



# **Minimum Earnings Expectation**

## **Instructions for applying – September 2021**

## Minimum Earnings Expectation.

The GP partner minimum earnings expectation was agreed<sup>1</sup> as part of Phase 1 of the 2018 GP contract and has applied since 1 April 2019.

The expectation from 2018 was that no whole time equivalent (“WTE”) GP partner in a practice should earn less than the minimum earnings expectation of £70,000 per annum plus employers superannuation. This equated to £84,630 per annum per WTE GP partner in the practice, before deduction of employees and employers superannuation. The £70,000 figure excludes some NHS income<sup>2</sup> and excludes all non-NHS (private) income.

The Minimum Earnings Expectation is uplifted annually by the Scottish Government pay award for General Practitioners. **For 2021 applications this figure has been uplifted by 3%, to £74,263**

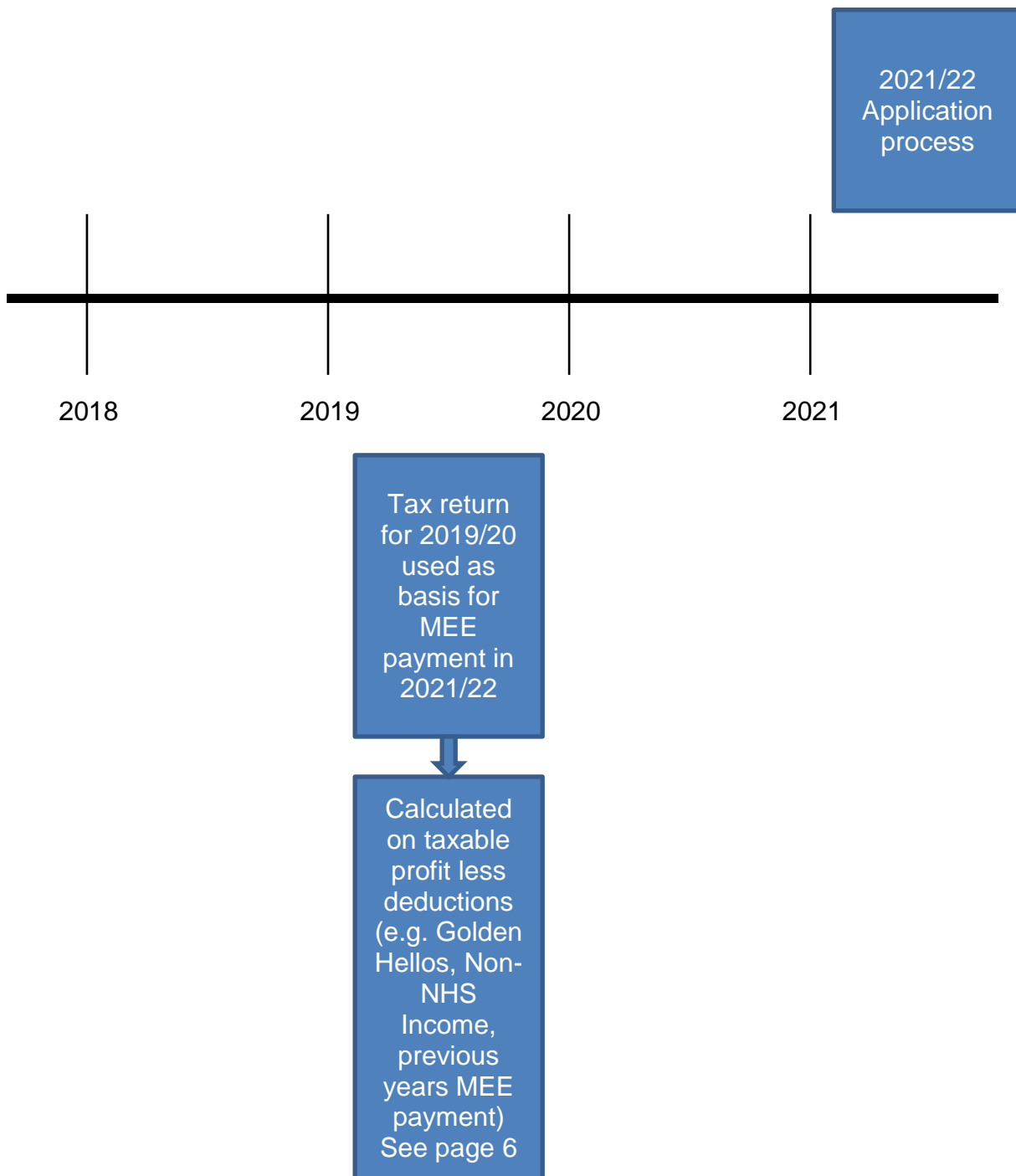
If you are not sure if your practice will qualify for the minimum earnings expectation or have any queries about this guidance please contact your accountant in the first instance.

