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Information  
Centre

for health and social care

# GP Earnings and Expenses Enquiry 2006/07

## Initial Report

Produced by the  
Technical Steering Committee

October 2008

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# Executive Summary

The latest GP Earnings and Expenses Enquiry provides a detailed study of the earnings and expenses of both contractor and salaried GPs in the UK in 2006/07, the third year of the new General Medical Services (nGMS) contract. Investment levels in 2006/07 were similar to 2005/06. Earnings and expenses figures for salaried GPs are provisional at this stage.

A further report (the Final Report) containing additional information on earnings and expenses by age of GP, practice size, Government Office Region and rurality, plus final figures for salaried GPs is expected to be published in early 2009.

This report has been agreed by the Technical Steering Committee (TSC), which is chaired by the NHS IC and has representation from the four UK Health Departments, NHS Employers and the British Medical Association.

A summary of the data used and analysed in this study is as follows:

- Earnings and expenses information are based on a sample from HM Revenue and Customs' (HMRC's) tax self-assessment database, as at May 2008. All analyses are carried out by HMRC statisticians on an anonymised dataset; only aggregate non-disclosive information is supplied to the NHS IC for publication.
- All UK GPs (working in the NHS) for whom information are available, and who have an accounting year ending in the final quarter (i.e. between 1 January 2007 and 5 April 2007) are included in the sample.
- Figures for contractor GPs are based on their medical income from self-employment sources. Figures for salaried GPs are based on all income from employment sources and medical income from self-employment.
- The results include earnings and expenses relating to both NHS and private work. It is not possible to provide a NHS/private split using this data source.
- The results include earnings and expenses for both full-time and part-time GPs.
- The results for contractor GPs exclude an estimate of employer's superannuation contributions. This estimate will include any Primary Care Organisation (PCO) clawback or reimbursement for previous years (which would have occurred if the GP/PCO had either over or under-estimated predicted earnings for the year).
- The results for salaried GPs are provisional. This is because we are currently investigating the effect of employee superannuation contributions on the gross earnings and income before tax of salaried GPs. Results for contractor GPs are before deduction of employee superannuation contributions. We will investigate whether it is possible to align the results for contractor and salaried GPs, in time for the Final Report. Comparable figures for earlier years are not available for salaried GPs due to methodological changes.

A summary of results for each section of the report is as follows:

## SECTION A – NATIONAL AVERAGES FOR CONTRACTOR AND SALARIED GPs

Key findings from the report are as follows and relate to NHS and private, full and part-time work:

- The average income before tax for **contractor GPs** in the UK in 2006/07, by contract type was:
  - £103,530 for those GPs working under a General Medical Services (GMS) contract (a decrease of 2.6% since 2005/06).
  - £118,499 for those GPs working under a Primary Medical Services (PMS) contract (a decrease of 1.5% since 2005/06).
  - £107,667 for those GPs working under either a GMS or PMS (GPMS) contract (a decrease of 2.1% since 2005/06).
- The average gross earnings for GPMS **contractor GPs** in the UK in 2006/07 was £247,362 (an increase of 1.0% since 2005/06).
- The average expenses for GPMS **contractor GPs** in the UK in 2006/07 was £139,694 (an increase of 3.5% since 2005/06).
- The average income before tax for contractor GPs in the UK in 2006/07, by dispensing status was:
  - £99,580 for GMS **non-dispensing GPs** (a decrease of 3.0% since 2005/06) and £124,045 for GMS **dispensing GPs** (a decrease of 0.7% since 2005/06).
  - £115,655 for PMS **non-dispensing GPs** (a decrease of 2.1% since 2005/06) and £135,546 for PMS **dispensing GPs** (an increase of 1.0% since 2005/06).
  - £104,093 for GPMS **non-dispensing GPs** (a decrease of 2.4% since 2005/06) and £126,996 for GPMS **dispensing GPs** (a decrease of 0.1% since 2005/06).
- Provisional figures show that the average income before tax for **salaried GPs** in the UK in 2006/07, by contract type was:
  - £49,779 for GMS GPs.
  - £52,328 for PMS GPs.
  - £50,999 for GPMS GPs.
- Provisional figures show that the average gross earnings for GPMS **salaried GPs** in the UK in 2006/07 was £57,189.
- Provisional figures show that the average expenses for GPMS **salaried GPs** in the UK in 2006/07 was £6,190.
- Contractor GPs have additional responsibilities, covering clinical, organisational, operational, financial and personal responsibility for provision of GP services not borne by salaried GPs. On average, contractor GPs work more hours than salaried GPs. These factors are reflected in their average earnings.

## SECTION B – COUNTRY LEVEL BREAKDOWN FOR CONTRACTOR AND SALARIED GPs

- The average income before tax for GPMS **contractor GPs** in 2006/07, by country was:
  - £111,566 in England (a decrease of 1.8% since 2005/06).
  - £93,316 in Northern Ireland (a decrease of 5.4% since 2005/06).
  - £89,468 in Scotland (a decrease of 1.3% since 2005/06). PMS GPs are referred to as Section 17c in Scotland.
  - £97,772 in Wales (a decrease of 4.3% since 2005/06).
- Provisional figures show that the average income before tax for GPMS **salaried GPs** in 2006/07, by country was:
  - £51,105 in England.
  - £50,160 in Scotland.
  - £48,342 in Wales.
  - No information is available on salaried GPs in Northern Ireland.

## SECTION C – DISTRIBUTIONAL RESULTS FOR CONTRACTOR AND SALARIED GPs

- In 2006/07 for UK GPMS **contractor GPs** it is estimated that:
  - 2,048 GPs (6.0%) had an income before tax of up to £50,000. In 2005/06, this figure was 2,001 (5.9%).
  - 13,387 GPs (39.5%) had an income before tax of between £50,000 and £100,000. In 2005/06, this figure was 12,342 (36.4%).
  - 13,832 GPs (40.8%) had an income before tax of between £100,000 and £150,000. In 2005/06, this figure was 14,534 (42.9%).
  - 3,623 GPs (10.7%) had an income before tax of between £150,000 and £200,000. In 2005/06, this figure was 3,876 (11.4%).
  - 739 GPs (2.2%) had an income before tax of between £200,000 and £250,000. In 2005/06, this figure was 816 (2.4%).
  - 258 GPs (0.8%) had an income before tax of at least £250,000. In 2005/06, this figure was 307 (0.9%).
- Dispensing doctors are distributed towards the higher ends of the distribution of income before tax, compared with non-dispensing GPs.
- Provisional figures show that in 2006/07 for UK GPMS **salaried GPs**:
  - 2,664 GPs (52.6%) had an income before tax of up to £50,000.
  - 2,207 GPs (43.6%) had an income before tax of between £50,000 and £100,000.
  - 196 GPs (3.9%) had an income before tax of at least £100,000.

## SECTION D – TIME SERIES ON CONTRACTOR GPs

- The report presents information on contractor GP earnings between 1971/72 and 2006/07. Data are presented in both cash terms and in 2006/07 real terms using GDP deflators published by Her Majesty's Treasury. As 2006/07 has been used as the base year, the cash and real terms amounts in 2006/07 are identical. Comparisons below focus on the changes since 2002/03, prior to the new contract being introduced.
- When interpreting the figures it is important to note that the nature of GP contracts and their work has also changed over time. Since the start of the nGMS contract in 2004/05, there have been some major changes to income and workstreams and investment in general practice. Earnings information represents just one element of understanding change over time.
- In 2006/07, GPMS GPs had an average income before tax of £107,667. In 2002/03 their average income before tax was £72,716 in cash terms, equivalent to £80,420 in real terms. This is equivalent to an annual percentage increase of 7.6% per year throughout the period in real terms.
- In 2006/07, GMS GPs had an average income before tax of £103,530. In 2002/03, their average income before tax was £69,771 in cash terms, equivalent to £77,163 in real terms. This is equivalent to an annual percentage increase of 7.6% per year throughout the period in real terms.
- In 2006/07, PMS GPs had an average income before tax of £118,499. In 2002/03, their average income before tax was £85,019 in cash terms, equivalent to £94,026 in real terms. This is equivalent to an annual percentage increase of 6.0% per year throughout the period in real terms.
- The average expenses to earnings ratio (EER) is higher among PMS than GMS GPs. The difference between the respective EERs has grown from 0.2 percentage points in 2002/03 to 2.9 percentage points in 2006/07.

# **Section A: National Averages for Contractor and Salaried GPs**

## Summary

Key findings from the report are as follows and relate to NHS and private, full and part-time work:

- The average income before tax for **contractor GPs** in the UK in 2006/07, by contract type was:
  - £103,530 for those GPs working under a General Medical Services (GMS) contract (a decrease of 2.6% since 2005/06).
  - £118,499 for those GPs working under a Primary Medical Services (PMS) contract (a decrease of 1.5% since 2005/06).
  - £107,667 for those GPs working under either a GMS or PMS (GPMS) contract (a decrease of 2.1% since 2005/06).
- The average gross earnings for GPMS **contractor GPs** in the UK in 2006/07 was £247,362 (an increase of 1.0% since 2005/06).
- The average expenses for GPMS **contractor GPs** in the UK in 2006/07 was £139,694 (an increase of 3.5% since 2005/06).
- The average income before tax for contracted GPs in the UK in 2006/07, by dispensing status was:
  - £99,580 for GMS **non-dispensing GPs** (a decrease of 3.0% since 2005/06) and £124,045 for GMS **dispensing GPs** (a decrease of 0.7% since 2005/06).
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  - £104,093 for GPMS **non-dispensing GPs** (a decrease of 2.4% since 2005/06) and £126,996 for GPMS **dispensing GPs** (a decrease of 0.1% since 2005/06).
- The provisional figures show that the average income before tax for **salaried GPs** in the UK in 2006/07, by contract type was:
  - £49,779 for GMS GPs.
  - £52,328 for PMS GPs.
  - £50,999 for GPMS GPs.
- Provisional figures show that the average gross earnings for GPMS **salaried GPs** in the UK in 2006/07 was £57,189.
- Provisional figures show that the average expenses for GPMS **salaried GPs** in the UK in 2006/07 was £6,190.
- Contractor GPs have additional responsibilities, covering clinical, organisational, operational, financial and personal responsibility for provision of GP services not borne by salaried GPs. On average, contractor GPs work more hours than salaried GPs. These factors are reflected in their average earnings.

## Introduction

1. The latest GP Earnings and Expenses Enquiry provides a detailed study of the earnings and expenses of both contractor and salaried GPs (working in the NHS) in the UK in 2006/07, the third year of the new General Medical Services (nGMS) contract. Investment levels in 2006/07 were similar to 2005/06. Earnings and expenses results for salaried GPs are provisional at this stage.
2. A further report (the Final Report) containing additional information on earnings and expenses by age of GP, practice size, Government Office Region and rurality and final figures for the salaried results is expected to be published in early 2009.
3. This report has been agreed by the Technical Steering Committee (TSC), which has representation from the four UK Health Departments, NHS Employers and the British Medical Association.
4. It is important to note that these results refer to a sample of GPs for whom a self-assessment tax return was held by HMRC as at May 2008, and who have been identified as being either a contractor GP or a salaried GP.
5. Results for contractor GPs are based on medical income from self-employment sources. The majority of salaried GPs have a combination of self employment income and employment income. Therefore an average total income before tax figure is calculated, based on medical income from self employment sources and all employment income. The expenses figure for salaried GPs will also be based on an average total of self employment and employment data. It is also possible that some salaried GPs may not need to complete a self-assessment tax return.
6. Since 2004/05, the income before tax of contractor GPs has been affected by the inclusion of employer's pension contributions in the global sum payment for the practice, and a subsequent adjustment has been made to remove this from this report. Note that this issue should not substantially affect the income or expenses of salaried GPs (see Annex B for more details).
7. The results include earnings and expenses relating to NHS and private work. It is not possible to provide a NHS/private split using this data source.
8. There have been some changes in methodology for earnings and expenses enquiries since 2004/05, compared to that used under the old contract. These are discussed further in Annex A.
9. For comparability purposes, only the 2006/07 contractor GP results can be incorporated into an existing time series to track changes over time. This is covered in Section D on Time Series.
10. It is difficult to directly compare the salaried GPs results for 2006/07 with earlier years because:
  - The results for years prior to 2006/07 are un-weighted.
  - There was a different method for identifying salaried GPs prior to 2006/07 due to past limitations of the available data (see Annex A for further information).
11. Data used in the analysis are for both full and part-time GPs (i.e. the analysis is on a headcount basis), so it has not been possible to compare the figures directly with full-time salaries. This is explored in further detail under 'GP working patterns.'
12. A time series of superannuable income for contractor GPs between 2002/03 and 2005/06 can be found in Section D.

13. Tables 1 and 2 show the GP population sizes used for the Earnings and Expenses Enquiry (note: GPs who work solely as locums are not included).

**Table 1: Contractor GP population sizes by contractual status, 2005/06 to 2006/07, UK**

		<b>Contractor</b>
<b>GPMS</b>	2005/06	33,875
	2006/07	33,887
<b>GMS</b>	2005/06	24,916
	2006/07	23,956
<b>PMS</b>	2005/06	8,959
	2006/07	9,931

**Table 2: Salaried GP population sizes by contractual status, 2006/07, UK**

		<b>Salaried</b>
<b>GPMS</b>	2006/07	5,069
<b>GMS</b>	2006/07	2,643
<b>PMS</b>	2006/07	2,426

Note: It is difficult to compare population sizes for salaried GPs between 2005/06 and 2006/07 because an un-weighted sample was taken in 2005/06.

14. Further information such as sample sizes and standard errors can be found in the Excel Annexes.
15. This section presents the key findings that relate to all UK contractor GPs and all UK salaried GPs (working in the NHS).

## Contractor GPs

16. This section contains results for contractor GPs.
17. The average income before tax for contractor GPs in the UK in 2006/07, by contract type was:
- **£103,530** for GMS GPs (a decrease of 2.6% since 2005/06).
  - **£118,499** for PMS GPs (a decrease of 1.5% since 2005/06).
  - **£107,667** for GPMS GPs (a decrease of 2.1% since 2005/06).
18. Tables 3 to 5 show the average gross earnings, expenses, income before tax and expenses to earnings ratio by contract type for 2006/07 and 2005/06 for each dispensing status. These tables show that between 2005/06 and 2006/07, income before tax has decreased for all groups except for the PMS dispensing group, where income before tax has increased by 1.0%.

**Table 3: All Contractor GPs (dispensing and non-dispensing) average gross earnings, expenses, income before tax and expenses ratio by contractual status, 2005/06 to 2006/07, UK**

Contract Type		Gross Earnings	Total Expenses	Income before tax	Expenses to Earnings Ratio (EER)
<b>GMS</b>	2005/06	£232,035	£125,723	£106,312	54.2%
	2006/07	£233,000	£129,470	£103,530	55.6%
	%change	0.4%	3.0%	-2.6%	+1.4 percentage points
<b>PMS</b>	2005/06	£281,134	£160,862	£120,272	57.2%
	2006/07	£285,209	£166,709	£118,499	58.5%
	%change	1.4%	3.6%	-1.5%	+1.3 percentage points
<b>GPMS</b>	2005/06	£245,020	£135,016	£110,004	55.1%
	2006/07	£247,362	£139,694	£107,667	56.5%
	%change	1.0%	3.5%	-2.1%	+1.4 percentage points

Note: All averages in this table relate to NHS and private work. Percentages are rounded to one decimal place.

19. Table 3 shows that for contractor GPMS GPs in the UK, average gross earnings was £247,362. Average expenses were £139,694. Thus the GPMS expenses to earnings ratio was 56.5%. This is an increase of 1.4 percentage points from the 2005/06 expenses to earnings ratio of 55.1%, which reflects that expenses have increased in combination with reasonably stable levels of investment.
20. PMS income before tax is higher than GMS (as was the case in 2005/06) and the gap between them has widened slightly. PMS income before tax was 14.5% higher than GMS income before tax (£118,499 compared to £103,530); the corresponding 2005/06 percentage was 13.1% (£120,272 compared to £106,312). The reason for this differential in 2006/07 can be explained by the larger increase in gross earnings for PMS (1.4%) than GMS (0.4%), in combination with a smaller difference in the increase in expenses (3.6% for PMS compared to 3.0% for GMS).

**Table 4: Dispensing GPs average gross earnings, expenses, income before tax and expenses ratio by contractual status, 2005/06 to 2006/07, UK**

Contract Type		Gross Earnings	Total Expenses	Income before tax	Expenses to Earnings Ratio (EER)
<b>GMS</b>	2005/06	£323,149	£198,258	£124,891	61.4%
	2006/07	£321,577	£197,532	£124,045	61.4%
	%change	-0.5%	-0.4%	-0.7%	0 percentage points
<b>PMS</b>	2005/06	£361,148	£226,880	£134,268	62.8%
	2006/07	£358,921	£223,375	£135,546	62.2%
	%change	-0.6%	-1.5%	1.0%	-0.6 percentage points
<b>GPMS</b>	2005/06	£331,895	£204,834	£127,061	61.7%
	2006/07	£330,791	£203,795	£126,996	61.6%
	%change	-0.3%	-0.5%	-0.1%	-0.1 percentage points

Note: All averages in this table relate to NHS and private work. Percentages are rounded to one decimal place.

**Table 5: Non-dispensing GPs average gross earnings, expenses, income before tax and expenses ratio by contractual status, 2005/06 to 2006/07, UK**

Contract Type		Gross Earnings	Total Expenses	Income before tax	Expenses to Earnings Ratio (EER)
<b>GMS</b>	2005/06	£214,069	£111,421	£102,648	52.0%
	2006/07	£215,945	£116,365	£99,580	53.9%
	%change	0.9%	4.4%	-3.0%	+1.9 percentage points
<b>PMS</b>	2005/06	£268,767	£150,658	£118,109	56.1%
	2006/07	£272,910	£157,255	£115,655	57.6%
	%change	1.5%	4.4%	-2.1%	+1.5 percentage points
<b>GPMS</b>	2005/06	£228,319	£121,639	£106,681	53.3%
	2006/07	£231,935	£127,842	£104,093	55.1%
	%change	1.6%	5.1%	-2.4%	+1.8 percentage points

Note: All averages in this table relate to NHS and private work. Percentages are rounded to one decimal place.

21. Average income before tax among **GMS GPs** (those working under General Medical Services) was:

- **£99,580** for **non-dispensing** GPs (a decrease of 3.0% since 2005/06).
- **£124,045** for **dispensing** GPs (a decrease of 0.7% since 2005/06).

