

## **The GP Earnings and Expenses Enquiry Report 2012/13 and Investment in General Practice 2009/10 to 2013/14**

The following information has been produced for LMCs to provide context for the GP Earnings and Expenses Enquiry Report 2012/13 and Investment in General Practice 2009/10 to 2013/14. Some of the information presented below may help with national and local press stories arising from these figures. The BMA's press office will be happy to help LMCs with local press work where necessary. Although this briefing has not been produced with the intention of wide circulation, LMCs may wish to share all or part of the resource with local GPs where this seems appropriate.

### **GP Earnings and Expenses Enquiry Report 2012/13**

The Health and Social Care Information Centre has now published the GP Earnings and Expenses Enquiry Report (EEQ) for the financial year 2012/13. The report was produced by the Technical Steering Committee (TSC) which includes representatives from the four UK health departments, NHS Employers and the GPC. Since 2009/10, all results are presented in one final report and there is no longer a provisional report.

A change in the way the information is presented has been introduced this year, with the main figure used in the report being that of the average of *combined* GPs (contractor and salaried), rather than that for contractor GPs which has been the case formerly.

The report continues to focus on the mean, rather than the median, measure of average, which skews figures in favour of outliers.

For contractor GPs, the headline EEQ figures relate to earnings, expenses and income derived from all self-employed sources, as reported on tax returns. The figures therefore *include* private as well as NHS work. As a guide to NHS/private income proportions, the average NHS superannuable income for GPMS contractor GPs in 2010/11 was 96.2% of total earnings. The estimates presented in the report *exclude* employer's superannuation contributions.

The EEQ report also includes income averages for salaried GPs. Figures for salaried GPs relate to earnings, expenses and income derived from all employed and self-employed

sources, as reported on self-assessment tax returns. They therefore include private as well as NHS work.

The results for contractor and salaried GPs also include full and part-time GPs.

The data source for the survey is HM Revenue and Customs' (HMRC's) tax self-assessment database.

### **Combined GPs**

The *mean* income before tax for combined GPs (contractor and salaried) in the UK in 2012/13 was £92,900 for those GPs working in either a GMS or PMS (GPMS) practice (compared to £94,200 in 2011/12, a decrease of 1.4% which is statistically significant).

The *median* income before tax for combined GPs in the UK in 2012/13 was £89,300 compared to £91,200 in 2011/12, a decrease of 2.0%.

**The average income before tax for GPMS combined GPs in 2012/13, by country was:**

- £94,200 in England compared to £95,700 in 2011/12, a decrease of 1.6 percent
- £85,200 in Scotland compared to £85,100 in 2011/12, an increase of 0.1 percent
- £86,900 in Wales compared to £88,800 in 2011/12, a decrease of 2.2 percent
- £92,200 in Northern Ireland compared to £92,800 in 2011/12, a decrease of 0.6 percent

### **Contractor GPs**

The EEQ for 2012/13 states that for contractor GPs in the UK, average net profit was:

- £97,300 for those GPs working under a General Medical Services (GMS) contract compared to £98,300 in 2011/12, a decrease of 1.0 percent
- £110,800 for those GPs working under a Primary Medical Services (PMS) contract compared to £111,600 in 2011/12, a decrease of 0.7 percent
- £102,000 for those GPs working under either a GMS or PMS (GPMS) contract compared to £103,000 in 2011/12, a decrease of 0.9 percent. (The median income before tax for GPMS contractor GPs in the UK in 2012/13 was £98,700 compared to £99,800 in 2011/12, a decrease of 1.0 percent.)

The GPMS expenses to earnings ratio (the proportion of an individual's gross turnover that is consumed by business expenses) was 62.5% in 2012/13. This is an increase of a further 0.9 percentage points on the 2011/12 expenses to earnings ratio, reflecting that expenses have increased once again while earnings have continued to decrease.

Average net profit for contractor GPs in 2012/13 by country was:

- £105,100 in England compared to £106,100 in 2011/12, a decrease of 0.9 percent
- £88,800 in Scotland compared to £88,700 in 2011/12, an increase of 0.1 percent
- £91,000 in Wales compared to £93,300 in 2011/12, a decrease of 2.4 percent
- £92,200 in Northern Ireland compared to £92,800 in 2011/12, a decrease of 0.6 percent

### **Salaried GPs**

**The average income before tax for salaried GPs in the UK in 2012/13** was £56,400 for those GPs working in either a GMS or PMS (GPMS) practice compared to £56,800 in 2011/12, a decrease of 0.6 percent.

The **median income before tax for salaried GPs in the UK in 2012/13** was £53,500 compared to £53,600 in 2011/12, a decrease of 0.2 percent.