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<sup>1</sup> See Annex B

<sup>2</sup> For example extended hours (where income is earned out with core hours) and golden hellos.

Outline of the minimum earnings expectation<sup>3</sup> timetable:



<sup>3</sup> It is anticipated that the minimum earnings expectation will continue until such time as phase 2 of the contract and a remuneration scale similar to consultants is negotiated.

## **Application process**

Practices applying for a payment under the minimum earnings expectation should use the claim form set out at **Annex A**. The completed form must be signed by partners in the practice and the practice accountants and sent to their local Practitioner Services Regional Office together with supporting documentation (see “Verification” below).

The key dates are:

<b>Timeline for applying for the minimum earnings expectation</b>	
August 2020	Practices normally receive accounts from accountants in August for year ending 31 March 2020, and these are signed off by partners.
September 2021	Practices complete the claim form and submit to PSD.
30 November 2021	Cut-off date for applications.
September 2021 Onwards	Processing and verification by PSD.
September 2021 Onwards	Payment will be made to qualifying practices (as a one off lump sum) along with their regularly monthly payment from Practitioner Services once the value of any entitlement has been calculated and confirmed.

Practices whose accounting period does not end in March/April will still have taxable earnings for 2019/20 but these will not be based on accounts for April 19 to March 20, but may be based, for example, from Jan 19 to Jan 20. These practices will still follow the same arrangements for tax returns by 31 Jan 2021 and pension returns by 28 Feb 2021.

**Note** – although eligibility for the minimum earnings expectation is based on a previous year's accounts payment is made so as to increase earnings in 2021/22.

## Hours worked

For the purposes on the minimum earnings expectation WTE is based on core practice hours.

WTE is defined as providing NHS services in sessions totalling at least 40 hours per week. For example 10 sessions averaging at least 4 hours is WTE, as would be 8 sessions averaging at least 5 hours.

Part of the application process will be to confirm what the sessional split is for partners.

The minimum earnings expectation is prorated for partners who work less than this defined WTE.

***For example a partner working 6 sessions in a 10 x 4 hour sessions WTE practice would have a floor of 6/10 = £44,558 and a partner working 6 sessions in an 8 x 5 hour sessions WTE practice would have a floor of 6/8 = £55,697.***

If your practice uses a different definition of WTE then please contact Practitioner Services for advice.

<b>10 x 4 Hour Session WTE Partnership</b>		
Sessions	Minimum Earnings	Including Superannuation (20.9%)
1	£7,426	£8,979.20
2	£14,853	£17,956
3	£22,279	£26,935
4	£29,705	£35,914
5	£37,132	£44,892
6	£44,558	£53,870
7	£51,984	£62,849
8	£59,410	£71,827
9	£66,837	£80,806
10	£74,263	£89,784

<b>8 x 5 Hour Session WTE Partnership</b>		
Sessions	Minimum Earnings	Including Superannuation (20.9%)
1	£9,283	£11,223
2	£18,566	£22,446
3	£27,849	£33,670
4	£37,132	£44,892
5	£46,415	£56,116
6	£55,697	£67,338
7	£64,981	£78,562
8	£74,263	£89,784

## Income

The minimum earnings expectation is based on NHS taxable profits earned within core hours.

From the Annual Certificate of Pensionable Profits, the figure to be used will be box 21, partnership taxable profits less box 7 (non NHS partnership income) plus non-NHS expenses relating to box 7 (part of box 31).

This amount should be adjusted to remove any Golden Hello payment (if applicable), and any extended hours access scheme payments included in the partnership profit share where the income is earned by the GP working outwith core hours.

Other items may require to be excluded as described below if they are included in the partnership taxable profit and not as self-employed, employed or other medical related income.

The taxable profits (for 2019/20) then need to be adjusted by 100/114.9 as per box 36 on the Annual Certificate of Pensionable Profits.

Employers superannuation will only be paid if the GP Partner is in the NHS Pension Scheme.

### Income **included** in calculating partner earnings:

Income includes, but is not restricted to, income from the global sum, enhanced services, dispensing. It also includes any income received as a result of having an NHS patient list – i.e. anything arising from the fees and charges specified in regulations such as certificates.

Community Hospital income which cannot be clearly distinguished from GMS hours should also be included. If Community Hospital income is excluded then a similar calculation to exclude the time taken to earn this income as with private income is required (see the example given for private income in the section below).

Seniority should be included but applied individually for the purposes of identifying whether a GP qualifies for the minimum earnings expectation. Where box 40a of the Annual Certificate of Pensionable Profits is a partnership share rather than personal entitlement to seniority then details of the personal entitlement needs to be given for all.

