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GPC meeting

The GPC met on 19 April 2007 and this newsletter provides a summary of the main items discussed.

Report on main negotiating issues

Please find attached (appendix 1) the written report from the GPC negotiators submitted to the committee ahead of the meeting and revised in the light of the updates given at the meeting.

GPC-LMC Secretaries meeting - 19 April

Around 150 GPC members and LMC secretaries met at the Brunei Gallery, School of Oriental and African Studies on Thursday morning for a meeting that covered a lot of ground and allowed LMC secretaries to exchange opinions on the feelings among GPs in their area.

The morning started with some brief presentations and a panel Q&A session which involved not just Hamish Meldrum and Laurence Buckman, but also Jon Ford, Head of the BMA's Health Policy and Economic Research Unit, Linda Millington, BMA Head of Media Relations and Jonathan Waters, BMA Head of Legal Services. This allowed LMC secretaries to ask about the GPC's media policy, the legal limitations on the GPC and LMCs in terms of taking action and advising practices on what action they can take, as well as background information on why the DDRB was an important mechanism for the GPC to continue to use.

The meeting continued with LMCs detailing and discussing the situation in their areas. It became clear that there were a broad range of issues that GP practices were concerned about and that went beyond the 0% DDRB recommendation. In particular there was disquiet about the current state of

the NHS, the amount of political and managerial interference in everyday professional practice, and the very vulnerable position of PMS practices who were being squeezed by PCTs. The recent GPC guidance document was welcomed and supported and there was a greater understanding about the issues around industrial action and media and legal constraints. It was recognised, that while practices may wish to take some kind of action, and in particular to protect their practices' income and patient services, there was no single way in which this could be executed, and that such decisions were best made at local level, tailored to local circumstances. Choose and Book was a case in kind, where in some areas it works well for practices and is considered an enhancement to patient services, while in others there is now no funding, there are many problems and GPs would prefer to discontinue participation. There was consistent agreement that any decisions taken must not harm patients.

A more detailed report of the meeting will be circulated to LMCs within the next couple of weeks.

Negotiations update

There has been really no progress on negotiations in England since last month, although there has been communication with ministers about more general issues. The GPC has suggested that it would like to see negotiations about new incentives and service changes separated from annual pricing of the contract, which should be undertaken by the DDRB.

Negotiations in Wales have come to a standstill following an unsatisfactory DES offer for 07-08. Negotiations about DESs in Scotland and Northern Ireland are ongoing. In Scotland, the global sum was uplifted from the beginning of this month to recognise the significant population increase.

GPC survey of GPs

The GPC discussed the content of the forthcoming GPC survey of GPs. This survey of GP opinion is partly a response to the DDRB's zero pay award for GPs and the breakdown of negotiations between the GPC and NHS Employers for 2007-08. However, it is also a good opportunity to survey GP opinion on a wider range of current issues such as professional morale and NHS reforms. A national survey of GP opinion was last carried out by the GPC in 2001 as a precursor to the nGMS negotiations and repeating some of the questions asked in this survey will make certain comparisons possible. The intention would be to survey the whole profession across the UK, including GP registrars and sessional GPs, as was done in 2001. It is hoped that the results of this year's survey will provide:

- engagement of the profession in the decision-making process
- important information to support our DDRB evidence
- an analysis of GPs' opinions about the NHS which can help inform BMA policy and our press work
- guidance on GPs' appetite for further action, including industrial action, in the future

We anticipate that the survey will go out to GPs around the end of May, with results in early July. The GPC will do its best to encourage GPs to respond to the survey. LMCs will also have an important role to play in encouraging GPs to take part.

Discussions are taking place in the wider BMA about a survey of public opinion and a survey of other doctors. It is expected that a number of common questions on NHS reforms will be used in all three questionnaires.

RCGP paper - The future direction of general practice roadmap

The GPC has agreed to support the Royal College of General Practitioners on its paper, "The future direction of general practice roadmap". This paper aims to put forward ideas for the future of general practice and patient care, by providing a framework for developments in quality, education and workforce. With a few minor amendments to the current draft paper, the GPC/BMA logo will be added in support and the GPC chairman will offer to write a joint foreword with Professor Lakhani.

