Fundholding Facts

A digest of information about practices within the scheme during the first five years

NHS 4
The Audit Commission

...promotes proper stewardship
of public finances and helps those
responsible for public services
to achieve economy, efficiency
and effectiveness.
GP fundholding is at the centre of government policy for developing purchasing and moving towards a primary care-led NHS.¹ This digest makes available information about fundholders’ achievements and the internal working of practices that the Audit Commission has collected in the course of its research into the scheme. It is one of a series of reports by the Audit Commission about fundholding which also includes:

- a briefing paper describing the scope of the scheme, charting its growth and analysing the budgets which fundholders manage (Audit Commission, *Briefing on GP Fundholding*, HMSO, 1995); and

- a report on the value for money of the fundholding scheme, which assesses the costs of the scheme and fundholders’ progress in achieving benefits for patients (Audit Commission, *What the Doctor Ordered*, HMSO, 1996).

The digest contains information - presented in tables and exhibits, while keeping text to a minimum - over and above what is given in the main value-for-money report. It is intended to be a resource book allowing fundholders and managers in general practice to compare themselves with others, and will also interest those involved in research. It includes detailed findings from the Audit Commission’s two surveys of GP fundholders, the largest of their kind yet undertaken. Information presented and discussed in the main report is not repeated here, but the order of the chapters in the digest and the report is the same to make cross-referencing easier.

Providing information to enable managers to compare their characteristics and performance with others across the country is an important part of the Audit Commission’s role within the NHS. But care must be taken with these comparisons. The information in this digest raises questions, but does not provide answers. When differences appear between fundholders and practices outside the scheme, it does not necessarily follow that fundholding status is the cause. Interpretation of the findings is given in the value-for-money report. Any differences described in the text of the digest are statistically significant at the 5 per cent level or less.

The digest was assembled by Dr Richard Waite with the help of Lara Bryant, Angela Lane, Jo Marsh, Maire O’Sullivan, Russ Phillips and Susila Sivapathasundaram, under the direction of Dr Jocelyn Cornwell and Dr Jonathan Boyce. Most of the information presented is the result of a great many GPs and managers across the country taking the time and trouble to complete our questionnaires. Their efforts are gratefully acknowledged. Responsibility for the results and conclusions lies solely with the Audit Commission.

¹ As described in two recent NHS Executive papers: EL(94/79), Developing NHS Purchasing and GP Fundholding; and the 1994 consultation document, An Accountability Framework for Fundholding.
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Referral rates

Table 1
Have the practice’s GPs reviewed together the differences between their referral rates?

The earlier waves tend to have reviewed together more frequently.

<table>
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<th>Reviewed referral rates since becoming fundholders (%)</th>
<th>Wave 1 (91/92)</th>
<th>Wave 2 (92/93)</th>
<th>Wave 3 (93/94)</th>
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source: Audit Commission 1995/96 survey of fundholders
Most fundholders (80 per cent) set outpatient waiting time standards, and most of the standards they set are the same as the local health authority’s.

Exhibit 1
Variation between fundholders’ waiting time standards for general surgery outpatients

On average, the standards set for general surgery were the most stringent of six specialties, although fundholders’ standards vary considerably.

Exhibit 2
Variation between fundholders’ waiting time standards for orthopaedics outpatients

On average, the standards set for orthopaedics were the least stringent of six specialties, although fundholders’ standards vary considerably.
1 Benefits for patients
Outpatient waiting times

Table 2
Waiting time standards for outpatients

Fundholders in earlier waves tend to set higher standards.

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<td>116</td>
<td>870</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders
Table 3
Was the outpatient waiting time standard met during 1994/95?

Those setting less stringent standards were not necessarily more likely to have them met.

<table>
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<tr>
<th>Waiting time standards set for:</th>
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<td>21</td>
<td>23</td>
<td>21</td>
<td>40</td>
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<tr>
<td>Usually met</td>
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</tr>
<tr>
<td>Sometimes</td>
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<td>16</td>
<td>21</td>
<td>13</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
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<td>441</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders
Inpatient waiting times

Most fundholders (75 per cent) set inpatient waiting time standards. The majority are the same as the local health authority’s.

Exhibit 3
Variation between fundholders’ waiting time standards for gynaecology inpatients

On average, the standards for gynaecology were the most stringent of six specialties, although fundholders’ standards vary considerably.

Note: Each bar represents one fundholder (783 fundholders plotted).
Source: Audit Commission 1995/96 survey of fundholders

Exhibit 4
Variation between fundholders’ waiting time standards for orthopaedics inpatients

On average, the standards for orthopaedics were the least stringent of six specialties, although fundholders’ standards vary considerably.

Note: Each bar represents one fundholder (793 fundholders plotted).
Source: Audit Commission 1995/96 survey of fundholders
Table 4
Waiting time standards for inpatients

There is little difference between the fundholding waves, although fundholders in earlier waves tend to set higher standards.

<table>
<thead>
<tr>
<th>Waiting time standards set for:</th>
<th>Wave 1 (91/2)</th>
<th>Wave 2 (92/3)</th>
<th>Wave 3 (93/4)</th>
<th>Wave 4 (94/5)</th>
<th>Wave 5 (95/6)</th>
<th>All fundholders (waves 1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General surgery (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 6 months</td>
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<td>14</td>
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<td>15</td>
</tr>
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<td>20</td>
</tr>
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<td>1 year</td>
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<td>39</td>
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<td>38</td>
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<td>251</td>
<td>195</td>
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<td>789</td>
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<td>Orthopaedics (%)</td>
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<td>16</td>
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<td>20</td>
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<td>251</td>
<td>195</td>
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</tr>
<tr>
<td>ENT (%)</td>
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<tr>
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<td>17</td>
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<td>251</td>
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</tr>
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<td>Ophthalmology (%)</td>
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</tr>
<tr>
<td>More than 6 months, less than a year</td>
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<td>195</td>
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<td>789</td>
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<tr>
<td>Dermatology (%)</td>
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<td>Gynaecology (%)</td>
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<td>124</td>
<td>251</td>
<td>195</td>
<td>101</td>
<td>789</td>
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</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders
1 Benefits for patients
Inpatient waiting times

Table 5
Was the inpatient waiting time standard met during 1994/95?
Those setting stringent standards were less likely to have them met.