***For example in a practice there are two partners. One earning £75,000 net including £10,000 seniority payment and one earning £65,000 net with no seniority. If seniority is shared then the average partner income is £70,000 net and so neither partner would qualify for a minimum earnings expectation payment.***

***Applying seniority individually for the purposes of the calculation would see the partner without seniority's income be counted as £65,000. This would result in a payment of £9,263 (plus superannuation) for the lower paid partner taking their income to £74,263. The higher paid partner would remain at £75,000.***

Income **excluded** from calculating partner earnings:

- Income received by way of a Golden Hello.
- Payments for the Extended Hours Directed Enhanced Service and LMC fees are excluded where this income is earned outside of core hours.
- Income from Out of Hours work.
- All non-NHS (private) income earned within practice opening hours and, as noted in the example below, the time taken to earn this income is excluded as well in calculating WTE and sessions worked.

***For example a partner working ten 4 hour sessions of which two sessions are private work would have a minimum earnings expectation of £59,410 i.e. the calculation is based on 8 sessions and excludes the income earned in the two private sessions.***

In future years payments made under the minimum earning expectation will be excluded from any calculation of eligibility for payment under the minimum earning expectation.

**Verification**

To allow verification of eligibility Practices must submit:

1	Certified end of year accounts.
2	A copy of the practice declaration of superannuation/pensions showing individual breakdowns (HMRC Partnership Tax Return SA800 pages 6 and 7 together with a reconciliation between the individual partner's box 11 amount and the value included in the certificate below).
3	Reconciliation between partnership profits as per the accounts and the aggregate of the individual partner's Box 21 on the Annual Certificate of Pensionable Profits (box 11 amounts from the HMRC Partnership Tax return SA800).
4	A certificate and declaration (at Annex A) signed and completed by GP partners and their accountant. This includes a declaration of the sessional/time commitment and division of profits.

**Practice stability**

A key part of the 2018 Contract is the recognition that practices require income stability, particularly as services are transferred, for example through the vaccination transformation programme.

**A key principle of the minimum earnings expectation is that GP practices should not intentionally reduce partner income by unilaterally withdrawing services or other means to gain more protection under the guarantee. PSD may ask for previous years accounts to verify any changes to partner income.**

### **Partners' share of the minimum earnings expectation**

Money is paid to a GP Practice for the purpose of making up low earning partners' income. We would expect this to be reflected in the next year's accounts.

If a practice breaches this condition the Health Board will recover the income guarantee payment. The Health Board may do so by requiring repayment, or by withholding payment of any other payment payable to the contractor under the contract, to the value of the payment to which the condition relates.

### **Overpayments**

Normal SFE arrangements for overpayments will apply.



**Annex A**

**GP Partner Minimum Earnings Expectation Claim Form**

Practice

Accounting period

Partner's name	% Share of practice NHS profits /income	Weekly sessions worked	average minimum hours for sessions	WTE 0.1 – 1.0	NHS Taxable Profits See description above	Seniority included in NHS Taxable Profits	Other Deductions (e.g. Golden Hellos; Extended Hours; Community Hospital Work etc.)
<b>Totals</b>							

How is notional WTE determined in your practice e.g. 8 x minimum 5 hour sessions, 10 x minimum 4 hour sessions etc.

Declaration of sessional/time commitment and division of profits (if required)

GP income floor (total of individual WTE x £74,263)	
Practice uplift payment being claimed (total of individual GP income floor – individual NHS taxable profits)	
Employer superannuation contributions (uplift x 20.9%)	
Income floor support/uplift payment provided	

I/we, the undersigned declare;

- that the information given on this form and supporting documentation is accurate and I/we understand that if it is not, action may be taken against me/us, including the recovery of any sums paid inappropriately

- that any payment received will be used to support GP partners in this practice earning less than the minimum earnings expectation

- that we will supply any additional information required by PSD in order to process this application and we acknowledge that this claim may be subject to Payment Verification. Where PSD is unable to obtain authentication, we acknowledge that the onus is on the Practice to provide whatever documentary evidence is required to support this claim.

**[To be signed by all GP partners and the accountant completing this form]**

**[To be sent to your Practitioner Services Regional Office upon completion]**

## Annex B

*“In early 2017 the Scottish Government and SGPC commissioned a review of GP earnings and expenses in Scotland. The review found significant differentials in income and expenditure in the sample of 109 practices, with around one-fifth of GP partners earning less than £75,000 (including any private work, excluding employer superannuation) in a whole-time equivalent post.*

*We propose that no GP partner should receive less than £80,430<sup>4</sup> (including employer pension contributions) NHS income pro-rata up to a whole-time equivalent (40 hours) from April 2019”.*

The 2018 General Medical Services Contract in Scotland – page 21.

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<sup>4</sup> This figure has been increased in the rest of this document to reflect the change to employer pension contributions from 1 April 2019.