



# Things to think about when joining a Primary Care Network

**As you are aware, all GP surgeries are obliged under the new GP contract to have joined a Primary Care Network (PCN) by 1<sup>st</sup> July 2019. Networking Funding also started from this date.**

Unfortunately guidance from the NHS and BMA has been slow in filtering down to GP's at the coal-face who have to set these networks up.

If you are involved in this, there are some very important things to think about from a financial point of view that can cause expensive problems in the future if not dealt with properly at the outset.

These problems include:



## Value Added Tax (VAT)

Most GP Practices do not need to worry about VAT because clinically necessary medical services are covered by an exemption. However the supply of staff is not, even if the staff are providing medical services.

This means that if a lead practice or Limited Company employs the Network staff, it is possible that they would have to charge VAT when they work in member practices. This, in most cases, would be an additional cost that is not covered by the funding. The employing practice would also have the hassle and cost of dealing with this VAT.

It is also often overlooked that some of the services that are intended to be provided by PCN's may not benefit from the medical exemption such as community prescribers and back office support etc.

If a member practice makes use of these services and their value combined with any other non-exempt work carried out by a surgery and its partners is large enough, the member surgery may need to account for VAT as well.



## Staff Pensions

Currently only staff employed by entities that have a contract with the NHS can join the NHS pension scheme. This can pose some problems if the Limited Company model is used. We understand that the NHS are looking into this, therefore this may be a temporary situation, however whilst the NHS pension is not available an alternative pension scheme would be required by law.



## Other employment issues

As you will be aware employing staff carries risks and responsibilities such as potential employment tribunal claims and liabilities for your staff's actions. If you were to use a model where one practice or company were the employer, they will have sole responsibility for this. We recommend 'cross indemnities' between the members would be needed to share this fairly.

Where the staff are employed by a Limited Company the liability, generally, stays in the company. In any case your network agreement should set out how these would be dealt with.

In summary, every model has its financial considerations and it is important to understand these when joining a PCN. Here at Clemence Hoar Cummings we understand these issues along with the other things that really matter, such as complete transparency.

We are pleased to advise on the best structure for you and to take on the burden of accounting for the PCN and providing regular management reports and reconciliations along with payroll, certified allocation statements, monthly management packages and offer real time (read only) access to the financial records on-line, with the ability to drill down to images of receipts and invoices.

If you would like to discuss any of the points in this factsheet please contact our specialist services partner Philip Redhead FCCA on **01708 333308** or [philip.redhead@chc.uk.com](mailto:philip.redhead@chc.uk.com)