

GP Money Matters



Reconciling Salaried GP Superannuation

Practices who employ a salaried GP, will know that monthly deductions are made from their Exeter statements for salaried GP pension contributions instead of the contributions being paid across with the normal monthly staff pension payments.

Often the pension amounts due per the payroll will not agree to the deductions made through the Exeter statements e.g. if the GP was not paid the amount included on the original estimate, they have been paid overtime etc.

It is therefore vital after the end of March each year, to perform an annual reconciliation of the superannuation contributions deducted via Open Exeter to those on the payroll, and liaise with PCSE so any adjustments can be processed. This will ensure the practice can promptly recover any over-payments from PCSE or prevent additional liabilities building up.

Any adjustments arising as a result of this reconciliation do not impact on the individual salaried GPs.

Salaried GPs are also required to submit a Type 2 superannuation certificate each NHS year which aims to check the correct employee tiered rate has been used. Whilst it is the individual GP's responsibility to do this, it is in the practice's interest to make sure that this is done so that any adjustment can be processed promptly. If an incorrect tier has been used on the practice salary, then an adjustment for this element will be made through the practice Exeter statement. This will only show as an employee adjustment with no corresponding employer adjustment. The practice should liaise with the individual GP to ensure this is repaid as appropriate. In order to try and mitigate such changes, the practice should ensure it takes into account any superannuable income the salaried GP has outside the practice when setting the tier on the estimate of superannuable pay form.

Contract changes 2017/18 – The Key Areas

- Global sum increases from £80.59 to £85.35 per weighted patient
- PMS baseline increases by £4.27 per patient
- QOF point value increases from £165.18 to £171.20, but corresponding rise in average lists means no additional income generated
- Employer's superannuation for partners, staff and locums to increase to 14.38%
- Unplanned admissions enhanced service to cease
- Required to identify and manage patients with frailty from July 2017 (no additional funding)
- Learning disability rate increases from £116 to £140 per check
- Extended hours funding withdrawn after September 2017 for practices that regularly close for half a day per week
- Funding for new retainers who work a maximum of four sessions permanently increases from £59.18 to £76.92 per session
- Full reimbursement of CQC fees
- Sickness cover reimbursements increase from £1,131.74 to £1,734.18 for weeks 2 to 26, then non-discretionary £867.09 for next 26 weeks
- No requirement to pro-rata maternity reimbursements
- Morbidly obese patients added to the at risk group for seasonal flu



The General Data Protection Regulation 2018: a parting gift from the EU?

UK data protection laws under the Data Protection Act (DPA) – which has been with us for almost 20 years – are due for a major overhaul in May 2018 with the implementation of the General Data Protection Regulation (GDPR). The irony is that the GDPR is derived from EU regulations and will be implemented at a time when the UK will be on a path to divorce itself from the EU.

In this article, Katharina Kidd of Ibex Gale looks at the five key employment related changes that employers will need to start preparing for this year.

Stricter consent requirements for processing data

Currently, most employers will obtain consent to processing employee data by way of a suitably worded clause in the contract of employment. The GDPR requires that consent for data processing must be freely given, specific, informed and unambiguous, and easily withdrawn. Ultimately, the onus will be on the employer to show that the employee has freely given adequate, informed consent for the processing of their data and there is certainly an argument to be made that such consent is not freely given in an employment relationship, where the employer is in a position of power, and a job offer, or continued employment, is subject to consent being given by the employee.

More onerous requirements to provide information to employees and job applicants

Currently, employers are required to provide employees and job applicants with information about how the individual's personal data will be processed and stored. This information will normally be found in the employer's data protection policy or within what is often

called a 'privacy notice'. The GDPR requires more in that employers will need to inform employees and applicants how long their data will be stored for and whether their data will be transferred to other countries, and also provide guidance on their right to request their personal data from the organisation and to have it deleted or amended.

Greater rights for employees to request their personal data

Subject to payment of a fee of £10, the DPA allows people to request details of any personal data that an organisation holds about them via a 'Data Subject Access Request' (DSAR). Employers have 40 days from the date of the DSAR to disclose to the employee any personal data it holds. The GDPR removes the 40 day time limit and employers will instead need to respond 'without delay' and within one month. There is an ability to extend that deadline to three months if the request is complex or there are multiple requests.

The £10 fee is also abolished; however, the organisation will be able to request a 'reasonable fee' where it considers the DSAR to be 'manifestly unfounded or excessive'. This could potentially assist employers when faced with onerous DSARs which take a disproportionate amount of time to respond to.

A right to object to data processing, or require data to be amended or deleted

Under the GDPR, people will have the right to, object to the processing of their personal data, have any errors in their personal data corrected, restrict how their personal data is used and have their personal data deleted. This right will arise if the employer has failed to provide the employee with the required information about how their personal data will be processed and stored, or if the processing of the data is based on ineffective consent. It is easy to see how this could be used, for example, to obstruct a disciplinary process.

