

The BUSINESS of General Practice

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I know many of you will watch “the Apprentice” on BBC with Lord Alan Sugar, and no doubt we all have our favourite episodes. Whether it’s developing new products to take to market, buying in France for the best price, or hiring themselves out as handymen/handywomen for the day, they all provide a mix of agony and laughter to the viewers, and no doubt those taking part.

My favourite episode is where they are given a budget and told to set up a “pop up shop”, selling what they buy, replenishing stock and generating a much profit as possible. In essence a lesson in basic business, sell for more than you buy at and stay in business.

The key point to this episode is that if a business cannot sell the item or service for more than it buys it for, it will go out of business, unless the shareholders are content to continue to pump money in to the company without expecting any return for the money they’ve invested.

Applied to GP federations, this is a very simple equation. They need to sell services, which means they need to hold contracts to provide services, either directly or through subcontracts with some/all of their member practices. Without that, assuming they pay Directors for their time, put the right company and Director’s insurance in place, purchase some Company Secretarial support and pay any staff and overheads they have, they will very quickly go out of business as the money invested as seed capital will run out.

What some miss is that a GP federation is a business like any other. Unless it generates income to cover running costs it goes out of business. This applies whether it is for profit or not for profit. Indeed, the first principle should be to run a “not for loss” GP federation and stay in business.

I hear all the time in one part of the country, that “the GPs picked the wrong business model by needing income to stay in business”, and that “other federations are in business with no income”.

If anyone can pinpoint the latter federations can they share this please, including exactly what they are doing and achieving. I am certain PULSE and GP Magazine would highlight how you do that and not have to pay Directors, insurance, overheads etc. The NHS in general would also love to know how you stay in business with no income. Indeed, it appears to be a model the NHS are being forced to run now, with budgets being cut, which of course is why services are being curtailed, rationed or indeed shut down.

This of course also often leads to the dumping of work on to General Practice, which is why in Lincolnshire the LMC has stepped in to support the Practices, who ultimately are likely to fall over due to the workload they are expected to deliver with much of it now completely un-funded, making it both unsafe and unsustainable.

Given that every NHS England document you read at the moment is asking for General Practice to operate at scale, how many CCGs and other providers are going to regret, in the very near future, that the federation the GPs formed has now disappeared and the practices are reluctant to try again. If those same CCGs and providers had simply engaged the company would still be in business.

If you are thinking about working at scale, and would like more information on how BW Medical Accountants can support you, or to arrange to speak to one of our experts please contact enquiry@bw-medical.co.uk or call 0191 653 1022.

Points to Ponder:

Working at scale

- At the end of the day any GP practice is still a business.
- Unless it generates income to cover its expenses it goes out of business.
- We can offer guidance and advice on how working at scale could benefit your practice.

