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Healthcare Insight

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Latest News

Scott Sanderson
Partner

Introduction

Welcome to our latest Healthcare newsletter.

In this edition we discuss the ‘inadequate’ increase in care home fees implemented by Sheffield City Council and the changes to NHS pensions contributions and how this will affect NHS staff. We also investigate why the UK Veterinary workforce has decreased over the past couple of years? Furthermore, we explain why GP’s have criticised the latest contract changes pushed through by Health leaders. Finally, we explore some of reasons why pharmacies are struggling to recruit and retain staff?

The aim of this newsletter is to help businesses and individuals in the healthcare sector. We hope you enjoy this edition of our healthcare newsletter.

If we can be of any help at all please do not hestitate to contact us using the contact details on the final page of this newsletter.

Scott Sanderson
Partner

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Sheffield City Council approves lower than expected uplift in care home fees

Sheffield City Council (SCC) have this week announced that they are going to increase adult social care fees by 3.13%. The main reasons the SCC have decided to increase these fees are:

- The increase to the National Living Wage of 6.62% from April
- The additional 1.25% in National Insurance Contributions
- The increasing costs of energy and buildings

SCC have said that this increase will help mitigate care providers against inflationary pressures, however many providers do not feel that this increase is sufficient to meet rising costs and is effectively a fee-cut in real terms.

News of the proposed uplift was communicated to providers on the afternoon of Friday 11th March, with the comments invited by Monday 14th March, ahead of the Cabinet approval meeting Wednesday 16th March. It is fair to say that the tight reporting deadlines have not been well received by providers.

The basis for the Council's report and uplift seems to be linked to a Consumer Price Index (CPI) rate of 3.1%, taken from the September 2021 levels. CPI in March 2022 stands at 5.5%, with inflation expected to reach 8% in quarter 2 of the year and therefore the uplift is not considered to keep pace with rising cost pressures.

The Sheffield Care Association criticise small increase as 'inadequate'

SCC have been criticised by the Sheffield Care Association who say that the 3.3% increase does not sustain the market and only covers a fraction of what they need in order to continue operating.

They claim that the SCC is fully aware of the additional costs of insurance, gas, electricity, water, food & waste, wages, national insurance etc. The 3.13% increase simply does not cover the cost of these increases. In fact, this increase does not even cover the cost of the 6.62% increase in the National Living Wage alone. Never mind all the other inflationary pressures being put on the care sector. Furthermore, this report has not stated whether the 1.25% increase in National Insurance is being funded by this 3.13% increase.

The sector is already in crisis due to recruitment and retainment issues as well increasing demand leading to staff burnouts only being made worse by the pandemic. Care home operators in the local area are in complete disbelief after having months of discussions with the SCC providing evidence that 20% increase was needed at a minimum. The Sheffield Care Association have said that this increase in funding is totally inadequate and will have serious repercussions on the viability of the sector moving forward. This decision is likely to lead to care workers losing their jobs and care homes potentially closing.

UK veterinary workforce has decreased by two-thirds since Brexit

The British Veterinary Association (BVA) has found that due to Brexit and Covid-19 travel restrictions there has been a drop in new EU registrants coming to work in the UK of more than two thirds over the past two years. Recent statistics published by the Royal College of Veterinary Surgeons (RCVS) found that 1132 EU registrants came to work in the UK in 2019 compared to only 364 in 2021. This decrease is most likely due to the ending of free movement and the impact the pandemic has had on travel.

What affect will this have across the veterinary sector?

The BVA has warned that this significant increase could have a knock-on effect across the whole sector, specifically, public health and international trade. The UK's veterinary workforce is very reliant on EU registrants. RCVS data from 2021 has shown that 29 per cent of the total veterinary workforce graduated in an EU member state. Further data has suggested that almost half of new registrants (48%) graduated in the EU compared to 42% in the UK.

However, separate statistics demonstrate that there has been an increase in demand for veterinary certification of animal products being exported to the EU. Furthermore, the UK's Animal and Plant Health Agency found that food-related export health certificates applications increased by 1255 per cent from 2020 (22,990) to end of 2021 (288,558).

These figures have most likely underestimated the additional workload on vets with the data excluding orders of:

- Equine
- Pet certificates
- Germplasm
- Movements to Northern Ireland
- Multiple certificates in one request

These figures also fail to display the additional cost incurred to businesses under these new requirements.

What measures are being implemented to mitigate this issue?

The government and the veterinary profession have said that they are monitoring this situation. They are also planning to introduce measures to mitigate against any shortages. These measures include modifying language testing requirements. Opening more vet schools and course places to increase the number of homegrown vets. However, the BVA have said that there is not a quick solution to solve these problems due to the impact of Brexit, Covid, and an increase in pet ownership.

GP contract changes critised by the profession

Health leaders have been criticised by GP's for pushing through contract changes without the backing from the profession.

What are these changes?

On 1st March, NHS England published a letter highlighting changes to the 2022/23 GP contract. There are two main changes. The first was that at least 25% of all appointments should be available for online booking. The second is that full services should be delivered from 9am to 5pm on Saturdays across all primary care networks.

Why is NHS England being criticised for this?

