GP Practices

Specialist GP Practice Accountants

Newsletter
Spring 2017

www.hawsons.co.uk

Introduction

Welcome to our Spring 2017 GP newsletter.

The first quarter of the year has been hectic to say the least, with Article 50 now triggered which will see Britain formally exit the European Union within two years, the Chancellor of the Exchequer Phillip Hammond delivering his Spring Budget, and now the Prime Minister Theresa May has called for a General Election to take place on June 8th. The rest of the year looks set to be challenging for GPs, with a level of uncertainty created by changes on the horizon for the UK economy.

In this issue, we look at:

- GP contract changes 2017/18
- Further guidance issued on the Quality Payments Scheme
- 10 key action points for new GP partners
- Premises funding cuts could be on horizon for small practices
- Study finds two in five GPs set to quit in next five years
- Making Tax Digital: Post-Budget update
- Car-Tax-Trophe for new car buyers!
- Hawsons Wealth Management seminar: Pensions Continue to Evolve

We hope you enjoy this edition of our newsletter and, as always, please get in touch if you would like any further information.

Scott Sanderson
Healthcare Partner

E: ss@hawsons.co.uk
T: 0114 266 7141
M: 07824379502
LinkedIn: www.linkedin.com/in/scottsandersonhealthcare
Twitter: @HawsonsHealth

Hawsons are specialist GP practice accountants

At Hawsons our dedicated team of specialist medical accountants and tax advisors offer a wealth of experience to GPs and their practices. Our in-depth knowledge and understanding of the sector is applied and we work closely with our clients, ensuring that changes in the medical sector are recognised promptly and appropriate strategies implemented and actions taken.

For more information on our GP practice expertise, including the services we offer and our experience, please visit: **www.hawsons.co.uk/gp**

HLB International

GP contract changes 2017/18

The Department of Health (DH) and the British Medical Association (BMH) have agreed a £238m overhaul for the 2017/18 GP contract. This will see funding cover rising expenses and CQC fees as well as the unplanned admissions Direct Enhanced Services (DES) being scrapped. £157m will also go into the global sum from the unplanned admissions DES from April 2017.

A deal has been agreed for an expenses and pay uplift, which will see a 1% pay rise for GPs, as well as an uplift of £3.8m to cover increased superannuation costs of NHS pensions changes. With the population growing, an extra £58.9m will be invested in order to cover the costs of it.

Practices which close for half a day during the week will now not normally be eligible for funding under the extended hours DES from October, the new deal states. This will not affect practices closing once a month for staff training and nor will it affect practices with local agreements or for branch or small practices, according to the GPC.

It has also been agreed in the deal that £30m will be included in order to cover rising GP indemnity costs, while the GPC has also warned that it expects partners to make sure that salaried and locum GPs receive a fair share of the uplift after it was announced that practices will receive a share of the fund on a patient per patient basis.

To help the service recover costs from overseas visitors, practices must now determine a new patients NHS eligibility for healthcare under the new contract. Additional and non-contractual funding will be available for practices that work together to provide evening and weekend appointments.

"Much needed stability"

GPC chair Dr Chaand Nagpaul said: "I am pleased to say we have reached an agreement which we believe offers important and significant improvements to the contract. The changes will provide some much-needed stability and respite for GP practices by reducing bureaucracy and providing financial relief in key areas. Progress on ending the bureaucratic unplanned admission DES is welcome as it will enable GPs to spend more time looking after frail older patients, rather than on box ticking."

"Reimbursements for CQC fees and rising costs of indemnity will protect practice resources so that they can be concentrated on frontline care for patients. Guaranteed cover for reimbursement to the sickness and maternity leave system will help practices continue to provide GP appointments when staff are unwell."

"It is encouraging that NHS England were prepared to listen to GPs' concerns in many of these areas and work with the BMA's GP committee to deliver workable solutions. However, we should not pretend that these changes will solve the enormous challenges confronting general practice that have left many GP practices facing closure. Stagnating budgets, staff shortages and rising patient demand are combining to overwhelm services in many areas of the country."

