

Under pressure  
The funding of  
patient care in  
general practice





# Introduction

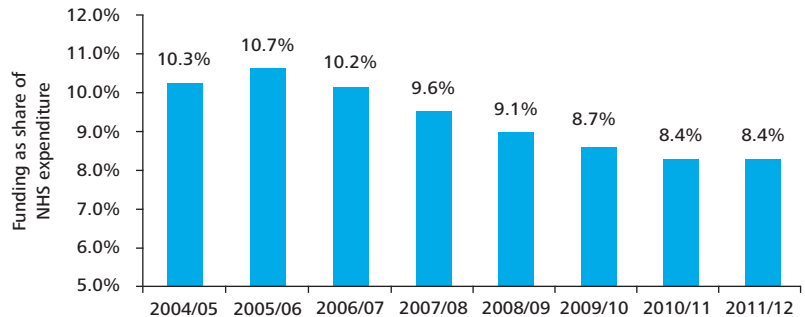
General practice plays a crucial role in the NHS, delivering core health care services whilst having responsibility for referrals to help patients gain access to a large range of other health care providers. General practice is typically the first point of contact for patients.

Effective general practice can have significant benefits for local populations by supporting improved health outcomes, safety and patient experience. Further, strong and effective primary care can also lead to wider cost savings throughout the health care system, through better early diagnosis and prevention.<sup>1</sup>

In recent years general practice has come under increasing pressure:

- Demand has continued to increase, with an ageing population and higher prevalence of long term conditions and multi-morbidity;
- General practice has taken on new responsibilities, for example in commissioning annually c.£67bn<sup>2</sup> of services in England; and
- The share of NHS funding spent on general practice in Great Britain has fallen from over 10.3% in 2004/05 to around 8.4% in 2011/12. Looking across the UK as a whole, where there is more limited data, the share in 2011/12 was 8.39%.

**Figure 1: Great Britain, general practice share of NHS spend**



Source: HSCIC, HSCB, Department of Health (Programme Budget), ISD Scotland, NHS Wales

## This report

This short report, commissioned by the Royal College of General Practitioners ('RCGP'), estimates the funding gap in general practice that has built up over the last few years, and how it could grow if current trends continue.

It is recognised that data across general practice and primary care is more limited than in other parts of health care, making such analysis more difficult. In order to reflect this uncertainty, a number of different scenarios have been considered.

It is recommended that policy makers look to gather better data in the future around general practice. Such data collection could allow for better decision making and planning, ultimately for the benefit of patients and tax payers.

Details of the data, methodology and a full breakdown of results by country are contained in the Annex.

<sup>1</sup> For example, see The King's Fund, 2010, *A Pro-active approach: Health promotion and ill-health prevention*.

<sup>2</sup> NHS England. 2013. *Total Allocations 2014/15 & 2015/16*.

# The future of general practice funding

There are a number of supply and demand pressures which are affecting general practice. These pressures are leading to a funding gap.



**Demand growth.** The number of consultations delivered in general practice is estimated to have increased significantly. This growth is likely to continue as a result of an ageing and growing population. With higher demand, funding becomes stretched, as a greater volume of services is required.



**Health care spending.** Health care spending as a proportion of gross domestic product (GDP) is anticipated to fall over the next five years.<sup>3</sup> This could reduce the amount of money available to general practice, assuming the proportion of the NHS budget used to provide general practice services remains constant.



**General practice funding share.** As set out in Figure 1, the share of NHS resources spent on general practice has fallen over time. If this trend continues, it could further reduce the available funding in general practice.

## The future of general practice funding

The size of the funding gap has been measured with reference to 2008/09, the last year for which full consultation data is available. By taking actual funding figures and adjusting them to reflect inflation, efficiency gains and estimated demand growth, the funding gap that has developed in general practice over the period 2008/09 to 2012/13 has been estimated. In addition, the potential size of the funding gap by 2017/18 has been estimated, assuming continued demand growth, efficiency gains and a change in general practice funding in line with the Office of Budgetary Responsibility ('OBR') health forecasts.

