Lentells Spring 2020 GP Seminar Pack

Lentells Medical Division
17-18 Leach Road, Chard Business Park, Chard, Somerset, TA20 1FA
Telephone: 01460 64441
Email: medical@lentells.co.uk
Website: www.lentells.co.uk
Medical Directors: Andrew Spear, Ed Paull, Jane Jordan, Jo Fursman, Shirley Whittle

Welcome to the Lentells 2020 Spring 'Finance for General Practice' online seminar pack.

The pack includes the main funding changes and new initiatives which formed part of the 2020/21 GP contract changes, including information on other topical issues affecting GP practices, and associated health care professionals.

Under the current circumstances, the pack has been designed to be read online, together as one document, or as individual schedules by clicking on the links to each 'topic' in the contents page.

As you may be aware, Lentells act for over 190 GP practices, throughout the South West and beyond. Our five Medical Directors lead a large and dedicated team of technical and support staff from our Chard office.

We hope the pack provides you with the necessary information to take forward into the current NHS year, but if you have any queries, please contact us.

The Lentells Medical Division

DISCLAIMER These presentation notes are for guidance only. We recommend professional advice should be obtained before acting on any information contained in them.

Contents:

The Lentells App is designed to help clients keep their expenses up to date. It includes a number of useful financial tools including a GPS mileage tracker, help in maintaining a record of all expenses and instant access to your Cloud accounting package. The App is free to download from the App Store and Google Play.

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Changes to Core Funding for GP Practices 2020/21

Global Sum
Increases from £89.88 to £93.46 per weighted patient, being an increase of 3.98%. This does, however incorporate recycled funding from the following, which have all now ceased:

- Seniority
- MPIG
- PMS premium

OOH Opt Out
Reduces from 4.82% to 4.77% of global sum

Impact on Average Practice
Based on:
Weighted list size of 9,200 patients

	2020/21 £	2019/20 £
Global sum	859,832	826,896
OOH opt out	(41,014)	(39,856)
Global sum net of OOH	818,818	787,040
MPIG/PMS premium	0	15,000
Seniority	0	10,170
Core practice funding	**818,818**	**812,210**

The amounts previously received for seniority and MPIG/PMS premium will vary by practice, which will have a significant impact on how much of a real increase individual practices receive.

Services Now Deemed Essential Within GP Contract

The following will now be deemed as essential services within the GP contract:

Maternity medical services
Child health surveillance
Vaccinations and immunisations (from October 2020)

Changes to Core Funding for GP Practices 2020/21 (Continued)

From October 2020 it will also be a requirement to offer a 6-8 week postnatal check for new mothers.

Alignment of GMS and PMS Contract Funding

As GMS and PMS practices are effectively paid at the same rate from April 2020 onwards, PMS practices may consider transferring to a GMS contract. The main advantage of this is that PMS contract can be terminated at 6 months' notice, but no such option exists for GMS contracts (although a GMS contract can be terminated if the CQC permanently cancels a practice's registration).

In deciding whether to transfer to a GMS contract, PMS practices should consider the timing of monthly contract payments (which are often different for GMS and PMS practices) and whether this will have an adverse impact on practice cashflow.

Golden Hellos – 'New to Partnership Payment Scheme'

What and why?

Introduced as part of the 2020/21 GP contract changes to help address partner recruitment and retention issues, it is officially known as the 'New to Partnership Payment', this 'golden hello' aims to boost the GP partnership model with a new one-off payment of up to £20,000 plus an on top allowance of up to £4,000, to new partners. It is anticipated that the scheme will run for a minimum of 2 years, and may evolve over time. Successful applicants can also access a training fund allowance of up to £3,000.

Who does it apply to?

Starting from April 2020, it applies only to first time partners in England, and includes GPs as well as other medical professionals such as nurses, pharmacists, paramedics, who are eligible to become partners in general practice, as defined by section 86(2) of the NHS Act 2006. The first draft of the legislation excluded practice managers from the scheme, but it is believed changes are being implemented to include them as well.

