



GP Earnings and Expenses 2008/09 Final Report

Produced by the
Technical Steering Committee

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Executive Summary

The latest GP Earnings and Expenses Enquiry (EEQ) provides a detailed study of the NHS and private earnings and expenses of both contractor and salaried GPs in the UK in 2008/09. Investment levels in 2008/09 were similar to 2007/08.

The Provisional Report for 2008/09 was published in September 2010. This Final Report for 2008/09 contains additional information on earnings and expenses by practice size, Strategic Health Authority (SHA) and rurality.

This report has been agreed by the Technical Steering Committee (TSC), which is chaired by The NHS Information Centre (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:

- All full time and part time UK contractor and salaried GPs (working in the NHS under a General Medical Services (GMS) or Personal Medical Services (PMS) contract) for whom information is available, and who have an accounting year ending in the final quarter (i.e. between 1st January 2009 and 5th April 2009) are included in the sample. GPs who work solely as locums or freelancers are not included.
- 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. The PMS contract was introduced in 1998 in England and Scotland (as the section 17c agreement) as a local alternative to the national GMS contract. PMS contracts are voluntary, locally negotiated contracts between Primary Care Organisations (PCOs) and the PMS Provider, enabling, for example, flexible provision of services in accordance with specific local circumstances. GPs who are solely APMS or PCTMS are not included in the enquiry. However, if a GP holds both a GMS/PMS contract and an APMS/PCTMS contract, their earnings and expenses from any contract may be included. The report is not directly comparable with the Investment in General Practice report as all APMS and PCTMS investment is included in that report.
- Earnings and expenses information are based on a sample from HM Revenue and Customs' (HMRC's) tax self-assessment database, as at April 2010. 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 as per legislation.
- GPs can perform both NHS and private work which can be done both inside and outside the practice, including the NHS Out of Hours service. GPs will usually submit a self assessment return which contains information on all of their self-employment earnings, including both NHS and private earnings while practising as a GP, with the accounting year ending in the tax year covered by the return. Therefore, 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. As a guide to NHS/private earning proportions, the average NHS superannuable income for GPMS contractor GPs in 2006/07 was 91.4% of total earnings.
- Figures for contractor GPs are based on their medical income from self-employment sources. Income from employment sources is not included in averages for contractor GPs. Figures for salaried GPs are based on all income from employment sources and medical income from self-employment sources.

- 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.
- The results for contractor GPs exclude an estimate of employer's superannuation contributions. This estimate will reflect 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 include an estimate of employee's superannuation contributions and Additional Voluntary Contributions (AVCs). Results for contractor GPs are before deduction of employee's superannuation contributions. This puts the salaried results on a comparable basis as the contractor results which allows combined GPs results (contractor + salaried) to be produced for the report.
- The results presented in this report are estimates based on samples. These results are then weighted up to the full GP population, as described in Annex A, and are subject to sampling error. Differences between groups and sub-groups of GPs may not be statistically significant; neither may differences in results as compared to the previous years. In addition, small GP populations for some sub-groups mean that extreme values can have noticeable effects on the averages. In such cases results may be subject to more uncertainty.
- A different method of weighting and stratification of the data sample has been used for contractor GPs in 2008/09 compared with previous reports. More information can be found on the new methodology in Annex A. There has been no change in the methodology for calculating results for salaried GPs.
- Results for 2008/09 have been rounded to the nearest £100 for the first time. This is to show that the results are not exact, as they are an estimate based on a sample. 2007/08 results have been rounded since the 2007/08 Earnings and Expenses Enquiry to ensure consistency with 2008/09 results. Percentage changes and Expenses to Earnings Ratios (EERs) are based on unrounded figures unless otherwise stated.
- The report uses the terms Gross Earnings, Expenses and Income Before Tax: gross earnings include income before the deduction of expenses (i.e. turnover); expenses are business expenses allowable for tax purposes, e.g. premises and staff costs; income before tax is taxable (or net) income, made up of gross earnings less expenses.

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

SECTION A – NATIONAL AVERAGES FOR CONTRACTOR, SALARIED AND COMBINED 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 2008/09, by contract type was:
 - £99,200 for those GPs working under a General Medical Services (GMS) contract (a decrease of 1.2% since 2007/08).
 - £116,300 for those GPs working under a Primary Medical Services (PMS) contract¹.
 - £105,300 for those GPs working under either a GMS or PMS (GPMS) contract (a decrease of 0.7% since 2007/08).
- The average gross earnings for GPMS **contractor** GPs in the UK in 2008/09 was £258,600 (an increase of 2.6% since 2007/08).
- The average expenses for GPMS **contractor** GPs in the UK in 2008/09 was £153,300 (an increase of 5.1% since 2007/08).
- The Expenses to Earnings Ratio (EER) for GPMS **contractor** GPs in the UK in 2008/09, which represents the proportion of gross earnings taken up by expenses, was 59.3% (an increase of 1.4 percentage points since 2007/08).
- The average income before tax for **contractor** GPs in the UK in 2008/09, by dispensing practice status was:
 - £116,500 for GMS **dispensing** GPs (a decrease of 4.3% since 2007/08).
 - £95,900 for GMS **non-dispensing** GPs (a decrease of 0.3% since 2007/08).
 - £132,200 for PMS **dispensing** GPs¹.
 - £113,900 for PMS **non-dispensing** GPs¹.
 - £121,500 for GPMS **dispensing** GPs (a decrease of 2.9% since 2007/08).
 - £102,500 for GPMS **non-dispensing** GPs (a decrease of 0.1% since 2007/08).
- The average income before tax for **salaried** GPs in the UK in 2008/09 was £57,300 for those GPs working in either a GMS or PMS (GPMS) practice (an increase of 2.7% since 2007/08).
- Average income before tax for **combined** GPs (contractor + salaried) in the UK in 2008/09 was £97,500 for those GPs working in either a GMS or PMS (GPMS) practice (a decrease of 2.0% since 2007/08).

¹ Comparisons to previous years have been affected by methodological change. Where this influences the interpretation of the results the comparison has been removed.

SECTION B – COUNTRY LEVEL BREAKDOWN FOR CONTRACTOR, SALARIED AND COMBINED 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 GPMS **contractor GPs** in 2008/09, by country was:
 - £109,600 in England (a decrease of 0.5% since 2007/08).
 - £86,500 in Scotland (a decrease of 1.0% since 2007/08). PMS GPs are referred to as Section 17c in Scotland.
 - £90,700 in Wales (a decrease of 2.9% since 2007/08).
 - £89,700 in Northern Ireland (a decrease of 1.5% since 2007/08).
- The expenses to earnings ratio (EER) for GPMS **contractor GPs** in 2008/09, by country was:
 - 60.0% in England (an increase of 1.4 percentage points since 2007/08).
 - 54.1% in Scotland (an increase of 0.8 percentage points since 2007/08).
 - 59.0% in Wales (an increase of 1.1 percentage points since 2007/08).
 - 51.2% in Northern Ireland (an increase of 1.5 percentage points since 2007/08)
- The average income before tax for GPMS **salaried GPs** in 2008/09, by country was:
 - £57,400 in England (an increase of 2.6% since 2007/08).
 - £55,000 in Scotland (an increase of 3.9% since 2007/08).
 - £59,200 in Wales (an increase of 3.2% since 2007/08).
 - No information is available for salaried GPs in Northern Ireland.
- Some results between countries may not be statistically significant due to smaller sample sizes and large standard errors. For example, the results for Northern Ireland contractor GPs are not statistically significant from Wales or Scotland.

SECTION C – DISTRIBUTIONAL RESULTS FOR CONTRACTOR AND SALARIED GPs

- In 2008/09 for UK GPMS **contractor GPs** it is estimated that:
 - 2,310 GPs (6.9%) had an income before tax of up to £50,000. In 2007/08, this figure was 2,320 (6.9%).
 - 14,020 GPs (42.0%) had an income before tax from £50,000 to <£100,000. In 2007/08, this figure was 13,610 (40.5%).
 - 12,820 GPs (38.4%) had an income before tax from £100,000 to <£150,000. In 2007/08, this figure was 13,220 (39.3%).
 - 3,280 GPs (9.8%) had an income before tax from £150,000 to <£200,000. In 2007/08, this figure was 3,560 (10.6%).
 - 700 GPs (2.1%) had an income before tax from £200,000 to <£250,000. In 2007/08, this figure was 650 (1.9%).
 - 250 GPs (0.8%) had an income before tax of at least £250,000. In 2007/08, this figure was 260 (0.8%).
- Distributional results have been rounded to the nearest 10 GPs and nearest 0.1 per cent.

SECTION D – DETAILED RESULTS FOR CONTRACTOR, SALARIED AND COMBINED GPs

For **contractor GPs**:

- GPs whose practice is categorised as rural have higher average gross earnings, expenses and income before tax than GPs whose practice is categorised as urban. GPMS GPs in rural practices have an average income before tax of £109,800 whilst GPs in urban practices have an average income before tax of £104,300. This can partly be explained by the fact that rural GPs are more likely to be in dispensing practices.
- Among GPMS GPs classified as working in rural practices, 54.0% of these are in dispensing practices. This compares to GPMS GPs classified as working in urban practices, where 5.8% are in dispensing practices in 2008/09.
- For GPMS GPs in dispensing practices, rural GPs have a higher income before tax of £123,300 compared to £117,700 for urban GPs. However for GPMS GPs in non-dispensing practices, urban GPs have a higher income before tax of £103,500 compared to £94,000 for rural GPs.
- A comparison of earnings amongst GPMS GPs by Strategic Health Authority in England shows that GPs in the South West have the lowest income before tax at £94,500.
- A comparison of the expenses to earnings ratio amongst GPMS GPs by Strategic Health Authority in England shows that GPs in the South West also have the highest expenses to earnings ratio at 63.1%.

- In general, average income before tax decreased as the number of GPs in the practice increased. Among GPMS GPs, single-handed contractor GPs have the highest income before tax of £120,800, and GPs working in a practice with six or more GPs have an average income before tax of £103,400.

For **salaried GPs**:

- GPs whose practice is categorised as urban have higher average gross earnings and income before tax than GPs whose practice is categorised as rural. GPMS GPs in urban practices have an income before tax of £57,800, whilst GPs in rural practices have an income before tax of £55,100. However, GPs in rural practices have higher expenses than those in urban practices.

For **combined GPs**:

- GPs whose practice is categorised as rural have higher average gross earnings, expenses and income before tax than GPs whose practice is categorised as urban. GPMS GPs in rural practices have an income before tax of £101,100, whilst GPs in urban practices have an income before tax of £96,600.

SECTION E – TIME SERIES FOR CONTRACTOR GPs

- When interpreting the figures over a longer time period, it is important to note that the nature of GP contracts and their work has changed over time.
- In 2008/09, GPMS GPs had an average income before tax of £105,300. In 2004/05 their average income before tax was £100,170 in cash terms, equivalent to £111,423 in real terms. This is equivalent to an annual percentage decrease of 1.4% 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 remained fairly stable since 2004/05 with a slight reduction from 2.6 percentage points to 2.5 percentage points in 2008/09.

Section A: National Averages for Contractor, Salaried and Combined 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 2008/09, by contract type was:
 - £99,200 for those GPs working under a General Medical Services (GMS) contract (a decrease of 1.2% since 2007/08).
 - £116,300 for those GPs working under a Primary Medical Services (PMS) contract².
 - £105,300 for those GPs working under either a GMS or PMS (GPMS) contract (a decrease of 0.7% since 2007/08).
- The average gross earnings for GPMS **contractor** GPs in the UK in 2008/09 was £258,600 (an increase of 2.6% since 2007/08).
- The average expenses for GPMS **contractor** GPs in the UK in 2008/09 was £153,300 (an increase of 5.1% since 2007/08).
- The Expenses to Earnings Ratio (EER) for GPMS **contractor** GPs in the UK in 2008/09, which represents the proportion of gross earnings taken up by expenses, was 59.3% (an increase of 1.4 percentage points since 2007/08).
- The average income before tax for **contractor** GPs in the UK in 2008/09, by dispensing practice status was:
 - £116,500 for GMS **dispensing** GPs (a decrease of 4.3% since 2007/08).
 - £95,900 for GMS **non-dispensing** GPs (a decrease of 0.3% since 2007/08).
 - £132,200 for PMS **dispensing** GPs².
 - £113,900 for PMS **non-dispensing** GPs².
 - £121,500 for GPMS **dispensing** GPs (a decrease of 2.9% since 2007/08).
 - £102,500 for GPMS **non-dispensing** GPs (a decrease of 0.1% since 2007/08).
- The average income before tax for **salaried** GPs in the UK in 2008/09 was £57,300 for those GPs working in either a GMS or PMS (GPMS) practice (an increase of 2.7% since 2007/08).
- Average income before tax for **combined** GPs (contractor + salaried) in the UK in 2008/09 was £97,500 for those GPs working in either a GMS or PMS (GPMS) practice (a decrease of 2.0% since 2007/08).

² Comparisons to previous years have been affected by methodological change. Where this influences the interpretation of the results the comparison has been removed.

Introduction

1. The GP Earnings and Expenses Enquiry provides a detailed study of the NHS and private earnings and expenses of contractor GPs, salaried GPs and combined GPs (working in the NHS under a GMS or PMS contract) in the UK in 2008/09, the fifth year of the new General Medical Services (nGMS) contract. Investment levels in 2008/09 were similar to 2007/08.
2. The Provisional Report for 2008/09 was published in September 2010. This Final Report for 2008/09 contains additional information on earnings and expenses by practice size, Strategic Health Authority (SHA) and rurality.
3. This report has been agreed by the Technical Steering Committee (TSC), which is chaired by The NHS Information Centre (NHS IC) and has representation from the four UK Health Departments, NHS Employers and the British Medical Association.
4. It is important to note that these results are based on a sample of GPs for whom a self-assessment tax return was held by HMRC as at April 2010, and who have been identified as being either a contractor GP or a salaried GP. All UK contractor and salaried GPs (working in the NHS under a General Medical Services (GMS) or Personal Medical Services (PMS) contract) for whom information is available, and who have an accounting year ending in the final quarter (i.e. between 1st January 2009 and 5th April 2009) are included in the sample. GPs who work solely as locums or freelancers are not included.
5. 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. 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 Primary Care Organisations (PCOs) and the PMS Provider, enabling, for example, flexible provision of services in accordance with specific local circumstances. GPs who are solely APMS or PCTMS are not included in the enquiry. However, if a GP holds both a GMS/PMS contract and an APMS/PCTMS contract, their earnings and expenses from any contract may be included. The report is not directly comparable with the Investment in General Practice report as all APMS and PCTMS investment is included in that report.
6. GPs can perform both NHS and private work which can be done both inside and outside the practice including the NHS out of hours service. GPs will usually submit a self assessment return which contains information on all of their self-employment earnings, including both NHS and private earnings while practising as a GP, with the accounting year ending in the tax year covered by the return. Therefore, the results included earnings and expenses relating to both NHS and private work. It is not possible to provide a NHS/private split using this data source. As a guide to NHS/private earnings proportions, the average NHS superannuable income for GPMS contractor GPs in 2006/07 was 91.4% of total earnings. A time series of NHS superannuable income for contractor GPs between 2002/03 and 2006/07 can be found in Section E.
7. Results for contractors GPs are based on all medical income from self-employment sources. Income from employment sources is not included in averages for contractor GPs. The majority of salaried GPs have a combination of self-employment income and employment income. Therefore an average total income before tax 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, and these will therefore not be included in sample data underlying estimates.

8. Since 2004/05, the gross earnings and 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. For salaried GPs, the results include an adjustment for estimated employee's superannuation contributions (see Annex B for more details).
9. A different method of weighting and stratification of results has been used for contractor GPs in 2008/09 compared with previous reports. This may have a small effect when comparing results across years. Where the trend compared to 2007/08 has changed direction due to the change in methodology, this has been noted in the report. More information can be found on the new methodology in Annex A. There has been no change in the methodology for calculating results for salaried GPs.
10. Results for 2008/09 have been rounded to the nearest £100 for the first time. This is to show that the results are not exact, as they are an estimate based on a sample. 2007/08 results have been rounded since the 2007/08 Earnings and Expenses Enquiry to ensure consistency with 2008/09 results. Percentage changes and Expenses to Earnings Ratios (EERs) are based on unrounded figures unless otherwise stated.
11. 2008/09 results for contractor GPs have been incorporated into a time series to track changes over time. This is covered in Section E on Time Series. A time series database has also been developed, and can be found at <http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice>.
12. Salaried results are only comparable from 2006/07 onwards. It is not possible to directly compare the salaried GPs results with years prior to 2006/07 because:
 - The results for years prior to 2006/07 are un-weighted.
 - There was a different method for identifying salaried/contractor GPs prior to 2006/07 due to past limitations of the available data (see Annex A for further information).
13. 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 earnings.
14. Tables 1 and 2 show the number of GPs used in the Earnings and Expenses Enquiry (note: GPs who work solely as locums or freelancers are not included but GPs that also work as Primary Care Organisation (PCO) Medical Directors are included). PCO employed GPs that are salaried are treated the same as salaried GPs employed by the practice. They are given a GMS/PMS flag dependent on whether the contractor GP(s) for the practice hold a GMS or PMS contract.
15. The figures in these tables should not be considered as the definitive UK GP populations, and they will not be the same as those populations published in the GP census' across the four countries.³ This is due to GPs being excluded from the Earnings and Expenses Enquiry (EEQ) dataset for various reasons. The census figures are based on a count of unique General Medical Council (GMC) numbers. However, for the Earnings and Expenses Enquiry if a GMC number is available on a GP's record but there is other detailed information missing then the GP is removed from the enquiry. GPs with both GMS and PMS contracts are also removed, as are those GPs who are solely APMS or PCTMS. In 2008/09, fewer salaried GPs were excluded from the dataset due to improved data quality.

³ Links to GP workforce publications for each of the countries are available in the Other Publications section.

Table 1: Number of contractor GPs used for the EEQ, GPMS, 2007/08 to 2008/09, UK

2007/08	2008/09
33,622	33,371

Table 2: Number of salaried GPs used for the EEQ, GPMS, 2007/08 to 2008/09, UK

2007/08	2008/09
5,112	6,507

16. The results presented in this report are estimates based on samples. These results are then weighted up to the full GP population, as described in Annex A, and are subject to sampling error. Differences between groups and sub-groups of GPs may not be statistically significant; neither may differences in results as compared to the previous years. In addition, small GP populations for some sub-groups mean that extreme values can have noticeable effects on the averages. In such cases results may be subject to more uncertainty.
17. This section presents the key findings that relate to all UK contractor GPs and all UK salaried GPs (working in the NHS under a GMS or PMS contract).
18. The report uses the terms Gross Earnings, Expenses and Income Before Tax: gross earnings include income before the deduction of expenses (i.e. turnover); expenses are business expenses allowable for tax purposes, e.g. premises and staff costs; income before tax is taxable (or net) income, made up of gross earnings less expenses.

Contractor GPs

19. This section contains results for contractor GPs.

20. The average income before tax for contractor GPs in the UK in 2008/09, by contract type was:

- **£99,200** for **GMS** GPs (a decrease of 1.2% since 2007/08).
- **£116,300** for **PMS** GPs (an increase of 0.2% since 2007/08).
This would have been a 0.1% decrease if comparing to 2007/08 results under the new weighting methodology.
- **£105,300** for **GPMS** GPs (a decrease of 0.7% since 2007/08).