<table>
<thead>
<tr>
<th>Waiting time standards set for:</th>
<th>Less than 6 months</th>
<th>6 months</th>
<th>&gt;6 months, &lt;1 year</th>
<th>1 year</th>
<th>More than 1 year</th>
<th>All fundholders (waves 1-5)</th>
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<tr>
<td><strong>General surgery (%)</strong></td>
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<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
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<td>6</td>
<td>14</td>
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<tr>
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<td>19</td>
<td>26</td>
<td>37</td>
<td>41</td>
<td>28</td>
</tr>
<tr>
<td>Usually met</td>
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<td>57</td>
<td>44</td>
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<td>45</td>
<td>49</td>
</tr>
<tr>
<td>Sometimes</td>
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<td>21</td>
<td>30</td>
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</tr>
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<td>33</td>
</tr>
<tr>
<td>Usually met</td>
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<td><strong>Gynaecology (%)</strong></td>
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<td></td>
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<td>32</td>
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<td>50</td>
<td>46</td>
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<td>82</td>
<td>129</td>
<td>22</td>
<td>369</td>
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</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders
Repeat outpatient attendances

A minority of fundholders set limits on the number of repeat attendances...

...although earlier wave fundholders were somewhat more likely to do so, it was not reflected in the average attendances actually achieved during 1994/95.

### Table 6
Repeat outpatient attendances

<table>
<thead>
<tr>
<th>Wave 1 (91/92)</th>
<th>Wave 2 (92/93)</th>
<th>Wave 3 (93/94)</th>
<th>Wave 4 (94/95)</th>
<th>Wave 5 (95/96)</th>
<th>All fundholders (waves 1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Does the fundholder set limits on the number of repeat outpatient attendances? (%)</strong></td>
<td></td>
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<tr>
<td>Yes</td>
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<td>20</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>No</td>
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<td>80</td>
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<td>367</td>
<td>306</td>
<td>210</td>
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</table>

<table>
<thead>
<tr>
<th><strong>Average number of repeat outpatient attendances per patient</strong></th>
<th>General surgery</th>
<th>Orthopaedics</th>
<th>ENT</th>
<th>Ophthalmology</th>
<th>Dermatology</th>
<th>Gynaecology</th>
<th><strong>Number of responses</strong></th>
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</thead>
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<td>106</td>
<td>241</td>
<td>176</td>
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<td></td>
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</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders
1 Benefits for patients

Repeat outpatient attendances

**Exhibit 5**
Variation between fundholders in the number of repeat outpatient attendances in gynaecology

There is considerable variation between fundholders in the number of repeat outpatient attendances, but repeats were least likely in this specialty.

**Exhibit 6**
Variation between fundholders in the number of repeat outpatient attendances in ophthalmology

There is considerable variation between fundholders in the number of repeat outpatient attendances; repeats were most frequent in this specialty.

Note: Each bar represents one fundholder (630 fundholders plotted).

Source: Audit Commission 1995/96 survey of fundholders
Day surgery

Table 7
Day surgery

One in two fundholders have sought to increase the proportion of patients treated on a day surgery basis, although only a small minority specify the proportion of day cases in contracts. Fundholders in earlier waves are more likely to have attempted to increase day surgery and specified day surgery rates in contracts.

<table>
<thead>
<tr>
<th></th>
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<th>Wave 2 (92/3)</th>
<th>Wave 3 (93/4)</th>
<th>Wave 4 (94/5)</th>
<th>Wave 5 (95/6)</th>
<th>All fundholders (waves 1-5)</th>
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<td>No</td>
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<td>13</td>
<td>8</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>No</td>
<td>81</td>
<td>88</td>
<td>87</td>
<td>92</td>
<td>90</td>
<td>88</td>
</tr>
<tr>
<td>Number of responses</td>
<td>168</td>
<td>161</td>
<td>343</td>
<td>290</td>
<td>175</td>
<td>1,137</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders
Prescribing

Exhibit 7
Changing prescribing expenditure

Practices vary considerably in the degree to which they have controlled prescribing expenditure between one year and the next.

Note: PU = prescribing unit. Expenditure has been weighted to reflect differences in the age structure of practice populations.

Source: Audit Commission analyses based on PPA and Welsh Office data.

Table 8
Action taken by fundholders to review, monitor and agree guidelines about prescribing

<table>
<thead>
<tr>
<th></th>
<th>Wave 1 (91/92)</th>
<th>Wave 2 (92/93)</th>
<th>Wave 3 (93/94)</th>
<th>Wave 4 (94/95)</th>
<th>Wave 5 (95/96)</th>
<th>All fundholders (waves 1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewed prescribing rates since becoming fundholders (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>83</td>
<td>82</td>
<td>78</td>
<td>69</td>
<td>58</td>
<td>73</td>
</tr>
<tr>
<td>No</td>
<td>17</td>
<td>18</td>
<td>22</td>
<td>31</td>
<td>42</td>
<td>27</td>
</tr>
<tr>
<td>Number of responses</td>
<td>173</td>
<td>177</td>
<td>375</td>
<td>313</td>
<td>211</td>
<td>7,249</td>
</tr>
</tbody>
</table>

Is prescribing regularly monitored against a formulary? (%)

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>47</td>
<td>42</td>
<td>40</td>
<td>36</td>
<td>29</td>
<td>38</td>
</tr>
<tr>
<td>No</td>
<td>53</td>
<td>58</td>
<td>60</td>
<td>64</td>
<td>71</td>
<td>62</td>
</tr>
<tr>
<td>Number of responses</td>
<td>173</td>
<td>177</td>
<td>375</td>
<td>313</td>
<td>211</td>
<td>1,249</td>
</tr>
</tbody>
</table>

Has the practice agreed guidelines with acute providers about hospital prescribing since becoming fundholders? (%)

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>54</td>
<td>53</td>
<td>52</td>
<td>41</td>
<td>33</td>
<td>46</td>
</tr>
<tr>
<td>No</td>
<td>46</td>
<td>47</td>
<td>48</td>
<td>59</td>
<td>67</td>
<td>54</td>
</tr>
<tr>
<td>Number of responses</td>
<td>173</td>
<td>177</td>
<td>375</td>
<td>313</td>
<td>211</td>
<td>1,249</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders.
Minor surgery at the practice

Exhibit 8
GPs approved to carry out minor surgery services at the practice

More fundholders are approved than non-fundholding GPs.

