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PRIMARY CARE TRUSTS AND GROUP ALLOWANCES

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Social Services Directors – England
Primary Care Groups – Chairs
Primary Care Trusts – Chairs

For information to: Community Health Councils, Chief Officers
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PRIMARY CARE TRUST & GROUP ALLOWANCES

Summary

This guidance sets out the allowances payable to or for:

- Chairs and Board Members of Primary Care Groups;
- Chairs and non-executive members of Primary Care Trust Boards ;
- PCT Executive Committee Chairs and Professional Members

It also provides a framework for the remuneration of Chief Executives and other senior managers who support the work of PCGs or PCTs. These allowances or guidance on remuneration apply from 1 April 2000. This circular and the attached document replaces HSC 1998/190.

Before then PCTs which have been established should make payments to PCT non-executives and Executive Committee members on the basis of the principles embodied in this framework. From 1 April 2000 some payments to GMS GPs on PCGs and PCTs will be pensionable.

Action

- **Chief Executives of Health Authorities, Primary Care Groups and NHS Trusts, Social Services Directors and Primary Care Trust Chairs (or leaders if the PCT is in shadow form);**
 - should bring this Circular and attached guidance to the attention of their staff and relevant members
 - are expected to encourage relevant staff to participate in PCGs and PCTs and to facilitate such involvement.
- **Chief Executives of Health Authorities and PCTs should**
 - ensure that the level of PCG and PCT allowances and arrangements for their payment comply with this circular from 1 April 2000
 - ensure that this guidance is made available to all PCG Board and prospective PCT Board and Executive Committee members.
 - ensure that shadow PCT Chairs and PCT Executive Committee Chairs, once appointed are aware of this guidance and ensure that arrangements for PCT Chairs, Board and Executive Committee Members are to be paid in accordance with this guidance.

- **Chief Executives of NHS Trusts managing Community Health Services** should work closely with PCGs and PCTs (in their preparatory or shadow phase) and the individuals concerned to agree how those NHS Trust staff appointed to them will be released for their PCG and PCT duties. None of an individual's personal allowance should be retained by the employer.
 - **General Practitioners and practice nurses** should work together, with the PCG or PCT and individuals concerned to agree how practice partners or employees who will serve on them should be released for their PCG/PCT work. None of an employed individual's personal allowance should be retained by their employer.
 - **Social Services Directors** are asked to work with HAs in the development of local PCGs and PCTs and to agree with the PCG or PCT possible arrangements for payments to the local SSD for the time of the SSD officer spent on PCG or PCT activities.
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This circular has been issued by:

Sheila Adam
Health Services Director

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Introduction

1. This guidance replaces HSC 1998/190, which set out the initial framework of allowances for PCG Board Members. It provides revised allowances for PCG Board Members, the new allowance framework for PCT non-executive Board members and members of the Executive Committee, in addition to the remuneration of PCT staff.
2. The new allowance framework for PCGs and PCT Executive Committees, which is described below, applies from 1 April 2000. The allowances for PCT Chairs and Board members apply from the date of appointment of the individual. Before 1 April 2000 preparatory PCT Boards will wish to take this framework into account when establishing local arrangements for Chairs and professional members of the preparatory Executive Committee.
3. Certain payments to GMS GPs for their PCG and PCT roles will be pensionable from 1 April 2000 when amended NHS pension regulations will come into effect.

Principles

4. The **principles** which underpin these arrangements are that payments or allowances should:-
 - i recompense individuals for their corporate role within the PCG or PCT;
 - ii be linked to responsibility;
 - iii be reasonable;
 - iv be available equally to different members;
 - v be affordable;
 - vi dovetail with relevant existing NHS guidelines and precedents;
 - vii reflect differences between the roles and responsibilities of different organisations and the Boards and Committees that run them.

