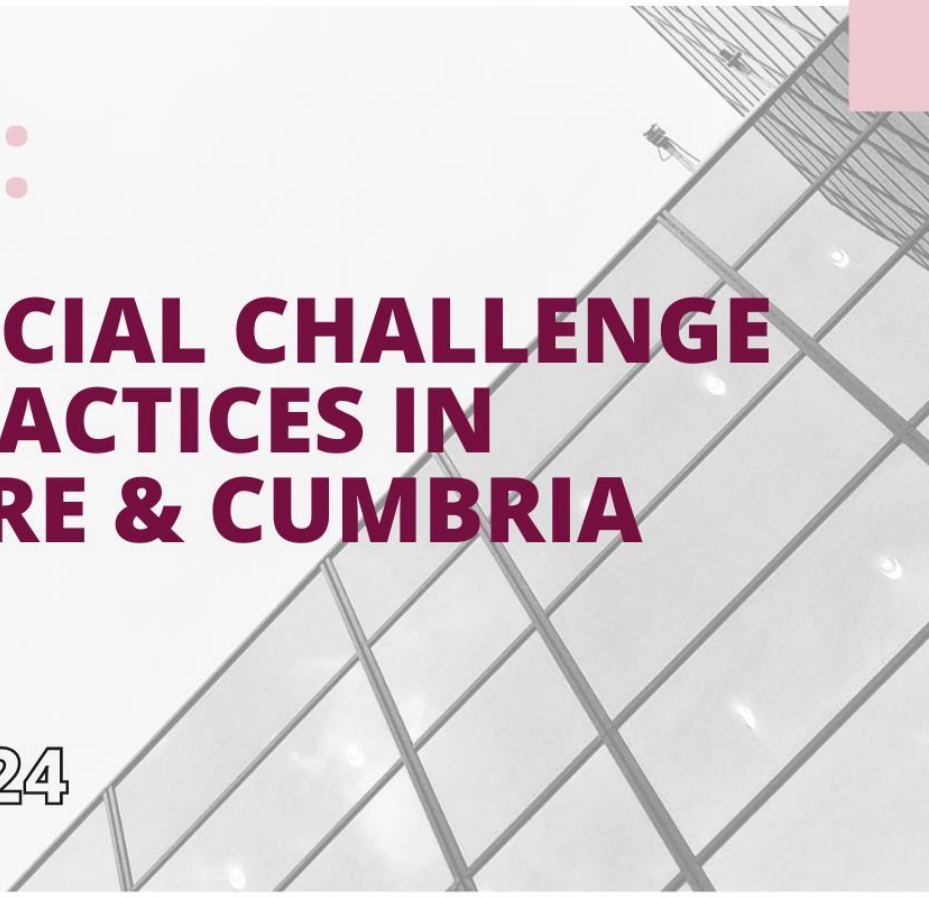
Lancashire & Cumbria Consortium of
Local Medical Committees

REPORT:

THE FINANCIAL CHALLENGE FACING PRACTICES IN LANCASHIRE & CUMBRIA

JANUARY 2024



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Note from the Authors

Due to its ***alarming findings***, this study has been written and compiled with two goals in mind: to inform Members of Parliament, NHS Commissioners, and other stakeholders while also functioning as an easily readable narrative for the general public. We have tried to use a clear and concise writing style, avoiding jargon (where possible) to ensure that the content is easily comprehensible to members of the public, in an honest effort to bridge the gap between technicality and readability.

At the same time, we have maintained the level of detail and accuracy necessary to communicate the subtle information that MPs, commissioners, and other decision-makers in the healthcare sector need to know.

To further improve accessibility, this paper concludes with a thorough glossary. This glossary provides definitions and explanations for any technical terms or acronyms used throughout the document, ensuring that all readers, regardless of their familiarity with healthcare terms, can engage with the content more effectively.

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About us

The Consortium of Lancashire and Cumbria Local Medical Committees is the only body that has a statutory duty to represent GPs at a local level. Whilst recognised by statute and having statutory functions, unlike ICBs, LMCs are NOT themselves statutory bodies, they are independent. It is this unique status as independent representative bodies recognised by statute that allows them to be so effective in standing up for and supporting their GPs and practices. They are accountable to the GPs and those working in general practice they represent, leaving LMCs free to speak up on behalf of GPs, practices and their patients when others cannot.

The Consortium of LMCs comprises of five autonomous LMCs within Lancashire and Cumbria:

- Lancashire Coastal LMC
- Lancashire Pennine LMC
- Central Lancashire LMC
- Morecambe Bay LMC
- Cumbria LMC

As an umbrella organisation we provide representation and services to 227 practices, covering a patient population of approximately 2.15 million, across two ICBs – Lancashire & South Cumbria ICB and North East North Cumbria ICB. This enables a critical mass of support, specialisation, and expertise to be provided to the five LMCs, their GPs and Practices. This is of benefit in dealing with high level negotiations with NHS England Area Teams, ICBs and other statutory bodies. It is also vital in providing the necessary level of support to individual GPs and practices.

The LMC engages in ongoing discussions and negotiations with our local ICBs as well as the Area Team of NHSE on the development and interpretation of contractual issues and on major policies and strategies affecting General Practice. The LMC also actively supports individual GPs regarding their remuneration, helping deal with complaints, premises and partnership issues and any disputes between the GP and the Area Team or the ICB.

Executive Summary

General practice stands at the forefront of the National Health Service (NHS), embodying the essence of accessible, continuous, and patient-centred healthcare. This document serves to highlight the critical role that general practice occupies within the NHS and to address the pressing issue of how extremely precarious the financial position of our local practices currently is in Lancashire and Cumbria.

Historically, most of the attention on funding issues within the NHS has focused on secondary care and hospital trusts. Primary care, and General Practice, in particular, has always fallen outside of the spotlight due to difficulties in collating a collective picture of the financial difficulties that practices face. This was the basis for us embarking on a piece of work that would assess the state of finances amongst the GP practices in Lancashire and Cumbria.

Through a short and simple survey, we asked GP Partners and Practice Managers about the current financial challenges facing their practice. We provided a key for a financial RAG (Red Amber Green) rating and asked practices to anonymously rate themselves accordingly. This formed the basis of our 'Financial Barometer'. We achieved a great overall response rate, where over 84 percent of our member practices responded to the survey.

The results from both Lancashire and Cumbria areas are alarming. Those who work within General Practice will not find the results surprising as concerns have been raised within the profession for some time.

Of the 191 practices who responded to the survey 10 place themselves now at immediate risk of closure. A further 111 reported financial stress either in terms of reduced income / rising costs and the inability to afford to recruit staff. Seven out of the 9 legacy Clinical Commissioning Group (CCG) areas have more than 50% of practices that consider themselves at some form of risk. At-risk practices cover a patient population of 1.35m (1.13m for Lancashire and 215 000 for Cumbria).