21. The average NHS superannuable income for 2006/07 was £98,389. A time series of NHS superannuable income is available in Section D.

22. Tables 3 to 5 show the average gross earnings, expenses, income before tax and Expenses to Earnings Ratio by contract type for 2007/08 and 2008/09 for each dispensing status. These tables show that between 2007/08 and 2008/09, income before tax has decreased slightly for GMS and GPMS, and is almost unchanged for PMS.

Table 3: All contractor GPs (dispensing and non-dispensing) average gross earnings, expenses, income before tax and expenses ratio by contract type, 2007/08 to 2008/09, UK

Contract Type		Gross Earnings	Total Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
GMS	2007/08	£231,500	£131,200	£100,300	56.7%
	2008/09	£237,300	£138,200	£99,200	58.2%
	% change	+2.5%	+5.3%	-1.2%	+1.6 percentage points
PMS	2007/08	£287,600	£171,500	£116,100	59.6%
	2008/09	£296,500	£180,200	£116,300	60.8%
	% change	+3.1%	+5.1%	+0.2%	+1.1 percentage points
GPMS	2007/08	£252,000	£145,900	£106,100	57.9%
	2008/09	£258,600	£153,300	£105,300	59.3%
	% change	+2.6%	+5.1%	-0.7%	+1.4 percentage points

Notes:

1. All averages in this table relate to NHS **and** private work. Percentages are rounded to one decimal place.
2. Some percentage change figures for all GPs are lower compared to dispensing and non-dispensing figures due to changes between sub-populations.

23. Table 3 shows that for contractor GPMS GPs in the UK, average gross earnings were £258,600. Average expenses were £153,300. Thus the GPMS expenses to earnings ratio was 59.3%. This is an increase of 1.4 percentage points from the 2007/08 expenses to earnings ratio of 57.9%.

24. PMS income before tax was higher than GMS (which was the case in 2007/08) and the gap between them widened slightly. PMS income before tax was 17.2% higher than GMS income before tax (£116,300 compared to £99,200); the corresponding 2007/08 percentage was 15.7% (£116,100 compared to £100,300).

Table 4: Dispensing GPs average gross earnings, expenses, income before tax and expenses ratio by contract type, 2007/08 to 2008/09, UK

Contract Type		Gross Earnings	Total Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
GMS	2007/08	£323,800	£202,000	£121,800	62.4%
	2008/09	£329,900	£213,400	£116,500	64.7%
	% change	+1.9%	+5.6%	-4.3%	+2.3 percentage points
PMS	2007/08	£368,900	£236,700	£132,200	64.2%
	2008/09	£383,400	£251,200	£132,200	65.5%
	% change	+3.9%	+6.1%	0.0%	+1.4 percentage points
GPMS	2007/08	£338,500	£213,300	£125,200	63.0%
	2008/09	£346,800	£225,400	£121,500	65.0%
	% change	+2.5%	+5.6%	-2.9%	+2.0 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 contract type, 2007/08 to 2008/09, UK

Contract Type		Gross Earnings	Total Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
GMS	2007/08	£213,700	£117,500	£96,200	55.0%
	2008/09	£220,100	£124,200	£95,900	56.4%
	% change	+3.0%	+5.6%	-0.3%	+1.4 percentage points
PMS	2007/08	£274,800	£161,300	£113,500	58.7%
	2008/09	£283,600	£169,700	£113,900	59.8%
	% change	+3.2%	+5.2%	+0.3%	+1.2 percentage points
GPMS	2007/08	£236,500	£133,800	£102,600	56.6%
	2008/09	£243,400	£140,900	£102,500	57.9%
	% change	+2.9%	+5.3%	-0.1%	+1.3 percentage points

Notes:

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

2. Some percentage change figures for GPMS GPs are lower compared to GMS and PMS due to changes between sub-populations.

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

- **£116,500** for **dispensing** GPs (a decrease of 4.3% since 2007/08).
- **£95,900** for **non-dispensing** GPs (a decrease of 0.3% since 2007/08).
- **£99,200** for **all GMS** contractor GPs (a decrease of 1.2% since 2007/08).

26. Average income before tax among PMS GPs (those working under Personal Medical Services) was:
- **£132,200** for **dispensing** GPs (a marginal decrease since 2007/08).
This would have been a 0.6% increase if comparing to 2007/08 results under the new weighting methodology.
 - **£113,900** for **non-dispensing** GPs (an increase of 0.3% since 2007/08).
This would have been a 0.1% decrease if comparing to 2007/08 results under the new weighting methodology.
 - **£116,300** for **all PMS** contractor GPs (an increase of 0.2% since 2007/08).
This would have been a 0.1% decrease if comparing to 2007/08 results under the new weighting methodology.
27. Average income before tax among GPMS GPs (those working under GMS or PMS contracts) was:
- **£121,500** for **dispensing** GPs (a decrease of 2.9% since 2007/08).
 - **£102,500** for **non-dispensing** GPs (a decrease of 0.1% since 2007/08).
 - **£105,300** for **all GPMS** contractor GPs (a decrease of 0.7% since 2007/08).
28. Income received solely from dispensing cannot be separately identified as this is not recorded separately on the self-assessment tax return.
29. Dispensing GPs had a higher income before tax than non-dispensing GPs for both GMS and PMS contracts in 2008/09. GMS dispensers had a 21.5% higher average income before tax than GMS non-dispensers (£116,500 compared to £95,900). PMS dispensers had an average income before tax of 16.1% higher than their non-dispensing counterparts (£132,200 compared to £113,900). In 2007/08, average GMS income before tax was 26.6% higher among dispensers and average PMS income before tax was 16.5% higher among dispensers.

Median gross earnings, expenses and income before tax

30. The median is another way of calculating averages other than the mean. The median values presented in this section are the values which bisect the distribution of earnings, expenses and income before tax of all GPs in half, meaning that 50% of GPs earn/spend less than the median value and 50% earn/spend more than this value.
31. Table 6 below shows median gross earnings, expenses and income before tax for all contractor GPs by contractual status for 2007/08 and 2008/09.

Table 6: All contractor GPs (dispensing and non-dispensing) median gross earnings, expenses and income before tax by contract type, 2007/08 to 2008/09, UK

Contract Type		Gross Earnings	Total Expenses	Income Before Tax
GMS	2007/08	£218,500	£115,500	£97,500
	2008/09	£223,000	£121,500	£96,500
	% change	+2.1%	+5.2%	-1.0%
PMS	2007/08	£267,500	£149,000	£112,000
	2008/09	£275,500	£158,000	£112,000
	% change	+3.0%	+6.0%	0.0%
GPMS	2007/08	£233,500	£126,000	£102,000
	2008/09	£239,500	£133,500	£101,000
	% change	+2.6%	+6.0%	-1.0%

Note: Median figures are rounded to nearest £500, and percentage changes are based on rounded figures.

32. The mean figures shown in Table 3 are all higher than the median figures shown in Table 6, with the GPMS mean income before tax being 4.3%⁴ higher than the median income before tax. The higher mean values indicate that there are a relatively small number of high earnings GPs.

⁴ Percentage change is based on an unrounded mean, and rounded median (to the nearest £500).

Breakdown of Expenses for Contractor GPs

33. Table 7 shows the breakdown of expenses for GPMS, GMS and PMS contractor GPs for 2008/09. The total expenses for PMS GPs is 30.4% higher than the total expenses for GMS GPs. For both types of contract, the largest category is 'Employee', and the second largest is 'Other'. PMS GPs have higher expenses than GMS GPs for all the categories, apart from 'Car and Travel' where the amount is the same for both GMS and PMS GPs.

Table 7: Expenses breakdown for GPMS, GMS and PMS contractor GPs, 2008/09, UK

	Total Expenses	Office & General Business	Premises	Employee	Car and Travel	Interest	Other	Net Capital Allowance
GMS	£138,200	£12,600	£15,900	£79,500	£1,500	£3,000	£23,600	£2,100
PMS	£180,200	£15,300	£20,100	£109,900	£1,500	£3,900	£27,000	£2,600
GPMS	£153,300	£13,600	£17,400	£90,400	£1,500	£3,300	£24,900	£2,300

Notes:

- Figures exclude disallowable expenses.
- Since 2007/08, 'Office and General Business' has excluded 'advertising, promotion and entertainment' expenses which is now included in 'Other'.
- 'Interest' excludes interest for (a small number of) businesses where turnover <£67,000, which is included in 'Other'.
- 'Other' includes:
 - 'Advertising, promotion and entertainment' expenses (which were classified as business expense up to 2006/07).
 - Interest for businesses where turnover is <£67,000 and interest is not reported separately.
 - Expenses for businesses (where turnover is low) and detailed expense breakdown not available.

34. Table 8 shows the breakdown of average expenses for GPMS dispensing and non-dispensing contractor GPs. The largest category is 'Employee', with 59.0% of total expenses for all GPMS GPs. The amounts in this category do not vary a great deal between dispensing and non-dispensing doctors. The 'Other' category is the second largest overall, and this does show significant variation between dispensing and non-dispensing doctors. Non-dispensing GPs have only 10.3% of their total expenses in the 'Other' category, while for dispensing GPs this is 37.5%. This is to be expected as the 'Other' category includes the cost of drugs.

Table 8: Expenses breakdown for GPMS dispensing and non-dispensing contractor GPs, 2008/09, UK

	Total Expenses	Office & General Business	Premises	Employee	Car and Travel	Interest	Other	Net Capital Allowance
All doctors	£153,300	£13,600	£17,400	£90,400	£1,500	£3,300	£24,900	£2,300
All dispensing doctors	£225,400	£15,100	£16,600	£100,200	£1,600	£4,500	£84,600	£2,800
All non-dispensing doctors	£140,900	£13,300	£17,500	£88,700	£1,500	£3,100	£14,600	£2,200

Notes:

- Figures exclude disallowable expenses.
- Since 2007/08, 'Office and General Business' has excluded 'advertising, promotion and entertainment' expenses which is now included in 'Other'.
- 'Interest' excludes interest for (a small number of) businesses where turnover <£67,000, which is included in 'Other'.
- 'Other' includes:
 - 'Advertising, promotion and entertainment' expenses (which were classified as business expense up to 2006/07).
 - Interest for businesses where turnover is <£67,000 and interest is not reported separately.
 - Expenses for businesses (where turnover is low) and detailed expense breakdown not available.

35. Further expenses breakdowns can be found in the Excel Annex accompanying this report.

Salaried GPs

36. The average income before tax for salaried GPs in the UK in 2008/09, by contract type was:

- £55,700 for **GMS** GPs (an increase of 3.4% since 2007/08).
- £58,400 for **PMS** GPs (an increase of 2.4% since 2007/08).
- £57,300 for **GPMS** GPs (an increase of 2.7% since 2007/08).

37. Table 9 shows the average gross earnings, expenses and income before tax by contract type for 2007/08 and 2008/09. These results take into account earnings and expenses from employment income as well as any self-employment income the salaried GPs have. See Annex A for further explanation on the methodology.

Table 9: All salaried GPs average gross earnings, expenses and income by contract type, 2007/08 to 2008/09, UK

Contract Type		Employment Earnings	Self Employment Earnings	Total Earnings	Total Expenses	Income Before Tax
GMS	2007/08	£47,100	£13,400	£60,500	£6,600	£53,900
	2008/09	£48,000	£15,200	£63,200	£7,500	£55,700
	% change	+2.0%	+13.0%	+4.4%	+12.6%	+3.4%
PMS	2007/08	£51,500	£11,500	£63,000	£6,000	£57,000
	2008/09	£51,800	£12,800	£64,600	£6,200	£58,400
	% change	+0.7%	+11.0%	+2.6%	+4.5%	+2.4%
GPMS	2007/08	£49,800	£12,300	£62,000	£6,200	£55,800
	2008/09	£50,300	£13,700	£64,000	£6,700	£57,300
	% change	+1.0%	+12.2%	+3.2%	+8.2%	+2.7%

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

38. Table 9 shows that for salaried GPMS GPs in the UK, average income before tax was £57,300 in 2008/09. This is an increase of 2.7% from 2007/08.

39. PMS income before tax is higher than GMS (as was the case in 2007/08) although the gap between them has narrowed. PMS income before tax is 4.8% higher than GMS income before tax (£58,400 compared to £55,700). PMS income before tax was 5.8% higher than GMS income before tax in 2007/08.

40. Within the sample of 3,476 salaried GPs, 49% of GPs only had employment income and 51% had a combination of employment income and self employment income.

41. It is worth noting that **fixed share 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.

Median gross earnings, expenses and income before tax

42. The median is another way of calculating averages other than the mean. The median values presented in this section are the values that bisect the distribution of earnings, expenses and income before tax of all GPs in half, meaning that 50% of GPs earn/spend less than the median value and 50% earn/spend more than this value.
43. Table 10 below shows that median gross earnings, expenses and income before tax for salaried GPs by contractual status for 2007/08 and 2008/09.

Table 10: Salaried GPs median gross earnings, expenses and income before tax by contract type, 2007/08 to 2008/09, UK

Contract Type		Gross Earnings	Total Expenses	Income Before Tax
GMS	2007/08	£56,500	£4,000	£52,000
	2008/09	£58,000	£4,000	£53,000
	% change	+2.7%	0.0%	+1.9%
PMS	2007/08	£60,500	£4,000	£55,500
	2008/09	£61,500	£4,500	£55,500
	% change	+1.7%	+12.5%	0.0%
GPMS	2007/08	£58,500	£4,000	£54,000
	2008/09	£60,000	£4,000	£54,500
	% change	+2.6%	0.0%	+0.9%

Note: Median figures are rounded to nearest £500, and percentage changes are based on rounded figures.

44. The mean figures shown in Table 9 are all slightly higher than the median figures shown in Table 10, with the GPMS mean income before tax being 5.1%⁵ higher than the median income before tax. The higher mean values indicate that there are a relatively small number of high earning GPs.

⁵ Percentage change is based on an unrounded mean, and rounded median (to the nearest £500).

Combined GPs

45. This section contains results for combined GPs. It should be noted that only contractor and salaried GPs are included in this group (locums and freelancers are excluded).
46. The average (mean) income before tax for combined GPs in the UK in 2008/09, by contract type was:
- £94,300 for **GMS** GPs (a decrease of 2.1% since 2007/08).
 - £102,200 for **PMS** GPs (a decrease of 1.8% since 2007/08).
 - £97,500 for **GPMS** GPs (a decrease of 2.0% since 2007/08).
47. Table 11 shows the average gross earnings, expenses and income before tax by contract type for 2007/08 and 2008/09.

Table 11: Combined GPs, average gross earnings, expenses and income before tax by contract type, 2007/08 to 2008/09, UK

Contract Type		Total Earnings	Total Expenses	Income Before Tax
GMS	2007/08	£216,900	£120,500	£96,300
	2008/09	£218,000	£123,700	£94,300
	% change	+0.5%	+2.6%	-2.1%
PMS	2007/08	£242,200	£138,100	£104,100
	2008/09	£240,200	£138,000	£102,200
	% change	-0.8%	0.0%	-1.8%
GPMS	2007/08	£226,900	£127,500	£99,400
	2008/09	£226,900	£129,400	£97,500
	% change	0.0%	+1.5%	-2.0%

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

48. These results are a weighted average of earnings and expenses data from self employment for contractor GPs and a combination of employment and self employment for salaried GPs.
49. Table 11 shows that for combined GPMS GPs in the UK, average income before tax was £97,500 in 2008/09. This is a decrease of 2.0% from the 2007/08 income before tax.
50. PMS income before tax is higher than GMS (as was the case in 2007/08) and the gap between them has widened. PMS income before tax is 8.3% higher than GMS income before tax (£102,200 compared to £94,300). PMS income before tax was 8.1% higher than GMS income before tax in 2007/08.

GP Working Patterns

51. Earnings and Expenses 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 to suggest that salaried GPs are more likely to be 'part-time' than contractor GPs.
52. In the 2006/07 GP Workload Survey⁶, a sample of GPs were asked how many hours they worked in one practice in a typical week (including out of hours work within the practice but excluding out of hours work outside the practice). The survey showed that more contractor GPs tend to work full-time than salaried GPs with 62% and 22% working full-time hours respectively.
53. The survey results also showed that 'full-time' (35 or more hours a week) 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.
54. The findings of the survey also show that average number of sessions worked per week (normally defined as a half-day) was found to be 7.6 for contractor GPs and 5.3 for salaried GPs for work in the practice.
55. Contractor GPs have additional responsibilities, covering clinical, organisational, operational, financial and personal responsibility for provision of GP services not borne by salaried GPs.

⁶ For full report, see <http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice/gp-workload-survey>

Section B: Country Level Breakdown for Contractor, Salaried and Combined 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 2008/09, by country was:
 - £109,600 in England (a decrease of 0.5% since 2007/08).
 - £86,500 in Scotland (a decrease of 1.0% since 2007/08). PMS GPs are referred to as Section 17c in Scotland.
 - £90,700 in Wales (a decrease of 2.9% since 2007/08).
 - £89,700 in Northern Ireland (a decrease of 1.5% since 2007/08).
- The expenses to earnings ratio (EER) for GPMS **contractor GPs** in 2008/09, by country was:
 - 60.0% in England (an increase of 1.4 percentage points since 2007/08).
 - 54.1% in Scotland (an increase of 0.8 percentage points since 2007/08).
 - 59.0% in Wales (an increase of 1.1 percentage points since 2007/08).
 - 51.2% in Northern Ireland (an increase of 1.5 percentage points since 2007/08)
- The average income before tax for GPMS **salaried GPs** in 2008/09, by country was:
 - £57,400 in England (an increase of 2.6% since 2007/08).
 - £55,000 in Scotland (an increase of 3.9% since 2007/08).
 - £59,200 in Wales (an increase of 3.2% since 2007/08).
 - No information is available for salaried GPs in Northern Ireland.
- The average income before tax for GPMS **combined GPs** in 2008/09, by country was:
 - £100,000 in England (a decrease of 2.1% since 2007/08).
 - £83,700 in Scotland (a decrease of 1.1% since 2007/08).
 - £88,100 in Wales (a decrease of 2.9% since 2007/08).
 - £89,700 in Northern Ireland (a decrease of 1.5% since 2007/08).
- Some results between countries may not be statistically significant due to smaller sample sizes and large standard errors. For example, the income before tax results for Northern Ireland contractor GPs are not statistically significant from Wales or Scotland.

Introduction

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

Contractor GPs

57. Table 12 shows a summary of how gross earnings, expenses and income before tax varied across the four countries in the UK between 2007/08 and 2008/09. The income before tax results for Northern Ireland are not statistically significant from Wales or Scotland due to small population sizes and large standard errors. Standard errors to support this are available in the Excel Annex.

Table 12: All contractor GPs (dispensing and non-dispensing) average gross earnings, expenses, income before tax and expenses ratio by country, 2007/08 to 2008/09, UK

Country		Gross Earnings	Total Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
England	2007/08	£266,100	£156,000	£110,100	58.6%
	2008/09	£274,100	£164,500	£109,600	60.0%
	% change	+3.0%	+5.5%	-0.5%	+1.4 percentage points
Scotland	2007/08	£187,200	£99,800	£87,400	53.3%
	2008/09	£188,500	£102,100	£86,500	54.1%
	% change	+0.7%	+2.3%	-1.0%	+0.8 percentage points
Wales	2007/08	£221,500	£128,100	£93,400	57.8%
	2008/09	£221,000	£130,300	£90,700	59.0%
	% change	-0.2%	+1.7%	-2.9%	+1.1 percentage points
Northern Ireland	2007/08	£181,000	£90,000	£91,100	49.7%
	2008/09	£183,700	£94,000	£89,700	51.2%
	% change	+1.5%	+4.4%	-1.5%	+1.5 percentage points

Note: Some percentage change figures for all GPs are lower compared to dispensing and non-dispensing figures due to changes between sub-populations.