22. Average income before tax among **PMS GPs** (those working under Personal Medical Services) was:

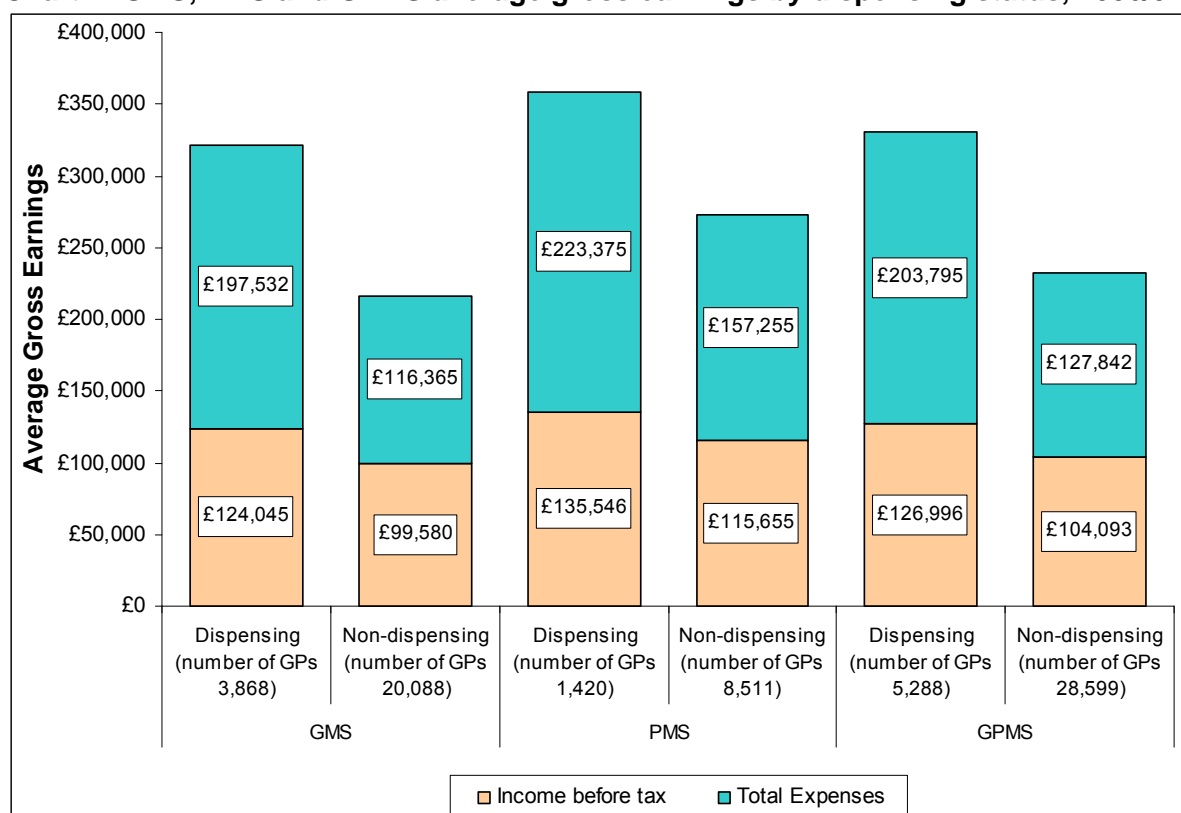
- **£115,655** for **non-dispensing** GPs (a decrease of 2.1% since 2005/06).
- **£135,546** for **dispensing** GPs (an increase of 1.0% since 2005/06).

23. Average income before tax among **GPMS GPs** (those working under **GMS** or **PMS** contracts) was:

- **£104,093** for **non-dispensing** GPs (a decrease of 2.4% since 2005/06).
- **£126,996** for **dispensing** GPs (a decrease of 0.1% since 2005/06).

24. Chart 1 shows the average gross earnings, expenses and income before tax for 2006/07 by dispensing status.

**Chart 1: GMS, PMS and GPMS average gross earnings by dispensing status, 2006/07, UK**



25. Dispensing GPs have a higher income before tax than non-dispensing GPs for both GMS and PMS contracts. In 2006/07 GMS dispensers had a 24.6% higher average income before tax than GMS non-dispensers (£124,045 compared to £99,580). PMS dispensers had an average income before tax of 17.2% higher than their non-dispensing counterparts (£135,546 compared to £115,655). In 2005/06, average GMS income before tax was 21.7% higher among dispensers and average PMS income before tax was 13.7% higher among dispensers.

26. In 2006/07 dispensing practices were required to register for VAT if they want to recover the VAT paid on dispensed items. This has resulted in a small number of GPs reporting their business turnover and expenses inclusive of VAT in their self assessment tax return. The effect of this on the average results for dispensing GPs, and all contractor GPs is likely to be very small, and is very difficult to identify. It is expected that the cohort of GPs including VAT is likely to increase next year and therefore further investigations will be carried out for 2007/08.

27. The differences between groups of contractor GPs are statistically significant and further information on the standard errors are available in the Excel annex.

28. A breakdown of expenses is also available in the Excel annex.

## Salaried GPs

29. This section contains provisional results for salaried GPs.
30. The average income before tax for salaried GPs in the UK in 2006/07, by contract type was:
- **£49,779** for GMS GPs (those working under General Medical Services).
  - **£52,328** for PMS GPs (those working under Personal Medical Services).
  - **£50,999** for GPMS GPs (those working under either GMS or PMS).
31. Table 6 shows the average gross earnings, expenses and income before tax for 2006/07 by contractual status. These results take into account earnings and expenses from employment income as well as where salaried GPs have some form of self employment. See Annex A for further explanation on the methodology.

**Table 6: All salaried GPs average gross earnings, expenses and income before tax by contractual status, 2006/07, UK, provisional**

	Employment earnings	Self employment earnings	Total earnings	Total expenses	Income before tax
<b>Contract</b>					
<b>GMS</b>	£43,180	£12,918	£56,097	£6,318	£49,779
<b>PMS</b>	£46,034	£12,345	£58,378	£6,050	£52,328
<b>GPMS</b>	£44,546	£12,643	£57,189	£6,190	£50,999

Note: All averages in this table relate to NHS and private work.

32. Within the sample of 2,729 salaried GPs, about 46% of GPs only had employment income and about 54% had a combination of employment income and self employment income.
33. Using the standard errors (available in the Excel annex), the results for salaried GPs are not statistically significant. This means that (when applying a 95% confidence level) it is possible that average GMS and PMS earnings could be the same.
34. It is worth noting that **salaried partners** (included in the contractor group) are bound to the practice via the partnership agreement. However, unlike contractors, they choose to take a **fixed level** of income instead of a share of the practice profits. Consequently, this income, although analogous to a salary, would actually be recorded as self-employment income.

## GP Working Patterns

35. Earnings and Expenses Enquiry reports have been based on earnings of both full and part time GPs. It has not been possible to estimate the average earnings of full time GPs but there is evidence that suggests that salaried GPs are more likely to be 'part-time' than contractor GPs.
36. This section covers some analysis of full-time GPs using information from the '2006/07 UK General Practice Workload Survey Report.'<sup>1</sup> Earnings have been analysed in two ways; by the number of hours worked and the number of sessions worked.
37. This section is intended to provide context to the earnings results presented elsewhere in this report.
38. Contractor GPs make up the majority of the GP population in the UK. For further information on the GP population, please refer to the Excel Annex.

### Hours worked

39. In the 2006/07 GP Workload Survey, a sample of GPs were asked how many hours they worked in a typical week. The results are shown in Table 7:

**Table 7: Average hours worked per week, full-time GPs, GPMS, 2006/07**

GP Type	Unweighted number in sample	Average hours
Contractor GP	395	44.4
Salaried GP	50	39.6

Notes:

1. 'Full-time' GPs are defined as those who worked 35 or more hours a week
2. These figures relate to hours worked in NHS work (ie delivering the GMS (PMS/PCTMS) contract, other NHS work (ie non-GMS (PMS/PCTMS)) and non-NHS work. They include out of hours (OOH) work for GPs working in practices which didn't opt out of OOH. It could have been possible for a GP working in a practice that opted out of OOH to have done OOH elsewhere, but the remit of the 2006/07 WLS was hours worked in the practice. 86% of practices opted out of OOH in 2006/07.

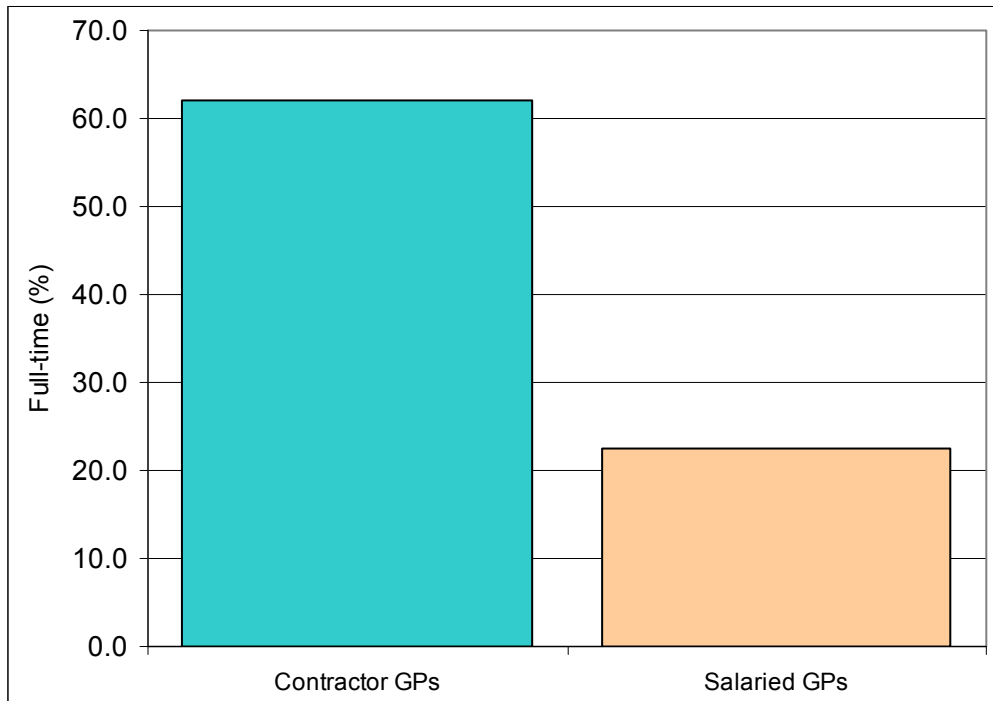
40. 'Full-time' contractor GPs worked an average of 44.4 hours compared to the 'full-time' salaried GP average of 39.6 hours. Estimated GMS 'full-time' contractor GPs worked on average 45.1 hours per week compared to 43.0 hours for their PMS counterparts. This difference was not statistically significant. A GMS and PMS breakdown is not available for salaried GPs due to a smaller sample size.

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<sup>1</sup>The report can be found via this link: <http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice/gp-workload-survey>. NB The term contractor GP has been used instead of GP Partner as in the 2006/07 GP Workload Survey report.

41. Chart 2 shows the percentage of GPs that work full-time hours (ie more than 35 hours per week). More contractor GPs tend to work full-time than salaried GPs with 62% and 22% working full-time hours respectively.

**Chart 2: Percentage of GPs working full-time hours, 2006/07**

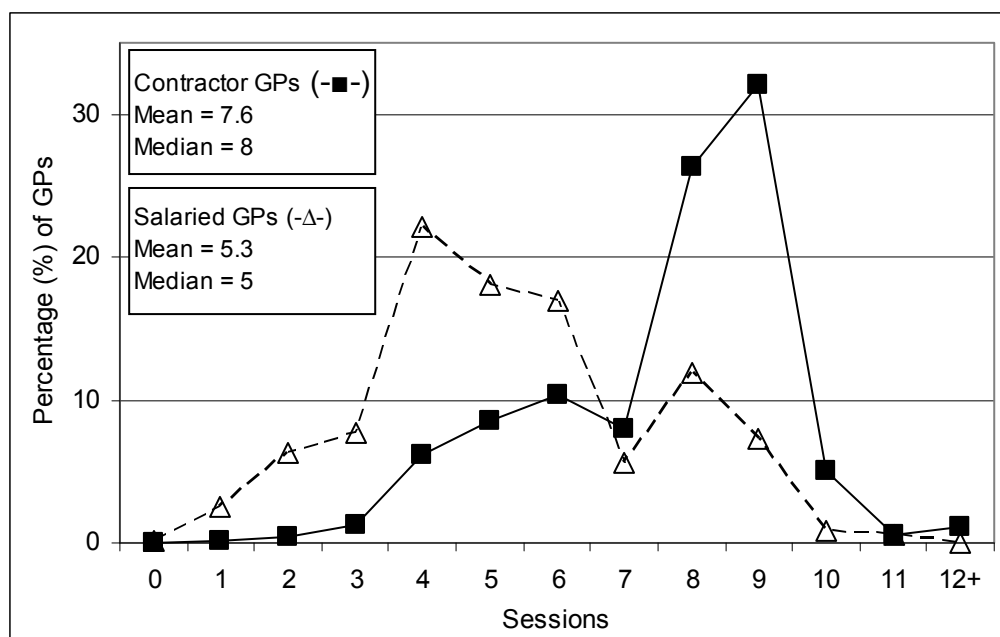


Note: This is not a measure of FTE but only the proportion of GPs that work full-time.

## Sessions worked

42. A session is normally defined as a half-day. In the 2006/07 GP Workload Survey, the sample of GPs were asked how many sessions they worked in a typical week and a full-time GP is defined as working 8 sessions or more in a week.
43. Chart 3 shows that both GP types display bimodal distributions of the number of sessions worked providing evidence of full and part-time working patterns. However, it is clear that salaried GPs are more likely to work part-time hours than Contractor GPs. The mean and median averages for number of sessions worked are lower for salaried GPs than that for Contractor GPs.

**Chart 3: Distribution of sessions per week by contractor GPs and salaried GPs, GPMS, 2006/07**



44. Contractor GPs have additional responsibilities, covering clinical, organisational, operational, financial and personal responsibility for provision of GP services not borne by salaried GPs. On average, contractor GPs work more hours than salaried GPs. These factors are reflected in their average earnings.
45. The assumption that earnings are directly proportional to hours worked may not always hold true.
46. The nature of work of a salaried GP differs from that of a contractor GP, i.e. freedom from out-of-hours work and administrative responsibilities.

# **Section B: Country Level Breakdown for Contractor and Salaried GPs**

## Summary

Key findings from the report are as follows and relate to NHS and private, full and part-time work:

- The average income before tax for GPMS **contractor GPs** in 2006/07, by country was:
  - £111,566 in England (a decrease of 1.8% since 2005/06).
  - £93,316 in Northern Ireland (a decrease of 5.4% since 2005/06).
  - £89,468 in Scotland (a decrease of 1.3% since 2005/06). PMS GPs are referred to as Section 17c in Scotland.
  - £97,772 in Wales (a decrease of 4.3% since 2005/06).
- Provisional figures show that the average income before tax for GPMS **salaried GPs** in 2006/07, by country was:
  - £51,105 in England.
  - £50,160 in Scotland.
  - £48,342 in Wales.
  - No information is available on salaried GPs in Northern Ireland.

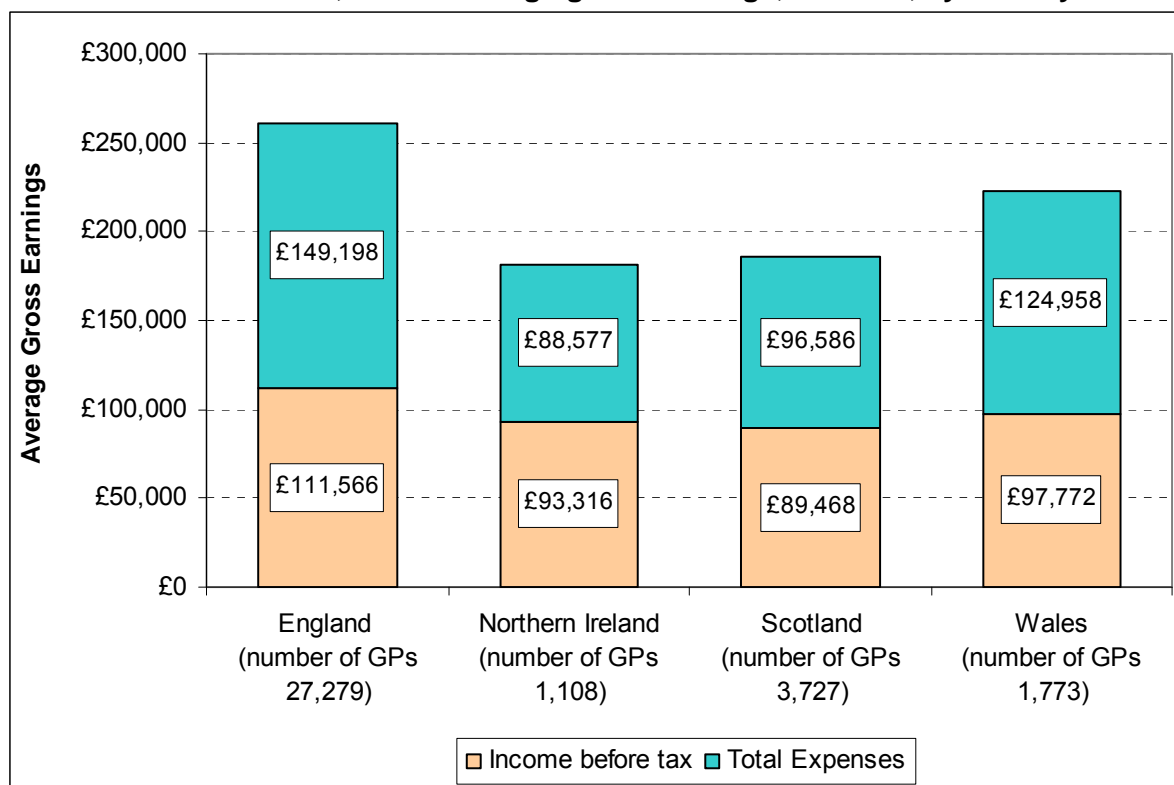
## Introduction

47. This section presents a breakdown of the UK-wide GPMS figures for contractor GPs and salaried GPs, by country and contractual type.