The responses and results highlight several serious concerns about the issues facing general practice locally and there is definite cause for concern. The future of General Practice, collectively and individually, is at stake here. If action and serious attention is not given to this pressing issue, there is a very real possibility of mass practice closures and patients finding that access to a GP will worsen significantly. In this briefing, we make a number of recommendations to address some of the most pressing issues.

Section 1: The Heart of Healthcare

General practice is the cornerstone of our healthcare system, with a comprehensive and personalised offer that extends far beyond episodic and acute care. It is in fact the 'beating heart' of the NHS. GPs and Primary Care Practitioners forge enduring relationships with patients, manage chronic conditions with expertise and champion preventive medicine. General practice's accessibility and continuity of care contribute significantly to the overall health and well-being of the population.

Despite sustained and ever-increasing pressures within the NHS, General Practice manages to defy expectations by providing more appointments per month compared to previous years. This is despite declining GP numbers, rising costs, and struggles to recruit and retain staff. Waiting lists are at an all-time high with the latest figures showing that *7.61m* people are waiting for treatment in England. This is a staggering *13 percent of the population*. We also know that social care is struggling, mental health services are stretched, and dentistry is all but non-existent to a large part of the population. The impact of Long covid is still being felt within the health service.

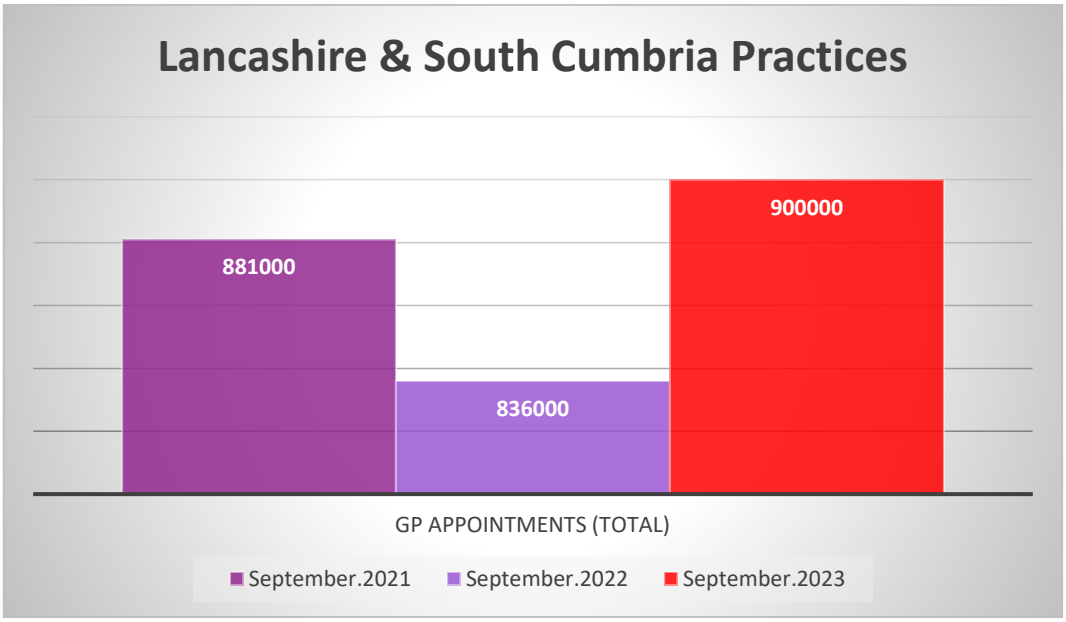


Figure 1: GP appointment trend. Source – NHS Digital GPAD data

A population with unmet needs ends up presenting to General Practice for a solution, with record numbers of patients being seen. This coincides with a time when our ICBs are struggling with their budgets, having put hospital trusts on notice to reduce their budgets by a further 10%. Reduced budgets translate into reduced activity by hospital Trusts. The populations' health problems don't just disappear – patients have to present somewhere, and that place is General Practice.

Funding cuts over many years have also eroded the safety net of other services on which GPs could once rely to support patients with non-medical problems. General Practice deals with 90% of all patient contacts in the NHS and helps to ensure the delivery of safe, effective patient care.

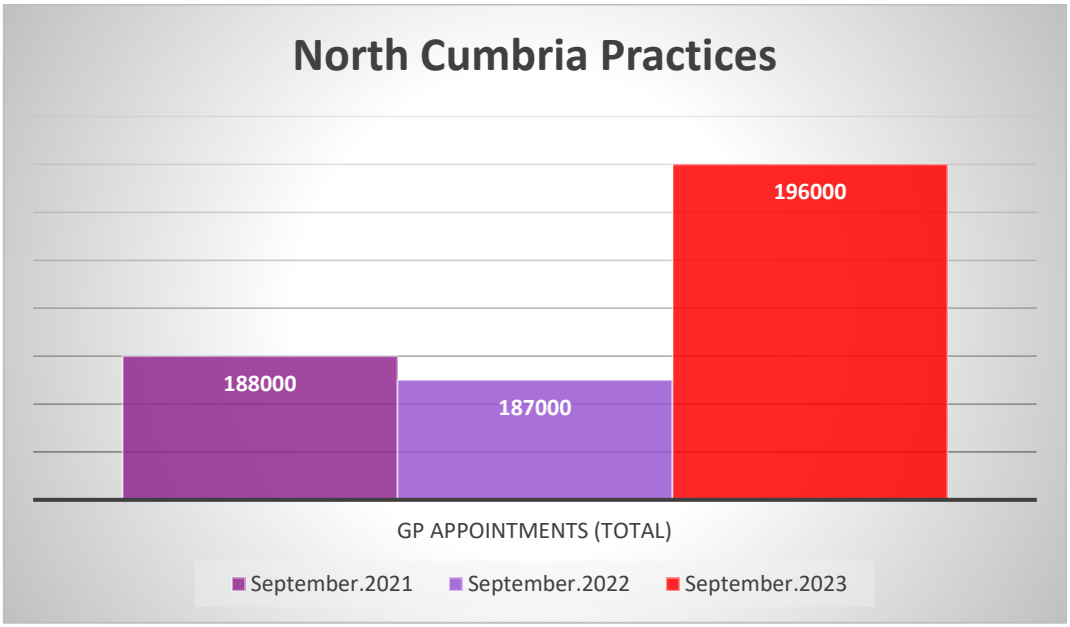


Figure 2: GP appointment trend. Source – NHS Digital GPAD data

Section 2: The Current Landscape

The Threat of Closure

Despite its pivotal role, general practice in England faces a multifaceted challenge. Although existing under the umbrella of NHS care provision, GP Surgeries run as a standalone business. GP partners are not just clinicians but also small business owners and employers. This presents a variety of difficulties, such as the requirement to optimise and manage complex funding sources and personal liability for financial risks. But more positively, it also means partners have a strong vested interest in maintaining and developing their practice.

