

# GP Money Matters



## Key GP Contract Changes 2019/2020

- Global sum increases from £88.96 to £89.88 per weighted patient
- The global sum increase is after deducting a one off, permanent adjustment in respect of indemnity costs
- QOF increases from £179.26 to £187.74 per point, but average list increases from 8,096 to 8,479, meaning no additional income generated
- All vaccines to be paid at £10.06 per dose
- Primary Care Networks introduced. Payment of £1.761 per weighted patient paid for joining a network
- Increase of 6.3% in the employer's superannuation rate (but paid directly by DHSC for 2019/2020 only)
- Shared parental leave to be added to the SFE
- Names of GPs with NHS earnings of over £150,000 to be published
- NHS 111 are to be able to book appointments directly with practices

## Primary Care Networks

The initial announcements regarding Primary Care Networks (PCN) were a little lacking in detail and at the time of publication, there was still lots to sort out in a short timescale.

### What we know so far:

- Funding will be provided through a DES
- PCNs will typically cover populations of 30,000 – 50,000 patients
- Practices in a PCN should be close geographically
- Patients of practices that choose not to join a PCN will still receive services from the network, but the funding that would have been due to the individual practice will go directly to the PCN
- Clinical director (no requirement for this to be a GP) to be appointed from the PCN members
- The PCN will need to deliver the extended hours DES from 1/7/19 and may agree to engage member practices for this
- Staff reimbursement rates are set according to the mid-point of AFC scales, but PCNs do not need to follow the AFC scale when setting salary levels
- Existing clinical pharmacists in the general practice scheme can be transferred to a PCN, but other staff need to be new

- Network contract DES network agreement published by NHSE on 29/3/19 to be mandatory for all PCNs

### Funding to be provided to each PCN for 2019/20:

- £1.45 per registered patient for extended hours (transferred from practices)
- £1.50 per registered patient for network development
- PCNs will share in any savings from prescribing, reduction in A&E attendances, reduction in outpatient appointments etc.
- 70% of the costs of 1 clinical pharmacist per PCN (regardless of size) will be reimbursed up to a maximum of £37,810
- 1 social prescriber will be fully funded for each PCN (regardless of size) at a maximum rate of £34,113
- Clinical director funding based on 0.2 WTE for 40,000 patients at the national average GP salary rate. For a 40,000 patient PCN, this will equate to £27,503.

### Funding to participating practices for 2019/20:

- £1.761 per weighted patient

### Deadlines:

- 15/5/19 need to submit plans including the members, list sizes, network agreement, network area, practice/provider, who will receive the funding and clinical director
- 31/5/19 CCGs to confirm PCN coverage
- 1/7/19 PCNs to go live



### Information awaited:

- Guidance on the appropriate structures for a PCN e.g. partnership, LLP, limited company etc.
- Guidance on employment and deployment of staff
- Guidance on NHS Pension issues

# Indemnity Cover

The final contractual indemnity reimbursement was paid to practices in March 2019 at a rate of £1,005 per patient.

From 1 April 2019 the state backed "Clinical Negligence Scheme for General Practice" is introduced. This will cover NHS work for GPs and other staff delivering primary medical services. Locums will be covered under the scheme when working for a GP practice.

Medical Defence Organisation (MDO) cover will still be needed for non NHS activities, even if the work is carried out by a member of staff. Typically, the subscription rate will be based on income bands.

For GPs who have MDO cover through the MDU, their subscription rate has reduced significantly, as the MDU believe that the state backed scheme will cover historic claims.



## Scheme Pays Changes Offer Some Respite From Pension Tax Charges

Many GPs are now suffering additional significant tax liabilities as a result of the Annual Allowance charges on excess pension growth.

There is a facility in place known as 'scheme pays' where the NHS pension scheme can meet these tax charges on the GP's behalf – but previously this has been subject to several restrictions, including where the GP in question had a 'tapered' annual allowance level below the standard £40,000 per annum, then only the tax charge arising on growth above the standard allowance level was met by the scheme. The remainder needed to be met personally.

For the 2017/18 tax year onwards, the rules have changed. NHS pensions will now pay any tax charge arising as a result of excess NHS pension growth.