Source: Audit Commission analyses of 1993/94 CMS database: 9,687 practices in England
The practices

Table 9
Practice size

The size of practices declines on average with each fundholding wave, reflecting the lowering of the size limit on forming a fund with each succeeding year (details are given in the Audit Commission's Briefing on GP Fundholding HMSO, 1995).

<table>
<thead>
<tr>
<th>Practice size (averages -mean)</th>
<th>Wave 1 (91/92)</th>
<th>Wave 2 (92/93)</th>
<th>Wave 3 (93/94)</th>
<th>Wave 4 (94/95)</th>
<th>Wave 5 (95/96)</th>
<th>All fundholders (waves 1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practice list size</td>
<td>12,156</td>
<td>11,483</td>
<td>9,838</td>
<td>8,501</td>
<td>7,502</td>
<td>9,655</td>
</tr>
<tr>
<td>Number of partners</td>
<td>6.2</td>
<td>5.8</td>
<td>5.1</td>
<td>4.3</td>
<td>3.7</td>
<td>4.9</td>
</tr>
<tr>
<td>All GPs (including non-partners and trainees)</td>
<td>7.3</td>
<td>6.8</td>
<td>5.9</td>
<td>4.9</td>
<td>4.3</td>
<td>5.6</td>
</tr>
<tr>
<td>Number of responses</td>
<td>161</td>
<td>172</td>
<td>354</td>
<td>299</td>
<td>203</td>
<td>1,189</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders

Exhibit 9
Is the practice a GP training practice?

Practices joining in the early waves are much more likely to be training practices.

Source: Audit Commission 1995/96 survey of fundholders
Exhibit 10
Group funds and total purchasing pilot practices

Fundholders in earlier waves are more likely to be involved in the total purchasing pilots.

Grouping with one or more other practices to form a single fund is much more common in later waves.

In Wave 5, grouping usually takes place within a multifund (28 per cent of practices), but not in earlier waves (only 1 per cent of Wave 1, none of Wave 2, 2 per cent of Wave 3 and 9 per cent of Wave 4).

Source: Audit Commission 1995/96 survey of fundholders
Exhibit 11
Average fund unit size and the average list size of practices in multifunds

The size of each fund unit is related to the average practice list size of those in the multifund; some are close to the optimum list size in that year (7,000) for claiming the maximum management allowance of £35,000, but irrespective of this all multifunds claimed the maximum.

Note: Each bar is one multifund: the numbers refer to the wave in which the majority of practices joined.

Source: Audit Commission survey
The managers and their backgrounds

**Table 10**  
**Gender**

The survey was addressed to the person responsible for overall management of the fund or, for non-fundholding practices, the practice manager.

While the great majority of managers in all types of practice are women, there are more male managers in fundholding practices.

<table>
<thead>
<tr>
<th>Gender of managers (%)</th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
<th>Non-fundholders (7,000+ patients)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>68</td>
<td>70</td>
<td>68</td>
<td>64</td>
<td>67</td>
<td>86</td>
</tr>
<tr>
<td>Men</td>
<td>32</td>
<td>30</td>
<td>32</td>
<td>36</td>
<td>33</td>
<td>14</td>
</tr>
<tr>
<td>Number of responses</td>
<td>233</td>
<td>210</td>
<td>470</td>
<td>394</td>
<td>1,307</td>
<td>1,041</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

**Table 11**  
**Age**

Fund managers are somewhat younger than managers of non-fundholding practices.

<table>
<thead>
<tr>
<th>Age of managers (%)</th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
<th>Non-fundholders (7,000+ patients)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 years of age or younger</td>
<td>9</td>
<td>7</td>
<td>11</td>
<td>9</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>31-40</td>
<td>22</td>
<td>26</td>
<td>22</td>
<td>26</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>41-50</td>
<td>44</td>
<td>45</td>
<td>42</td>
<td>42</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>51-60</td>
<td>22</td>
<td>20</td>
<td>22</td>
<td>21</td>
<td>22</td>
<td>28</td>
</tr>
<tr>
<td>over 60</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Number of responses</td>
<td>233</td>
<td>210</td>
<td>470</td>
<td>394</td>
<td>1,307</td>
<td>1,041</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

**Exhibit 12**  
**Age**

Most managers are in the 41-50 age bracket; fund managers are somewhat younger than non-fundholding practice managers.

Source: Audit Commission 1994/95 survey of fund and practice managers
2 Managing fundholding
The managers and their backgrounds

Table 12
Qualifications

Fund managers are more likely to have ‘A’ levels, a degree or MBA and an accountancy qualification. Non-fundholding practice managers are more likely to have the most common qualification in practice management (the AMSPAR diploma).

<table>
<thead>
<tr>
<th>Qualifications of managers (% reporting each qualification)</th>
</tr>
</thead>
<tbody>
<tr>
<td>_wave</td>
</tr>
<tr>
<td>'O' levels or equivalent</td>
</tr>
<tr>
<td>'A' levels or equivalent</td>
</tr>
<tr>
<td>NVQ</td>
</tr>
</tbody>
</table>

Practice management qualifications

<table>
<thead>
<tr>
<th>Practice management qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMSPAR diploma</td>
</tr>
<tr>
<td>AHCPA diploma</td>
</tr>
</tbody>
</table>

Other qualifications

<table>
<thead>
<tr>
<th>Other qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountancy qualification</td>
</tr>
<tr>
<td>MBA</td>
</tr>
<tr>
<td>Degree</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

A small percentage of respondents reported that they were currently studying for qualifications, or planning to do so within the next year.