Revised allowances for PCG Chairs and Board Members

5. Existing allowances for PCG Chairs and Board Members will be uplifted by 2.8% from 1 April 2000, which reflects a similar uplift for HA and NHS Trust Board members. The level of allowance paid to PCG Board members will depend upon whether the PCG is operating at level 1 or level 2. HAs assisted by ROs should re-assess the level of their PCGs, taking account of the revised definition for 2000-01, which is set out in HSC 1998/228 (at paragraph 59-61). In summary to be considered as a level 2 PCG in 2000-01, a PCG must take on delegated responsibility for at least 60% of its share of the HA's unified budget.
6. Some PCGs will therefore need to take on additional responsibilities in 2000-01 to sustain their level 2 status. HAs should encourage, facilitate and support PCGs to do so, in particular by providing sufficient management support and resources to enable PCGs to properly carry out their delegated responsibilities, and will need to involve PCGs fully in the business planning cycle, as set out in HSC 1999/244. Where a PCG has moved from level 1 to level 2 (or vice versa) individual PCG allowances should be adjusted accordingly.
7. The revised PCG allowances are set out in Annex A. This structure recognises that PCGs operating (at level 1) as HA advisory bodies have service and primary care development functions as well as prescribing management functions. PCGs operating at level 2 have these functions but have also agreed to take on the majority of commissioning responsibilities and activity within the PCG. In all cases PCG chairs are expected to play an active leadership role. Level 2 allowances should be payable only

where the PCG is operating at level 2, ie where the PCG is actively managing its delegated budget and not simply blocking back its commissioning budget for continued management by the HA across more than one PCG.

8. The personal allowances payable to PCG Chairs take account of the level and size of the PCG. The framework distinguishes between Chairs of level 1, or level 2, PCGs and in each case between PCGs serving a population of less than 75,000 and serving a population of at least 75,000.
9. HA Non-Executive Members who serve on PCG Boards will not receive a PCG Board Member allowance in addition to their payment as an HA Non-Executive Member. Where an additional lay member is appointed as substitute for the HA Non-Executive PCG Board Member, the lay member will be eligible for payment as other PCG Board Members. These costs should, however, be met from the HA's budget and count against the HA management costs rather than the PCG's.
10. For Inland Revenue purposes the allowances are treated as payments to "office holders". The allowances are chargeable under Schedule E and PAYE should apply to them. Payments should therefore be administered through the HA payroll, except where the individual has elected (with the agreement of his/her local tax office) to treat the allowances as a professional receipt (see Annex C).
11. From 1 April 2000 HA's should not pay any personal PCG allowances to the individual's NHS employer. Similarly no NHS or GP employer should seek to claw back any PCG Board member's allowance.
12. NHS and partner employers are expected to recognise the value of their employee's contribution to the PCG, and should ensure that no individual suffers a reduction in contracted hours as a result of their PCG Board Members status. In particular, employers are expected to reach agreement in advance about how cover (at the appropriate grade, where relevant) is to be provided when the individual is absent on PCG business. Employers are also expected to facilitate liaison between PCG Board Members and the groups they represent to inform their PCG Board activities. This applies to nurses employed by NHS Trusts or GP practices, salaried doctors, Social Services Department (SSD) nominees and, potentially, lay members.
13. It will be for the individual LA/SSD to consider whether a payment should be made in respect of the SSD officer's time spent on PCG activities.

Superannuation of PCG and PCT Executive Committee Allowances

14. It is of prime concern that no individual's NHS pension position or entitlement is reduced because of their PCG or PCTE role. General Practitioners' pension entitlement is calculated on the basis of lifetime earnings, and not on the basis of the individual's final pay or length of service, as it is for other NHS Pension Scheme members. Accordingly, to protect GMS GPs' pension position, any PCG or Executive Committee allowances that they receive will be pensionable. These arrangements will not apply to compensatory payments or to PMS practitioners. PMS practitioners should, with their contract partner (HA or PCT), ensure that the PCG or Executive Committee element is included within pensionable component of the existing or new PMS contract. In this way the pension position of the individual may be protected and the NHS does not make duplicate pension payments. Where a practitioner is providing both PMS and GMS the payments should be pensioned (or not), on the basis of whether their PMS or GMS activity is the greater. The NHS Pension Regulations will be amended to reflect this change from 1 April 2000.