If a GP elects to pay the tax in this way, then the charge, which can amount to several thousand pounds per year, is effectively treated as a loan to the GP by the pension

scheme, which attracts interest until the pension is taken; at that time the pension is reduced accordingly to repay the loan.

There is a deadline of the end of July in the calendar year following the end of the relevant tax year to elect for scheme pays. So for 2017/18, the deadline is 31 July 2019.

If a GP does not have the full information from NHS pensions to assess their actual tax charge, then an estimated election can be submitted which can be changed at any point in the three years following the original deadline. The deadline for changing the election for the 2017/18 year is 31 July 2022.

For younger GPs in particular, the use of scheme pays may lead to a significant reduction in overall pension and specialist advice should therefore be taken to ensure that it is the right move for you. Lentells is not authorised to give such advice, but can liaise with financial advisors to provide information to assist with their calculations.



## Lentells Welcomes New Medical Director

We are delighted to announce that Shirley Whittle has joined our specialist Medical Division as a Director.

Shirley joins us with a wealth of medical accounting experience; having previously been based in Bristol she has worked with numerous medical practices right across the South West and Wales for the

past twenty years and is a regular speaker at industry events. Andrew Spear, Lentells Chairman said "We are very pleased to welcome Shirley to the team. This is a very exciting time for our dynamic and expanding medical division; Shirley's considerable expertise and knowledge will be integral as we continue to develop and grow our specialist service".



# Claiming The **Correct** Personal Expenses



Each year we send partners in GP practices a personal expense claim to complete, which enables them to claim tax relief for any expenses paid for personally.

Clients often ask what information they need to provide in addition to the completed form.

In the first instance, our initial advice would be that we do not need any supporting documentation unless our client feels there is a specific benefit to us having certain information. This is especially true for the use of home calculation when there is no need to provide invoices for all the household expenses. Clients should, though ensure they retain any supporting documentation themselves for 6 full tax years.

However, there are certain items that are useful to us completing the claim as follows:

- When there has been a change in car we need copies of the purchase/sales invoices and any associated HP/lease agreement to ensure the vehicle is accounted for correctly. Where a car has been obtained from/given to a family member, confirmation of the market value at that point is required.

- If any capital items are acquired, such as a new computer or medical equipment, it is again advisable to forward us a copy of the invoice.

- If any professional income has been received privately, we would always ask for documentation to be provided, such as remittances, GP Solo forms or Locum A and B forms. We can then declare the correct income for tax purposes and claim the correct superannuation relief.

A common issue with personal expense claims is ensuring the correct proportion of motor expenses is claimed.

With that in mind, we have included on the Lentells' App, a mileage tracker as a built in feature. This feature enables the user to instantly keep track of their business miles using the tracker either by updating the App manually or 'on the go' using the GPS tracking facility within the program.

The Lentells' App is free to download from the App Store.

## Accounts software training

Lentells continues to support clients by offering half day training courses for QuickBooks On-Line, specifically tailored for GP practices.

**Wednesday 26th June**  
**Tuesday 24th September**  
**Wednesday 27th November**

Chard  
Taunton  
Chard



Platinum Certified ProAdvisor

To book a place please go to the Events page of our website - <https://www.lentells.co.uk/quickbooks-online-training-2019>.

Training on Sage Desktop and QuickBooks Desktop is also available on request. For further information email [courses@lentells.co.uk](mailto:courses@lentells.co.uk)



## Employer's superannuation contributions – **Expect an increase!**

A consultation period recently took place to gauge opinion on a potential increase in the rates for employers' contributions for pension purposes.

Although at this time, the NHS pension scheme's income outweighs its outgoings, there remains concern about the ability to pay GP pensions in future years based on projections of the number of likely pensioners and the contributions made by the supporting workforce. The proposal was that the rate be increased from 14.38% to 20.68%. The Department of Health and Social Care has confirmed that they will be implementing this new rate with effect from 1 April 2019.