The 2016/17 GP contract in summary

- Unplanned admission DES scrapped and £156.7m added to the global sum
- 1% pay rise for GPs.
- £3.8m uplift for pensions superannuation.
- £58.9m for population growth.
- £30m for rising indemnity costs.
- £2m extra to cover additional costs of medical records handling created by primary care support services.
- Fee per health check under the learning disability DES raised from £116 to £140.
- Changes to eligibility criteria for vaccinations.
- Practices closing half a day in the week ineligible for extended hours DES funding from October 2017.
- Practices collaborating to provide additional appointments outside core hours will get extra funding.
- Practices required to check new patients' eligibility for NHS care and identify those with non-UK EHICs or S1 forms, supported by recurrent funding of £5m.
- Workforce census will become a contractual requirement with £1.5m added to core funding to cover the workload.
- A new GP retainer scheme with tighter criteria for joining. Practice payments will remain the same as the 2016 interim scheme to be sued towards the GP's salary.
- No changes to QOF indicators. QOF point value to increase. A working group will immediately begin work on the future of QOF after April 2018.
- All practices will be required to allow collection of data for the national diabetes audit and a selection of agreed indicators retired from QOF and enhanced services.
- Prisoners will be allowed to register with a practice before leaving prison to enable better care.

Further guidance issued on the Quality Payments Scheme

NHS England has published further guidance on the Quality Payment (QP) Scheme for community pharmacists which is intended to ease the pressure faced by GP practices whilst also improving the care of patients.

A brief background

As part of changes to the Community Pharmacy Contractual Framework (CPCF) in 2017/18, the Department of Health (DH) introduced the QP Scheme, which commenced in December 2016. Although participation is purely voluntary, the PSNC has recommended that all contractors try to meet as many of the quality criteria as possible. Those contractors who do meet the requirements will receive additional funding as part of a £75m budget that forms part of the overall community pharmacy funding budget of £2.592 billion.

Quality Payments

On the 27th February, NHS England published guidance on its quality criteria in which contractors earn 'points'. These points will enable the contractors to be eligible for the QP. However, there are four gateway criteria that need to be met in order to be able to start collecting the points.

Scott Sanderson, Partner and Healthcare Specialist at Hawsons, had this to say: "The scheme should be regarded as good news for the sector, with potentially £12,800 of additional funding available per annum for each pharmacy."
To view the gateway criteria, click here, or to view the document, which include the quality criteria, please click here.

10 key action points for new GP partners

As many GP practices are experiencing partner changes, planning for a smooth succession remains a central issue in the sector. There are a number of considerations that need to be addressed when a new partner joins, including informing the Local Area Team, signing a partnership agreement and maybe, if the partner has two years' experience, applying for seniority. Succession in GP practices only really succeeds optimally when it is prepared for.

Some key action points that must be considered:

1. Ensure the new partner signs a partnership agreement before they join the partnership
2. If the practice is VAT-registered, inform HMRC of any partner changes
3. Consider the drawings level in accordance with the agreed profit share and confirm the term to parity
4. Inform the Local Area Team of the new partner and confirm the estimated superannuable pay for the first period ending 31 March
5. If the practice funds partners' tax bills, agree when it will take over responsibility for the new partner
6. Arrange payment of subscriptions and locum insurance if appropriate
7. Confirm the amount and date of any current account contribution
8. If relevant, agree a property valuation and confirm the amount and date of any buy-in. Discuss any title deed changes required with
1. your solicitor
9. Apply for seniority if the GP has been a partner for at least two years previously
10. Ensure the partner is registered as self-employed with HMRC and is also paying Class 2 NIC

Succession is a key focus for GPs

A study by the BBC, involving 1,005 GPs across the UK, revealed that 56% of doctors expect to retire or leave general practice before the age of 60. The average GP retires at 59, so these results are not necessarily a surprise. What is worrying, however, is that in some parts of the UK 1 in 4 family doctors are over the age of 55 – and there are currently at least 10,000 family doctors aged 55 or over across the nation. Therefore, over the next five to ten years many GP practices will be transitioning to the next generation.

It is essential that practices recognise the need for succession planning and determine over what time-frame the issue will arise. In this case, the old adage of 'failing to plan is like planning to fail' could never be more accurate.

