

# GP Practices Benchmarking Report 2016

## IN BRIEF

in association with



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## 1. Introduction

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Welcome to the Kreston UK 2016 benchmarking report, being the third annual report of the Kreston UK Healthcare Group.

The statistics are compiled from 123 Kreston GP practices from throughout the UK, providing a significant range of data from which to produce average figures for a GP practice. It is still necessary to split Personal Medical Services (PMS) and General Medical Services (GMS) practices due to the continuing wide differential in profitability between the two contracts, despite the ongoing PMS contract value reviews.

Both contracts have seen an increase in profitability per session, as referred to in the details of this report. The increased profits do hide significant problems and pressures for GPs and their practices at this time. The major issue for most GPs is the lack of Healthcare capacity, putting additional work pressures on their duties and lengthening their working hours. GP capacity is a major problem, with GP training schemes struggling to fill places whilst at the other end of the spectrum, senior GPs are being encouraged out of the system by their NHS pension investment and relating tax problems around the increasing pension values.

GPs still feel that they are “political footballs”. Problems around CQC visits for a number of practices have not helped to dilute their views. Some GPs have had the experience of negative CQC reports, which were then successfully challenged following a great deal of stress and pressure. The LMCs take a great deal of credit for the support that they have offered to their members in such difficult situations. A cross-party approach to the NHS is required as soon as possible, anything that removes some political element of the present system will be a major advantage to GPs and their patients.

The recent announcement of further funding being made available, particularly in relation to spiralling indemnity insurance costs, is positive news. The Government needs to show support for the GPs, as a matter of urgency, in order to encourage the newcomers to the system.

Our benchmarking report gives a detailed review of the income and expenditure of GP practices and the differences between the two contracts.

Released in 2016, the survey is based on information from GP accounts ending during the year to 31 March 2015. Thanks go to Kreston UK Healthcare Group members for submitting data to the usual strict timetable and also to everyone in the BHP Healthcare team and my co-author, for the work put in to ensure an informative and quality report.

Finally, thanks to all of the Kreston GP clients. We hope that you continue to find the report an important management tool and interesting. If you have any comments on the contents of the document, please feel free to feed these back to us, they will be taken into account when considering future reports.

*Colin Haw*

Colin Haw

Chair of the Kreston UK Healthcare Group

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### 3. The GP Practices Benchmarking Report and how to use it

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#### **What is the GP Practices Benchmarking Report?**

The GP Practices Benchmarking Report has been produced to help Practice Managers and Partners gain a deeper understanding of the financial performance of their practices. This is done by comparing their own performance to other GMS or PMS practices year on year and identifying whether movements in their performance are in line with the general trend.

The report has been prepared from the accounts of 123 GP practices, ending in the 2015 calendar year, of which 64 hold PMS contracts and 59 hold GMS contracts.

#### **How to use the GP Practices Benchmarking Report**

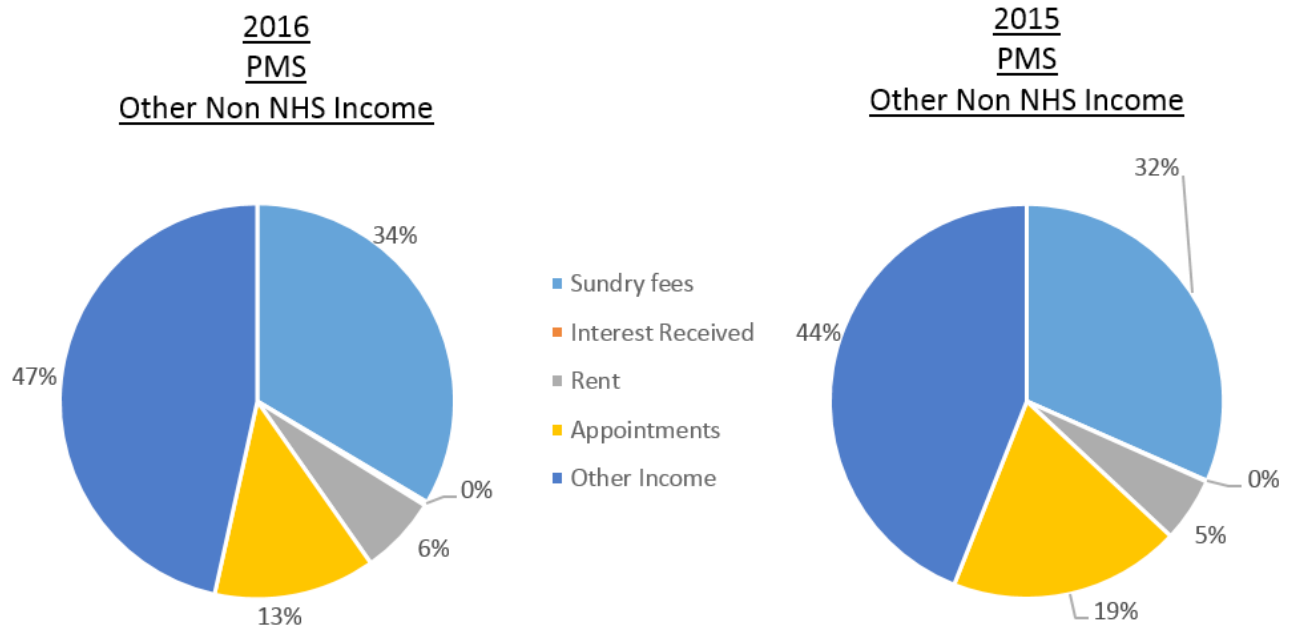
Within the commentary we have focussed on the key benchmarks in each category, however, the full set of data is provided in appendices two to seven. These appendices provide details of the benchmarks used for PMS and GMS.