The payment

It is a maximum sum of £20,000 plus a 20% contribution to cover on top tax and National Insurance costs. The maximum payment is based on a Full Time Equivalent (FTE) role of 37.5 hours a week or nine sessions of 4 hours and 10 minutes each. The payment is reduced on a pro-rata basis if a partner works less than nine sessions, while the minimum number of sessions to qualify for the payment is two per week. The payment is subject to tax and National Insurance, but is not pensionable.

The training allowance of £3,000 is claimed separately on a reimbursement basis, and is not reduced on a pro rata basis if the applicant works less than nine sessions per week. The applicant should select and initially pay for the required training, and claim a reimbursement from NHSE. The training should be commenced with 1 year of taking the partnership role, and will be reimbursed soon after the first year as a partner.

Golden Hellos – 'New to Partnership Payment Scheme' (Continued)

When, where and how is it paid?

Initial applications open from 1 July 2020, and will be accepted via the email address; england.newtopartnershipenquiries@nhs.net following which an application portal will be established at www.primarycareworkforce.nhs.uk

The applications can be backdated to 1 April 2020, and applicants can apply for funding on a retrospective basis up to 6 months after signing the partnership agreement.

Participants must commit to holding a partnership role for a minimum of 5 years, and where a partners leaves the partnership role prior to this length of time, or changes their number of sessions worked, there may be a full or partial repayment of funding or an additional payment made, which will be identified through an annual reconciliation process.

Once the application has been successful, a payment for the appropriate funding will be released to the partners' practice, who must release the full amount to the applicant within 28 calendar days.

PCN Enhanced Service

The funding streams for 2020/21 are as follows:

- Core PCN income - £1.50 per patient
- Clinical Director - £0.722 per patient
- Extended hours - £1.45 per patient
- Additional roles reimbursement – £7.131 per weighted patient
- Care home premium - £120 per bed per annum from 1 October 2020
- Investment and Impact fund - £0.67 per patient (assuming 100% achievement)

Example funding for 2020/21

PCN Population	Core income	Clinical Director Funding	Extended hours	Additional roles reimbursement	Care home premium	IIF	Total
40,000	£60,000	£28,880	£58,000	£279,535	£12,000	£26,800	£465,215
50,000	£75,000	£36,100	£72,500	£349,419	£12,000	£33,500	£578,519

The example above, assumes a weighted PCN population of 98% and 200 care homes in the network. The maximum funding in 2020/21 in the two examples provided represent an increase in income of £312,600 and £397,300 respectively compared to maximum funding in 2019/20.

April 2020 was to mark a significant expansion of the PCN service specifications. However, following consultation in December 2019, of the original 5 service specifications 2 were deferred and the remaining specifications have been redesigned and are less prescriptive.

The agreed specifications for 2020/21 are:

- Structured medication review and medicines optimization
- Supporting Early Cancer Diagnosis
- Enhanced health in Care homes

To support the delivery of the Enhanced health in Care homes specification, PCN's will be paid a care home premium payment of £120 per bed per annum from October 2020.

PCN Enhanced Service (Continued)

The contract agreement for 2020/2021 is bringing in 6 additional roles to be covered by the additional roles reimbursement. These are pharmacy technicians, health & wellbeing coaches, care- coordinators, occupational therapists, dieticians & podiatrists. This is in addition to the four roles already in place – clinical pharmacists, social prescriber, physiotherapists and physician associates.

With the exception of the clinical pharmacists and pharmacy technicians who transfer to the PCN from the Clinical Pharmacist in general practice scheme or the medicines optimization in care home, the other roles are additional. However, the contract agreement wording notes that only a baseline for the number of pharmacy technicians has been established, and, as the remaining 5 additional roles will be filled in small numbers, if the PCN takes people on in these roles, they will be treated as additional.

Funding will now be at 100% of actual salary plus on costs up to the maximum reimbursable amounts.

The investment and impact fund will be introduced as part of the Network DES in 2020/21. PCN's will be rewarded for delivering objectives. The IIF will operate in a similar way to Quof with aspiration and achievement payments.

