First published: September 2024
Last updated: 15th October 2024

BMA

England

***This briefing applies to England only*

Focus on… how the 6% DDRB pay award for 2024/25 is applied to the national practice contract baseline funding – 'Global Sum' – and allocated to practices

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Introduction

The DDRB (Doctors' and Dentists' pay Review Body) plays a crucial role in determining annual uplifts to the national practice contract baseline funding, also known as the 'Global Sum'. These mechanisms have been in use since 2014.

The Global Sum payment per weighted patient is what GP practices receive for every patient on their *weighted* registered patient list each year[i]. It is calculated using the Carr-Hill formula and covers essential and additional (core) services outlined in their GMS (General Medical Services) or PMS (Personal Medical Services) contracts.

However, it's important to note that the Global Sum does not cover funding for PCN (Primary Care Networks) activity or ARRS (Additional Roles Reimbursement Scheme) staffing, which are funded separately through the Network Contract DES (Directed Enhanced Service).

This guidance document explains what uplift the DDRB has recommended this year, the mechanisms used to apply it to the Global Sum, how this affects the Global Sum payment per weighted patient and why not every practice always gets enough to pass on the full pay uplift to their practice-employed staff.

What the DDRB recommended for 2024/25

- A 6% increase to the 'pay element of contracts' and 'pay ranges' of GP contractors / partners and salaried GPs[ii].
- This is inclusive of the 2% uplifts for 'contractor income' and 'other staff expenses' originally included in the 2024/25 Global Sum in April 2024, i.e. the award supplements an additional 4% on top of the existing 2%.
- The uplift is backdated to 1st April 2024 and applies to all the nations of the UK – this briefing only applies to England.
- NHSE (NHS England) confirmed to GPCE (GP Committee England) that the uplift, including the backdated income, would be paid by PCSE (Primary Care Support England) to practices in September 2024.

How the uplift will be funded

The DHSC (the Department of Health and Social Care) and NHSE have confirmed that the 6% uplift to the national practice contract baseline for 2024/25 will be fully funded. Because of the way it has been done since at least 2014, that is true. However, it's not necessarily true to say that enough extra funding has been invested to allow every practice to uplift pay by 6% for every member of staff, i.e. GP contractors / partners, salaried GPs and non-GP practice-employed salaried staff. Naturally, GPCE (GP Committee England) Officers reminded DHSC and NHSE representatives of this when meeting them in early August 2024 to discuss the uplift mechanism.

Global Sum uplifts are determined via a complex mechanism explained in the box below. The DDRB recommendation for 2024/25 has resulted in a total uplift of 6% for the 'contractor income' and 'other staff expenses' elements. In practice, this means there will be an in-year uplift of 4% (£312m) on top of the 2% (£156m) already added in April 2024. That's just over £467m extra in total going into those two Global Sum elements in 2024/25.

The Global Sum payment uplift mechanism

1. The proportion of gross GP contractor earnings going to contractor pay, staffing expenses, and other expenses is estimated using the latest GP Earnings and Expenses Estimates data. In 2024/25, the estimated proportions were 35%, 50%, and 15% respectively.[1]
2. The total value of the practice contract baseline[2] is split into three 'elements', according to these proportions. For 2024/25, the GP contractor pay element was £3,231mn, the other staff expenses element was £4,557mn, and the other expenses element was £1,393mn.
3. It is decided what % uplift is applied to each of these elements. For 'contractor pay' and 'staffing expenses', the uplift (as recommended by DDRB) was 6% this year. The 'other expenses' element was uplifted by 1.68% (as per the GDP Deflator measure of inflation).
4. Respective net uplifts are summed together to obtain the total net uplift. For 2024/25, respected uplifts were £193.84mn, £273.45mn, and £23.41mn, totalling a £490.70mn uplift.
5. The total net uplift is then divided by the total number of weighted registered patients, in order to obtain the net increase in Global Sum per weighted patient. This is added to the previous year's Global Sum payment value to obtain the new figure. In 2024/25, the net increase per weighted patient was £7.77, resulting in a new Global Sum payment of £112.50.

As a result of this Global Sum uplift, the subsequent **Global Sum payment per weighted patient** that practices receive will increase from £107.57 to £112.50 – a 7.4% increase overall, compared to 2023/24's figure of £104.73.

This will result in an average additional income of around £49,000 extra per practice (compared to contract funding in April 2024/25).[iii]

Will this funding be enough for *all* practices to pass on a 6% pay uplift to *every* member of the practice team?

Additional funding is distributed on the basis of patient list size**, which does not correspond directly to staffing expenses**. Some practices may have fewer patients per staff member, or employ staff on higher salaries, e.g. due to seniority, having more contractors / partners, or needing more locum GPs. These practices are at highest risk of not receiving enough additional funds through the Global Sum payment per weighted patient to afford a 6% pay rise for *all* their staff, including contractor / partner GPs (as intended by the DDRB). See **Appendix A** (page 8) for examples of how the uplift affects different practices differently.