58. Overall in the UK, average income before tax decreased by 0.7% between 2007/08 and 2008/09, from £106,100 to £105,300. When comparing countries, contractor GPs in England have the highest income before tax and highest average expenses. In 2008/09, average income before tax was:

- £109,600 in England (a decrease of 0.5% since 2007/08).
- £86,500 in Scotland (a decrease of 1.0% since 2007/08).
- £90,700 in Wales (a decrease of 2.9% since 2007/08).
- £89,700 in Northern Ireland (a decrease of 1.5% since 2007/08).

59. Overall in the UK, the Expenses to Earnings Ratio (EER), which represents the proportion of gross earnings taken up by expenses, increased by 1.4 percentage points between 2007/08 and 2008/09, from 57.9% to 59.3%. The EER for contractor GPs in 2008/09, by country was:

- 60.0% in England (an increase of 1.4 percentage points since 2007/08).
- 54.1% in Scotland (an increase of 0.8 percentage points since 2007/08).
- 59.0% in Wales (an increase of 1.1 percentage points since 2007/08).
- 51.2% in Northern Ireland (an increase of 1.5 percentage points since 2007/08).

60. Tables 13 and 14 show the differences in gross earnings, total expenses and income before tax between dispensing and non-dispensing GPs in England and Wales. The income before tax results are statistically different from each other. Scotland and Northern Ireland dispensing and non-dispensing results are not available due to small sample sizes in some sub-populations.

Table 13: Dispensing GPs average gross earnings, expenses and income before tax and expenses ratio by country, 2007/08 to 2008/09, England and Wales

Country		Gross Earnings	Total Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
England	2007/08	£345,100	£217,900	£127,300	63.1%
	2008/09	£354,800	£231,000	£123,800	65.1%
	% change	+2.8%	+6.0%	-2.7%	+2.0 percentage points
Wales	2007/08	£306,600	£193,400	£113,200	63.1%
	2008/09	£304,600	£197,600	£107,000	64.9%
	% change	-0.7%	+2.2%	-5.5%	+1.8 percentage points

Table 14: Non-dispensing GPs average gross earnings, expenses and income before tax and expenses ratio by country, 2007/08 to 2008/09, England and Wales

Country		Gross Earnings	Total Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
England	2007/08	£250,300	£143,600	£106,700	57.4%
	2008/09	£258,600	£151,800	£106,900	58.7%
	% change	+3.3%	+5.7%	+0.1%	+1.3 percentage points
Wales	2007/08	£202,500	£113,600	£88,900	56.1%
	2008/09	£203,000	£115,800	£87,200	57.1%
	% change	+0.2%	+2.0%	-2.0%	+1.0 percentage points

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

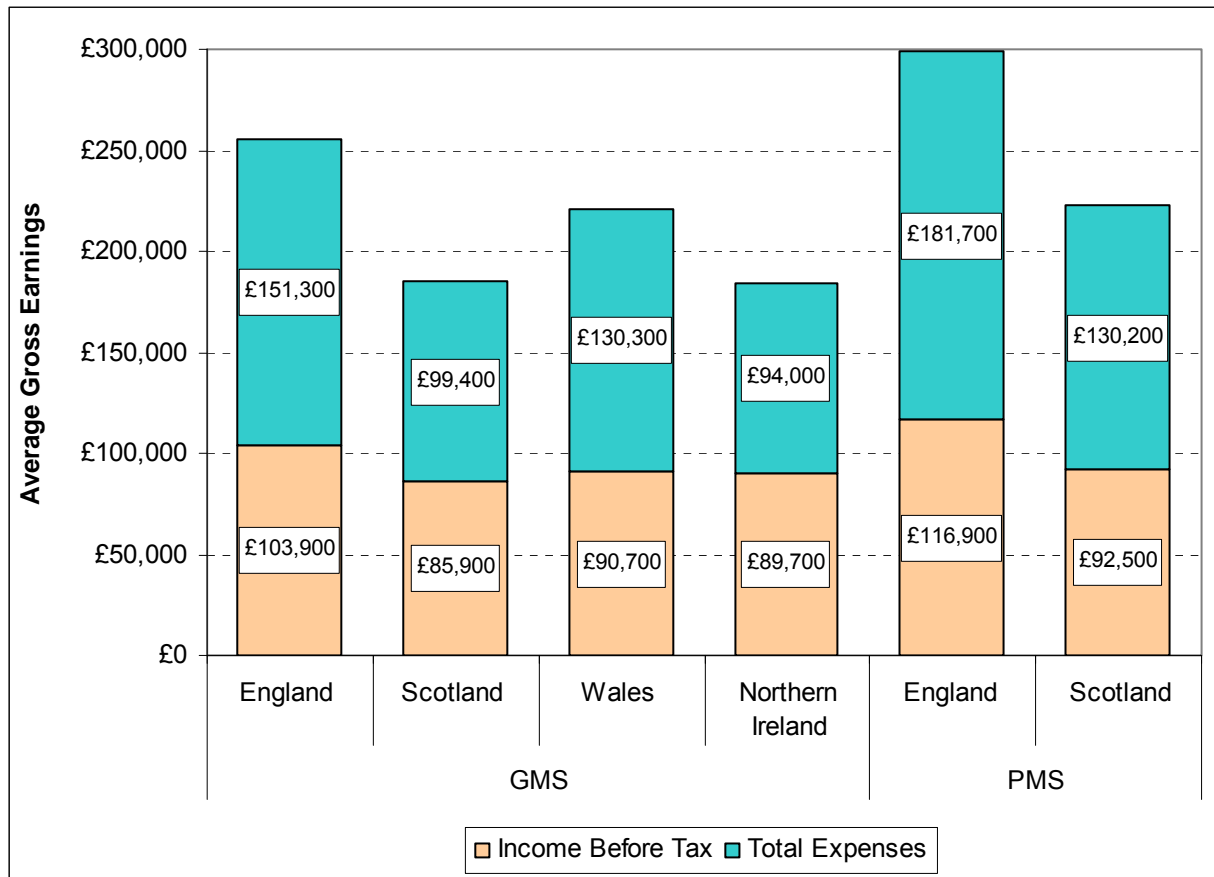
- £123,800 in England (a decrease of 2.7% since 2007/08).
- £107,000 in Wales (a decrease of 5.5% since 2007/08).

62. Average income before tax among GPMS non-dispensing GPs (those working under GMS or PMS contracts) was:

- £106,900 in England (an increase of 0.1% since 2007/08). This would have been a 0.2% decrease if comparing to 2007/08 figures under the new weighting methodology.
- £87,200 in Wales (a decrease of 2.0% since 2007/08).

63. Chart 1 shows a summary of how gross earnings vary with contractual type across the four countries in the UK in 2008/09.

Chart 1: Contractor GPs, GMS and PMS average gross earnings by country, 2008/09



Note: PMS GPs exist in England and Scotland only (PMS GPs are referred to as Section 17c in Scotland).

64. Among PMS GPs, those in England had an average income before tax 26.4% higher than those in Scotland. For GMS GPs, those in England had an average income before tax 21.0% higher than those in Scotland. For both countries, PMS GPs earned more than GMS GPs.

65. The income before tax differences between groups of contractors GPs are statistically significant apart from GMS figures for Wales and Northern Ireland. Further information on these standard errors are available in the Excel Annex.

Breakdown of expenses for Contractor GPs

66. Table 15 shows the breakdown of expenses by country for 2008/09. The figures show that GPs in England had the highest expenses at £164,500 and GPs in Northern Ireland had the lowest average expenses at £94,000. For all countries, the largest category was 'Employee' and the smallest category was 'Car and Travel'.

Table 15: Expenses breakdown by country for GPMS contractor GPs, 2008/09

	Total Expenses	Office & General Business	Premises	Employee	Car and Travel	Interest	Other	Net Capital Allowance
England	£164,500	£14,600	£18,400	£96,600	£1,500	£3,600	£27,500	£2,400
Scotland	£102,100	£8,300	£13,800	£64,900	£1,200	£1,500	£10,900	£1,500
Wales	£130,300	£12,000	£12,100	£75,400	£1,600	£3,200	£24,100	£2,000
Northern Ireland	£94,000	£11,100	£11,800	£53,400	£2,200	£2,500	£10,400	£2,500

Notes:

1. Figures exclude disallowable expenses.
2. Since 2007/08, 'Office and General Business' has excluded 'advertising, promotion and entertainment' expenses which is now included in 'Other'.
3. 'Interest' excludes interest for (a small number of) businesses where turnover <£67,000, which is included in 'Other'.
4. 'Other' includes:
 - o 'Advertising, promotion and entertainment' expenses (which were classified as business expense up to 2006/07).
 - o Interest for businesses where turnover is <£67,000 and interest is not reported separately.
 - o Expenses for businesses (where turnover is low) and detailed expense breakdown not available.

67. Tables 16 and 17 show the breakdown of expenses by country for dispensing and non-dispensing contractor GPs in England and Wales for 2008/09. Scotland and Northern Ireland dispensing and non-dispensing results are not available due to small sample sizes.

68. For dispensing GPs, the largest category for both countries was 'Employee'. The second largest category was 'Other', and this shows significant differences between dispensing and non-dispensing GPs. This is to be expected as the 'Other' category includes the cost of drugs.

Table 16: Expenses breakdown by country for GPMS dispensing contractor GPs, 2008/09

	Total Expenses	Office & General Business	Premises	Employee	Car and Travel	Interest	Other	Net Capital Allowance
England	£231,000	£15,600	£16,900	£103,100	£1,500	£4,800	£86,200	£2,800
Wales	£197,600	£13,700	£13,500	£85,200	£1,900	£2,900	£78,000	£2,300

Notes:

1. Figures exclude disallowable expenses.
2. Since 2007/08, 'Office and General Business' has excluded 'advertising, promotion and entertainment' expenses which is now included in 'Other'.
3. 'Interest' excludes interest for (a small number of) businesses where turnover <£67,000, which is included in 'Other'.
4. 'Other' includes:
 - o 'Advertising, promotion and entertainment' expenses (which were classified as business expense up to 2006/07).
 - o Interest for businesses where turnover is <£67,000 and interest is not reported separately.
 - o Expenses for businesses (where turnover is low) and detailed expense breakdown not available.

Table 17: Expenses breakdown by country for GPMS non-dispensing contractor GPs, 2008/09

	Total Expenses	Office & General Business	Premises	Employee	Car and Travel	Interest	Other	Net Capital Allowance
England	£151,800	£14,400	£18,700	£95,300	£1,500	£3,400	£16,200	£2,300
Wales	£115,800	£11,600	£11,800	£73,300	£1,500	£3,200	£12,500	£1,900

Notes:

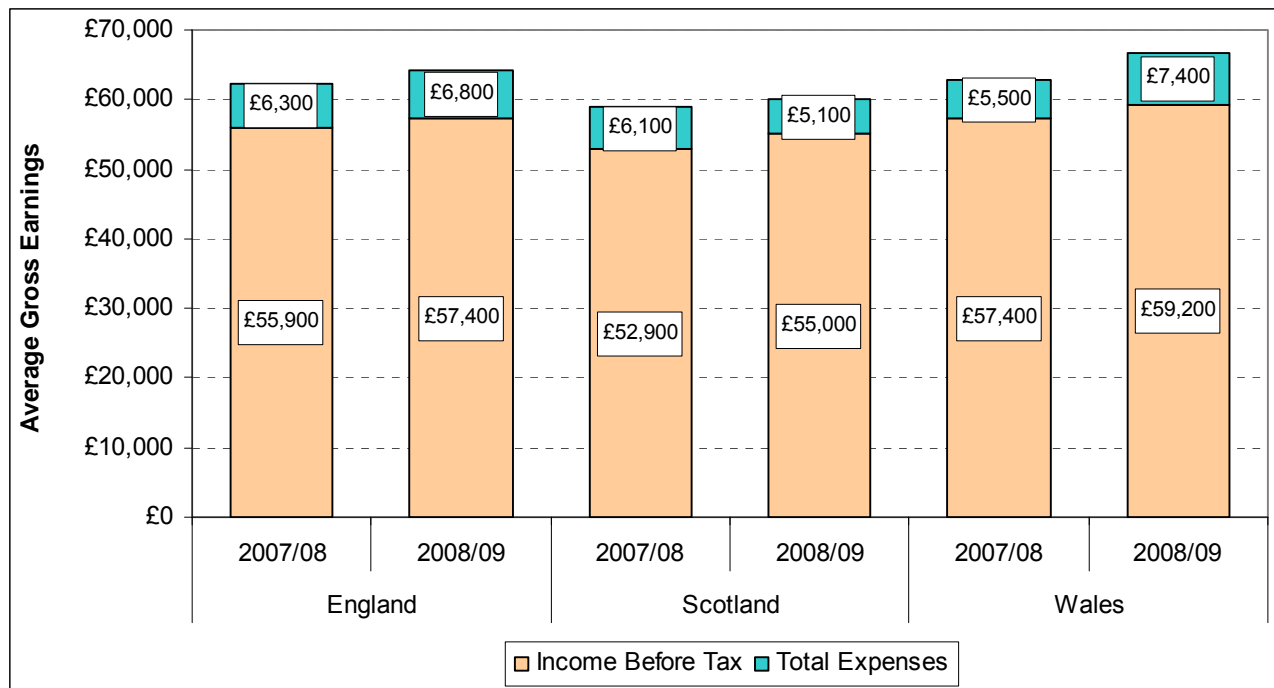
1. Figures exclude disallowable expenses.
2. Since 2007/08, 'Office and General Business' has excluded 'advertising, promotion and entertainment' expenses which is now included in 'Other'.
3. 'Interest' excludes interest for (a small number of) businesses where turnover <£67,000, which is included in 'Other'.
4. 'Other' includes:
 - o 'Advertising, promotion and entertainment' expenses (which were classified as business expense up to 2006/07).
 - o Interest for businesses where turnover is <£67,000 and interest is not reported separately.
 - o Expenses for businesses (where turnover is low) and detailed expense breakdown not available.

Salaried GPs

69. This section contains results for salaried GPs.

70. Chart 2 below shows a summary of how gross earnings varied across three of the countries in the UK (no information is available on salaried GPs in Northern Ireland) from 2007/08 to 2008/09.

Chart 2: Salaried GPs, GPMS average gross earnings by country, 2007/08 to 2008/09



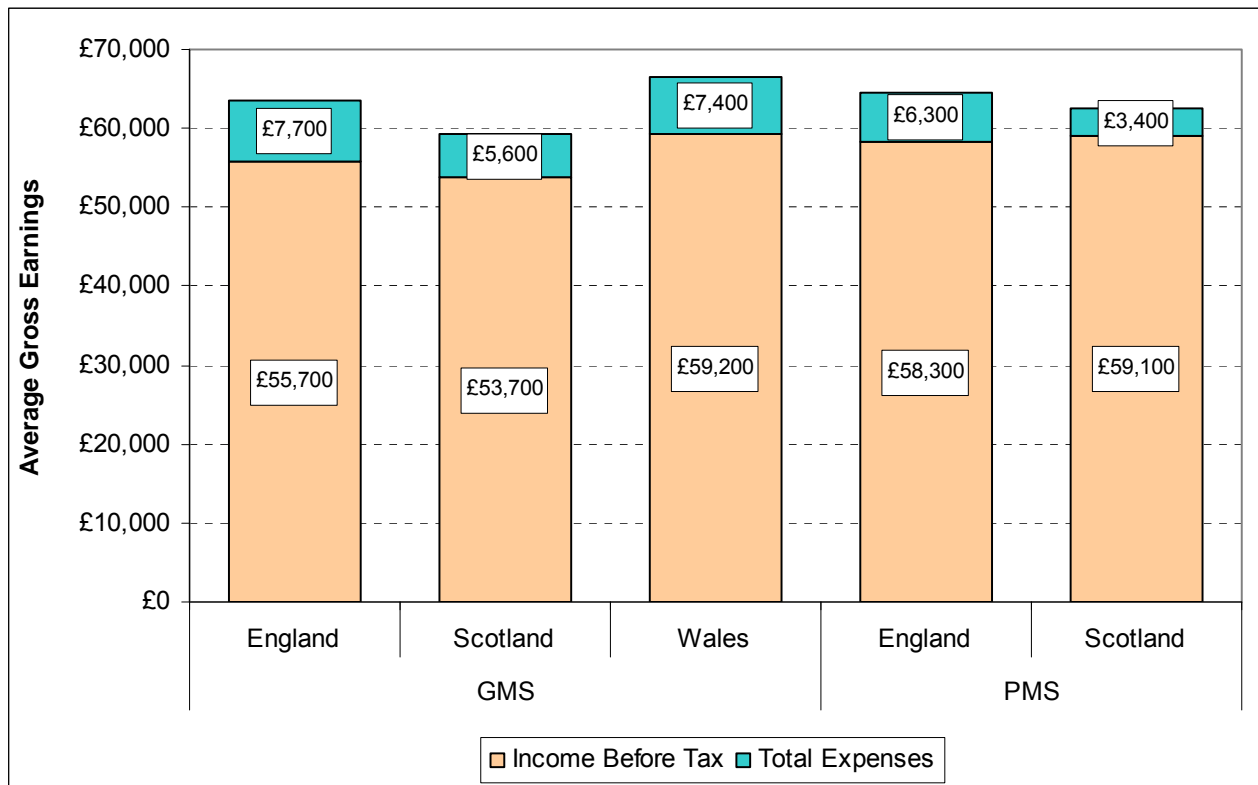
Note: No information is available on salaried GPs in Northern Ireland.

71. Overall in the UK, average income before tax increased by 2.7% between 2007/08 and 2008/09, from £55,800 to £57,300. When comparing countries, salaried GPs in Wales have the highest income before tax and the highest average expenses. In 2008/09, average income before tax was:

- £57,400 in England (an increase of 2.6% since 2007/08).
- £55,000 in Scotland (an increase of 3.9% since 2007/08).
- £59,200 in Wales (an increase of 3.2% since 2007/08).
- No information is available on salaried GPs in Northern Ireland.

72. Chart 3 below shows a summary of how gross earnings vary with contractual type across three of the countries in the UK in 2008/09 (no information is available on salaried GPs in Northern Ireland).

Chart 3: Salaried GPs, GMS and PMS average gross earnings by country, 2008/09



Notes:

1. PMS GPs exist in England and Scotland only (PMS GPs are referred to as Section 17c in Scotland).
2. No information is available on salaried GPs in Northern Ireland.

73. Among PMS GPs, those in Scotland had an average income before tax 1.2% higher than those in England. For GMS GPs, those in England had an average income before tax 3.8% higher than those in Scotland. GPs in Wales had the highest income before tax of £59,200, which was 10.4% higher than those in Scotland. For England and Scotland, PMS GPs earned more than GMS GPs.

74. Standard errors are not available for the salaried GP population by country. However, the results are not likely to be statistically significant as there are only relatively small differences in income before tax for each country and contract type.