It is estimated that between 2008/09 and 2012/13 a 12% funding gap opened up in general practice funding across the UK, as illustrated in Figure 2.<sup>4</sup> By 2017/18, this funding gap could further widen to 24%.

The estimated gap of 24% assumes that from 2012/13, the share of the NHS budget spent on general practice remains constant at 8.39%. If, however, this share continues to decline at the same rate, the funding share could fall to 7.29% of NHS spend in 2017/18. In this case, the overall UK funding gap could reach 36% by 2017/18, equivalent to around £3.3bn. This would mean between 2012/13 and 2017/18 there could be a cumulative gap of £6.6bn.

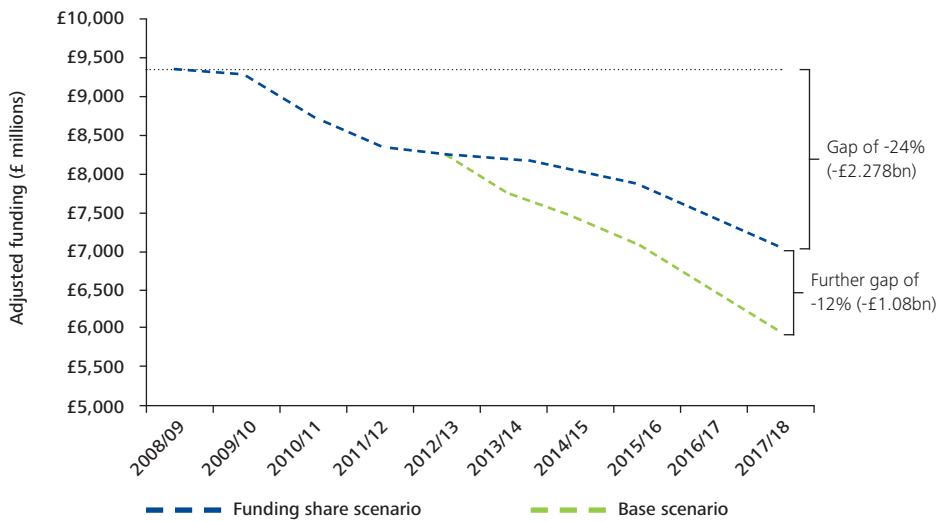
These estimates assume efficiency savings of 1% per annum.<sup>5</sup> However, achieving this scale of efficiency improvement could prove challenging in the context of other pressures such as increasingly complex patients and new medical technologies.<sup>6</sup>

As illustrated in Figure 3, the biggest contributor to the funding gap is the continued growth of consultations in general practice. This increases the funding pressure on general practice by £2,226m over the ten year period between 2008/09 to 2017/18.

To close the funding gap, the share of total UK NHS expenditure on general practice would need to increase significantly from 8.39% in 2012/13 to 9.8% by 2017/18.<sup>7</sup> However, additional funding would still be required to allow for other policy initiatives, such as those looking to enhance primary care in order to reduce the burden on secondary acute care providers.

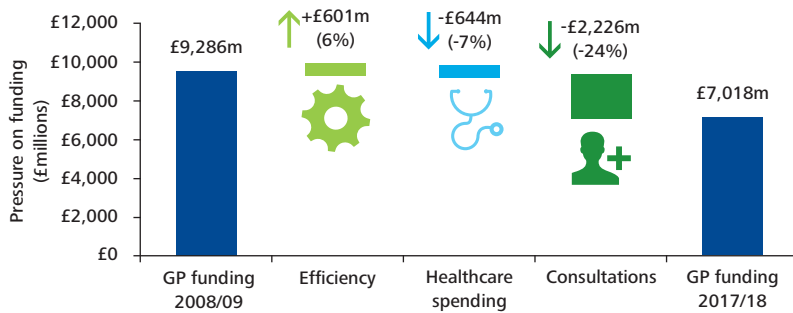
<sup>3</sup> Source: Fiscal Sustainability Report, OBR 2013

