



GP NEWSLETTER



**Alison McDowall - Manager
Edmund Carr Medical Sector**

Welcome to our third newsletter for 2015. We will shortly be issuing the Edmund Carr LLP 2015 GP survey, which again highlights that, of the practices we act for, those which do more than the core GP contract are the more profitable. With this in mind, if your practice is successful in commissioning additional primary medical services then it may be necessary to increase the primary care time available in the practice, especially with the increase in work load for GPs under the core contract. Perhaps you are thinking of taking on a new partner or salaried GP to increase primary care time. Here are a few issues to consider:-

Employment v new partner

How does taking on a new partner stand up financially compared to employing a salaried doctor? It is up to the employing practice to decide how much a salaried GP is paid, but according to NHS Careers, the salary range is between £55,412 and £83,617. If we assume

a salary for a full time equivalent of £70,000, the cost to the practice (for the 2015/16 tax year) would be:-

Salary	£70,000
Employers NI	£ 8,540
Employers	
Superannuation	<u>£10,010</u>
Total	£88,550

However, this may not be the full cost to the practice, as a salaried GP will have certain rights such as the right to contractual maternity, sickness and redundancy pay, and one paid session of CPD per week, which cannot easily be quantified.



This figure may seem favourable compared with the average GP income before tax for the 2012/13 year of £114,300 for a dispensing practice and £99,900 for a non-dispensing practice, but the financial impact is only one consideration. There will be other non financial considerations that the practice will need to consider, such as succession planning and the increased commitment provided by a new partner.

November 2015

If you would like advice about taking on a salaried GP compared with a new partner, please contact Debbie Wakefield, Francis Whitbread or myself.

You may be thinking about a locum instead?



When taking on a locum GP for a period, it is the responsibility of the practice to satisfy themselves that the locum is self employed, and where this is to be a regular appointment, specialist advice should be sought on their employment status. Once satisfied the locum is self employed, a written agreement which supports the self employed status should be signed between the practice and the locum.

Property a barrier to entry?

If the practice has decided to take on a new partner but the new partner is reluctant to buy into the property, perhaps due to the responsibility of a large loan, the practice may need to be flexible and discussions about the property are necessary at the early stages.



In extreme cases a practice may need to take an alternative approach to help find a partner and sale and lease back of premises will remove the barrier to entry created by owning the premises in the partnership and release the equity in the building.



If considering sale and leaseback, advice should be sought not only from ourselves but also from specialist surveyors and solicitors. To make the transition a smooth process:

- Get everyone on board from the outset, in particular on issues such as the lease commitment.
- Liaise with NHS England and the CCG early on and obtain approval for the lease.
- Make sure the partnership agreement is updated to reflect the change.

Be aware that maximising the practice's income and competitive bidding will boost the sale price.

Goodwill Rules

When the practice is deciding the period over which the new partner will reach parity, what else needs considering?

Under the Goodwill rules affecting GP Practices, partners could be in breach if they artificially hold down a new partner's profits. Profits should be held down no longer than 3 years according to BMA guidance.

Similarly if a new partner overpays for surgery premises then this is a breach of the goodwill rules. This would be the case if the consideration substantially exceeded the amount that might reasonably have been expected if the premises had not previously been used for the purposes of a medical practice.

AISMA Newsline

The need to introduce new primary care time often arises when a partner retires. There are further issues that need to be considered when a partner retires and these are covered in the latest AISMA (Association of Independent Medical Accountants) Newsline which is now available on our website www.edmund-carr.co.uk/medical-sector/medical-articles.



This newsletter also includes topical articles on GP drawings and the impact on general practice of proposed new models of care.



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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.

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November 2015
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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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