Combined GPs

75. This section contains results for combined GPs.

76. Table 18 below shows a summary of how gross earnings, expenses and income before tax varied across the countries in the UK from 2007/08 to 2008/09.

Table 18: Combined GPs, GPMS average gross earnings by country, 2007/08 to 2008/09

Country		Gross Earnings	Total Expenses	Income Before Tax
England	2007/08	£236,200	£134,000	£102,200
	2008/09	£235,700	£135,600	£100,000
	% change	-0.2%	1.2%	-2.1%
Scotland	2007/08	£177,100	£92,500	£84,700
	2008/09	£177,300	£93,600	£83,700
	% change	0.1%	1.2%	-1.1%
Wales	2007/08	£209,900	£119,100	£90,700
	2008/09	£208,400	£120,300	£88,100
	% change	-0.7%	1.0%	-2.9%
Northern Ireland	2007/08	£181,000	£90,000	£91,100
	2008/09	£183,700	£94,000	£89,700
	% change	1.5%	4.4%	-1.5%

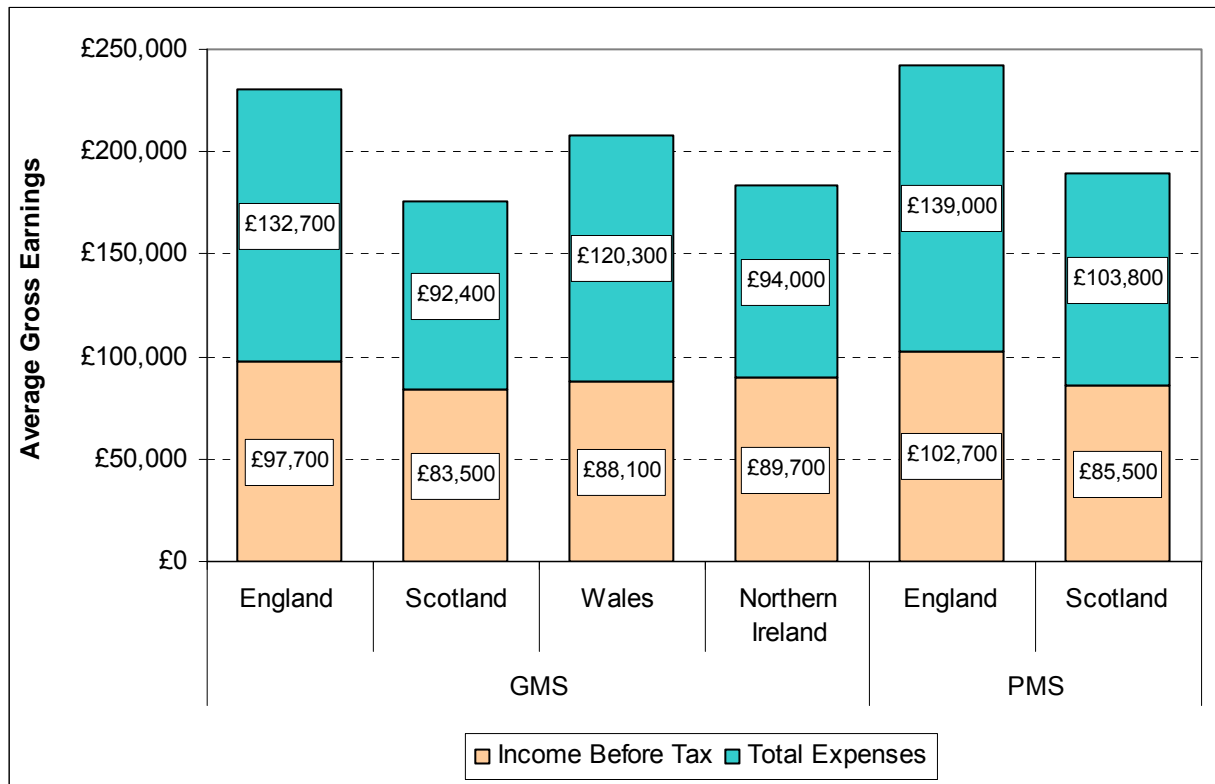
Note: Some percentage change figures for combined GPs are lower compared to contractor GPs and salaried GPs due to changes between sub-populations.

77. Overall in the UK, average income before tax decreased by 2.0% between 2007/08 and 2008/09, from £99,400 to £97,500. When comparing countries, combined GPs in England have the highest income before tax and the highest average expenses. In 2008/09, average income before tax was:

- £100,000 in England (a decrease of 2.1% since 2007/08).
- £83,700 in Scotland (a decrease of 1.1% since 2007/08).
- £88,100 in Wales (a decrease of 2.9% since 2007/08).
- £89,700 in Northern Ireland (a decrease of 1.5% since 2007/08).

78. Chart 4 below shows a summary of how gross earnings vary with contractual type across the four countries in the UK in 2008/09.

Chart 4: Combined GPs, GMS and PMS average gross earnings by country, 2008/09



79. Among PMS GPs, those in England had an average income before tax 20.0% higher than those in Scotland. For GMS GPs, those in England had an average income before tax 17.0% higher than those in Scotland. For both England and Scotland, PMS GPs earned more than GMS GPs.

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 2008/09 for UK GPMS **contractor GPs** it is estimated that:
 - 2,310 GPs (6.9%) had an income before tax of up to £50,000. In 2007/08, this figure was 2,320 (6.9%).
 - 14,020 GPs (42.0%) had an income before tax from £50,000 to <£100,000. In 2007/08, this figure was 13,610 (40.5%).
 - 12,820 GPs (38.4%) had an income before tax from £100,000 to <£150,000. In 2007/08, this figure was 13,220 (39.3%).
 - 3,280 GPs (9.8%) had an income before tax from £150,000 to <£200,000. In 2007/08, this figure was 3,560 (10.6%).
 - 700 GPs (2.1%) had an income before tax from £200,000 to <£250,000. In 2007/08, this figure was 650 (1.9%).
 - 250 GPs (0.8%) had an income before tax of at least £250,000. In 2007/08, this figure was 260 (0.8%).
- Distributional results have been rounded to the nearest 10 GPs and nearest 0.1 per cent.

Introduction

80. This section presents analysis on the distributions of income before tax of contractor GPs and salaried GPs in the UK.

81. For contractor GPs, the distributional results exclude estimated employer's superannuation contributions as in the rest of the report (see Annex B for further details).

82. For salaried GPs, the distributional results include estimated employee's superannuation contributions as in the rest of the report (see Annex B for further details).

Contractor GPs

83. Table 19 and Chart 5 show the distribution of income before tax for contractor GPs using income bands of £10,000 for 2007/08 and 2008/09. Further information on this can be found in the Excel Annex.

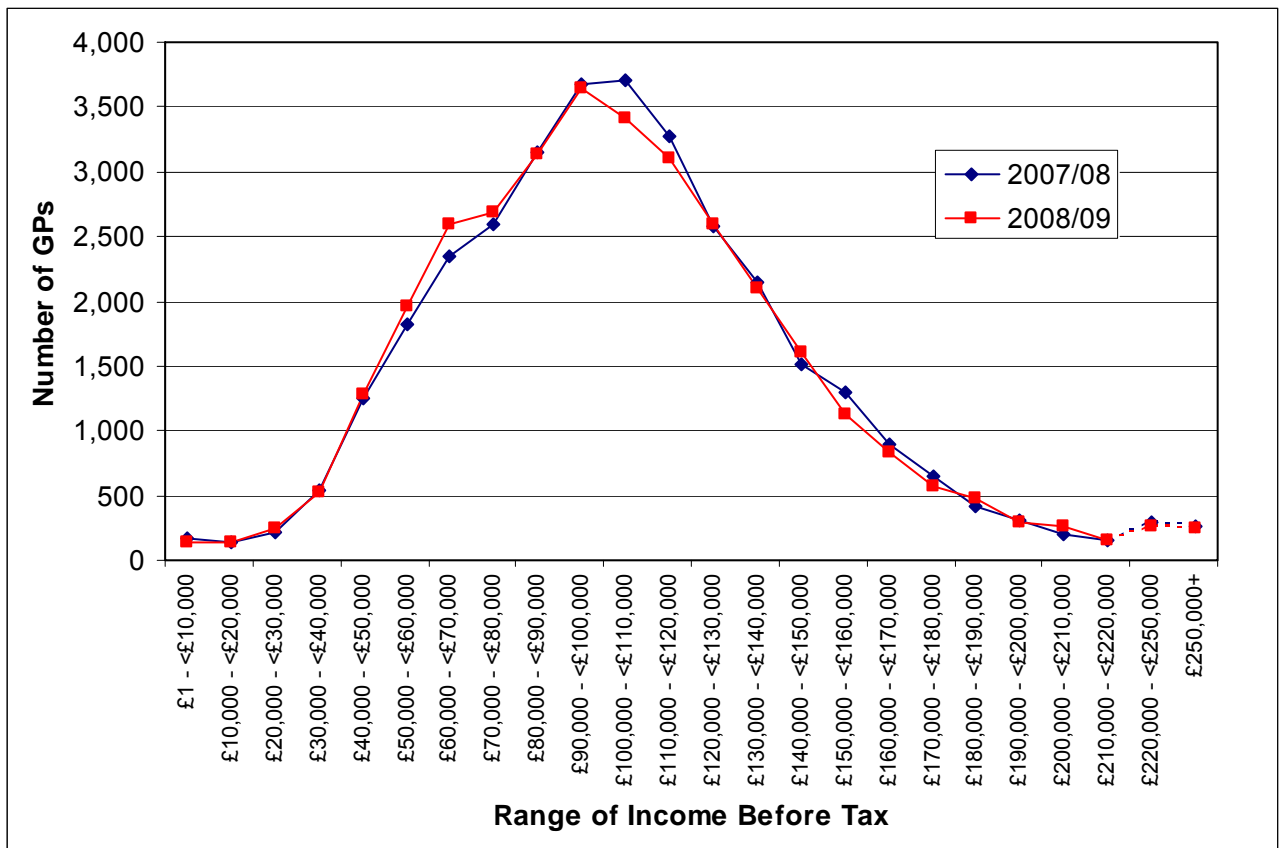
Table 19: Distribution of average income before tax for contractor GPMS GPs, 2007/08 to 2008/09, UK

Range of Income Before Tax	Number of GPs		Percentage of GPs		Cumulative Percentage	
	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09
£1 - <£10,000	170	140	0.5%	0.4%	0.5%	0.4%
£10,000 - <£20,000	140	140	0.4%	0.4%	0.9%	0.8%
£20,000 - <£30,000	220	240	0.7%	0.7%	1.6%	1.6%
£30,000 - <£40,000	540	520	1.6%	1.6%	3.2%	3.1%
£40,000 - <£50,000	1,250	1,280	3.7%	3.8%	6.9%	6.9%
£50,000 - <£60,000	1,830	1,960	5.4%	5.9%	12.4%	12.8%
£60,000 - <£70,000	2,350	2,590	7.0%	7.8%	19.3%	20.6%
£70,000 - <£80,000	2,590	2,690	7.7%	8.0%	27.0%	28.6%
£80,000 - <£90,000	3,150	3,130	9.4%	9.4%	36.4%	38.0%
£90,000 - <£100,000	3,680	3,650	11.0%	10.9%	47.4%	48.9%
£100,000 - <£110,000	3,700	3,420	11.0%	10.3%	58.4%	59.2%
£110,000 - <£120,000	3,280	3,100	9.7%	9.3%	68.1%	68.5%
£120,000 - <£130,000	2,580	2,590	7.7%	7.8%	75.8%	76.2%
£130,000 - <£140,000	2,150	2,100	6.4%	6.3%	82.2%	82.5%
£140,000 - <£150,000	1,520	1,610	4.5%	4.8%	86.7%	87.3%
£150,000 - <£160,000	1,290	1,120	3.8%	3.4%	90.5%	90.7%
£160,000 - <£170,000	900	830	2.7%	2.5%	93.2%	93.2%
£170,000 - <£180,000	650	570	1.9%	1.7%	95.2%	94.9%
£180,000 - <£190,000	410	480	1.2%	1.4%	96.4%	96.3%
£190,000 - <£200,000	310	290	0.9%	0.9%	97.3%	97.2%
£200,000 - <£210,000	200	270	0.6%	0.8%	97.9%	98.0%
£210,000 - <£220,000	150	160	0.4%	0.5%	98.3%	98.4%
£220,000 - <£250,000	300	270	0.9%	0.8%	99.2%	99.2%
£250,000+	260	250	0.8%	0.8%	100.0%	100.0%
All	33,622	33,371	100.0%	100.0%		

Notes:

1. Figures are estimated based on a sample and have been rounded to the nearest 10 GPs, and nearest 0.1 per cent.
2. The total of GPs in each pay band does not equal the overall total of GPs, due to rounding.
3. Band widths cannot be expanded into £10,000 increments beyond £220,000 due to small sample sizes
4. If a GP earns exactly £100,000, they would be in the £100,000 to £110,000 band, and so on.

Chart 5: Distribution of average income before tax for contractor GPMS GPs, 2007/08 to 2008/09, UK



Note: All data points show a £10,000 increment in band width except the last 2 points.

84. Table 19 and Chart 5 both show that the distribution for 2008/09 peaks between £90,000 and £100,000.
85. Table 20 shows how the number of contractor GPs within each income before tax range changed between 2007/08 and 2008/09 using wider income bands of £50,000.

Table 20: Number and percentage of all contractor GPMS GPs within each income before tax range, 2007/08 to 2008/09, UK

Range of Income Before Tax	Number of GPs		Percentage of GPs		Cumulative Percentage	
	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09
£1 - <£50,000	2,320	2,310	6.9%	6.9%	6.9%	6.9%
£50,000 - <£100,000	13,610	14,020	40.5%	42.0%	47.4%	48.9%
£100,000 - <£150,000	13,220	12,820	39.3%	38.4%	86.7%	87.3%
£150,000 - <£200,000	3,560	3,280	10.6%	9.8%	97.3%	97.2%
£200,000 - <£250,000	650	700	1.9%	2.1%	99.2%	99.3%
£250,000 +	260	250	0.8%	0.8%	100.0%	100.0%
All	33,622	33,371	100.0%	100.0%		

Notes:

- Figures are estimated based on a sample and have been rounded to the nearest 10 GPs and nearest 0.1 per cent.
- The total of GPs in each pay band does not equal the overall total of GPs, due to rounding.
- If a GP earns exactly £100,000, they would be in the £100,000 to £150,000 band, and so on.

86. Between 2007/08 and 2008/09, the percentage of GPs with earnings in the income bands £100,000 to <£150,000 and £150,000 to <£200,000 decreased by 0.9 percentage points (39.3% to 38.4%), and 0.8 percentage points (10.6% to 9.8%) respectively.
87. Conversely, the percentage of GPs with earnings in the lower income band of £50,000 to <£100,000 increased by 1.5 percentage points (40.5% to 42.0%) between 2007/08 and 2008/09.
88. The percentage of GPs remained fairly stable between 2007/08 and 2008/09 for all the other income bands.
89. The key findings in 2008/09 are estimated as follows:
- 2,310 GPs (6.9%) had an income before tax of up to £50,000. In 2007/08, this figure was 2,320 (6.9%).
 - 14,020 GPs (42.0%) had an income before tax from £50,000 to <£100,000. In 2007/08, this figure was 13,610 (40.5%).
 - 12,820 GPs (38.4%) had an income before tax from £100,000 to <£150,000. In 2007/08, this figure was 13,220 (39.3%).
 - 3,280 GPs (9.8%) had an income before tax from £150,000 to <£200,000. In 2007/08, this figure was 3,560 (10.6%).
 - 700 GPs (2.1%) had an income before tax from £200,000 to <£250,000. In 2007/08, this figure was 650 (1.9%).
 - 250 GPs (0.8%) had an income before tax of at least £250,000. In 2007/08, this figure was 260 (0.8%).

90. Tables 21 and 22 show how the number of dispensing and non-dispensing contractors within each income before tax range changed between 2007/08 and 2008/09.

Table 21: Number and percentage of dispensing contractor GPMS GPs within each income before tax range, 2007/08 to 2008/09, UK

Range of Income Before Tax	Number of GPs		Percentage of GPs		Cumulative Percentage	
	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09
£1 -<£50,000	170	140	3.3%	2.8%	3.3%	2.8%
£50,000 - <£100,000	1,400	1,550	27.4%	31.5%	30.7%	34.3%
£100,000 - <£150,000	2,160	2,050	42.1%	41.7%	72.8%	76.0%
£150,000 - <£200,000	1,120	950	21.8%	19.3%	94.6%	95.3%
£200,000 - <£250,000	200	170	4.0%	3.5%	98.6%	98.8%
£250,000 +	70	60	1.4%	1.2%	100.0%	100.0%
All	5,121	4,910	100.0%	100.0%		

Notes:

1. Figures are estimated based on a sample and have been rounded to the nearest 10 GPs and nearest 0.1 per cent.
2. The total of GPs in each pay band does not equal the overall total of GPs, due to rounding.
3. If a GP earns exactly £100,000, they would be in the £100,000 to £150,000 band, and so on.

Table 22: Number and percentage of non-dispensing contractor GPMS GPs within each income before tax range, 2007/08 to 2008/09, UK

Range of Income Before Tax	Number of GPs		Percentage of GPs		Cumulative Percentage	
	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09
£1 -<£50,000	2,160	2,180	7.6%	7.6%	7.6%	7.6%
£50,000 - <£100,000	12,200	12,470	42.8%	43.8%	50.4%	51.5%
£100,000 - <£150,000	11,070	10,770	38.8%	37.8%	89.2%	89.3%
£150,000 - <£200,000	2,450	2,330	8.6%	8.2%	97.8%	97.5%
£200,000 - <£250,000	450	530	1.6%	1.9%	99.4%	99.3%
£250,000 +	180	190	0.6%	0.7%	100.0%	100.0%
All	28,501	28,461	100.0%	100.0%		

Notes:

1. Figures are estimated based on a sample and have been rounded to the nearest 10 GPs and nearest 0.1 per cent.
2. The total of GPs in each pay band does not equal the overall total of GPs, due to rounding.
3. If a GP earns exactly £100,000, they would be in the £100,000 to £150,000 band, and so on.

91. GPs in dispensing practices are distributed towards the higher end of the income before tax distribution, compared to non-dispensing GPs. In 2008/09, it is estimated that 230 GPs (4.7%) of dispensers and 720 GPs (2.5%) of non-dispensers received an income before tax of at least £200,000. In 2007/08, these figures were 270 GPs (5.4%) for dispensers and 630 GPs (2.2%) for non-dispensers.

Country Level Distribution

92. Table 23 below shows the number of contractor GPs within each income before tax range for each of the four countries in 2008/09. Finer income bands are not possible due to small population and sample sizes.