A GP partner is not salaried and is instead paid like a business owner where the profit earned (income less costs) goes to the partners to compensate them for their commitment. There is little left after that to invest in practices. Unlike any other *normal* business, where it can raise the price of its services/goods to offset rising costs and increasing expenses (figure 3), General Practices are *unable* to do this.

Figure 3: Economics of a normal business model

General Practices are prohibited from providing any private healthcare and rely solely on a fixed annual sum of money per patient (the 'Global Sum') along with funding available via QoF, DESs and LESs based on the NHS care they provide. Financial strains have intensified, threatening the sustainability of many surgeries. With exponentially rising costs (outgoings) and the inability to increase its funding envelope (income) practices, and partners, are seeing a funding squeeze unlike anything that has been seen before.

A recent BMA survey in December 2023, sent out nationally, found that practices are reporting overall profit reductions in excess of 20% over the past year. This means that Partnership income (GP partner pay) for the time they are working is falling fast. Alarmingly, this is before we factor in the impact of inflation which means in real terms the drop is higher than this.

When partnership income drops below the amount practices pay its salaried GP workforce the practice ceases to be viable and may likely result in closure and handing back its contract to the commissioners.

This section explores the complex factors contributing to the precarious state of general practice.

Rising Operational Costs

Practices have seen costs rise due to inflationary pressures including energy costs and medical consumables. Other operational costs for GP practices have surged as well, encompassing everything from staffing to the integration of advanced medical/digital technologies. By far the biggest cost pressures have been on wages which generally make up over 75% of a practice's cost base. The current funding model has not kept pace with these escalating expenses, leaving many practices financially strained and struggling to meet the evolving demands of modern healthcare.

- Rises in the minimum wage combined with increases set centrally by the government have seen cost growth outstrip funding rises. In March 2019 the minimum wage was set at £7.83. Following the most recent Autumn Statement announcement by the Chancellor on 22nd November 2023 it was announced that the new National Living Wage (NLW) would rise to £11.44 in April 2024.

  This rise over a five-year period from 2019 to 2024 will have seen the minimum wage increase by *over* 46 percent. Following the Autumn Statement there has been

widespread concern raised nationally that unless this is centrally funded GP Surgeries would struggle to find the funding required to pay for this pay rise. For an average-sized practice, this will increase the wage bill by thirty to fifty thousand pounds. This amount does not account for any pay rises for other staff who are not affected by the NLW rise but will need a pay rise to compensate for the increase to cost of living as well as rewarding tenure of service.

- Utilities and service charge rises have also had a massive impact on Practice finances. In Lancashire and Cumbria practices have seen a threefold rise in Gas and Electricity costs. Inflationary increases have also been seen in premises service charges being charged by property companies managing GP surgery premises. Some practices have seen their service charges rise by over three hundred percent.

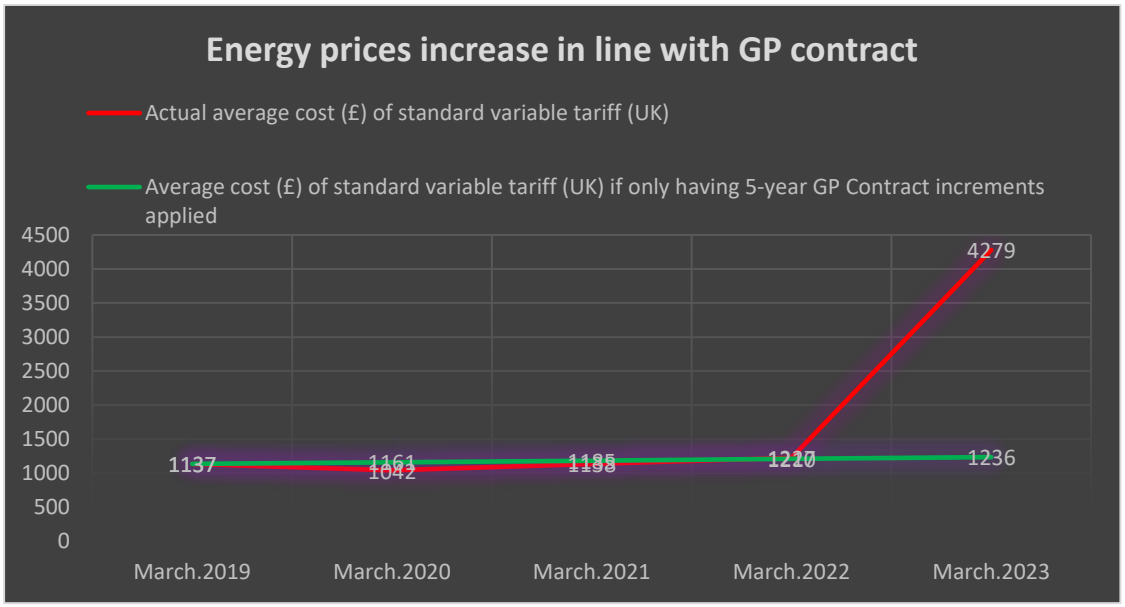


Figure 4: How Energy costs would have evolved if the 2019 5-year GP Contract uplifts were applied

- Loan interest rises from a historic low of 0.25% to 5.25% have seen borrowing costs soar for practices on variable rate loans. Lending margins from commercial providers are between 2-3% above the Bank of England rate.

- The primary care recovery plan, published in May, announced that practices had to ‘embrace the latest technology’, with a focus on replacing old analog phone systems. The move to Cloud-based telephony (CBT) was mandated via a contract change in

March 2023. Whilst NHS England has set aside funding for the set-up costs of the new CBT systems, numerous local practices have missed out on the funding by making the move 'prematurely'. Set-up costs for CBT can range from between £15,000 to £30,000 depending on practice size.

Other practices have been told that they must pay the installation costs upfront and then apply for the amounts to be reimbursed later. This is causing major cashflow problems within already cash-strapped practices. Compared to the previous telephony systems the new CBT systems incur yearly fees that are approximately double or triple current the annual costs. This will result in an extra expense of between £3000 to £10000 depending on the practice size.

- The Improving Access Plan for General Practice encouraged the use of digital and online technologies such as text messaging and online triage tools. These were initially paid for by the NHS but practices are increasingly being made to pay a part of these costs themselves, further adding to the cost burden placed on practices.

