



GP NEWSLETTER

MAY 2014



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Edmund Carr Medical Sector**

Welcome to our first GP newsletter for 2014. I am sure that you are already aware that the year ahead and beyond offers many challenges for GPs. This was once again the key theme running through the AISMA (Association of Independent Specialist Medical Accountants) conference that Francis, Debbie and I recently attended. Some of the key topics that were covered at the conference are:-

What is after the 2014/15 contract?

The 2014/15 **GMS contract** has seen some considerable changes including the release of points from QOF to the core budget and a new unplanned admissions enhanced service. It also saw the removal of funding from the patient participation, remote care monitoring and patient online DES's with most of the money put back into core funding. The new unplanned admissions enhanced service on the face of it will be valuable income to practices especially as this is recycled from the QOF, however



practices should always give consideration to the reward the practice will receive in the longer term for this money. The resources invested in achieving short term income may outweigh the benefits and what will happen in year two when there is no funding?

The changes for **Seniority** have started with no new entrants from April 2014. Seniority funding will be reduced by 15% per year for 6 years from April 2014 with the reduction being transferred to core funding. The 15% is anticipated to be covered by expected retirement but where this is not, the seniority rates for those years could be reduced with a clawback in a future year. The loss of this income will impact to a greater extent on senior partners who receive a prior share for seniority.

I know we say this every year but it is important that **partnership agreements** are up to date and in particular mention how any clawback of seniority or other funding is to be dealt with. This needs to be covered whether the partners share the seniority or treat this as a prior share of income.

The **Minimum Practice Income Guarantee** (MPIG) will be phased out over seven years from April 2014 with this income being reinvested in core funding.

Practices with a **PMS contract** will be very conscious of the review that is to take place over the next two years. The general view is that NHS England

would like to remove the premium that PMS practices get and move towards a price per weighted patient of around £70. The difficulty with the PMS contract is that each practices contract has been locally negotiated and there is no national body to negotiate on behalf of PMS practices.

Some of you may have already heard from NHS England in your area or your LMC regarding your PMS contract. If you wish to discuss any proposals put to the practice, or how changing back to GMS would impact financially please contact us.

I would remind all practices we act for that Francis or Debbie are happy to have up to three additional meetings each year with no charge to the practice. In any event, as part of the meeting to go through the annual accounts we will be commenting on how the above changes will affect you.

Pensions

A quick reminder that the Annual Allowance for pensions reduced to £40,000 and the Lifetime Allowance reduced to £1,250,000 from 6 April 2014. Both the Annual Allowance and Lifetime Allowance may well continue to fall but no announcements have yet been made on this. Some GPs will have unused relief brought forward from the 2012/13 year and we will advise you individually on your position when writing with regard to your 2013/14 tax return.

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We have recently contacted all GPs we act for who we believe may benefit from Individual Protection 2014 (IP14), being individuals who have accrued pension savings of greater than £1,250,000 at 5 April 2014. IP14 gives individuals a Personal Life Time Allowance based on the value of their pension savings at 5 April 2014 subject to a maximum of £1,500,000. IP14 also allows individuals to continue making pension contributions.

The 2015 pension scheme has still to be finalised. Those with less than 10 years to normal retirement age at 1 April 2012 will stay in their existing scheme and there are transitional provisions for those that are within a further 3 years and 5 months of normal retirement.

If you are thinking of making changes to your pension arrangements we are always happy to prepare estimates of your NHS pension to assist your Independent Financial Advisor but we are unable to advise on decisions regarding your pension. However, due to the uncertainty regarding the 2015 scheme we are currently unable to prepare projections where some of your benefits will come from that scheme.

Cooperation and federations

The need for practices to cooperate with other practices or to consider federation type



arrangements was mentioned continuously.

The benefits of working together are the ability to share resources, expertise and the possibility of cost savings on shared services. With local enhanced services going to tender from September/October 2014 the ability to bid for these needs to be considered. It has been pointed out that these may need to be tendered for on a population basis and not just the practice list size and federations would offer the scale needed.

There is one vital point that should always be addressed when considering any joint venture arrangement and that is the need to have proper contracts, drawn up by legal professionals. With income streams being based on performance it is important to protect everyone's interests if any practices do not perform.

GP Survey



The results of the survey of practices dealt with by AISMA members for the year 2012/13

year were made available. The survey as expected did show a decrease in practice profit for all types of practice, and as in previous years we will be sending a comparison of our practices' actual figures with the AISMA survey. The survey covers 26% of UK GP practices.

In brief

- A working group has been formed with NHS England and NHS

Employers to look at how the calculation and **publication of earnings** from April 2015 will take place.

- AISMA member's GP practices around the UK are experiencing a shortage of **locums and trainees**.
- The ability of members of the NHS Pension Scheme to '**contract out**' of the State Second Pension will end in 2016/17. Employees and employers from 2016/17 will no longer receive the benefit of a lower National Insurance rate.



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Partner Partner

Disclaimer

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If you think this information might be useful to a friend or colleague, please pass it on.

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