Table 23: Number and percentage of contractor GPMS GPs within each income before tax range by country, 2008/09

Range of Income Before Tax	Number of GPs				Percentage of GPs			
	England	Scotland	Wales	Northern Ireland	England	Scotland	Wales	Northern Ireland
£1 -<£50,000	1,630	400	160	120	6.1%	10.7%	8.9%	10.8%
£50,000 - <£75,000	4,170	940	390	260	15.6%	25.3%	22.1%	22.6%
£75,000 - <£100,000	5,960	1,290	640	360	22.3%	34.6%	35.7%	31.6%
£100,000 - <£125,000	6,540	730	390	260	24.5%	19.6%	21.6%	22.4%
£125,000 +	8,410	370	210	150	31.5%	9.8%	11.9%	12.8%
All	26,710	3,730	1,790	1,140	100%	100%	100.0%	100.0%

Notes:

1. Figures are estimated based on a sample and have been rounded to the nearest 10 GPs and nearest 0.1 per cent.
2. The total of GPs in each pay band does not equal the overall total of GPs, due to rounding.
3. If a GP earns exactly £100,000, they would be in the £100,000 to £125,000 band, and so on.

93. The number and percentage of GPs in each income before tax band varies between countries.

Salaried GPs

94. Table 24 and chart 6 show how the number of salaried GPs within each income before tax range has changed between 2007/08 and 2008/09.

Table 24: Number and percentage of salaried GPMS GPs within each income before tax range, 2007/08 to 2008/09, UK

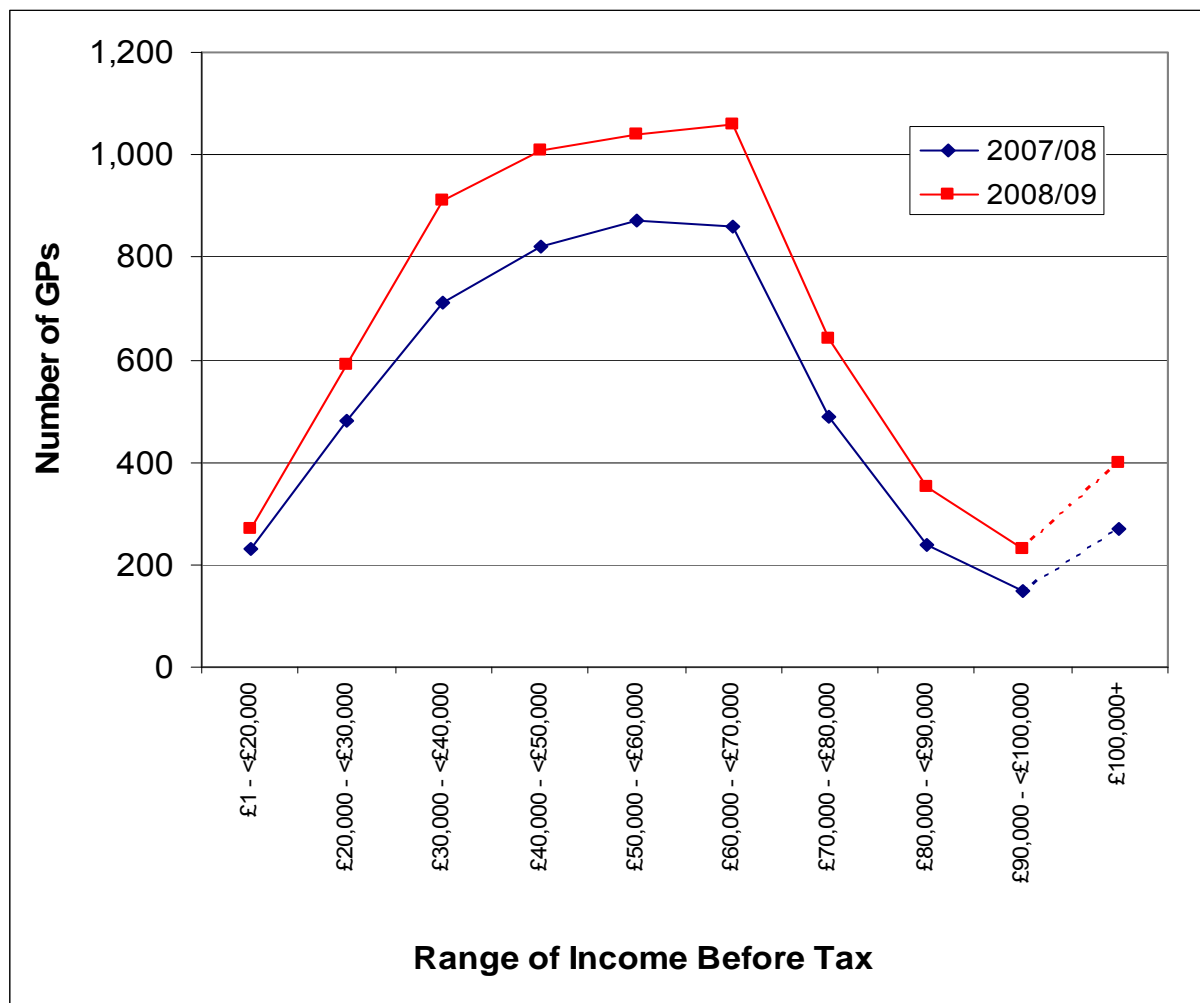
Range of Income Before Tax	Number of GPs		Percentage of GPs		Cumulative Percentage	
	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09
£1 - <£20,000	230	270	4.4%	4.1%	4.4%	4.1%
£20,000 - <£30,000	480	590	9.5%	9.1%	13.9%	13.2%
£30,000 - <£40,000	710	910	14.0%	14.0%	27.8%	27.2%
£40,000 - <£50,000	820	1,010	16.1%	15.5%	43.9%	42.7%
£50,000 - <£60,000	870	1,040	16.9%	16.0%	60.8%	58.7%
£60,000 - <£70,000	860	1,060	16.8%	16.3%	77.6%	75.0%
£70,000 - <£80,000	490	640	9.5%	9.8%	87.1%	84.8%
£80,000 - <£90,000	240	350	4.7%	5.4%	91.8%	90.3%
£90,000 - <£100,000	150	230	2.8%	3.6%	94.6%	93.8%
£100,000+	270	400	5.4%	6.2%	100.0%	100.0%
All	5,112	6,507	100.0%	100.0%		

Notes:

1. Figures are estimated based on a sample and have been rounded to the nearest 10 GPs and nearest 0.1 per cent.
2. The total of GPs in each pay band does not equal the overall total of GPs, due to rounding.
3. If a GP earns exactly £50,000, they would be in the £50,000 to £60,000 band, and so on.

95. The number and percentage of GPs varies between each income before tax band. It has not been possible to produce country level results for salaried GPs due to small sample sizes.

Chart 6: Distribution of average income before tax for salaried GPMS GPs, 2007/08 to 2008/09, UK



96. Table 24 and Chart 6 both show that the distribution peak has changed from £50,000 to <£60,000 to £60,000 to <£70,000 between the two years.

Section D: Detailed Results for Contractor, Salaried and Combined GPs

Summary

- This section presents a breakdown of the UK-wide GPMS, GMS and PMS earnings and expenses figures for contractor, salaried and combined GPs across a variety of variables, which include rurality, practice size and Strategic Health Authority (SHA). Further detailed analyses of earnings and expenses by variables such as age, gender and the number of contractor GPs in a practice are contained within the Excel Annex.
- It has not been possible to calculate standard errors and confidence intervals for the estimated results on earnings and expenses in this section this year. However, sample sizes are broadly similar to the previous year and therefore we might expect standard errors to be of a similar order.
- Key findings from the section are as follows and relate to NHS and private, full and part-time work:

For **contractor GPs:**

- GPs whose practice is categorised as rural have higher average gross earnings, expenses and income before tax than GPs whose practice is categorised as urban. GPMS GPs in rural practices have an average income before tax of £109,800 whilst GPs in urban practices have an average income before tax of £104,300. This can partly be explained by the fact that rural GPs are more likely to be in dispensing practices.
- Among GPMS GPs classified as working in rural practices, 54.0% of these are in dispensing practices. This compares to GPMS GPs classified as working in urban practices, where 5.8% are in dispensing practices in 2008/09.
- For GPMS GPs in dispensing practices, rural GPs have a higher income before tax of £123,300 compared to £117,700 for urban GPs. However for GPMS GPs in non-dispensing practices, urban GPs have a higher income before tax of £103,500 compared to £94,000 for rural GPs.
- A comparison of earnings amongst GPMS GPs by Strategic Health Authority in England shows that GPs in the South West have the lowest income before tax at £94,500.
- A comparison of the expenses to earnings ratio amongst GPMS GPs by Strategic Health Authority in England shows that GPs in the South West also have the highest expenses to earnings ratio at 63.1%.
- In general, average income before tax decreased as the number of GPs in the practice increased. Among GPMS GPs, single-handed contractor GPs have the highest income before tax of £120,800, and GPs working in a practice with six or more GPs have an average income before tax of £103,400.

For **salaried GPs:**

- GPs whose practice is categorised as urban have higher average gross earnings and income before tax than GPs whose practice is categorised as rural. GPMS GPs in urban practices have an income before tax of £57,800, whilst GPs in rural practices have an income before tax of £55,100. However, GPs in rural practices have higher expenses than those in urban practices.

For **combined GPs**:

- GPs whose practice is categorised as rural have higher average gross earnings, expenses and income before tax than GPs whose practice is categorised as urban. GPMS GPs in rural practices have an income before tax of £101,100, whilst GPs in urban practices have an income before tax of £96,600.

Introduction

97. This section presents a breakdown of the UK-wide GPMS, GMS and PMS figures for contractor, salaried and combined GPs across several variables that include rurality, Strategic Health Authority and practice size.

- **Number of GPs in practice:** this is based on the total number of GPs in the practice. In previous reports, the measure excluded assistants (these were based on a flag on the GP census and are a historic way of classifying some salaried GPs). It is no longer appropriate to exclude these GPs.
- **Number of contractor GPs in practice:** this is based solely on the number of contractors in the practice. Analyses using this measure can be found in the Excel Annex.

98. Also to be found in the Excel Annex are further detailed analyses of earnings by variables such as age and gender of GPs.

Contractor GPs

Earnings by rurality classification

99. Rurality is defined by the ONS “Rural and Urban Classification 2004”⁷ for England and Wales, the “NHS Postcode Directory”⁸ for Scotland and the “Statistical Classification and Delineation of Settlements”⁹ for Northern Ireland.
100. The definition of what is meant by a ‘rural area’, in England and Wales, was introduced in 2004 as a joint project between the Department for Environment, Food, and Rural Affairs (DEFRA), the Office for National Statistics (ONS) and other organisations such as the former Countryside Agency. The definition considers the sparsity of an area (based upon the number of households living in an area) and the settlement type – e.g. hamlet, village, town.
101. The urban/rural classification in Scotland is consistent with the Scottish Government’s core definition of rurality, which defines settlements of 3000 or less people to be rural. It also classifies areas as remote based on drive times from settlements of 10,000 or more people. Postcodes on the NHS Postcode Directory have been assigned to the urban or rural category on an individual basis based upon data received from The General Register Office for Scotland.
102. For Northern Ireland, the “Statistical Classification and Delineation of Settlements” was a report of the Inter-Departmental Urban-Rural Definition Group, which classified areas as rural or urban. The group took into account population size, population density and service provision for the classification.
103. The rurality definitions described for each of the countries, are used to assign rural or urban markers to patients based on their postcodes. Then if more than 50% of patients belonging to a practice are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.
104. Information on Scottish rural/urban classifications is taken at 2008/09 for both 2007/08 and 2008/09. The effect of this on UK results for 2007/08 is thought to be negligible because there is likely to be very little change in classifications between the years.

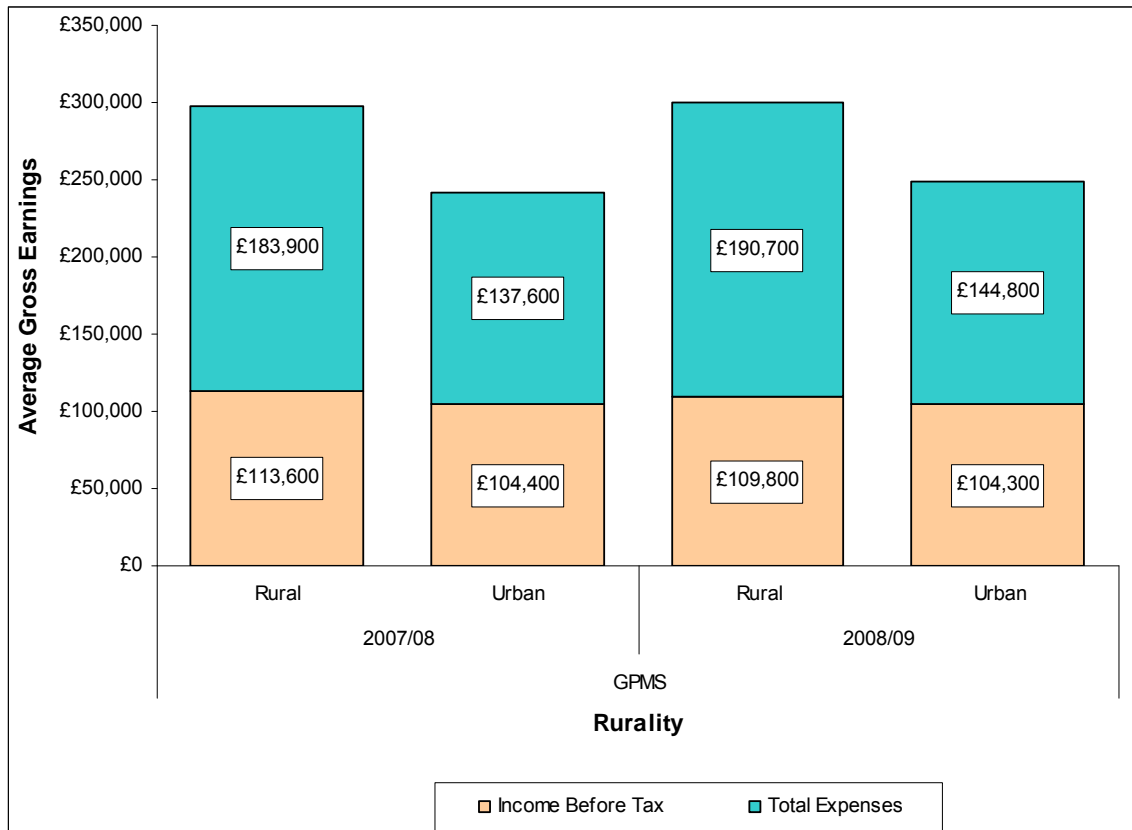
⁷ Further information about the rural and urban classification for England and Wales can be found at: www.statistics.gov.uk/geography/nrudp.asp.

⁸ Further information about the rural and urban classification for Scotland can be found at: <http://www.ons.gov.uk/about-statistics/geography/products/geog-products-postcode/nspd/index.html>

⁹ Further information about the rural and urban classification for Northern Ireland can be found at: http://www.ninis.nisra.gov.uk/mapxtreme_towns/Reports/ur_report.pdf

105. Chart 7 below illustrates how gross earnings vary between those GPs defined as working at a rural practice and those in an urban practice in 2007/08 and 2008/09.

Chart 7: GPMS average gross earnings for contractor GPs by rurality, UK, 2007/08 & 2008/09

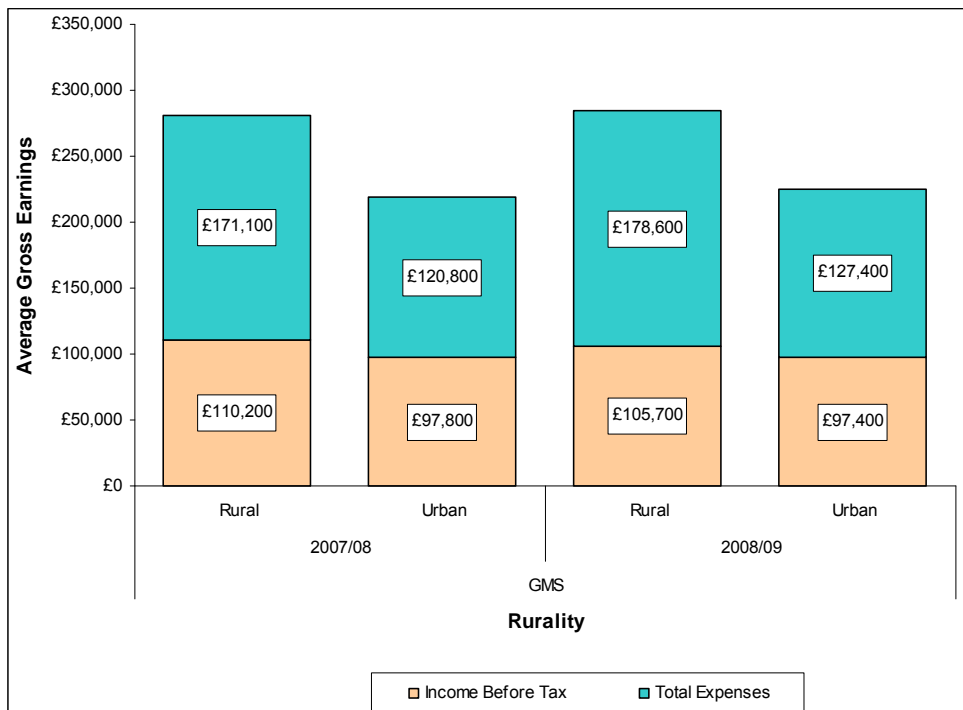


Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

106. GPs whose practice is categorised as rural have higher average gross earnings, expenses and income before tax than GPs whose practice is categorised as urban. Average income before tax is 5.3% higher among GPs in rural practices. The equivalent percentage in 2007/08 was 8.7%.

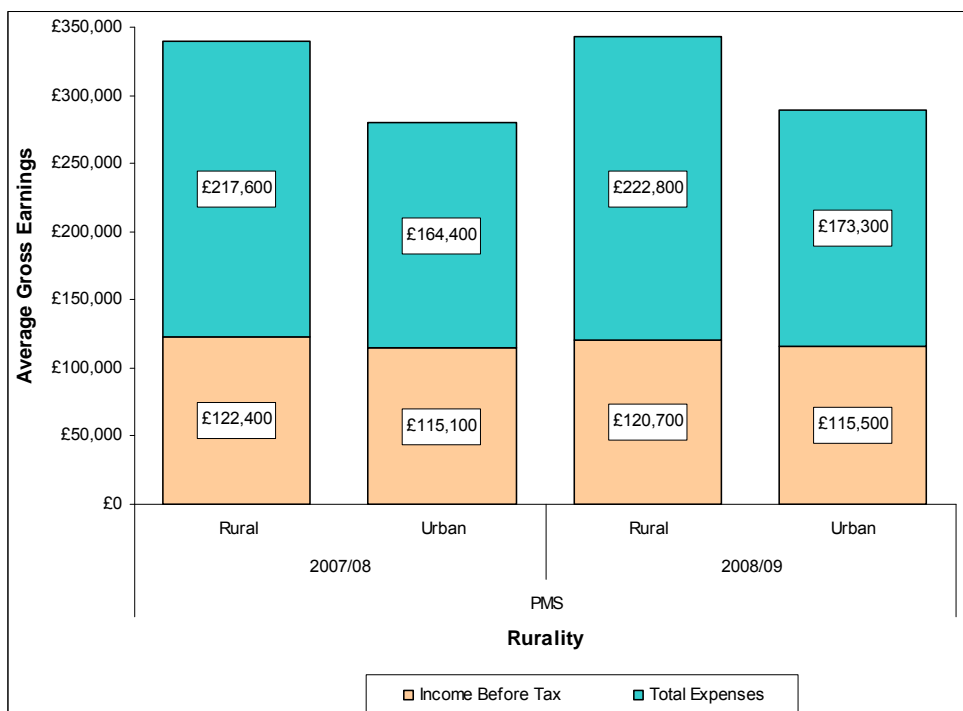
107. Charts 8a and 8b below shows how gross earnings vary with rurality and contractual type in 2007/08 and 2008/09.