- Earlier this month Humberside LMC published a report stating that approximately £4m of NHS funding is wasted on 'interface' issues between primary and secondary care such as workload dumps onto primary care as well as inappropriate transfer of work and rejected referrals. Locally, we are aware of similar inappropriate workload transfers which are having a massive effect on both administrative and clinical workloads in General Practice. This 'extra' unfunded and often inappropriate work has led to practices having to employ extra staff to deal with the sheer volume of work coming through. This is coming at a time when the operational cost burden on already financially stretched practices is unsustainable.

Inadequate Funding and Its Consequences

The impact of insufficient funding reverberates throughout the healthcare system, impacting patient care and staff morale. GP surgeries, already burdened by financial pressures, may find it challenging to attract and retain qualified professionals. Even practices that can attract candidates for jobs are unable to employ them due to lack of funding. In this section we examine the consequences of inadequate funding, emphasizing the potential decline in the quality and accessibility of healthcare services.

The 2022/23 and 2023/24 financial years have seen a significant financial strain being put on GP Practices. Funding, in most income streams, at the practice level has been largely frozen with only modest below-inflation uplifts to the Global Sum which is the per capita part of the funding stream.

In January 2019 NHS England and the BMA's General Practitioners Committee (GPC) finalised a contract agreement to commence in April 2019/20 to run for five years. The new 5-year deal stipulated that there would be funding increases of just over 2% every year until 2023/24. Inflation in August 2023 was at 6.8%, and shot up to 11% in 2022, leaving practices struggling, even with the agreed contract funding uplifts.

The combined uplift seen over the 5-year contract period is equal to 11 percent. If GP funding had been allowed to keep up with national inflation rates funding into General Practice should have in fact increased by at least 28 percent over this period. This funding 'gap' has had a huge impact on practice finances and is a real threat to the survival of General Practice in Lancashire and Cumbria. The funding gap is currently over £35 per patient. This amounts to a *loss of income of over £350,000* for an average sized ten thousand patient practice.

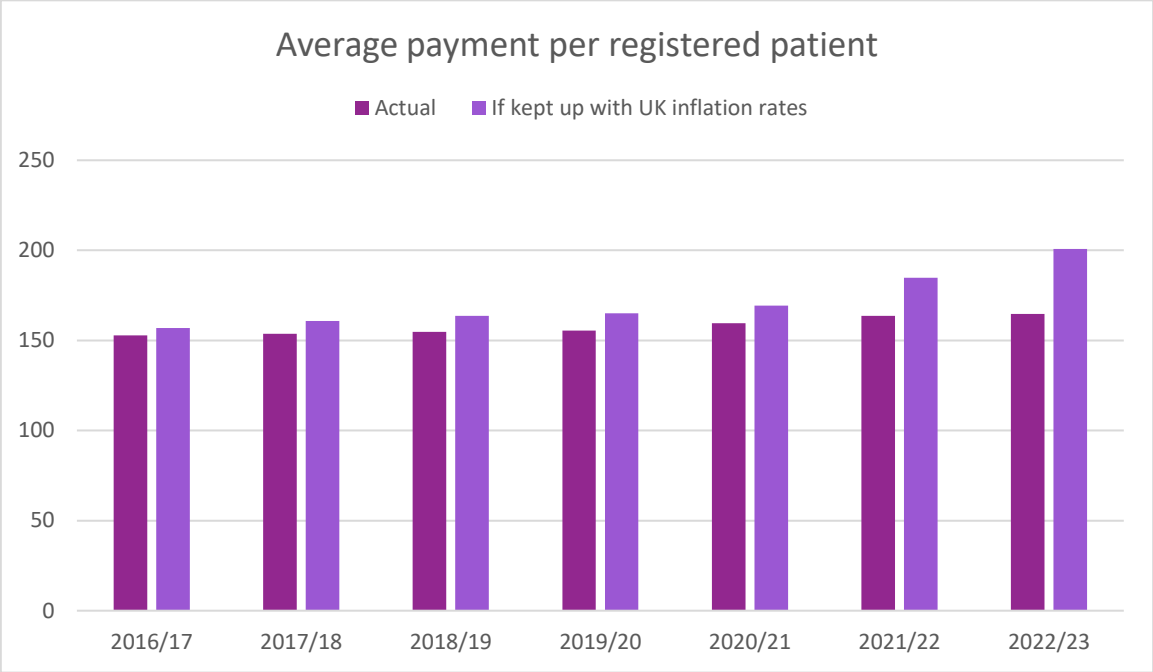


Figure 5: Comparison of GP per patient funding if it had kept pace with annual UK inflation rates.

The LMC wrote to the Lancashire & South Cumbria and the North East North Cumbria ICBs in October 2023 requesting a 28 percent inflationary uplift to all GP Quality Contracts and LES/LIS (Local Enhanced Service/ Local Improvement Schemes). This request was declined based on the lack of available funding within the ICB budgets for the 2023/24 year.

The combination of suboptimal funding, massive inflationary spikes, and rising staff costs has created a perfect storm of unprecedented financial distress for general practice both locally and nationally.

An Alarming Trend: Practices at Risk

Nationally the percentage of overall NHS spend in primary care has fallen to an eight-year low at 8.4%. This is staggering when considering that 90% of patient contacts are in Primary Care.

Analysis of the 'Financial Barometer' survey reveals a disconcerting trend – a significant percentage of GP practices in both Lancashire and Cumbria are at risk of closure within the next few years if the financial distress is not mitigated against. This section looks at the data, highlighting the urgency of the situation and revealing the potential ramifications on local communities and patient outcomes.

- **Lancashire & South Cumbria (Lancashire & South Cumbria ICB)**

Practices responded well to the survey with an overall response rate of 83%. We conducted the survey in the divisions of the legacy CCG areas as these make more geographical sense compared to the new ICB locality divisions. The survey revealed that of the 160 practices responding to the survey 7 place themselves at immediate risk of closure due to their extremely distressing financial situation. A further 94 reported financial stress in terms of reduced income/rising costs and the inability to afford to recruit staff essential for the efficient running of the practice. Should their financial distress continue unaided, and the situation fail to improve, then practice closure could result within the next 18-24 months.

This should make for uncomfortable reading for anyone who is a patient in Lancashire and South Cumbria as it places an approximate 1.13 million patients/residents at immediate and medium-term risk of losing their GP surgery to closure and contract hand back. For context, the estimated population of the area is just over 1.8 million residents.

- **North Cumbria (North East North Cumbria ICB)**

Practices responded well to the survey with an excellent overall response rate of 91%. The survey revealed that of the 31 practices responding to the survey 3 place themselves at immediate risk of closure due to their extremely distressing financial situation. A further 17 reported financial stress in terms of reduced income/rising costs and the inability to afford to recruit staff essential for the efficient running of the practice. Should their financial distress

continue unaided, and the situation fail to improve, then practice closure could result within the next 18-24 months.