Despite GPCE's request to do so in its evidence back in February, the DDRB did not recommend an uplift to **cover increased non-staffing expenses** faced by practices. For 2024, the DDRB has firmly stated that:

> *Governments are using a range of approaches to uplifting expenses, such as the GDP (gross domestic product) deflator forecast, our recommendations, and affordability. None of these relate closely to the actual expenses incurred by GPs, nor do they look back to see whether contract uplifts have been adequate to meet past expenses. We note, in particular, the GDP*

[1] Because this dataset runs several years behind, these proportions were based on earnings data for 2021/22.
[2] The practice contract baseline is an envelope of funding which includes Global Sum payments, as well as various other funding elements (including, for example, QoF payments and premises costs). These other elements are not part of Global Sum payments. Yet the practice contract baseline envelope is used to determine the value of Global Sum payment uplifts.

deflator forecast significantly underestimated the actual turnout in 2023- 24. GPs have consistently raised the issue of high increases to expenses over the last one to two years, which in their view have not been matched by increases in funding through contracts.

Despite this, the final element of the Global Sum, 'other expenses', has not been uplifted further beyond the 1.68% - based on the GDP deflator measure of inflation – already added in April 2024. This is highly unlikely to cover increasing practice running costs, given CPI inflation increased by 2.36% in the past year alone[iv], – and it is even more unlikely to make up for losses endured during previous years of high inflation. As a result, practices may be forced to use additional funds from the DDRB uplift to cover expenses or repay overdrafts, meaning they are unable to use it all for pay rises.

See **Appendix B** (page 10) for further noteworthy commentary on practice expenses from the DDRB's 2024 report.

Is it part of the DDRB's remit to recommend pay uplifts for non-GP salaried staff?

No, it's not. However, the Government said in its press release[v] in early August that it has an 'expectation' that practice employers will uplift all GP and staff pay by 6%. Nevertheless, only practice employers have the authority to decide to uplift non-GP salaried staff based on affordability (unless clauses exist in staff employment contracts). This is particularly important for those who do not receive sufficient funding to do so and cannot afford a full / more than a partial pay uplift for every salaried staff member as a result.

This contract funding uplift is implemented and then distributed via the Global Sum payment per weighted registered patient allocation (Carr-Hill) formula: how much more money a practice receives will depend on their weighted list size. However, that is not a precise proxy for staffing expenses. As GPCE has been warning for at least the past year, this means some practices may not get enough funding to pass on the annual DDRB pay award, whilst other practices might get more than they need.

How GMS (general medical services) / PMS (personal medical services) contract income is divided up between GP contractor / partner income and expenses also varies from practice to practice, and this can have a big impact on whether the 'consolidated', i.e. annually recurrent, uplift a practice receives is sufficient or otherwise.

Why doesn't every practice get enough funding to pass on pay uplifts?

- The new Government could, in theory, have invested more than another 4% into the contract baseline fund, but they were acting based on DDRB evidence and six weeks of briefing from civil / public servants.
    - It was always, therefore, unlikely that they would invest more than what the DDRB recommended at this stage.
    - There has been very little time to discuss a different mechanism, e.g. direct staff cost reimbursement, acquire the necessary financial data from practices and come to an agreement with the new Government since the General Election in early July.
    - Such a change to the Global Sum and distribution mechanism would take months of negotiation before agreement could be reached.

        - Existing LMC (local medical committee) conference policy also seeks a new item of service fee-based contract as opposed to the current capitation-based one.

    - Going with any other mechanism would therefore have delayed the uplift. Practices with immediate cashflow problems would have had to wait at least another six months (April 2025 at the earliest).

    - It therefore wasn't any sort of 'deal' but was in fact the only option available following brief discussions after the new Government was elected six weeks prior.

- The problems really come for an individual practice when the Global Sum payment per weighted patient was already insufficient to cover all expenses to begin with.

- The distribution mechanism (Carr-Hill formula) is what makes things inequitable

    - There has always been 'winners and losers' under the current GMS contract

    - This is what GPCE's campaign and organising of the profession is seeking to change, i.e. a new contract where GPCE negotiates from a position of strength and general practice-profession unity.

- The calculation for how much of a practice's income is accounted for on staff costs or 'other staff expenses' – as identified within the Global Sum income streams – is set at an average of 50% nationally

    - This is based on <u>average</u> 2021/22 GP earnings and expenses data, which has a two-year lag

    - 2021/22 data is the correct dataset to use, but the DDRB should report much earlier in the calendar year, i.e. before annual contract negotiations conclude

    - The financial data comes from HMRC self-assessments on a sample of around 18,000 GP contractors. This represents over 90% of contractors in England.