15. Other members of the NHS Pension Scheme are already pensionable for their normal NHS employment. Such individuals should suffer no detriment in terms of their pension position as a result of their PCG or PCTE role. To secure this important objective NHS employers should not reduce the contracted hours of any member of staff because they have been appointed to a PCG Board or Executive Committee. The level of compensatory allowance should be sufficient to provide locum or bank cover for any individual.
16. NHS and partner employers (including general practice) are expected to reach agreement in advance about how cover (at the appropriate grade, where relevant) is to be provided when the individual is engaged on PCG Board or PCT business. Employers are expected to facilitate liaison between PCG Board and PCT Executive Committee Members and the groups whom they represent, so as to inform their PCG/PCT activities.

Compensatory allowances for PCG Chairs and Board Members

17. The employer of a PCG member (or the practice partnership in the case of a GP Board Member) is eligible to claim compensatory allowance for the individual member up to a specified maximum for each financial year. After review, the limit of these payments will be increased from 1 April 2000 by 33% for PCG Chairs and by 16% for PCG Board Members. Taking account of this option the new annual *maximum* compensatory allowances payable from 1 April are set out at Annex A.
18. The compensatory (or "locum") allowance is payable on presentation of invoices for the cover provided. Where a practice has met the shortfall in GP or nurse cover internally the individual's practice will be eligible for the compensatory payment on presentation of an invoice for the costs involved.
19. The HA Accountable Officer may exceptionally agree to the PCG paying a higher compensatory payment in respect of the Chair where a higher time commitment is required of the Chair because of the PCG's demography, geography or organisational development. Such payments should be explicitly agreed in advance by the HA Chief Executive and reported (paragraph 48 refers).

Payments to the PCT Board: Chair and non-executive members

20. PCT Chairs and Non-Executive Members of the PCT Board will be appointed by the Secretary of State. They will receive an allowance as set out at Annex B (*note: for the purpose of this guidance 'non-executive' refers to those people appointed by the Secretary of State to a PCT Board who are not officers of the PCT by employment or as professional members of the Executive Committee*).
21. PCT Executive Committee (PCTE) professional members who are also on the PCT Board will receive the Board Member's allowance in addition to their PCTE allowance. Any PCT Board Members nominated by the Executive Committee, but who are not professional members of the Executive Committee, will also be eligible for the PCT Board Member's allowance. PCT Board allowances are not pensionable.
22. Executive Directors of the PCT who are members of the PCT Board (for example the Chief Executive and Director of Finance) will receive no additional allowance or payment for their Board role as this forms part of their normal employment.
23. No compensatory allowances are payable to PCT Board members for their PCT Board work.

Payments to the PCT Executive Committee: Chair and professional members

24. Executive Committee Chairs and professional members will receive a personal allowance and are eligible for an employer's compensatory allowance. These allowances vary between level 4 and level 3 PCTs to reflect in the main the different time commitment likely to be required of them. The allowances and assumed time commitment are set out at Annex B.
25. PCT Board and Executive Committee allowances are treated by the Inland Revenue as payments to "office holders" and are chargeable under Schedule E. So PAYE should apply to payments of these allowances. Payments should therefore be administered through the PCT payroll, except where the individual has elected to treat the allowances as a professional receipt for tax purposes (see Annex C).
26. No NHS employer should seek to claw back any PCT Board or Executive Committee personal allowance from an individual employee.