Chart 8a: GMS average gross earnings for contractor GPs by rurality, UK, 2007/08 & 2008/09



Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

Chart 8b: PMS average gross earnings for contractor GPs by rurality, UK, 2007/08 & 2008/09



Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

108. In 2008/09 among GPs who work in rural practices, PMS GPs had an average income before tax 14.2% higher than GMS GPs. This compares with urban practices, where PMS GPs have an average income before tax 18.6% higher than GMS GPs. The equivalent figures for 2007/08 were 11.1% and 17.7% respectively.
109. Table 25 below shows GMS, PMS and GPMS expenses to earnings ratio for 2007/08 and 2008/09 by rurality classification.

Table 25: GMS, PMS and GPMS expenses to earnings ratio for contractor GPs by rurality classification, UK, 2007/08 and 2008/09

		Expenses to Earnings Ratio 2007/08	Expenses to Earnings Ratio 2008/09	Percentage Points Change on Previous Year
GMS	Rural	60.8%	62.8%	+2.0
	Urban	55.3%	56.7%	+1.4
PMS	Rural	64.0%	64.9%	+0.9
	Urban	58.8%	60.0%	+1.2
GPMS	Rural	61.8%	63.5%	+1.6
	Urban	56.9%	58.1%	+1.3

Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

110. The differences in average gross earnings, expenses and income before tax between GPs who are classified as working in a rural practice and those classified as working at an urban practice is in part due to the fact that there is a higher proportion of GPs in dispensing practices among rural GPs than among urban GPs, as shown in Table 26.
111. Among GPMS GPs classified as working at rural practices, 54.0% of these are in dispensing practices. This compares to GPMS GPs classified as working in urban practices, where 5.8% are in dispensing practices.

Table 26: Proportions of contractor GPs in dispensing and non-dispensing practices by rurality and contractual status, UK, 2008/09

		Number of GPs in Dispensing Practices	Number of GPs in Non-Dispensing Practices	Total Number of GPs	Percentage of GPs in Dispensing Practices	Percentage of GPs in Non-Dispensing Practices
Rural	GMS	2,379	2,110	4,489	53.0%	47.0%
	PMS	958	728	1,685	56.8%	43.2%
	GPMS	3,337	2,837	6,174	54.0%	46.0%
Urban	GMS	979	15,901	16,880	5.8%	94.2%
	PMS	594	9,722	10,317	5.8%	94.2%
	GPMS	1,573	25,624	27,197	5.8%	94.2%

Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

112. Table 27 below shows how average gross earnings vary with rurality for GPs in dispensing and non-dispensing practices in 2008/09.

Table 27: GPMS average gross earnings, expenses and income before tax of GPs in dispensing and non-dispensing practices by rurality, UK, 2008/09

		Gross Earnings	Total Expenses	Income Before Tax
Rural	Dispensing	£365,200	£241,900	£123,300
	Non-dispensing	£224,400	£130,400	£94,000
Urban	Dispensing	£308,000	£190,300	£117,700
	Non-dispensing	£245,500	£142,000	£103,500

Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

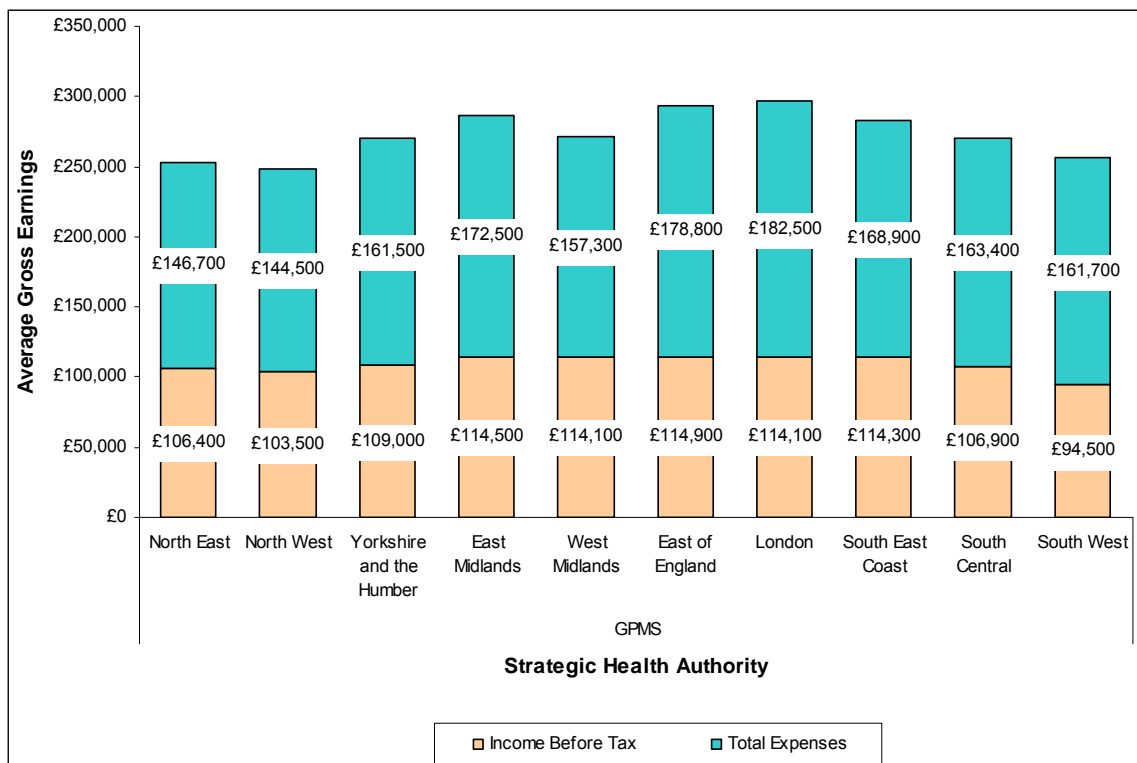
Earnings by Strategic Health Authority (SHA) in England

113. Chart 9 illustrates a summary of how gross earnings, expenses and income before tax vary across the ten SHAs for GPMS in England in 2008/09. Table 28 shows this for income before tax for both 2007/08 and 2008/09.

Table 28: Average income before tax for GPMS contractor GPs by SHA for 2007/08 and 2008/09

	Income Before Tax 2007/08	Income Before Tax 2008/09	% Change
North East	£108,300	£106,400	-1.7%
North West	£103,700	£103,500	-0.2%
Yorkshire and the Humber	£107,500	£109,000	+1.4%
East Midlands	£116,900	£114,500	-2.1%
West Midlands	£115,100	£114,100	-0.9%
East of England	£118,300	£114,900	-2.9%
London	£114,700	£114,100	-0.5%
South East Coast	£115,000	£114,300	-0.6%
South Central	£107,600	£106,900	-0.7%
South West	£96,800	£94,500	-2.4%

Chart 9: GPMS average gross earnings for contractor GPs by SHA, England, 2008/09



114. Among SHAs average income before tax varies between the regions although, in the main, these variations are not likely to be statistically significant. This should be a consideration when reading the results for both GPMS and GMS/PMS separately.

115. Charts 10a and 10b illustrate how gross earnings vary with SHA and contractual type in 2008/09.

Chart 10a: GMS average gross earnings for contractor GPs by SHA, England, 2008/09

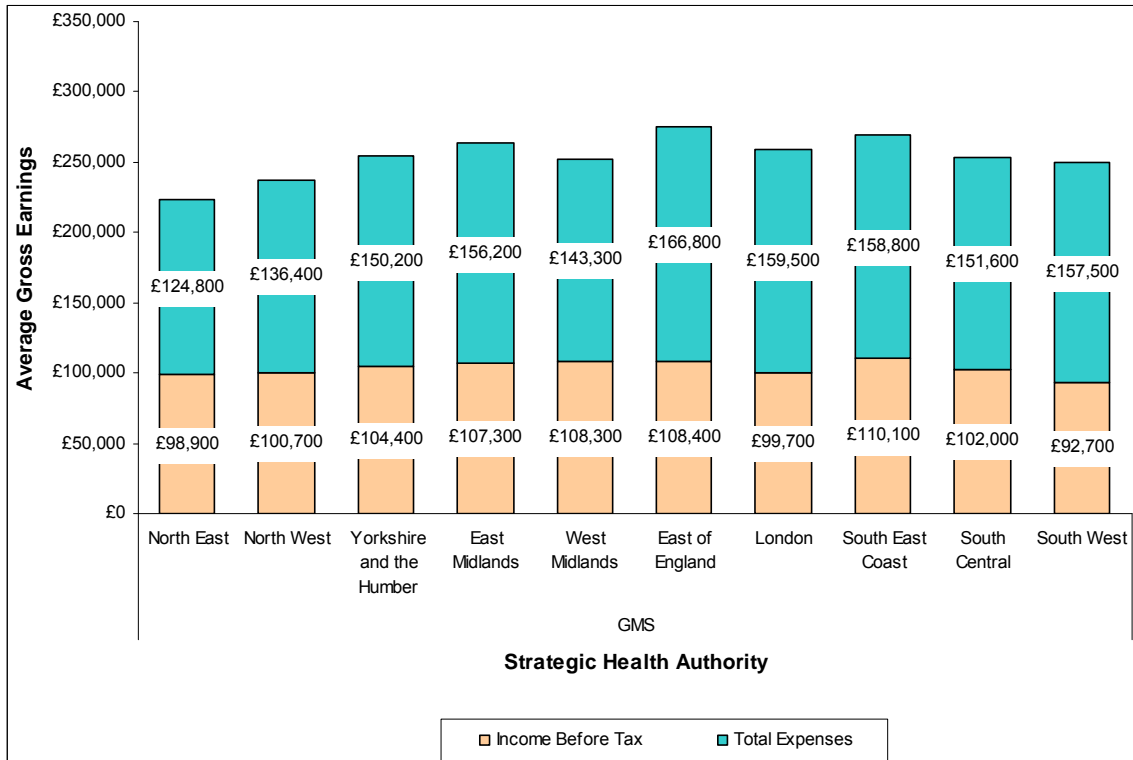
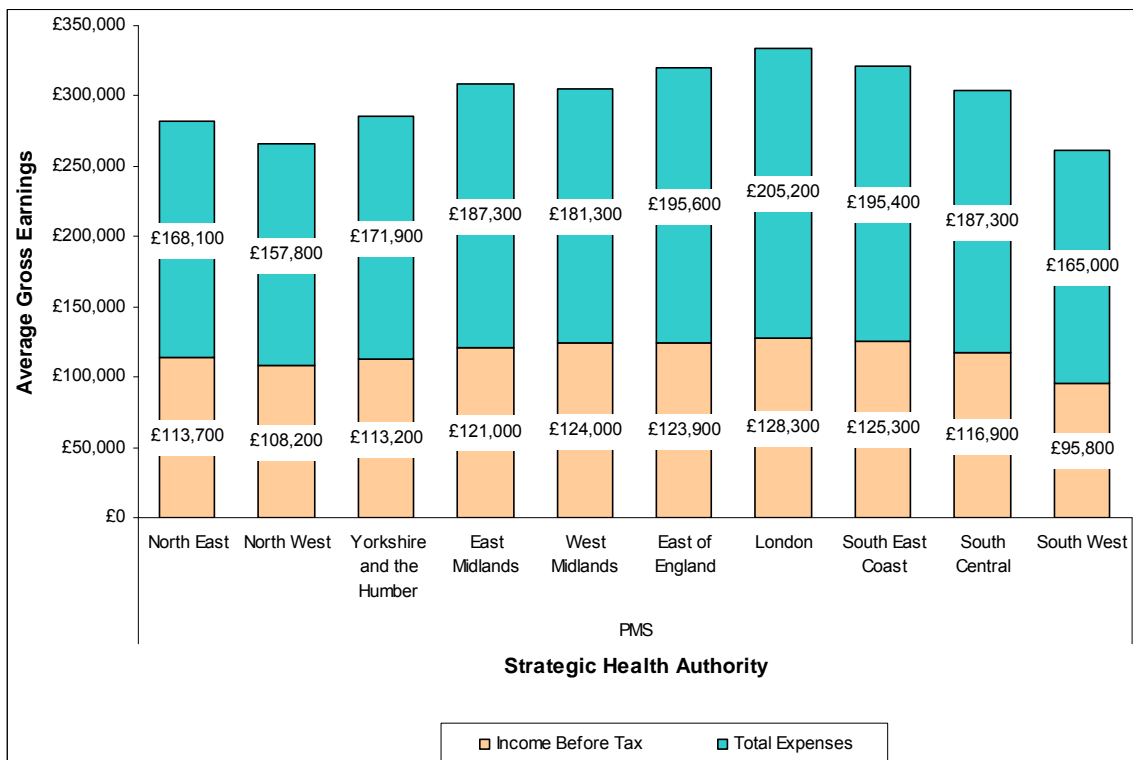


Chart 10b: PMS average gross earnings for contractor GPs by SHA, England, 2008/09



116. Those SHAs with a high/low average income before tax tended to have correspondingly high/low average total expenditure. The expenses to earnings ratio was highest in the South West (63.1%). This is highlighted in Table 29 below which shows GPs expenses to earnings ratios for 2007/08 and 2008/09 by SHA in England.

Table 29: GPMS Expenses to Earnings Ratio for contractor GPs by SHA, England, 2007/08 and 2008/09

	Expenses to Earnings Ratio 2007/08	Expenses to Earnings Ratio 2008/09	Percentage Points Change on Previous Year
North East	57.4%	58.0%	+0.6
North West	56.2%	58.3%	+2.0
Yorkshire and the Humber	58.3%	59.7%	+1.5
East Midlands	58.5%	60.1%	+1.6
West Midlands	57.2%	58.0%	+0.7
East of England	59.8%	60.9%	+1.1
London	60.4%	61.5%	+1.1
South East Coast	57.6%	59.6%	+2.1
South Central	58.5%	60.4%	+2.0
South West	61.5%	63.1%	+1.7

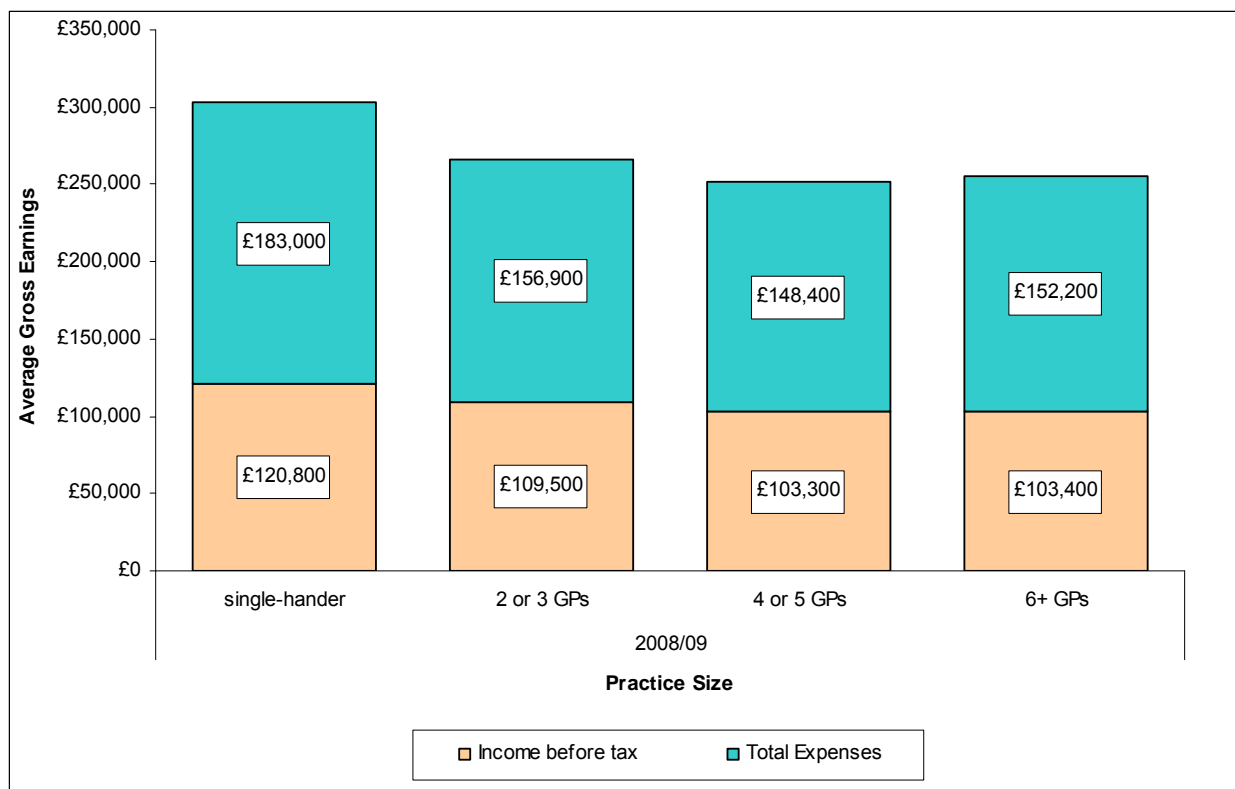
Note: Percentage point changes are based on unrounded figures.

117. Average earnings and expenses by dispensing/non-dispensing GPs by SHA are available in the Excel Annex.
118. Regional analyses are not available for Scotland, Wales and Northern Ireland as the sample sizes are too small in some areas. Country level figures can be found in Section B.

Earnings by practice size

119. In this report practice size is calculated by including both contractor and salaried GPs. In previous earnings and expenses the measure excluded Assistants (these were based on a flag on the GP census and are a historic way of classifying some salaried GPs). It is no longer appropriate to exclude these GPs. This change means that results in this section are not comparable to previously published figures and represents a break in the time series. Therefore only figures for 2008/09 are presented.
120. Analysis by the number of contractor GPs in a practice is based solely on the number of contractor GPs. This piece of analysis is contained within the Excel Annex only.
121. Chart 11 illustrates how gross earnings vary with increasing practice size in 2008/09.

Chart 11: GPMS average gross earnings for contractor GPs by practice size, UK, 2008/09



122. In general, average income before tax decreased with increased practice size. The average income before tax of single hander GPs was 16.8% higher than GPs working in practices with 6 or more GPs.

123. Charts 12a and 12b illustrate how gross earnings vary with increasing practice size and contractual type in 2008/09.

