AISMA Doctor Newsline
A helpful resource for the practice business

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association of independent specialist medical accountants

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Boosting the team in 2018

As the new year swings into gear we are seeing more new professions joining GP practices. **Fiona Dalziel** gives some handy tips to make it a smooth process

Our practice teams are becoming much more diverse. Most practices are at least considering the introduction of new professions to the team to help cope with workload and lack of GPs.

Many have done so already and are welcoming advanced nurse practitioners (ANPs), pharmacists, physician associates (PAs) and paramedics on board.

So, what are some of the important steps to consider if you plan to introduce a new profession into the practice?

Discuss the role and write a job description

Start by working out what the job is that you need done. What are the present or anticipated gaps in service delivery?

What are your main workload pinch points which could be delegated? And, therefore, what will be the main responsibilities and tasks of the post?

It may be that you have identified you need more help with house calls to frail or housebound patients or that you need support with handling the prescribing workload.

Write a person specification

What skills, aptitudes, experience and qualifications will the post-holder need to have to deliver the role? Do you need them to be a prescriber? Is that essential or simply desirable?

Work through this together to really tease out what you need. This will help define the profession and qualifications of the clinician you need. This document will be the basis of your recruitment process, including your advert and candidate assessment process.

Work out terms and conditions

You will need to determine the appropriate rate of pay for your new professional. Bear in mind that they may be moving from an environment where they were being paid based on Agenda for Change; other terms and conditions such as annual leave and sick pay may have been different to what you can offer.

If you decide to enhance terms and conditions to

attract the right person, then bear in mind how this might impact existing staff.

Establish accountability

A new profession in the team will possibly be one of a kind. An ANP may fit logically with the nurse team, but where will a PA fit in? Consider your clinical accountability structure and determine to whom the new member of staff will be clinically accountable. Put this into the job description for clarity.

Induction, training and mentoring

To ensure effective induction and safe delegation, spend time planning training. Your new team member may not have worked in general practice before.

You will need an induction training plan, including how you will check competence, and then a structure for an ongoing learning and development plan and continued mentoring based on learning needs.

The induction training may include shadowing other team members as well as tutorials. Make sure you also timetable regular reviews and feedback on progress.

The health professional may benefit from having external as well as internal mentoring. For example, a pharmacist's mentor in the practice may be a GP and they may also have professional support from the CCG/Health and Social Care Partnership lead pharmacist.

In some areas, pharmacists and PAs have formed local study groups to share ideas and prevent professional isolation.

Before they start

Professional registration and indemnity need special attention when employing professions new to general practice.

We are familiar with the need for nurses to be registered with the Nursing and Midwifery Council. Paramedics require to register with the Health and Care Professions Council and pharmacists with the General Pharmaceutical Council. Both bodies have a registration check facility.

But physician associates are a newer profession. They are encouraged to belong to a voluntary register held by the Faculty of Physician Associates, part of the Royal College of Physicians. Statutory registration has not yet been established.

In terms of indemnity, contact your defence body to discuss what kind of bespoke cover it can provide for pharmacists, paramedics and physician associates. Most defence organisations provide indemnity as standard cover for nurses by way of vicarious liability.

NHS Employers provide further good guidance on pre-employment checks, including:

- The right to work
- Identity checks
- Work health assessments
- Professional registration and qualifications
- References
- Criminal record checks

Please see the end of the article for a link to this guidance and links to each of the professional bodies mentioned.

Introducing the role to the team

Having worked through these steps, ensure you have thought through the change management of introducing a new post to the team.

Existing team members will want to understand the new role. Some may feel threatened and react in a defensive way when the new team member arrives if the introduction of the post has not been thought through.

Quick integration into the team itself and the culture of general practice will help ensure that the new professional feels they are accepted and wants to stay.

TIP: Keep records of this process as CQC evidence.

http://www.hcpc-uk.co.uk/aboutregistration/employers/
https://www.nmc.org.uk/about-us/
https://www.pharmacyregulation.org/
http://www.nhsemployers.org/your-workforce/recruit/employment-checks
https://www.mygov.scot/pvg-scheme/
https://www.gov.uk/government/organisations/disclosure-and-barring-service/about
http://www.fparcp.co.uk/employers/guidance

Fiona Dalziel runs DL Practice Management Consultancy

Staying on top of pension planning remains vital

Tax changes are on the way – and some are already here. **Phil O'Connell*** provides a round-up of the big Budget changes affecting you in the months ahead

The Chancellor's Budget Statement may have been the first held in the autumn for many years but was also probably one of the least eagerly anticipated in a long time.

