



GP NEWSLETTER

MAY 2012



This information has been provided by:

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Manager**

Welcome to our first newsletter of 2012. Francis Whitbread, Debbie Wakefield and I recently attended the AISMA (Association of Independent Medical Accountants) Annual Conference and I summarise below the main points of interest.

THE CURRENT OUTLOOK FOR GPs

The focus again this year was on how the environment in which GPs are operating is constantly changing and offers challenges to maintaining the level of practice profits that has been seen in recent years.

The main thing that I took away from the sessions on commissioning and the future landscape for GPs was the emphasis on the need for collaboration. Our view is that GPs will need to change the way that they operate and the only way that they will continue to do well is to work with others outside of the practice. Faced with falling income and increasing costs, partnership with others on commissioning can help secure new streams of income and cost savings. It is all about focusing efforts on investment for

the long term. Whilst we feel that this must be GP led, we are here to assist with a financial perspective on any new ventures.



Whilst the general opinion seemed to be that a new GMS contract would not be introduced during the present Parliament, we should expect a change to this in the not too distant future. This may offer more scope for dealing with income via other vehicles such as limited companies in the future and we will of course be monitoring developments on your behalf. However there are other changes which are more imminent such as the revision of the GMS premises directions which is on the current agenda, although in common with many proposals it is not yet totally clear how this will affect practices going forwards. It is possible that there will need to be more GP funding of premises if rents do reduce, as banks have traditionally based their lending for surgeries on the rental income stream.

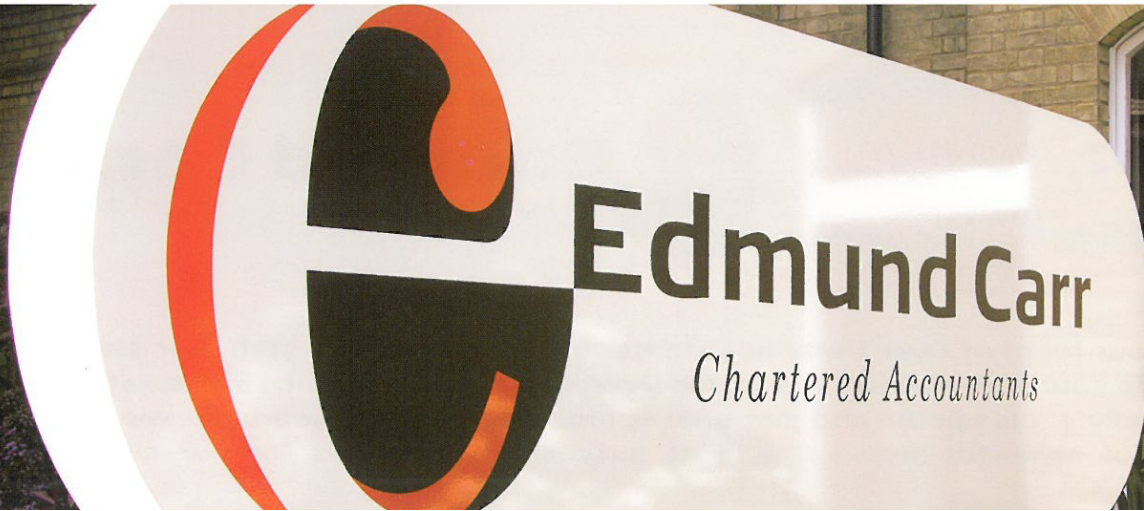
The results of the AISMA survey were presented and it was interesting to see that generally the 2010/11 year saw very little change from the previous year. I am sure that this will not be the case for

2011/12 and I wait with interest to see the results for the accounts that we are currently preparing. One item highlighted in the survey was an overall fall in the Global Sum for PMS practices, due to the attack on PMS contracts in some areas.

COST SAVINGS

Looking at cost savings one of the interesting examples given to us related to payroll. In line with the emphasis on working with others, is there a way that practices could work together to take the burden away from the individual practice managers of preparing the monthly payroll? This would of course only be worthwhile if it frees up some of the practice manager's time to carry out some of the ever increasing compliance obligations placed on the practice. Alternatively is this something that we could assist you with? At Edmund Carr we have our own BACS approved payroll department with a good understanding of the NHS payroll scheme and would always be happy to speak to a group of practices (including any who are not existing clients) to see if we can offer a group package with a price reflecting the economies of scale achieved by greater employee numbers.





PENSIONS

I will not apologise for mentioning pensions again as this remains a key area.

Since our newsletter in December 2011 outlining the proposals, the new contribution tiers have been introduced and they are due to increase again. The highest rate for employee contributions is set to reach 14.5% by 2014 and this will inevitably lead to reduced GP drawings over the next few years.

With this reduction in your income from the practice in mind, some of you may be considering whether you withdraw from the NHS pension scheme. The view at the conference seemed to be that the NHS pension remains an attractive scheme and a considerable pension pot would have to be built up in order to receive a comparable private pension. Specialist advice from an independent financial advisor with detailed knowledge of the NHS pension scheme should be sought before making any decisions about changing your



pension scheme. If you do not have an existing arrangement in place, David Carr is our in house financial advisor.

In order to help you with making a decision with the assistance of your financial advisor we are able to provide pension forecasts for alternative situations, and if you would like us to undertake this work please contact Francis or Debbie. Projected figures will at best I am afraid be a best estimate as we are unfortunately unable to state what income, dynamisation, cost of living or tax rates will be in the future.

There have been no changes to the annual allowance (AA) and life time allowance since we wrote to you in December. So that we can advise you of your exposure to these, we will be writing to you in the next couple of months to ask for confirmation of your career history as provided by the NHS Pensions Agency.

If there is an additional tax liability as a result of going over the AA and this exceeds £2,000 then it will be possible to request that the NHS Pension Scheme be responsible for paying the tax due. However the calculation of how the NHS Pension Scheme paying the tax will reduce the pension that you receive has still not yet been finalised.

IN BRIEF:-

The **CQC formal registration deadline** is April 2013 with applications to be submitted between September and December 2012. The amount of time that is necessary in preparing for this should not be underestimated.

One area of concern with falling profit levels is the possibility of **Seniority clawback** where GPs are close to the threshold. We will be reviewing the situation for partners close to the limits in order that planning can be done in this area to ensure they are achieved where possible.



Disclaimer

This newsletter is intended to give general guidance only and no liability can be accepted for any action taken based on the information given.

EDMUND CARR LLP
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Do you have a friend or colleague that is affected by the changes, why not forward it on.

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