



GP Practices Benchmarking Report 2017

IN BRIEF

in association with



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1. Introduction

Introduction

Welcome to the Kreston UK 2017 benchmarking report.

The statistics are compiled from 161 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 necessary to split Personal Medical Services (PMS) and General Medical Services (GMS) practices due to the differential in profitability between the two contracts, and the results of this benchmarking exercise emphasise this point.

Pressure on GP practice profitability continues, mainly due to NHS England's PMS contract value reviews and, in the case of GMS practices, the MPIG withdrawal over a seven year period from April 2014.

The Prime Minister's Challenge Fund has been introduced to support seven day GP access. The proposed increase in patient appointment availability, with the goal of reducing A & E admissions, will prove very difficult in light of the lack of GP capacity. The Government needs to address the capacity issue to ensure that the GP system is not put under irreversible strain.

The low number of doctors moving into general practice is disturbing. NHS England needs to increase confidence in the system to attract GPs. Over the last year we have seen GP contracts moved away from GPs to hospitals and other providers. Some of the alternative bodies lack experience in relation to the management and running of a general practice contract.

From the outside, it appears that GPs are being used as political footballs and their professional bodies need to have more power in contract negotiations. The recent move to disclose GPs' profits on their practice website, as a contractual term, is an example of an intrusion into personal information and in the present format, the information provided is meaningless. It is essential that control of NHS policies is moved away from the politicians to an independent body, similar to the banking system.

Our benchmarking report gives a detailed insight into the income and expenditure of a GP practice and the differences between the two contracts.

The survey is based on information from GP accounts ending during the tax year to 5 April 2016. Thanks go to all Kreston UK group members for submitting their data to a strict timetable. Thanks must also go to everyone in the BHP Healthcare team and my co-author, for the work put in to ensure a high quality report.

Finally, thanks must once again go to all of the Kreston GP clients. We hope that you find the report useful and interesting. Please do let us know if there are any further benchmarks or improvements that you would like to see in future reports.

Colin Haw

Colin Haw

Chair of the Kreston UK Healthcare Group

December 2017

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

What is the GP Practices Benchmarking Report?

The GP Practices Benchmarking Report is intended to help the GP sector gain a deeper understanding of the financial performance of practices.

The report has been prepared from the accounts of 161 GP practices, with year ends falling in the tax year to 5 April 2016, of which 67 hold PMS contracts and 94 hold GMS contracts.

The report focuses on the key benchmarks, however, the full set of data, split between GMS and PMS practices is provided in appendices two to seven.

A detailed explanation of the definitions used throughout the report can be found in Appendix one.

Figures in brackets throughout the report refer to figures from last year's GP Practices Benchmarking Report.

Previous benchmarking reports focussed on results per partner session and, while headline results per partner session are shown in Appendix 2, the 2017 report concentrates on results per patient. Patient numbers are actual numbers rather than weighted.

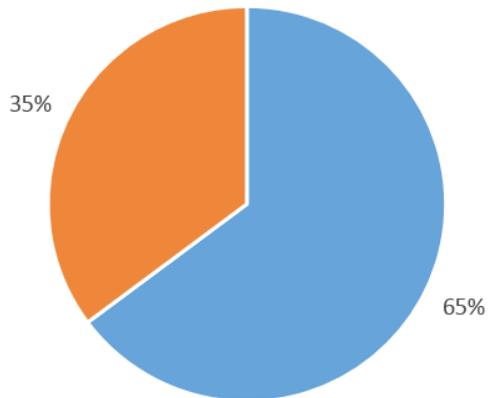
The reason for the change is a shift in the way GP practices are staffed. The ongoing reduction in GP partner capacity and sessions worked means that practice results per partner session are becoming increasingly difficult to compare.

How to use the GP Practices Benchmarking Report

GP practices may calculate their own benchmark data with reference to the definitions in Appendix one. This may be compared to the average data per contract type, PMS or GMS, provided within this report. Year on year comparisons will enable practices to identify whether movements in their performance are in line with the general trend.

