Lentells
Chartered Certified Accountants

MMM Medical Money Management

SPRING 2016

GP Money Matters

Funding a **Pharmacist**

A new £31 million scheme has been introduced to fund the employment of pharmacists in GP surgeries, to help relieve workload pressures. It is a 3 year initiative which aims to give patients additional support in the surgery, to help manage long term conditions, better health checks and to be able to provide advice with medications.

This scheme will focus on areas where GPs are under the greatest pressure and specifically aims to help GPs that are already employing pharmacists in patient facing roles.
Use of this service is intended to ease GP workload and improve communication between local hospitals and community pharmacists.
The benefits for patients are anticipated to be reduced waiting time for advice from the GP for day to day medicine queries and being able to treat minor ailments without the need to see the GP.

The funding will be provided at as follows:

- First 12 months – 60%
- Second 12 months - 40%
- Third 12 months – 20%

Seniority Changes to the scheme

A phased withdrawal of seniority payments has been introduced as follows:

Oct 15 –	23% reduction
April 16 –	15% reduction
April 17 –	15% reduction
April 18 –	15% reduction
April 19 –	reduction to 20% of original rates
April 20 –	full withdrawal

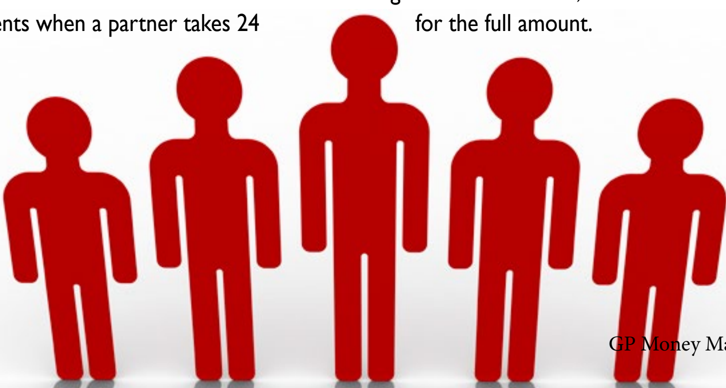
Any savings in seniority are being recirculated globally through increases in the global sum. Individuals will continue to progress up the seniority scales each year. Although no new entrants were permitted to join the scheme from April 2014 onwards, partners retain entitlement to seniority if they move between practices Errors are often made to seniority payments when a partner takes 24 hour retirement, defers pension contributions or moves between practice. It is therefore important to carefully review the payments and liaise with the practice accountant if something appears to be incorrect.

Seniority factors

Entitlement to seniority still depends on the level of an individual's pensionable earnings compared to the average for an NHS GP as follows:

>2/3 100%	1/3 – 2/3 60%	<1/3 nil

NHS GP earnings figures are estimated each year and reconciled at a later date, often 3 or 4 years later, once actual amounts are known. The interim seniority factor for 2015/16 was £95,001 meaning a GP would require pensionable earnings of more than £63,334 in order to qualify for the full amount.



GP Contract changes 2016/17

The GP contract changes for 2016/17 have announced new investment of £220 million.

The key areas of changes are:

- Increase in global sum from £76.51 to £80.59 per weighted patient
- Increase in vaccination and immunisation fee from £7.64 to £9.80
- Cessation of the dementia enhanced service at 31 March 2016
- Increase in value of QOF point from £160.15 to 165.18, corresponding increase in average list size from 7,233 to 7,460, maximum points remain at 559
- Cessation of the infant vaccination of Men C
- Report when a locum is paid more than an indicative rate (yet to be decided by NHS England)
- Record data on availability of evening & weekend appointments
- Opportunistic vaccination of Men ACWY jab to non-freshers aged 19 to 25
- Non-mandatory recommendations for practices to make better use of electronic systems

NHS

NHS England

GENERAL PRACTICE FORWARD VIEW

Some good news at last, with the recent release of the general practice forward review paper, it has been announced that significant investment will be made into primary care to support and rebuild general practice with investment in key areas of workforce, workload, infrastructure and care redesign.