Table 13
Previous occupation

The majority of managers in all types of practice have entered from outside general practice, but a substantial minority are promoted from within. Fund managers are more likely to have been recruited from outside general practice, although this trend has been declining with each wave.

<table>
<thead>
<tr>
<th>Previous occupation of managers (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>_wave</td>
</tr>
<tr>
<td>Not in paid employment</td>
</tr>
<tr>
<td>Working outside general practice</td>
</tr>
<tr>
<td>Working in another practice in a different capacity</td>
</tr>
<tr>
<td>Working in another practice in the same capacity</td>
</tr>
<tr>
<td>Working in the practice in another capacity</td>
</tr>
</tbody>
</table>

Number of responses | 231 | 208 | 470 | 388 | 1,297 | 1,031 |

Source: Audit Commission 1994/95 survey of fund and practice managers

On average, fund managers have worked in general practice for about four years, while non-fundholding practice managers have nine years of general practice experience.
Managing fundholding
The managers and their backgrounds

Table 14
Pay and conditions

Fund managers are more highly paid than non-fundholding practice managers, especially those in the earlier wave practices.

<table>
<thead>
<tr>
<th>Basic annual salary of managers (%)</th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
<th>Non-fundholders (7,000+ patients)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to £10,000</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>11</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>£10,001 to £15,000</td>
<td>9</td>
<td>16</td>
<td>16</td>
<td>18</td>
<td>15</td>
<td>39</td>
</tr>
<tr>
<td>£15,001 to £20,000</td>
<td>25</td>
<td>27</td>
<td>28</td>
<td>35</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>£20,001 to £25,000</td>
<td>36</td>
<td>34</td>
<td>35</td>
<td>29</td>
<td>33</td>
<td>11</td>
</tr>
<tr>
<td>£25,001 to £30,000</td>
<td>21</td>
<td>14</td>
<td>14</td>
<td>5</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Over £30,000</td>
<td>8</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Number of responses</td>
<td>230</td>
<td>208</td>
<td>465</td>
<td>390</td>
<td>1,293</td>
<td>1,028</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

Exhibit 13
Pay
Fundholding managers are more highly paid than non-fundholding practice managers.

Source: Audit Commission 1994/95 survey of fund and practice managers
Exhibit 14
Pay and roles

In practices that pay fund managers more, the managers are more likely to be involved in the practice as a whole...

...and the lead fundholding GP is less likely to be involved in the management of the fund.
2 Managing fundholding
The managers and their backgrounds

Pay and roles
With every extra £5,000 in pay, fund managers are:

♦ more likely to have informal links with other fundholding practices

♦ more likely to liaise with their district health authority during contracting, but still less often than necessary to meet the requirements of the NHS Executive's Accountability Framework for fundholders

♦ more likely to be involved in formal managerial development exercises such as organisational audit, the quality standard (BS5750) and the Investors in People award, although these are rare generally. In higher bands, they are twice or more likely to occur

♦ more likely to be in practices that are paperless or, if not, more likely to be seriously considering it. Overall, only 4 per cent of practices say they are paperless, and another 22 per cent considering it

Of 21 types of community services, all but one was more likely to be found provided at the practice; and of outpatient clinics in 18 specialties, 11 were more likely to be found in practices with higher paid managers.

The implications of these findings, and the relationship between quality of management and benefits to patients are discussed in the main Audit Commission report, What the Doctor Ordered, HMSO, 1996.

Note: Potential confounding effects of practice size statistically partialled out; analysis of variance adjusted for list size as covariate.

Source: Audit Commission 1994/95 survey of 1,308 fund managers
Table 15  
**Performance-related pay**
Fund managers, especially those in the early waves, are more likely to receive performance or profit-related pay.

<table>
<thead>
<tr>
<th></th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
<th>Non-fundholders (7,000+ patients)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21</td>
<td>13</td>
<td>9</td>
<td>7</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>No</td>
<td>79</td>
<td>87</td>
<td>91</td>
<td>93</td>
<td>89</td>
<td>94</td>
</tr>
<tr>
<td>Number of responses</td>
<td>233</td>
<td>210</td>
<td>473</td>
<td>392</td>
<td>1,308</td>
<td>1,033</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

Table 16  
**Short-term contracts**
While most managers are permanent employees of the practice, short-term contracts are more frequent in fundholding practices, and in the earlier waves.

<table>
<thead>
<tr>
<th></th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
<th>Non-fundholders (7,000+ patients)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>16</td>
<td>16</td>
<td>22</td>
<td>22</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>No</td>
<td>84</td>
<td>84</td>
<td>78</td>
<td>78</td>
<td>80</td>
<td>97</td>
</tr>
<tr>
<td>Number of responses</td>
<td>224</td>
<td>204</td>
<td>456</td>
<td>378</td>
<td>1,262</td>
<td>1,023</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

Of those managers with short-term contracts, the most common length of contract is one year (66 per cent of short-term contracts).

**Managers as partners**
A very few managers are partners in the practice: 2 per cent of fund managers are partners (but this may include some GP respondents who act as fund manager) and 1 per cent of non-fundholding practice managers. Another 3-4 per cent of both types of manager reported being offered a partnership, but declined to accept.

**Other sources of income**
A sizeable minority of managers have another source of income such as a pension from a previous occupation: this is more likely for fund managers (22 per cent; no trend between waves) than non-fundholding practice managers (15 per cent).
Personnel issues

GP practices are relatively small organisations but they employ a range of non-clinical staff, including receptionists, secretaries, filing clerks, computer operators and domestics.

On average, the manager has 17 staff to manage in a fundholding practice, and 14 in the larger non-fundholding practices (including practice nurses, but not other clinical staff). These equate to 10.7 and 8.2 whole-time equivalents (WTEs) respectively.

