

HealthcareBulletin

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Welcome to Rickard Luckin's latest Healthcare Bulletin.

In this edition we introduce our specialist medical accounting services in further detail, as well as shining the spotlight on increased charges made to GP surgeries by NHS Property Services.

We also include our insight into the increase in employer superannuation contributions, along with information for locums and consultants who will find themselves affected by recent amendments to public sector IR35 legislation.

In addition to our own Healthcare Bulletin, Rickard Luckin is an authorised distributor of the AISMA Doctor Newslines. AISMA Doctor Newslines is the quarterly newsletter of the Association of Independent Specialist Medical Accountants, especially written for GPs and practice managers and featuring an abundance of practical advice, hints and tips.

Should you wish to discuss the contents of the Rickard Luckin Healthcare Bulletin further, ask any questions or suggest future topics to be covered, please contact Alan Worsdale at alan.worsdale@rickardluckin.co.uk

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Introducing Rickard Luckin's Specialist Medical Services

There is no doubting the complexity of the medical profession when it comes to accounting and finance matters. The National Health Service brings with it continuous change and this, along with a diverse selection of private medical plans and individual hospital trusts, increases the need for practical and timely financial expertise that doctors can rely upon.

Rickard Luckin has the credentials and in-depth knowledge required to provide financial expertise and advice that is tailored to the medical profession. Partner Alan Worsdale demonstrates significant experience working with healthcare clients, and Rickard Luckin is a proud member of the Association of Independent Specialist Medical Accountants (AISMA), a network of over 75 accountancy practices that specialise in medical finances. Membership requires proven dedicated experience and regular peer reviews that ensures continuously high professional standards.

The specific areas covered by our services include:

- Claiming NHS reimbursements,
- Accounting for income received from a diverse range of sources, for example hospital PAYE, private patients, and participation on advisory panels,
- Partnership arrangements, such as joint ownership of premises or income sharing,
- Tailored advice for self-employed doctors who also participate in the NHS pension scheme.

We are always happy to discuss the specialist medical accounting services we provide, and how they can be of benefit to you. Simply contact us to arrange a free initial consultation.

www.rickardluckin.co.uk/contact-us



Newly-implemented changes to IR35 legislation will affect temporary NHS workers

Locums and consultants will find themselves particularly affected by recent public sector changes to IR35 legislation, which came into force from 6th April 2017 and affects payments to be made on or after this date.

HMRC have introduced the changes to "tackle unfair and costly non-compliance", further stating that "public sector organisations and contractors are free to work with each other in a manner that suits their circumstances. However, it is fair that two people doing the same job should pay the same taxes. These reforms will help ensure that happens."

It is important to note that overall, IR35 rules themselves have not changed. However, in cases where an intermediary has engaged a temporary worker for a public sector client (PSC, which includes the majority of NHS authorities), responsibility for status decisions will now shift to the PSC, who will determine whether each individual assignment should fall inside or outside of IR35 rules.

Sole traders who work directly for PSCs are not affected by this amended legislation, as no intermediary exists between the temporary worker and their client.

There are a range of relevant factors which seek to determine

whether the amended rules will apply, including whether the temporary worker is required to work at the PSC's office or location, if specific shift patterns are in place and whether or not the worker is responsible for leading a team.

If it is determined that IR35 rules apply, the PSC or associated agency will deduct and pay employment tax and National Insurance contributions at source, and they will also generate payslips and P60 documentation as required. The new legislation does not create obligations relating to pension or employment, so for example locums will not be entitled to claim statutory sick pay.

HMRC have launched a status tool for those who wish to check their IR35 status, which can be found here:

<https://www.gov.uk/guidance/check-employment-status-for-tax>

It is of course possible for locums and consultants to try and negotiate higher rates to compensate for any loss of take-home pay resulting from the amended IR35 legislation. If you would like to discuss your status and tax obligations in further detail, please do not hesitate to contact a member of our specialist team.



News: Increasing property service charges threaten closure of GP surgeries across England

Throughout England, many surgeries renting premises from the NHS have been threatened with either closure or enforcing a significant reduction to essential services, after property charges increased by up to 1000% in some cases. The charges have resulted in around £60m per year of additional rent costs.

NHS Property Services (NHSPS),

a limited company owned by the Department of Health, took over the property management of just under 1,500 GP practices, encompassing a £3.4bn property portfolio, following the abolition of primary care trusts in 2013. NHSPS has explained that charging market rates for the first time (from a previous "cost recovery" basis only) is intended to more accurately reflect maintenance costs, and that "every penny we generate is reinvested back into the NHS."

However, practices that have received bills of up to £100,000 in extra maintenance costs have complained that the charges are unfair and unjustified. With no ability to pass on the cost to their patients, many feel the only alternative is to reduce staff and services. A spokesman for the British Medical Association team that is disputing the changes has stated that "this is an NHS body trying to run NHS

practices out of business."

Ian Hume, head of GP premises for the BMA, recently commented that "NHSPS needs to reconsider urgently any changes it intends to levy if these are going to threaten the ability of that practice to deliver patient care."

The changes have hit hardest in areas where commercial rents have also risen significantly, including London and the South East, where patients have been campaigning against the charges and surgeries have also complained about receiving incorrect invoices. The charges arrive as the NHS faces a significant funding gap of almost £30bn per year by 2020.

If your practice has been impacted by NHSPS charges, or you have any questions or concerns, we at Rickard Luckin are able to advise you. Please contact a member of our specialist team.

Update: Employer superannuation levy to take effect from 1st April 2017

Following consultation by the Department of Health, an initial two-year employer superannuation levy has been introduced from 1st April 2017, to assist with covering the cost of administering the NHS Pension Scheme. Scheme administration is a function that has not previously been covered by employer and employee pension contributions.

The NHS Business Services Authority (BSA) administers the NHS Pension Scheme on behalf of 1.5 million contributing members, with over 9,000 employers participating in the scheme. The levy, payable by all contributing employers, amounts to 0.08% per active member and effectively increases overall contributions from 14.30% to 14.38%.

The Department of Health justified the levy by stating that "administration of the pension scheme is a frontline operational activity, for the benefit of NHS employers and their staff," and as such, it is reasonable to expect employers to meet the associated

cost. It is intended that the scheme will become "more client focused, leading to an administration service that is more responsive to employer needs."

The levy will fund all aspects of scheme administration activity, specifically:

- provision and development of the scheme administration service, including the calculation and payment of pension benefits, retirement estimates, total reward statements and new digital 'self-service' interfaces,
- statutory obligations that fall to a pension scheme administrator,
- scheme governance in the form of the statutory Pension Board and Scheme Advisory Board,
- actuarial and legal advice,
- new development projects in response to legislation or employer requirements, such as tax changes.

Projected costs for these activities is £35m per year over the initial two-

year levy period from 2017-19. For comparison, the amount spent on administration activity in 2016-17 was £34.2m.

It is proposed that a new levy will be set for a further four years from 2019-23, in response to financial planning and scheme valuation processes. It is expected that cost savings and efficiencies gained from digitisation programmes and general modernisation will feed into to future rates.

The levy payments will be collected at the same time and using the same method as current employer contributions. Designed to be payable by employers only, the Department of Health has stated that it "strongly discourages employers from seeking measures that pass the levy cost onto their staff."

If you have any queries regarding the superannuation levy and how it may affect you either as an employer or an employee, please contact a member of our specialist team.