

Managing Your Practice Budget in Testing Times

Nick Nurden

**The Ridge Medical Practice
Bradford**

Introduction

- Sources of Income
- Areas of Cost
- Preparing a Budget
- Monitoring your Budget through the year
 - Maximising your income
 - Minimising your costs
- Budget Templates
- Sharing ideas

The Increasing Importance of Budgets

- In the past income was guaranteed
- Only did something if funding was in place
- Now a move towards tariff for activity
- Income streams are more volatile
- Core income is a smaller % of total income
- Annual increases are a distant memory

Sources of Income

- Core PMS/GMS Income
- QOF
- DES/LES Income
- Rent
- Reimbursable Costs
- SLA
- GPwSI Activity
- Private Income – Travel, Medicals, Insurance
- Dispensing

Areas of Cost

- Staff Costs
- Premises
- Utilities
- Telephones
- Maintenance & Cleaning costs
- Defence/Insurance
- Office and Medical Supplies inc Vaccines
- Uniforms, copiers, postage
- Professional Fees

Preparing a Budget

- Straightforward to produce
- Look at historical costs (at least 2 years)
- Project costs forward
- Allow for changes, growth, inflation etc.
- Look at the phasing of costs through the year
- Focus on staff costs – this is the most crucial area.

Monitoring a Budget

- Track actual spend against budget monthly
- Understand the reasons behind any variances
- Make adjustments to plans as required
- Become skilled in doing risk/cost benefit analysis

Maximising Your Income

- Grow your patient numbers
- Broaden your range of services
- Market your practice
- Work with other practices to develop services

Minimising your Costs

- Mainly about staff costs
- Make good buying decisions
 - Buying co-ops
 - Getting a range of quotes & shopping around
- Beat the VAT increase!
- Look to work more efficiently

Efficient Working

- Challenge I have set our practice is to increase patient numbers by 10% over the next 2 years without increasing costs at all. Means we need to work 10% more efficiently.
 - Get patients off the phones
 - Develop SMS facilities
 - Use on-line facilities
 - Manage DNAs better
 - Work with the pharmacist
 - Use a wider range of access solutions
- Extra core income will then replace other lost income and fund annual salary increases.

Summary

- Budgeting more important than ever
- Have and monitor a budget monthly
- Maximise your income opportunities
- Minimise your expenditure
- Work with your team to identify efficiencies
- Work closely with other practices