You couldn't help but feel a degree of sympathy for Philip Hammond. He was stuck trying to 'square the circle' of continuing the fight against an annual budget deficit that refuses to go away, and the ever-spiralling national debt and debt interest bill that goes with it.

But at the same time, he was being encouraged by many to end austerity, loosen the purse strings and find extra money for infrastructure spending. Not to mention the NHS.

All this, of course, was against the background of Brexit and what the true monetary costs of leaving the EU may or may not be.

Faced by so many competing demands, the Chancellor's response was to do very little. And who is to say that this instinct was not the correct one? Many in business and elsewhere would argue that a meddling Chancellor is far worse than a passive, laissez-faire one.

Both the personal tax allowance and the point at which you start to pay higher rate (40%) tax were raised by 3% from April 2018, to £11,850 and £46,350 respectively.

These combined measures will save higher rate taxpayers £340 a year although all Mr Hammond has done is raise these figures in line with the September 2017 Consumer Prices Index (CPI), which is the benchmark for a 'normal' Budget.

Nevertheless, the Government appears to be on course to meet its twin targets of achieving a personal allowance of £12,500 and a higher rate tax threshold of £50,000 by 2020.

What the Chancellor didn't do was to raise the various other thresholds that will affect many GPs at different points in their careers.

- The taxable income level where Child Benefit starts to be clawed back remains at £50,000
- The point where the personal allowance starts to be removed stays at £100,000 (so the allowance reduces to zero at an income level of £123,700 from April 2018)
- The additional rate of tax, currently 45%, continues to kick in at an income level of £150,000.

The 'fiscal drag' effect of freezing these thresholds, none of which existed prior to 2010, will inevitably lead to one or more of these tripwires catching ever more GPs.

Just to look at one example, a GP who is claiming

- or whose partner is claiming - Child Benefit for two children faces an effective tax/National Insurance rate within the band of taxable income between £50,000 and £60,000 of just short of 60%.

Looking at it another way, a GP in these family circumstances who earns £60,000 after the deduction of his/her NHS Pension contributions will only keep £3,262 out of the top £10,000 of his/her gross income once tax, National Insurance, pension costs and the Child Benefit clawback are all deducted.

If that GP also has a student loan then that is going to take care of another £900, leaving him/her with £2,362 available to spend out of that top £10,000!

Many GPs will have breathed a sigh of relief that the Chancellor did not, for once, do any further meddling with pensions.

Others might argue that, given the current complexities within the rules, some sort of simplification might have been welcome. However, we all know how well most recent tax 'simplifications' have gone, so perhaps we should be grateful for small mercies.

The one significant pension change that was announced was that the Lifetime Allowance (LTA) will go up (by 3% to £1,030,000) from April 2018 – the first time in more than a decade that this number has moved up rather than down.

This increase potentially saves £16,500 in taxes that would otherwise have been due on pension pots at retirement that are more than the existing LTA of £1m.

Before anyone celebrates too much, that 3% figure, again based on the September 2017 CPI, will also be used in calculations of pension growth for Annual Allowance (AA) purposes.

It is expected this will mean that comparatively high growth figures are used for 2017-18 when calculating AA charges. And remember, those with 'reckonable' incomes above £150,000 a year won't even have the cushion of an allowance of £40,000 before tax charges apply. Some at the highest-earning end will only be able to see pension fund growth of £10,000 before the taxman takes his share.

All of the above only emphasises the point that GPs need to keep on top of pension planning. They need to access their NHS Total Reward Statement each year and have an ongoing dialogue with a suitably qualified and independent financial adviser.

Of the other changes announced, I guess few would argue with the policy of slowly increasing the minimum wage at a rate in excess of inflation in order to improve living standards for the more poorly paid, with the main rate increasing by 4.4% in April 2018 from £7.50 to £7.83 per hour.

There were several announcements concerning matters the Government will be consulting on. For example, it seems that it views the changes in the rules concerning 'off-payroll working' - often still referred to as IR35 - in the public sector that came into effect last year as being successful.