The BMA has said that these changes 'ignores appeals for additional support and could lead to long waiting times for patients'. The changes in this contract only adds work and doesn't offer any additional support. They have been accused of trying to 'demoralise and destroy' general practice.

How will this change affect the future of GP?

GP's have also said that this contract update would increase the number of doctors seriously consider quitting the job or at least reducing their hours, including partners. Especially those GP's that work in a Primary Care Network and don't want to work on Saturdays.

In a recent indicative BMA ballot of 1,700 GP practices, 58% said they were prepared to pull out of being a Primary Care Network at the next opt-out period. Furthermore, 39% said that they would be willing to disengage before then.

Knock on effects of this contract change could increase privatisation of the NHS. Many fear that the NHS will only become more and more privatised like dentistry where you have to pay.

NHS pension contribution changes pushed back

The government has announced that planned changes to NHS Pension Scheme contributions will be delayed until October after originally expected to be implemented from April.

What are the proposed changes to the NHS pension scheme?

From October members of the NHS Pension Scheme will see the top rate of contributions reduce to 12.5% from 14.5% over the next two years, a fall of 2%. Part-time GP's and GP's that don't work all year round could benefit from the proposed changes. This is because the Department of Health & Social Care (DHSC) has decided to change the calculation of contributions to actual pensionable pay instead of notional whole-time equivalent pay.

These changes mean that we could see a contribution increase for NHS staff in lower-earning bands. However, salary increases would need to be managed carefully as NHS staff could be inadvertently put on to the higher pension contribution rate. Which could result in less take-home pay.

The plans would see the pension contribution rate change in October 2022 and again in April 2023. The aim of this change is to introduce a new contribution scale that reduces the steepness and number of tiers. It is important to note that these changes are still subject to parliamentary approval.

Why did the government decide to delay?

In a consultation, the DHSC said that delaying the changes would allow pension scheme members to assess the impact it would have on their finances. With the increased 1.25% in National Insurance coming into effect in April delaying the changes to pension contributions will help mitigate the effect of take-home pay for NHS staff for the short term.

Accountants have warned that delaying this and implementing the change during the middle of a tax year would only 'create complexities for practice payroll systems'.

Conclusion

To conclude planned changes to the NHS Pension Scheme Contributions will now be delayed until October 2022. The planned changes for NHS staff earning more than £70,631 per annum will see their pension contribution fall to 12.5% by April 2023. This is because the DHSC is looking to reduce the steepness and number of tiers to the NHS Pension Scheme Contributions.

What Next?

If you are unsure about how these changes will affect your pension plan. Our experts can advise you to help keep your pension goals on track. We offer all new clients a no obligation-free initial meeting to assess their situation.

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with our latest news and updates

Why are pharmacies struggling to recruit and retain staff?

Data from the C+D Salary Survey 2021 has found that pharmacies have struggled to recruit and retain staff in 2021. In this article, we are going to explore some of the reasons why pharmacies have struggled to recruit and retain staff.

Pharmacy staff wages and salaries a key issue

This survey included 222 branch managers, of which 74% of them said that they have experienced difficulties in recruiting pharmacists and pharmacy staff in 2021. 61% said they had difficulty retaining staff in 2021.

31% of branch managers cited pay as a contributing factor for not being able to recruit. Pay levels are not as competitive as roles such as supermarket workers for example – particularly in comparison to say the counter staff. Furthermore, the amount of responsibility in a pharmacy is argued to be much higher compared to supermarket workers. As a result, staff would prefer to work in a supermarket for more pay and less responsibility.

Locum rates

Despite locum pharmacists having less job security, most are choosing to locum as the rate of pay is much better, whilst appreciating that the benefits of employment with holidays, sick pay and pension will be something locums are missing out on. This is making it increasingly challenging for pharmacies to recruit pharmacies on a permanent basis. Furthermore, as locum rates are so high pharmacies are struggling to secure locum pharmacists 'at a reasonable price'. Many pharmacists are now leaving their roles for better pay and working conditions at another company or to become a locum. This leaves pharmacies struggling to recruit pharmacists leading them to use more locums.

Trained pharmacy staff difficult to find

Some respondents to the survey referenced that they were finding it difficult to recruit sufficiently trained staff. One respondent said that they were advertising for two vacancies and neither had any trained staff applying for them. This is becoming a difficult issue as one respondent said that in the current environment 'there is no time to train new staff'.

Summary

In summary, recruitment and retention have been a difficult issue for pharmacies in 2021 for a number of reasons. Firstly, wages are often better in job roles with less responsibility than pharmacy staff such as supermarket workers. Secondly, more pharmacists are now becoming locums as the pay is better. Finally, trained staff are not applying for vacancies and pharmacies do not have time to train staff.

Get in touch

Our Healthcare experts

Hawsons has a dedicated team of specialist healthcare accountants in Sheffield, Doncaster and Northampton.

The healthcare sector continues to become ever more specialised, with changes in legislation and funding affecting both clinical and non-clinical matters. At Hawsons our team of specialist healthcare accountants offer professionals advice and guidance that is tailored to their individual needs and requirements, providing a full range of proactive services.

We pride ourselves on the in-depth knowledge and experience our team have developed in a number of specialist areas, across the healthcare sector, including GPs, care homes and pharmacies.

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