### Contractor GPs

48. Chart 4 shows a summary of how gross earnings varied across the four countries in the UK in 2006/07.

**Chart 4: Contractor GPs, GPMS average gross earnings, 2006/07<sup>2</sup>, by country**



Notes:

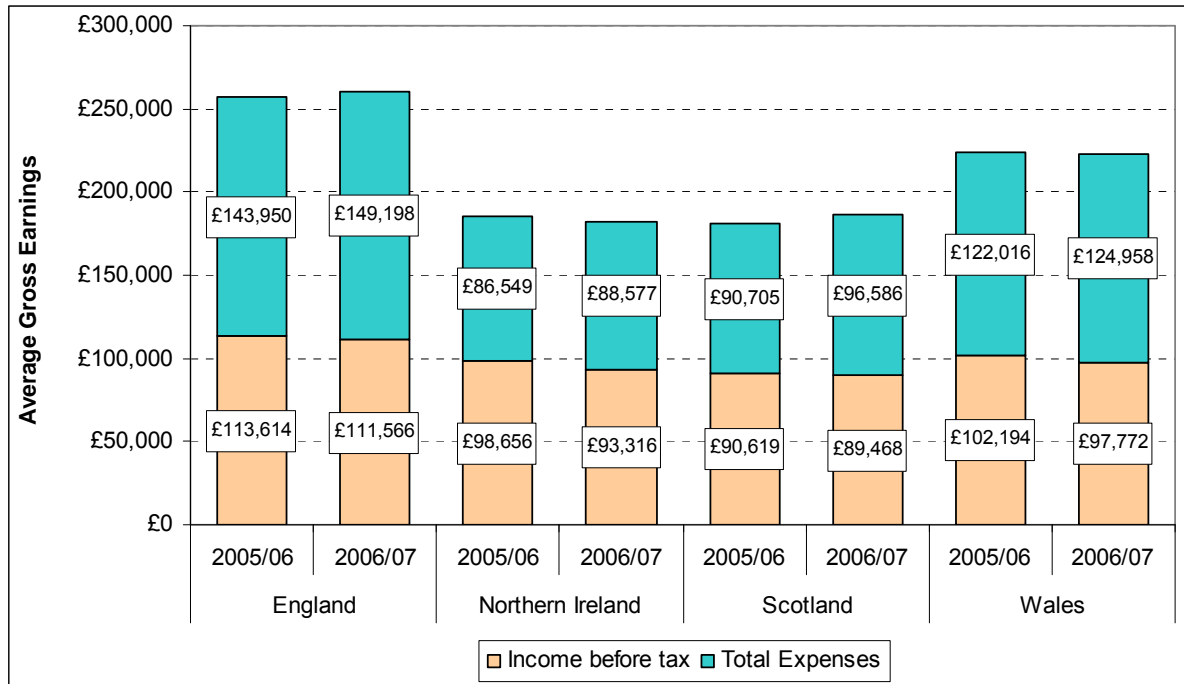
1. The GPMS population of Northern Ireland and Wales are identical to the GMS population as PMS contracts do not exist in these countries.
2. The sum of the GPMS population figures may differ from other GPMS population figures used by TSC due to different weighting methodologies.

49. Earnings and expenses vary between countries within the UK. Contractor GPs in England have the highest average income before tax and highest average expenses. In 2006/07, average income before tax was:

- £111,566 in England.
- £93,316 in Northern Ireland.
- £89,468 in Scotland.
- £97,772 in Wales.

50. Chart 5 shows gross earnings has changed from 2005/06 to 2006/07 for each of the four countries in the UK.

**Chart 5: Contractor GPs, GPMS average gross earnings, 2005/06 to 2006/07, by country**



Notes:

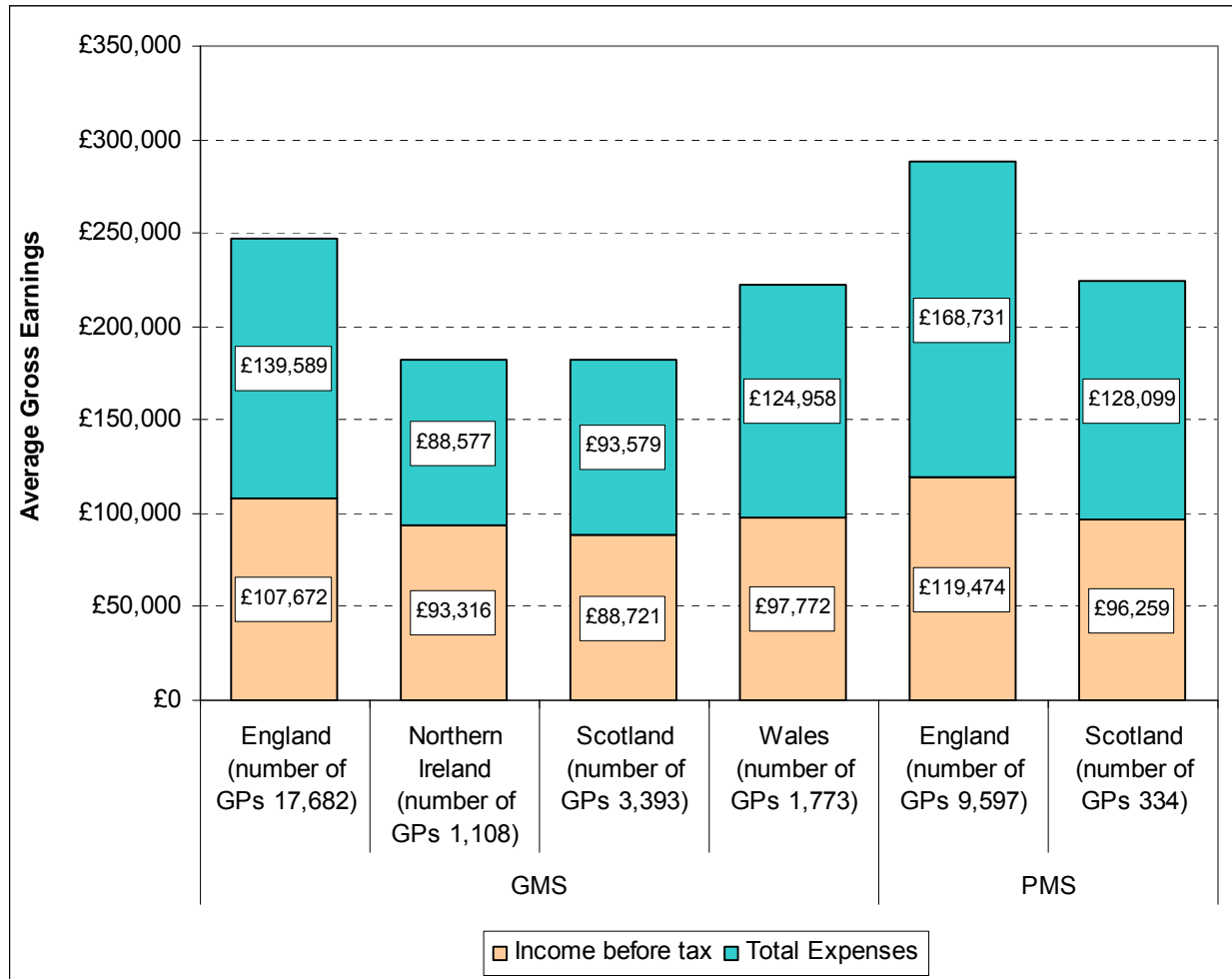
1. The GPMS population of Northern Ireland and Wales are identical to the GMS population as PMS contracts do not exist in these countries.
2. The sum of the GPMS population figures may differ from other GPMS population figures used by TSC due to different weighting methodologies.

51. Overall in the UK, average income before tax decreased by 2.1% between 2005/06 and 2006/07, from £110,004 to £107,667. In 2006/07 average income before tax:

- Decreased by 1.8% in England.
- Decreased by 5.4% in Northern Ireland.
- Decreased by 1.3% in Scotland.
- Decreased by 4.3% in Wales.

52. Chart 6 shows a summary of how gross earnings vary with contractual type across the four countries in the UK in 2006/07.

**Chart 6: Contractor GPs, GMS and PMS average gross earnings, 2006/07, by country**



Note: PMS GPs exist in England and Scotland only.

53. As only England and Scotland have PMS GPs, we have compared the two countries. The highest average income before tax of GMS GPs is in England. This was 21.4% higher than the lowest average income before tax of GMS GPs in Scotland. Among PMS GPs, those in England had an average income before tax 24.1% higher than those in Scotland.

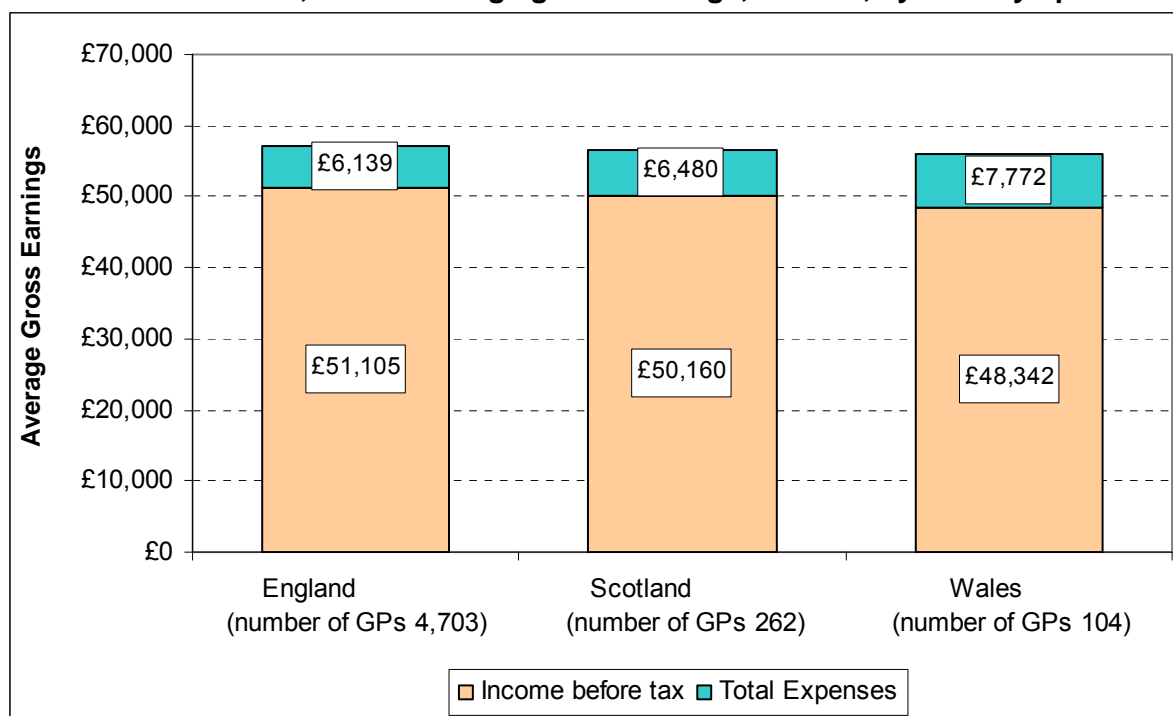
54. The differences between groups of contractor GPs are statistically significant and further information on the standard errors are available in the Excel annex.

## Salaried GPs

55. This section contains provisional results for salaried GPs.

- Chart 7 below shows a summary of how gross earnings varied across the three countries in the UK (no information is available on salaried GPs in Northern Ireland<sup>2</sup>) in 2006/07.

**Chart 7: Salaried GPs, GPMS average gross earnings, 2006/07, by country - provisional**



Notes:

1. The GPMS population of Wales is identical to the GMS population as PMS contracts do not exist in Wales.
2. No information is available on salaried GPs in Northern Ireland.
3. The sum of the GPMS population figures may differ from other GPMS population figures used by TSC due to different weighting methodologies.

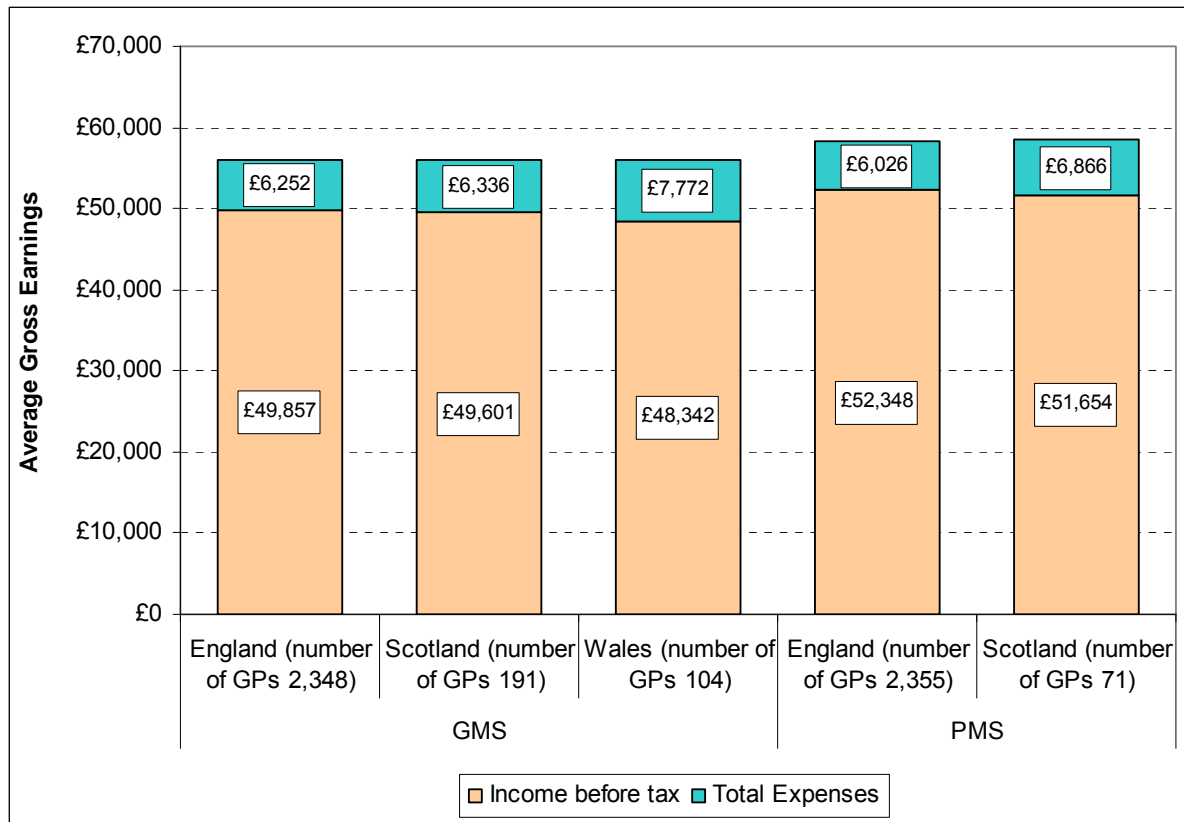
56. Earnings and expenses vary between countries within the UK. GPs in England have the highest average income before tax and the lowest average expenses. In 2006/07, average income before tax was:

- £51,105 in England.
- £50,160 in Scotland.
- £48,342 in Wales.
- No information is available on salaried GPs in Northern Ireland.

<sup>2</sup> It is estimated that there are a very small number of salaried GPs in Northern Ireland, and therefore there is minimal impact on the UK averages.

57. Chart 8 below shows a summary of how gross earnings vary with contractual type across the four countries in the UK in 2006/07.

**Chart 8: Salaried GPs, GMS and PMS average gross earnings, 2006/07, by country - provisional**



Notes:

1. PMS GPs exist in England and Scotland only
2. No information is available on salaried GPs in Northern Ireland.
3. The GMS population of Wales is identical to the GPMS population as PMS contracts do not exist in Wales.

58. As only England and Scotland have PMS GPs, we have compared the two countries. The highest average income before tax of GMS GPs is in England which is 0.5% higher than the average income before tax of GMS GPs in Scotland. Among PMS GPs, those in England had an average income before tax 1.3% higher than those in Scotland.

59. These results are not statistically significant as there are only small differences in income before tax for each country and contract type.

# **Section C: Distributional Results for Contractor and Salaried GPs**

## Summary

Key findings from the report are as follows and relate to NHS and private, full and part-time work:

- In 2006/07 for UK GPMS **contractor GPs** it is estimated that:
  - 2,048 GPs (6.0%) had an income before tax of up to £50,000. In 2005/06, this figure was 2,001 (5.9%).
  - 13,387 GPs (39.5%) had an income before tax of between £50,000 and £100,000. In 2005/06, this figure was 12,342 (36.4%).
  - 13,832 GPs (40.8%) had an income before tax of between £100,000 and £150,000. In 2005/06, this figure was 14,534 (42.9%).
  - 3,623 GPs (10.7%) had an income before tax of between £150,000 and £200,000. In 2005/06, this figure was 3,876 (11.4%).
  - 739 GPs (2.2%) had an income before tax of between £200,000 and £250,000. In 2005/06, this figure was 816 (2.4%).
  - 258 GPs (0.8%) had an income before tax of at least £250,000. In 2005/06, this figure was 307 (0.9%).
- Dispensing doctors are distributed towards the higher ends of the distribution of income before tax, compared with non-dispensing GPs.
- The provisional results show that in 2006/07 for UK GPMS **salaried GPs**:
  - 2,664 GPs (52.6%) had an income before tax of up to £50,000.
  - 2,207 GPs (43.6%) had an income before tax of between £50,000 and £100,000.
  - 196 GPs (3.9%) had an income before tax of at least £100,000.

## Introduction

60. This section presents analysis on the distributions of income before tax<sup>3</sup> of contractor GPs and salaried GPs in the UK for 2006/07.
61. The distributional results exclude estimated employer's superannuation contributions as in the rest of the report (see Annex B for further details).

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<sup>3</sup> This is self-employed income before tax only for contractors. An average of self-employed income before tax and employed income before tax has been used for salaried GPs.

## Contractor GPs

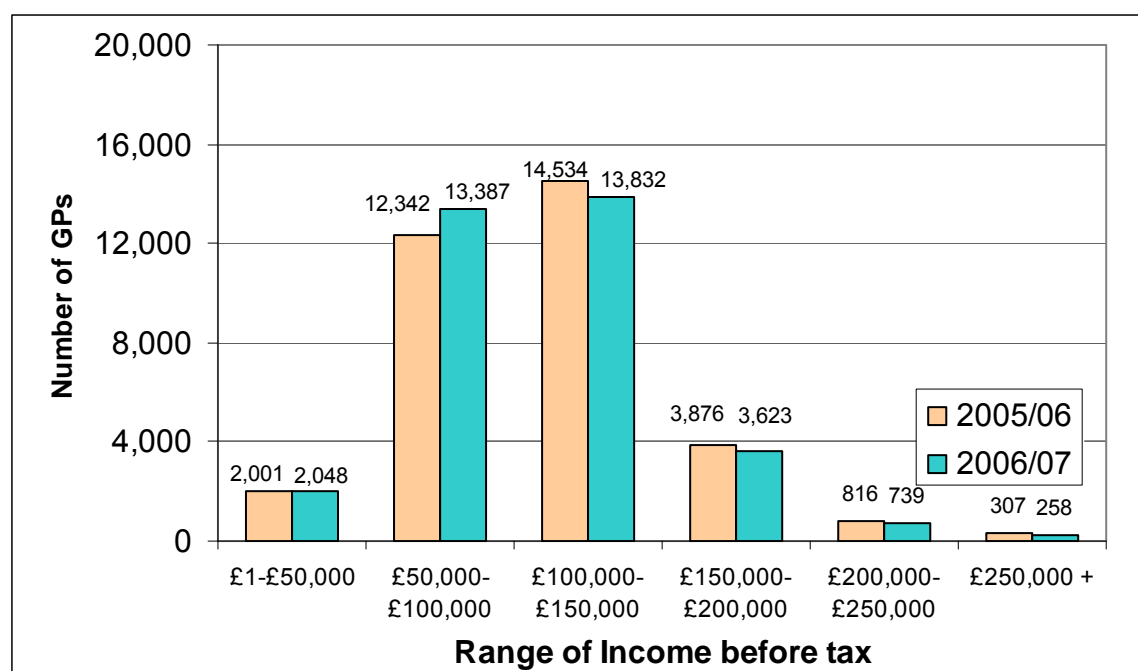
62. Table 8 and Chart 9 show how the number of contractor GPs within each income before tax range has changed between 2005/06 to 2006/07.

