

GP Money Matters

Meet the director – Tracey Turner

We are delighted to welcome Tracey Turner to the Lentells' board of directors from March 2022. Tracey has worked for Lentells for 15 years, including previously managing the Lyme Regis office.

Tracey is an integral part of the healthcare department in the Chard office and acts for a large number of GP practices, PCNs, locums, and salaried GPs. These clients are based in a wide geographical area from South Devon to Surrey. Tracey also acts for other general businesses including sole traders, partnerships and limited companies and is able to give advice regarding day-to-day business decisions and tax efficient business.

When not at work, Tracey enjoys being outside in the fresh air and likes walking along the South West coast path, cycling and gardening. She has two grown up children and lives near Chard.



GP contract changes 2022/23

The key changes to the GP contract from 1 April 2022 are as follows:

	2022/23	2021/22	Increase
Global Sum payment per weighted patient	£99.70	£96.78	£2.92 per patient = 3%
Out of hours deduction	4.74% or £4.73 per patient	4.74% or £4.59 per patient	£0.14 per patient = 3%
QOF point	£207.56	£201.16	£6.40 per point = 3.18%
QOF population	9,374	9,085	289 = 3.18%
Maximum QOF points	635	635	No change

The weight management enhanced service will continue in 2022/23 after commencing in 2021/22. The rate per referral continues at £11.50, but in future, practices must obtain the approval of the patient before making a referral.

From October 2022, funding for extended hours, currently transferable to individual practices from the PCN at £1.45 per patient, will be combined with the £6 per patient CCG funding. All of this funding will belong to the PCN to be used to provide services within the new network standard hours.



PENSION

Don't miss out on scheme pays in 2020/21

Scheme pays provides the option for the NHS Pension scheme to settle an annual allowance charge if it arises for members. This is then effectively treated as a loan, with interest accruing until the pension is drawn, and an adjustment made to the final pension awarded to recoup this.

For the 2020/21 tax year, we anticipate that many more of our clients will be subject to annual allowance charges, due to increased profits. To utilise scheme pays for 2020/21, pension members need to apply to NHS Pensions before 31 July 2022.

Where Lentells' clients have received annual allowance information for 2020/21, they should forward this to us so that we can check the position and then advise on the options, including the use of scheme pays.

Where up to date pension annual allowance figures are not available, we will

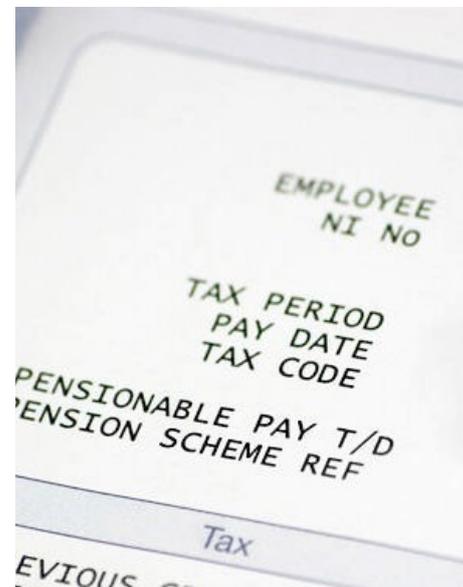
assess each client individually and provide the option of submitting a provisional scheme pays form when we believe there is a chance the individual will exceed the annual allowance.

Provisional scheme pays forms can then be amended up to 31 July 2026.

Applications can be revoked where there is no tax charge and amended where there is a tax charge.

If you are a GP partner in the NHS Pensions scheme and you do not have an up to date Annual Allowance Pension Savings Statement, we recommend contacting NHS Pensions to request a statement, quoting your SD membership number or National Insurance number. Contact details are:

Email: nhsbsa.pensionsmember@nhsbsa.nhs.uk
Phone: 0300 330 1346



National Minimum Wage (NMW)

From April 2022 the NMW increased for all staff. For those aged over 23 (excluding apprentices in the first year of employment), the minimum rate is now £9.50 per hour, equating to a rise of 6.6%. Full details of the rates can be found in our winter 2021 newsletter.

HEALTH AND SOCIAL CARE LEVY

Employees and employers are also impacted by a rise in National Insurance (NI) contributions of 1.25% from April 2022 due to the introduction of the health and social care levy.

This takes employer contributions up to 15.05% (from 13.8%) for all employees earning over £9,100 (2022/23). For employees, there is a rise from 12% to 13.25%.

Self-employed individuals will now pay class 4 NI at 10.25% (previously 9%) on earnings between £11,908 and £50,270 and 3.25% (previously 2%) on earnings over this threshold.

Some relief for employees was provided in the spring budget by increasing the threshold at which NI is paid from £9,880 to £12,570, but no such increase was awarded to employers. In addition, although the employer allowance was increased from £4,000 to £5,000 for small employers, as GP practices do not qualify for this, it does not help with rising costs.



24 Hour retirement restrictions

Many GPs choose to take 24 hour retirement, to enable them to draw their NHS pension and then subsequently return to work in general practice. As a result of the pandemic, the restrictions on working hours for the month following 24 hour retirement were suspended. The rules were expected to be reinstated with effect from 25 March 2022, but DHSC has now confirmed that this will be extended until at least 31 October 2022.

24 hour retirement needs to be applied for by updating the performers list via PCSE on-line, and submitting form AW8 to NHS Pensions. Applications should be submitted at least 3 months in advance of the required retirement date.



Change of basis for tax

HMRC are changing the way businesses with non 31 March/ 5 April accounting year ends are taxed from 2024 onwards.

