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PMS equitable funding and reviews

NHS England [has published guidance](#) and [an accompanying presentation](#) for its local area teams on equitable funding arrangements and reviews for PMS practices.

£325m of "premium" PMS expenditure has been identified by NHS England as the amount by which PMS expenditure exceeds the equivalent items of GMS expenditure. The premium will reduce to £235m over the seven years to 2021 / 22 as GMS correction factor funding is phased out and global sum funding increases.

Area teams will have two years from April 2014 to review their local PMS contracts, with the pace of change on the redeployment of funding following the reviews being left to local judgement. They will invest the premium funding in GP services according to criteria set by NHS England, which are that the investment should:

- reflect joint AT/CCG strategic plans for primary care
- secure services or outcomes that go beyond what is expected of core general practice or improve primary care premises
- help reduce health inequalities
- give equality of opportunity to all GP practices
- support fairer distribution of funding at a locality level.

The guidance gives area teams discretion about how the funding should be invested within these criteria.

The GPC's position is that the premium expenditure should have been redistributed to core GP funding, providing greater certainty for practices and allowing them to invest for the future with greater confidence, for example by employing long-term staff and taking on new partners. In largely leaving decisions about the process and timescales to area teams, the guidance will create further uncertainty for practices and potentially create further inequity between practices in different areas. We have made our position clear to NHS England.

We would advise LMCs to contact their area teams to discuss their plans for PMS reviews following the publication of this guidance. We will provide further information when it becomes available.

Partnership changes

The government intends to make significant changes to the taxation of partnerships and partners therein from 6 April 2014. The draft Finance Bill 2014 was published on 10 December 2013 and contained further detail on the proposals. Under current legislation, all partners in an LLP (known as 'members') are regarded as self-employed for tax and national insurance contribution (NIC) purposes. The GPC has obtained advice from a leading firm of tax experts and this can be found at Appendix 1.

Local QOF schemes

Below is a statement from the GPC negotiating team regarding local schemes that bring forward the nationally negotiated GP contract agreement for 2014/15. We would very much like to hear about such local schemes, either in the form described in the below statement or otherwise, and would be grateful if you could send details of such schemes to info.gpc@bma.org.uk.

The GPC supports schemes that involve bringing forward the nationally negotiated GP contract agreement for 2014/15, by allowing practices to voluntarily cease work on the QOF points being retired from April 2014 in return for starting work on the avoiding unplanned admissions enhanced service. They bring forward a positive part of an agreement that has been nationally negotiated to benefit patients and practices by reducing bureaucracy and increasing the ability of GPs to use their clinical judgement. These benefits are particularly pertinent during the winter months, when workload pressures on practices are at their highest, and vulnerable patients are most at risk of emergency admission to hospital.

Because of our recognition of these benefits, we proposed to NHS England in early December that they provide central support, allowing such schemes to be adopted where there is a local wish to do so. This proposal was not accepted.

We are now aware that agreements on such local schemes are currently being made between some NHS England Area Teams, CCGs and LMCs, but in other areas identical proposals are being rejected.

As NHS England is a single national organisation, designed to operate a single operational policy, we are deeply concerned that individual NHS England Area Teams appear to be adopting different stances towards attempts to agree these local schemes. We believe that NHS England should have ensured a consistent approach across England by agreeing to and implementing the proposal that we made in December. Practices and patients would then have had the time to adopt and experience the benefits of such an agreement prior to April 2014. Even at this late stage, we still believe that NHS England should provide the central support required to allow the local adoption of these schemes.

We would not, however, support any QOF scheme or local contract that goes beyond what has been agreed as part of a nationally negotiated GP contract agreement. Such local arrangements could undermine national contract negotiations, potentially leading to worse financial outcomes for practices and ultimately a negative impact on patients in the long term.

Limited companies and dispensing practices

The GPC has been informed that some practices have been advised by accountants that they should put their dispensing income into a limited company, distinct from the practice, to avoid breaching the pension taxation limit.