**Figure 2: UK general practice funding gap**



Source: Deloitte analysis

**Figure 3: UK breakdown of the gap for baseline**



Source: Deloitte analysis

<sup>4</sup> It is noted that evidence of the current gap is challenging to identify, given more limited data in primary care. However, pressures on the current workforce have been noted in some recent reports, including: Centre for Workforce Intelligence (2013). GP In-Depth Review. <http://www.cfwi.org.uk/publications/gp-in-depth-review-preliminary-findings>

<sup>5</sup> This assumption is based around a number of estimates including the ONS and Centre for Health Economics, York, 2010. A fuller discussion is included in the annex.

<sup>6</sup> The King's Fund and Nuffield Trust. 2013. Securing the future of general practice.

<sup>7</sup> At the time of writing, updated figures for 2012/13 were unavailable and so a constant share has been conservatively assumed.

### A range of outcomes

Understanding the exact scale of the gap is challenging, given that data in primary care is currently more limited than in other areas of health care. Sensitivity analysis has therefore been conducted using the following scenarios:

- The downside scenario assumes that no efficiency gains are achieved over the period; and
- The upside scenario assumes that demand increases at half the historic rate.

These scenarios suggest that, by 2017/18, the overall UK gap could range between 17% and 31%, assuming a constant share of NHS expenditure. The estimates for each of the scenarios, together with their cumulative effect over the ten year period, are set out in Table 1.

**Table 1: UK scenarios for the funding gap**

Scenarios	2012/13 gap	2017/18 gap	Total	Cumulative Gap 2008/09 to 2017/18
Base	-£1.1bn (-12%)	-£1.2bn (-15%)	-£2.3bn (-24%)	-£10.1bn
Downside	-£1.4bn (-15%)	-£1.5bn (-19%)	-£2.9bn (-31%)	-£14.1bn
Upside	-£0.7bn (-8%)	-£0.9bn (-10%)	-£1.6bn (-17%)	-£6.7bn
Funding share	-£1.1bn (-12%)	-£2.3bn (-28%)	-£3.3bn (-36%)	-£14.6bn

Source: Deloitte analysis<sup>8</sup>

<sup>8</sup> The 2012/13 gap relates to the difference between 2008/09 and 2012/13 adjusted funding. The 2017/18 gap is the difference between 2012/13 and 2017/18 adjusted funding.

# Conclusions

## Findings

Pressure has grown on general practice funding over the last few years and is estimated to continue to rise over the next five years. Overall the UK general practice funding gap is estimated to reach 24% by 2017/18, assuming there are no significant policy developments and the share of NHS spending allocated to general practice remains constant. The scale of the gap across England, Scotland and Wales is estimated to be similar.

UK general practice funding as a proportion of total NHS expenditure would need to rise to around 9.8% in 2017/18, from 8.39% in 2012/13, to fill this gap. However, over the last five years the share of general practice funding has fallen. A continuation of this trend could increase the funding gap to around 36% by 2017/18. Further, this analysis does not capture a number of additional pressures which could increase the funding requirement, such as policy initiatives shifting patients from secondary to primary care.

Defining the potential impacts of the general practice funding gap is challenging. However, the importance of strong primary care in preventing illness and mortality whilst promoting more equitable health is well documented.<sup>9</sup>

## Further pressure

This report has considered a number of supply and demand factors which are driving the funding challenge; including higher demand for consultations and the future overall change in health care expenditure. There are a number of further pressures which have not been considered.