The full article can be found at https://www.england.nhs.uk/wp-content/uploads/2016/04/gpfv.pdf however a brief summary of the main points are below.

Investment in Workforce and workload issues

- Funding will be provided to encourage the GP workforce to increase by 5,000 by 2020 and for the recruitment of 5,000 other staff such as mental health workers, nurses, physicians and enhancing the pharmacist programme.
- Investment in training of reception and clerical staff and £6 million invested in practice manager development.
- Financial incentive for GP returners from May 2016 to areas in greatest need
- Increased funding from May 2016 for GP retainer scheme and a new scheme from April 2017.

Infrastructure

- NHS England to fund up to 100% of the cost of premises development from September 2016
- Tenants of NHS property services to have stamp duty funded for new leases signed up to between May 2016 and October 2017
- Practices to be compensated for VAT where the ultimate landlord has opted to charge VAT

Other

- A review of the Carr-Hill formula to take account of deprivation and rurality to better reflect practice workload
- Tackle the increasing indemnity insurance costs
- 5 yearly CQC visits
- Review of Qof
- Greater use of technology to enhance patient care

When more information is made available as to exactly how these changes will be implemented we will be in a position to review the financial implications for practices.

Wills and Probate

Few of us like to think about dying, but leaving your affairs in good order with adequate provision for family gives considerable peace of mind. Lentells can advise on all aspects of estate planning, including drawing up and reviewing Wills, dealing with probate and general estate administration.

Until recently, probate was a service reserved for solicitors and banks, but a change in the law means this can now be dealt with by accredited accountants, who have undergone appropriate training. Lentells was one of the first accountancy practices in the South West to qualify under this initiative.

It is really important to start planning ahead; not only specifying who should act for you as executors of your estate, but also considering the costs, which can soon mount up. Traditionally probate has been charged as a fixed percentage of the estate value, which penalises high value but relatively simple estates. Lentells' charging structure is simple and straightforward with no hidden extras. We believe it is fairer to simply charge based on time spent with an agreed cap on fees for peace of mind.

For further information or to discuss how Lentells may help you with estate planning, making or amending a Will or probate, contact Rob Wegner on 01460 64441 or email **robert.wegner@lentells.co.uk**

Increase in staff costs

NIC

NIC categories for payrolls changed from 6 April 2016. Category D will no longer exist since 'Contracting Out' ceased at 5 April 2016. All employees previously on category D (those in the NHS Pension) will need to move to Category A and will no longer pay a discounted rate of National Insurance.

This will result in a 1.4% increase in the employee NIC rate and 3.4% increase in employer NIC rate for affected employees. There remains no employer NIC for most employees aged under 21. From 6 April 2016 there is also no employer NIC on apprentices aged under 25

The living wage

The living wage was introduced in April 2016 and practices should ensure that they comply with this in order to avoid penalties. The minimum hourly rate for staff aged 25 and over is now £7.20 per hour, which is a 50p increase compared to the national minimum wage. There are plans to increase this further to at least £9 per hour by 2020.

Lentells have produced a spreadsheet to assist practices in projecting staff costs, taking into account pension contributions and NIC. For further information, email your usual contact at Lentells.

Auto-enrolment

Practices should ensure they comply with the auto-enrolment requirements which are being phased in. Whilst most staff will already be in the NHS Pension scheme, there will be some who are not permitted to join scheme, and may need to be offered an alternative. Further advice on auto-enrolment can be found on the payroll and pension section of the Lentells website.

Pension Update – Spring 2016

MMM Medical Money MANAGEMENT

March 2016 Budget

Following much speculation on possible changes to Pension Tax Relief, Pension Commencement Lumps Sums, and the introduction of Pension ISAs, amongst other Pension legislation changes it was with considerable relief to see that no new amendments to Pension legislation were included in the Spring Budget 2016.