Premises funding cuts could be on horizon for practices

Premises reimbursement for practices could be cut if they do not fit with future NHS strategy to "force the pace" of moves to larger care units, say NHS commissioners. It comes after a review that has warned 30% of practices are not large enough.

These proposals came just days before the NHS set out plans to incentivise every practice in England to join 'local care networks' which serve 30,000 to 50,000 patients after the NHS had a major review into its estates. It is believed that these local care networks are going to be renamed to 'primary care networks'.

According to a report by Sir Robert Naylor, with the number of older patients continually on the rise, major investment is needed in primary care estates to build new models of care that can cope with older patients having multiple long-term conditions.

Health Secretary, Jeremy Hunt, has warned that the overall NHS estate could need as much as a £10bn injection of capital funding as well as at least a further £5bn for backlog maintenance costs and a figure similar to that is required to help deliver the Five Year Forward View. The current small programme of capital grants for NHS England to help support primary care premises development "will be inadequate" to hit the Five Year Forward View objectives.

According to the Naylor review, a new Treasury fund, private investment in primary care estates and the sale of NHS property could help deliver the funding that is required.

The report states that around 43% of NHS trust premises are more than 30 years old, which is a key factor in the multi-billion-pound backlog of maintenance costs.

A practice that has a list size under 4,000 patients are "unlikely to be large enough to meet the vision of person-centred care set out in the Five Year Forward View" - practices that do have a list size of less than 4,000 is set at 30% - according to the report.

Scott Sanderson, Healthcare Partner at Hawsons, had this to say: "Jeremy Hunt's concerns are well founded after a decade of underspending on primary care facilities, the challenge on the horizon for the Government is to ring fence this funding in times where the wider UK economy has its own challenges with a general election and a Brexit deal."

Study finds two in five GPs set to quit in next five years

40% of GPs in South West England have stated they would quit in the next five years, GP leaders have warned. It has also been found that 70% of GPs in the region intend to reduce their patient contact time.

In the findings, it was found that low morale was a common factor in more than half of the GPs surveyed, with that particular group stating they would leave the profession. These findings highlight the GP shortage that the country is currently facing.

GP leaders have said that there needs to be an end to "sticking plaster solutions" and an action plan from the Government in order to tackle the forthcoming potential crisis within the sector.

The findings clearly state that there are issues facing the sector, and these issues stem from a range of factors, including staff shortages, rising demand and budgets becoming stagnant. Full time GPs in the country are becoming harder to find as more and more are either leaving the profession completely or retiring earlier.

Brexit could make the problem worse, if Britain don't leave the EU with a good deal for GPs, it could result in more overseas doctors leaving the NHS, putting more strain on a system that is already struggling.

However, the Government has hit back and stated that this research was undertaken before the Government's plan to improve conditions in general practice - by investing £2.4bn into primary care, extra payments to GPs and cutting red tape whilst also increasing flexible working.

It has also been stated by the Government that they are training a record amount of GPs since records began.

Scott Sanderson, Healthcare specialist at Hawsons, had this to say: "It is clear from the findings that GPs are under strain and much more needs to be done to help ease the pressure on our general practices in England. The statement from the Government regarding extra funding is welcome and will help, but I do feel it is just papering over the cracks - more certainly needs to be done."

Making Tax Digital: Post-Budget update

What is Making Tax Digital?

MTD is the biggest shake-up of the personal tax system in 20 years and will fundamentally change the way taxpayers report to HM Revenue & Customs (HMRC) and keep their business records. Taxpayers will be required to keep records digitally and update HMRC more frequently than is currently the case. The roll out of MTD will commence in April 2018.

The general principles of MTD

The government has decided how the general principles of MTD will operate. Draft legislation has been issued on some aspects and more will be published in Finance Bill 2017.

Under MTD, businesses, self-employed people and landlords will be required to:

- maintain their records digitally, through software or apps
- report summary information to HMRC on a quarterly basis through their 'digital tax accounts' ("DTAs")
- make an 'End of Year' declaration through their DTAs.

DTAs are online areas where a business can see its tax details and interact with HMRC digitally.

Exemptions

Businesses, self-employed people and landlords with turnover under £10,000 are exempt from these requirements. There will also be a very limited exemption for businesses or people who "cannot engage digitally".

