



Grant Thornton

An instinct for growth™

GP super practices

A prescription for sustainability in primary care

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Introduction

Increasing demand, rising costs and a difficult recruitment climate all mean that the primary care system is under strain. These pressures are only set to increase, creating real risks that the current system will become unsustainable.

However, there are a range of alternative operating models for GP practices which can help to address these challenges through more efficient and effective ways of working. In particular, merging practices to create super practices can provide significant economies of scale and the opportunity to drive real improvements in the quality of service to patients.

Building on our 2016 publication '*Primary Concern: Shaping the Future Direction of Primary Care*', our new report will examine:

The need for change

A combination of an ageing population, recruitment challenges and financial pressures is creating severe pressures across the NHS. Carrying on as we are is not sustainable and there is a real need for change across all players in the sector.

The benefits of GP super practices

By coming together in larger groups such as super practices, GPs can achieve significant cost savings, secure wider benefits from more specialist services and offer a more attractive working environment for new recruits. This will mean that primary care will be better able to adapt to new ways of working which we expect to be heralded in the forthcoming 10 year NHS plan.

Managing risks

GPs need to understand that every new business structure comes with risks attached. Success will depend on considering these from the start and putting effective risk control frameworks in place, underpinned by a clear and focused project plan.

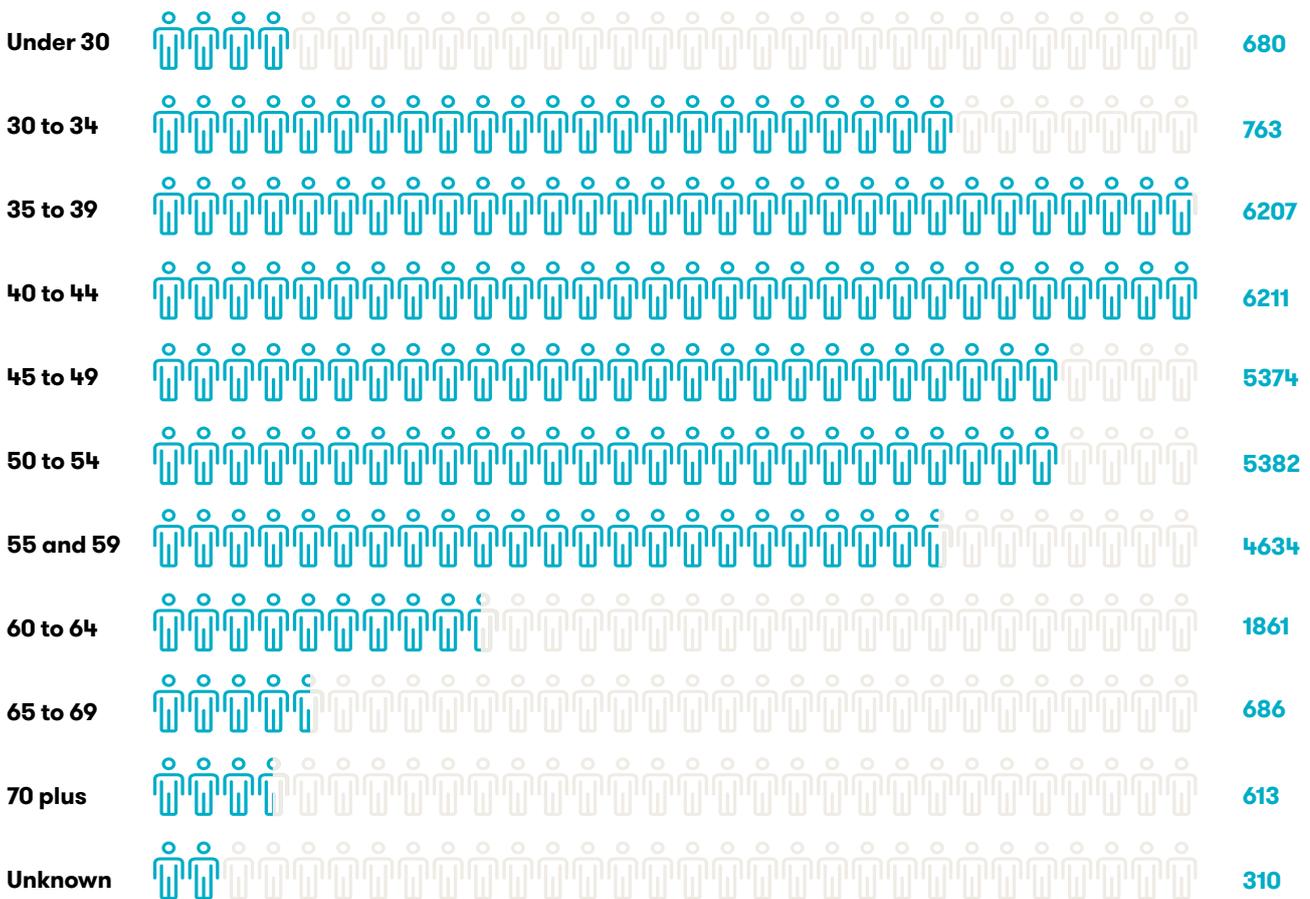
Governance

Effective governance is critical to the success of super practices. All those involved must understand where control lies, what decisions are devolved and what is dealt with by the centre, and that there is real accountability for all its activity.



GP headcount by age

In England, the average age of retirement for GPs is 57 and, as the graph below shows, 37% of GPs are over 50 and may retire within the next five to seven years.



Why set up a GP super practice?

The challenges of the current primary care operating environment

Primary care organisations continue to face severe funding pressures. Practices are having to manage increasing costs, eg locum and indemnity costs, at the same time as meeting quality standards (including CQC ratings). Equally, securing the income they need is becoming more challenging with the move to tendering for Locally Enhanced Services. These pressures are raising serious concerns about how sustainable the current model of delivering primary care will be in the future.

