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Healthcare Insight

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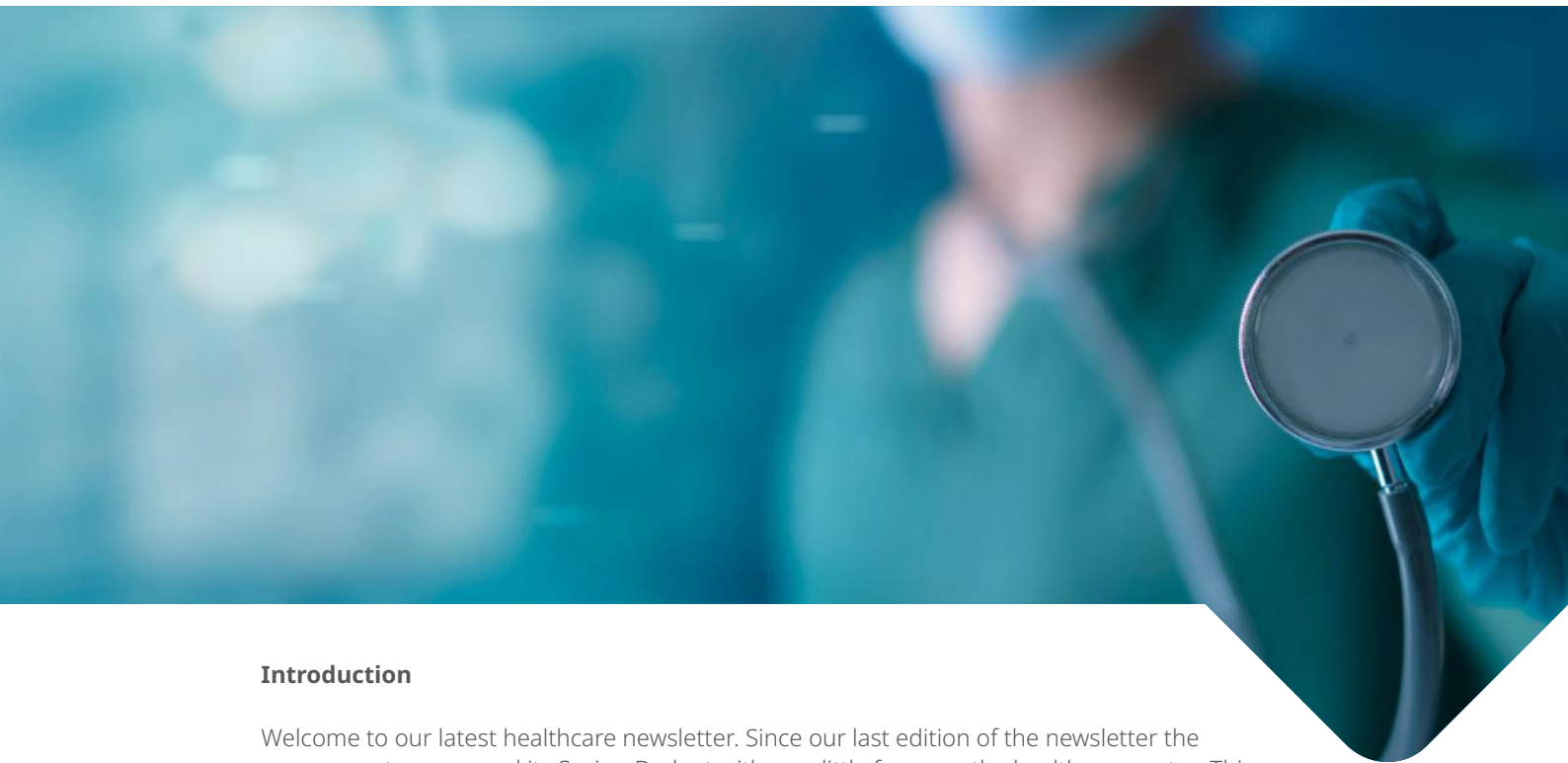


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Scott Sanderson Partner



Introduction

Welcome to our latest healthcare newsletter. Since our last edition of the newsletter the government announced its Spring Budget with very little focus on the healthcare sector. This is despite the fact that care homes and pharmacies are struggling and worried about their immediate future.

In this edition of the newsletter we will discuss:

- Pharmacy businesses no longer profitable
- Care home covid funding ended too soon
- RCVS sustainability guidance
- HMRC plans points-based penalties for Self-Assessment

If you have any questions about the contents of these articles, please do not hesitate to contact us.

Scott Sanderson
Partner



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Pharmacy businesses no longer profitable

Overview

A survey from the pharmacy negotiator's annual pressures survey has found that only 7% of pharmacy owners said their business was profitable, with 44% said their business is losing money and 78% are extremely concerned about their business finances. This survey was conducted by the Pharmaceutical Services Negotiating Committee (PSNC) surveyed more than 900 pharmacy owners and head office representatives covering over 6,200 pharmacy premises.