This does however come with a big Caveat, in that a recent Government review on pensions has recommended a number of potential changes which will significantly affect high income individuals. For the time being these have been put on hold mainly due to the changes in past Budgets and those newly introduced, effective from 6th April 2016.

We covered some of these new changes in our Autumn 2015 Newsletter article including the reduction of the Lifetime Allowance from £1.25m to £1m from 6th April 2016.

Another significant change is the Tapered Annual Allowance. As with the majority of the recent changes this could have significant additional tax implications for some General Practitioners (GPs) and High Earners in Defined Benefit Occupational Pension Schemes such as the NHS Pension Scheme (NHSPS).

How does the Tapered Annual Allowance work?

As with many of the recent tax changes for members of the NHSPS the method for calculating the possible Annual Allowance tax charge has not been simple; this is certainly no different for the new Tapered Annual Allowance.

For most members it will be difficult to calculate the effect of this without additional assistance from Medical Accountants and Advisers.

In summary the incoming change to legislation will reduce the Annual Allowance for High Earners from £40,000 to a minimum level of £10,000 with a scaled reduction based on excess income over £150,000.

This all sounds quite simple however the calculation takes into account the increased value of your Defined Benefit Occupational Pension Scheme (e.g. NHSPS) less personal contributions. This is where it gets complicated; for NHSPS members the calculation is as follows:

1) Threshold Income Test

To provide certainty for members as to whether they will be affected, and to ensure lower paid members are not affected a 'Threshold Income' calculation is first completed. This is the value of £150,000 less the Annual Allowance (£40,000) giving a Threshold Income test at £110,000.
Example of Threshold Test Calculation:

Pensionable Pay	£131,343
Non Pensionable pay	+£0
Other taxable Income	+£10,000
Less Pension Contributions (14.5%)	-£19,045
Other tax deductible reliefs	-£5,000
Threshold Income	=£117,298*

(* Note: may be subject to the Tapered Annual Allowance as Threshold Income over £110,000)

2) Adjusted Income Test

The next step is to check if when added together the taxable earnings and the Pension input amount are greater than £150,000 limit and therefore subject to the Tapered Annual Allowance. The calculation is as follows:

Threshold Income	£117,298
Pension Input Amount	£60,686
Adjusted Income	= £177,984

3) Tapered Annual Allowance

In the above example you can see that the Adjusted Income has breached the £150,000 Adjusted Income allowable amount by £27,984. The effect on the standard Annual Allowance is a reduction of £1 for every £2 that the adjusted income exceeds £150,000.

As the excess in this example is £27,984 the Tapered Annual Allowance will be £26,008 (i.e. £40,000 – (£27,984(/2)).

In this example a potential additional income tax charge would apply on the difference between the Pension Input amount of £60,686 and the Tapered Annual Allowance of £26,008 = £34,678.

As with all Annual Allowance calculations any possible tax charge may be offset by using the ability to carry forward any unused reliefs from previous tax years. This will need to be taken into consideration when looking at the final amount of tax due on the aforementioned figures.

One other point to note here is that when using the facility to carry forward in future years, where a Tapered Annual Allowance has been used it is only the balance of the tapered amount that can be carried forward to future years and is subject to the same 3 years restriction.

Lifetime Allowance 2016

As we are now in the new tax year 2016/17 the Lifetime Allowance has reduced from £1.25m to £1m.

Protection for Occupational Pension Scheme members will be available to safeguard benefits accrued up to the £1.25m via Individual Protection 2016. This works in a similar way to Individual Protection 2014, albeit, at a lower level of protection.

Individuals will be able to apply for this online from July 2016. In order to do this you will need to have a value of all uncrystallised pensions held as at 5th April 2016.

Paul Stone
Medical Money Management

The information contained within this article is for information purposes only, does not take into account your personal circumstances, and is not a substitute for obtaining professional financial advice.

The information provided is based on our understanding of current law and taxation as at October 2015. Her Majesty's Revenue & Customs policy, practice, and legislation may change in the future.

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