Setting up new business entities – pensions consideration

The GPC is aware that some GPs are considering setting up new business entities, such as companies limited by shares, for parts of their business. In some cases this may follow advice from accountants that operating through such a business will confer tax advantages over traditional arrangements. It is very important that before setting up any new business entity, GPs consider the implications of doing so for their (and their staff) NHS pensions and seniority payments as some business types will cause payments to be lost or income to be ineligible for pension purposes in the NHS. The regulations surrounding the interaction between GMS, PMS and the NHS Pension Scheme are complex and not all accountants will be aware of the full implications that may apply in each area.

The Department of Health, the NHS Pensions agencies and the BMA are in the process of producing guidance for the more common scenarios, but this is an emerging field and not all possible variations will be covered. Doctors who are considering changing the way that they operate or thinking about setting up companies should therefore always contact the NHS Pensions Division (Policy Development Unit) for advice in respect of access to the NHS Pension Scheme. The BMA Pensions department will assist with communications where appropriate.

VAT on Medical Services

Further to previous GPC News items, practices should be aware that Parliament has approved the implementation of VAT on medical services from 1 May. Those practices already registered for VAT are advised to familiarise themselves with the details of items for which they will have to charge VAT from 1 May. We would be grateful if LMCs would bring this to the attention of their local GPs.

Detailed guidance can be found by visiting HMRC's website:

http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&pageLabel=pageLibrary_ShowContent&id=HMCE_CL_000121&propertyType=document

www.bma.org.uk/ap.nsf/Content/VATonmedicalservicesFAQs?OpenDocument&Highlight=2,VAT

HMRC was required to consider the Morganash ruling during the implementation process for the ruling on VAT on medical services. This was a VAT tribunal case that considered whether medical services relating to certain insurance transactions could be exempt under the VAT exemption for insurance. The tribunal decided that the service was exempt from VAT under the UK (but not EU) insurance exemption. HMRC did not appeal against the tribunal decision and accepted that medical services provided in connection with the bringing together of parties to an insurance contract and the administration of policies, including the handling of claims, fall within the current UK insurance exemption as insurance-related services. This means that nearly all insurance work will continue to be exempt from VAT.

Further information is given in the insurance section of the HMRC Public Notice 701/57 and the Revenue & Customs Brief announcing implementation of the changes (available on the HMRC web site). This states that medicals and reports provided purely for the purposes of valuing policies for

tax reasons, for example, in relation to inheritance tax, are liable to VAT at the standard rate. **We understand that this is a small area of insurance work** but the HMRC guidance states that the **following insurance areas qualify as an exempt supply** of health in principle:

- Health screening under private medical insurance policies - these are regular check-ups to detect early signs of disease.
- Income/credit protection insurance - medical services where the policy holder has fallen ill (as opposed to losing his/her job) and which are aimed at assisting the individual in returning to a normal life.
- Motor insurance - where medical services are provided under a policy to assist in enabling an injured motorist to return to full health and/or work. (Note - this does not include medicals undertaken for DVLA purposes to ensure initial or continued fitness to drive which are liable to VAT at the standard rate).
- Any other medical service provided in connection with an insurance policy where the principal aim is to assist in restoring the health of the individual.

We understand that this exemption for VAT applies to the current fees we agree with the ABI for life assurance policies and income protection policies. ABI have indicated that insurers are aware of the small areas of insurance that are subject to VAT and are likely to identify that the work is vatable when contacting GPs. Once again GPs are advised to keep careful records and to take professional accountancy advice regarding their individual circumstances.

Flexible careers scheme and retainer scheme

Please note that, while the funding for new recruits to the flexible careers scheme has ceased in many areas, practices who still have a FCS doctor on the three year scheme will continue to be reimbursed in line with the SFE. In addition, recruitment to the GP retainer scheme should remain unchanged.

Media coverage report

Please find attached (appendix 2) a GPC media coverage report prepared by the BMA's press office, detailing GPC media activity during the last few weeks.

The GPC next meets on 17 May 2007, 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 8 May. It would be helpful if items could be emailed to Andrew Young at ayoung@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: <http://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 GP registrars subcommittee
- Members of the sessional GPs subcommittee