Some pharmacies fearing survival

Rising costs and a growing workload are ever increasing the risks of pharmacies collapsing. Some alarming statistics from the survey showed that 16% of pharmacy owners believe that they won't survive another year and 73% don't know how much longer the threats to their business can be managed. The PSNC has warned that if the government continue not be forth coming with support then community pharmacies may be forced into reduce the services they offer in order to survive. Or even worse close their doors for good.

Supply chain issues

In last year's survey 67% of pharmacy owners said that were dealing with supply chain and medicine delivery issues on a daily basis. In 2023, this has increased to 92% demonstrating that supplies are becoming

increasing difficult to source. These supply chain issues is increasing risk to patient health with pharmacies struggling to source medication that some patients need.

Staff shortages

76% of pharmacies are experiencing staff shortage issues which is due to insufficient funds and staff unavailability. These staff shortages means that existing staff members are struggling to keep up with the growing workload, resulting in increasing risk to patient health.

Alarming statistics

The PSNC annual pharmacy pressures survey has unearthed some alarming statistics that demonstrates the sector is in worse shape than most initially feared. Only a small minority of businesses are reporting profits across the sector which demonstrates that these issues are clearly sector wide with almost a sixth of pharmacies believing that they will not survive another year. Therefore, immediate support needs to be provided in order for pharmacies to survive before it's too late.



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Care home covid funding ended too soon

A recent study called 'Bailed out and Burned out' has examined the financial impact of the pandemic on care homes and their staff. The study found that the Covid government funding ended too early with care homes and staff struggling with the aftermath of the pandemic.

What were the key findings?

Care sector saved from collapse

One of the key findings of the study was that the care sector would have certainly collapsed during the pandemic in 2020 if the government hadn't intervened with £2 billion support package and the countless hours of unpaid overtime by care workers. The writer of this report cited that the continuous Covid outbreaks after the peak of the pandemic, staff shortages and inflation are all reasons why the government funding should have continued for the care sector.

Care home staff

4 in 10 care staff said that they had financial issues during the pandemic as the study found that the majority of the government funding went to the organisations rather than the staff who had worked unpaid overtime. The study also found that staff in smaller organisations and not-for-profits had a more positive experience overall than those working for larger

companies in the UK care sector.

2022 inflation

The winter of 2022 was particularly tough for the care sector. This was due to a combination of multiple factors including:

- The removal of government funding in March 2022.
- Covid outbreaks reducing new admissions.
- Increased spend on agency staff due to staff shortages. Historically the care sector has been reliant on migrant workers which there are now less of due to the new immigration rules post Brexit.
- Overall inflation, in particular energy bills. The study estimates that on average annual energy costs of a care home bed have increased by £4,000 from £660 to over £5,000.



RCVS sustainability guidance

On 1st June new environmental rule changes were implemented by The Royal College of Veterinary Surgeons (RCVS). The new PSS Environment Sustainability Standards were approved by the RCVS last summer (2022) as concerns were raised regarding the impact on the environment of veterinary practice work. The RCVS has recently issued guidance to assist veterinary practices meet these new requirements. [This guidance can be found here.](#)

What are the new requirements?

New requirements require all practices to write a sustainability policy as well as following eight general practice requirements whilst also electing a sustainability champion and allowing employees the opportunity to voice potential sustainability improvements.

Other criteria include:

- Performing an annual waste management survey
- Reducing mileage by planning routine appointments
- Asking clients to return surplus medication for safe disposal

In the guidance, it is recommended that all veterinary practices should appoint a senior vet to be responsible for ensuring that the sustainability

standards are being met.

Where can I find guidance on the new rules?

If you would like to read through the full guidance to the [PSS Environmental Sustainability Standards this can be found here.](#)



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HMRC plans points-based penalties for Self-Assessment

HMRC have announced that from April 2026, the existing penalty system for late filing of tax returns under Self-Assessment will be amended to a points-based system for self-employed people and landlords with turnover above £50,000. This coincides with those individuals being required to comply with their tax filing obligations via the 'Making Tax Digital' system.

HMRC say that the new system will focus on penalising individuals who consistently miss the filing deadline and encourage those who miss the occasional deadline to improve their compliance behaviour.

How will the new system work?

The new system will be based on points, which will be issued every time a deadline is missed. For each deadline an individual misses, they will be issued with 1 point. A fine of £200 will be issued once a certain level of points is reached (2 points for annual submissions, 4 points for quarterly submissions and 5 points for monthly submissions) and points will expire 2 years from the month after they were issued. The aim of this approach is to encourage those who occasionally miss deadlines to improve their future compliance and avoid the increased fines.

Full details of the regime are yet to be confirmed by HMRC.

What impact will this have?

We believe that this new system will have a positive impact as those that only miss deadlines occasionally will not be punished as harshly as persistent offenders. At Hawsons, we would always recommend using a specialist tax adviser to submit your tax return. This to ensure that you meet all deadlines, ensure your return is accurate and claim all available tax reliefs. If you would like assistance with your return, please contact us to speak to one of our specialist tax advisors.

Get in touch



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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