- **Complexity of patients.** The number of people with multi-morbidity is estimated to grow from around 1.9m in 2008 to 2.9m by 2018.<sup>10</sup> This is likely to increase both the scale and complexity of demand on general practice. Moreover, from previous studies it has been found that 58% of people attending general practice have multi-morbidity and they account for 78% of consultations.<sup>11</sup>
- **Shift to primary care.** General practice plays an important role in preventing patients from reaching acute settings of care, with international evidence suggesting that strong primary care can help support better health and avoid unnecessary hospital admissions.<sup>12</sup> With integrated care and other policies aiming to shift patients out of secondary acute care, the importance of primary care, with general practice at the heart, is increasing.<sup>13</sup>
- **Future workforce.** A recent study by the Centre for Workforce Intelligence suggests that the current workforce is under considerable strain, with insufficient capacity to meet current and expected patient needs.<sup>14</sup> This is consistent to a number of other studies which note that there may be insufficient trainees to meet demand.<sup>15</sup>

<sup>9</sup> Starfield B, Shi L, Macinko J. (2005) 'Contribution of primary care to health systems and health'. *Milbank Quarterly*; 83(3): 457–502.

<sup>10</sup> Department of Health (2012). *Long-term conditions compendium of Information: 3rd edition*

<sup>11</sup> Salisbury C. et. al. (2011) 'Epidemiology and impact of multimorbidity in primary care: a retrospective cohort study.'

<sup>12</sup> Kringos, Dionne S., Wienke Boerma, Jouke van der Zee, and Peter Groenewegen. 'Europe's strong primary care systems are linked to better population health but also to higher health spending.' *Health Affairs* 32, no. 4 (2013): 686-694.

<sup>13</sup> The King's Fund and Nuffield Trust. 2013. *Securing the future of general practice.*

<sup>14</sup> Centre for Workforce Intelligence (2013). *GP In-Depth Review.* <http://www.cfw.org.uk/publications/gp-in-depth-review-preliminary-findings>

<sup>15</sup> The King's Fund and Nuffield Trust. 2013. *Securing the future of general practice.*





# Technical annex

# General practice funding scenarios

## Assumptions underpinning funding scenario analysis

Factor	Assumptions and limitations
Inflation	The CPI health index has been used to calculate values in real terms (base = 2012) prior to 2012 (source: ONS). Beyond 2012, it is assumed that the CPI health index is equal to the forecast CPI index (source: IMF).
Efficiency adjustment	<p>It is recognised that there are no specific efficiency estimates for general practice. An efficiency adjustment of 1% per annum since 2008/09 has therefore been assumed. This assumption has been informed by recent literature on sector wide productivity/efficiency gains, such as those found by the ONS and the Centre for Health Economics, York (2010). This paper reports a rate of between 0.4% and 1.4%. In order to test the 1% assumption, sensitivity analysis has been conducted in the report.</p> <p>Improved and expanded data collection in the longer term could help to support a better understanding of efficiency gains.</p>
Changes in consultations	<p>A consultations index based on 2008/09 figures has been used to adjust for changes in the number of consultations over the period analysed. The figures refer to all consultations taking place at a general practice, whether conducted by a General Practitioner, a nurse, or other clinicians.</p> <p>Consultation rates at general practices by sex and age band for England between 1994/95 and 2008/09 are sourced from the HSCIC (weighted data from QResearch). The linear trend in the consultation rate between 1994 and 2008 has been used to forecast consultation rates for each age band until 2018. These forecast consultation rates are applied to forecast population estimates (ONS) in order to estimate the total number of consultations.</p> <p>The number of consultations is converted to an index with 2008/09 as the base year. This index is calculated for England, and then applied to the UK, Scotland and Wales.</p> <p>Note, this analysis implicitly assumes a linear relationship between consultations and general practice funding given the lack of up-to-date data on consultations. Limitations from this assumed growth are partially addressed through sensitivity analysis. However, future research would benefit from improved data availability.</p>
Changes in health spending	OBR forecasts of NHS spending as a share of GDP have been applied to GDP forecasts from the IMF in order to predict the real value of NHS spending over the next five years.
Changes in general practice funding share of total NHS expenditure	<p>Where applicable, the average change in the general practice funding share over the last four years has been applied to forecast the future general practice funding share. Otherwise, the general practice funding share is expected to remain constant at 2012/13 levels as a share of NHS spending. The real value of general practice funding is estimated by applying this predicted funding share to the estimates for total NHS spend.</p> <p>Note: Northern Ireland NHS spend estimates are not available for this period. Estimates for Great Britain are rescaled to account for total UK spending. It is implicitly assumed that spending in Northern Ireland increases in line with spending across the rest of the UK.</p>

