



LLOYDS BANK

HEALTHCARE CONFIDENCE INDEX 2019

GPs OVERVIEW

Welcome to the Spring 2019 edition of the Lloyds Bank Commercial Banking Healthcare Confidence Index, our tenth survey of GPs, dentists and pharmacists on the outlook for the primary healthcare sector.

Overall business confidence has risen to its highest level since the Healthcare Confidence Index survey began, though it remains in negative territory (-16) as measured on a scale from -100 to +100.

The healthcare sector's upwards trajectory seems to be back on track after pharmacy funding cuts triggered a downturn in 2016/17.

General practice remains the profession with the third most optimistic outlook (-28), behind pharmacy (-17) and dentistry (-3). Dentists have come out on top in every survey for the last eight years. The survey continues to show that every profession's long-term confidence lags significantly behind its short-term outlook, which is likely a reflection of the uncertainties that naturally creep into longer-term forecasts.

Despite consistently being the least confident of all primary care professionals, GPs' outlook continues to improve, with ever more doctors expecting NHS services for patients to improve over the next five years. They seem to have accepted the move towards practice consolidation, albeit this may now be more via networks than full mergers. The numbers of GPs looking to retire within the next 10 years, however, remains high at 49%, with 71% of practices expecting to be seeking partners or salaried cover within five years.

While financial pressures remain a significant concern among dentists, it seems the profession holds exciting organic growth plans. Dentists expect their practices will grow in value and it looks likely that we'll see many more moving to grow their income from private patients by offering a broader variety of treatments. This increasingly optimistic outlook is reflected in the fact that the number of dentists who would encourage friends or family to enter the profession has grown from a half (53%) to three quarters (74%) in the last three years.

Pharmacists' confidence took a big knock three years ago when the government announced significant changes to their funding, and while those reforms have clearly had an impact, this survey shows a sector with real ambition. While the sector acknowledges the potential impact of competition from online pharmacies, their ambitious mindset is evidenced in the fact that the sector also sees growth opportunities in embracing the Electronic Prescription Service. Overall, most pharmacists (60%) now expect to grow profits over the coming 12 months, and the vast majority (94%) are pursuing growth.

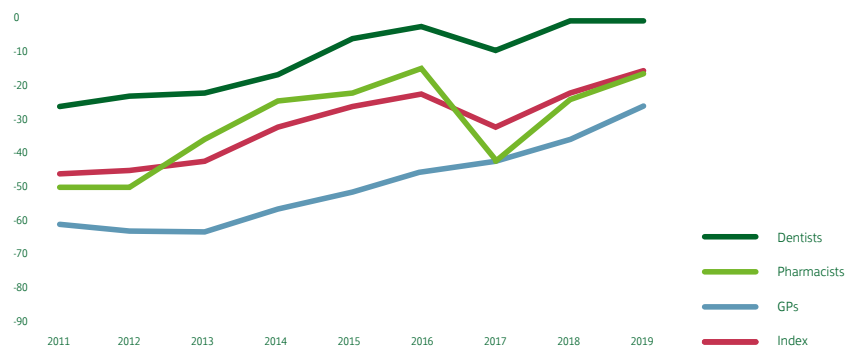
Overall, it's heartening to report on a healthcare sector that is showing great resilience in the face of ongoing pressures, and adopting an enterprising approach to the opportunities and challenges that continue to emerge.



Ian Crompton

Head of Healthcare Banking Services,
Lloyds Bank Commercial Banking

CONFIDENCE OVERVIEW



The index uses a blended figure of short-term and long-term projections to provide a measure of overall business confidence

PROFITABILITY

39%

Two in five GPs expect their profits to increase over the next 12 months

82%

Four in five GPs expect financial pressures on their practice to increase over the next five years

EMPLOYMENT

29%

Three in ten GPs plan to retire within the next five years

62%

Almost two thirds of GPs would encourage their friends or family to join the profession

BOB SENIOR
 HEAD OF MEDICAL SERVICES, RSM UK

Given the pressures on the NHS, it's very reassuring to see GPs' confidence continue to improve for the sixth consecutive year.

The percentage of GPs expecting the quality of the services provided by the NHS to improve (36%) is the largest since 2014/15 and the proportion expecting profits to fall (30%) is the lowest.

Though 39% still expect financial pressures to increase a lot, the number of GPs holding this view has fallen every year for the last five years.