But, it is not just financial challenges which are placing the system under strain. Staffing and recruitment are becoming more difficult not least due to the ageing profile of GPs and clinical support staff. In many areas 20-25% of GPs are aged 55 plus and nearing retirement. This problem is made more acute because the pipeline of trainee healthcare professionals is not producing enough candidates who want to take on future roles in primary care.

Added to this, in certain parts of the country, there has been significant population growth – in part as the result of a growing proportion of older people who not only have an increased life expectancy but who are also living with more long-term health conditions. These developments are leading to greater GP list sizes and rising demand for appointments which means that many GPs are having to spend significant amounts of time on the administration of their practice with a detrimental effect on their work/life balance. This complex and demanding operating environment is then unattractive to potential new recruits.

And it doesn't stop there. All these pressures have to be managed in the wider context of national initiatives and long term change programmes such as sustainability and transformation plans, new care models, transforming care partnerships and integrated care systems. If change programmes are to be successful, new operating models and approaches from providers, contractors, commissioners and GPs will be needed.

The case for change

Whilst change is always challenging and can be daunting, it is clear that sticking to traditional GP practice models will result in many becoming unviable. If this happens there will be disrupted patient care; costly and time consuming interventions by CCGs to source alternative provision; and, most likely, an adverse impact on A&E attendances and hospital admissions.

All these challenges raise tough questions for primary care providers. Will GPs as quasi-independent NHS contractors be able to maintain the financial viability and operational resilience of their practices, whilst continuing to deliver safe, effective and high quality care? Will they be able to provide the greater efficiency and greater flexibility, as well as effective succession planning that are critical to meeting patients' needs?

The answers to these questions underline that doing nothing is not an option. However, for those willing to embrace change, there are solutions available that can help tackle the funding, recruitment and demand challenges GPs face. These models include GP super practices which are created through a formal merger of a number of independent GP practices into a single larger entity. The numbers of practices involved can vary and the exact working of the model can be tailored to local needs.

What are the benefits of super practices?