A detailed explanation of the definitions used throughout the report can be found in appendix one. The definitions should enable each GP practice to calculate their own benchmark data which can then be used to obtain a clear picture of the position of each practice with respect to other similar practices.

Please note, figures in brackets throughout the report refer to figures from the GPs Benchmarking Report 2015.

## 5. Income

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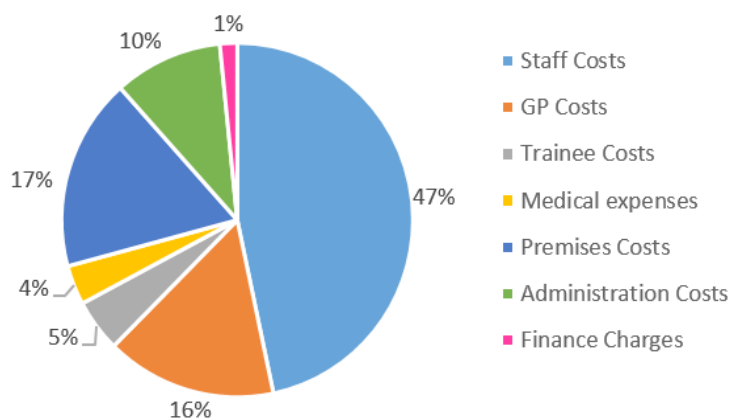


“Salaried GP and locum costs represent a major element of a practice’s expenditure and require constant monitoring and consideration at finance meetings.”

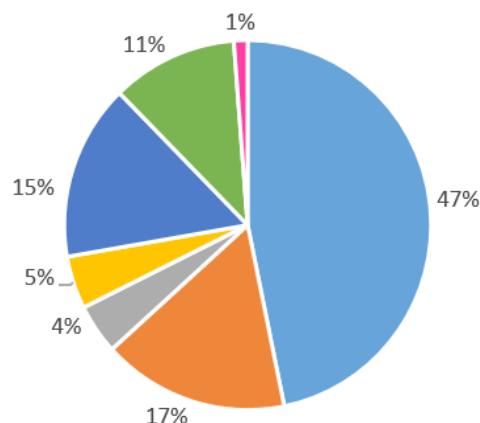


## 6. Expenditure

**2016  
GMS  
Expenditure Summary**



**2015  
GMS  
Expenditure Summary**



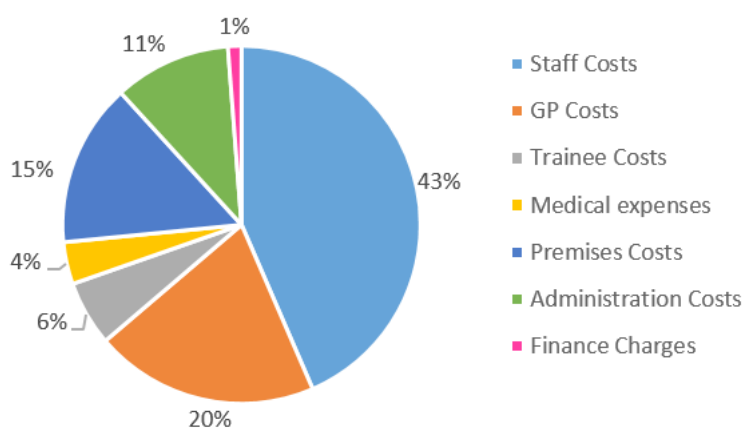
Comparing the two contracts, PMS spend a higher proportion of their total expenditure on GP costs. This will be linked to growth funding in the original PMS contract.