Contract changes due to COVID 19

Following the outbreak of COVID 19, delivery of the service specifications have been deferred until 1 October 2020.

The introduction of the IIF has been postponed until 1st October 2020 although networks and practices will still need to collect data as previously required by the IIF.

£16.25m of the IIF funding will be recycled into PCN support funding which will be paid at a rate of 27p per weighted patient for the 6 month period to 30th September 2020.

Accounting in PCN's

Although the PCN is not a separate legal entity we would recommend that accounts are prepared for transparency. For all practices in the PCN, there will be an independent record of the income and expenditure of the PCN and the allocation of the income and expenditure between the individual practices.

The PCN accounts should be prepared on an annual basis and, as with partnership accounts, the PCN accounts should show the income and expenditure received into the PCN, the year end position (balance sheet) and the allocation of income and expenditure between each member practice. This allocation should be made using the method agreed in the PCN agreement, but for most PCN's, this will be on a capitation basis.

Where income is committed to be spent in the following year, it is possible to carry this forward into the next PCN accounts year. However, the usual accounting rules follow and it must be clearly demonstrated that there is a specific spending commitment which applied at the end of the year.

If, there is a profit at the end of the year, PCN's may pay this out to member practices or keep it in the PCN.

The individual practice accounts will be required to show their share of the PCN income and expenditure.

Any profit is taxable (irrespective of whether it has been paid to the practice by the PCN) and the income and expenditure are to be taken into account in the superannuation calculations.

QOF Changes for 2020/21

QOF Points

Maximum points available increased from 559 to 567
Asthma, COPD and heart failure domains overhauled
97 points recycled into 11 different indicators
New non-diabetic hyperglycaemia indicator
Quality improvement domain expanded to include earlier cancer diagnosis and care for those with learning disabilities, but previous modules of prescribing safety and end of life care are removed.

QOF Funding Summarised

	2020/21	2019/20
Value per point	£194.83	£187.74
Maximum number of points	567	559
Average population increase	8,799	8,479

Whist the point per patient has increase by 3.78%, the increase in the average population has been set at the same rate, meaning overall there is no real additional funding apart from that for the new 8 points.

Full achievement for a practice with a static list of 9,000 patients with average prevalence would be as follows:

2019/20 £111,395
2020/21 £112,992

Vaccinations and Immunisations

There has been a significant review of vaccination and immunisations and 2020 represents the first of a 2 year programme of reforms.

From 2020, vaccinations and immunisations become an essential service, rather than an additional service. All practices will be expected to offer all routine pre and post- exposure vaccines and NHS travel vaccines to all of their registered patients.

The global sum will be protected, in line with the 5-year agreement.

As the service provided has varied between practices, new contractual standards have been agreed as follows:

- A named lead for vaccine services. The named lead will be responsible for making sure the core standards are met and will be expected to liaise with the PCN and other bodies such as PHE screening and immunisation leads.
- Appointments are to be offered over a range of times during the week and the PCN extended hours' service can be used at weekends and in the evening. Appointments will also need to be bookable online.
- Call/recall and opportunistic offers are to be made in line with national standards.
- Practices will need to participate in national catch up campaigns. In 2020/21 this will be a continuation of the MMR programme for 10 and 11 year olds.
- Adherence to defined standards for record keeping and reporting of data coverage.

Payment changes

By the time all of the changes have been implemented, there will be a standard £10.06 IOS fee for all vaccines administered (which will include those currently administered under the childhood immunisations and pre-school boosters programme). For this first year, the IOS payment will apply to MMR 1 and 2 vaccines. This will be paid on administration of the vaccine and not call/recall.

The achievement in 2020/21 will provide baseline figures for the repayment scheme being introduced in 2021/22.

From April 2021, the IOS fee will be applied to all routine vaccinations. This could benefit practices who achieve less than the 70% target for child immunisations and pre-school boosters who currently do not receive any payment at all.

