

## Budget webinar 15.1.25 summary

### The Budget impact on your business

#### The key budget changes that will impact your business from the 1st of April 2025

- National Living Wage will increase to £12.21 ph from £11.44 (+6.7%)
- Employers NI increases from 13.8% to 15%
- The government has reduced the threshold at which employers become liable to pay NICs from £9096 to £5000
- Capital Gains Tax – relevant for anyone looking to exit post 1 April 25
- From oct 24 the lower rate of CGT increased from 10% to 18% and the higher rate increased from 20% to 24%
- The rate of business asset disposal relief (BADR) will rise from 10% to 14% from April 25 and then to 18% from April 2026
- For business owners who contribute to a pension scheme, an individual's undrawn pension fund will be included in their inheritance tax estate from April 2027

#### Changes to staff contracts

What is the value of employment

- Ability to attract and retain high quality staff given the benefits of employment – financial security of a base salary, paid annual leave, paid sick leave, pension contribution, paid CPD
- The cultural benefits to your organisation that employment brings
- The ability to influence staff – you have the ability to ask more of them
- IR35 implications for staff working full time (depends on the size of your business/exit strategy)

Freelance / Self employed alternatives

- Benefit of not paying 15% NIC which could be a significant saving
- Less control over staff, potentially take more time off
- IR35 implications

#### How can we mitigate the impact of this cost increase

- Firstly, quantify the impact on your business – what is the size of the issue
- Then review cost base/overheads – undertake a full review of your cost base, maximise benefits of MSKPN Rewards/discounts
- Focus on efficiency/automation – note taking and letter writing, should reduce the amount of time doing admin tasks, be more effective and turn it into cost savings
- Revenue growth
  - understand where inflation is at (RPI 3.6% last 12 month basis (LTM) from Nov24) make sure your prices stay at least with inflation. Understand where your self pay prices are and consider the % uplift and the timing of that. So if you increase your rates by 3% you're just staying with impacts of inflation and not anything else. You may raise them annually or maybe ad hoc. Should be April 2025.
  - Use the budget increases and impact in all our discussions with PMIs.
  - Review your clinical remuneration to see if you can mitigate some of the impact eg based salary plus variable component.

## Q&A

- Soft tissue therapy, strength and conditioning and pilates makes it challenging to be employed. Generally self employed people want to take a higher % industry norm is 50%, move it to 45%.
- Start making the change now, as consultation process may take a couple of months
- Negotiate with towel and cleaning contractors
- The temptation is to move to some self-employed staff, maybe move to a few part time members of staff
- With 50% of all initials booking online, we're planning on reducing admin costs by 30% by 1 April. We've taken on hydrotherapy where you need to have 2 people. We would have been 8% but we've crept up to 13% and our aim is to get down to 9%
- We are asking if we need the same amount of admin as we have quite a lot of automation. We've moved to a mixture of self employed and employed. Need to protect our client base but also protect our business
- % of backoffice as a percentage of revenue. 10-15% is ave. Efficient businesses quote under 12%.
- Employment rights - The government is going through consultation with assumption the bill will be law from 2026. Be more ruthless during probationary period. Gone is window of 2 years. Sick leave takes into effect as soon as out of probationary period. Maternity leave also.
- I communicate Budget effects to all staff in context of the annual reviews at end of November - was an important part of the discussion with regards why salary increases were not as much as what people wanted.
- Staff generally don't know what their Employer NI actually amounts to, so was quite enlightening for them to see how much each of them costs in that sense.
- If you look at the GP models which are all individual businesses they have survived by GPs getting together by having the same HR, finance etc. This group is very good at sharing, is it a model to consider
- What's everyone doing to grow ourselves out of it.