**Table 8: Number and percentage of GPMS GPs within each income before tax range, 2005/06 to 2006/07, UK**

Range of Income before tax	Number of GPs			Percentage of GPs		Cumulative percentage	
	2005/06	2006/07	Difference	2005/06	2006/07	2005/06	2006/07
<b>£1-£50,000</b>	2,001	2,048	+ 47	5.9%	6.0%	5.9%	6.0%
<b>£50,000-£100,000</b>	12,342	13,387	+ 1045	36.4%	39.5%	42.3%	45.5%
<b>£100,000-£150,000</b>	14,534	13,832	- 702	42.9%	40.8%	85.2%	86.4%
<b>£150,000-£200,000</b>	3,876	3,623	- 253	11.4%	10.7%	96.7%	97.1%
<b>£200,000-£250,000</b>	816	739	-77	2.4%	2.2%	99.1%	99.2%
<b>£250,000 +</b>	307	258	- 49	0.9%	0.8%	100%	100%
<b>All</b>	<b>33,875</b>	<b>33,887</b>	<b>+ 12</b>	<b>100%</b>	<b>100%</b>		

63. Between 2005/06 and 2006/07, the percentage of GPs with earnings in the income band £100,000 to £150,000, has decreased by 2.1 percentage points (42.9% to 40.8%).
64. Conversely, the percentage of GPs with earnings in the lower income band of £50,000 to £100,000 has increased by 3.1 percentage points (36.4% to 39.5%) between 2005/06 and 2006/07.
65. The percentage of GPs has remained fairly stable between 2005/06 and 2006/07 for all the other income bands.

**Chart 9: Distribution of average income before tax for GPMS GPs, 2005/06 to 2006/07, UK**



66. The key findings in 2006/07 are estimated as follows:

- 2,048 GPs (6.0%) had an income before tax of up to £50,000. In 2005/06, this figure was 2,001 (5.9%).
- 13,387 GPs (39.5%) had an income before tax of between £50,000 and £100,000. In 2005/06, this figure was 12,342 (36.4%).
- 13,832 GPs (40.8%) had an income before tax of between £100,000 and £150,000. In 2005/06, this figure was 14,534 (42.9%).
- 3,623 GPs (10.7%) had an income before tax of between £150,000 and £200,000. In 2005/06, this figure was 3,876 (11.4%).
- 739 GPs (2.2%) had an income before tax of between £200,000 and £250,000. In 2005/06, this figure was 816 (2.4%).
- 258 GPs (0.8%) had an income before tax of at least £250,000. In 2005/06, this figure was 307 (0.9%).

67. Tables 9 and 10 show how that number of dispensing and non-dispensing contractor GPs within each income before tax range has changed between 2005/06 and 2006/07.

**Table 9: Number and percentage of Dispensing GPMS GPs within each income before tax range, 2005/06 to 2006/07, UK**

Range of Income before tax	Number of GPs			Percentage of GPs		Cumulative percentage	
	2005/06	2006/07	Difference	2005/06	2006/07	2005/06	2006/07
£1-£50,000	203	148	-55	3.8%	2.8%	3.8%	2.8%
£50,000-£100,000	1,296	1,383	+87	24.4%	26.2%	28.3%	28.9%
£100,000-£150,000	2,224	2,295	+71	41.9%	43.4%	70.2%	72.3%
£150,000-£200,000	1,263	1,178	-85	23.8%	22.3%	94.0%	94.6%
£200,000-£250,000	250	213	-37	4.7%	4.0%	98.7%	98.6%
£250,000 +	67	72	+5	1.3%	1.4%	100%	100%
<b>All</b>	<b>5,303</b>	<b>5,288</b>	<b>-15</b>	<b>100%</b>	<b>100%</b>		

**Table 10: Number and percentage of Non-dispensing GPMS GPs within each income before tax range, 2005/06 to 2006/07, UK**

Range of Income before tax	Number of GPs			Percentage of GPs		Cumulative percentage	
	2005/06	2006/07	Difference	2005/06	2006/07	2005/06	2006/07
£1-£50,000	1,797	1,901	+104	6.3%	6.6%	6.3%	6.6%
£50,000-£100,000	11,046	12,004	+958	38.7%	42.0%	45.0%	48.6%
£100,000-£150,000	12,309	11,537	-772	43.1%	40.3%	88.0%	89.0%
£150,000-£200,000	2,614	2,445	-169	9.1%	8.5%	97.2%	97.5%
£200,000-£250,000	566	526	-40	2.0%	1.8%	99.2%	99.3%
£250,000 +	240	186	-54	0.8%	0.7%	100%	100%
<b>All</b>	<b>28,572</b>	<b>28,599</b>	<b>+27</b>	<b>100%</b>	<b>100%</b>		

68. Dispensing GPs are distributed towards the higher ends of the income before tax distribution, compared to non-dispensing GPs. In 2006/07 it is estimated that 285 GPs (5.4%) of dispensers and 712 GPs (2.5%) of non-dispensers received an income before tax of at least £200,000. In 2005/06, these figures were 317 GPs (6.0%) for dispensers and 806 GPs (2.8%) for non-dispensers.

## Salaried GPs

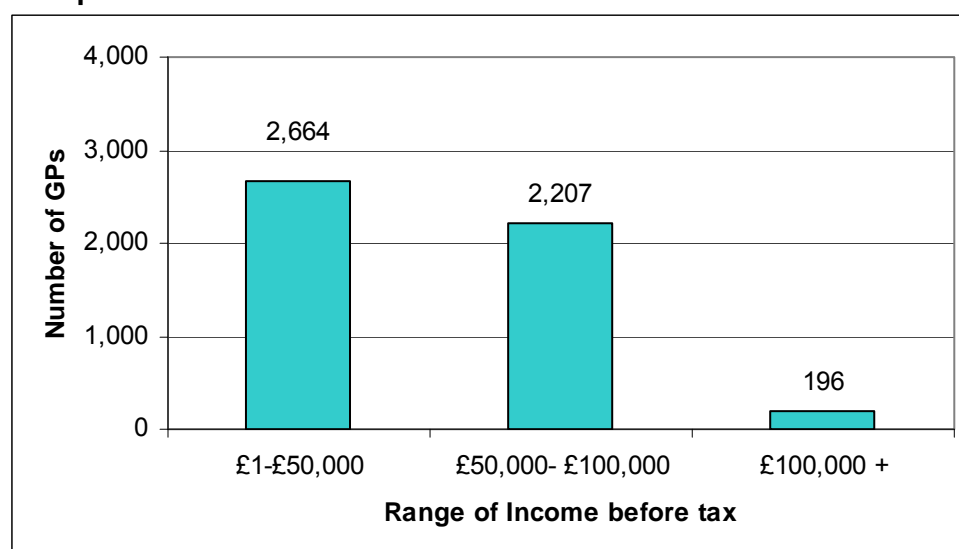
69. This section contains provisional results for salaried GPs.
70. Table 11 and Chart 10 show the number of salaried GPs within each income before tax range for 2006/07.

**Table 11: Number and percentage of salaried GPMS GPs within each income before tax range for 2006/07, UK – provisional**

Range of Income before tax	Number of GPs	Percentage of GPs	Cumulative Percentage
£1-£50,000	2,664	52.6%	52.6%
£50,000- £100,000	2,207	43.6%	96.1%
£100,000 +	196	3.9%	100%
<b>All</b>	<b>5,067</b>	<b>100%</b>	

Note: The sum of the GPMS population figures may differ from other GPMS population figures due to a different weighting methodology.

**Chart 10: Distribution of average income before tax for salaried GPMS GPs in 2006/07, UK – provisional**



71. The key findings in 2006/07 are estimated as follows:
- 2,664 GPs (52.6%) had an income before tax of up to £50,000.
  - 2,207 GPs (43.6%) had an income before tax of between £50,000 and £100,000.
  - 196 GPs (3.9%) had an income before tax of at least £100,000.
72. It is difficult to compare the salaried GPs results for 2006/07 with earlier years because:
- The samples for years prior to 2006/07 are un-weighted.
  - There was a different method for identifying salaried GPs prior to 2006/07 (as explained in Annex A).

# Section D: Time Series on Contractor GPs

## Summary

- The report presents information on contractor GP earnings between 1971/72 and 2006/07. Data are presented in both cash terms and in 2006/07 real terms using GDP deflators published by Her Majesty's Treasury as at 27<sup>th</sup> June 2008. As 2006/07 has been used as the base year, the cash and real terms amounts in 2006/07 are identical. Comparisons below focus on the changes since 2002/03, prior to the new contract being introduced.
- When interpreting the figures it is important to note that the nature of GP contracts and their work has also changed over time. Since the start of the nGMS contract in 2004/05, there have been some major changes to income and workstreams and investment in general practice. Earnings information represents just one element of understanding change over time.
- In 2006/07, GPMS GPs had an average income before tax of £107,667. In 2002/03 their average income before tax was £72,716 in cash terms, equivalent to £80,420 in real terms. This is equivalent to an annual percentage increase of 7.6% per year throughout the period in real terms.
- In 2006/07, GMS GPs had an average income before tax of £103,530. In 2002/03, their average income before tax was £69,771 in cash terms, equivalent to £77,163 in real terms. This is equivalent to an annual percentage increase of 7.6% per year throughout the period in real terms.
- In 2006/07, PMS GPs had an average income before tax of £118,499. In 2002/03, their average income before tax was £85,019 in cash terms, equivalent to £94,026 in real terms. This is equivalent to an annual percentage increase of 6.0% per year throughout the period in real terms.
- The average expenses to earnings ratio (EER) is higher among PMS than GMS GPs. The difference between the respective EERs has grown from 0.2 percentage points in 2002/03 to 2.9 percentage points in 2006/07.

## Background

73. This section draws together various historical time series of GP remuneration figures, and in some cases also presents them in real terms. The following series are covered in this section for contractor GPs:
- a. GP Earnings and Expenses Enquiry
  - b. Intended average net income (IANI)
  - c. Distribution of income before tax
  - d. Employment income
  - e. NHS superannuable income
74. The headline figures published in the time-series tables (in section a) have been given as cash amounts. Cash amounts are not adjusted for changes in prices (the effect of inflation), and consequently there will be a loss in the purchasing power of the cash amount as time progresses.
75. The source of the cash earnings information is past TSC reports, held by the TSC secretariat and earlier reports held by BMA.
76. The time series tables (in part a) are also presented as in real terms. The real terms amounts convert the cash values as if prices were constant in each year of the series (ie as if there were no inflation over time). Percentage increases in real amounts are lower than the corresponding percentage increases in cash amounts. The real terms percentage increase can then be attributed solely to an increase in purchasing power of the money.
77. The conversion has been carried out using Gross Domestic Product (GDP) deflators as at 27<sup>th</sup> June 2008 available from HM Treasury.
78. 2006/07 has been used as the base year when converting the cash amounts into real terms. The figures corresponding to 2006/07 are the only ones in the series where the cash and real terms amounts are equivalent. For all other years, the real terms amount is higher than the cash amount. For example, the conversion shows that if a GMS GP has a real income before tax of £62,132 in 2006/07 prices, they would have the same purchasing power as an average paid GP in 1998/99 (£51,455 was the average GMS income before tax in 1998/99).
79. When interpreting the figures it is important to note that the nature of GP contracts and their work has also changed over time. Earnings information represents just one element of understanding change over time.

## a) GP Earnings and Expenses Enquiry

80. This section presents the historical headline figures which correspond with the latest 2006/07 analysis within Section A. Historical analysis is presented at national level for GPMS, GMS and PMS Contractor GPs. These have been presented in cash terms but also in real terms in order to bring past data in line with present day values. Tables 12a and 12b show GPMS Earnings and Expenses, 2002/03 to 2006/07 in cash terms and real terms.

### GPMS

**Table 12a: GPMS<sup>1</sup> Earnings and Expenses, cash terms, 2002/03 to 2006/07, GB/UK**

	GPMS pop'n	Gross Earnings	Expenses	Income before tax	Expenses to Earnings Ratio
<b>2002/03 GB</b>	31,362	£184,154	£111,439	£72,716	60.5%
<b>2003/04 GB</b>	31,595	£203,613	£121,595	£82,019	59.7%
<b>2003/04 UK</b>	32,616	£201,630	£120,064	£81,566	59.5%
<b>2004/05 UK<sup>2</sup></b>	33,888	£230,097	£129,926	£100,170	56.5%
<b>2005/06 UK</b>	33,875	£245,020	£135,016	£110,004	55.1%
<b>2006/07 UK</b>	33,887	£247,362	£139,694	£107,667	56.5%

Notes

1. PMS GPs were included in the EEQ for the first time in 2002/03, therefore figures relating to GPMS (both GMS and PMS GPs) are only available from 2002/03 onwards

2. From 2004/05 onwards, EEQ results are at UK level. Prior to this, they were published at GB level. 2003/04 results are given at both GB and UK level to illustrate the small effect of this transition on the figures in that year.

**Table 12b: GPMS<sup>1</sup> Earnings and Expenses, real terms, 2002/03 2006/07, GB/UK (2006/07=100%)**

	GPMS pop'n	Gross Earnings	Expenses	Income before tax	Expenses to Earnings Ratio
<b>2002/03 GB</b>	31,362	£203,663	£123,245	£80,420	60.5%
<b>2003/04 GB</b>	31,595	£218,689	£130,598	£88,092	59.7%
<b>2003/04 UK<sup>2</sup></b>	32,616	£216,559	£128,954	£87,605	59.5%
<b>2004/05 UK</b>	33,888	£240,496	£135,798	£104,697	56.5%
<b>2005/06 UK</b>	33,875	£251,096	£138,457	£112,732	55.1%
<b>2006/07 UK</b>	33,887	£247,362	£139,694	£107,667	56.5%

Notes

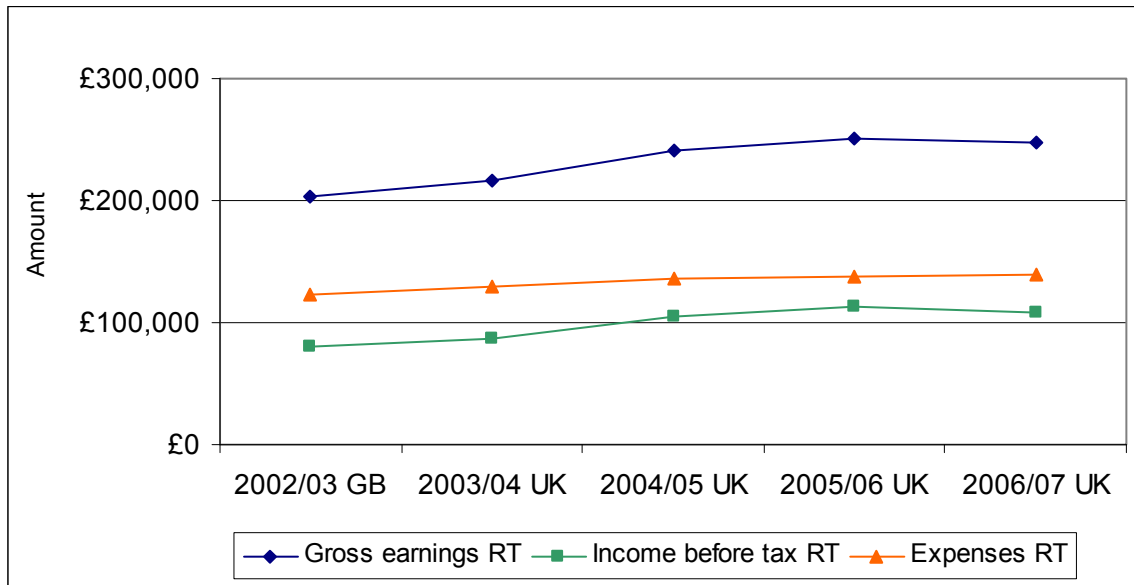
1. PMS GPs were included in the EEQ for the first time in 2002/03, therefore figures relating to GPMS (both GMS and PMS GPs) are only available from 2002/03 onwards

2. From 2004/05 onwards, EEQ results are at UK level. Prior to this, they were published at GB level. 2003/04 results are given at both GB and UK level to illustrate the small effect of this transition on the figures in that year.

81. It can be seen in Table 12b (and later tables 13b and 14b) that putting the headline earnings figures into real terms has no effect on the Expenses to Earnings Ratio (EER). This is because both the numerator and denominator of the ratio are divided by the same GDP deflator, so expenses relative to gross earnings (ie the EER) is not affected

82. Chart 11 shows a time series of gross earnings, income before tax and expenses in real terms over the period 2002/03 to 2006/07 among GPMS GPs. In 2006/07, GPMS GPs had an average income before tax of £107,667. In 2002/03 their average income before tax was £72,716 in cash terms, equivalent to £80,420 in real terms. This is equivalent to an annual percentage increase of 7.6% per year throughout the period in real terms.

**Chart 11: GPMS gross earnings, income before tax and expenses, real terms, 2002/03 to 2006/07, GB/UK (2006/07=100%)**



## GMS

83. Tables 13a and 13b below show GMS Earnings and Expenses, 1971/72 to 2006/07 in cash terms and real terms.

**Table 13a: GMS Earnings and Expenses, cash terms, 1971/72 to 2006/07, GB/UK**

	GMS pop'n	Gross Earnings	Expenses	Income before tax	Expenses to Earnings Ratio
<b>1971/72 GB</b>	22,895	£8,847	£3,124	£5,723	35.3%
<b>1972/73 GB</b>	23,252	£9,386	£3,550	£5,836	37.8%
<b>1973/74 GB</b>	23,400	£10,030	£3,983	£6,047	39.7%
<b>1974/75 GB</b>	23,587	£11,095	£4,617	£6,478	41.6%
<b>1975/76 GB</b>	23,760	£14,828	£5,970	£8,858	40.3%
<b>1976/77 GB</b>	23,934	£16,402	£6,939	£9,463	42.3%
<b>1977/78 GB<sup>1</sup></b>	24,079	£18,033	£8,374	£9,659	46.4%
<b>1978/79 GB</b>	24,338	£20,630	£9,891	£10,739	47.9%
<b>1979/80 GB</b>	24,689	£25,246	£12,125	£13,121	48.0%
<b>1980/81 GB</b>	25,270	£31,787	£14,849	£16,938	46.7%
<b>1981/82 GB</b>	25,862	£35,895	£17,286	£18,609	48.2%
<b>1982/83 GB</b>	26,431	£39,521	£19,200	£20,321	48.6%
<b>1983/84 GB</b>	26,977	£42,574	£20,795	£21,779	48.8%
<b>1984/85 GB</b>	27,439	£46,663	£22,847	£23,816	49.0%
<b>1985/86 GB</b>	27,970	£50,627	£25,373	£25,254	50.1%
<b>1986/87 GB</b>	-	£51,993	£26,340	£25,653	50.7%
<b>1987/88 GB</b>	29,074	£55,652	£28,360	£27,292	51.0%
<b>1988/89 GB</b>	29,582	£62,529	£32,269	£30,260	51.6%
<b>1989/90 GB</b>	29,873	£68,429	£36,659	£31,770	53.6%
<b>1990/91 GB</b>	-	£83,305	£46,423	£36,882	55.7%
<b>1991/92 GB</b>	-	£93,657	£53,277	£40,380	56.9%
<b>1992/93 GB</b>	30,467	£99,159	£57,870	£41,289	58.4%
<b>1993/94 GB</b>	30,958	£104,638	£62,390	£42,248	59.6%
<b>1994/95</b>	31,294	£109,214	£65,622	£43,592	60.1%
<b>1995/96 - 1996/97 combined GB<sup>2,3</sup></b>	31,778	£125,123	£77,448	£47,675	61.9%
<b>1997/98 GB<sup>2,3</sup></b>	32,053	£132,803	£81,180	£51,623	61.1%
<b>1998/99 GB<sup>4</sup></b>	31,785	£135,584	£84,129	£51,455	62.0%
<b>1999/00 GB</b>	31,356	£144,946	£87,326	£57,620	60.2%
<b>2000/01 GB</b>	30,718	£158,605	£94,565	£64,040	59.6%
<b>2001/02 GB</b>	29,015	£166,965	£100,851	£66,114	60.4%
<b>2002/03 GB</b>	25,305	£176,483	£106,712	£69,771	60.5%
<b>2003/04 GB</b>	22,007	£190,942	£113,345	£77,597	59.4%
<b>2003/04 UK</b>	23,028	£188,694	£111,542	£77,152	59.1%
<b>2004/05 UK<sup>5,6,7</sup></b>	24,385	£217,097	£120,775	£96,322	55.6%
<b>2005/06 UK</b>	24,916	£232,035	£125,723	£106,312	54.2%
<b>2006/07 UK</b>	23,956	£233,000	£129,470	£103,530	55.6%

### Notes

1. Figures from 1977/78 onwards are on an earnings only basis. An earnings basis draws up accounts to reflect income and expenditure relevant to the year in question and accrues late payments into the right year. Figures prior to 1977/78 are on a cash basis takes account only of the actual income and expenditure occurring during that year.