GMS time Commitment: PCG Board and PCT Executive Committee Chairs

27. In the event that the PCG Chair or PCT Executive Committee Chair is a GP, concern has been expressed that the GMS requirements for availability to patients may require GPs who take on these roles to reduce their GMS time commitment (typically from full to 3/4 time). HAs are encouraged (as in FHSL (91) 69) to interpret the rules flexibly and, take account of the working patterns of any GP engaged in PCG/PCT activities, particularly with respect to availability of any partners. This takes account of the significant role that they play in shaping the delivery of services locally.
28. In particular, where a GP has commitments outside the practice the HA may modify the time commitment rule so that the GP can be available for 26 hours over 4 days, even if the time available to patients on the 4th day is less than on the other 3. In addition, Part IV of Schedule 8 to the GMS Regulations are being amended to provide activity on a PCG Board or PCT Executive Committee as an example of a relevant health related activity.
29. Where a GP reduces his or her GMS time commitment (typically from full to 3/4 time) in connection with PCG Chair or PCT Executive Committee Chair duties, he or she will remain eligible for basic practice allowance and seniority payments as if he or she had not reduced their GMS time commitment. This will protect the GP involved (who is not a salaried employee) against a potential loss of some £3,000 in earnings.
30. In addition, Directions to the Medical Practices Committee enable those GP PCG Chairs and PCT Executive Committee Chairs who have reduced their commitment to return to their original time commitments. Other employers should provide a similar commitment locally to PCG Chairs and PCT Executive Committee Chairs who are not GPs.

Payments to individual members for leading on particular tasks

31. PCG Members & PCT Members or Executive Committee Chairs and members may take on other PCG/PCT work as consultants or HA/PCT employees subject to established rules of tendering and contracting or employment, and where the arrangement would not compromise their PCG or PCT Board or Executive Committee role. Individuals who enter into such arrangements may be paid accordingly. These payments would be separate from the allowances that they receive for their PCG or PCT duties.

32. PCG Chairs and Members & Executive Committee Chairs and professional members may be employed by the HA or PCT to undertake such work provided this is consistent with the established rules around recruitment and equal opportunities. Such work could therefore be pensionable if it was undertaken under a contract of employment. NHS Pension regulations do not allow for payments to be pensionable other than as HA or PCT employees.
33. Payments must be capable of being accommodated within the PCG/PCT management costs budget where appropriate. PCG/PCTs should refer to separate management costs guidance to determine what activities might be outside the management costs envelope, for example clinical governance activities.
34. Payments to individuals must be approved by:
- PCG** - the PCG Chair in his/her capacity as PCG Responsible Officer (or by the HA Accountable Officer for any payments to the PCG Chair). Where appropriate, such payments will also require approval by the HA Remuneration Committee;
- PCT** - the PCT Terms of Service and Remuneration Committee.
35. Any payments must be set out as a matter of public record and be consistent with Standing Orders or Standing Financial Instructions (paragraph 50 refers).

Payments to co-opted PCG Board and Executive Committee Members

36. PCG and PCT Boards may co-opt others on to PCG Boards and Executive Committees who may be considered appropriate for dealing with specific tasks. Where such persons attend meetings for individual items it will generally be appropriate for them to be paid expenses only. Where, however, their role is such that they are required to become regular (albeit non-voting) attendees at PCG Board or Executive Committee meetings it will exceptionally, be open to pay an allowance to such individuals within the parameters set by the national framework set out in this Circular. All such payments will count as management costs and should be approved by the PCG Responsible Officer or PCT Remuneration Committee and published.

PCT Levels

37. Individual PCT Establishment Orders will state whether the PCT is commissioning only (level 3) or both a commissioner and provider of services (level 4). This will determine the allowances paid to PCT Board and Executive Committee members.

PCTE compensatory payments (or locum payments)

38. Compensatory payments will be available to Executive Committee professional members for their Executive Committee work on the same basis as PCG Board Members. Accordingly, the employer of a professional member or Chair of the PCT Executive Committee (or the practice or practice partnership in the case of a GP) will be eligible to claim compensatory payments to a maximum amount. These are set out at Annex B.
39. The compensatory or locum payment is payable on presentation of invoices for the cover provided. Where an employer or practice has met the shortfall in cover internally they will be eligible for the compensatory payment on presentation of an invoice for the costs involved.
40. The PCT Board may exceptionally agree to the PCT paying a higher compensatory payment in respect of the Executive Committee Chair where a higher time commitment

is required because of the PCT's demography or geography. All such payments should be explicitly agreed in advance by the PCT Board and reported (see paragraph 52).