This should make for uncomfortable reading for anyone who is a patient in North Cumbria as it places approximately 214 thousand patients/residents at immediate and medium-term risk of losing their GP surgery to closure and contract hand back. For context, the estimated population of the area is just over 330,000 residents.

Silent Struggles: Giving our Practices a voice

Throughout the time we conducted the Financial Barometer survey we heard from practices who have been going through some difficulties. In this section, we have included some of their comments and stories to provide insight into to the personal impact on GP colleagues and teams working in General Practice locally.

- Once practice told us about one of their partners having to remortgage their home to help with practice cashflow.
- "The ICB is *changing* many things which are affecting income and destroying core general practice. We are not getting the support for our workforce, just unrealistic expectations."
- "Cashflow is our main issue, we were quite short and had to introduce a partner loan until monies came through from ICB and PCNs. We are struggling with pressure from staff for their government '*promised*' pay increase when the monies we've been given only cover the minimum wage increase due in April 24."
- "Worried about increasing utility bills. Worried about National Minimum Wage increase and impact on finances. NMW increase may result in less staff - not recruiting when staff retire as can't afford to replace."
- "At present, we are managing as per the amber rating but the cost of the wages increases this and next year will impact us significantly. There needs to be a commissioner focus

on this area to address these increases as without extra funding we will be looking at cutting the workforce in the not-so-distant future."

- "The increase to the national minimum wage in April next year will cause us a considerable amount of expense if not covered by an increase in funding We are all facing considerably increased costs anyway which are not covered by core funding and this announcement alone is causing us to adjust our current recruitment exercise. I am concerned that we will lose partners and other staff if our costs continue to escalate."
- "Workload and Workforce wages are the hardest to manage."
- "We are having to be extremely careful with expenditure and have seen a decline in profits the past few years. If this continues, we will easily slip into an amber category."

Dan's Story

Dan Berkeley is a GP in West Cumbria.

'I've been a GP for ten years now, and a doctor for fifteen. I've never seen such a difficult time for general practice. I work around fifty hours a week as a GP partner at my practice. My practice has responsibility for 14,000 patients and employs eighty staff. Last year, due to increased costs, without increased funding from the NHS, I lost about forty percent of my income. But we are all still here, trying our best for our patients. I think the service we provide is essential, and no matter how hard I work I cannot see everyone who wants to see me."

"We need more funding desperately in order to employ more staff to meet demand. I worry that the government wants GP practices to leave the NHS and start charging their patients, like many dentists do. If we want a simple example of why we must resist this, we only need to look at the state of our patient's teeth. Most people simply cannot afford to pay for dentistry. If NHS general practice fades away, they will not be able to afford healthcare either."

"So we keep going, despite the funding cuts, and the increase in anger from our patients who cannot get an appointment as easily as they would like. I would like NHS England to understand that without an increase in funding practices will not be able to survive, leaving patients without a GP."

"General Practice is an amazing job, and I don't regret going into it for a moment - but we cannot provide a service without adequate funding. I keep being told there is no money for NHS primary care - but in 2020/21 NHS Primary care funding was 14.9 billion pounds, which is only 8% of the NHS budget. Compared to that our government spent 37 billion on NHS Test and Trace during COVID 19. This could have paid for a twenty five percent increase in our funding for ten years! I wonder which would have been better value..."

Section 3: The Call for Better Funding

Addressing the Funding Gap

Lancashire and South Cumbria ICB has the *second highest* spend on acute services in the country where *52% of its total budget* is spent on secondary care. Its spend on primary care services (which includes Dental, Pharmacy and Ophthalmic services as well as General Practice) is ranked at 22 (1 being the highest spend and 42 being the lowest).

North East North Cumbria (NENC) ICB is ranked 32nd based on its spend on acute services in the country where 48.2% of its total budget is spent on secondary care. Its spend on primary care services (which includes Dental, Pharmacy and Ophthalmic services as well as General Practice) is ranked at 14 (1 being the highest spend and 42 being the lowest).

If we were to look at a weighted population basis spend of its total budget General Practice only accounts for 7.89% in L&SC ICB and 8.19% in NENC ICB. This makes General Practice spend ranking 38th and 30th for L&SC ICB and NENC ICB respectively (1 being the highest spend and 42 being the lowest). Clearly this is lower than the average national spend on General Practice and also highlights the inequity that exists between primary and secondary care funding.

Integrated care system (ICS)	GP spend (% of total budget)	GP Spend ICB Rank	Secondary Care spend (% of total budget)	Secondary Care Spend ICB Rank
Cumbria and North East	8.19%	30th	48.2%	32nd
Lancashire and South Cumbria	7.89%	38th	52%	2nd

Table 1: ICB Ranking (1 equals highest spend and 42 equals the lowest spend)

To ensure the continued success and sustainability of general practice, there is no doubt that immediate and substantial investment is required. In the following section we advocate for a significant increase in funding to bring General Practice onto a sustainable path to recovery.

Healthy General Practice: The Ripple Effect on Healthcare Systems

This must now be a call to action both nationally and locally. Investing in general practice transcends individual surgeries; it creates a ripple effect throughout the healthcare system. Strengthening primary care elevates overall healthcare outcomes, reduces the burden on hospitals, and fosters a healthier society.

Nationally, there needs to be a change in the funding flow back to practice level to reverse the trend of cost increases outweighing income uplifts. Over the last 5-year contract period we have seen PCN funding increase at the expense of individual practice funding. PCN level 'QoF' such as IIF (Investment and Impact Fund) has diverted much-needed income from practices to PCNs.

Strong political leadership and willpower are needed to ensure that the NHS is not allowed to erode into oblivion. This political leadership needs to ensure that we listen to the profession and cease the endless imposition of 'asks' that is suffocating General Practice.

In recent years NHS funding has been heavily focussed on hospitals as opposed to care in a community setting. Unlike hospital clinicians, GPs are expert medical generalists who provide the first point of contact with the NHS for most people in their communities. GPs deal with complexity and uncertainty each and every day. They become experts on their patients by building relationships, understanding their needs, and treating them throughout their lives. GPs contribute hugely to keeping the nation healthy – at a fraction of the cost compared to other parts of the healthcare system.

Focus on access by all political parties has meant that continuity has been devalued. The latter provides better patient care but also reduces the overall cost to the system. Continuity will need a better-funded General Practice where GPs are valued and respected for the part they play in keeping the population healthy. We need to value doctors within the system - the system that has focused on change in recent years. Change that has become reliant on other health care

professionals, which whilst having valuable input as part of a multi-disciplinary team also needs leadership and supervision.