2. There was no enquiry in 1997, due to the change to self assessment of tax liability. Income tax for the self-employed changed from assessment on prior year earnings to current year earnings. Estimates of earnings and expenses were therefore taken together in 1995/6 and 1996/7.

3. The Inland Revenue changed the treatment of capital allowances in calculating tax liability for 1996/7 as part of the move from tax assessment based on prior year earnings to current year earnings. Figures relating to years between 1995/96 and 1997/98 have been adjusted to put them on a comparable basis with previous years.
4. Figures from 1998/99 onwards are not adjusted in respect of the changed treatment of capital allowances in calculating tax liability in 1996/97. Therefore they are not on a comparable basis with previous years.
5. From 2004/05 onwards, EEQ results are at UK level. Prior to this, they were published at GB level. 2003/04 results are given at both GB and UK level to illustrate the small effect of this transition on the figures in that year.
6. The first wave of PMS pilots started in April 1998. There has been a downward trend in the numbers of GMS GPs, and corresponding upward trend in PMS GPs between 1998 and 2004. At October 2005, it is estimated that PMS GPs represented 26% of the GPMS population.
7. Data between 2004/05 and 2006/07 exclude an estimate of employer's superannuation contributions for the tax year, to make the figures comparable with previous years.

**Table 13b: GMS Earnings and Expenses, real terms, 1971/72 to 2006/07, GB/UK (2006/07=100%)**

	<b>GMS pop'n</b>	<b>Gross Earnings</b>	<b>Expenses</b>	<b>Income before tax</b>	<b>Expenses to Earnings Ratio</b>
<b>1971/72 GB</b>	22,895	£86,693	£30,612	£56,081	35.3%
<b>1972/73 GB</b>	23,252	£84,800	£32,076	£52,724	37.8%
<b>1973/74 GB</b>	23,400	£84,698	£33,633	£51,065	39.7%
<b>1974/75 GB</b>	23,587	£78,329	£32,594	£45,735	41.6%
<b>1975/76 GB</b>	23,760	£83,434	£33,591	£49,843	40.3%
<b>1976/77 GB</b>	23,934	£81,320	£34,404	£46,916	42.3%
<b>1977/78 GB<sup>1</sup></b>	24,079	£78,669	£36,532	£42,137	46.4%
<b>1978/79 GB</b>	24,338	£81,036	£38,852	£42,183	47.9%
<b>1979/80 GB</b>	24,689	£84,868	£40,760	£44,108	48.0%
<b>1980/81 GB</b>	25,270	£90,395	£42,227	£48,168	46.7%
<b>1981/82 GB</b>	25,862	£93,179	£44,872	£48,307	48.2%
<b>1982/83 GB</b>	26,431	£95,808	£46,545	£49,263	48.6%
<b>1983/84 GB</b>	26,977	£98,623	£48,172	£50,451	48.8%
<b>1984/85 GB</b>	27,439	£102,704	£50,285	£52,418	49.0%
<b>1985/86 GB</b>	27,970	£105,649	£52,949	£52,700	50.1%
<b>1986/87 GB</b>	-	£105,095	£53,242	£51,853	50.7%
<b>1987/88 GB</b>	29,074	£106,515	£54,280	£52,236	51.0%
<b>1988/89 GB</b>	29,582	£111,880	£57,737	£54,142	51.6%
<b>1989/90 GB</b>	29,873	£114,266	£61,215	£53,051	53.6%
<b>1990/91 GB</b>	-	£128,982	£71,877	£57,105	55.7%
<b>1991/92 GB</b>	-	£136,660	£77,739	£58,921	56.9%
<b>1992/93 GB</b>	30,467	£140,174	£81,807	£58,367	58.4%
<b>1993/94 GB</b>	30,958	£144,157	£85,953	£58,204	59.6%
<b>1994/95 GB</b>	31,294	£148,223	£89,061	£59,162	60.1%
<b>1995/96 - 1996/97 combined GB<sup>2,3</sup></b>	31,778	£162,118	£100,347	£61,771	61.9%
<b>1997/98 GB<sup>2,3</sup></b>	32,053	£164,433	£100,515	£63,918	61.1%
<b>1998/99 GB<sup>4</sup></b>	31,785	£163,718	£101,586	£62,132	62.0%
<b>1999/00 GB</b>	31,356	£171,557	£103,358	£68,198	60.2%
<b>2000/01 GB</b>	30,718	£185,113	£110,370	£74,743	59.6%
<b>2001/02 GB</b>	29,015	£190,359	£114,982	£75,377	60.4%
<b>2002/03 GB</b>	25,305	£195,180	£118,017	£77,163	60.5%
<b>2003/04 GB</b>	22,007	£205,080	£121,737	£83,342	59.4%
<b>2003/04 UK</b>	23,028	£202,665	£119,801	£82,864	59.1%
<b>2004/05 UK<sup>5,6,7</sup></b>	24,385	£226,908	£126,233	£100,675	55.6%
<b>2005/06 UK</b>	24,916	£237,789	£128,841	£108,949	54.2%
<b>2006/07 UK</b>	23,956	£233,000	£129,470	£103,530	55.6%

**Notes**

1. Figures from 1977/78 onwards are on an earnings only basis. An earnings basis draws up accounts to reflect income and expenditure relevant to the year in question and accrues late payments into the right year. Figures prior to 1977/78 are on a cash basis takes account only of the actual income and expenditure occurring during that year.
2. There was no enquiry in 1997, due to the change to self assessment of tax liability. Income tax for the self-employed changed from assessment on prior year earnings to current year earnings. Estimates of earnings and expenses were therefore taken together in 1995/6 and 1996/7.
3. The Inland Revenue changed the treatment of capital allowances in calculating tax liability for 1996/7 as part of the move from tax assessment based on prior year earnings to current year earnings. Figures relating to years between 1995/96 and 1997/98 have been adjusted to put them on a comparable basis with previous years.
4. Figures from 1998/99 onwards are not adjusted in respect of the changed treatment of capital allowances in calculating tax liability in 1996/97. Therefore they are not on a comparable basis with previous years.
5. From 2004/05 onwards, EEQ results are at UK level. Prior to this, they were published at GB level. 2003/04 results are given at both GB and UK level to illustrate the small effect of this transition on the figures in that year.

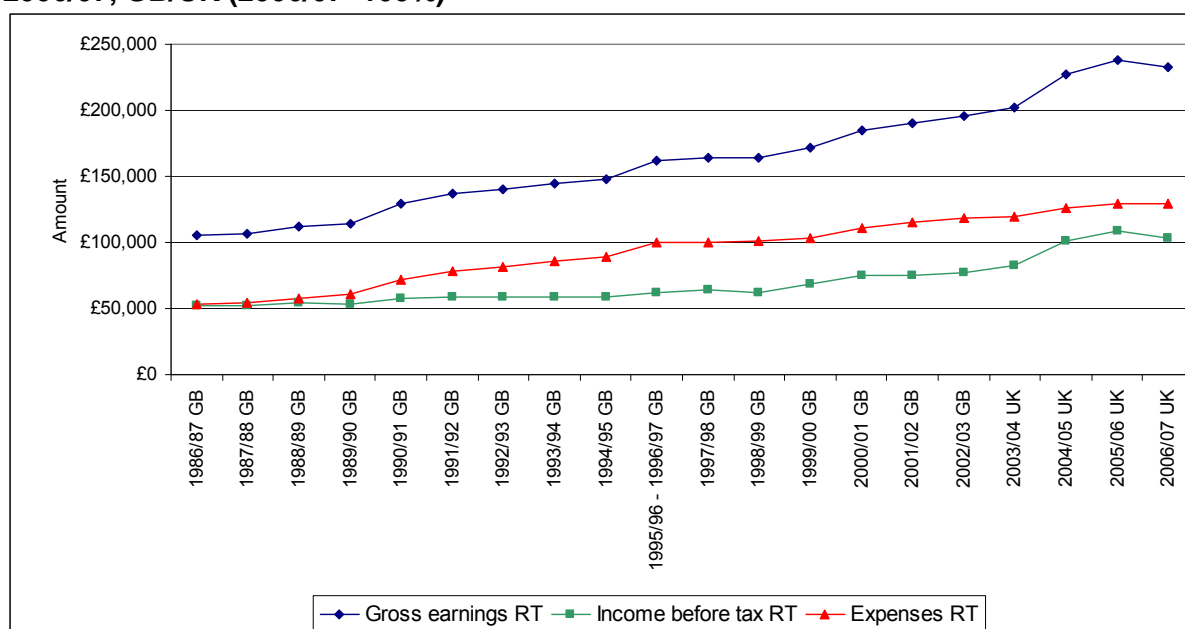
6. The first wave of PMS pilots started in April 1998. There has been a downward trend in the numbers of GMS GPs, and corresponding upward trend in PMS GPs between 1998 and 2004. At October 2005, it is estimated that PMS GPs represented 26% of the GPMS population.

7. Data between 2004/05 and 2006/07 exclude an estimate of employer's superannuation contributions for the tax year, to make the figures comparable with previous years.

84. Chart 12 shows a time series of gross earnings, income before tax and expenses in real terms over the period 1986/87 to 2006/07 among GMS GPs. In 2006/07, GMS GPs had an average income before tax of £103,530. In 2002/03, their average income before tax was £69,771 in cash terms, equivalent to £77,163 in real terms. This is equivalent to an annual percentage increase of 7.6% per year throughout the period in real terms.

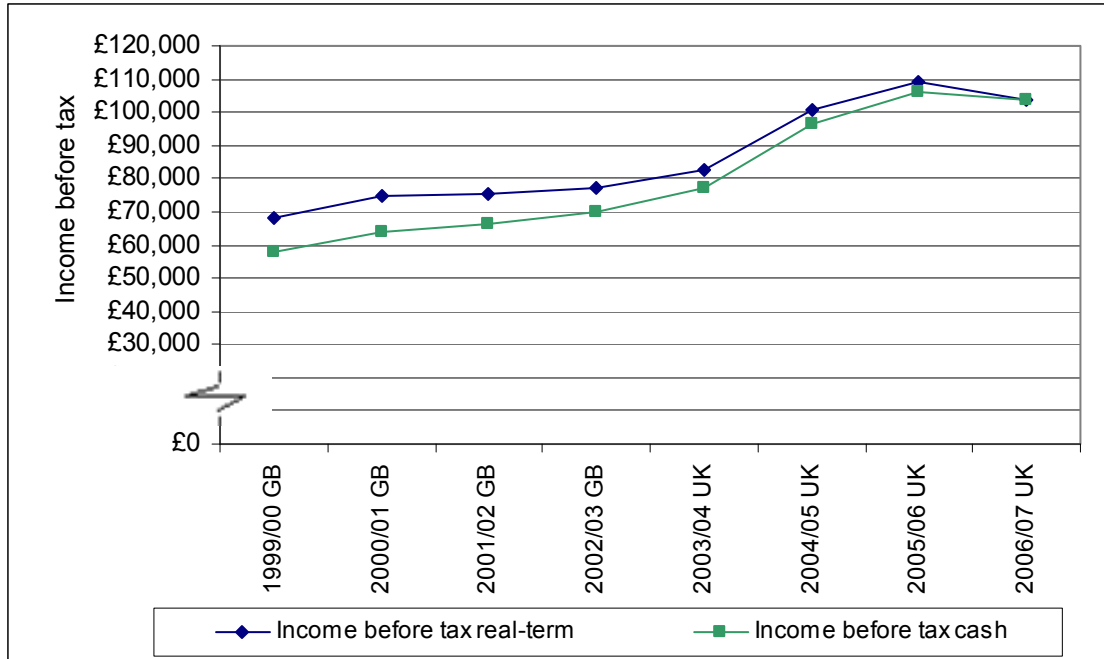
85. In 1986/87, their average income before tax was £25,653 in cash terms, equivalent to £51,853 in real terms. This is equivalent to an annual percentage increase of 3.5% per year throughout the period in real terms.

**Chart 12: GMS gross earnings, income before tax and expenses, real terms, 1986/87 to 2006/07, GB/UK (2006/07=100%)**



86. Chart 13 illustrates the trend for average GMS income before tax over the period 1999/00 to 2006/07 in both cash and real terms. The absolute difference between the respective amounts for each year decreases the more recent the year, until 2006/07 when there is no difference.

**Chart 13: GMS income before tax, cash terms and real terms, 1999/00 to 2006/07, GB/UK (2006/07=100%)**



## PMS

87. Tables 14a and 14b show PMS Earnings and Expenses, 2002/03 to 2006/07 in cash terms and real terms.

**Table 14a: PMS Earnings and Expenses, cash terms, 2002/03 to 2006/07, England and Scotland**

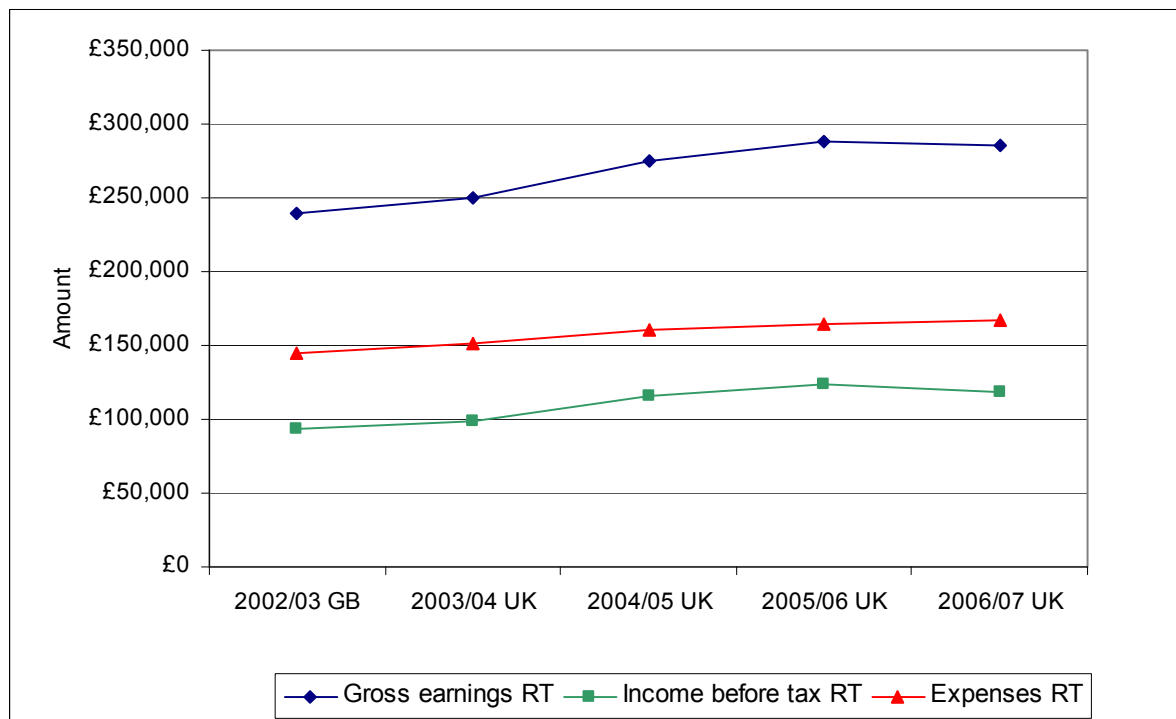
	PMS pop'n	Gross Earnings	Expenses	Income before tax	Expenses to Earnings Ratio
2002/03	6,057	£216,202	£131,182	£85,019	60.7%
2003/04	9,588	£232,697	£140,529	£92,168	60.4%
2004/05	9,503	£263,570	£153,406	£110,164	58.2%
2005/06	8,959	£281,134	£160,862	£120,272	57.2%
2006/07	9,931	£285,209	£166,709	£118,499	58.5%

**Table 14b: PMS Earnings and Expenses, real terms, 2002/03 to 2006/07, England and Scotland (2006/07=100%)**

	PMS pop'n	Gross Earnings	Expenses	Income before tax	Expenses to Earnings Ratio
2002/03	6,057	£239,106	£145,079	£94,026	60.7%
2003/04	9,588	£249,926	£150,934	£98,992	60.4%
2004/05	9,503	£275,482	£160,339	£115,143	58.2%
2005/06	8,959	£288,106	£164,851	£123,255	57.2%
2006/07	9,931	£285,209	£166,709	£118,499	58.5%

88. Chart 14 shows a time series of gross earnings, income before tax and expenses in real terms over the period 2002/03 to 2006/07 among PMS GPs. In 2006/07, PMS GPs had an average income before tax of £118,499. In 2002/03, their average income before tax was £85,019 in cash terms, equivalent to £94,026 in real terms. This is equivalent to an annual percentage increase of 6.0% per year throughout the period in real terms.