41. No compensatory payments are payable in respect of a Executive Committee professional member's PCT Board duties.

PCG staff

42. The following arrangements apply to PCG staff:

PCG Chief Executives - PCG Chief Executive's pay should be determined in line with HSC 1999/228. Range 3 is proposed as the benchmark for a 100k level 2 PCG. Remuneration would be expected to be at the lower end of the range, or at range 4, if the PCG is significantly smaller and/or does not have delegated budgets or plan to take on these financial responsibilities in the near future. As an employee of the HA these payments would be pensionable within the existing rules of the NHS Pension Scheme.

The actual determination of remuneration for each PCG Chief Executive will be decided by the PCG Board and overseen by the HA Remuneration Committee who should consider the weight of the post against other HA senior managers when setting the level of remuneration. There will be local flexibility to remunerate at a higher (or lower) band if appropriate - e.g. to attract a particular individual whose previous employment was paid above range 3. HAs/PCGs might consider providing a separate remuneration package for a PCG Chief Executive who is also managing a project to move for recognition of the PCG as a separate PCT within the 12 months preparatory period.

The PCG Boards will have the freedom to appoint a PCG Chief Executive to cover more than one PCG if that is considered to be an appropriate arrangement. Chief Executives will not receive a PCG Board Member allowance in addition to their salary

Other PCG staff - other PCG staff will be on national pay scales and their pay will be determined locally by PCGs and HAs.

PCT Staff

43. The following arrangements will apply to PCT staff:

Chief Executives and Senior Managers - PCT Chief Executive's and senior manager's pay should be determined in line with HSC 1999/228. As the role and responsibility of individuals will vary widely between PCTs no benchmark is proposed. As employees of the PCT these payments are pensionable within the existing rules of the NHS Pension Scheme. The actual determination of remuneration for each individual will be decided by the PCT Board Terms of Service and Remuneration Committee who should consider the weight of the post when setting the level of remuneration. No PCT Board or PCTE allowance will be payable in addition to their salary.

Other PCT staff - Other PCT staff will be on national pay scales and their pay will be determined locally by the PCT. Where a member of staff is elected or selected to serve as a professional member of the Executive Committee rather than being a member by virtue of their office (e.g. Chief Executive), the individual should receive the appropriate Executive Committee allowance as [a non-consolidated payment.] This allowance will not be pensionable.

Accountability for PCGs

44. The HA Remuneration Committees will oversee payments for PCG Board Members, the remuneration of PCG Chief Executives. The arrangements should be incorporated in the HA Standing Orders and Standing Financial Instructions.
45. PCG Board Member allowances and PCG Chief Executives' salaries will be incorporated in the HAs' accounts and published in the HAs annual accounts, under the same arrangements as for NHS Trust and HA directors.
46. PCG Board Members will also be required to disclose their interests and enter them in the HA register of interests. PCGs will be expected to publish Board Members' attendance record and other PCG activities. This record should include any Co-opted Members in receipt of an allowance. Additional payments to PCG Board Members, compensatory payments in excess of the national ceiling in respect of the PCG Chair, and any payments beyond expenses to PCG Co-opted Members must be published.
47. PCG Board Members are appointed as members of a committee of a HA and not as HA Non-Executives. Community Health Council (CHC) members are therefore eligible to be considered for appointment as lay Board Members on PCGs.

Accountability for PCTs

48. PCT Terms of Service and Remuneration Committees will oversee allowances paid to Executive Committee professional members; the remuneration of PCT Chief Executives and senior managers. The arrangements should be incorporated in the PCT Standing Orders and Standing Financial Instructions.
49. PCT Board and Executive Committee allowances and Chief Executives' salaries will be incorporated in the PCT accounts and published in the annual accounts, under the same arrangements as for NHS Trust and HA directors.
50. PCT Board Members and Executive Committee professional members will also be required to disclose their interests and enter them in the PCT register of interests. PCTs will be expected to publish Board Members' and Executive Committee professional members' attendance record and other PCT activities. This record should include any co-opted Executive Committee members in receipt of an allowance. Additional payments to PCT Board Members or Executive Committee professional members, compensatory payments in excess of the national ceiling in respect of the Executive Committee Chair, and any payments beyond expenses to Executive Committee co-opted members must be published.