Chart 12a: GMS average gross earnings for contractor GPs by practice size, UK, 2008/09

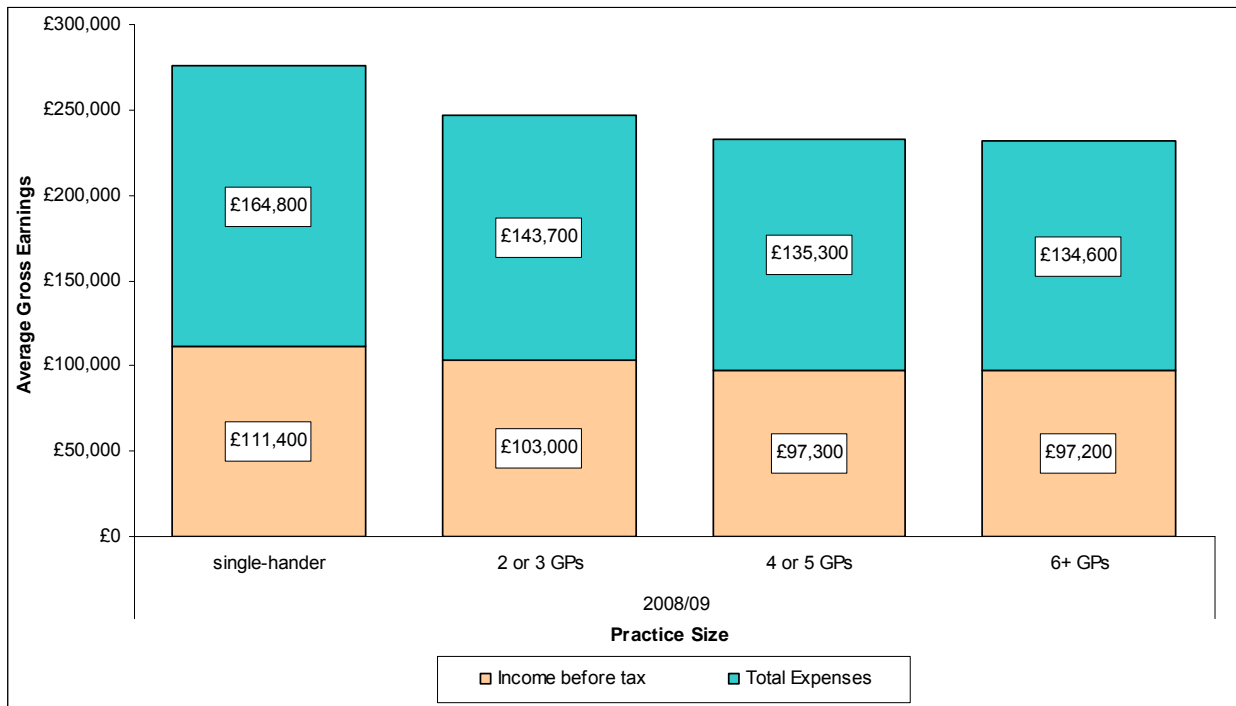
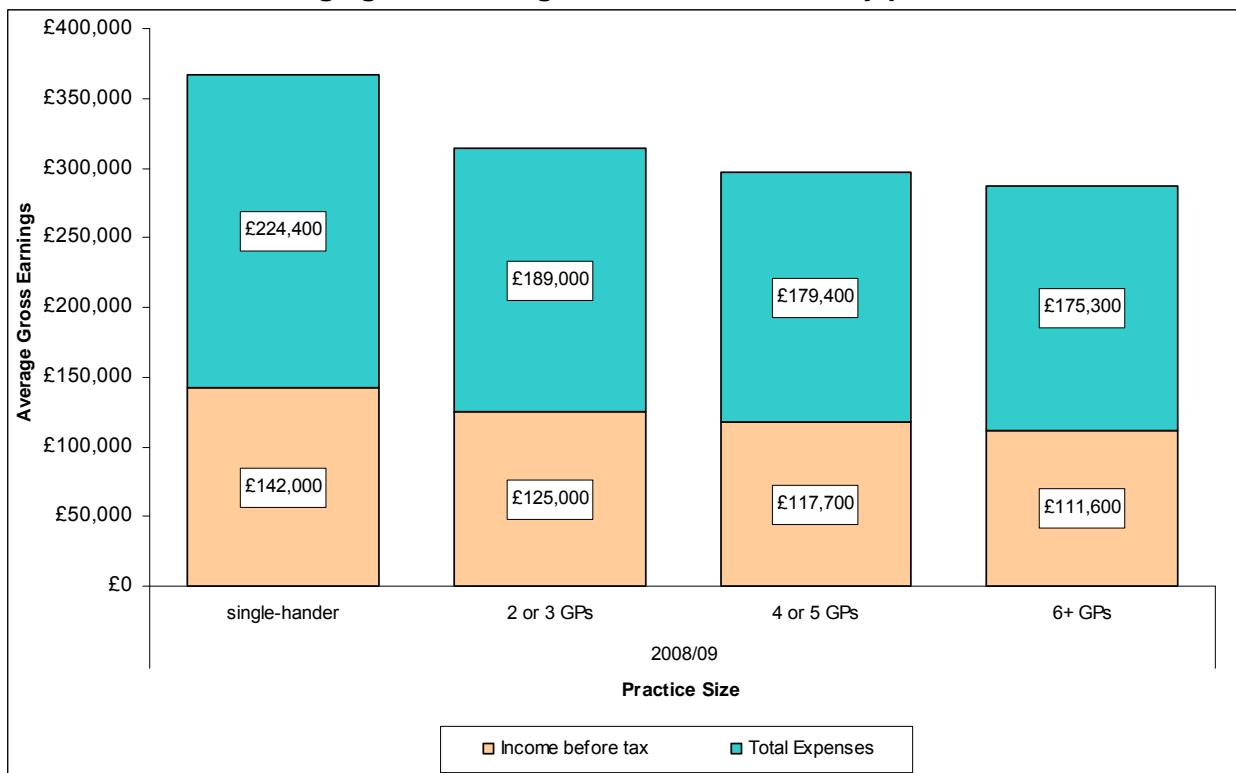


Chart 12b: PMS average gross earnings for contractor GPs by practice size, UK, 2008/09



124. The same pattern is observed when looking at GMS and PMS breakdowns. Single hander GMS GPs have an average income before tax 14.7% higher than GMS GPs working in a practice with 6 or more GPs. This compares with single hander PMS GPs who have an average income before tax 27.3% higher than PMS GPs working in a practice with 6 or more GPs.

125. Single hander PMS GPs have an average income before tax 27.4% higher than GMS single handers. This comparison decreases with increasing numbers of GPs working in a practice, with the average income before tax of PMS GPs in practices with 6+ GPs being only 14.8% higher than the equivalent GMS GPs.
126. Table 30 below shows GMS, PMS and GPMS expenses to earnings ratio for 2008/09 by practice size.

Table 30: GMS, PMS and GPMS Expenses to Earnings Ratio for contractor GPs by practice size, UK, 2008/09

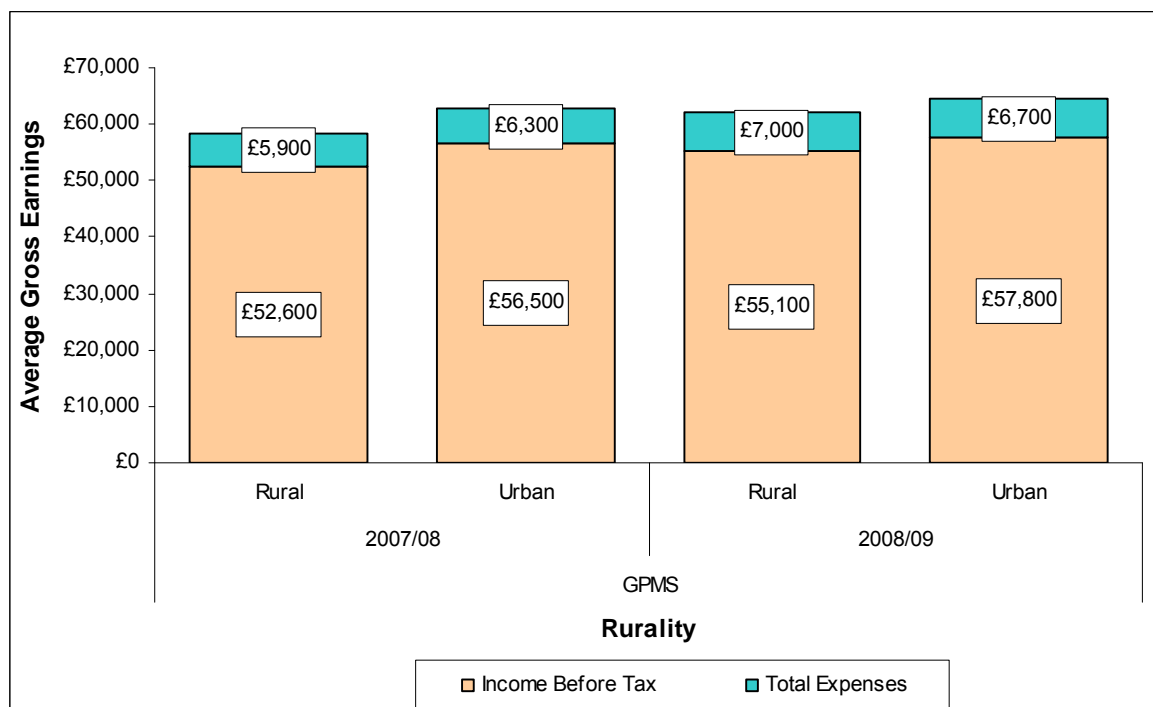
		Expenses to Earnings Ratio 2008/09
GMS	single-hander	59.7%
	2 or 3 GPs	58.2%
	4 or 5 GPs	58.2%
	6+ GPs	58.1%
PMS	single-hander	61.2%
	2 or 3 GPs	60.2%
	4 or 5 GPs	60.4%
	6+ GPs	61.1%
GPMS	single-hander	60.2%
	2 or 3 GPs	58.9%
	4 or 5 GPs	58.9%
	6+ GPs	59.5%

Salaried GPs

Earnings by rurality classification

127. Rural practices are defined as those with more than half of their registered list having rural postcodes. See Contractor GP section for further information.
128. Chart 13 below shows how gross earnings vary between those salaried GPs defined as working at a rural practice and those in an urban practice in 2007/08 and 2008/09.

Chart 13: GPMS average gross earnings for salaried GPs by rurality, UK, 2007/08 & 2008/09

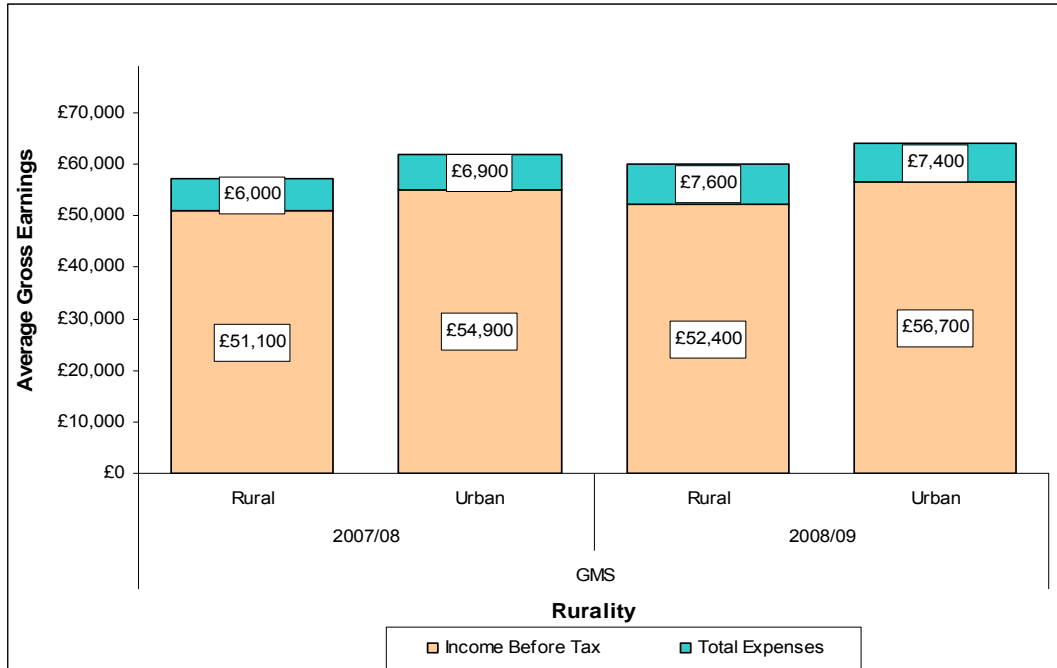


Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

129. Salaried GPs whose practice is categorised as urban have higher average gross earnings and income before tax than GPs whose practice is categorised as rural. Average income before tax is 4.9% higher among salaried GPs in urban practices. This is the reverse for contractor GPs, where average income before tax is higher among GPs in rural practices. A similar trend was reported in 2007/08 where average income before tax was 7.5% higher among salaried GPs in urban practices.

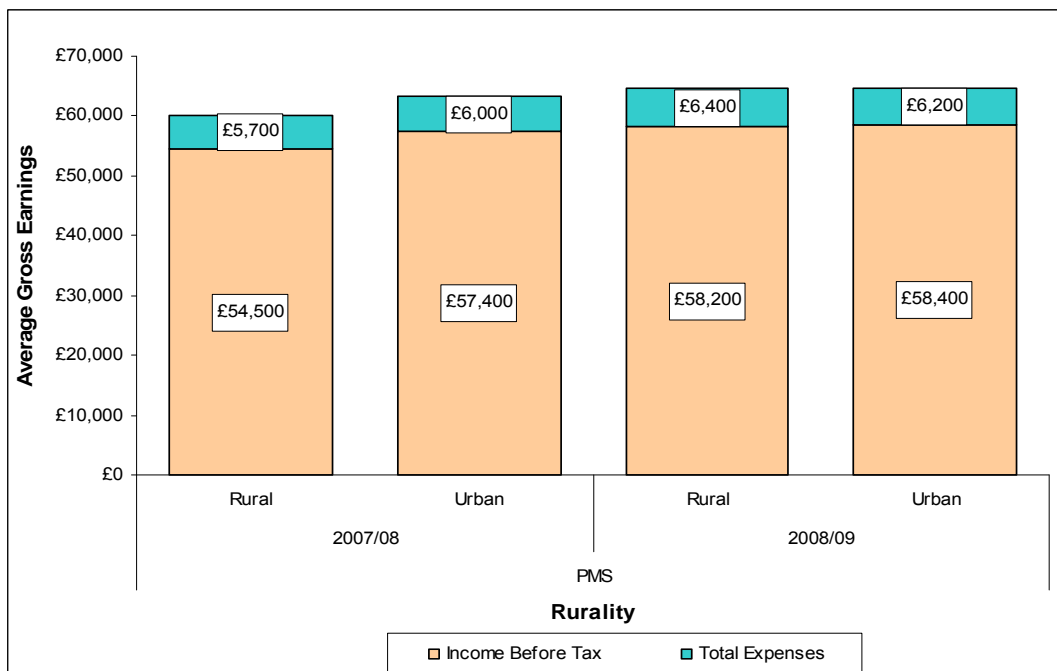
130. Charts 14a and 14b show how gross earnings vary with rurality and contractual type in 2007/08 and 2008/09.

Chart 14a: GMS average gross earnings for salaried GPs by rurality, UK, 2007/08 & 2008/09



Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

Chart 14b: PMS average gross earnings for salaried GPs by rurality, UK, 2007/08 & 2008/09



Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

131. In 2008/09 among GPs who work in rural practices, PMS GPs had an average income before tax 11.1% higher than GMS GPs. This compares with urban practices, where PMS GPs have an average income before tax 2.9% higher than GMS GPs.

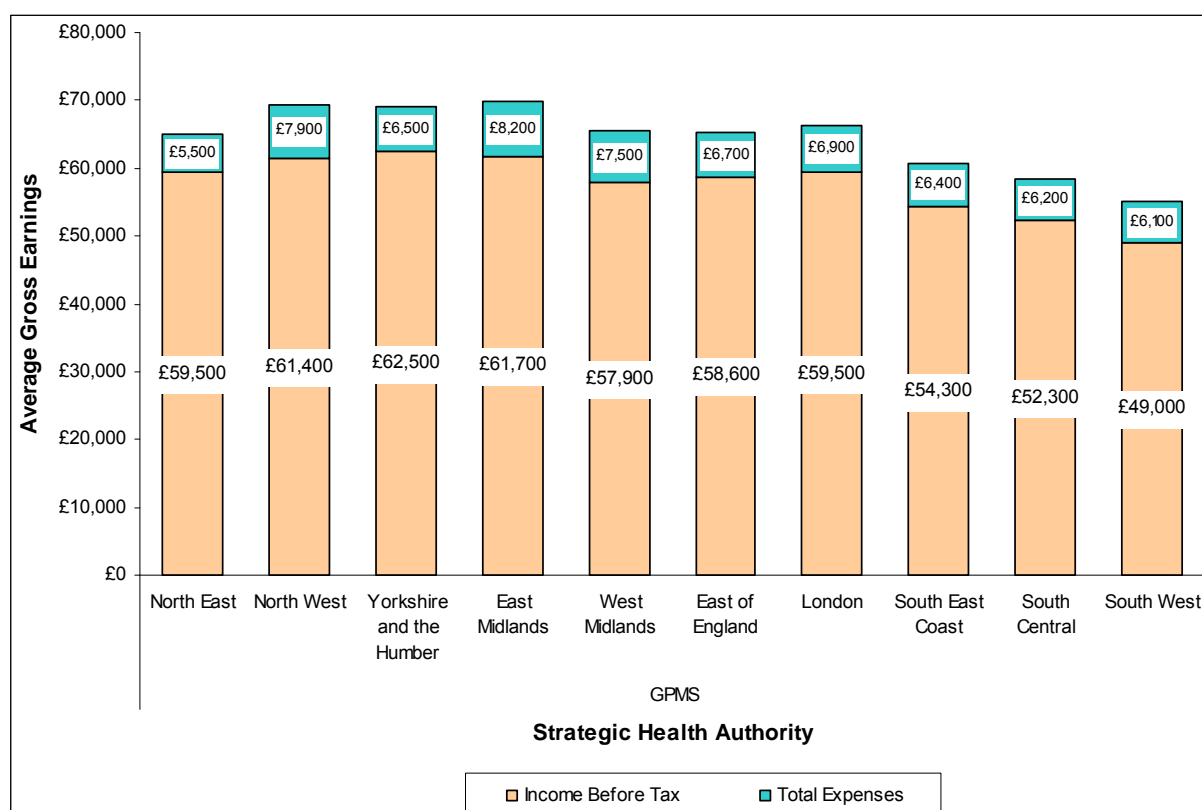
Earnings by Strategic Health Authority (SHA) in England

132. Chart 15 shows a summary of how gross earnings, expenses and income before tax vary across the ten SHAs for salaried GPMS GPs in England in 2008/09. Table 31 illustrates this for income before tax in 2007/08 and 2008/09.