Staff costs (including administration and nurse costs) per session are 15% higher in PMS £14,264 (£12,570), compared to GMS £12,390 (£10,649), reflecting the higher volume of patients. Both contracts have seen a similar increase in staff costs (PMS- 13% / GMS- 16%) reflecting the increasing workload that GPs are currently facing.

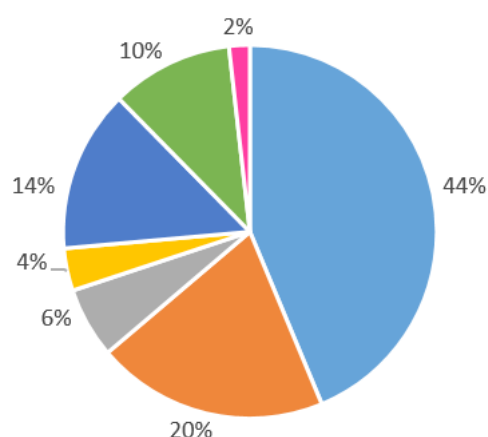
Staff costs represent the largest proportion of GP practice expenditure and are, therefore, a key area from a management and profitability viewpoint.

Trainee costs per session in PMS of £1,925 (£1,757) are 52% greater than GMS of £1,270 (£994), reflecting a greater number of PMS training practices.

**2016  
PMS  
Expenditure Summary**



**2015  
PMS  
Expenditure Summary**





## Appendix 4 - Expenditure

	2016 PMS	2015 PMS	% change
<b>EXPENDITURE - PER SESSION</b>			
<b>STAFF COSTS</b>			
Salaries and national insurance	12,838	11,308	13.5%
Employers pension costs	1,426	1,262	13.0%
	<b>14,264</b>	<b>12,570</b>	<b>13.5%</b>
<b>GP COSTS</b>			
Deputising service (including Out of Hours opt out charge)	1,029	1,076	(4.4%)
Locum costs	1,310	1,139	15.0%
Salaried G.P.s	4,310	3,559	21.1%
	<b>6,649</b>	<b>5,774</b>	<b>15.2%</b>
<b>TRAINING COSTS</b>			
Trainees salaries	1,925	1,757	9.6%
<b>MEDICAL EXPENSES</b>			
Drugs and medical supplies	1,248	1,058	18.0%
<b>PREMISES COSTS</b>			
Rent	2,463	2,122	16.1%
Rates and water	1,035	824	25.6%
Refuse	562	296	89.9%
Light and heat	317	313	1.3%
Insurance	82	90	(8.9%)
Repairs	388	394	(1.5%)
	<b>4,847</b>	<b>4,039</b>	<b>20.0%</b>

## Appendix 5 - Dispensing practices

	2016 PMS	2015 PMS	% change
<b>DISPENSING PRACTICES</b>			
<b>NUMBER OF PRACTICES</b>	<b>13</b>	<b>15</b>	<b>(13.3%)</b>
<b>GROSS FEES - PER PRACTICE</b>	<b>743,382</b>	<b>661,460</b>	<b>12.4%</b>
<b>DISPENSING PROFIT - PER PRACTICE</b>	<b>245,374</b>	<b>221,599</b>	<b>10.7%</b>
<b>DISPENSING PROFIT AS A PERCENTAGE OF GROSS FEES</b>	<b>33.01</b>	<b>33.50</b>	<b>(1.5%)</b>

	2016 GMS	2015 GMS	% change
<b>DISPENSING PRACTICES</b>			
<b>NUMBER OF PRACTICES</b>	<b>23</b>	<b>20</b>	<b>15.0%</b>
<b>GROSS FEES - PER PRACTICE</b>	<b>658,481</b>	<b>588,297</b>	<b>11.9%</b>
<b>DISPENSING PROFIT - PER PRACTICE</b>	<b>205,229</b>	<b>199,295</b>	<b>3.0%</b>
<b>DISPENSING PROFIT AS A PERCENTAGE OF GROSS FEES</b>	<b>31.17</b>	<b>33.88</b>	<b>(8.0%)</b>

## About the Kreston UK Healthcare Group

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The Kreston UK Healthcare group is a network of independent accounting and business advisory firms in the UK that share a common interest and specialisation in the Healthcare sector.

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