Currently, partners are taxed on profits arising in the accounting date ending in a tax year. A consequence of this, is that for accounts year ends other than 31 March or 5 April, partners are taxed twice on the same profits in the early years of trading, with relief for this generally given on leaving the partnership. This relief is known as overlap profits.

The current rules will be abolished from April 2024 with businesses then taxed on profits arising in the actual tax year.

The tax year 2023/24 will act as a 'transitional year' when we switch from the current rules to this new basis of assessment. In that year partners will be taxed on the profits up to their usual accounting year end plus profits from then to the tax year end. For example, if your practice has a December year end, in 2023/24 the partners will be taxed on the profits for the year ended 31 December 2023 plus the 3 months to 5 April 2024 i.e. 15 months.

If partners have overlap profits, these will be offset against the extended profits of the 2023/24 tax year. If overlap profits are sufficient to cover the additional profits, no extra tax will be due, however in many cases, overlap relief will not cover all the additional profits, resulting in extra tax liabilities.

The legislation includes a provision that tax on any extra profits in the transitional year

(after the offset of overlap relief) can be spread over five tax years, beginning with the transitional year itself. This means the potential to spread the additional tax over the years 2023/24 to 2027/28.

Overall, individuals affected by this will be taxed on the same profits between now and the date of retirement/leaving the practice, but it is the timing of the tax that will be accelerated. Tax liabilities will also be settled earlier on retirement/exiting the partnership.

Individuals affected by this may want to try to reduce profits that will be taxed in

the 2023/24 tax year in order to minimise the impact of this. For a December year-end, this would mean trying to lower profits in the period 1 January 2023 to 31 March 2024.

There will be no impact on partners where the business already has a 31 March or 5 April year-end. Most locums already report taxable profits to 31 March or 5 April, so will not be affected by this either.

Lentells' clients affected by the above will be contacted individually.

Employee pension tier rate changes

Historically, the NHS pension scheme for non-GP members was final salary linked, but this has now changed to a Career Average Revalued Earnings (CARE) model. All members of the NHS pension scheme will start to build up these CARE benefits from 1st April 2022, but some may have earlier membership dealt with on this basis.

From October 2022, there are changes being made to the NHS pension scheme employee contributions to reduce the steepness of tier rates and ensure that all members get the same proportional benefits.

The changes also mean that all employees will now contribute based on actual pay rather than whole time equivalent pay, in line with the existing position for GPs.



A higher earner, above £111,377 will see their rate fall from the current 14.5% down to 12.5%, however a member in the lower bands may see an increase in their rate; for example a member earning £20,000 will be pensioned at 6.1% rather than the 5.6%.

There have historically been 7 tier rates, but this will increase to 11. Each tier rate boundary will increase each year in line with the Agenda for Change pay awards reducing the likelihood of a member being moved into higher tier rate simply because of a national pay award.



Update to Primary Care Network (PCN) funding

For 2022/23, core funding will continue at £1.50 per patient and care home premium continues at £120 per bed. Clinical director funding is now £0.736 per patient.

Leadership and management funding is going to be extended for two years, with £43 million available each year, equivalent to £0.707 per weighted patient.

It was previously announced that Impact and Investment Fund (IIF) would increase

to £225 million. Three additional indicators have now been added for IIF from April 2022, with funding of £35 million available for this, making the total IIF funding £260 million. There will be a maximum of 1,153 points achievable at an average of £200 per point.

Funding for additional roles reimbursement scheme (ARRS) has increased from £746 million to £1.027 million. This includes funding for a second mental health practitioner per 100,000 patients.

Extended hours PCN enhanced service and the extended access CCG enhanced service will be combined into the PCN extended hours enhanced service from October 2022, which will be paid at £7.46 per weighted patient. To qualify for this funding, PCNs are required to provide an additional 60 minutes per week of extended access time for every 1,000 weighted patients within the new network standard hours of 6.30pm to 8pm on weekdays, as well as 9am to 5pm on Saturdays. A plan on how to achieve this needs to be submitted to the CCG by 31 July 2022.

Practices will continue to receive £1.761 per weighted patient for participation in the PCN scheme.

Financial impact of opting out of the Primary Care Network (PCN)



Some practices are considering leaving their PCN. It is important to consider the financial implications before making any final decision.

Firstly, practices will lose their PCN practice participation funding. This is payable directly to the individual practices at £1.761 per weighted patient. As an example, a 12,000 patient practice will lose £21,132 in direct funding.

Secondly, practices may lose the extended hours funding that is currently redistributed to the individual practices from the PCN. This is received at £1.45 per raw patient, but there may be some associated cost savings relating to this.

Thirdly, practices will lose their share of the care home premium which is currently paid at £120 per bed.

Lastly, practices will lose their entitlement to the PCN surplus remaining in the PCN each year, which will be mostly funded by the PCN support payment paid at £1.50 per actual patient. Please be aware that there is no guarantee that this income would arise as this will fluctuate year to year.

There may also be other funding available within the PCN such as the Investment and Impact Fund. This is increasing significantly in 2022/23, but whether this will flow through to practices will depend on how the work is done.

Practices will also miss out on the additional roles funding. This will have no financial impact on the practice, as this directly reimburses costs, however, these staff roles may ease the workload within practices.

How to contact us



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Neither company is authorised under the Financial Services & Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services to clients because we are regulated by the Association of Chartered Certified Accountants. We can provide these investment services if they are an incidental part of the professional service we have been engaged to provide.