In order to have the rights to dispense to patients, a practice must hold a Primary Medical Services Contract with the NHS. Any practice divorcing their dispensing rights from their NHS contract as suggested will risk losing their rights to dispensing altogether, so we advise practices to take appropriate legal and accountancy advice before making any changes to their dispensing arrangements. We will contact AISMA to make accountants aware of this issue.

Prime Minister's Challenge Fund – expressions of interest by 14 February

NHS England is inviting GP practices to submit expressions of interest (Eoi) for the £50 million Prime Minister's Challenge Fund, to test ideas for improving access to general practice and innovative models of providing primary care services. To be considered for funding, GP practices need to submit their Eois by 5pm Friday 14 February. More details, including the Eoi proforma and updated FAQs, are available on [NHS England's website](#).

GPC regional elections 2014-2017

Nominations are sought for regional representatives of the GPC for the constituencies detailed below.

Local medical committees covered

- Barnsley/Doncaster/Rotherham/Sheffield
- Berks/N&E Hamps
- Bucks/Oxfordshire
- Cheshire/Mid Mersey
- Dyfed Powys/N Wales
- Glasgow & Clyde
- Gloucs/Avon

- Hillingdon/Brent & Harrow/Ealing, Hammersmith & Hounslow
- Leics & Rutland/Northants
- Lewisham, Southwark & Lambeth/Bexley & Greenwich/Bromley
- N Staffs/S Staffs/Shropshire
- N Yorks/Bradford
- Northumberland/Newcastle & N Tyneside/Gateshead & S Tyneside/Sunderland
- Sandwell/Walsall/Wolverhampton/Dudley
- Wilts/Dorset

Candidates must be:

- GPs who contribute to the voluntary levy of an LMC in the constituency and who provide personally or perform NHS primary medical services for a minimum of 52 sessions distributed evenly over six months in the year immediately before election (6 March 2014); or
- GPs who are on the doctors retainer scheme and who contribute to the voluntary levy of an LMC in the constituency; or
- Medically qualified secretaries of a local medical committee in the constituency.

Nominations should be made on forms available from the GPC at: BMA House, Tavistock Square, London WC1H 9JP (tel: 020 7383 6375) and [on the BMA website](#).

A full election pack, outlining the work of the committee and more details on getting involved, is also available on the website. Any queries should be sent to rjuby@bma.org.uk.

The deadline for receipt of nominations is **5pm on Thursday 6 March 2014**.

GPC negotiator roadshows

The current round of GPC negotiator roadshows began at the end of January and details of the remaining event is as follows:

Thursday 13th March

Devon - Denman Suite - Exeter Racecourse, Kennford, Exeter EX6 7XS

Start time 18:30pm For those wishing to attend please contact Devon LMC admin@devonlmc.org

LMC Conference 2014

The 2014 LMC Conference will be held on **Thursday 22 and Friday 23 May 2014** at the [York Barbican](#). The Conference dinner on Thursday 22 May will be held at the [National Railway Museum](#). Information on the venue, expenses and submission of motions will be sent out very soon, and will be accessible on the [BMA website](#). The final deadline for the receipt of motions for the LMC Conference is **noon on Monday 24 March 2014** and motions received after this deadline cannot be accepted.

Getting ready for general practice

Thursday 27 March 2014

BMA House, London

Please pass this message on to all current GP trainees

Have you started your GP training, but need information and support about your career options?

Do you need help making sure you are starting your career in good financial health?

Find the answers you need and make new contacts among colleagues at our informal, friendly seminar. With BMA staff on hand to advise you about how we can support you as you begin your career, this event allows you to personalise the programme to meet your needs with a selection of breakout sessions.

The seminar is open to BMA members and non-members. If you have already started GP training but are looking for further information and support about the types of career open to you and the practicalities of working as a qualified GP, this event is for you.

Registration fees

Members: £90.00 including VAT

Non members: £150.00 including VAT

Find out more and [book your place on the BMA website.](#)

LMCs – change of details

If there are any changes to LMC personnel, addresses and other contact details please can you email Karen Day with the changes at kday@bma.org.uk.

