sets out the rationale for some of the key elements that have been amended.

We had 45 LMC representatives in attendance and 15 proxy votes with the final vote demonstrating 36 in favour of the changes and 1 against.

A Chair's Report on recent GPDF activity and plans was delivered at the EGM by Dr Phil Cox, and can be found in full [here](#) and outlined below.

1. Investment Performance

Following on from the comments of LMC Nominees, we have been working hard with Sarasin to clarify the objectives for the invested funds.

This has involved individual questionnaires for all Board members on their attitude to risk and investment, and this has reframed our investment policy.

The goals of the investments are to ensure capital is held to meet the liabilities and obligations, to support GPs and their LMCs, both today and in the future.

The capital is to be split accordingly across three specific strategies;

i. Medium Term Capital Reserve 'MTCR' (£10m): To meet the potential costs to support GPs and the LMCs over the longer-term, there needs to be sufficient capital retained in an investment portfolio. This equates to c.£10m, and needs grow ahead of UK inflation to account for the likely inflation adjusted costs in both the long-term obligations and the possible liabilities. As a result, the **Medium Term Capital Reserve** should target an overall total return of UK CPI+3% net of all costs over rolling 5yrs.

a. Since the **Medium Term Capital Reserve** will need to hold c.60-70% in 'real' return assets i.e. equities, to generate inflation +3% returns over the long term, this portfolio could display capital volatility over short to medium term periods. As a result, to enable the GPDF to potentially draw on capital to cover any unplanned short-term expenditure, a small lower risk Buffer Fund will be maintained.

ii. Buffer Fund 'BF' (£1m): A smaller fund maintained to hold less volatile assets, namely short dated Government bonds, corporate bonds, and cash. This Buffer Fund would target an excess return over cash interest rates. The sum held in the buffer fund is £1m, and this sum will be reviewed at least annually given the potential risk for unplanned expenditure.

iii. Distributable Capital Reserves Fund 'DCRF' (£5.5m): A portfolio to retain capital prior to being spent that is considered excess to supporting the on-going operations of the GPDF. The capital is expected to be drawn down over a period of years to support the more immediate needs of GPs, and the LMC's. Additional capital may be transferred to the 'DCRF' once the Board of the GPDF are confident that income receipts match capital expenditure.

Further details of our investment strategy and performance will be available on our website for the start of the 2024-25 financial year

1. Grants Programme

Many of you will have met the very friendly [Valerie Semeria](#) who is our Grants Administrator and has done excellent work to ensure we have a structured process for handling the various bids we receive which can be found on our [website](#).

- **Grants to GPC's**
- Since September we have agreed or paid grants of:
 - £ 126,672 to GPCE for new policy leads
 - £10k to SGPC
- We have agreed or paid legal grants of £30,400
- We have launched our LMC grants programme
 - We have made our first approval for distribution of £50k
 - We are currently finalising the recruitment for independent panel members.

3. Accounting Year End

Discussions with LMCs included regular feedback that the GPDF financial year which runs to 31st December did not fit with their financial year.

More importantly funding years begin from 1st April, and funds are most often received in quarterly tranches.

In response to the feedback, GPDF has changed its financial year, and the current financial year will run for a fifteen-month period to 31st March 2024.

The next levy year will not begin until 1st April 2024, and there will be no additional voluntary contribution proposed for the period from 1st January 2024 to 31st March 2024.

We appreciate that many LMCs are still in the process of contributing to the 2023 levy, and we were keen to give LMCs this period to have the opportunity of getting things in step.

The fact that suggestions for levy contributions are not raised until June is also frustrating for some LMCs and we are committed to indicating Levy payments from 1st April 2024 during that month.

We will also be confirming the payment interval that suits an LMC. At present we have some LMCs that pay in one payment, others quarterly, some in 10 instalments, and still others in 12.

Some LMCs have highlighted that they feel regular statements would be helpful. These will be sent out on a quarterly basis in future. This will give us both the opportunity to confirm we are keeping an accurate track of your payments.

4. Levy Payment 24/25

Any changes to the Levy payment need careful consideration and for the views of members to be at the forefront of what we do. **We propose that LMCs continue to contribute at a rate of 3p per head of patient population for the financial year 2024 to 2025.** Our sense is that we haven't had enough time to explore the potential of an increase. If you would like to share your thoughts, we really would encourage you to have a discussion with the Board member that is allocated as the link with your LMC before the end of July. A proposal will be brought to the September 2024 AGM regarding the 2025-26 levy for members to ratify.