Expenses

51. Expenses should be payable to PCG Board, PCT Board and Executive Committee Members in line with existing arrangements (which are set out in HSG (96) 42).
52. The employers of PCG Board, PCT Board and Executive Committee Members who are employed by another NHS body (e.g. a community NHS Trust) or by a local authority (e.g. SSD nominees) are encouraged to consider meeting expenses for their employees as part of their contribution to the PCG/PCT.

Taxation and Benefit Implications

53. Individual PCT Board and Executive Committee Members should take their own advice locally on the implications of any PCT-related payments for their personal tax position, social security benefits etc. Annex C gives details of how PCT Allowances should be treated for the purposes of tax and National Insurance.

ANNEX A

Revised PCG allowances

	Level	Payment	Locum
PCG Chair	2	£ 15,548	£ 8,000
<i>reduced time commitment</i>		£ 15,548	£ 5,000
PCG Chair	2	£ 13,595	£ 8,000
<i>reduced time commitment</i>	(less than 75k population)	£ 13,595	£ 5,000
PCG Chair	1	£ 13,595	£ 8,000
<i>reduced time commitment</i>		£ 13,595	£ 5,000
PCG Chair	1	£ 11,765	£ 8,000
<i>reduced time commitment</i>	(less than 75k population)	£ 11,765	£ 5,000
PCG member	2	£ 4,112	£ 3,500
PCG member	1	£ 2,800	£ 3,500

ANNEX B

PCT Allowances and assumed time commitment

	Level	Days per Month	Days per Week	ANNUAL		
				Payment	Locum	Total
PCT Board Chair	4		2.5	£ 12,589	£ -	£ 12,589
	3		2	£ 10,071	£ -	£ 10,071
PCT Board Member	all	5		£ 5,140	£ -	£ 5,140
HA Chair			3.5	£ 17,625	£ -	£ 17,625
HA NEB		5		£ 5,140	£ -	£ 5,140
Executive Committee Chair <i>(reduced time commitment)</i>	4		2.5	£ 21,822	£11,000	£ 32,822
	4		2.5	£ 21,822	£ 8,000	£ 29,822
Executive Committee Chair <i>(reduced time commitment)</i>	3		2	£ 17,457	£ 8,000	£ 25,457
	3		2	£ 17,457	£ 5,000	£ 25,547
Executive Committee Member	4	3.5		£ 6,468	£ 4,900	£ 11,368
	3	3		£ 5,544	£ 4,200	£ 9,744

Annex C

PCG and PCT Allowances - Tax and NI position

Chief Executives of PCGs and PCTs are to be treated for tax and national insurance (NI) in the same way as any other employee and are therefore not included in the following arrangements. For the purposes of this annex, PCG Board, PCT Board, PCTE Committee Chairs and PCTE Committee Members will be referred to as Members

The payment of allowances to Members for both income tax and NI purposes are treated as payments to "office holders". No inference should be drawn that any Members is an employee of the HA or PCT, with the obvious exception of the PCG/PCT Chief Executive or PCT Director of Finance.

Tax Position

The allowances payable to Members are treated by the Inland Revenue as payments to "office holders" and are chargeable under Schedule E. So PAYE should apply to payments of these allowances. Payments should therefore be administered through the HA or PCT payroll

However, GPs (or other self employed Members who are in partnership with others in a related field) and who pool the income may take advantage of an administrative practice to treat the allowances as professional receipts under Schedule D (a copy of the Inland Revenue's guidance is attached). GPs wishing to take advantage of this practice should contact the local Inland Revenue office that deals with their GP practice business accounts. If the administrative practice is approved then the Inland Revenue will issue an "NT" tax code to the HA/PCT for that individual. The HA/PCT will then be able to make a payment to the practice.