Changes announced in the Budget

The Chancellor announced a one year deferral (to April 2019) from the mandating of MTD for unincorporated businesses and landlords with turnovers below the VAT threshold (currently £85,000). For the self-employed and landlords that have turnover in excess of the VAT threshold, the commencement date will continue to be from the start of accounting periods which begin after 5 April 2018.

Lords call for delay

The House of Lords Select Committee on Economic Affairs, Finance Bill Sub-Committee (FBSC), have been looking at the potential impact of the MTD proposals. The FBSC have now published a critical report ("The Draft Finance Bill 2017: Making Tax Digital for Business") calling for a far more cautious approach by the government to the roll out of MTD. The committee has recommended delaying the introduction of the scheme to 2020 to allow for a full pilot.

The report concludes that the roll-out of the scheme is being rushed, imposing unnecessary burdens on small businesses and landlords, and will yield little benefit to the government. The Lords' committee recognised the unprecedented technological and logistical challenges that would be faced by the small businesses that do not currently maintain digital records or interact with HMRC on a frequent basis. The committee are also concerned that the government's estimate of the 'tax gap' saving is fragile and not based on adequate evidence.

New penalty regime

HMRC are set to introduce a new regime for late submission penalties and late payment sanctions under MTD. HMRC have now opened a consultation on how the new penalty regime should operate. The consultation paper sets out three possible models for late submission penalties and provides an update on late payment penalty interest. The proposals have been developed with the new MTD obligations in mind but the consultation also explores the suitability of the sanctions for other regular submission obligations. The consultation also provides an update on late payment penalty interest as a sanction for late payment of income tax, corporation tax and VAT.

The consultation closes on 11 June 2017.

How do I prepare for Making Tax Digital?

Over the coming weeks and months, we will provide further guidance on what MTD will mean for your business and explain the practical steps you should take to ensure a smooth transition to MTD.

If your business does not already keep digital records, you should consider doing so now so you can start to familiarise yourself with the software.

Car-Tax-Trophe for new car buyers!

The way Vehicle Excise Duty (car tax) is calculated is changing. These changes are going to have a significant impact on all new car buyers and care will need to be taken to avoid potentially hefty tax charges. Below are details of the new rules affecting all new cars from 1st April 2017.

New Vehicle Excise Duties

From 1st April 2017
New Vehicle Excise Duties (VED) rules come into force for new cars registered after 1st April 2017. These tax changes mean that all new car buyers will face a significant increase in their car tax in the first year of registration, depending on CO2 emissions. Whilst currently low emission cars are exempt, the new VED system will only be free for vehicles with no emissions i.e electric and hydrogen cars. There is also a new five-year supplement to pay for cars costing more than £40,000 which will be £310 per annum. Buyers of smaller, more economical cars will face the largest increases in duty as they have previously benefited from the old regime favouring low emission cars.

Why change?

Manufacturers have slashed CO2 emissions resulting in less tax revenues for the Exchequer. It is estimated that a quarter of new cars pay no road tax as CO2 emissions are below 100 g/km.

The new changes in detail

Cars registered after 1st April 2017 will pay a one-off tax charge for the first year under a revised CO2 based band system. From the second year onwards, the CO2 scale becomes irrelevant as there will be two flat rates. A zero rate for zero emission vehicles and a flat rate of £140 for other cars. Cars costing over £40,000 will pay the £140 from year two plus £310 for the first 5 years, meaning a total of £450 pa. After five years, they revert back to the £140 flat rate. A £40,000 plus car with zero emissions will pay the £310 expensive car supplement. As part of the changes, alternative fuel vehicles e.g. hybrids, bi-ethanol and liquid petroleum gas will benefit from £10 lower rates for the first 5 years.

The VED tax bands from April 2017 are as follows:

Emissions (g/km of CO2)	First year rate	Standard rate
0	£0	£0
1-50	£10	£140
51-75	£25	£140
76-90	£100	£140
91-100	£120	£140
101-110	£140	£140
111-130	£160	£140
131-150	£200	£140
151-170	£500	£140
171-190	£800	£140
191-225	£1,200	£140
226-225	£1,700	£140
Over 225	£2,000	£140

Cars above £40,000 pay £310 annual supplement for five years.