I'm not sure that is a view which is shared across the board. Nevertheless, it seems there will be a consultation process during 2018 to see if these changes might be applied in the private sector too. Those GPs who provide their services through limited companies, for example some locums working at GP surgeries, would be well-advised to keep an eye on those discussions.

There was little in the Budget paperwork about Making Tax Digital (MTD). But it is clear this project will move forward. All we know for certain is that, apart from VAT compliance, MTD will not start to be rolled out until April 2020 at the earliest.

Like I said, however, the process of ever greater digital interaction with HMRC is inevitably going to happen, with many of the more old-fashioned record keeping systems becoming no longer fit for purpose as a result.

Of course, the biggest headlines engendered by Mr Hammond's speech surrounded the decision to abolish Stamp Duty on the purchase of a main home by first-time buyers in certain circumstances.

There will be no Stamp Duty paid on such purchases where the house price is up to £300,000 and, for purchases up to £500,000, duty will only be applied on the part of the purchase price more than £300,000.

This news will be welcomed both by younger GPs looking to buy for the first time and those with children in this position. The maximum saving on a property costing £300,000 is £5,000.

There are those who say the actual impact of this Stamp Duty measure will be to cause a certain amount of house price inflation in this sector of the market, meaning that the savings in Stamp Duty will simply be cancelled out by increased asking prices.

That's the thing about curmudgeonly tax professionals. We usually manage to find a negative for every positive. Happy New Year!

OPINION

Striving to serve and make a difference

Seamus Dawson, committee member AISMA

I recently had the pleasure of attending a ceremony for new RCGP Fellows. A brief biography of each was read out while they were awarded their certificate.

What struck me was their wide variety of backgrounds. One had helped Syrian refugees while another had treated people during the Ebola crisis. Others had served with the armed forces and there were some consultants transferring from other specialties.

They had continued to train and study throughout their careers. The overall message coming out loud and clear was their love of the job and dedication to go above and beyond normal duties to serve patients.

I thoroughly enjoyed the accompanying annual delivery of The James Mackenzie Lecture. It concentrated on customer surveys and a key message was the importance placed by patients on doctor communication.

Interestingly personal communication is still highly valued despite the availability of online information. In my experience this applies to accountants working with our GP clients too.

There has been much to talk about in recent months and big monetary issues are set to continue in 2018.

We have the ongoing uncertainty of what will happen as the Government continues Brexit negotiations.

The recent Budget thankfully introduced no further major changes for us to contemplate but it provided little reassurance of an overall improvement in the economy and funding into public services such as health.

Despite an NHS cash injection being announced the common consensus seems to be that it is less than what was expected and at best just keeps pace with inflation.

We are also at the stage of the year where the focus for accountants is on completing tax returns for our GP clients and advising them about their January tax payments.

In some cases, these payments will be increased due to the impact of the annual allowance charge which is making many GPs review the benefits of remaining within the NHS pension scheme.

Our role as medical specialist accountants in recent years seems to have been taken up with concentrating on helping practices and GPs manage their businesses through difficult times and coping with increasing tax bills.

So, it was reassuring to hear and be reminded at the RCGP event of the commitment GPs make in providing a quality service to their patients. Although the financial side is important and cannot be ignored it is good to see so many doctors out there do enjoy their work and strive to make a big difference to patients. Likewise, medical specialist accountants with their clients.