There are a number of potential financial, non-financial and qualitative benefits that can be achieved through GP super practices:

Economies of scale help improve profitability and sustainability. This includes providing potential cost savings in administration and locum costs, such as sharing cover or offering the potential to employ salaried doctors, medical insurance and professional services costs, such as accountancy and legal fees. A super practice will also have greater bargaining power with suppliers allowing them to secure better value for money.

Financial benefits can be secured through improved organisational design, greater operational efficiency and amalgamation of back office functions. A super practice should also provide opportunities for increased income. For example by being able to carry out more work in a primary care setting and boosting Quality Outcomes Framework income.

Improved recruitment and retention of staff can be achieved due to the better working environment in a super practice and more effective and efficient use of staff. It also provides opportunities for greater specialisation and career development of both clinical and administrative staff.

Improved quality of care can be gained from more standardised operating procedures, better peer support for clinicians and improved supervision within practices.



Options for change

While there are a number of alternative models available, such as vertical integration with hospitals, the advantages of merging with another GP is that GP practices are obviously very similar organisations - with the same purpose of treating patients in their local environments. They also tend to have similar operating models and the same regulators, income sources and cost bases. All of this makes it easier to set up a merger and make it work.

However, before making the final decision to merge, GPs need to consider what their particular needs and challenges are and what they want to achieve from the new model. In particular, they need to understand that to maximise the benefits of a merger they must give up some degree of control, but they have to consider how much. They should also consider how they can retain local connections with patients and staff, the impact on care quality, and any advantages a merger may bring to recruitment.

Whatever model is chosen, careful planning and preparation are essential for the creation of effective and efficient super partnerships - including a focus on getting the right partnership agreement in place and ensuring stakeholder engagement from the outset. And, it must always be remembered that there is no 'one size fits all' solution - each super practice will only succeed if it is tailored to the specific requirements and circumstances of its local stakeholders.

Case study

A West Midlands super practice changes its clinical model

This super practice has focused on changing its clinical approach to drive up the quality of care by:

- sharing good practice to provide consistently high standards of care and increase income
- developing and monitoring of a new quality and performance framework to improve quality
- developing a visiting team of GPs and advance nurse practitioners to look after housebound patients (and to use the same system to build services for all patients with long term conditions, eg diabetes)
- developing closer links with pharmacies to help patients get their medicines more efficiently
- developing closer links with acute and community hospitals with the aim of becoming a multidisciplinary community provider
- developing lead clinicians for conditions, such as respiratory disease
- sharing learning to develop an effective telephone appointment service.

Benefits for commissioners and the wider health economy

Super practices can drive up quality through better clinical supervision and standardised operating procedures, including referrals and prescribing. Equally, by making it easier to share best practice and utilise skills cross-practice, it should lead to improved care and outcomes for patients which, in turn, should be reflected in quality outcomes frameworks and better CQC ratings.

Super practices can also support a more balanced and diversified local healthcare economy. Given their close connections to the populations they serve, GPs are well placed to support change within primary and community care services and improve the integration of patient care. Using the broader perspective gained from being in a super practice, GPs should be able to provide more input into the strategy development and implementation process. They will also be in a better position to develop new care models such as out-of-hospital community and preventative services. Some GP super practices have already demonstrated a willingness to do this, by partnering with local sustainability and transformation programmes.



Case study

Modality Partnership

The Modality partnership is based in Birmingham but has practices throughout the country and has agreed to form a multispecialty community provider with Sandwell and West Birmingham Hospitals Trust. This forms part of the wider Black Country sustainability and transformation partnership.

Steps to becoming a GP super practice

Once a practice has made the decision to join or develop a super practice there are a number of steps that must be taken to ensure that it is set up in a way that meets local needs.

Creating a framework for cooperation

The first step is to understand who the key stakeholders are through identifying the first adopter GPs, their current practice leadership, the geographic area to be covered and relevant CCGs. Thought should also be given to potential future candidate member practices who may join later.

Establishing a good relationship between interested parties and developing effective communication is critical to obtaining buy-in. However, protracted delays can occur at this stage as it can take time for decisions to be made and, in some cases, outside support may be helpful in ensuring that these discussions move swiftly and reach a conclusion.