## General practice funding scenarios

Scenario	General practice funding	Number of consultations	Efficiency
Base scenario	<p>Baseline growth assumption</p> <ul style="list-style-type: none"> <li>Based on forecasts of the OBR for health spend in the UK.</li> <li>Assumed that the general practice funding share remains constant at 2012/13 levels.</li> </ul>	<p>Baseline growth assumption</p> <ul style="list-style-type: none"> <li>The consultation rate for each demographic group grows in line with historical trends over the period 1994 – 2008.</li> <li>These consultation rates are applied to forecast population growth.</li> </ul>	<p>Baseline efficiency assumption</p> <ul style="list-style-type: none"> <li>Efficiency improves by 1% per year, see previous discussion.</li> </ul>
Downside scenario	<ul style="list-style-type: none"> <li>Baseline assumptions</li> </ul>	<ul style="list-style-type: none"> <li>Baseline assumptions</li> </ul>	<p>Low efficiency assumption</p> <ul style="list-style-type: none"> <li>There is no growth in efficiency.</li> </ul>
Upside scenario	<ul style="list-style-type: none"> <li>Baseline assumptions</li> </ul>	<p>Low growth assumption</p> <ul style="list-style-type: none"> <li>The number of consultations increases in line with population growth.</li> <li>Consultation rates within each demographic group increase at 50% of the 1994 – 2008 rate.</li> </ul>	<ul style="list-style-type: none"> <li>Baseline assumptions</li> </ul>
Funding share scenario	<p>Low growth assumption</p> <ul style="list-style-type: none"> <li>Based on forecasts of the OBR for health spend in the UK.</li> <li>The general practice funding share is assumed to decline further in line with trends between 2008 and 2013. The end share by 2017/18 is 7.29%.</li> </ul>	<ul style="list-style-type: none"> <li>Baseline assumptions</li> </ul>	<ul style="list-style-type: none"> <li>Baseline assumptions</li> </ul>

### Methodology

Based on the data outlined above, the estimated change in effective general practice funding is estimated as follows for each of the scenarios considered.

#### 2008/09 to 2012/13

Actual funding is used for general practice but it is adjusted by:

- Inflation;
- Potential efficiency improvements; and
- Increases in the number of consultations.

In order to account for increases in the number of consultations, an index has been constructed to compare the forecast number of consultations in each year to 2008/9 levels. The value of general practice funding is then divided by this index in order to provide a measure of effective general practice funding compared to 2008/09 baseline levels.

#### 2012/13 to 2017/18

- Total forecast NHS spending is estimated by multiplying the OBR's projection for health spending as a percentage of GDP by forecast real GDP from IMF predictions.
- Given these projections for total NHS spending, the real value of general practice funding is estimated based on the share allocated to general practice.
- The value of real funding is then adjusted to take into account both efficiency improvements and increases in the number of consultations.
- It is assumed that efficiency within the NHS increases by 1% each year in the baseline scenario, which effectively increases the value of general practice funding by 1% each year compared to the 2008/9 level. This assumption is varied across the scenarios.

### Changes in consultations

Based on the methodology outlined above, Table 2 sets out the estimated number of general practice consultations in England. The starting year of data has been taken from QResearch.

**Table 2: Forecast consultations in England**

Year	Consultations ('000)
2008/09	303,900
2009/10	314,585
2010/11	327,159
2011/12	338,435
2012/13	349,319
2013/14	360,838
2014/15	372,471
2015/16	384,303
2016/17	396,656
2017/18	409,306

Source: Deloitte analysis

# Funding gap by country

Using the same approach as in the main body of the report, the funding gap is broken down for each of the countries. For each country, the four scenarios are also considered. In order to disaggregate the analysis, it has been assumed that the consultation index, accounting for demand growth, is the same across all countries. This is required given limited data on consultations.