Vaccinations and Immunisations (Continued)

However, where practices do not achieve a minimum of 79% coverage for routine childhood vaccines there will be a clawback. The clawback will be based on the IOS fee*50% of the eligible cohort size, so, for example, if the eligible cohort was 500 patients, the clawback would be £2,515 (£10.06x50%x500).

It is anticipated that practices will be paid on an aspiration basis, with any final balancing adjustment made at the year end.

From 2021, a new Quof domain will be introduced relating to routinely scheduled vaccines. It is expected that this new domain will have a value of at least £40m and funding will come from the difference between current funding of routine vaccines and what is expected to be redistributed into the IOS fee.

Practice incentives for flu vaccines for the over 65's (over and above the IOS fee) will go to Primary Care Networks through the Investment and Impact fund.

Publication of Earnings

Practices are currently required to publish details of average GP earnings on their website.

For 2020/21 onwards it will be a contractual requirement for any individual with NHS earnings over £150,000 per annum to submit a self-declaration. The individual will be listed by name and earnings band in a national publication. The earnings threshold will increase each year in line with predicted CPI increases.

The scope of this contractual requirement extends to salaried GP's, locums, company directors, employees and others engaged through companies contracted or subcontracted to provide primary medical services and any other person employed, engaged or subcontracted to provide NHS funded primary medical services.

Initially, NHS earnings will be defined as GP pensionable income. For GP's this will be the pensionable income included on the Type 1 pension certificates and may include salaried GP income, OOH income and locum income which is included on the pension certificate for tier calculation purposes. This is a broader definition of NHS income than is currently used for the average earnings calculations.

The first declarations need to be submitted in February 2021 and the declaration process will be aligned with the pensions certificates.

Pensions – Annual Allowance

There has been good news for both practices and GP's with regards to pensions.

In April 2019, the employer's pension contribution rate was increased to 20.68% (including a 0.08% levy). It has been confirmed that the additional 6.3% will be continue to be paid directly by NHSE for 2020/21.

From 6th April 2020, there have been some changes in the annual allowance tapering threshold to reduce the tax charges faced by individuals in the higher earnings bracket.

These changes have increased the adjusted income and threshold income by £90,000 each, meaning more income can be earned before tapering of the annual allowance occurs.

The revised figures are as follows:
Adjusted income – Net income before tax with the addition of any pension accrual.
2019/20 - £150,000 2020/21 - £240,000

Threshold income – Income before tax without the addition of any pension accrual
2019/20 - £110,000 2020/21 - £200,000

The minimum annual allowance has also been reduced from £10,000 to £4,000 but this will only affect individuals with adjusted income over £300,000.

Where a GP has an annual allowance charge for 2019/2020, they can opt for the charge to be paid by the NHS pension scheme and the NHS employer will make a contractually binding commitment to pay a corresponding amount on retirement. This means that the individual will be fully compensated in retirement for the effect of the 2019/2020 scheme pays deduction on their pension. The scheme pays election needs to be completed and returned to NHS pensions before 31 July 2021.

The scheme pays election deadline for annual allowances charges which arise in 2018/2019 is 31 July 2020. The annual allowance statements should be available by the start of July, but in our experience, they are often delayed.

If the actual figures are not known by the submission deadline, a provisional election can be made and updated within 4 years, once the actual figures are known.

In recent years, NHS pensions has shown some flexibility in the deadlines in order to allow for issues in member pension records not being updated on time, but there is no guarantee that this flexibility will continue.

Final Pay Controls

What is it?

NHS employers need to be aware that a final pay control charge could apply where an NHS pension scheme Officer or practice staff member has a pay increase in excess of the 'allowable amount' which then results in disproportionately high NHS pension benefits.

Who does it affect?

The controls only affect Officer or practice staff members with 1995 section membership. This does include those who have since transitioned to the 2015 scheme, but have historic 1995 section membership. They also could apply to all members of the 1995 scheme who 'transfer out' of the scheme. Therefore, it can also affect non-GP partners such as practice managers and nurses where pensionable pay can fluctuate depending on practice profits.

Who doesn't it affect?