The survey asked questions about several key personnel management issues.

Table 17

<table>
<thead>
<tr>
<th>Practice's pay policy</th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
<th>Non-fundholders (7,000+ patients)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay by different scheme</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>81</td>
<td>84</td>
</tr>
<tr>
<td>Pay by Whitley scales</td>
<td>77</td>
<td>77</td>
<td>83</td>
<td>82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of responses</td>
<td>228</td>
<td>210</td>
<td>459</td>
<td>388</td>
<td>1,285</td>
<td>1,029</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

Exhibit 15

Average salary for practice staff

There is wide variation in the average salary paid to each member of practice staff (including practice nurses, but not other clinical staff), reflecting differences in skill mix within the practice as well as differences in pay policy. However, there is no significant difference between fundholding and non-fundholding practices.

Source: Audit Commission 1994/95 survey of fund and practice managers
2 Managing fundholding

Personnel issues

Table 18
Performance appraisal of the manager

Appraisal of the manager is more common in fundholding practices.

<table>
<thead>
<tr>
<th></th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
<th>Non-fundholders (7,000+ patients)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager appraised</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>annually</td>
<td>40</td>
<td>37</td>
<td>36</td>
<td>31</td>
<td>35</td>
<td>6</td>
</tr>
<tr>
<td>more than once a year</td>
<td>6</td>
<td>4</td>
<td>6</td>
<td>9</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>not formally appraised</td>
<td>54</td>
<td>59</td>
<td>58</td>
<td>60</td>
<td>58</td>
<td>72</td>
</tr>
<tr>
<td>Number of responses</td>
<td>231</td>
<td>210</td>
<td>472</td>
<td>387</td>
<td>1,300</td>
<td>1,033</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

Appraisal is carried out by a GP in more than 90 per cent of cases.

Table 19
Cover for absent staff

There is no significant difference between types of practice in how staff absence is covered - most incur direct extra costs rather than grant time off in lieu.

<table>
<thead>
<tr>
<th></th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
<th>Non-fundholders (7,000+ patients)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covering staff absence (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mainly pay overtime at normal rates</td>
<td>62</td>
<td>59</td>
<td>61</td>
<td>61</td>
<td>61</td>
<td>62</td>
</tr>
<tr>
<td>at enhanced rates</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Mainly use temporary staff</td>
<td>10</td>
<td>8</td>
<td>11</td>
<td>7</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Mainly unpaid overtime, giving staff time off in lieu</td>
<td>25</td>
<td>29</td>
<td>27</td>
<td>31</td>
<td>28</td>
<td>29</td>
</tr>
<tr>
<td>Number of responses</td>
<td>231</td>
<td>206</td>
<td>452</td>
<td>376</td>
<td>1,265</td>
<td>1,008</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

Organisational audit

Involvement in national audit schemes is rare in general practice; 3-4 per cent of the survey practices reported working towards or having completed Investors in People, 2 per cent had carried out the King’s Fund organisational audit and 1 per cent met BSI 5750 (the quality standard). Similar percentages are committed to involvement next year. Another 12 per cent of fundholders and 17 per cent in non-fundholding practices reported involvement of more local forms of organisational audit.

Staff joining and leaving the practice

The annual wastage rate of staff is 6.25 per cent for fundholding practices and 5.88 per cent for the larger non-fundholding practices. The joining rate exceeds this at 30 per cent for both types of practice.
Table 20
The paperless practice

Question wording:
'Is your practice a "paperless office"?'

While the great majority of fundholding practices currently operate paper-based practices, a substantial minority is giving serious consideration to becoming 'paperless'. Offices that are already paperless, and those where managers are seriously considering it, are more common in the earlier fundholding waves.

<table>
<thead>
<tr>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paperless practice (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paperless practice in operation</td>
<td>6</td>
<td>5</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Seriously considering becoming paperless</td>
<td>29</td>
<td>25</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>No current plans to go paperless</td>
<td>65</td>
<td>70</td>
<td>77</td>
<td>79</td>
</tr>
<tr>
<td>Number of responses</td>
<td>221</td>
<td>194</td>
<td>448</td>
<td>360</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

Table 21
Opinions about fundholding IT system suppliers

Question wording:
'What is your opinion of the support given by your fundholding system supplier?'

Most fund managers are satisfied with their system supplier, but one in five find the support less than adequate.

<table>
<thead>
<tr>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction with fundholding IT system supplier (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support is good</td>
<td>35</td>
<td>41</td>
<td>39</td>
<td>42</td>
</tr>
<tr>
<td>Support is adequate</td>
<td>39</td>
<td>36</td>
<td>42</td>
<td>41</td>
</tr>
<tr>
<td>Support is less than adequate</td>
<td>26</td>
<td>23</td>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>Number of responses</td>
<td>221</td>
<td>194</td>
<td>448</td>
<td>360</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers
Management structures, skills and tasks

Staff
On average, fundholding practices employ about 1.8 WTE staff described as 'managers', compared with 1.0 WTE in the larger non-fundholding practices, reflecting the presence of the fund manager in the majority of fundholding practices. On average, fundholders employ 1.25 WTE staff to carry out fundholding work (e.g., fund managers, fundholding assistants, data entry clerks).

Exhibit 16
Fundholding staff and the size of the practice
The number of staff employed to carry out fundholding tasks increases with the size of the practice, but there is wide variation between practices of the same size.

Note: Excludes joint practice/fund managers
Source: Audit Commission 1994/95 survey of fund and practice managers
The majority of fund managers feel well prepared for their role, although those employed by recent entrants to the scheme are more likely to be looking for training, especially in preparation for end-of-year closure of the accounts.

**Training requirements**

Most help is needed by Wave 4 managers preparing for end-of-year closure of the accounts (only 19 per cent felt well prepared in this area). Managers in all waves felt that they lacked knowledge of legal liabilities (46 per cent felt well prepared) and drug terminology (55 per cent felt well prepared). While 71 per cent of Wave 4 managers said they would be undertaking training in end-of-year closure this year, only 23 per cent of managers said they would be training in legal liabilities and 14 per cent in drug terminology. Only 17 per cent thought that their FHSA provided training in knowledge of legal liabilities, and 14 per cent in drug terminology.
Table 22
Relationships with other fundholding practices

Practices were asked which of these statements best described their relationship with other practices.