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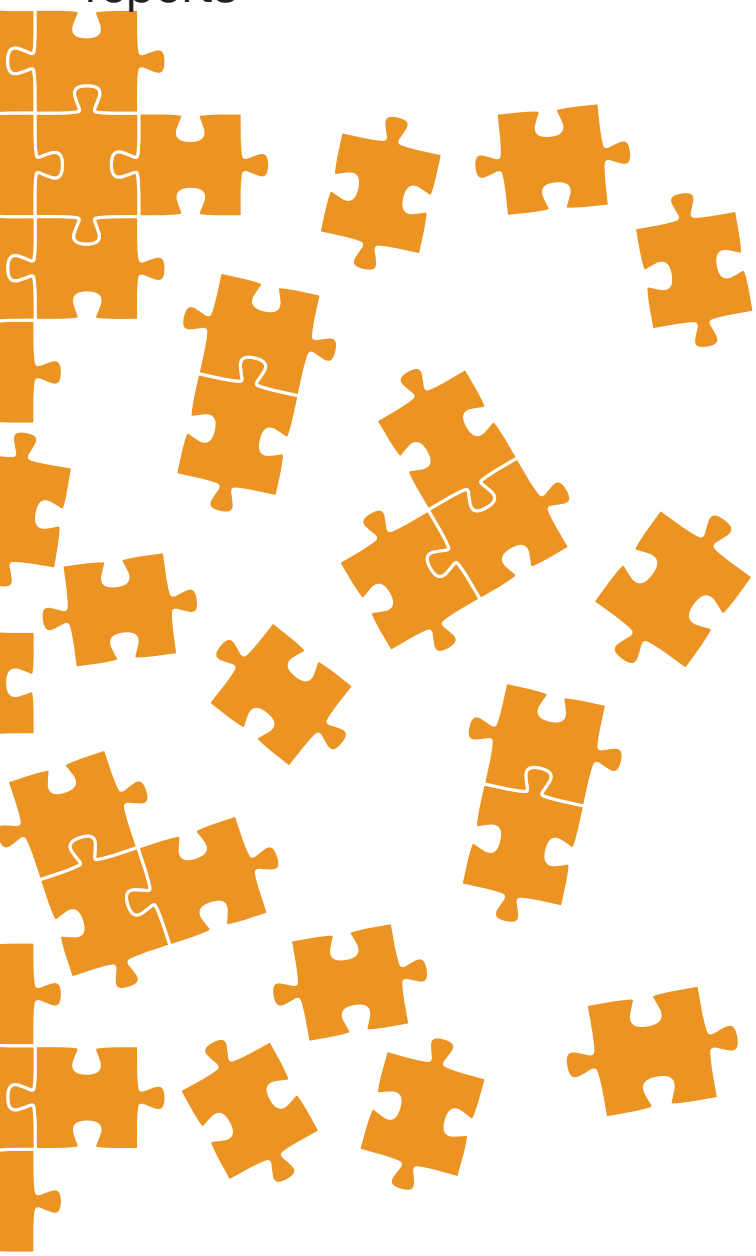
Meet the new models of care challenge with this checklist

AISMA has pinpointed 14 big issues for GPs and managers involved in new models of care to check out with their accountants. **Andrew Pow**** reports



The Government's desire for GP practices to work at scale is putting them under intense pressure to join large structures.

It all started in October 2014 when NHS England set out its vision for the health service in its *Five Year Forward View.*

Key to the vision was the creation of several major new care models that could be deployed in different combinations locally across England.

Since then many models have been developed, from informal alliances to mergers, joint ventures and super partnerships, such as those showcased at recent AISMA conferences.

Last year there was a notable increase in momentum and some areas are now moving at pace. Others, though, have so far seen little change since the launch of the *NHS Five Year Forward View*.

Meanwhile, in Scotland a new GP contract is being proposed and issues in GP recruitment in Wales and Northern Ireland will also result in changes to how GP practices operate.

The challenge for AISMA practices

The face of general practice is changing and AISMA practices will need to look at options open to them.

Commissioners need to be challenged and GPs and practice managers need to make the right decisions for their practices. One size does not fit all and simply getting bigger may not be the answer.

Specialist accountants, solicitors and other professional advisers will play an essential role in guiding practices through these challenging times.

AISMA's New Models of Care Working Group

The AISMA New Models of Care Working Group has been examining how AISMA members can be best positioned to help their client GPs.

A briefing document is now available to all our members equipping them with the essential knowledge that needs to be worked through when advising practices about working at scale.

Drawing on the knowledge across the country the group identified 14 areas that practices need to consider:

1 Motivations and strategy for new models of care

Getting bigger for bigger's sake will not be a success. Identifying the motivating factors such as workforce issues and premises opportunities is a key starting point.

2 Financial due diligence prior to a practice merger or joint venture

Understanding contractual risks, forecasting profits and having a clear plan of action will help mitigate problems down the line.

3 Premises: tax implications for merging practices

Changing ownership structures may look simple but tax pitfalls need evaluating so that there are no nasty surprises.

4 Structures within merged practices

One size doesn't fit all. Is the partnership model fit for purpose or should other legal entities be looked at, such as limited companies?