Before making the decision to proceed, all those considering getting involved need to ensure they have asked the right questions and that they are comfortable with the answers to how practices will:

- achieve the potential financial and non-financial benefits of a super practice?
- arrange the new capital, management and profit sharing structure?
- deal with property, HR and IT issues (including governance and security)?
- communicate, engage and where appropriate consult with stakeholders (including patients)?
- manage the time, resources and distraction required for a merger?

Case study

Bringing South West England's GPs together

A group of practices in South West England wanted to explore the possibility of merging and agreed that they would share information on finances, premises, staffing, profit sharing and partner retirement at the outset to build confidence and trust. They asked Grant Thornton to summarise their accounts, and benchmark income and expenditure across practices as well as summarise staffing and premises information. Our presentation to GPs also identified potential areas of savings. The practices are now proceeding to merger.

Scoping an outline of the super practice

The next step, once it is clear which practices are interested in joining, is to develop an outline of the proposed super practice. This should include an indicative financial and geographic footprint, staffing arrangements and GP membership. Once an initial agreement on the scope and purpose of the new entity and likely member practices (ie those who want to proceed to the next stage) has been reached, a project plan and timeline needs to be developed. This will require agreeing an initial budget for scoping the proposal, as well as preliminary information sharing and decision making processes.

The detailed proposal

All parties then need to come together to discuss the detail. They will have to establish a consolidated financial position, an outline of the partnership structure, the opportunity for savings and efficiencies, profit-sharing arrangements, future entry or exit requirements, property and tax arrangements, as well as the approach to governance.

Strong professional services and legal advice is crucial here to make sure the best solutions are developed which enable effective decision making by all stakeholders. The details matter, including early consideration of which assets are brought into the combined business (eg property, associated business interests and pharmacy). This is essential to help avoid future disagreements and unexpected tax liabilities.

Regulator and stakeholder engagement

Once a detailed proposal document is in place, practices should discuss their proposals with local commissioners, NHS England, internal staff and other stakeholders, such as the CQC. The focus should be on: understanding regulatory requirements; the views of staff and external stakeholders; the likely impact on contracts with commissioners; and existing financial and contractual obligations. The practices may also want to talk to HMRC, the NHS Pensions Agency, banking providers and key suppliers to gain an understanding of key external requirements and factors that are likely to affect the transformation process.

Planning, implementation and benefits realisation

When agreement is reached on the formation of a super practice, more detailed documents must be produced to help stakeholders manage the transformation process and the creation of the new entity. This should include: a detailed project plan and timeline; an interim governance structure and constitution; a vision and mission statement; an organisational structure; and terms of reference.

Practices should also consider establishing: a transformation budget; conflict resolution rules; and an approach to developing a shared culture, data governance processes and contingency measures. All these steps will help practices develop a clear shared vision and enable them to buy into the changes required to deliver the desired outcomes and benefits.

Practice leaders may need to recruit a project manager or engage external professional advisers to support this part of the process and to ensure the smooth implementation of the changes required to achieve their ambitions. Appointing the right people to key positions, including a project manager, will be crucial to the success of the venture as poor preparation and planning can lead to a lack of cohesion across the practices. A dedicated lead and project team will be able to address this risk and oversee the more detailed aspects of planning, project management, and implementation.

Practices will also need to develop a shared vision and business plan for the new entity covering board arrangements, joint working, data sharing, due diligence and programme planning. Once the framework and overall structure is in place, the practices will want to get the views of commissioners and NHS England.

Monitoring systems will be needed to ensure that expected benefits are realised. There will clearly be a need to report these to commissioners and regulators, particularly those that have made transformation funding available. To ensure that monitoring is effective, project milestones and key performance indicators are embedded into the new structure.

Getting governance right

Good governance is key for the success of the super practice and early decisions are needed about the level of autonomy it wants for individual practitioners within the structure.