However, for the first year of its operation, the Treasury will cover this increase. Practices will continue to pay a level of 14.38% as they do at present and no increase in costs will be seen for the 2019/20 NHS year. This arrangement is, however, only in place for one year. From April 2020, it is almost certain that practices will need to make the full payment, which would cover GP partners, sessional GPs and all employees in the pension scheme, representing a huge cost increase for practices. It is expected that increased funding will be given to practices through their contract to cover this, but at this time there is no detail as to how this additional cost may be funded.

The rates of employees' contributions, currently payable between 5% and 14.5%, will now be retained until at least March 2021. At that time it is likely that significant changes will be made to the structure of the contribution rates to address the issue of the 'cliff edge' of contributions, whereby if a staff member receives a pay rise which takes them into a higher contribution tier, they can lose out financially as all of their income is now pensioned at the higher rate.

# Making Tax Digital Has Arrived

From 1 April 2019 VAT registered businesses with taxable turnover above £85,000 will be required to keep their accounts records in a digital form and submit VAT returns to HMRC directly from their accounting software under the new making tax digital (MTD) legislation.

The new legislation applies for VAT periods commencing on or after 1 April 2019. Most software providers will have released, or be in the process of releasing, a product that will be compliant with the new MTD rules.

In order to comply with the new legislation, businesses will need to ensure that the following steps are taken:

- Confirm that the software being used is MTD compliant
- Register for MTD on the HMRC website, <https://www.gov.uk/guidance/sign-up-for-making-tax-digital-for-vat>
- Activate the MTD feature within the accounts software
- File VAT returns to HMRC using the accounts software

If the accounts software has previously been used to file VAT returns to HMRC, the MTD registration process will still need to be followed to ensure that MTD VAT returns are being submitted to HMRC.

Where partial exemption calculations are undertaken outside of the accounts software, for example using a spreadsheet, HMRC have provided guidance that this calculation process can continue. The adjustment should then be recorded within the accounts software by way of an adjustment to the VAT return prior to submitting the return to HMRC. This option is available on Sage desktop and QuickBooks online.

Once registered for MTD the business will not be able to submit VAT returns through the HMRC gateway as was previously available. Information relating to submitted returns will continue to be available and will now show details of the VAT returns submitted by MTD. Once the business has enrolled into MTD they will not be able to leave, unless they de-register from VAT.

IRIS has released a VAT filer, which is a bridging software that will enable users of IRIS to file VAT returns to HMRC in a format that is compliant for MTD.

If your business is not currently using digital software to record accounts transactions or you are uncertain if the software you are currently using is compliant with MTD, please discuss this with us.

## Childcare Accounts

Parents can create online childcare accounts to save towards, and access discounted/free childcare. Once the account has been created, parents can apply for tax free childcare, 30 free hours childcare, or both depending on eligibility.

A childcare account can be created and eligibility can be checked using the following URL: <https://www.gov.uk/get-tax-free-childcare>

Parents can pay money electronically into their childcare accounts as and when they like, which can be used to pay for childcare. This can only be used if the child's setting is registered for the scheme.

They can pay in as much money as they want and build up a balance to use at a time when additional childcare is needed i.e. over the summer holidays. Grandparents, other family members and employers can also pay in to the account.

### Tax Free Childcare

All qualifying payments for tax free childcare will receive a Government top up of 20p for every 80p paid in, up to a maximum of £500 per quarter (i.e. £2,000 a year) per child up to the age of 12. For a child registered as disabled, the annual cap is £4,000 and the cut off age is 17.

If you are working you can usually get tax free childcare if you (and your partner if you have one) are in work, on sick/annual leave or are on maternity/paternity/adoption leave. To be eligible you must be expected to earn the national minimum living wage over the next 3 months and eligibility must be reconfirmed quarterly.

If you or your partner has total taxable income over £100,000 then you will not be eligible. This is calculated before any personal allowances but after qualifying deductions such as gift aid payments. If you are self-employed and unsure of your taxable income, you can discuss this with your accountant.

## How to contact us



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### Lentells Limited Chartered Certified Accountants

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### Lentells Estates and Probate Services Limited

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Authorised by the Association of Chartered Certified Accountants to carry out the reserved legal activity of non-contentious probate in England and Wales.

Probate services are provided by Lentells Estates and Probate Services Limited, a wholly owned subsidiary of Lentells Limited.

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.