Fundholders in the earlier waves are more likely to meet other fundholders to share ideas; more of the later waves go further and link with other practices to form a fund or take part in shared management arrangements.

<table>
<thead>
<tr>
<th>Relationship with other fundholding practices (%)</th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal communications</td>
<td>27</td>
<td>34</td>
<td>32</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>Meet regularly to share ideas</td>
<td>60</td>
<td>53</td>
<td>50</td>
<td>38</td>
<td>49</td>
</tr>
<tr>
<td>Link with one or more other practices to form a single fund</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>Link with other funds to place joint contracts</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Link with other funds, and share a joint management structure</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Number of responses</td>
<td>221</td>
<td>197</td>
<td>451</td>
<td>356</td>
<td>1,225</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

Exhibit 18
Links outside the practice

Managers within fundholding practices are in more frequent contact with the FHSA and with other practices.

Source: Audit Commission 1994/95 survey of fund and practice managers
Involving patients

Table 23
Has the practice involved patients, sought their views and kept them informed?

More fundholders in the earlier waves have involved patients.

<table>
<thead>
<tr>
<th></th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3 (93/4)</th>
<th>Wave 4</th>
<th>Wave 5 (95/6)</th>
<th>All fundholders (waves 1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaire survey</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of patient satisfaction with services (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>74</td>
<td>64</td>
<td>56</td>
<td>50</td>
<td>36</td>
<td>55</td>
</tr>
<tr>
<td>No</td>
<td>26</td>
<td>36</td>
<td>44</td>
<td>50</td>
<td>64</td>
<td>45</td>
</tr>
<tr>
<td>Number of responses</td>
<td>173</td>
<td>177</td>
<td>375</td>
<td>313</td>
<td>211</td>
<td>1,249</td>
</tr>
<tr>
<td>Patient participation group held? (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>20</td>
<td>20</td>
<td>13</td>
<td>11</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>No</td>
<td>80</td>
<td>80</td>
<td>87</td>
<td>89</td>
<td>90</td>
<td>86</td>
</tr>
<tr>
<td>Number of responses</td>
<td>173</td>
<td>177</td>
<td>375</td>
<td>313</td>
<td>211</td>
<td>1,249</td>
</tr>
<tr>
<td>Patient newsletter about fundholding issues? (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>33</td>
<td>29</td>
<td>28</td>
<td>27</td>
<td>17</td>
<td>27</td>
</tr>
<tr>
<td>No</td>
<td>67</td>
<td>71</td>
<td>72</td>
<td>73</td>
<td>83</td>
<td>73</td>
</tr>
<tr>
<td>Number of responses</td>
<td>173</td>
<td>177</td>
<td>375</td>
<td>313</td>
<td>211</td>
<td>1,249</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders
Contracting

Table 24
Contact with consultants during contract negotiations

Fundholders in the earlier waves are more likely to have direct contact with consultants.

<table>
<thead>
<tr>
<th></th>
<th>Wave 1 (91/2)</th>
<th>Wave 2 (92/3)</th>
<th>Wave 3 (93/4)</th>
<th>Wave 4 (94/5)</th>
<th>Wave 5 (95/6)</th>
<th>All fundholders (waves 1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPs meet directly with consultants during contract negotiations? (%)</td>
<td>Yes</td>
<td>67</td>
<td>63</td>
<td>54</td>
<td>45</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>33</td>
<td>37</td>
<td>46</td>
<td>55</td>
<td>53</td>
</tr>
<tr>
<td>Number of responses</td>
<td></td>
<td>165</td>
<td>174</td>
<td>367</td>
<td>304</td>
<td>205</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders

Table 25
Contact with other fundholders during contracting

Nearly half of fundholders act independently. Those in Wave 4 are twice as likely to place contracts jointly with other fundholding practices.

<table>
<thead>
<tr>
<th></th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Links with other fundholders during contracting? (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independently develop, negotiate and place contracts</td>
<td>49</td>
<td>52</td>
<td>44</td>
<td>43</td>
<td>46</td>
</tr>
<tr>
<td>Develop common core with other fundholders, but place contracts independently</td>
<td>45</td>
<td>41</td>
<td>48</td>
<td>44</td>
<td>45</td>
</tr>
<tr>
<td>Link with other fundholders and jointly place contracts</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Number of responses</td>
<td>225</td>
<td>197</td>
<td>448</td>
<td>347</td>
<td>1,217</td>
</tr>
</tbody>
</table>

Note: Practices were asked which of the following statements best described their situation.

Source: Audit Commission 1994/95 survey of fund and practice managers

32
Exhibit 19
Contact with the district health authority during contracting

A minority of fundholders liaise with the DHA when contracting, but joint contracts are rare.

Table 26
Community care liaison

About half of fundholders have been involved in discussions with the local social services about community care; fundholders in early waves are somewhat more likely to have had discussions with social services.

<table>
<thead>
<tr>
<th></th>
<th>Wave 1 (91/2)</th>
<th>Wave 2 (92/3)</th>
<th>Wave 3 (93/4)</th>
<th>Wave 4 (94/5)</th>
<th>Wave 5 (95/6)</th>
<th>All fundholders (waves 1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussions with social services? (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>56</td>
<td>51</td>
<td>46</td>
<td>46</td>
<td>50</td>
<td>49</td>
</tr>
<tr>
<td>No</td>
<td>44</td>
<td>49</td>
<td>54</td>
<td>54</td>
<td>50</td>
<td>51</td>
</tr>
<tr>
<td>Number of responses</td>
<td>169</td>
<td>174</td>
<td>363</td>
<td>297</td>
<td>199</td>
<td>1,202</td>
</tr>
<tr>
<td>If 'yes', were discussions brokered by the health authority? (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>67</td>
<td>62</td>
<td>61</td>
<td>50</td>
<td>54</td>
<td>59</td>
</tr>
<tr>
<td>No</td>
<td>33</td>
<td>38</td>
<td>39</td>
<td>50</td>
<td>46</td>
<td>41</td>
</tr>
<tr>
<td>Number of responses</td>
<td>94</td>
<td>97</td>
<td>175</td>
<td>133</td>
<td>90</td>
<td>589</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1995/96 survey of fundholders
Contracts with acute providers
Fundholders in all waves contract, on average, with four acute providers; a minority contract with a greater number.