The controls do not apply to individuals who are solely members of the 2008 section or the 2015 scheme and self-employed GP practitioners whose pensionable pay comes under the practitioner scheme.

The charge

The final pay controls rules state that if an individuals' pensionable pay increase received within the last three years of their pensionable employment exceeds the 'allowable amount', which is defined as 4.5% plus CPI, then NHS pensions can impose a fine to the employer, based on the excess pension receivable, multiplied by the estimated number of years they will receive that benefit.

Who pays?

NHS pensions is responsible for identifying where there has been a pensionable pay increase exceeding the allowable amount, and will calculate and invoice the employer for the full amount due. It is the employer who is liable to pay the charge, not the employee.

The calculation (a hypothetical scenario)

The calculations are very complex. NHS pensions calculate the excess pensionable pay – which is the increase over 4.5% plus the CPI % for that year. So in a very simple situation, someone on a salary of £30,000 per annum is given a 10% pay-rise. The allowable amount is

Final Pay Controls (Continued)

4.5%, plus say 2% CPI which equates to £1,950, therefore the excess pensionable pay is £1,050.

The excess pensionable pay is then multiplied by the members' scheme membership to give the excess annual pension and lump sum amounts.

The excess pension benefits are then multiplied by the pension Scheme Actuaries final pay control factor – which is dependent on age. This then gives the full charge payable by the employer. This figure can be substantial so in this example, if it related to an individual with 30 years' service and they were aged 60, the charge to the employer would be £9,293.

VAT Annual Adjustment

GP practices that are registered for VAT are required to complete VAT returns on a monthly or quarterly basis. Many of the services provided by GP practices are covered by the healthcare exemption and the business will be partially exempt for VAT purposes. The input VAT will need to be analysed into one of three categories as detailed below:

A. Fully Reclaimable	B. Partially Reclaimable	C. Potentially irrecoverable
Relates to taxable activities	Relates to both taxable and exempt activities	Relates to exempt activities
Example: Dispensed drugs, dispensary labels and bags	Example: Light and Heath	Example: Equipment for doctors room such as BP Monitor
All input VAT can be reclaimed	Apportioned between fully and non-reclaimable based on taxable and exempt income	Whether this can be recovered depends on total non-recoverable VAT being below a deminimis level of £625 per month and not less than 50% of the total input VAT

As the income ratios vary between months, the partially reclaimable VAT percentage will fluctuate. For some smaller dispensing practices, whether their non-recoverable VAT falls below the deminimis and 50% limits may also vary each month.

At the end of each VAT year, which for most dispensing practices, would be March, an annual adjustment calculation is required to calculate the recoverable VAT over the year which is compared to the VAT reclaimed on the submitted returns. Any adjustment to the input VAT is included on the next VAT return.

Capital goods scheme

Where a practice is VAT registered due to "opting to tax" the building, the expenditure relating to taxable activities will often be costs that cannot be wholly attributed to the taxable activity, for example heat and light. The percentage of input VAT to be claimed is based on the floor area of the taxable activity.

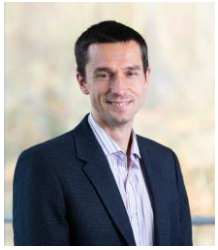
The majority of practices who have "opted to tax" the building do so in order to recover a percentage of the VAT on the construction of the surgery. Where the expenditure on land and buildings is over £250,000 exclusive of VAT, the asset is subject to the Capital Goods Scheme.

VAT Annual Adjustment (Continued)

This requires the surgery to review the taxable use of the asset on an annual basis for 10 years. If there is any change in the taxable use percentage of the asset compared to the initial use, a Capital Goods Scheme adjustment is needed.

Lentells Medical Division

Andrew Spear FCCA
Andrew.Spear@Lentells.co.uk



Ed Paull FCCA
Ed.Paull@Lentells.co.uk

Jane Jordan FCCA
Jane.Jordan@Lentells.co.uk

Jo Fursman FCCA
Jo.Fursman@Lentells.co.uk

Shirley Whittle FCCA
Shirley.Whittle@Lentells.co.uk