**Chart 14: PMS gross earnings, income before tax and expenses, real terms, 2002/03 to 2006/07, England and Scotland (2006/07=100%)**



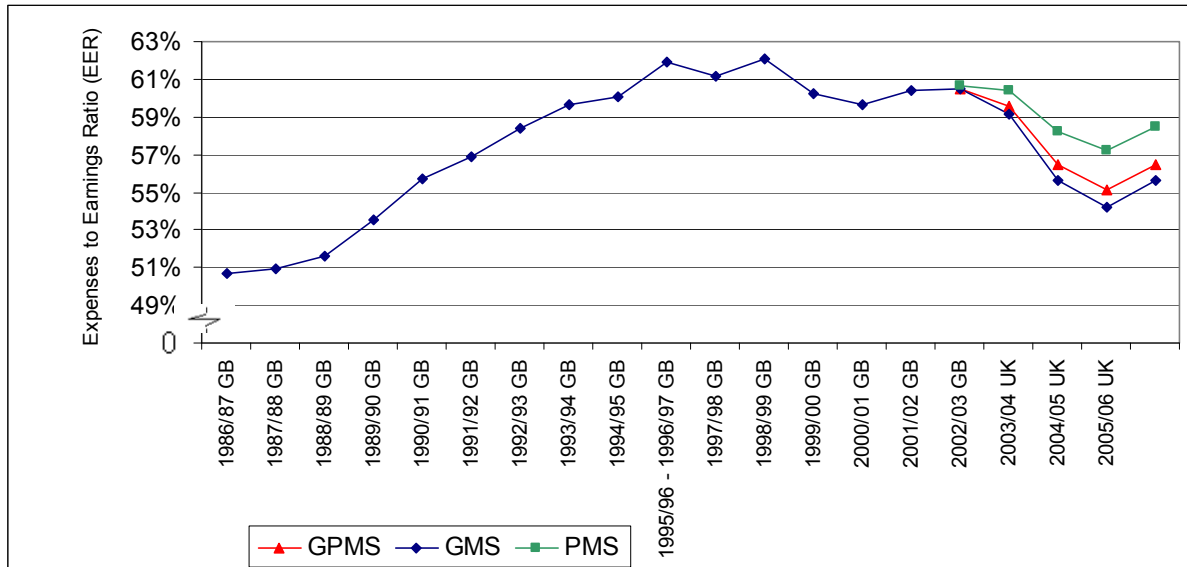
89. Time series cannot be produced for PMS (and consequently GPMS) prior to 2002/03 due to the following changes in the PMS enquiry methodology:

- PMS contracts started in 1998 and numbers gradually increased over time. There were initially too few PMS GPs to monitor.
- PMS GPs from **England only** were used in the analyses prior to 2002/03
- PMS GPs with **any accounting year-end** were used prior to 2002/03 due to the smaller population of PMS GPs in earlier years. The PMS analysis now only covers GPs with accounting year **end in Q4**, in line with the GMS methodology.
- **Salaried PMS GPs** (not including PMS other) were excluded in the 2002/03 and 2003/04 enquiries from the English PMS 'contracted or salaried' cohort using a methodology agreed by TSC. This was not done in the 2001/02 PMS enquiry.

## GPMS, GMS and PMS

90. Chart 15 shows that the GMS Expenses to Earnings Ratio (EER) increased by 4.9 percentage points over the period 1986/87 to 2006/07. Among GMS GPs there was a decrease of 3.5 percentage points between 2003/04 and 2004/05 (these years correspond to the last year of the old GMS contract and the first year of the new GMS contract). The average EER is higher among PMS than GMS GPs. The chart illustrates a divergence emerging between the ratio of GMS and PMS GPs. The difference between the respective EERs has grown from 0.2 percentage points in 2002/03 to 2.9 percentage points in 2006/07.

**Chart 15: GPMS, GMS and PMS Expenses to Earnings ratio (EER), 1986/87 to 2006/07**



## b) Intended average net income (IANI)

91. Prior to the nGMS contract in 2004, the concept of Intended Average Net Income (IANI) was used as an estimate of income (before tax). Although, the concept of IANI no longer exists under the nGMS contract, Table 15 has been provided for information.

**Table 15: IANI and actual outturn, GMS, 1974/75 to 2002/03, GB**

Year	IANI	Actual net remuneration
1974/75	6,286	6,251
1975/76	8,485	8,465
1976/77	8,651	8,824
1977/78	8,858	8,830
1978/79	9,785	9,774
1979/80	12,327	11,902
1980/81	16,290	15,608
1981/82	17,970	17,793
1982/83	18,990	19,440
1983/84	20,288	20,404
1984/85	21,615	22,687
1985/86	23,212	23,849
1986/87	24,670	24,601
1987/88	26,840	26,508
1988/89	28,800	28,979
1989/90	31,105	31,388
1990/91	33,630	36,455
1991/92	37,512	37,972
1992/93	40,010	40,165
1993/94	40,610	40,506
1994/95	41,890	41,684
1995/96	43,165	42,291
1996/97	44,483	43,566
1997/98	46,031	47,863
1998/99	48,037	48,675
1999/2000	52,606	53,553
2000/01	54,219	56,406
2001/02	56,510	57,719
2002/03	61,618	

Notes:

- Actual net remuneration in 2000-1 and 2001-2 are based on forecasts.
- Paragraph 2.131 of Chapter 2 of the 31<sup>st</sup> DDRB report refers to a 6.8 per cent increase against the outturn level of average net income currently forecast – this is the percentage increase from £57,719 to £61,618. The 6.1 per cent increase also mentioned is a result of taking £400 for 'golden hellos' from £61,618 before calculating the percentage increase.
- Based on the Departments' suggested methodology (which was described in the twenty-fifth DDRB report), IANI for the average full-time GMP would be £66,280 in 2002-03. It is expected that GMPs will have also earned on average a further £4,040 from higher target payments in 2002-03 (this estimate is based on gross fees for achievement of the higher targets). All these figures exclude other NHS earnings from non-GMS work.

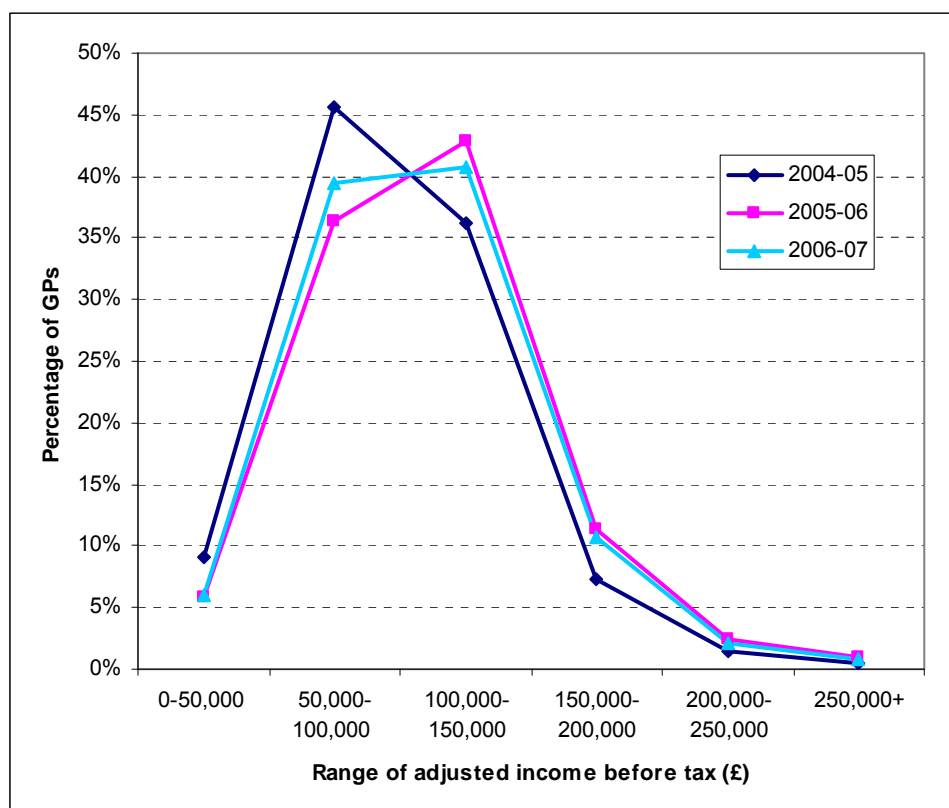
### c) Distribution of income before tax

92. This section covers a time series of the distribution of income before tax in the UK since the start of the nGMS contract (adjusted for employer's superannuation contributions).
93. Table 16 and Chart 16 show how the distributions have changed between 2004/05 and 2006/07.

**Table 16: Distribution of income before tax, 2004/05 to 2006/07, UK**

Range of Income before tax (£)	2004-05			2005-06			2006-07		
	Number of GPs	Percentage of GPs %	Cumulative Percentage %	Number of GPs	Percentage of GPs %	Cumulative Percentage %	Number of GPs	Percentage of GPs %	Cumulative Percentage %
0-50,000	3,060	9.0%	9.0%	2,001	5.9%	5.9%	2,048	6.0%	6.0%
50,000-100,000	15,442	45.6%	54.6%	12,342	36.4%	42.3%	13,387	39.5%	45.5%
100,000-150,000	12,264	36.2%	90.8%	14,534	42.9%	85.2%	13,832	40.8%	86.4%
150,000-200,000	2,492	7.4%	98.1%	3,876	11.4%	96.7%	3,623	10.7%	97.1%
200,000-250,000	475	1.4%	99.5%	815	2.4%	99.1%	739	2.2%	99.2%
250,000+	154	0.5%	100.0%	307	0.9%	100.0%	258	0.8%	100.0%
<b>Total</b>	<b>33,888</b>	<b>100.0%</b>		<b>33,875</b>	<b>100.0%</b>		<b>33,887</b>	<b>100.0%</b>	

**Chart 16: Distribution of income before tax, 2004/05 to 2006/07, UK**



#### d) Employment income

94. Contractor GPs obtain their income from self-employment only or from a mixture of both employment and self-employment income (where self employment forms the majority of their income). Therefore, only a GP with self-employment income (and accounting year end period in Q4) is used to form the analysis within the main body of the report.
95. Some GPs have employment income which has historically not been published to date. The data in Table 17 shows average employment income for contractor GPs as a time series. The average is based on all contractor GPs (whether or not they earn employment income).

**Table 17: Average employment income before tax, all contractor GPs, 2003/04 to 2006/07 (£)**

	2003/04	2004/05	2005/06	2006/07
<b>GPMS</b>	3,337	3,864	4,192	3,950
<b>GMS</b>	2,839	3,410	3,818	3,781
<b>PMS</b>	4,452	5,029	5,231	4,406

96. The data in Table 18 also shows average employment income for contractor GPs as a time series. This data is only based on those contractor GPs who have some employment income.

**Table 18: Average employment income before tax, GPs with employment income, 2003/04 to 2006/07 (£)**

	2003/04	2004/05	2005/06	2006/07
<b>GPMS</b>	10,500	11,497	13,238	13,671
<b>GMS</b>	9,216	10,245	12,247	12,859
<b>PMS</b>	13,286	14,603	15,841	15,966

## e) NHS superannuable income

97. The results presented thus far relate to earnings, expenses and income derived from all self-employed or employed sources, as reported on tax returns, and so include private as well as NHS work. Table 19 presents superannuable income obtained from the NHS Pensions Agencies (PA) and so this relates to NHS work only. It is difficult to compare these figures with those from the Earnings and Expenses Enquiry for the following reasons:
98. The Pensions Agency does not collect data on all contractor GPs employed in General Practice in the UK. The main reason for this is that there are retired GPs who have returned to work but no longer make pension contributions from their income before tax, and therefore are excluded from PA data.
99. NHS superannuable income data does not always reflect a GPs total income before tax from NHS sources. This is because there is a maximum contribution that a GP can make to their NHS pension as a result of the superannuable pensions cap, applicable to all GPs who joined the pension scheme after June 1989 or those who have had a break in service of over one year. This amount changes each year as indicated in Table 19. For 2006/07 a GP who had their superannuable pay capped could only make pensions contributions on the first £108,600 of their income before tax.
100. Table 19 shows that NHS superannuable income increased by 12.9% between 2002/03 and 2003/04 which is the figure used for dynamisation for 2003/04.

**Table 19: NHS superannuable income among GPMS GPs, 2002/03 to 2003/04, GB and pensions cap amount, 2002/03 to 2004/05, UK (£)**

Year	NHS Superannuable Income	Pensions cap amount
<b>2002/03<sup>1</sup></b>	64,263	97,200
<b>2003/04<sup>1</sup></b>	72,562	99,000
<b>2004/05</b>	-	102,000
<b>2005/06</b>	-	105,600
<b>2006/07</b>	-	108,600

Notes:

1. The figures in the table exclude a small number of GPs with incomes at the value of the cap.
2. Figures which include GPs with incomes at the value of the cap are £64,443 for 2002/03 and £72,752 for 2003/04.
3. Any GPs who joined the NHS pension scheme after June 1989 or had a break in service of over one year is subject to the pensionable cap. This is the maximum amount of NHS income such GPs can make contributions to their pension on. Any NHS income above this limit is not pensionable.

# **Annex A: Methodological Changes for the 2004/05 Earnings and Expenses Enquiry Onwards**

## Identifying Salaried GPs

101. Historically, the Earnings and Expenses Enquiry (EEQ) has considered the earnings and expenses of contracted (self-employed) GPs. From 2004/05 onwards salaried GPs have been included in the EEQ, however the England GP census could not differentiate between contracted and salaried GPs. The data source for the survey is HM Revenue and Customs' (HMRC's) tax self-assessment (SA) database, and salaried GPs in 2004/05 and 2005/06 were identified from tax data by two different methods, which both involve considering the proportion of income being derived from self-employment and employment sources<sup>4</sup>:
- The 10% rule: 'Salaried' GPs are those GPs whose self-employment income is less than 10% of employment income. The converse is the definition of 'Contracted.'
  - The majority rule: 'Salaried' GPs are those GPs who were found to have the majority of their net income from employment.
102. For the 2006/07 enquiry it is possible to differentiate between contracted and salaried GPs in the GP census for England and Wales. This is due to changes to the IT system that records GPs in England and Wales. This has resulted in a change in the method for identifying and analysing salaried GPs.
103. It is difficult to compare the salaried GPs results for 2006/07 with earlier years because:
- The samples for years prior to 2006/07 are un-weighted.
  - There was a different method for identifying salaried GPs prior to 2006/07 (as explained above).
104. The accuracy of the '10% rule' methodology of separating contracted and salaried doctors, was tested by HMRC statisticians who carried out an investigation by applying this method to an anonymised dataset of Scottish GPs, from the 2003/04 enquiry, whose contracted/salaried status was already known. The results from this investigation showed that 97% (267 of 276) of contractors and 71% (22 of 31) of salaried GPs were correctly identified with this method.
105. In order to validate the 2006/07 census contracted/salaried split HMRC statisticians have compared this split against the '10% rule.' The results from this investigation showed that for 99% (29,323 of 29,753) of contractors and 61% (1,822 of 2,969) of salaried GPs the census and 10% rule were consistent.
106. It is likely that some salaried GPs may not need to complete a self-assessment tax return, and will therefore not feature in this enquiry.
107. The results for salaried GPs are labelled as provisional in the report. This is because we are currently investigating the effect of employee superannuation contributions on the gross earnings and income before tax of salaried GPs. Results for contractor GPs are before deduction of employee superannuation contributions. We will investigate whether it is possible to align the results for contractor and salaried GPs for the Final Report.

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<sup>4</sup> Self-employment income refers to the tax schedule under which self-employed profits were assessed. Employment income refers to the tax schedule under which Directors and employees of a company were assessed.

## Stratification

108. Although enquiries are no longer sample-based, stratification is still used to enable weighting corrections within strata to account for GPs who are excluded from the dataset underlying the analysis, (e.g. because contracted GPs do not have a self-employed source with accounting period ending in the final quarter or complete information is not available). This ensures that there is no bias in the final findings of the enquiry. In previous enquiries (pre-2003/04), the variable used to signify practices “with help” had been used, with list size, to stratify the non-dispensing population. “Help” was defined as those contractors who had been in a practice alongside one or more salaried partners, or assistants, or registrars, or salaried doctors. This variable is no longer recorded on the GP census. The non-dispensing population is now stratified by the size of the practice list only. Table 20 below presents the stratification used for the 2003/04 and 2004/05 onwards enquiries.

**Table 20: Stratification of contractor GPs, 2003/04 and 2004/05 onwards**

Stratification for 2003/04 EEQ	Stratification for 2004/05 EEQ onwards
<b>Dispensers<sup>1</sup></b>	
With dispensing list size 0-799	With list size <sup>2</sup> 0-1600 (dispensing proportion <sup>3</sup> < 50%)
With dispensing list size 800-1399	With list size >1600 (dispensing proportion < 50%)
With dispensing list size 1400 & over	With dispensing list size 0-1000 (dispensing proportion ≥ 50%)
	With dispensing list size >1000 (dispensing proportion ≥50%)
<b>Non-dispensers</b>	
Without help <sup>4</sup> list size 0-1499	With list size 0-1399
Without help list size 1500-1749	With list size 1400-1599
Without help list size 1750-1999	With list size 1600-1799
Without help list size 2000-2249	With list size 1800-1999
Without help list size 2250 & over	With list size 2000+
With help list size 0-1749	
With help list size 1750-1999	
With help list size 2000-2249	
With help list size 2250 & over	

Notes:

1 The non-dispensing partners of dispensing doctors are classified as dispensing doctors.

2 'List size' is determined by dividing the total practice list size by all GPs (including salaried) in the practice.

3 Dispensing proportion = total number of dispensing patients/total practice list size

4 'Help' = one or more salaried partners and/or one or more assistants and/or one or more trainees and/or one or more salaried doctors under para 52 of the SFA.

109. As in 2005/06, this year's enquiry classifies a dispensing GP as a GP that works at a dispensing practice. Prior to 2005/06, 'dispensing' had been defined using a census variable. In a limited number of cases GPs were coded as 'dispensing' when there were actually no dispensing patients in the practice. The current method is therefore a more reliable way of defining a dispensing GP.

110. Previously, results for salaried GPs have not been stratified or weighted. For the 2006/07 enquiry salaried GPs have been stratified by age and sex to reflect, for example that it may be expected for females within a certain age range to have a greater propensity to work as a salaried GP compared with male counterparts. GPMS weights have been applied to the GMS and PMS populations. The stratification for salaried GPs is shown in Table 21.

**Table 21: Stratification of salaried GPs, 2006/07**

<b>Sex</b>	<b>Age (years)</b>
Female	35<
Female	35-40
Female	41-49
Female	50+
Male	35<
Male	35-40
Male	41-50
Male	50+

111. The results for salaried GPs are based on income and expenses reported on the self-assessment (SA) tax return for whom information are available (as at May 2008).

112. The criteria under which salaried GPs must fill in a self-assessment tax return is if they earn more than £100,000. Also, for those salaried GPs earning less than this threshold they will still fill in a SA tax return if they have any self-employment income, are claiming subscription expenses >£2,500, have income from property >£2,500 or other untaxed income. GPs may however, complete a tax return even if they are not strictly required to do so.