5 Contracts and pensions

Emerging contract opportunities such as the Multispecialty Community Provider model may look attractive, but pension legislation may not have kept up to date. Ensuring pension status is retained for GPs and staff is essential during any change.

6 Employment status

Contracts of employment for staff need reviewing to understand how terms and conditions in old organisations may vary. TUPE rules for staff transferring to any new organisation need to be followed carefully.

7 Accounting systems

As businesses scale up the day-to-day control previously applied by owners becomes impractical. New systems need developing to help owners understand their business and allow them to delegate the work to staff members with suitable qualifications.

8 Banking arrangements

Likewise, banking needs to be looked at with payment controls put in place to prevent fraud. Changing ownership may need new loans which need to be put in place in advance of any change in the business. Multi-site businesses need to look at banking of cash and private fees.

9 VAT considerations

Increased business size could result in the need to register for VAT as not all work is VAT exempt. Federated working needs to be structured so that cost sharing arrangements apply to avoid VAT being charged on shared staff costs.

10 Year-end considerations

Merging will need the alignment of accounting year ends. For non-March year-ends this may lead to the crystallisation of overlap profits and overlap pensionable earnings leading to higher tax and pension charges during the year of change. Understanding and planning for these is key.

11 Governance

You simply can't do everything in a larger organisation, so responsibility lines need to be set out to delegate the running of the business. Compliance with regulatory requirements cannot be underestimated and time needs to be set aside for this.

12 Internal systems reviews

New organisations rarely get things 100% right on day one. Reviewing systems is essential.

13 Legal matters from a financial perspective

Understanding contractual issues will help decide how best to hold contracts in the future and will need early discussion with commissioners. Other legal areas around property ownership, employment contracts, and due diligence of risk need assessing as part of the process of forming a new business.

14 What to do post-merger

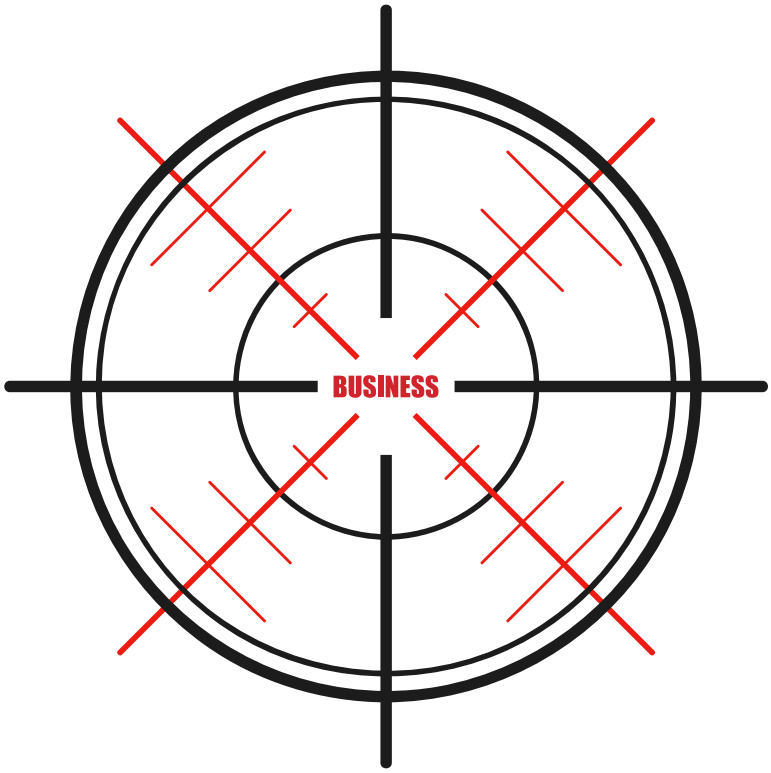
Once the business is up and running there is still plenty to do. Old businesses need closing and income and expenses need apportioning to the correct organisation.

Remember, there is no one size fits all approach. Most GP practices will not have experienced changes on this scale in their lifetime and getting advice right throughout the formation of the new business will help to start the organisation off on the right footing.

AISMA recognises this and its network of accountancy firms have experience in changing structures. The New Models of Care Guide is a useful tool for our firms to ensure their clients get the best advice.