Table 27
Type of contract with main acute provider
Cost per case is the single most common contract type.

<table>
<thead>
<tr>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acute provider contract type (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per case</td>
<td>40</td>
<td>46</td>
<td>49</td>
<td>38</td>
</tr>
<tr>
<td>Cost and volume</td>
<td>38</td>
<td>22</td>
<td>31</td>
<td>30</td>
</tr>
<tr>
<td>Block</td>
<td>14</td>
<td>19</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Combination of contract types</td>
<td>8</td>
<td>12</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>Number of responses</td>
<td>225</td>
<td>196</td>
<td>448</td>
<td>344</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers

Table 28
Payment method for outpatients
Making separate payments for treatment and associated outpatient attendances is more common than other methods of payment.

<table>
<thead>
<tr>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
<th>Fundholders (waves 1-4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>How outpatient attendances are paid for (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Separate payment for each individual attendance</td>
<td>55</td>
<td>57</td>
<td>59</td>
<td>60</td>
</tr>
<tr>
<td>Single payment for treatment and associated outpatient attendances</td>
<td>25</td>
<td>23</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>Block payment for all outpatients</td>
<td>20</td>
<td>20</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>Number of responses</td>
<td>203</td>
<td>174</td>
<td>416</td>
<td>284</td>
</tr>
</tbody>
</table>

Source: Audit Commission 1994/95 survey of fund and practice managers
**Budget management**

**Exhibit 20**

*Fund budgets per patient over two years*

Most of the budget is spent on the purchase of hospital care and drugs; the average value of these parts of the budget increased significantly between the two years.

![Budget per patient registered with the practice (£)](image)

*Source: Audit Commission 1994/95 survey of fund and practice managers*

---

**Exhibit 21**

*Variation in budget changes between different fundholders*

On average, fundholders’ budgets increased by 7 per cent between 1993/94 and 1994/95, but there was huge variation between fundholders and the budgets of 15 per cent of fundholders were reduced between the two years.

![Percentage change in fund budget](image)

*Note: Each bar represents the change in one fundholder’s budget between 1993/94 and 1994/95.*

*Source: Audit Commission 1994/95 survey of fund and practice managers*
Savings and overspends

Table 29
**Average 1994/95 fundholder budget out-turn**

The average fundholder made a saving of £53,000, totalling £95 million in England and Wales.

<table>
<thead>
<tr>
<th>Underspend/(over)</th>
<th>The average fundholder</th>
<th>The average underspending fundholder</th>
<th>The average overspending fundholder</th>
</tr>
</thead>
<tbody>
<tr>
<td>As % of budget</td>
<td>£53,000</td>
<td>£83,000</td>
<td>(£60,000)</td>
</tr>
<tr>
<td></td>
<td>3.1%*</td>
<td>5.0%</td>
<td>(3.4%)</td>
</tr>
<tr>
<td>Savings spent during the year</td>
<td>£25,000**</td>
<td>£25,000</td>
<td>£15,000</td>
</tr>
<tr>
<td>Surplus carried forward to 1995/96</td>
<td>£100,000</td>
<td>£120,000</td>
<td>£23,000</td>
</tr>
</tbody>
</table>

* The average fundholder underspent by 3.5% of budget in 1993/94.
** The average for all fundholders is higher than the averages for those over and underspending because the relatively small number of fundholders who balanced their books exactly includes more of those who spent large amounts of their savings during the year.

Source: survey of 1,156 1994/95 audited fundholder accounts in 80 FHSAs

Table 30
**Fundholders underspending in 1994/95**

The average fundholder who made a saving during the year made £83,000. There was some tendency for fundholders in later waves to make larger savings.

<table>
<thead>
<tr>
<th>Wave 1 (91/2)</th>
<th>Wave 2 (92/3)</th>
<th>Wave 3 (93/4)</th>
<th>Wave 4 (94/5)</th>
<th>All fundholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion underspending (after audit)</td>
<td>75%</td>
<td>73%</td>
<td>78%</td>
<td>80%</td>
</tr>
<tr>
<td>Proportion saving £100,000 or more</td>
<td>21%</td>
<td>25%</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>Proportion saving 10% or more of their budgets</td>
<td>6%</td>
<td>8%</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>Average saving during the year</td>
<td>£78,000</td>
<td>£88,000</td>
<td>£84,000</td>
<td>£84,000</td>
</tr>
<tr>
<td>Average saving as percentage of budgets</td>
<td>3.9%</td>
<td>5.0%</td>
<td>5.5%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

Source: survey of 1,156 1994/95 audited fundholder accounts in 80 FHSAs
2 Managing fundholding
Savings and overspends

Table 31
Fundholders overspending in 1994/95

The average fundholder who overspent during the year did so by £60,000. Fundholders in later waves overspent by wider margins.

<table>
<thead>
<tr>
<th>Wave 1 (91/2)</th>
<th>Wave 2 (92/3)</th>
<th>Wave 3 (93/4)</th>
<th>Wave 4 (94/5)</th>
<th>All fundholders (waves 1-4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion overspending (after audit)</td>
<td>22% (£40,000)</td>
<td>18% (£67,000)</td>
<td>16% (£73,000)</td>
<td>18% (£66,000)</td>
</tr>
<tr>
<td>Average deficit during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average deficit as per cent of budgets</td>
<td>(2.1%)</td>
<td>(3.1%)</td>
<td>(4.1%)</td>
<td>(4.7%)</td>
</tr>
</tbody>
</table>

Source: survey of 1,156 1994/95 audited fundholder accounts in 80 FHSAs

Exhibit 22
Overspending fundholders in each FHSA

The proportion of fundholders who overspend varies between FHSAs, reflecting differences in fund managers' abilities, budget-setting methodologies and local provider prices.