## England

Figure 4: General practice funding gap in England

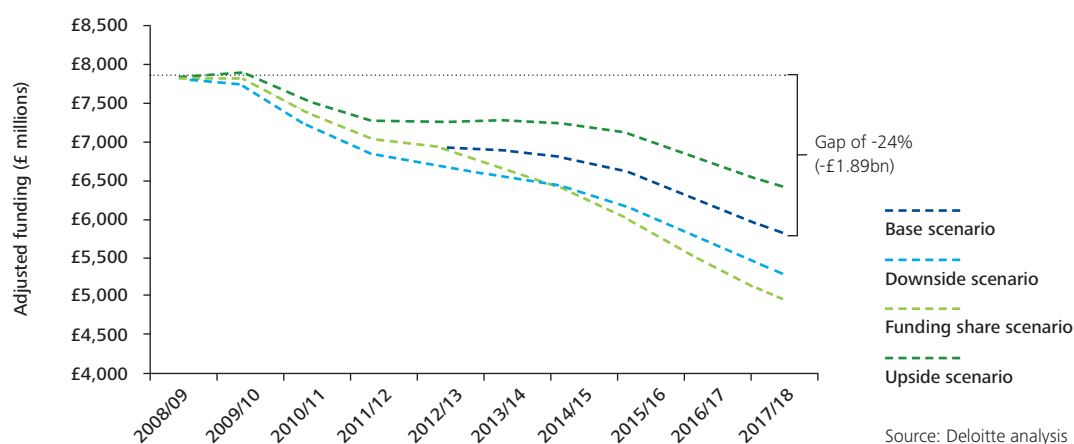


Table 3: Scenarios for the funding gap in England

Scenarios	2008/09 to 2012/13	2012/13 to 2017/18	Total	Cumulative
Base	-£0.9bn (-11%)	-£1.0bn (-15%)	-£1.9bn (-24%)	-£8.8bn
Downside	-£1.2bn (-15%)	-£1.2bn (-19%)	-£2.4bn (-31%)	-£11.7bn
Upside	-£0.6bn (-7%)	-£0.7bn (-10%)	-£1.3bn (-17%)	-£5.5bn
Funding share	-£0.9bn (-11%)	-£2.0bn (-29%)	-£2.9bn (-37%)	-£12.5bn

Source: Deloitte analysis

Under the funding share scenario, the trend reduction in the share is reported in Table 3.