Locally, commissioners also need to be more mindful of how their decisions impact practices. In Morecambe Bay, for example, the ICB clawed back funding of approximately £419K from practices in the financial year 2022/23. This served to undermine practice finances which now leaves us in a position where 22 of the 29 practices in that area consider themselves 'at risk'. This creates unsustainability in an area that has already seen three practices hand back their contracts in recent times, depriving rural populations of local healthcare provisions.

In the three-year period between March 2019 and March 2022, the number of GP partners in England fell by 2,168. This equates to a reduction of 11 percent from 19,030 at the start of the three-year period to 16,957 in March 2022. Numbers of FTE GP partners fell in each of England's 42 integrated care system (ICS) areas over the same time period. As you will note from the table below Lancashire and South Cumbria ICS saw *almost a 20 percent drop in GP partners* over this 3-year period.

Integrated care system (ICS)	GP partners per 100k patients	Change in GP partners Mar 2019-Mar2022	Proportion of FTE, fully qualified GP workforce who are partners
Cumbria and North East	29	-8.8%	64%
Lancashire and South Cumbria	28	-18.1%	68%

Table 2: GP Partner data, Source - NHS Digital/GPonline.com

A sustainable and credible workforce plan is also needed whereby we ensure that the doctors who are available to work have opportunities to work. It is clear from the practice comments within the survey that practices in financial distress will need to cut down on the recruitment of staff to help balance the books. Locally we have seen opportunities for locums and salaried positions reduce to an all-time low. This seems bizarre coming at a time when demand for care is at a record high level. This is partially a function of how the money flows into the system through Primary Care Networks. The BMA GPC is advocating for more flexibility on how to

spend the resources allocated via the ARRS (Additional Roles Reimbursement Scheme) scheme, including the ability to use this funding to employ General Practitioners. Our local areas already cover difficult to recruit to (coastal and rural) areas and we need to allow the workforce available to us to find work.

The simple fact of the matter is that we run the risk of a domino effect in which the collapse of additional practices increases the pressure on the surviving practices and the larger system. Better access and greater continuity of care will follow when general practice funding is increased to levels that are sustainable.

A Sustainable Future

General Practice has shown time and again that it is able to remain resilient in very harsh economic climates but this dedication, and goodwill, from its staff will eventually run dry. With adequate funding, general practice can not only survive but thrive. If positive action is taken to protect the NHS and General Practice, we envision a sustainable and effective healthcare system that prioritizes prevention, early intervention, and patient-centred care. The case within this report underscores the strategic importance of nurturing general practice as a cornerstone for a resilient and responsive NHS.

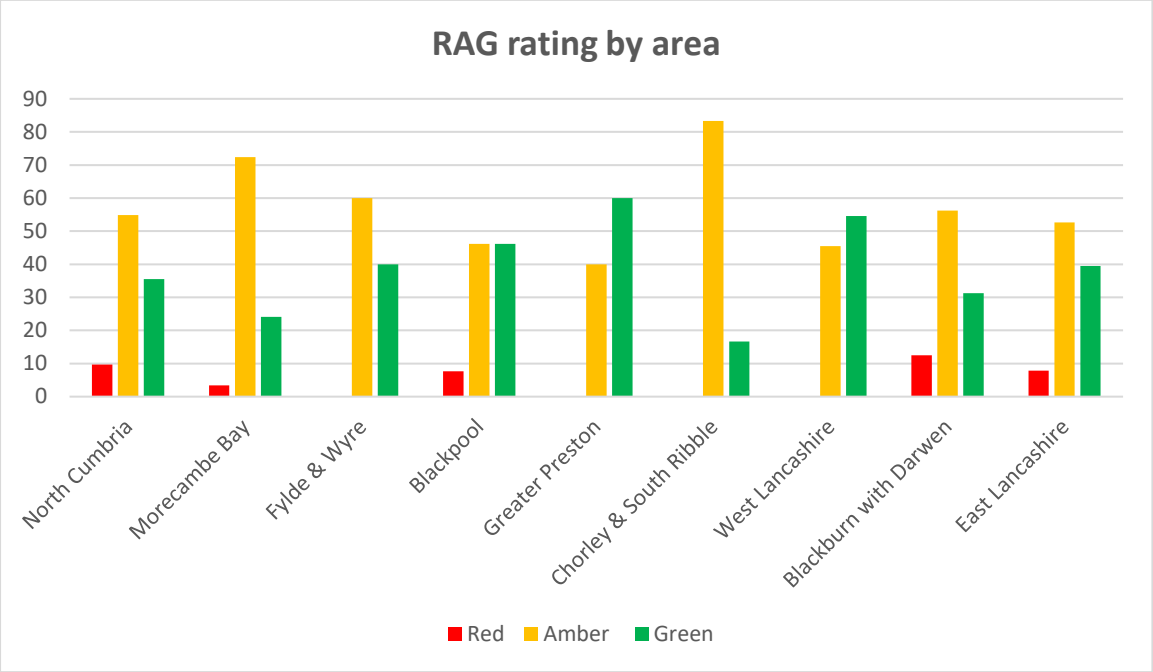
Anyone who reads this report, and its conclusions, is urged to consider it seriously, as it poses a threat to the fundamental principles of general practice as we know it. We believe we have clearly laid out the issues and risks that practices are facing. We have demonstrated that there is a marked ‘funding gap’ that exists due to historical underfunding and changes to the economic climate which could not have been foreseen when the contract was agreed. It is time for commissioners to correct this underfunding and help place General Practice on a sustainable path.

There will be some who read this report and feel that it may be an isolated issue with a select few practices in the Northwest. Or that this is scaremongering by an organisation that looks after the interests of General Practitioners and that the NHS is already funding practice

adequately. The facts and figures we have used to present our case are all available in the public domain and can be easily verified as correct. There will be some who try to spin this report to take the spotlight away from the fact that practices are struggling and need better funding. We urge each and everyone of you to make your own minds up based on the facts and findings within this report. Please share it widely to create awareness and informed debate that will put pressure on the system to realise that in order for General Practice to achieve its full potential equitable funding will be required.

In summary, this report seeks to shine the spotlight on the integral role of general practice in the NHS, highlight the imminent threat of closures, and advocate the need for better and immediate funding. The health of our communities depends on the strength and resilience of general practice – an investment that promises lasting benefits for all.

Section 4: Local Context



North Cumbria

Compared with other English counties, an exceptional proportion of Cumbria's population lives in rural or sparsely populated rural areas. This rurality makes healthcare delivery a bit more difficult, especially for general practice provision.

Numerous practices in North Cumbria are becoming increasingly concerned about the increasing rate of unfunded work they are being asked to do. Complex dressings have been an issue for some time in the area and has involved continued discussions with the local hospital Trust who, despite being commissioned to provide this work, often refuse to do so due to system pressures. It seems that practices in North Cumbria are consistently asked to 'think of the patient' when inappropriate transfers of work take place.