The GPC next meets on 20 February 2014, and LMCs are invited to submit items for discussion. You may like to review these, beforehand, with the representatives in your area who serve on the GPC. The closing date for items is 11 February 2014. It would be helpful if items could be emailed to Christopher Scott at cscott@bma.org.uk. You may also like to use the GPC's listservers to exchange views and ideas.

GPC News

GPC News is available via the Internet, via the BMA's web pages: www.bma.org.uk

LMCs are reminded that their regional representatives can provide more detailed information about the issues covered in GPC News, and other matters. Other members of the GPC would also be pleased to accept invitations to LMC meetings wherever possible. Their names and addresses are in the GPC Yearbook. The secretariat can also provide a written background brief if required, but it would be helpful to have such requests well in advance of your meetings.

Finally, if LMCs require assistance on local issues, they can also contact the BMA's local offices: addresses are on page 3 of the GPC's yearbook.

This newsletter has been sent to:

- Secretaries of LMCs and LMC offices
- Members of the GPC
- Members of the GP trainees subcommittee
- Members of the sessional GPs subcommittee

Changes to the taxation of Limited Liability Partnerships (LLPs)

5th February 2014

The British Medical Association's GP Committee (GPC) has obtained and issued the following advice from professional tax experts. This may affect Personal Medical Services (PMS) partnerships established as LLPs.

This advice is for general use and does not replace the necessity for GP partnerships to seek professional, individually tailored advice for any matters relating to tax.

Introduction

The Government intends to make significant changes to the taxation of partnerships and partners therein from 6 April 2014. The draft [Finance Bill 2014](#)¹ was published on 10 December 2013 and contained further detail on the proposals.

Salaried Members

Under current legislation, all partners in a Limited Liability Partnerships (LLPs), known as 'members', are regarded as self-employed for tax and NIC purposes.

From 6 April 2014, certain partners in LLPs will be regarded as 'salaried members'. Salaried members will be taxable as employees. This means that the LLP will be required to pay 13.8% employers' NIC on most remuneration paid to salaried members.

There will be lesser effect on the NIC payable by the salaried members themselves, who will be required to pay 12% employees' NIC on some of their earnings, rather than the 9% Class 4 NIC which is payable by self-employed individuals. In addition, the LLP will be required to deduct income tax and employees' NIC from the salaried member's remuneration and pay this to HMRC through PAYE, along with the employers' NIC due. This will impact cash flow.

Income tax and NIC may also be payable on benefits received by salaried members and in certain circumstances where a company underlies the partnership or where the individual hold shares in a company which is a member of the LLP, as legislation which relates to employment related securities will apply.

An individual will be treated as a salaried member if all three of the conditions below are met:

1. At least 80% of the individual's remuneration is 'disguised salary', which is defined as fixed remuneration or variable remuneration which varies by a measure other

¹ www.gov.uk/government/collections/finance-bill-2014

than by partnership profits, or where the variation based on partnerships profits is unlikely to occur (e.g. where a profit share will only be reduced if the partnership were to become insolvent).

2. The individual does not have significant influence over the affairs of the LLP. This relates to managing the partnership itself, rather than having responsibility for a particular area of the partnership's business.
3. The individual's capital contribution is less than 25% of the disguised salary which is expected to be paid in the tax year. For example, an individual is entitled to receive a fixed profit share of £40,000 per annum. They also received a percentage share of partnership profits if profits exceed a certain level and they receive a further £10,000. The disguised salary is the £40,000 fixed income, so this condition will be met if their partnership capital is less than £10,000 ($£40,000 \times 25\%$). They will only be a salaried member if all three conditions are met.

If any of the above conditions are not met, the individual will not be classified as a salaried member and so will continue to be taxable as a self-employed individual. However, targeted anti-avoidance measures may apply in certain cases where changes are made so that individuals will not be taxable as salaried members, which are intended to apply where those changes have no real commercial effect.

If you think your practice may be affected by these changes, GPC strongly recommends that you seek advice from your practice accountant.

For any general queries, please contact info.gpc@bma.org.uk