### **Comparisons with the 2011/12 Earnings and Expenses Enquiry**

In 2012/13 GPMS GPs had an average income before tax of £102,000; whereas in 2004/05 their average income before tax was £100,170 in cash terms, equivalent to £120,532 in real terms. This is equivalent to an annual percentage decrease of 2.1 percent per year throughout the period in real terms.

The continuing rise in the Expenses to Earnings Ratio confirms the argument around “unavoidable” expenses, which have forced GPs to take a pay cut to be able to deliver a service.

<b>UK GPMS</b>	<b>2011/12</b>	<b>2012/13</b>	<b>% Change</b>
Combined Median	91,200	89,300	-2.0%
Combined Mean	94,200	92,900	-1.4%
Contractor Median	99,800	98,700	-1.0%
Contractor Mean	103,000	102,000	-1.0%
Expenses : Earnings Ratio	61.6%	62.5%	

The report also includes a breakdown by country.

<b>Contractor GPMS</b>	<b>% Change in Average (Mean) income</b>	<b>Earnings/Expenses Ratio</b>
England	-0.9%	63.7%
Scotland	+0.1% (not statistically significant)	53.6%
Wales	-2.4%	61.1%
Northern Ireland	-0.6%	51.8%

### **Important points to note**

The media need to be made aware that at a time of rising workload (see results published on 20.9.13 from the GPC contract imposition survey), GP income has fallen by 2.1% year after year in real terms since 2004/5. Yet again there was a failure to meet the increasing cost of expenses and thus the earnings to expenses ratio increased further.

In line with previous EEQ reports, commentators should be aware that the figures for GP income include non-NHS income. GPs' income from NHS sources only is lower than that derived from all sources. As a guide to NHS/private income proportions, the average NHS superannuable income for GPMS contractor GPs in 2010/11 was 96.2% of total earnings.

New work continued to be expected of GPs in the form of changes to the Quality and Outcomes Framework and DESs.

As noted above, the report continues to focus on the mean, rather than the median, measure of average, which skews figures in favour of outliers.

### **Investment in General Practice 2009/10 to 2013/14**

The Investment in General Practice publication is more problematic this year for data relating to England. The overall increase in investment appears to be significant and above the rate of inflation. While this data is a year later than the earnings figures, it does not seem possible that GPs have benefited personally from additional investment in 2013/14, given information from other sources. There is thus a problem with the England (and as a consequence, the UK) figures for 2013/14.

<b>Total spend on General Practice <u>excluding</u> reimbursement of drugs dispensed</b>	<b>2012/13 £m</b>	<b>2013/14 £m</b>	<b>% Change</b>
UK	9,291.1	9,550.7	+2.79%
England	7,863.8	8,093.4	+2.92%
Scotland	762.7	773.4	+1.41%
Wales	431.7	438.0	+1.46%
Northern Ireland	232.9	245.9	+5.59%
<b>Total spend on General Practice <u>including</u> reimbursement of drugs dispensed</b>			
UK	9,961.5	10,285.5	+3.25%
England	8,459.3	8,752.9	+3.47%
Scotland	796.2	807.0	+1.35%
Wales	469.1	475.7	+1.40%
Northern Ireland	236.9	249.9	+5.52%

Although the report does include some footnotes, and a specific section on the contractual changes in 2013/14 (e.g. transfer of funding from QOF to Global Sum), these footnotes are not comprehensive. The changes broadly represent a move to a new financial system ("ISFE"), and the abolition of PCTs in England, with consequent changes to whom commissions which services from GPs (e.g. CCGs commission LES, and Local Authorities commission public health services).

This has resulted in a number of services being reported under different expenditure lines, which in itself makes comparison across years and across countries, very difficult at any level of granularity. Better collection has also led for instance to the identification of a £21m increase in APMS / PCTMS enhanced services funding. The publication does note that NHS restructuring in England means that some areas of funding are not comparable, but does not attempt to "retrofit" to show exactly which changes are reallocation across lines, and which are new investments from which source.

There are also concerns that the report may now be collecting information on investment that has historically not formed part of general practice, for instance new public health services previously carried out directly by local government.

Even at the highest level of aggregation, there are significant unexplained differences between this and the previous year. Of particular concern, and with no explanatory footnotes, is the increase in premises investment (+£90m), and IT (+£60m). If these were removed, then for example the growth in total investment would fall to less than half the published rate, bringing it broadly in line with Scotland and Wales.

All this means is that it is currently impossible to make any robust comparisons of England, against previous years or across nations, without a more detailed explanation from NHS England on why certain expenditure lines have increased so substantially. Without this, it would equally be incorrect and misleading for the Government or other parties to make statements around a significant increase in general practice funding.