It could be argued that this is because practices that were in the greatest difficulty have now closed, and those remaining are the stronger practices which are by definition more confident – in my view, the rate of practices closing is likely to reduce quite significantly now.

I also believe that GPs are responding to the positive noises coming from the Department of Health about recruiting more doctors, and the impression they're getting is that there will be continued investment in the NHS.

It's also striking that 44% expect to be adopting new technologies like mobile consultation apps within the next five years.

They see the potential for this kind of technology to help reduce footfall through their surgeries, though, anecdotally, I do think there are slight concerns it could make it easier for the 'worried well' to access their doctor and lead to an increase in workload.

Another key change since last year's survey is that the number of GPs expecting to merge their practice has started to fall.

Less than a third (30%) of GPs now say they intend to merge their practice, which is down from 36% last year.

That may be because many mergers have already happened, but equally, it could be because they now think they can continue to work alongside other practices through Primary Care Networks without going to the full extent of merging.

But I believe this desire not to merge may be tempered going forward if young doctors gravitate to larger practices because they feel they will receive more support and mentoring opportunities.

Finally, at the time of asking, there was a split over whether Brexit will have a negative impact on respondents' businesses (51%) or no impact at all (41%).

Though certain areas of the country do employ large numbers of healthcare professionals from overseas, I think GPs anticipate that measures will be taken so these staff can continue to come and work here after we leave the EU.

Overall, it seems that GPs recognise the government's plans to invest more in healthcare and to help address their workload issues.

What will be key is whether it can deliver on its plans to boost clinician numbers over the next few years.

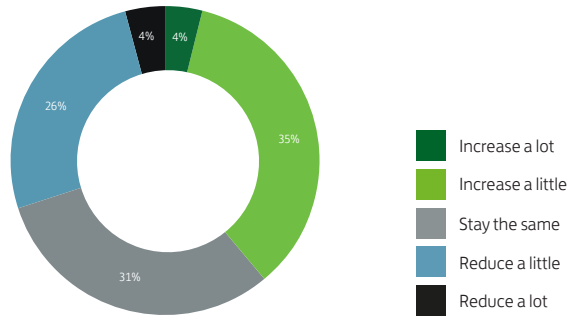
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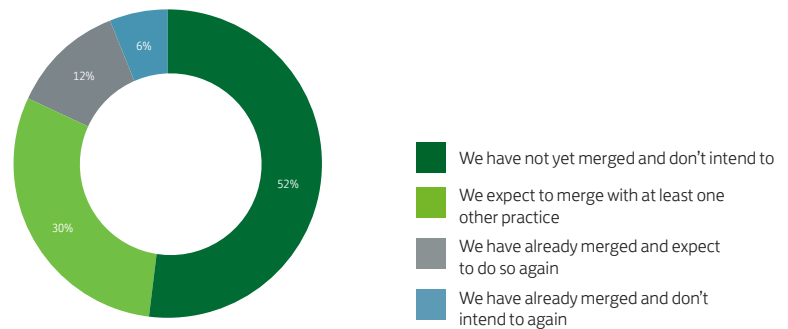
QUESTION ONE

Over the next 12 months do you expect your business/practice profits to...?



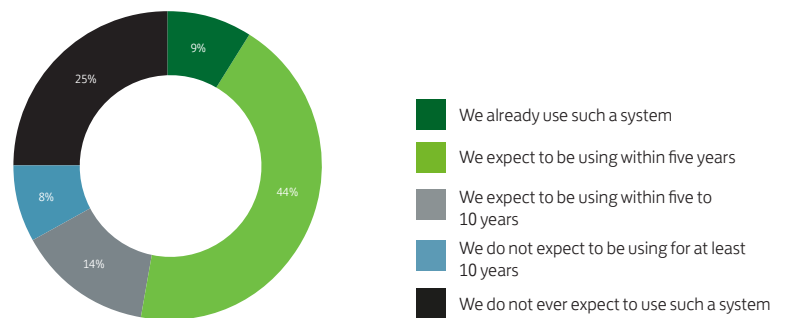
QUESTION TWO

Many practices are merging; what do you expect to happen to your practice over the next five years?



QUESTION THREE

What is your view regarding developments such as Babylon, GP at Hand and similar?



QUESTION FOUR

Do you consider the reforms underway in primary care as a threat or opportunity for your practice?