In recent years practices in North Cumbria have endured difficult struggles, resulting in eleven practices being taken over by the local Alliance in order to be sustainable. Practices are also either merging or applying to close their list for a year to stay viable.

Morecambe Bay

The ICB clawbacks of enhanced service payments, which were attributed to a mistake made by the previous Morecambe Bay CCG finance team, have been a significant local concern to practices. During the 23/24 financial year, practices were paid at the higher rate that was established during the pandemic for enhanced services instead of going back to activity payments. The total amount that was clawed back was approximately £419k. Due to the need to redraw accounts and the extra squeeze on practice cash flow, this has had a significant negative financial impact on the practices.

Discussions between the LMC and the ICB primary care team were ongoing when the financial barometer work was sent to practices. We therefore asked practices in Morecambe Bay to not include the impact of the ICB clawback when considering their financial RAG rating for the year. Among local practices, it is therefore possible that the severity of the financial situation is underestimated. This is definitely cause for concern.

Secondly, some practices in Morecambe Bay are particularly rural and have small list sizes, finding themselves feeling particularly vulnerable to take over by larger private organisations. There is a feeling of disconnect between national policies and local implementation. Furthermore, there is a threat to the viability of general practice in Morecambe Bay due to the large number of single-handed practices who are more susceptible to financial pressures. These single-handed GPs are also finding it difficult to recruit GPs and clinical staff, perhaps down to the rural geography.

Fylde and Wyre & Blackpool (Coastal)

Blackpool is the third most densely populated local authority in the Northwest and ranks as one of the most deprived areas in the UK. Many people were already in poverty prior to the recent economic downturn, and the cost-of-living pressures are having a detrimental impact on its population. Worsening mental and physical health is creating significant pressure on its health services, especially primary care.

Fylde and Wyre areas have a mixture of high deprivation localities, as well as areas with a significant proportion of elderly patients. These variations in demographics and rurality makes health care provision more challenging.

Cloud Based Telephony (CBT) – Better Purchasing Framework (BPF): This national initiative is causing widespread financial challenge to some Practices in the Coastal area. Several Practices have paid out large sums of money to avoid contract beaches, only to find that these new systems are not on the BPF. The issue has been poorly communicated and these Practices have purchased telephony systems in good faith, fully expecting funding provision from NHSE. This lack of reimbursement will worsen the financial strain on practices.

Local Quality Contract: The threat of a 'levelling down' approach to local incentive schemes is of great concern to Coastal Practices. Due to the design of the Coastal Quality Contract, which covers the work done within many Local Enhanced Schemes, the payments received into Practices are slightly higher than in other localities. There is a real threat that Coastal GPs may be subject to reduced QC payments in line with other areas. However, Coastal GPs do not receive as much in payments for LESs as those in other areas, and any levelling down would equate to funding cuts.

Greater Preston / Chorley & South Ribble

Preston is one of the 20% most deprived districts/unitary authorities in England and about 17.9% (4,995) children live in low-income families. Life expectancy for both men and women is lower than the England average. Life expectancy is 10.5 years lower for men and 8.7 years lower for women in the most deprived areas of Preston than in the least deprived areas. Whilst Chorley is relatively affluent, there are still pockets of deprivation within certain neighborhoods, some of which fall within the 10% of most deprived areas nationally.

Many practices both these areas have been driven to shift early to Cloud Based Telephony (CBT) due to operational difficulties with existing systems in place across the patch, footing the entirety of costs to be contractually compliant themselves prior to any financial support through national programmes. There are also known vulnerabilities with phlebotomy service provision locally and many practices will be doing unfunded work in this area.

West Lancashire

The destabilising impact of having uncertainty regarding finances has been a local issue in West Lancashire, where practices were found to be at a disadvantage in terms of the funding available for delivery of the 2022/23 Quality Contract and had to challenge the ICB for this to be addressed. Adequate funding to deliver the 2023/24 Quality Contract was secured, however there remains concern about the ICB's plans for 2024/25. At present GP practices in this area lack parity of funding with their colleagues in the newly formed Central Lancashire Place.

Additionally, practices in West Lancashire were driven to shift early to Cloud Based Telephony (CBT) due to operational difficulties with existing systems in place across the patch, footing the entirety of costs to be contractually compliant themselves prior to any financial support through national programmes.

Blackburn with Darwen

Blackburn has in recent years been struggling in similar ways to East Lancashire – as one of the other more deprived areas of the region. Approximately 20.7% (7,265) of children live in low-income families. Life expectancy for both men and women is lower than the England average. The formula that calculates population list weighting (Carr-Hill) is felt to be a hinderance by a number of practices as it does not accurately reflect the populations co-morbidities and age combinations. This is having a negative effect on the income of practices dealing with one of the most complex-need localities.

East Lancashire

East Lancashire is one of the most deprived areas in Lancashire and Cumbria and has been historically underfunded. Practices report ongoing issues with buildings and tenancy leaving them constantly concerned for the practice's viability. Several LIFT (Local Improvement Finance Trust) buildings were established in East Lancashire, but no incentive currently exists for practices to uproot their business into these newer buildings – the new service charge rates are expensive and cannot compete with historical subsidies.

East Lancashire has a long standing Over 75's – Enhanced Service contract that currently is on a rolling 12-month review by the ICB. This contract encompasses a significant number of valuable staff and if the contract were to end would threaten the financial stability of a significant number of practices. This also comes with significant redundancy numbers from an already stretched workforce.

Section 5: Glossary

ARRS (Additional Roles Reimbursement Scheme)

The Additional Roles Reimbursement Scheme (introduced in England in 2019) is an automatic funding stream available to Primary Care Networks (PCNs). Through the scheme, primary care networks (PCNs) can claim reimbursement for the salaries (and some on costs) of 17 new roles within the multidisciplinary team, selected to meet the needs of the local population.

Better Purchasing Framework (BPf)

The Advanced Telephony Better Purchasing framework (BPf) allows commissioners to procure cloud-based telephone systems from several telephony suppliers within the Better Purchasing framework list who have been through early assurance.

BMA - British Medical Association

The British Medical Association (BMA) is the trade union and professional body for doctors and medical students in the UK.

Carr-Hill Formula

The Carr-Hill formula is the formula that is applied to calculate the Global Sum payments for essential and some additional services. It replaced the Jarman index. This allows payments to be made based upon the cost of providing primary care services for a given population and their respective needs.

Cloud-based telephony (CBT)

CBT is a type of digital communication essentially enabling organisations to run a business phone system through their internet connection. NHS England have contractually mandated that practices migrate to Cloud-based telephony from their current analogue telephone systems.