National Insurance Position

The allowances payable to Members should be treated as payments to "Office Holders", and are liable for Class 1 (employed earner) NI contributions. There will therefore need to be primary contributions by the office holder and secondary contributions from the HA/PCT.

Unlike income tax, the administrative practice referred to above does not apply for NI contributions purposes. So both the office holder and the HA/PCT are liable to pay Class 1 NI contributions on any allowances paid.

Queries on your tax and NI position

If you have a query on either your tax or NI position which cannot be resolved by the body which pays you, you should contact:

for tax - the Tax Office dealing with your tax affairs;

for NI - your local Inland Revenue National Insurance Contributions Office.

Extract from Inland Revenue Guidance re administrative practice

1226

An Administrative Practice

Where a professional in private practice holds an office the emoluments from that office are strictly chargeable under Schedule E. This is so even if the duties of the office are such that they normally fall within the scope of the office holder's profession and it is held as an incident in carrying on a private practice by the holder (see in this connection *CIR v Brander and Cruikshank - 46TC574*). The same applies in the case of an employment held by such an individual (but see SE685 and SE686 if there is any doubt in these circumstances about whether a particular engagement amounts to an employment).

However, there would be particular practical difficulties if Schedule E were applied to the fees received by certain taxpayers in this type of situation. For example, accountants acting as company auditors or secretaries and solicitors acting as company registrars or secretaries often hold numerous such offices concurrently as an integral part of their professional practice. Similar difficulties can arise where a partner holds an office or employment and the fees are to be included with partnership income and pooled amongst the partners (e.g. a Solicitor who is clerk to a body of commissioners or a GP with a part time NHS hospital appointment). The amount of tax payable under the rules of the different Schedules will often be similar in these types of situation.

In these circumstances it is permissible to allow such fees to be treated as ordinary professional receipts within Case II of Schedule D and to allow any expenses admissible under the rules of that Schedule. This treatment should however only be applied where all the following conditions are met:

The duties of the office or employment (in terms of time taken) are small in relation to other practice work (of the individual or partner) which is clearly of a Schedule D nature

The office or employment is in a field related to the profession and particular practice concerned (see below)

In a case involving a partner, there is an agreement between the partners that the fees are included as income of the partnership and pooled for division amongst the partners - and that agreement is acted upon

The individual and any partners agree that the income be treated for tax purposes in this manner and agree to pay tax on the fees on that basis (where appropriate as part of the partnership profits) - **written confirmation should be obtained from all concerned to this effect**

The fees are not derived from the directorship of a company and are small in relation to the receipts of the practice generated by the individual or partner.

Is the engagement in a related area

In deciding whether an office or employment is in a related field the nature of the duties of the office or employment should be compared with those of the practice conducted by the individual/partnership and of the profession concerned. For example, a Solicitor who is Clerk to a body of Commissioners would be in a field related to his profession and practice but not if he were appointed chairman of a golf club. Likewise, a GP employed as a part time NHS hospital doctor would be in a related field but not if employed as a part time lecturer lecturing in history.

Cases involving membership of public tribunals and trusts should similarly be reviewed on their own merits by reference to the particular facts of the appointment, practice and profession concerned - but where a partner is involved and income from a public tribunal or trust is to be pooled amongst the partners (i.e. condition 3 above is satisfied) it may be accepted that the appointment is in a related field where the partner is appointed because of general business skills or experience rather than to provide specific input in respect of his own profession.

Other Points

Requests for the inclusion of emoluments in Schedule D Case II assessments under this administrative practice should be dealt with by the Inspector dealing with the individual's or the partnership's business accounts.

The papers should be referred to Personal Tax Division (Schedule E) i, a request that the practice be applied is received from a trader or if an objection is received against a refusal to apply the practice in a particular case.

As regards compensation received in connection with the termination of an office or employment the emoluments of which have been included within Case II of Schedule D - see IM367.

As regards directors' fees received by partnerships and other companies - see SE1131.

Note that in the case of examiner's fees paid by examining bodies listed at EP9595, it is not possible under the modified PAYE arrangements to issue an NT code.