Note: Figures below each bar are the number of GPFHs in each FHSA.

Source: survey of 665 1993/94 audited fundholder accounts in 53 FHSAs
Appendix: Data sources

National survey of fund and practice managers 1994/95
A 16-page questionnaire was sent to every known fundholder in England and Wales (one questionnaire per fund), addressed to the fund manager. The questionnaire covered manager qualifications, skills, pay and experience; staffing levels and turnover; communications; GP involvement; contracting; IT; direct access, community and outpatient services at the practice. Questionnaires were mailed in late summer 1994, with reminders mailed during the autumn. In addition, a questionnaire was sent to all known non-fundholding practices of list size 7,000 or over, addressed to the practice manager. 5,101 questionnaires were mailed, and 2,419 usable questionnaires were returned. Overall, 1,308 usable questionnaires were returned from fundholding practices. Excluding some duplicates or non-existing practices, response rates were:

<table>
<thead>
<tr>
<th>Wave</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave 1</td>
<td>79</td>
</tr>
<tr>
<td>Wave 2</td>
<td>75</td>
</tr>
<tr>
<td>Wave 3</td>
<td>70</td>
</tr>
<tr>
<td>Wave 4</td>
<td>65</td>
</tr>
<tr>
<td>Non-fundholders</td>
<td>24</td>
</tr>
<tr>
<td>Overall</td>
<td>49</td>
</tr>
</tbody>
</table>

While the response rates of fundholding practices were high - making this the largest survey yet carried out of fundholding practices - only 24 per cent of the non-fundholding practices replied. As a partial check on response bias, we compared the characteristics of those replying to the 100 per cent sample available on the NHSE GMS database. There were no significant differences.

National survey of fundholders 1995/96
A 12-page questionnaire was sent to all Wave 1-5 fundholders in England and Wales, as part of local external audits, between November 1995 and January 1996 (one questionnaire per fund). The questionnaire covered the following purchasing issues: referrals, waiting times, day cases, discharge letters, district nursing and leg ulcer treatment, mental health, evidence-based purchasing, prescribing, contracting and communications, involving patients, commissioning and the health authority. The fund manager was asked to complete most of the questionnaire, and the lead fundholding GP the clinically oriented questions. The response rate, from 1,256 usable replies, was 56 per cent.

Survey of audited fundholder accounts
Information on fundholder budgets, list size and underspends/overspends was gathered by auditors appointed by the Audit Commission during the audit of accounts 1993/94 and 1994/95. Fund budgets amounting to £1.1 billion are represented in the survey, out of the £1.8 billion being managed in England in total during 1993/94. The average fund size was £1.6 million, with an average ‘pound per patient’ budget of £151 - both are the same as the national averages for that
year (source: Parliamentary Answer). Information for 665 fundholders from 53 FHSAs (54 per cent) across England and Wales is available for 1993/94; and for 1,156 fundholders from 80 FHSAs for 1994/95.

Survey of multifunds and consortia
There is no central list of all the existing multifunds and consortia. The Audit Commission survey of multifunds and consortia included all the organisations that had publicly declared themselves to be multifunds, of which 16 returned completed questionnaires.

A questionnaire was sent in mid-1995 to 23 known addresses of multifunds either live or preparing for the Wave 6; 16 replies were received of which one was predominantly made up of Wave 3 funds, six mainly Wave 4, eight Wave 5 and three Wave 6.

NHS Executive GMS database, 1993/94
The GMS database is a computerised register of general medical practitioners who are in contract with FHSAs. Information is supplied to the NHS Executive via the FHSAs, and is collected biannually. Each census provides details relating to numbers of partners, list sizes, trainees and assistants, practice staff, services offered and target achievements. An anonymised file aggregated to practice level was used for the analyses reported here.

The database contains information on 9,830 practices (9,687 excluding 143 with no unrestricted principals - for consistency with the DOH’s regularly published Statistical Bulletin GMPs, analyses have been made on this latter figure), covering 53,448,000 patients.

To make for more meaningful comparisons between fundholders and non-fundholding practices, the latter are grouped into different list size bandings:

♦ Non-fundholding practices with list sizes of less than 3,000 patients (3,212 practices with an average list size of 1,894 patients);
♦ Non-fundholders with list sizes between 3-7,000 (3,528 practices with average list size of 4,775);
♦ Non-fundholders with list sizes of more than 7,000 (1,834 practices with average list size of 9,992);
♦ Wave 1 and Wave 2 fundholders (577 practices with average list size of 10,900 patients; it was not possible to distinguish between the first two waves on the database); and
♦ Wave 3 fundholders (679 practices with average list size of 8,692).

Prescribing
Information was derived from Audit Commission analyses of base data supplied by the Prescription Pricing Authority and Welsh Office. Sources and sampling methods have been described in the Audit Commission report A Prescription for Improvement: Towards More Rational Prescribing in General Practice, HMSO, London, 1994.
District Auditors were first appointed in the 1840s to inspect the accounts of authorities administering the Poor Law. Auditors ensured that safeguards were in place against fraud and corruption and that local rates were being used for the purposes intended. The founding principles remain as relevant today as they were 150 years ago. Public funds need to be used wisely, as well as in accordance with the law. The task of today's auditors is to assess expenditure, not just for probity and regularity, but for value for money as well.

The Audit Commission was established in 1983 to appoint and regulate the external auditors of local authorities in England and Wales. In 1990 its responsibilities were extended to include the National Health Service. For more information on the work of the Commission, please contact:

Andrew Foster, Controller
The Audit Commission
1 Vincent Square
London
SW1P 2PN
Tel: 0171 828 1212
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