There are several governance options available to GP super practices wishing to merge, including establishing a company limited by shares. In practice, the vast majority of GP super practices have retained a partnership structure. However, the nature of these partnership agreements differ widely, often reflecting the extent to which individual practices wish to retain autonomy following the merger.

For example, at one end of the spectrum super practices, such as Our Health Partnership in Birmingham, have implemented partnership agreements which allow member practices a significant amount of control whilst also providing for an umbrella organisation to supply back office services (such as finance, HR and payroll) to member practices. In such partnerships, each joining practice is treated as a profit centre which makes a contribution (often based on patient numbers) to the running costs of the overall umbrella organisation but the individual practice has freedom to recruit staff, or terminate employment, staff as required. This type of structure can be a first step in moving towards a more centralised partnership in the future, whilst providing the potential advantages of sharing costs and expertise across practices in the interim.

Alternatively, some super practices are run along more centralised lines. Fully integrated partnerships, for example, may operate in much the same way as a de-centralised partnership, but on a much larger scale. They are also more likely to hold contracts centrally and share profits and risk on an equal basis between sites. In these practices clinical governance arrangements are more standardised and practice premises are often fully amalgamated.

Each GP super practice must decide what it is right for them. Key governance considerations include:

- will standardisation between practices save more money and ensure clinical practice is consistently strong?
- do partners want to bring practice premises and any other assets into the super partnership?
- what is the level of responsibility that partners wish to assume in relation to the day-to-day running of the practice? Do they wish to focus on patient care rather than be diverted by the burdens of running a practice?
- are partners comfortable with allowing joining practices the flexibility to make decisions which may impact on finance and clinical governance (given that all partners are jointly and severally liable)?
- do partners want to merge GMS, PMS and APMS contracts from the outset?
- will it be easier to persuade practices to join if more flexibility is offered?
- will a more devolved structure retain existing connections with patients?

There also needs to be agreement about the extent to which services will be centralised. A merged back office service may lead to greater efficiencies and improved resilience but the right balance needs to be struck between that centralisation and maintaining the vital local connection between practitioner and patient. It is important to be clear exactly how decisions will be made and who will make them.

Governance should be underpinned by clarity over the overall leadership of the super practice. A strong, clear strategic vision is vital to drive success and the governance structure should support this. Geographical and socio-economic factors, along with the individual needs of local practitioners, will ultimately drive decisions around the governance structure but they do need to be examined carefully from the start.

Case study

Wyre Forest governance and decision making

The medium-sized Wyre Forest super practice has a clear scheme of delegation and governance processes to support decision making:

- all partners delegate functions to a super partnership board and all partners meet around four times a year to allow them to set organisational strategy
- The partnership board is made up of partner representatives from each site, a chief executive and chair. A patient representative also sits on the board to provide feedback from site representatives
- The board meets monthly to oversee strategy and governance. It is accountable for delivery – delegating day-to-day running to a Chief Executive who has a management team covering specialist functions such as HR, finance, IT and quality
- Each site has a site manager fulfilling many of functions of the traditional practice manager.



How to make a success of it

Risks of GP super practices

As with any organisational change, during the planning and implementation phases of setting up GP super practices, there will be a range of risks that need to be understood and overcome, including:

- significant transition costs
- cultural differences and resistance to change
- losing local connection with staff and patients and reductions in GP's personal autonomy
- lack of regulatory approval
- legal and governance challenges
- optimism bias and implementation costs
- poor project management
- existing commitments and contracts.

To deal with these risks there must be a clear strategy and budget to ensure all GPs understand their own accountability for the changes required to establish a successful super practice. All changes must be fully costed and accounted for in the budget.

Super practices have a greater chance of success and of managing the risks when there is strong local leadership and significant buy-in from GPs, staff and external stakeholders such as commissioners and regulators. Having a good communications plan in place which has a clear focus on the needs of all groups affected (both internally and externally) and delivers regular communications (including face-to-face meetings and local press articles) is essential in achieving this positive support.