    - The GP earnings and expenses dataset therefore includes *average* income before tax and expenses, which includes employee costs.

    - This is what needs to change, but it would require a different mechanism, e.g. direct staff cost reimbursement, and much more accurate real-time practice financial data

    - The three main income elements of the Global Sum are highlighted below.

Calculated using the DDRB approach

From GP Earnings & Expenses Report 2021/22:

England

Country	Total Expenses[1]	Office and General Business[2]	Premises	Employee	Car and Travel	Interest[3]	Other[4]	Net Capital Allowance	Income Before Tax[1]	Gross Pay	Less Pass through costs	Gross Pay less pass through costs	GP Pay %	Staff costs %	Other costs %
England	£329,000	£21,500	£41,300	£216,400	£1,000	£2,800	£43,800	£2,100	£153,400	£482,400	£46,441	£435,959	35%	50%	15%

Calculation of 'pass through' cost	
Gross pay (from table above)	£482,400
Multiplied by…	
Pass through % from "GMS passthrough % 2021/22" tab	9.63%
Equals value of pass through costs	**£46,441**

Less:	GMS	PMS	APMS	Other	All Contracts £000s
Premises (pass through cost)	600,740	252,445	46,453	81,610	981,248
IM&T (pass through cost)	1,987	1,431	517	495,322	499,256
Out of Hours where GPs have "opted out"	2,428	-21,957	5,112	521,260	506,843
Total passthroughs for 2021/22 year	**605,155**	**231,919**	**52,082**	**1,098,192**	**1,987,348**

- The national practice contract baseline funding includes all of the following:

Practice contract costs
Core practice payments
Global Sum/MPIG (GMS only)
Balance of PMS expenditure
Total global sum and PMS equivalent growth
APMS and other essential services
Primary Care Network Participation
Core Service Requirements Costs
QOF spend forecast
Activity based costs
Section 7a (public health) funding
Enhanced Services
Premises costs
Reimbursements of costs

  - The activity-based costs are:
    - Section 7a (Public Health) funding – vaccinations and immunisations
    - Enhanced services
      - Minimal costs, as they are existing payments that pre-date the 2019-24 contract funding framework

- the vast majority of things got wrapped up in the PCN (primary care networks) DES (directed enhanced service) from 2019/20.

- The combined baseline funding is therefore uplifted indirectly when any of the three main elements of Global Sum are uplifted
    - The DDRB-related uplift **is** therefore applied to all the above income streams when Global Sum is uplifted
    - It is added to the baseline funding share of the 'contractor income' and 'other staff expenses' income elements of Global Sum
    - 6% was not, however, added to the 'other expenses' element of the Global Sum.

What are the possible answers?

- The GPCE Officers could not have been clearer with NHSE and DHSC:
    - Using the same uplift implementation method was going to go down very badly with a significant proportion of general practice staff, as well as their representative bodies.
- However, on behalf of the profession, GPCE needs to tread the line between maintaining the profession's leverage as we approach the autumn / winter annual contract change negotiating window, and constructive, positive relations with the new Secretary of State for Health and Social Care and Primary Care Minister.
- Major contract reform is needed. This means:
    - increasing overall funding for GP practices in England
    - a fairer distribution of practice income based on patient need
    - fairer practice-employed staff terms and conditions
    - patient family GP-led services consequently improving through
    - better practice-employed staff morale and retention.
- The profession will need to remain prepared to take collective action on behalf of their patients and their practices until significant progress is being made, GP / practice staff trust in policy decision making is restored and all key objectives are secured.

Should you have any questions, queries or feedback regarding this guidance, please email info.gpc@bma.org.uk

Appendix A: Examples of how the uplift may affect individual practices

The uplift is distributed via Global Sum, and how much a certain practice will receive depends on their weighted list size. Since this is not an exact proxy for staffing expenses, there will be 'winners and losers'. The examples below show that the additional funding – however welcome – does not cover the costs of an uplift for everyone that was promised one. For many partners, passing the 6% uplift on to salaried staff will require reducing their own uplift.

Example 1
A GP practice owned by 5 full-time partners has a weighted list size of 10,700 patients. Annual partner drawings in 2023/24 were around £216,640 per partner.
Before the DDRB uplift, staffing expenses for 2024/25 were estimated at £734,400, including the 2% pay uplift recommended in the contract. Further uplifting pay for salaried staff to reach the 6% recommended uplift will cost the practice approximately £28,800 (assuming a 6% increase overall to all staffing expenses).

Total Global Sum income for 2024/25 was £1,153,150. After the DDRB uplift, it will be £1,206,000. This means there will be a net additional Global Sum income of £52,850.
As such, the additional Global Sum income should cover any additional staffing costs of implementing the DDRB recommendation. However, not enough funds are left to secure a 6% uplift for partners, too: only £4,810 is left per partner, a 2% uplift compared to 2023/24.