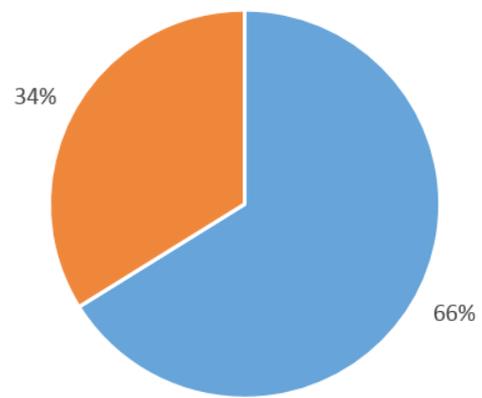
5. Income

2017
GMS Profitability

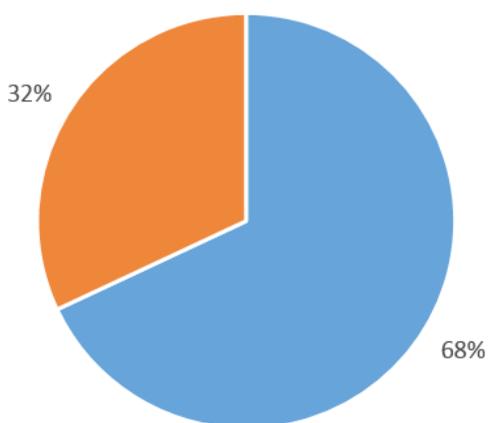


■ Expenditure
■ Profit

2016
GMS Profitability

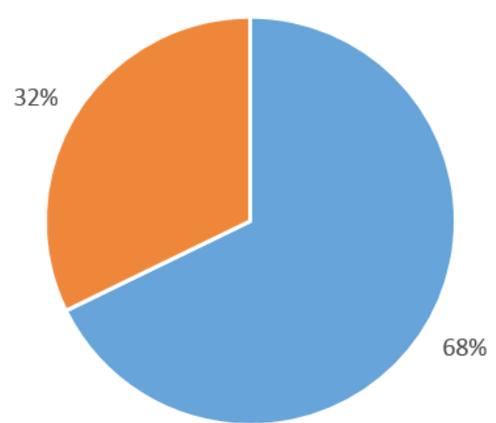


2017
PMS Profitability



■ Expenditure
■ Profit

2016
PMS Profitability

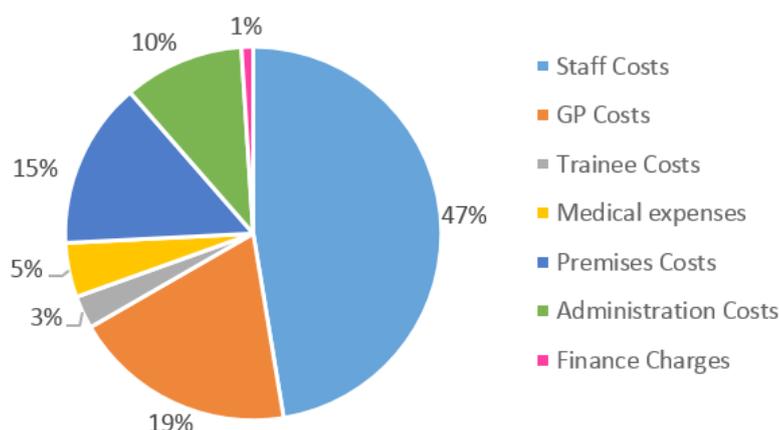


“Salaried GP and locum costs represent a major element of GP practice expenditure and require constant monitoring and consideration at finance meetings.”