Getting the partnership right

Another important element in the successful implementation of any new structure is the drafting of a comprehensive, well-crafted partnership agreement. Partnerships without an up-to-date deed expose themselves to the risk of complex and costly situations in the event of the death, bankruptcy or dissolution of the partnership by an individual partner.

Disagreements could also arise on clinical matters, workloads, culture or even a clash in personalities. Super practice partners should therefore consider including a 'green socks' clause (which enables partners to exclude another partner without having to give a reason and, more importantly, without having to prove an expellable offence). Or, at the very least, clearly set out the circumstances which would result in an individual partner being expelled from the group to avoid the costly and time-consuming process of dissolving the partnership.

Technological transformation

Disruptive technologies are increasingly affecting primary care services. Super practices should set out in their business plan how they will harness new automation and digitisation to increase the efficiency and effectiveness of services provided. A super practice is well-placed to invest in and benefit from technological transformation, given the economies of scale and greater purchasing power. Areas of focus might include digital prescribing, utilisation of telehealth and adopting digital patient records. There are also opportunities to reduce the number of appointments where patients do not attend or 'was not brought' instances, through improved reminder and booking systems for patients, and more digital communication with patients. The super practice needs to make sure that they have the decision making processes which give them the flexibility to embrace new technology.



Case study

Top tips from an early super practice

This early-adopter super practice highlighted a number of lessons they learned during the process:

- communicate the benefits - one of the first of which is a really strong voice in the health community
- you can't have enough communication with partners at the outset (in particular focusing on exactly what is going to happen)
- repeating messages to partners is helpful - it is surprising what gets forgotten later
- be clear on the expectations with GP partners and don't over-promise
- don't under-estimate the importance of tax in the decisions you make
- producing accounts in-house takes a large amount of time in year one
- to realise savings you need to standardise practices ie procurement and locum costs
- if GPs want to reduce their own administration time they must cede responsibility to the super practice
- administrative time savings do not appear immediately due to time spent on managing change
- dealing with the COC on merger can take a lot of time at the beginning.

Summary

Our key recommendations for making a success of a GP super practice are:

- To understand the risks associated by setting a clear strategy and budget to ensure all GPs understand their own accountability for the changes required in establishing a successful super practice.
- To get the partnership right and ensure a comprehensive, well-crafted partnership agreement.
- To embrace technological transformation and harness new automation and digitisation to increase the efficiency and effectiveness of services provided.

As this report has discussed, if practices do consider the super practices model, it is vital to clarify from the start what they are trying to achieve as this should help shape the model of super practice chosen. There are practices who are further down this journey and it is essential that others who are starting out on the super practice journey have the opportunity to learn these lessons, and as a result, proactively manage risks and develop sound governance arrangements.

As with any change, a clear plan addressing the risks with a vision articulating the benefits is vital in helping achieve the benefits of the change. Within this, communication is key. Each practice will have its own culture that patients will expect to continue, and early engagement with patient groups will help in overcoming resistance to change.



About Grant Thornton

Grant Thornton UK LLP is a leading business and financial adviser with client-facing offices in 24 locations nationwide. We've chosen to set our reputation alongside a bold purpose – by unlocking the potential for growth in our people, clients and our communities we believe we can help shape vibrant economy where businesses and people can flourish and no one gets left behind.

We have been working with the NHS and local authorities for over 30 years and are the largest employer of CIPFA members and students in the UK. Our national team of NHS specialists, including those who have held senior positions within the sector, work closely with our clients to provide the growing range of assurance, tax and advisory services the NHS requires.

We are passionate about supporting the sector and believe the current public sector reforms present real opportunities to redesign and integrate service delivery, with the public at its heart. We understand regional differences and, through proactive client-focused relationships, our teams deliver solutions in a distinctive and personal way, not through pre-packaged products and services.

And, not only do we have a deep knowledge of the NHS, we also understand wider public sector issues, drawn from working with associated delivery bodies, relevant central government departments, local authorities and private and third sector organisations operating in the sector. We therefore have an in-depth understanding of the real challenges and issues facing our clients and a clear view of how these can be addressed.

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