We also appreciate that populations change, and we will be confirming with LMCs the population figures we will be basing our calculations on and asking them to reach out to us if they feel we should be using a different figure in our calculations.

5. Restructuring of Year End Accounts

We have been working to restructure the Management Accounts to make them clearer and more transparent. This will transfer through into clearer and more transparent year end accounts.

This makes it both easier for us as Directors in running the organisation, but also we hope for LMC's in understanding the organisation.

6. Management Accounts

In the twelve months to December 2023, the total of voluntary quota contributions was £2,049,801. This compares to £2,029,650 in the previous twelve months.

In the same period, expenditure amounted to £2,891,118 against a budget of £3,492,679. It should be noted that during part of the year the organisation was still bearing the central costs for the central team.

There also are unpaid levy fees of £744, 093 some of which are very old. We are in the process of reviewing these, and writing off where appropriate. When we refer to "writing off debts". the these are debts that are listed on GPDF books which are incorrect due to discrepancies in figures etc which we have to write off from an accounting viewpoint and unless these are addressed, make our financial presentation become increasingly divorced from reality

7. Tendering

We are about to launch a tendering exercise for new providers of general legal advice to GPDF.

8. BB Partners

The [Rebuild General Practice project](#), run by BB partners, began as a partnership project with the BMA, two Chairs of the GPDF ago now! The remainder of the project is focused on pursuing the profile of General Practice up to the election to ensure that the project supports & mobilises GPs and LMCs, ensures GP grassroots voices are heard through UK media and influences political stakeholders in the run-up to the general election, building relationships with those likely to be in Government.

9. Conferences

Funding conferences as organised in the various nations continues to be a significant part of our expenditure.

We have been delighted to fund the England Conference in London, the Scottish Conference in Glasgow, the Welsh Conference in Hensol Park and the Secretaries Conference in recent months.

Plans are well advanced for the UK Conference planned for Newport in May '24. We are also involved in ongoing discussions for '24 England Conference, and the '25 UK Conference.

10. Deed of Grant

This remains the most significant part of our workstreams. Terms have been agreed and were confirmed in December and since December there has been an ongoing legal process to make sure that the deed actually represents what was agreed. Negotiations were positive with both sides keen to see adequate representation, which was fit for purpose and funded appropriately.

The key points for the grant, and that will be being circulated once it is signed and there was an uplift in the grant agreed with the BMA which reflects the inflation pressure since the last deed was agreed, and that includes increased honoraria for committee members, and these will be backdated to the 1st of January once the deed is signed.

We have built in inflationary uplifts over the lifetime of this grant, which will hopefully make the next deed negotiation a much easier and straightforward process and final legal views are currently being sought and it should be being signed imminently once we've nailed down some of the actual legal process, but this will not change the deed which is being agreed.

The plan is to commence negotiation of the next deed well ahead of time. Internally we will be reviewing the process to learn from the experience but one of the significant points we have come to realise is that everything takes a bit longer than you think it's going to, so we will be starting the process of the next deed very early in order to have it over the line well ahead of time. The hope is that the work done on this piece of work to future proof in terms of inflationary uplifts should make the next process a much more straightforward one.

We recognise that the Deed of Grant is a large outlay for GPDF, and by extension for LMCs and that one of the significant concerns we have sought to address surrounds oversight of the money that is distributed. We have therefore included a discretionary percentage for the second and third years of the grant, which will be voted on at our AGM in September. In order to allow thorough evaluation of the Grant, we have been working hard with the BMA to create a proper, objective evaluation framework, including a Steering Group consisting of representatives from GPDF, BMA, GPCE, GPCS, GPCW to capture concerns. This will allow measures of ROI to be calculated and communicated which is an essential part of the discretionary component approval process. Details surrounding these processes will be available on our website once the final copy of the Deed of Grant has been signed.

Secretaries Conference, 15th March 2024

The Secretaries Conference took place at BMA House on 15th March 2024

The annual event brought an opportunity for an update on a variety of topical issues LMCs are facing and included remarks from GPDF Chair, Dr Phil Cox, which can be read in full [here](#).

Dr Phil Cox was also delighted to sign the new Deed of Grant on behalf of the GPDF at the conference, witnessed by Dr Terry John, Chair of the Cameron Fund.

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