An obligation to be audit ready at all times

Finally, the GDPR will require organisations to be 'audit ready' at all times, meaning that every system used by the organisation to process employee data will need to be set up to ensure compliance. For example, where a system is set up to process holiday requests, the organisation will need to consider the data protection implications of the system and take steps to mitigate any risks that are identified. For systems that are used to process more sensitive data – for example, a system to record sickness absence – the organisation will need to carry out a formal and structured data protection impact assessment on the system.

Final thoughts

There is likely to be a substantial amount of work required to get your organisation ready for the implementation of the GDPR, so if you haven't started preparing for it already, now is the time to do so. We suggest the following practical steps as a starting point:

- appoint someone to analyse and audit your existing data protection policies, practices, information notices, consents and systems to identify where they fall short of the requirements of the GDPR and update them as needed to ensure compliance;
- consider whether the personal data that you are collecting and processing is truly essential for the purposes of maintaining the employment relationship; and
- ensure that everyone in your organisation who will be required to handle employee data has a clear understanding of the new rights and obligations that the GDPR introduces.

Katharina can be contacted by email: kkidd@ibexgale.com or by calling 0117 920 0137.

IR35 and Locums

IR35 is tax legislation designed to ensure that individuals pay the appropriate levels of tax and National Insurance based on their employment status when working through an intermediary (e.g. a locum's limited company).

From 6 April 2017, public bodies (including

GP practices) are required to determine whether such workers are genuinely self-employed or employed for tax purposes.

If IR35 legislation is determined to apply, then the locum should be paid through the payroll, with PAYE and NIC calculated accordingly.

This means that a locum working inside IR35 will be considered an employee for tax purposes. This

does not mean that they are actual employees of the practice for assessing other employment rights. HMRC recommend using their on-line tool to determine a worker's status:

www.tax.service.gov.uk/check-employment-status-for-tax/setup



HM Revenue
& Customs
IR35



Fraud - Are You at Risk?

Whilst we are all aware of the threat of fraud from those outside the practice, it is easy to overlook any potential internal flaws that could leave practices vulnerable to attacks from within. Follow these tips to help your practice

avoid being in a situation where fraud can occur:

- a) Segregate control over cash counting and recording, and consider using a duplicate book (or similar) to log cash receipts so that recording is sequential.
- b) Regularly review cash flows and financial reports to ensure any discrepancies can be explained and accounted for.

c) Only approve payments for larger expense items when supported by invoices.

d) Agree a payment limit, above which, approval by 2 partners is required.

e) Only make passwords and logons available to staff that require them.

f) Arrange for a partner to approve the payroll prior to payment to ensure staff are paid at the correct rate, overtime is authorised and there are no fictitious employees.

g) Dispensing practices should check that prescription income received approximately matches the charges deducted on the monthly dispensing statements.

Making Tax Digital

The Government's Making Tax Digital initiative (MTD) was due to be implemented between 2018 and 2020, with the stated aim of creating a 'transparent and accessible tax system for the digital age'. The snap election has meant there was insufficient time to include the proposals in the latest finance act, however it is likely that following the election, the relevant legislation will be approved.

Proposals include making quarterly submissions to HMRC on income and expenses with final adjustments made within 10 months of the year end date. There will

be no change to the requirement to submit annual tax returns and no impact on the timing of tax payments.

It is expected that all unincorporated businesses with turnover above the VAT threshold (currently £85,000), will need to comply initially, and this is therefore likely to include all GP practices. Limited companies will need to comply from a later date.

Practices should consider whether their current accounting systems will support the quarterly submission requirements and make plans to change those systems in due course.

Smaller businesses with turnover of over £10,000 are expected to have to comply with the requirements at some point, and this may therefore impact on locums and GPs with separate self-employed income which is recorded on their tax returns.

New appointment for Lentells' director

Jane Jordan, has been advising medical clients for over 20 years, and has been a serving member of the ICAEW Healthcare Committee since 2011. The Committee organise conferences, newsletters, training and technical support for accountants who act for medical clients. Jane was delighted to be appointed as Vice-Chair of the committee in March and is looking forward to continuing to support the group and its several hundred members.