Example 2
A GP practice owned by 5 partners has a weighted patient list size of 29,000. In 2023/24, annual partner drawings were around £114,620 per FTE partner.
Before the DDRB uplift, staffing expenses for 2024/25 were estimated at £2,160,000, including the 2% pay uplift recommended in the contract. Further uplifting pay for salaried staff to reach the 6% recommended uplift will cost the practice approximately £86,400 (assuming a 6% increase overall to all staffing expenses).

Total Global Sum income for 2024/25 was £3,119,530. After the DDRB uplift, it will be £3,262,500. This means there will be a net additional Global Sum income of £142,970.
As such, the additional Global Sum income should cover any additional staffing costs of implementing the DDRB recommendation. However, not enough funds are left to secure a 6% uplift for partners, too: only £4,919 is left per FTE partner, a 4% uplift compared to 2023/24.

Example 3
A GP practice owned by several partners has a weighted patient list size of 14,300. In 2023/24, annual partner drawings were around £134,600 per FTE partner.
Before the DDRB uplift, staffing expenses for 2024/25 were estimated at £771,483, including the 2% pay uplift recommended in the contract. Further uplifting pay for salaried staff to reach the 6% recommended uplift will cost the practice approximately £30,250 (assuming a 6% increase overall to all staffing expenses).

Initially, Global Sum income for 2024/25 was £1,612,474. After the DDRB uplift, it will be £1,686,375. This means there will be a net additional Global Sum income of £73,900.
As such, the additional Global Sum income should cover any additional staffing costs of implementing the DDRB recommendation. In this case, there is enough additional income left to secure a 6.5% uplift for partners compared to 2023/24. As such, it is clear that the additional funding – however welcome – does not cover the costs of an uplift for everyone that was promised one.

Appendix B: Noteworthy DDRB commentary on GP contractor / partner expenses in its 2024 report[vi]

1.120 ***We expect uplifts to be sufficient for the full value of our recommendations to be reflected in earnings for contractor GPs at typical general practices****. We are not confident this has been the case over the last two years.* ***It is not clear that the current arrangements have taken sufficient account of recent high inflation****. We will be looking closely at the earnings and expenses data for 2022-23, due to be published… [29th August] 2024, to see how GP and dental incomes changed for that year, relative to our recommendation that they should increase by 4.5 per cent.*

1.121 Until 2014, the DDRB made recommendations on the size of increased contract payments, such that it generated income growth of a particular value after accounting for any change in expenses faced by contractors. However, the quality and timeliness of data for net incomes and expenses meant that often the actual changes in net incomes did not match those intended by the DDRB. As a result, the DDRB stopped making recommendations in this way and started to make recommendations on the desired change in net incomes ***leaving the parties to discuss/negotiate/agree the appropriate increase in contract payments after taking account of the expenses faced by contractors****.*

1.122 The current processes for setting expenses have not been set out clearly to us. As we have said before, this process should be agreed between the parties. ***What we have heard suggests that parties have been unable to agree a robust methodology that takes appropriate account of changes in the level of expenses faced by contractors****. We would like to hear from governments next year about the approaches they have taken, with the outcomes clearly set out, and any assessment they have made of the effectiveness of these approaches. We would also like to hear from the BMA and the BDA on how they think contract uplifts can best reflect the expenses faced by GP and dental contractors.*

1.123 The structure of the costs faced by GP and dental contractors differs. For example, ***staff costs account for 58 to 72 per cent of GP contractor costs*** *but only 31 to 35 per cent of costs for dental contractors, while material and other costs account for a larger share of dental expenses than those for GPs.* ***It may well be that a different approach is needed*** *for each group.*

1.124 ***We would urge governments to look for a better way of addressing this issue, possibly as part of wider contract reform****.*

Endnotes

[i] Each adjustment within the Carr-Hill formula generates a separate practice index, comparing the practice score on the adjustment to the national average. The indices are then applied to the practice list to produce a practice weighted population. This is calculated quarterly.

[ii] *Review Body on Doctors' and Dentists' Remuneration 52nd Report: 2024*, p.18, DDRB (29th July 2024)

[iii] Assuming an average weighted patient list size of 10,037 (based on average patient and practice numbers for 2024/25 so far), weighted using the ratio of weighted patients at 01/01/2024 assumed in the 2024/25 contract to the total number of patients at 31/12/2023.

[iv] Between 2023/24 and 2024/25 (ONS forecast March 2024)

[v] 'GP Pay Award', DHSC (3rd August 2024)

[vi] *Review Body on Doctors' and Dentists' Remuneration 52nd Report: 2024*, p.20