# **Annex B: Technical Adjustment for Employer's Superannuation Contributions**

## Background

113. Prior to the introduction of the nGMS contract, Primary Care Organisations paid the 14%<sup>5</sup> employer's superannuation contributions of GPs' pensions schemes directly to the NHS Pensions Agency. The money did not appear in the practice or individuals accounts or tax returns of GPs and consequently did not form part of income before tax.
114. From April 2004 onwards, under the nGMS contract, for contractor GPs, the 14% employer's superannuation contribution to the GPs pension scheme was included in the global sum payment made to practices and GPs became responsible for the payment of both their employee's and employer's superannuation contributions. Therefore, employer's contributions should have been included in tax returns. However, in the early years in particular, they may not always be recorded consistently across all GPs. This means an estimate has to be made of the correct level of employer's contributions, in order to adjust the income levels accordingly. The resulting figure will be a more accurate representation of the average income before tax of GPs.
115. In April 2007 a methodology was presented in the paper located at: <http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice/technical-note-on-updating-of-2004-05-gp-earnings-and-expenses-enquiry-results> that allows an estimate of the element of employer's contributions included in income before tax to be made for 2004/05 onwards.
116. In 2006/07, as in 2005/06, the majority of GPs followed the guidance and included their employer's superannuation contributions as part of their income before tax and claimed tax relief. This report presents gross earnings and income before tax estimates which exclude estimated employer's superannuation contributions.
117. The procedure for the payment of GP pension contributions begins at the start of each financial year and involves GPs producing an estimate of their income before tax for the forthcoming year, and from this an estimate of what their pension contributions for the year should be. This estimated pension contribution is then deducted from their global sum payment by their PCO, and at the end of the financial year the actual contributions due are calculated by the PCO on the basis of a certificate completed by the GP after they have submitted their tax return. The GP then either receives a refund if contributions had been overestimated or has to pay shortfall contributions. The time lag involved means that a GP paying a shortfall of contributions for 2005/06 will not pay until at least tax year 2006/07 and possibly even 2007/08.
118. Following introduction of the new contract, HMRC issued guidance on GP contributions to NHS pension schemes and the tax relief claimed on these payments, both before and after new simplified tax regime for pension schemes came into effect on 6 April 2006. This guidance can be accessed via the web at: <http://www.hmrc.gov.uk/pensionschemes/esca9.htm>.
119. This Annex provides a summarised description of the methodology used to update the 2004/05 GP Earnings and Expenses Enquiry (EEQ), and how this has been adapted to allow an estimate of the element of employer's contributions included in 2005/06 and 2006/07 income before tax to be made for contractor GPs.
120. Analysis has been carried out on salaried GPs who have some self employment income. This has been provided as information only and the employer's superannuation adjustment was not considered to be necessary for these GPs.
121. This methodology has been agreed by the TSC, which has representation from the four UK Health Departments, NHS Employers and the British Medical Association.

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<sup>5</sup> except in Northern Ireland, where the contribution rate was 7%.

## Overview of Methodology

122. This section presents an investigation of the 14% employer's superannuation contributions issue and a description of the methodology for estimating its impact on GP earnings and expenses estimates for 2004/05 and beyond. As mentioned in the summary a full and detailed description of the methodology can be found in the technical note on the updating of the 2004/05 GP earnings and expenses enquiry results (see Other Publications section at the end of this report for details).
123. Tax relief on employer's and employee's contributions to employer's schemes not deducted at source from pay should be claimed in the tax return in Box 14.3 (previously Box 14.10).
124. The average total recorded contribution to employer's schemes not deducted at source from pay per UK GPMS contractor GP in 2006/07 was £18,959. This was estimated to consist of:
- Employee's contributions: £5,597
  - Employer's contributions: £12,453
  - Additional Voluntary Contributions (AVCs): £909
125. The methodology for estimating the breakdown of total contributions is based on an assumption that GPs who recorded contributions can be classified into one of 3 groups:
- Those that recorded "6% employee's contributions" only.
  - Those that recorded "6% employee's contributions" and possibly Additional voluntary contributions (AVCs).
  - Those that recorded "6% employee's contributions, "14% employer's contributions" and possibly AVCs.
126. The assumptions made by the methodology for contractor GPs are:
- GPs can be accurately classified into one of the 3 categories listed above by using two breakpoints to divide the distribution of amount in Box 14.3 as a percentage of income before tax minus Box 14.3.
  - Among GPs who excluded employer's contributions, the average employee's contributions of those not making AVCs was the same as for those who did
  - Among GPs who recorded contributions in 2002-03 (the year before employer's contributions were included), the difference between average contributions and 6% of average superannuable income (based on NHS Pension Agency data) is attributable to average AVCs
  - In 2006-07 average AVCs among GPs who recorded contributions represented the same percentage of their average income before tax minus contributions as it did in 2002-03.
127. GPs are classified into one of the three categories (listed in para 13 above) by using two breakpoints to divide the distribution of the contribution to employer's pension schemes not deducted at source from pay (ie. amount in Box 14.3) as a percentage of income before tax minus Box 14.3.
128. For 2005/06 these breakpoints were at 5% and 10% i.e. the contribution to employer's pension schemes not deducted at source from pay as a percentage of income before tax minus Box 14.3 was 5% and 10% respectively. For 2006/07 a similar exercise was undertaken to decide

the breakpoints. This is detailed in the next section, and it was agreed by TSC that the breakpoints would remain the same as in the previous year.

129. There were some changes to the 2006/07 tax return and to the numbering of questions to do with tax relief on pensions contributions (14.1-14.5). Further investigation showed that it may be the case that amounts which should have been included in Box 14.3 may have been included in Box 14.2 in error. However, it is difficult to find firm evidence of this and it is also difficult to quantify the impact. Therefore, it is likely that the adjustment for employers' superannuation contributions has been slightly underestimated. However, as this does not materially impact the results, or the direction of change from the 2005/06 EEQ results, then no further changes have been made to the adjustment.

## Breakpoints for 2006/07

### Contractor GPs

130. HMRC statisticians provide the unadjusted average income before tax and average Box 14.3 amounts among all contractor GPs in the UK. The unadjusted average income before tax includes the average Box 14.3 amount. As explained above, the aim is to exclude part of it (the element attributable to employer's contributions) to produce the adjusted average income before tax.

131. In order to calculate the adjustment, 2 breakpoints at 5% and 10% are placed on the 2006/07 distribution to place GPs into one of 3 categories. This is shown on Chart 17 for contractor GPs and Chart 18 for salaried GPs. Based on these breakpoints, aggregate analyses from HMRC statisticians is requested. For contractor GPs, we use these data to produce values which are inserted into a formula (see paragraph 33) in order to quantify the element we wish to exclude.

132. The breakpoints are based on a consideration of a range of factors, and these are described in the technical note (see Other Publications section of the report for details). They were set at 5% and 10% in 2004/05 and 2005/06. The factors that would give cause to revising these breakpoints in 2006/07 include:

- a substantial change in the proportion of GPs affected by the superannuable earnings cap
- a substantial change in the proportion of GPs purchasing Additional Voluntary Contributions (AVCs), and/or greater overall contributions among those who do (as a proportion of income before tax)
- substantial changes in the proportion of average income before tax made up by non-superannuable income

133. Each of these factors has been considered in determining whether a change to the breakpoints is required. There was a 9.8% increase in income before tax in 2005/06, some GPs may have not expected this level of increase in income before tax and subsequently underestimated/overestimated and underpaid/overpaid their pension contributions in 2005/06. Additionally, there was a 22.8% increase in income before tax in 2004/05 and similarly GPs will have underestimated the increase and underpaid their pension contributions. Some of these arrears/reimbursements for the last two years will have been cleared with the Pensions Agencies in 2006/07 and some may not get cleared until 2007/08.

134. As income before tax of GPs has decreased by 2.1% in 2006/07, there will not have been a substantial change in the proportion of GPs affected by the pensions cap. It is very difficult to quantify any clawback paid in 2006/07.

135. As from the 1<sup>st</sup> April 2006, GPs (like everyone else) will receive tax relief on their pension contributions up to 100 per cent of earnings (salary and other earned income) subject to an 'annual allowance' of £215,000 above which, tax will be charged at 40 per cent. For 2005/06, there was a represcription rate for shortfall contributions in 2004/05.<sup>6</sup>
136. This increase in the tax relief limit means that GPs should be able to claim relief on all shortfall payments from 2004/05 and/or 2005/06 as well as claim relief for 2006/07 without going over any tax relief limit. For example, if a GP paid the maximum contributions of 29% in 2006/07 but also has outstanding shortfalls for 2004/05 and/or 2005/06, then the total contributions paid will exceed 29% of actual earnings. Therefore, relief will be given on total contributions paid in 2006/07.
137. Due to this change, Chart 17 certainly suggests that there are more GPs making up for relief on shortfall payments than previous years as there is a peak in the series for the number of GPs whose contributions as a percentage of income before tax (less contributions) are 30% or greater. This accounts for 12.3% of GPs in 2006/07 whereas it was 7.1% of GPs in 2005/06.
138. The pension cap of £108,600 for 2006/07 will still apply to those GPs that joined the scheme post 1989.
139. The change in the tax relief limit means it is possible that it could affect the amount claimed for AVC payments, but there is no current evidence to suggest that this has occurred in 2006/07.
140. It is concluded that no evidence has come to light of any substantial changes to these factors. There is no way to be completely precise about where to place the breakpoints (a certain amount of misidentification is inevitable) and it is likely that some effects offset each other. A decision has therefore been taken to set the same breakpoints at 5% and 10%, the same levels used in the last two years.

### **Salaried GPs**

141. HMRC statisticians provide the unadjusted average income before tax figure for all salaried GPs and average Box 14.3 amounts among those salaried GPs with self-employment income in the UK. The unadjusted average income before tax includes the average Box 14.3 amount. A large group of salaried GPs have employment income only which explains why there are not many GPs in Chart 18 compared with Chart 17 for contractor GPs.
142. As can be seen in Chart 18, the provisional figures show that of those salaried GPs with some self-employment income there are 456 (16.8%) of GPs with percentage contributions above 10% of income before tax. One of the reasons for this may be that salaried are buying back additional years pension. Therefore, there is no adjustment required for salaried GPs to take account of employer's superannuation.

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<sup>6</sup> See link for further information: <http://www.hmrc.gov.uk/pensionschemes/esca9.htm> (also in paragraph 118).

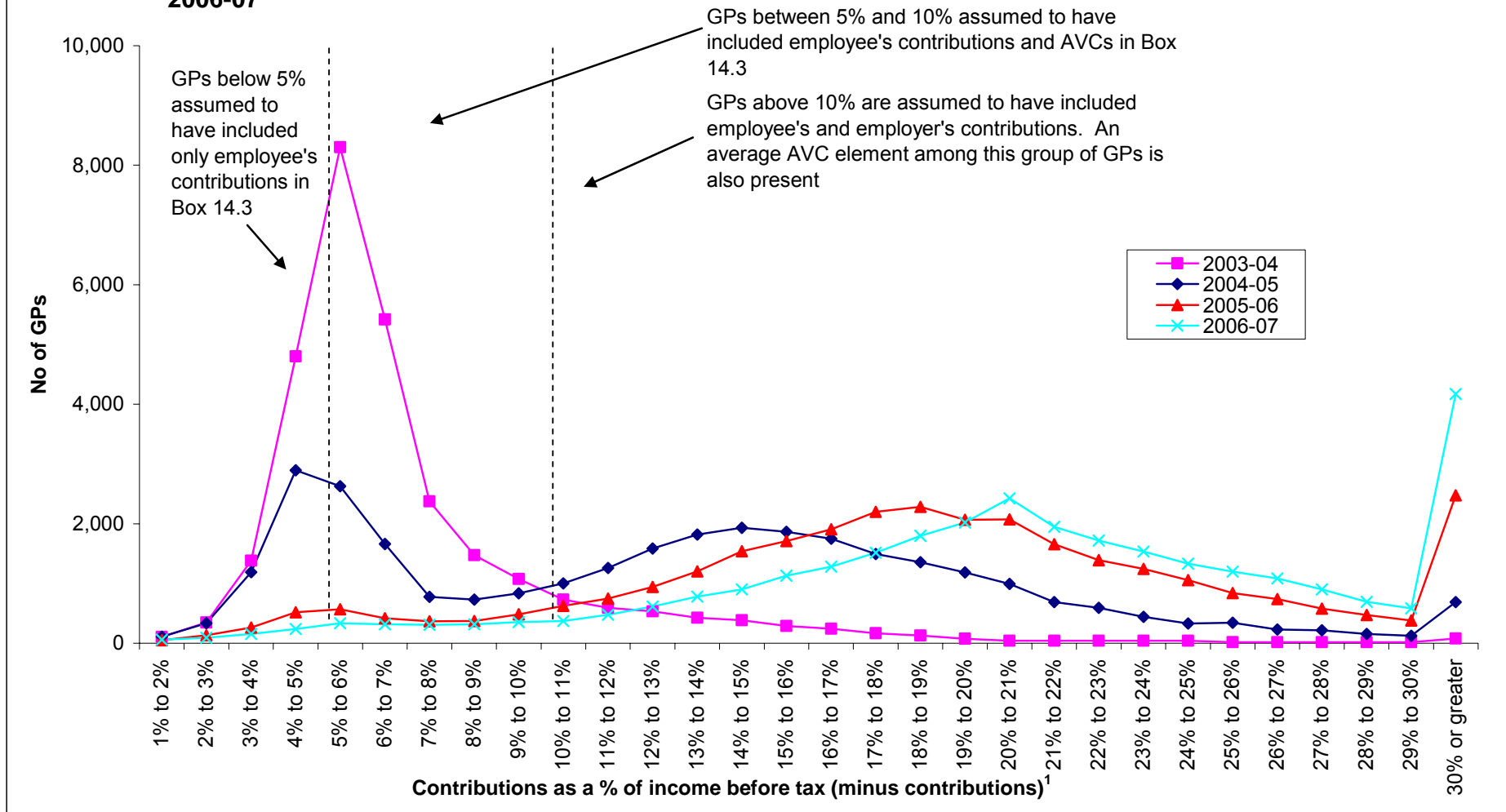
## Future changes

143. For 2007/08 EEQ, investigation into these factors will be carried out again, particularly around AVCs, which are likely to be affected by the changes in the NHS Pension Scheme. The facility to buy '*Added years*' as a way for members to increase their NHS pension is being replaced with '*Additional pension*'. Therefore, more GPs may have taken up AVC contracts in 2007/08.
144. NHS Pension Scheme members had the opportunity to buy added years by the current method for a limited period providing they made an expression of interest by 31 March 2008.
145. For those members that made such an expression of interest, added years contracts are set up to start from the member's next birthday and members can start the contract (on their birth date) on or before 31 March 2009. Therefore, there will be a greater impact of this change in 2008/09 than 2007/08. The number of GPs contributing will go up and consequently the amount.
146. Additional pension will apply to those who have not expressed an interest to stay on the added years scheme and new members. Members may buy additional annual pension that will provide a maximum of £5,000<sup>7</sup> extra pension a year when they retire.

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<sup>7</sup> This amount is for 2008/09 and will increase in future years, in line with the Retail Price Index.

**Chart 17: Contributions to employer's pension schemes not deducted at source from pay (Box 14.3) as a % of income before tax minus Box14.3 contributions), UK GPMS contractor GPs, 2003-04 to 2006-07**

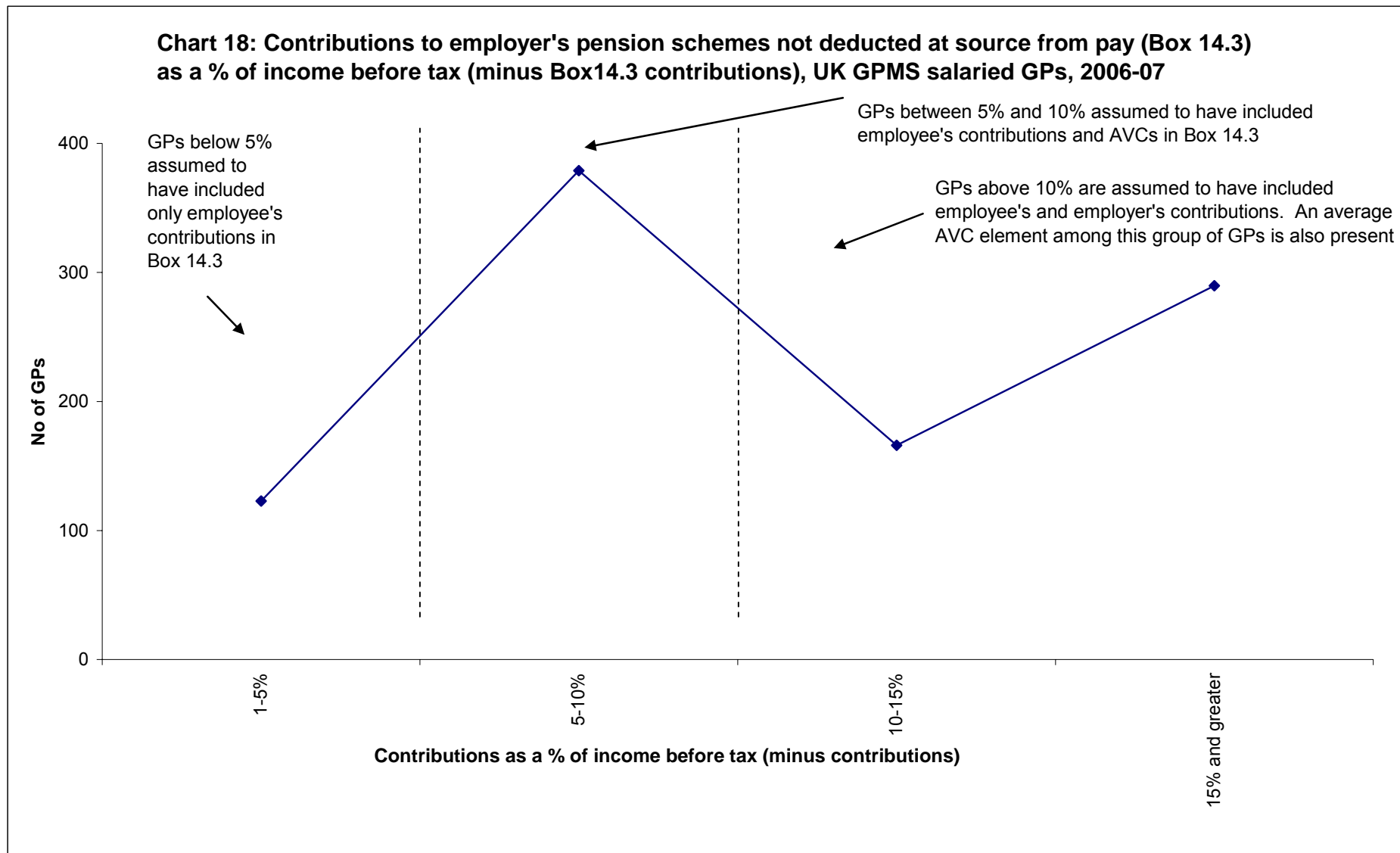


Notes:

<sup>1</sup> The breakdown of GPs in each percentile above 20% in 2003/04 is estimated. The data point corresponding to percentages of 30% and greater should be interpreted with caution as it only plotted over a 1% increment.