Why GP mergers and takeovers must pay heed to 'due diligence'

Due diligence is the process of evaluating a business before acquiring or investing in it. **Alison Oliver** looks at why GPs involved in certain transactions should undertake due diligence



Due diligence involves obtaining information about a target business before deciding whether to proceed with the transaction. It is likely to cover the following areas:

- **Financial due diligence** – investigating matters such as revenue streams, business costs and profitability
- **Commercial due diligence** – investigating matters such as market conditions, sector-specific requirements and competitors
- **Operational due diligence** – investigating matters such as systems and processes, management and staffing structure and insurance arrangements, and
- **Legal due diligence** – investigating matters such as corporate structure, material contracts, property ownership and legal disputes.

Goodwill

Of course, GP practices differ from other businesses in several respects. One of the most significant differences for the purposes of transactions such as practice takeovers or mergers is that it is illegal to buy and sell goodwill in GP practices providing essential NHS services.

Furthermore, most GP practices tend not to have expensive plant and equipment. This means that large sums of money do not tend to change hands for GP practices or interests in them, unless there are premises involved.

Why is due diligence needed?

A business purchaser in the commercial sector who is paying large sums of money for goodwill and equipment is likely to see the importance of carrying out due diligence, as they could lose their money if the business they acquire turns out not to be viable.

If they are borrowing money or obtaining outside investment to fund the business purchase, their lender or investor may well insist on a full due diligence exercise being carried out. Similarly, where premises are being purchased, it is usual for property due diligence to be carried out.

But due diligence is still important even if large sums of money are not being paid. GP practices tend to be carried on as sole traders or general partnerships, rather than as incorporated entities, meaning that practice owners are personally exposed to the liabilities of the practice.

If you are taking over a practice, acquiring an interest in it (by joining as a partner) or merging with another practice, you will want to be sure that the practice is profitable, or has a realistic prospect of being so.

You need to be able to earn a living from the practice and, if it makes losses, you will be jointly and severally liable for these along with your practice partners.

And you will want to know the practice is well-run and compliant with regulatory requirements. If it is not, you will have to invest time and money bringing it up to scratch and may find yourself having to respond to legal claims and/or incurring civil and even criminal penalties.

You will want to see that the employees are employed on sensible terms, have been treated properly in accordance with their contracts and employment law and there are not issues that might result in a tribunal claim. You will almost certainly take over liabilities relating to the employees affected by the Transfer of Undertakings (Protection of Employment) Regulations.

Also, you will want to know about any historic breaches of the NHS contract and be confident there is no pending clawback of historic payments to the practice under the contract. It is highly likely that these liabilities will transfer to you if the contract is passed to you under the 'partnership route' transfer provisions in the GMS contract regulations (and the parallel procedures which are typically also applied for transfers of PMS agreements).

Any buying or takeover GP will also want to see that the premises, furniture and equipment used in the practice are in reasonable condition and working order. If they are not, you will have to invest to bring them up to scratch.

And you will want to know you can acquire ownership or the legal right to use the assets of the practice, including, for example, the IT system, on terms acceptable to you.

The above is not an exhaustive list by any means, but highlights just some of the matters that you should consider investigating as a prospective practice owner.

Who carries out due diligence?

There are likely to be several different people involved in a due diligence exercise in the GP sector, including a specialist medical accountant who can assist with financial due diligence and a specialist medical solicitor who can assist with legal due diligence.

But you are likely to have to carry out commercial and operational due diligence yourself as a prospective owner or co-owner of a GP practice. Whether as a GP, other healthcare professional or practice manager, you are in the best position to evaluate the target practice to ensure that it is well run and compliant with regulations.

What happens if problems are identified during due diligence?

If you discover material issues during your due diligence, there are several possible courses of action:

- you could ask the incumbent practice owner/s to take steps to remedy the issue (if a remedy is possible);
- you could seek to renegotiate the price for physical assets for which you are to make payment;
- you could investigate whether it is possible to insure against risks identified;
- you could ask the incumbent practice owner to provide an indemnity against losses you might suffer because of problems that have arisen under their ownership; or
- if the problems are serious enough and the above options are not available or sufficient to address the problems, you may choose to walk away from the transaction.

Ward Hadaway is a Top 100 law firm with a national reputation for its work in the healthcare sector. Alison Oliver is an associate solicitor with over 10 years' experience advising GPs on legal issues.
This article provides general information only and should not be relied on as legal advice.