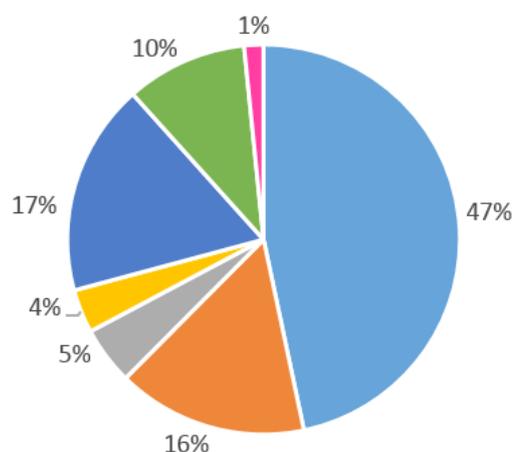


6. Expenditure

2017
GMS
Expenditure Summary



2016
GMS
Expenditure Summary

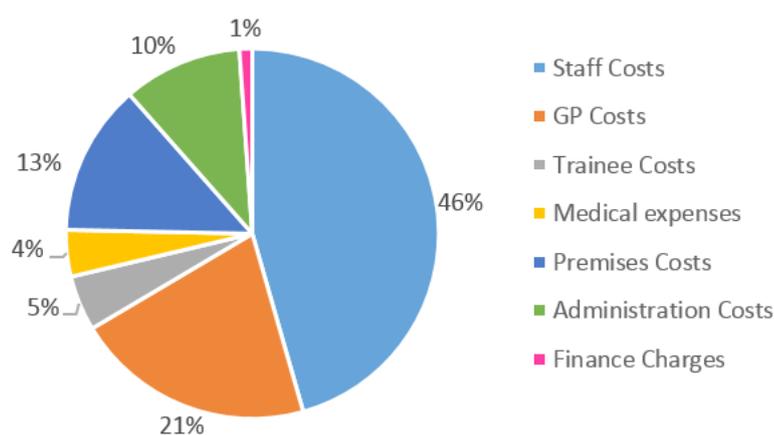


This is linked to historical growth funding in PMS contracts. However, in 2017, GP costs in GMS practices have risen 15.9% to £18.09 (£15.61) per patient, closing the gap between them. This may be due to difficulties in securing new partners as existing partners retire in GMS practices. GP costs in PMS practices have remained almost static at £21.09 (£21.18) per patient.

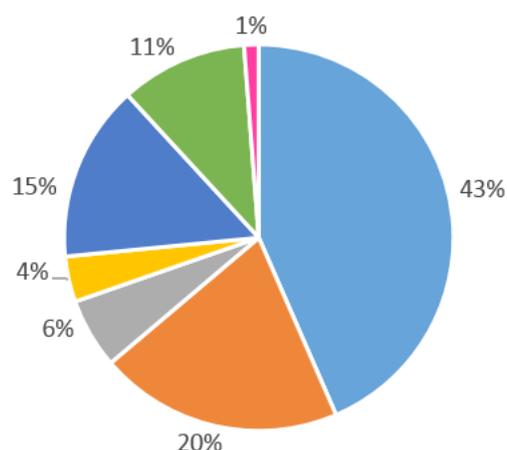
Staff costs, which include administration and nurse costs, are similar in both contracts at £46.12 (£45.44) per patient in PMS and £44.62 (£46.36) per patient in GMS. Both contract types have seen little movement in staff costs from last year. Staff costs represent the largest proportion of a GP practice's expenditure and therefore is a key area from a management and profitability viewpoint.

Trainee salaries in PMS of £4.87 (£6.13) per patient are 82% greater than GMS of £2.68 (£4.75) per patient, reflecting a greater number of PMS training practices. It is worth noting that trainee salaries have fallen 20.6% in GMS practices and 43.6% in PMS practices, highlighting the reduction in the number of medical students opting for a career in General Practice. Trainee salaries are reimbursed by the NHS, resulting in no cost to the practice.

2017
PMS
Expenditure Summary



2016
PMS
Expenditure Summary



Appendix 4 - Expenditure

	2017 PMS	2016 PMS	% Change
EXPENDITURE - PER PATIENT			
STAFF COSTS			
Salaries and national insurance	41.92	40.90	2.5%
Employer's pension costs	4.20	4.54	(7.5%)
	46.12	45.45	1.5%
GP COSTS			
* Deputising service	3.93	3.28	19.8%
Locum costs	4.86	4.17	16.6%
Salaried GPs	12.30	13.73	(10.4%)
	21.09	21.18	(0.4%)
TRAINING COSTS			
Trainee's salaries	4.87	6.13	(20.6%)
MEDICAL EXPENSES			
Drugs and medical supplies	4.12	3.98	3.6%
PREMISES COSTS			
Rent	8.04	7.85	2.4%
Rates and water	1.29	3.30	(61.0%)
Refuse	1.14	1.79	(36.3%)
Light and heat	1.08	1.01	7.3%
Insurance	0.47	0.26	82.0%
Repairs	1.34	1.24	8.8%
	13.37	15.44	(13.5%)
*including Out of Hours opt out charge			

About the Kreston UK Healthcare Group

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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