GP Practices & PCT Owned Premises

Background

PCTs and their predecessors began developing premises in the 1970s to house GPs and improve the accommodation from which to deliver primary medical services. In order to encourage GPs to move into these new "health centres", favourable terms were offered with regard to service charges and maintenance costs etc, whilst the rent remained reimbursed as an internal accounting procedure. This subsidy offset the real loss to GP practices in no longer having a capital asset in their own building, as it was very common these assets increased in value as time went by. This asset was realised on retirement or leaving a partnership to the individual GPs despite the majority of capital cost being met by rent reimbursement.

Present

More recently PCTs have begun developing primary care centres with mixed facilities, and not just GP practices, leading to improved and more variable services within the community.

With the recent passage of the Health & Social Care Bill, PCTs have a limited life span to the end of March 2013 and they have been asked to ensure that all their premises, including their leases and service charges, are put onto a commercial basis before the ownership is transferred.

The result has been practices being asked to sign new leases, where in the past they had licences, leases or sometimes nothing at all. This has led to some difficulties, as the new leases seem to be more burdensome than previously. In addition, service charges have gone up rapidly and whilst we expect some rises due to the cost of fuel etc, the charges have gone up out of proportion to this, mainly to reflect the increase in VAT and also the introduction of significant management charges.

The present national plan is to transfer ownership of these properties into a government-owned limited company, NHS Property Services Ltd (known as PropCo). It is understood that the assets to be transferred are estimated at £5.2billion.
The stated aims of PropCo are:

- to hold property for use by community and primary care services, including for use by social enterprises
- to deliver value for money property services
- to cut costs of administering the estate by consolidating the management of over 150 estates
- to deliver and develop cost-effective property solutions for community health services
- to dispose of property surplus to NHS requirements

Clearly there are major concerns around the potential future sale of PropCo by the Government to the private sector.

Points that need to be considered.

1. The PCTs need to understand that subsidies have existed within PCT-owned premises since their inception and is now an integral part of a GP's contractual arrangements.
2. These changes cannot be isolated from present income streams into practices and a more holistic approach is needed by PCTs and PropCo.
3. GP practices are not commercial businesses in the true sense, as they are not allowed to pass on their extra costs to their customer, i.e. patients and they cannot sell on "goodwill" as normal businesses.

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4. The system of increasing expenses being reimbursed by the DDRB has stopped and this has meant a decrease in practice income in real terms. There have been no new inflationary uplifts.
5. There has been a "wage" (profit) freeze for GPs over the last few years, and in actual fact a reduction in take home pay.
6. PCTs have discretionary powers to pay for legal costs for new build or significant refurbishments to properties and should pay the full costs of their unilateral decision to incur such costs.
7. We believe that PCTs and their successors have to take some responsibility for providing premises and therefore use their discretionary powers under the Premises Regulations to subsidise practices without a capital asset in order to ensure some equity.
8. GP practices must have the opportunity to secure continuity of their businesses and this must not be excluded under new lease terms.
9. If GPs practices are indeed to move to a commercial basis then they have to outsource services e.g. cleaning, maintenance within the commercial world or keep in house arrangements as other GP practices do.
10. Practices require accurate breakdown of costs and also have the opportunity to switch to cheaper utility suppliers or the PCT (PropCo) should pick up the difference.
11. At the present time there is inequity in the system insomuch that some practices are being pushed for higher services charges while others are not.
12. That no practice should be enduring higher service costs until everybody is ready to make that move within the region.
13. That individual practices should not be bullied into pressing ahead of other practices affected that may be affected.
14. As services have been built up on present resources then a pace of change over 3-5 years is needed to prevent reduction in services to patients.

Next Steps

1. LMCs to co-ordinate a meeting of all practices concerned.
2. Seek to establish a negotiating group with mandates from all practices to negotiate on their behalf.
3. Secure some funds from these practices in order to engage appropriate legal advice.
4. Consider engaging with the media to publicise the inequity and unfairness of the present procedures.
5. Ensure a consistent process to promote fairness and equity amongst practices.
6. Advise no one to sign agreements or agree any extra costs at present time
7. Accept nothing retrospectively

This is a time to unite and present a firm resistance to these potential changes that risk de-stabilising practices and with consequential detrimental affects to our patients.

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