Table 4: Funding share in England

	2005/06	2008/09	2012/13	2017/18
Funding	10.95%	9.34%	8.50%	7.28%

Source: Deloitte analysis

## Scotland

Figure 5: General practice funding gap in Scotland

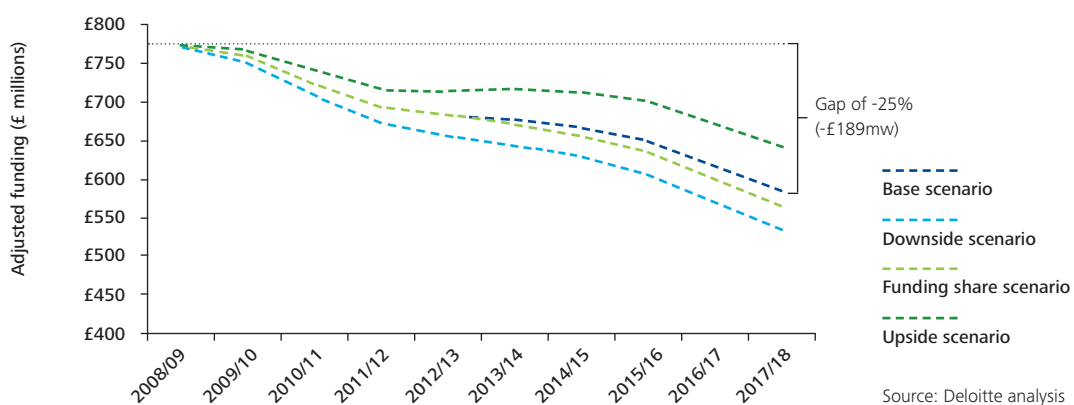


Table 5: Scenarios for the funding gap in Scotland

Scenarios	2008/09 to 2012/13	2012/13 to 2017/18	Total	Cumulative
Base	-£90m (-12%)	-£100m (-15%)	-£189m (-25%)	-£904m
Downside	-£117m (-15%)	-£122m (-19%)	-£239m (-31%)	-£1.2bn
Upside	-£59m (-8%)	-£72m (-10%)	-£131m (-17%)	-£575m
Funding share	-£90m (-12%)	-£118m (-17%)	-£208m (-27%)	-£973m

Source: Deloitte analysis

Under the funding share scenario, the trend reduction in the share is reported in Table 5.

Table 6: Funding share in Scotland

	2005/06	2008/09	2012/13	2017/18
Funding	9.78%	7.91%	7.78%	7.40%

Source: Deloitte analysis

## Wales

Figure 6: General practice funding gap in Wales

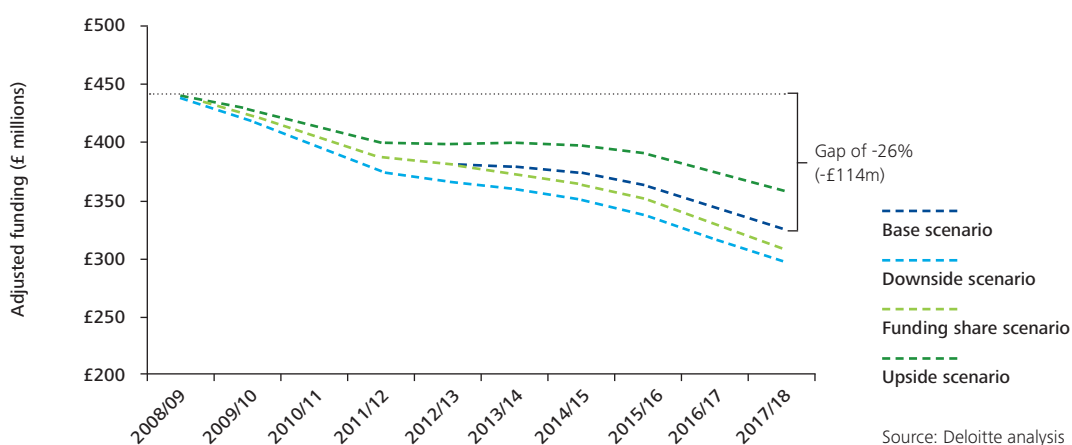


Table 7: Scenarios for the funding gap in Wales

Scenarios	2008/09 to 2012/13	2012/13 to 2017/18	Total	Cumulative
Base	-£59m (-13%)	-£55m (-15%)	-£114m (-26%)	-£580m
Downside	-£74m (-17%)	-£68m (-19%)	-£142m (-32%)	-£736m
Upside	-£41m (-9%)	-£40m (-10%)	-£82m (-19%)	-£397m
Funding share	-£59m (-13%)	-£71m (-19%)	-£129m (-30%)	-£636m

Source: Deloitte analysis

Under the funding share scenario, the trend reduction in the share is reported in Table 7.

Table 8: Funding share in Wales

	2005/06	2008/09	2012/13	2017/18
Funding	8.76%	7.97%	7.77%	7.52%

Source: Deloitte analysis

# Funding requirements

This section provides estimates of the nominal funding required to maintain effective general practice funding at 2012/13 levels. The estimates are based on the baseline scenario assumptions.