Cars registered before 1st April 2017

Existing VED bands will remain in place so that these cars continue to pay the current VED rates even after the new bands come into force.

Car-Tax-Trophe continued…

Current (pre-April 2017) vehicle VED tax bands:

VED Band	Emissions (g/km of CO_2)	Annual rate	First year rate
A	Up to 100 g/km	£0	£0
B	101-110 g/km	£20	£0
C	111-120 g/km	£30	£0
D	121-130 g/km	£110	£0
E	131-140 g/km	£130	£130
F	141-150 g/km	£145	£145
G	151-165 g/km	£185	£185
H	166-175 g/km	£210	£300
I	176-185 g/km	£230	£355
J	186-200 g/km	£270	£500
K	201-225 g/km	£295	£650
L	226-255 g/km	£500	£885
M	Over 255 g/km	£515	£1,120

Road tax refunds when you sell your car

Any remaining road tax is refunded to the seller and the buyer has to re-tax the car. The tax refunds should be sent automatically when the DVLA receives notification that the car has been sold. Sellers must inform the DVLA of the change of ownership immediately and fines for not doing so are £1,000.

Conclusion

With the news that only cars with zero emissions costing less than £40,000 will qualify for the new £nil rate tax band, it's clear that the government is keen to put pressure on manufacturers to provide more vehicles within this bracket. This is another step on the road towards the Transport Ministers goal for all cars and vans to be zero emissions by 2050.

www.hawsons.co.uk

Hawsons Wealth Management Presents
Pensions Continue to Evolve

Hawsons would be delighted if you could join us for a seminar where Nigel Smith, Director of Hawsons Wealth Management Limited, will talk you through the ongoing changes in the pensions world.

As a qualified pensions specialist, he will provide details of the favourable tax benefits currently available with pensions, looking at:

- **Funding options**
- **Income requirements**
- **Flexible retirement options**
- **Death benefits**
- **Inheritance tax consequences**

During this seminar, Nigel will explore all these areas and inform you how our Wealth Management team can help.

Following Nigel, Erica Dietsch, Independent Financial Advisor at Hawsons Wealth Management Limited, will look at investment opportunities that may be suitable to provide income in a tax efficient manner. She will consider the following:

- **Investment bonds**
- **Offshore solutions and how they are taxed**
- **ISAs, Unit trusts & Investment trusts**

Sheffield

- **Tuesday 16th May 2017**
- **Tapton Hall, Shore Lane, Sheffield, S10 3BU**

Doncaster

- **Friday 19th May 2017**
- **The Portland Suite, Doncaster Racecourse, Leger Way, Doncaster, DN2 6BB**

Northampton

- **Thursday 25th May 2017**
- **Sunley Conference Centre, The University of Northampton, Park Campus, Boughton Green Road, Northampton, NN2 7AL**

Programme (for all venues)

- **Registration and refreshments: From 7:45am**
- **Presentation: 8:15am**
- **Finish: 9:30am**

To register for this event, click here.

Spring 2017

Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

Sheffield
0114 266 7141

Pegasus House, 463a Glossop Road, Sheffield, S10 2QD

Doncaster
01302 367 262

5 Sidings Court, White Rose Way, Doncaster, DN4 5NU

Northampton
01604 645 600

Jubilee House, 32 Duncan Close, Moulton Park, Northampton, NN3 6WL

HLB International

Your local specialist:

Sheffield

Scott Sanderson
Partner
0114 266 7141
ss@hawsons.co.uk

Doncaster

Martin Wilmott
Partner
01302 367 262
maw@hawsons.co.uk

Northampton

David Owens
Partner
01604 645 600
davidowens@hawsons.com

Find out more about our specialist GP practice services.

Please call your local office or visit:

www.hawsons.co.uk/gp

Register to receive this edition quarterly:

www.hawsons.co.uk/newsletter

Disclaimer: All information in this publication is of a general nature and may not be applicable to your own specific circumstances. We will be pleased to discuss your specific circumstances or requirements in more detail. If you would like to discuss anything with us, please contact us. Whilst every care has been taken to ensure that all information in this publication is accurate, no liability is accepted for any loss or damage, howsoever arising from the use or non-use of any information on this site.