Pensions Update Spring 2017

2015 Section NHS Pension Scheme – Career Average Revalued Earnings (CARE)

The 2015 NHS Pension Scheme has been in place for just over 2 years and as many members will have switched automatically across to this Section of the Scheme, now would seem a good time to do a quick recap on some of the key differences with the previous 1995 & 2008 Sections of the Scheme. Firstly, unlike previous versions of the NHS Pension Scheme the 2015 Scheme



has a revaluation method for each year of membership. The figures have recently been published for the 2016/17 Scheme year, with the September 2016 Consumer Prices Index (CPI) figure used as the basis for any increase. For active members the Scheme revalues benefits each year based on 1.5% plus CPI. As CPI was 1% in September 2016, pension pots for the 2015 Scheme will increase by 2.5% in 2016/17 (1.5% + 1%). This revaluation method applies to all active member of the 2015 Scheme. Previous benefits in the 1995 Scheme and 2008 Scheme are still aligned to pensionable pay and service.

Other key differences include:
Normal Retirement Age of the 2015 Scheme

is linked to your State Retirement Age; this could currently be between 65 and 68 but would automatically change should the State Retirement Age increase in the future. Normal Retirement Age for the 1995 Section is age 60 and for the 2008 Section, age 65.

Benefits are calculated on the basis of 1/54th of Pensionable Pay, revalued each year in line with CPI + 1.5%. This de-links the pension from a 'Final Salary' basis to what is known as 'Career Average Revalued Earnings' basis. Benefits in the 1995 Section give employed members a pension based on their Service Record and Final Pay. For GPs the method of calculation in the 1995 Scheme is 1.4% of Total Dynamised Income. The 2015 Scheme does not differentiate between these 2 roles: all members will have the same basis of calculation in the 2015 Scheme - individual years of pensionable pay revalued by CPI + 1.5% each year up to retirement age.

Total Reward Statements, now available online for the majority of NHS Pension Scheme members, will show the different Sections of the NHS Pension Scheme. To work out your total pension entitlement you will need to add these together but bear in mind that benefits are likely to be payable at different retirement ages.

2015 NHS Pension Scheme - Early Retirement Reduction Buy Out (ERRBO)

The 1995 & 2008 Sections of the NHS Pension Scheme gave you the option to buy Added Years and Additional Pension to boost your pension benefits. On introduction of the 2015 Section we see a new option known as 'EARLY RETIREMENT REDUCTION BUY OUT (ERRBO)'. This option gives members of the 2015 Section an option to take out an ERRBO agreement by paying in additional contributions. Members can "buy out" the reduction in benefits that would apply if they retire before their Normal Pension Age.

Members have the option for early retirement 1, 2 or 3 years before the Normal Pension Age, but no earlier than age 65.

For example: A 40 year old member of the 2015 Scheme has a Normal Retirement Age of 68 (State Pension Age) and wishes to reduce this to age 65. The additional pension contribution to the 2015 NHS Pension Scheme for ERRBO would be 3.99% for the 3 year reduction.

For a 49 year old member of the 2015 Scheme

with a Normal Retirement Age of 67 (State Pension Age) wishing to reduce this by 2 years to age 65, the additional pension contribution for ERRBO would be 2.82% for the 2 year reduction.

In both the above two examples contributions are subject to income tax relief at the member's highest marginal rate. A Fact Sheet on ERRBO can be obtained for the NHS Pensions Schemes website. The process for application is firstly for the member to complete an Expression of Wish form to obtain a personal quote on the cost of ERRBO and if they wish to proceed the member sends an application form to NHS Pensions. ERRBO will commence on the 1st April following receipt of the application.

Tapered Annual Allowance

The new Tapered AA came in to effect on 6th April 2016 and will be effective for individuals who exceed Threshold Income in the 2016/17 Tax Year for Self Assessment.

Tapered Annual Allowance works in much the same way as the reduction in the Personal Income Tax Allowance for income over £100,000 in that the Annual Allowance (AA) is reduced by £1 for every £2 of income over £150,000. The maximum reduction to the AA will be from £40,000 to £10,000. An income of over £150,000 will be beyond what most GPs receive, however all other income includes interest, dividends, rental income and non pensionable income have to be taken into account.

In addition Pension Input Amounts also need to be added back in after NHS Pension contributions have been deducted. As you can see this is not a simple calculation, however it can mean that a significant tax charge is applied to any excess over the individuals reduced AA. You are able to carry forward unused AA from the previous 3 years; this will give some scope to avoid an additional tax charge. To complicate matters further the way income is calculated means that anyone earning an annual income over £110,000 can be affected.

Paul Stone

paul.stone@medicalmoney.co.uk
Medical Money Management



How to contact us



Lentells Medical Services Division

17-18 Leach Road,
Chard Business Park, Chard,
Somerset TA20 1FA

Telephone: 01460 64441

E-mail: medical@lentells.co.uk

Web: www.lentells.co.uk

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Medical Money Management

Estuary House, Peninsula Park,
Rydon Lane, Exeter EX2 7XE
Telephone: 01392 354760

E-mail: paul.stone@medicalmoney.co.uk

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