<sup>2</sup> All data is based on weighted sample counts.

**Chart 18: Contributions to employer's pension schemes not deducted at source from pay (Box 14.3) as a % of income before tax (minus Box14.3 contributions), UK GPMS salaried GPs, 2006-07**



Note: The 2006/07 data is provisional and based on weighted sample counts of those salaried GPs with at least one income from self employment.

## Applying the formula

147. A 10% breakpoint is used as the level of contributions as a percentage of income before tax minus contributions above which GPs are assumed to have included employer's contributions in Box 14.3 and below which GPs are assumed to have excluded employer's contributions from Box 14.3. A 5% breakpoint is used as the level of contributions as a percentage of income before tax minus contributions above which GPs are assumed, on average, to have recorded AVCs in Box 14.3.

148. The calculation for the necessary adjustment to the average income before tax is:

Let:

$n_0$  = no. leaving Box 14.3 blank (this has been included for completeness and not actually required in the formula)

$n_1$  = no. below the 10% breakpoint

$n_2$  = no. above the 10% breakpoint

$N$  = total population of GPs =  $n_0+n_1+n_2$

$b$  = average Box 14.3 among all GPs

$c_1$  = estimated average employee's element of Box 14.3 among GPs in the 0-10% range (estimated to be equivalent to the actual average Box 14.3 amount of GPs in the 0-5% range).

$c_2$  = actual average Box 14.3 among GPs in the below 10% range.

$c_3$  = average Box 14.3 among GPs in the above 10% range.

$i$  = average income before tax minus Box 14.3 among all GPs who recorded something in Box 14.3.

$b$ ,  $c_1$ ,  $c_2$ ,  $c_3$  and  $i$  are calculated from HMRC analysis showing Box 14.3 contributions and income before tax minus contributions by percentage bands of (Box 14.3 /income before tax minus Box 14.3).

Let  $(1/100)$  = assumed average AVCs as a proportion of EEQ income before tax minus contributions among GPs who recorded something in Box 14.3

Let  $x$  = average employee's element of average Box 14.3 among all GPs

Insert  $n_1, n_2, N, c_1, c_2, c_3$  and  $i$  into the following formula to find  $x$

$$x = \frac{1}{N} * \left( n_1 * c_1 + \left( n_2 * \frac{6}{20} * \left( c_3 - \frac{1}{n_2} * \left( i * \frac{(n_1 + n_2)}{100} - (c_2 - c_1) * n_1 \right) \right) \right) \right)$$

Let average employer's contributions among GPs who recorded something in Box 14.3 =  $y$ . This is useful in order to calculate an NHS profit estimate, but isn't necessary to perform the adjustment on income before tax.

$$y = \frac{14}{6} * x$$

Let adjustment to published income before tax = z

$$z = -\left(b - \left(\left(\frac{1}{100}\right) * \left(\frac{n_1 + n_2}{N}\right) * i\right) - x\right)$$

### Individual level adjustment in 2005/06 and 2006/07

149. In the report containing the 2004/05 final EEQ results, only certain aggregate level data was adjusted to exclude the element of gross earnings and income before tax attributable to employer's superannuation contributions. The tables in the annex contained data which referred to adjusted and unadjusted earnings, and only unadjusted earnings data were published for GPs in each individual strata. In 2005/06 and 2006/07, the principles of the high level adjustment were applied to individual level data.
150. In principle this makes no difference to the calculated adjustment for any particular group of GPs. This was confirmed to be the case through comparing the result given by application of the formula to the unadjusted 2005/06 earnings with the results given by applying the adjustment to individual level data.
151. Adjusting individual level has meant that more data, including strata level data, has been adjusted in 2005/06 and 2006/07 than in 2004/05. The different rate of employer's contributions (7%) in Northern Ireland has been considered. In 2004/05 the only consideration of the reduced rate in Northern Ireland was made at UK GPMS level. The distribution of GPs earnings is also based on adjusted data and therefore there has been no need to apply a complex methodology to aggregated earnings bands to put them on a comparable basis with previous years, as was the case in 2004/05.

# Excel Annex Contents

The following annexes are available within the accompanying MS Excel Workbooks

Annex C – National Averages and Country Level Averages for Contractor GPs

- Annex C1:** GPMS Table 1
- Annex C2:** GMS Table 1
- Annex C3:** PMS Table 1
- Annex C4:** GPMS Table 2
- Annex C5:** GMS Table 2
- Annex C6:** PMS Table 2
- Annex C7:** GPMS Table 3
- Annex C8:** GMS Table 3
- Annex C9:** PMS Table 3
- Annex C10:** GPMS Table 4
- Annex C11:** GMS Table 4
- Annex C12:** PMS Table 4
- Annex C13:** GMS and PMS comparison Table 5
- Annexes C14 – C17:** GPMS Table 6
- Annexes C18 – C21:** GMS Table 6
- Annexes C22 – C23:** PMS Table 6

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Table 1: a comparison of UK headline strata data from Table 4 with the previous year's results

Table 2: a breakdown of expenses into net capital allowances (CAs) and other expenses by strata

Table 3: a breakdown of average expenses (by strata and expense category) and percentage of doctors with no expenses (by strata and expense category)

Table 4: self-employment average gross earnings, expenses and income before tax by practice type

Table 5: a comparison of UK headline strata from Table 4 for GMS and PMS results

Table 6: self-employment gross earnings, expenses and income before tax by practice type and country in 2006/07

Annex D – National Averages and Country Level Averages for Salaried GPs

- Annex D1:** Salaried GPMS Table 4
- Annex D2:** Salaried GMS Table 4
- Annex D3:** Salaried PMS Table 4
- Annexes D4 – D6:** Salaried GPMS Table 6
- Annexes D7 – D9:** Salaried GMS Table 6
- Annexes D10 – D11:** Salaried PMS Table 6

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Table 4: average gross earnings, expenses and income before tax by practice type

Table 6: average gross earnings, expenses and income before tax by practice type and country in 2006/07

## Annex E – Distributional Results for Contractor and Salaried GPs

**Annex E1:** GPMS Income (Contractor) Table 7

**Annex E2:** GPMS Graphs (Contractor) Graph 1

**Annex E3:** GPMS Income (Salaried) Table 7

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Table 7: Table of distribution of income before tax 2006/07 (Contractor GPs)

Graph 1: Graph of distribution of income before tax 2006/07 by Dispensing Status (Contractor GPs)

Table 7: Table of distribution of income before tax 2006/07 (Salaried GPs)

# Glossary of terms

## **Accounting year-end**

The period to which income and expenses relate is an accounting year, which may end at any time in the tax year. The main results of this enquiry only consider data for contractors with accounting years (i.e. full 12 months) ending in the final quarter of the tax year, i.e. 1<sup>st</sup> January to 5<sup>th</sup> April. This allows analysis of information covering the period most compatible with that of health organisations' financial information, and also ensures that earnings and expenses data relates to financial activity largely under the new GMS contract.

## **Additional Voluntary Contributions (AVCs)**

Additional Voluntary Contributions can be made by a member of an occupational pension scheme over and above his or her normal contributions. They can buy either added years (unless the individual has achieved the maximum 40 years membership) or be on a money purchase basis. The maximum AVC that can be made in any one year is 9% of the individual's superannuable income.

## **Alternative Provider Medical Services (APMS)**

Primary medical services commissioned from non-GMS or non-PMS providers, e.g. from the voluntary sector, commercial sector, other NHS trusts or other PCTs.

## **Box 14.3 (previously Box 14.10)**

This refers to the location on the self-assessment tax return where tax relief on employer's and employee's "contributions to employer's schemes not deducted at source from pay" should be claimed. Such amounts are treated as a personal tax relief by HMRC, not a business expense. The amount recorded in this box consists of employee's and employer's superannuation contributions, and additional voluntary contributions (AVCs). Contributions to private pension schemes are recorded separately.

## **Capital Allowances**

Also called Net Capital Allowances. Net Capital Allowances are defined as the difference between the purchase price of a fixed asset and its depreciation through age or use, or any losses suffered when it is sold.

Capital Allowances allow the costs of capital assets (e.g. medical equipment) to be written off against a business's taxable profits. The capital allowances figures in the report are actually net capital allowances, which are capital allowances minus a balancing charge (any adjustment arising when an item is sold, given away or ceased to be used in the business). Capital allowances can be claimed for the cost of:

- plant and machinery, this will cover items such as medical equipment, computers and business furniture.
- patents, certain specialist types of 'know-how' and research and development.

## **Contractor GP**

Previously referred to as a principal GP, a contractor GP is a practitioner who has entered into a contract with a Primary Care Organization (PCO) either as an individual or part of a practice to provide primary care services. This may be as a single-hander, or as part of a partnership. A contractor GP may employ salaried GPs.

## **Disallowable Expenses**

Disallowable expenses are defined as expenses that are not allowed for tax purposes because they are for personal, and not business, use. Examples include repayments of the capital element of business loans and expenses incurred in providing business entertainment.

### **Dispensing GP**

Most GPs are non-dispensers, that is, they issue a prescription which the patient takes to a pharmacy in order to have drugs/medicines dispensed. However, if a patient lives more than one mile from their nearest pharmacy, they can apply to receive dispensing services from their practice. If this request is authorised by the relevant Primary Care Organization (PCO), the practice then dispenses drugs/medicines to the patient, as well as providing the normal medical services available to other, non-dispensing patients. For the purposes of this enquiry, if a practice has at least one dispensing patient on its list, all GPs in that practice are classified as dispensing GPs, as it is assumed that all GPs at a dispensing practice may dispense to those patients who are entitled to dispensing services.

### **Employee's [superannuation] contributions**

These refer to contributions paid by the individual GP to the NHS pension scheme.

### **Employer's [superannuation] contributions**

These refer to contributions made by the employer to the NHS pension scheme.

### **Employment Income**

Formerly known as schedule E income, the tax schedule under which income of Directors and employees of a company (and income from pensions) were assessed until the Taxes Act was rewritten. Income that was Schedule E has been reclassified and now forms a category called "Earnings and Pension income".

### **Expenses**

These refer to the GPs' outgoings, and relate to business costs e.g. premises, employees, interest on business loans etc. These are also known as allowable expenses.

### **Expenses to earnings ratio**

The expenses to earnings ratio is a measure of the proportion of an individual's gross turnover that is consumed by business expenses. For ease of understanding is expressed as a percentage throughout this report.

### **General Medical Services (GMS)**

A GMS practice is one that has a standard, nationally negotiated contract. Within this, there is some local flexibility for GPs to 'opt out' of certain services or 'opt in' to the provision of other services.

### **Government Office Region (GOR)**

Government Office Regions were created in 1994. A region is currently the highest tier of local government in England; there are nine regions in total.

### **Gross Earnings (previously Gross Turnover)**

Gross earnings refer to the total amount of a GP's self-employment income i.e. before deductions or expenses from all sources of self employment income are subtracted.

### **GP census**

The general practice census is collected each year at the end of September and is used to monitor the GP workforce. It records numbers and details of GPs along with information on their practices and patients.

### **Income before tax (previously net income)**

Income before tax is the difference between gross earnings and expenses. It can be considered as the 'profit' element of gross earnings for contractor GPs and (for the purposes of this enquiry) relates to pay *before* tax deductions.

### **New GMS contract (nGMS)**

The new General Medical Service contract was designed to improve the way that Primary Medical Care services (GMS, PMS, APMS and PCTMS) were funded and to allow practices greater flexibility to determine the range of services they wish to provide, including through opting out of additional services and out-of-hours care. This report presents results from the 2006/07 tax year, when the elements of the nGMS contract were fully in place (although some features of nGMS were introduced in 2003/04).

### **Personal Medical Services (PMS)**

The PMS contract was introduced in 1998 in England and Scotland (as in the Section 17c agreement) as a local alternative to the national GMS contract. PMS contracts are voluntary, locally negotiated contracts between PCOs and the PMS Provider, enabling, for example, flexible provision of services in accordance with specific local circumstances.

### **PMS wave/PMS pilot**

From 1998, GPs could operate as a PMS provider under the PMS pilot scheme, designed to introduce and evaluate new ways of delivering Primary Care services. There were 9 dates ('waves') from which GPs could begin to operate under the PMS contract, generally spaced six months apart. The final wave ('5B') commenced on 1<sup>st</sup> October 2003. The PMS contract then established permanence.

### **Primary Care**

Primary care includes medical, dental, ophthalmic and pharmaceutical services, and also NHS Direct and NHS walk-in centres. In the UK, all these services are managed at a local level by Primary Care Organisations (for example, Primary Care Trusts in England). They are responsible for ensuring that the Primary Care services available meet the needs of the patients.

### **Primary Care Trust Medical Services (PCTMS)**

Primary medical services provided directly by the PCT, e.g. through directly employing a salaried GP.

### **Quality and Outcome Framework (QOF)**

The Quality and Outcomes Framework (QOF) is part of the General Medical Services contract for General Practitioners. The QOF was introduced in April 2004, and enables payments to be made to general practices according to achievement in caring for patients with certain chronic diseases, and for achievement in terms of practice organisation and management. Participation by practices in the QOF is voluntary, but most practices (including PMS practices) choose to participate.

### **Salaried GP**

A salaried GP is employed by the contractor GP(s) of a practice; they may also be employed by the Primary Care Organisation (PCO). The cost of employing a salaried GP could form part of the employee expenses of contractor GPs. If the salaried GP is employed directly by a PCO then the 'employer' GP's tax return will not have incurred the expense.

### **Salaried Partner**

Are included in the contractor group and are bound to the practice via the partnership agreement. However, unlike contractors, they choose to take a fixed level of income instead of a share of the practice profits. Consequently, this income, although analogous to a salary, would actually be recorded as self-employment income.

### **Self Assessment**

Self Assessment is the system for the assessment and collection of income tax. It covers tax on income from self-employment (other than tax covered by the subcontractor deduction scheme), from abroad and from letting accommodation; and additional tax payable by higher rate taxpayers on investment income and dividends. All contracted GPs, and some salaried GPs, will report their income on a self-assessment tax return.

### **Self-employment Income**

Formerly known as schedule D income, the tax schedule under which self-employed profits were assessed until the Taxes Act was rewritten. Income that was within Schedule D has been reclassified and together with Schedules A, D and F, forms a category called "Trading and other income".

### **Single-hander GP**

A single-hander GP has no partners, but may have other staff, for example, a GP registrar (trainee GP).

### **Superannuable earnings cap**

In 2006-07, the maximum allowable *superannuable* net income for GPs that joined the NHS Pension Scheme after June 1989 was £108,600. Any earnings over this amount for such GPs are not eligible for superannuation contributions. However, it should be noted that GPs who joined in or before June 1989 and who have had no breaks in service of one year or more are not subject to the pensions cap.

### **Total Expenses**

Total expenses = allowable expenses + disallowable expenses.

# Other Publications

- ***Investment in General Practice, 2003/04 to 2006/07***

This report details the investment in General Practice from 2003/04 to 2006/07.

This report draws on information obtained from country level financial monitoring reports discussed by the Technical Steering Committee (TSC), which is chaired by the NHS IC and has representation from the four UK Health Departments, NHS Employers and the British Medical Association. This report can be found at:

[www.ic.nhs.uk/pubs/investgpreport03-07](http://www.ic.nhs.uk/pubs/investgpreport03-07)

- ***Gross Investment Guarantee Monitoring Report. Final figures for 2003/04 - 2005/6 (England, Wales, Northern Ireland and Scotland)***

In 2003, the Technical Steering Committee (TSC) began monitoring primary care expenditure against the Gross Investment Guarantees (GIGs) as part of its role in monitoring the new GMS contract. This report monitors country level information for 2003/04 to 2005/06 and can be found via this link:

<http://www.ic.nhs.uk/statistics-and-data-collections/workforce/nhs-staff-earnings/gross-investment-guarantee-monitoring-report-final-figures-for-2003-04--2005-6-england-wales-northern-ireland-and-scotland>

- ***Quality and Outcomes Framework (QOF)***

This statistical publication presents a summary of data from the National Quality and Outcomes Framework (QOF). The QOF was first implemented in General Practices in April 2004. Information is derived from the Quality Management Analysis System (QMAS), a national system that uses data from General Practices to calculate QOF achievement for individual practices.

Information on the 2006/07 QOF can be found via this link:

<http://www.ic.nhs.uk/statistics-and-data-collections/audits-and-performance/the-quality-and-outcomes-framework/the-quality-and-outcomes-framework-2006-07>

Information on the 2007/08 QOF can be found via this link:

<http://www.ic.nhs.uk/statistics-and-data-collections/audits-and-performance/the-quality-and-outcomes-framework/the-quality-and-outcomes-framework-2007-08>

- ***GP workforce***

The General Practice census is collected each year at the end of September and is used to monitor the GP workforce. It records numbers and details of GPs in England along with information on their practices, staff, patients and the services they provide. All workforce data that we collect is presented together in the NHS staff numbers section which can be found in this link:

<http://www.ic.nhs.uk/statistics-and-data-collections/workforce/nhs-staff-numbers>

- **2006/07 UK General Practice Workload Survey**

This report presents the results of the 2006/07 UK General Practice Workload Survey and provides an overview of the entire workload and skill-mix of general practices. The last survey was undertaken in 1992/3, and so the 2006/07 survey was the first carried out under the new contract. Staff in a representative sample of 329 practices across the UK completed diary sheets for one week in September or December 2006. Again, the report was agreed by a committee which includes the four UK Health Departments, NHS Employers and the British Medical Association.

<http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice/gp-workload-survey>

- **QResearch report on trends in consultation rates in General Practices 1995-2008**

The latest findings from last years 'Trends in Consultation Rates in General Practice' publication (published July 31<sup>st</sup> 2007) to include data from 2007-2008. The information is presented in two separate reports: one for the financial years 1995/1996 to 2007/2008 and one for the calendar years 1995-2007.

<http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice/qresearch-report-on-trends-in-consultation-rates-in-general-practices-1995-2008>

- **GP Patient Survey**

The GP Patient Survey (GPPS) was conducted for the second year in 2008 and can be found at:

<http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice/gp-patient-survey-2007-08>

The results of the first survey were published by the Department of Health (DH) in 2007 and may be found on their website at:

<http://www.dh.gov.uk/en/Publicationsandstatistics/PublishedSurvey/GPpatientsurvey2007/index.htm>

- **GP Practice Vacancies Survey**

The purpose of this survey is to collect and supply data about GP recruitment in England and Wales and to provide information on practice nurse and practice staff vacancies in GP practices. The latest results for 2006 can be found at:

<http://www.ic.nhs.uk/statistics-and-data-collections/workforce/nhsvacancies/gp-practice-vacancies-survey-2006>

- ***Other GP reports***

Publications for previous years and other GP related publications produced by the IC can be found at:

<http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice>

In particular, the final 2005/06 GP Earnings and Expenses report can be found at:

<http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice/gp-earnings-and-expenses-enquiry-2005-2006:-final-report>

- ***Publications Calendar***

This part of the Information Centre's website shows what we have published to date and what we intend to publish over the next 12 months.

<http://www.ic.nhs.uk/statistics-and-data-collections/publications-calendar>

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