Commissioners

NHS organisations that commission care on behalf of NHS England/DoH.

Commissioning

Commissioning is the continual process of planning, agreeing and monitoring services. Commissioning is not one action but many, ranging from the health-needs assessment for a population, through the clinically based design of patient pathways, to service specification and contract negotiation or procurement, with continuous quality assessment.

COVID 19

Term used to refer to the COVID19 pandemic.

DES – Directed Enhanced Services

Directed Enhanced Services are services or activities provided by GP practices that have been negotiated nationally and at an enhanced service level above what is required by the core General Medical Services (GMS) contract.

DoH – Department of Health

Now known as Department of Health and Social Care (DHSC) which is a ministerial department, supported by a number of agencies and partner organisations.

Financial year

A 12 month period that companies and governments use for financial reporting and budgeting. It is most commonly used for accounting purposes to prepare financial statements. In the United Kingdom, the financial year runs from 1 April to 31 March.

FTE

Full-time equivalent. Can also be called Whole Time Equivalent (WTE). For GPs is widely agreed to be 9 sessions per working week. Each session is 4 hours and 10 minutes in duration equalling a working period of 37.5 hours per week. *Please note that most GPs are currently working well beyond their contracted hours.*

Global sum

The Global Sum makes up the majority of the income for most GP Surgeries. The aim is to allocate money in accordance with perceived need. Figures are calculated quarterly, paid on a

monthly basis. The Global Sum can change from one quarter to the next, according to list size, patient turnover, demographic changes and consequent expected workload differences.

General Medical Services (GMS) contract

This contract acts as the basis for arrangements between the NHS England and providers of general medical services in England.

GP

General Practitioner

GPC (General Practitioners Committee)

The General Practitioners Committee is the only body which represents all GPs in the UK. It deals with all matters affecting NHS GPs, regardless of BMA membership.

GP Quality Contract

A locally agreed added services contract that is offered by ICBs to GP surgeries where there is a need to provide additional services that are not part of the core GP contract.

ICB- Integrated Care Boards

ICBs are NHS organisations responsible for planning and buying (commissioning) health services for their local population. Clinical Commissioning Groups (CCG) responsibilities transferred to ICBs when CCGs were phased out on 1st July 2022.

ICS – Integrated Care System

Integrated care systems (ICSs) are partnerships that bring together NHS organisations, local authorities and others to take collective responsibility for planning services, improving health and reducing inequalities across geographical areas. There are 42 ICSs across England, covering populations of around 500,000 to 3 million people.

IIF (Investment and Impact Fund)

The Investment and Impact Fund (IIF) is an incentive scheme focussed on supporting PCNs to deliver high quality care to their population, and the delivery of the priority objectives articulated in the NHS Long Term Plan.

LES - Local Enhanced Services

Local commissioners can develop Local Enhanced Services (LES) to offer to local practices, which complement services already contained in the core GP contract. These will differ from the DESs – Directed Enhanced Services which are on offer.

LIFT (Local Improvement Finance Trust) buildings

Local Improvement Finance Trust – was launched in 2001, as a vehicle for procuring public private partnerships, predominantly aimed at regenerating and improving facilities of primary and community healthcare in England.

LIS – Local Improvement Scheme

Similar to LESs

LMCs – Local Medical Committees

LMCs are local representative committees of NHS GPs.

National Living Wage / National Minimum Wage

The National Minimum Wage is the minimum pay per hour almost all workers are entitled to. The National Living Wage is higher than the National Minimum Wage - workers get it if they're over 23.

NHS England

NHS England leads the National Health Service (NHS) in England.

NHS Test and Trace

NHS Test and Trace is a government-funded service in England, established in 2020 to track and help prevent the spread of COVID-19. The programme is part of the UK Health Security Agency.

PCN - Primary Care Network

A Primary Care Network is a group of GP practices working closely together, aligned to other health and social care staff and organisations, providing integrated services to their local population. A PCN covers a patient population, of 30,000 – 50,000 patients, although by approval of the commissioner, this may be lower in rural and remote areas, and higher where it is appropriate.

Per capita

In this report refers to a payment on a per patient basis.

Phlebotomy

Service of taking blood for a blood test.

QoF - Quality and Outcomes Framework

The Quality and Outcomes Framework is a voluntary annual reward and incentive programme for all GP practices in England, detailing practice achievement results.

Secondary care

Term used to describe hospital care/services.

Service charge

The estimated costs relating to the common areas and shared areas of a single property/site. These are usually areas which are used by or is available to all occupants of the building. It often includes reception area, car parks, external grounds, toilets, stairwells and lifts etc.

Utilities

Term to describe costs paid to electricity and gas suppliers.

Acknowledgements

Several people have contributed to this report, and we are very grateful for their input and support.

A big thank you to our hardworking and dedicated General Practice colleagues who took the time to help us with completing the survey. We know that you are busy, and we hugely appreciate you completing this extra task.

Thanks also to the Exec office team at the LMC who have worked on this report and project for several months.

And finally, thanks to you for reading this report!

Enquiries

If you have any comments or enquiries about this report and its contents, please email us at enquires@nwlmcs.org

Appendix 1– Financial Barometer RAG System:

1. Green (Good Financial Health):

- The practice is in a strong and stable financial position. It has sufficient reserves and revenue to cover its operating expenses, invest in improvements (including financial flexibility to hire into vacant staff positions/take on new partner/salaried GP if needed), and manage unexpected financial challenges. There is a positive cash flow, and the practice can comfortably meet its financial obligations.

2. Amber (Caution Needed):

- The practice is in a moderately stable financial position but may require attention. While it can cover its operating expenses, it may have limited reserves for contingencies. There could be signs of financial stress, such as declining revenue, increasing costs, or inconsistent cash flow. This rating would relate to practices having a **financial inability** to recruit into vacant/necessary staff roles/take on new GP partner/salaried GP. Some cautionary measures or adjustments may be necessary to ensure long-term stability.

3. Red (Financial Concerns):

- The practice is in a precarious financial situation and needs immediate attention. There may be serious financial issues, such as ongoing losses, mounting debt, or a cash flow crisis. The practice may struggle to cover essential expenses and meet financial obligations. There may be a very real need to discontinue certain job roles or lay off practice staff in order to balance the books/accounts.

Practice partner earnings are approaching non-viable levels where they are considering leaving the partnership or collectively handing back the GMS contract if the financial situation fails to rapidly improve. Urgent action is required to address these challenges and prevent further financial deterioration or practice closure.

Q. What is the current financial RAG rating you consider most suitable for your practice?

We ask that practices complete this financial RAG rating once per financial year (runs from 1st April to 31st March).