

PCNs 2020 and beyond

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Tax Implications

HMRC Presentation 08/02/2020

- Broad guidance
- What is being supplied?
 - Is it exempt medical services
 - Is it staff
- Guidance is available and it is for the **employer** to decide about VAT
- HMRC will not respond to requests for guidance



Employment status

- Compliance check
- Employee vs Self-employed
 - Contract terms eg control of rights, financial risk, right of substitution
 - CEST online tool check
- Office Holder
 - The role remains the same, even if the person changes
 - **Always** employees (CD role)



Accounting Tax and VAT

- Employer carries the risk (PCN, Lead practice, federation)
- Seconded staff **are** liable to VAT
- If in doubt declare employee status
 - Employer liable for NIC and PAYE
- £1.50 will be considered practice income and liable to tax
- 3rd party providers of staff liable to VAT **unless** for medical services

Sheffield LMC Position Statement



- The universally recognised need to reduce workload in general practice
- The universally agreed need to increase GP recruitment and retention
- A sustained increase in investment in general practices that will stabilise these structures to allow the progress of primary care changes
- The need to adequately fund a prolonged change-management agenda



Immediate future

- Voluntary DES – it is up to practices to decide
- Practices have until 31st May to decide
- Auto-enrolment from 2021 with 1 month window to opt out
- Special LMC Conference 11th March 2020



Pressures on practices now

- Premises
- Partnerships and recruitment of GPs
- Underfunding of core contract
- Workload not eased by PCN DES
- More management = less clinical time
- Training new roles



Problems created by PCNs I

- Investment at scale not at practice level
- No legal structure
 - Problems of employment
 - Loss of control
 - Tax/VAT liabilities
- Little flexibility to adapt to local demand
- Friction between practices within Network
- Risks to Network viability if a practice doesn't sign-up



Problems created by PCNs II

- Underinvestment in CD role and variable salary
- Underinvestment in management costs
- PCNs expected to solve problems of constituent practices
- Dis-investment in LCSs
- “Left-shift” from hospital without additional resources
- Training and supervision of ARRS roles unfunded



Medium-term future

- 2021-24
 - Service specifications
 - 4 now for 2021/22
 - Extended Hours/ Extended Access/ Urgent Care
 - Premises
 - Contract silent on 2022-24

Long-term future Beyond 2024



GP Contract – What will it look like?

PCN DES
incorporated
into CORE

CORE
incorporated
into PCN DES

SALARIED