**Table 9: Funding in the UK**

	Funding under base scenario (£bn)	Funding required (£bn)	Estimated NHS expenditure (£bn)	Funding share required (£bn)
2012/13	£9.30	£9.30	£110.86	8.39%
2013/14	£9.66	£9.73	£115.16	8.45%
2014/15	£9.91	£10.14	£118.14	8.59%
2015/16	£10.03	£10.56	£119.65	8.82%
2016/17	£9.91	£11.01	£118.19	9.31%
2017/18	£9.80	£11.47	£116.86	9.81%

Source: Deloitte analysis

Note: general practice funding figures are in nominal terms

## UK funding under the funding share scenario

The analysis above considers potential funding under the base scenario, which assumes that the share of the NHS budget given to general practice remains constant. However, it is noted that should the general practice funding share fall to 7.29% by 2017/18 (using historic trends), UK GP funding would be around £8.52bn in nominal terms out of a total nominal NHS budget of £116.86bn in 2017/18. In real terms, this relates to a fall from £9.30bn in 2012/13 to £7.70bn in 2017/18, a decline of 17.1%.



# General practice share of NHS spend

Country	Summary source
England	<ul style="list-style-type: none"> <li>• NHS expenditure: Department of Health (Programme budgeting data), with spending on social care excluded.</li> <li>• GP Funding: HSCIC, 2012</li> </ul>
Scotland	<ul style="list-style-type: none"> <li>• NHS expenditure: ISD Scotland</li> </ul>
Wales	<ul style="list-style-type: none"> <li>• NHS expenditure: Department of Health (programme budgeting data), with spending on social care excluded.</li> <li>• GP Funding: HSCIC, 2012</li> </ul>
Northern Ireland	<ul style="list-style-type: none"> <li>• Source: Health and Social Care Expenditure Plans for Northern Ireland, 2012//13 (Annex 1) <a href="http://www.dhsspsni.gov.uk/srf12-13.pdf">http://www.dhsspsni.gov.uk/srf12-13.pdf</a></li> </ul>

Throughout this report, the funding figures used refer to total investment in general practices, excluding social care expenditure and the reimbursement of drugs and dispensing fees where possible. It is acknowledged that trying to reach comparable data across the countries can be challenging; given the differences in funding and organisational structures.

Expenditure data for England and Wales are based on the Department of Health's Programme Budgeting data, which makes a delineation between health and social care. Following Department of Health guidance, category 22 ('Social care needs') has been removed from the total expenditure figures. This amounts to a reduction in total spending figures of around 3%.

Adjustments have been made to the expenditure data for Northern Ireland in order to estimate and remove social care costs. Specifically, the approach is based on allocating commissioning expenditure between health and social care. Figures have been sense checked against previous analysis undertaken on behalf of the National Audit Office (NAO). The data for Scotland do not include a component of social care, and therefore no adjustment has been made to these figures.

The figures for general practice expenditure are also adjusted to account for reimbursements of the costs of drugs and dispensing fees. Data on the value of these reimbursements comes from the Information Centre for Health and Social Care (2012, 2010), and these figures are deducted from total general practice expenditures.

**Table 10: General practice share of NHS spending**

Years	England	Scotland	Wales	Great Britain	NI	UK
2003/04	9.91%	8.45%	7.46%	9.62%		
2004/05	10.55%	9.47%	8.58%	10.33%		
2005/06	10.95%	9.78%	8.76%	10.72%		
2006/07	10.46%	9.27%	8.44%	10.23%		
2007/08	9.81%	8.31%	8.19%	9.57%		
2008/09	9.34%	7.91%	7.97%	9.12%		
2009/10	8.82%	7.84%	7.83%	8.67%		
2010/11	8.48%	7.93%	7.76%	8.40%	8.22%	8.39%
2011/12	8.50%	7.78%	7.77%	8.40%	8.10%	8.39%
2012/13					7.96%	

Source: Department of Health (Programme Budgeting data; HSCIC; ISD Scotland; Health and Social Care Expenditure plans for Northern Ireland).





This report has been prepared on the basis of the limitations set out in the engagement letter and the matters noted in the Important Notice From Deloitte on page 2.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms. Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London, EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of DTTL.