Table 31: Average income before tax for salaried GPs by SHA for 2007/08 & 2008/09

	Income Before Tax 2007/08	Income Before Tax 2008/09	% Change
North East	£59,200	£59,500	+0.6%
North West	£56,400	£61,400	+8.7%
Yorkshire and the Humber	£60,300	£62,500	+3.5%
East Midlands	£59,900	£61,700	+3.1%
West Midlands	£57,000	£57,900	+1.5%
East of England	£54,100	£58,600	+8.3%
London	£59,500	£59,500	0.0%
South East Coast	£53,000	£54,300	+2.4%
South Central	£50,900	£52,300	+2.8%
South West	£50,300	£49,000	-2.5%

Chart 15: GPMS average gross earnings for salaried GPs by SHA, England, 2008/09



133. Charts 16a and 16b show how gross earnings vary with SHA and contractual type in 2008/09.

Chart 16a: GMS average gross earnings for salaried GPs by SHA, England, 2008/09

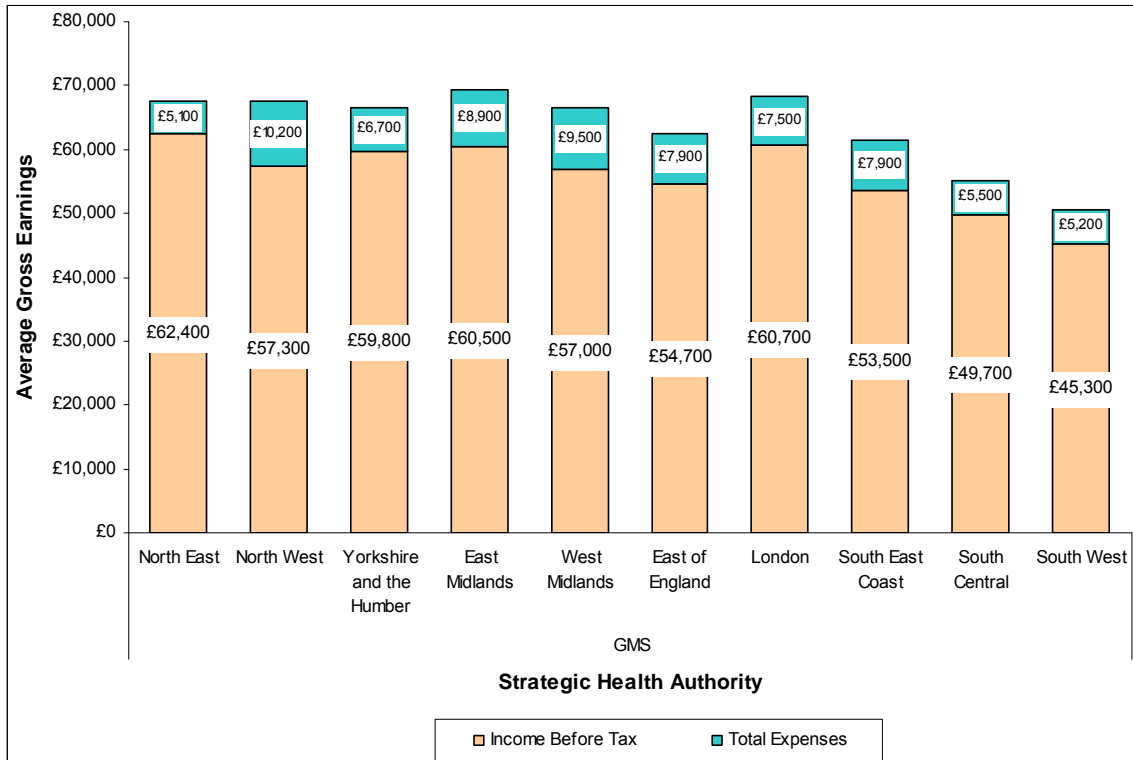
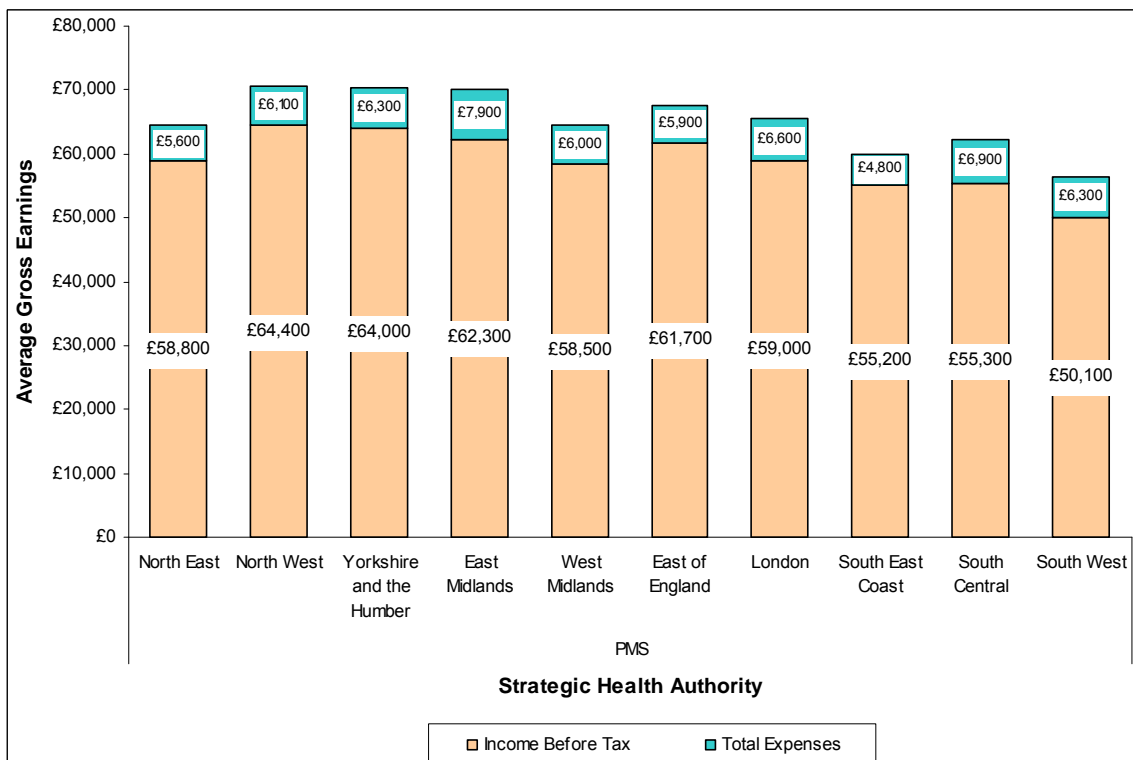


Chart 16b: PMS average gross earnings for salaried GPs by SHA, England, 2008/09



134. Among SHAs average income before tax varies between the regions although, in the main, these variations are not likely to be statistically significant.
135. Regional analyses are not available for Scotland, Wales and Northern Ireland as the sample sizes are too small in some areas. Country level figures can be found in Section B.

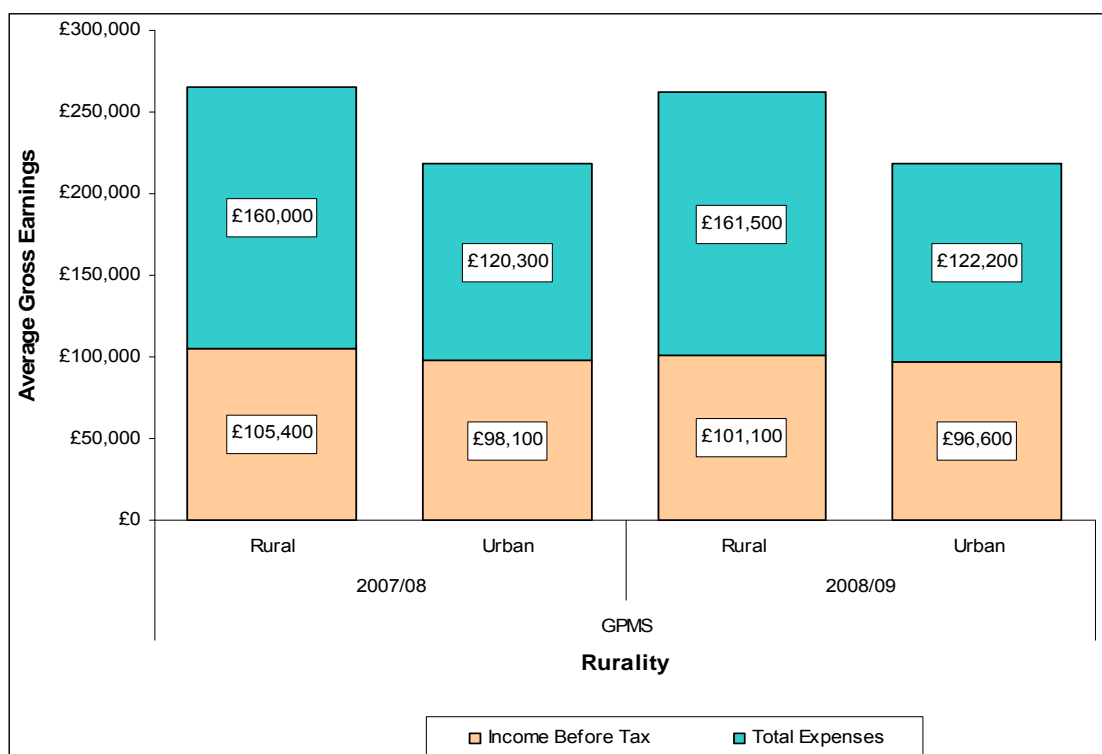
Combined GPs

136. The following analyses consider the earnings and expenses of combined GPs (Contractor GPs and Salaried GPs).

Earnings by rurality classification

137. Rural practices are defined as those with more than half of their registered list having rural postcodes. See Contractor section for further information.
138. Chart 17 below shows how the gross earnings of combined GPs vary between those defined as working at a rural practice and those in an urban practice in 2007/08 and 2008/09.

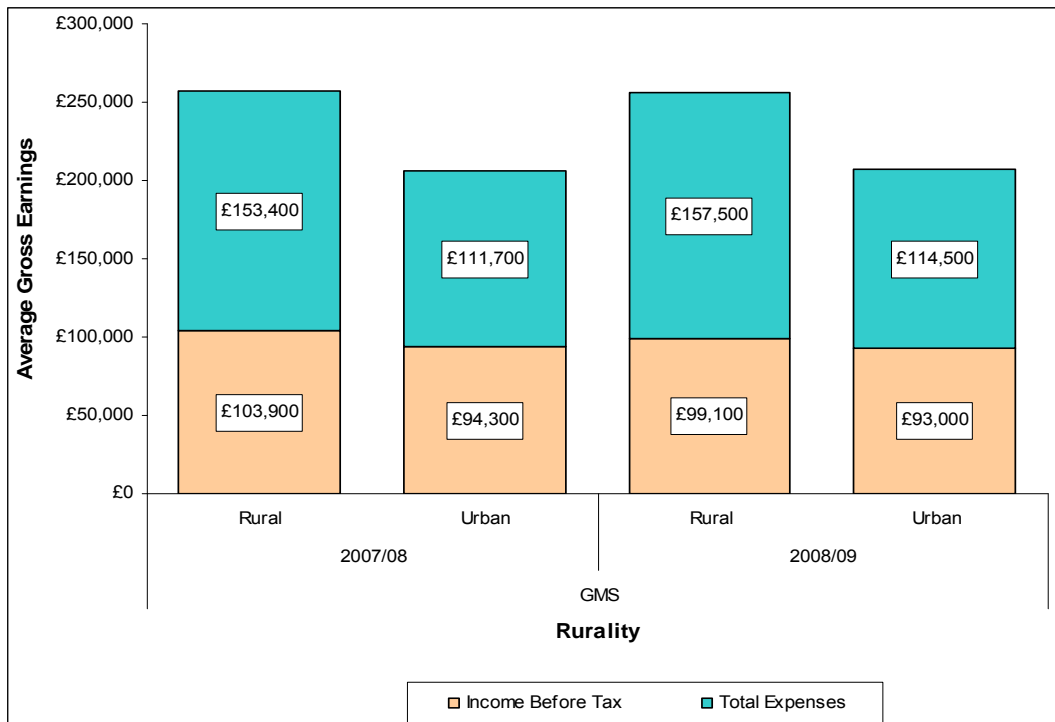
Chart 17: GPMS average gross earnings for combined GPs by rurality, UK, 2007/08 & 2008/09



Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

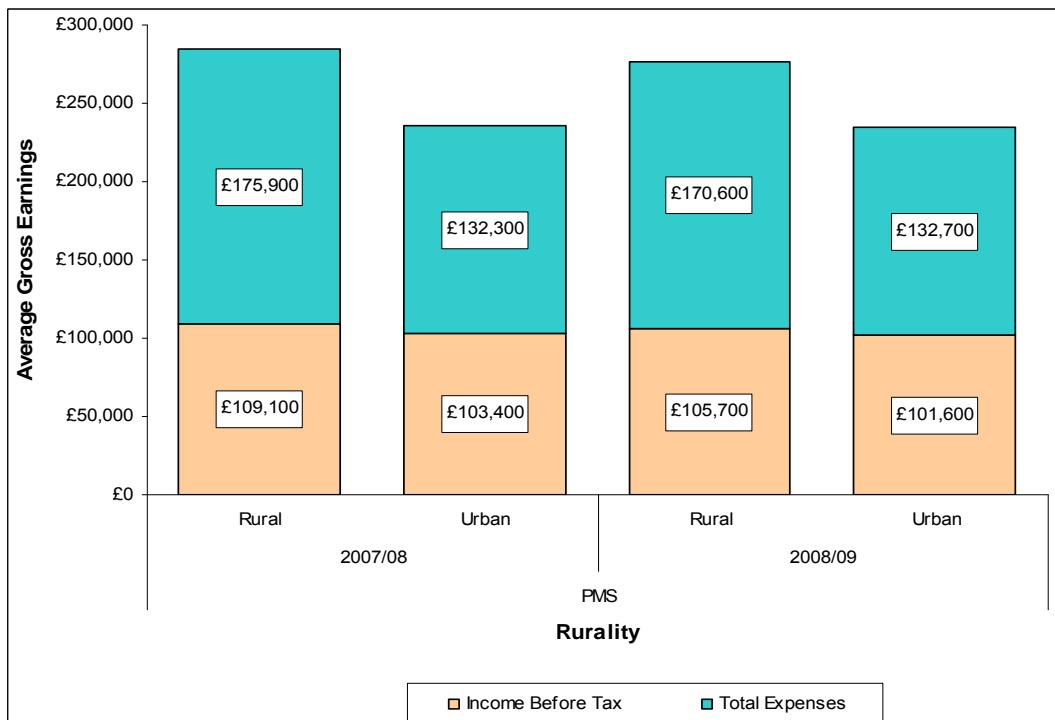
139. GPs whose practice is categorised as rural have higher average gross earnings, expenses and income before tax than GPs whose practice is categorised as urban. Average income before tax is 4.6% higher among GPs in rural practices. This is a similar trend to that of contractor GPs, who form the majority of GPs.
140. Chart 18a and 18b illustrate how the gross earnings of combined GPs vary by rurality and contractual type in 2007/08 and 2008/09.

Chart 18a: GMS average gross earnings for combined GPs by rurality, UK, 2007/08 & 2008/09



Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

Chart 18b: PMS average gross earnings for combined GPs by rurality, UK, 2007/08 & 2008/09



Note: Each patient in the GP practice is classified as either urban or rural based on their postcode. If more than 50% of patients are classified as rural, the practice is categorised as rural. If 50% or more of patients are classified as urban, the practice is categorised as urban.

141. Among GPs who work in rural practices, PMS GPs had an average income before tax 6.6% higher than GMS GPs. This compares with urban practices, where PMS GPs have an average income before tax 9.2% higher than GMS GPs.

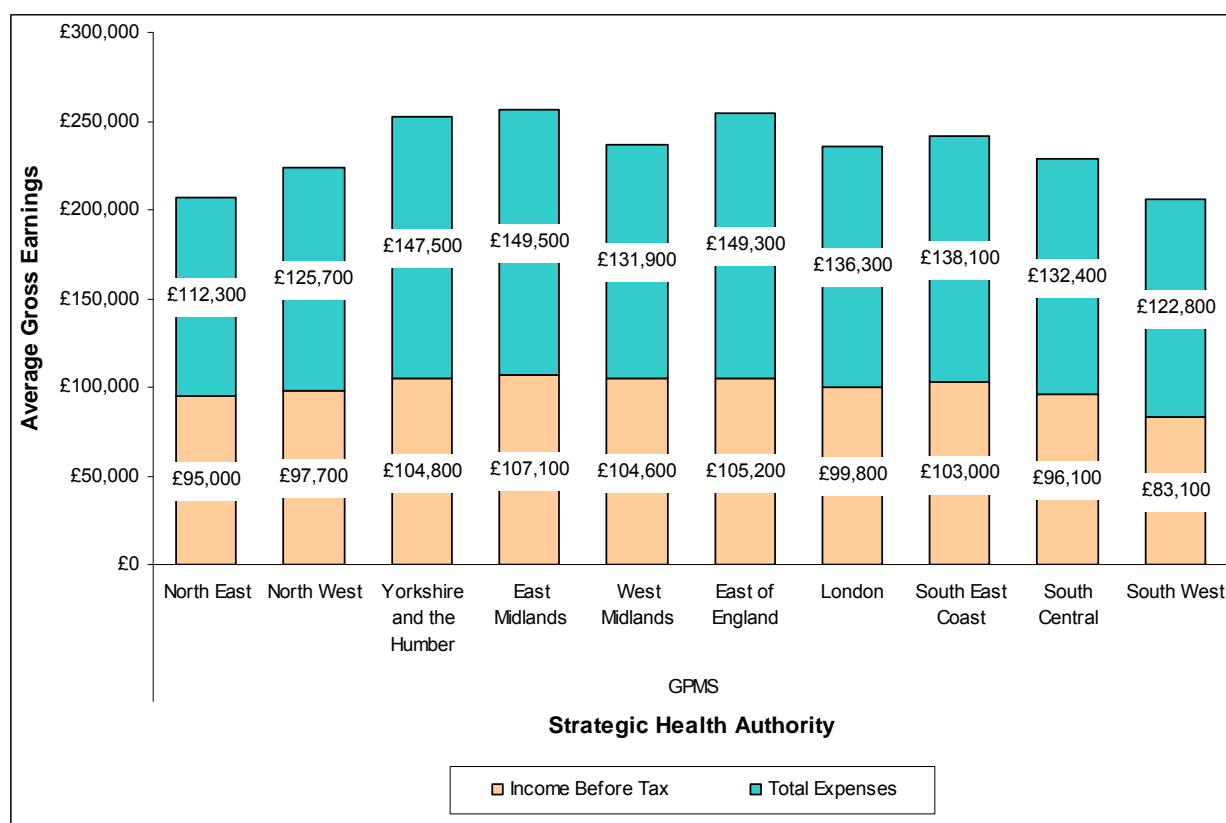
Earnings by Strategic Health Authority (SHA) in England

142. Chart 19 shows a summary of how gross earnings, expenses and income before tax vary across the ten SHAs for combined GPs in England in 2008/09. Table 32 illustrates this for income before tax in 2007/08 and 2008/09.

Table 32: Average income before tax for combined GPs by SHA for 2007/08 & 2008/09

	Income Before Tax 2007/08	Income Before Tax 2008/09	% Change
North East	£101,200	£95,000	-6.2%
North West	£99,500	£97,700	-1.8%
Yorkshire and the Humber	£103,300	£104,800	+1.4%
East Midlands	£109,800	£107,100	-2.5%
West Midlands	£106,300	£104,600	-1.7%
East of England	£109,500	£105,200	-3.9%
London	£102,400	£99,800	-2.5%
South East Coast	£104,500	£103,000	-1.5%
South Central	£98,300	£96,100	-2.2%
South West	£89,200	£83,100	-6.9%

Chart 19: GPMS average gross earnings for combined GPs by SHA, England, 2008/09



143. Charts 20a and 20b show how gross earnings for combined GPs vary by SHA and contractual type in 2008/09.

Chart 20a: GMS average gross earnings for combined GPs by SHA, England, 2008/09

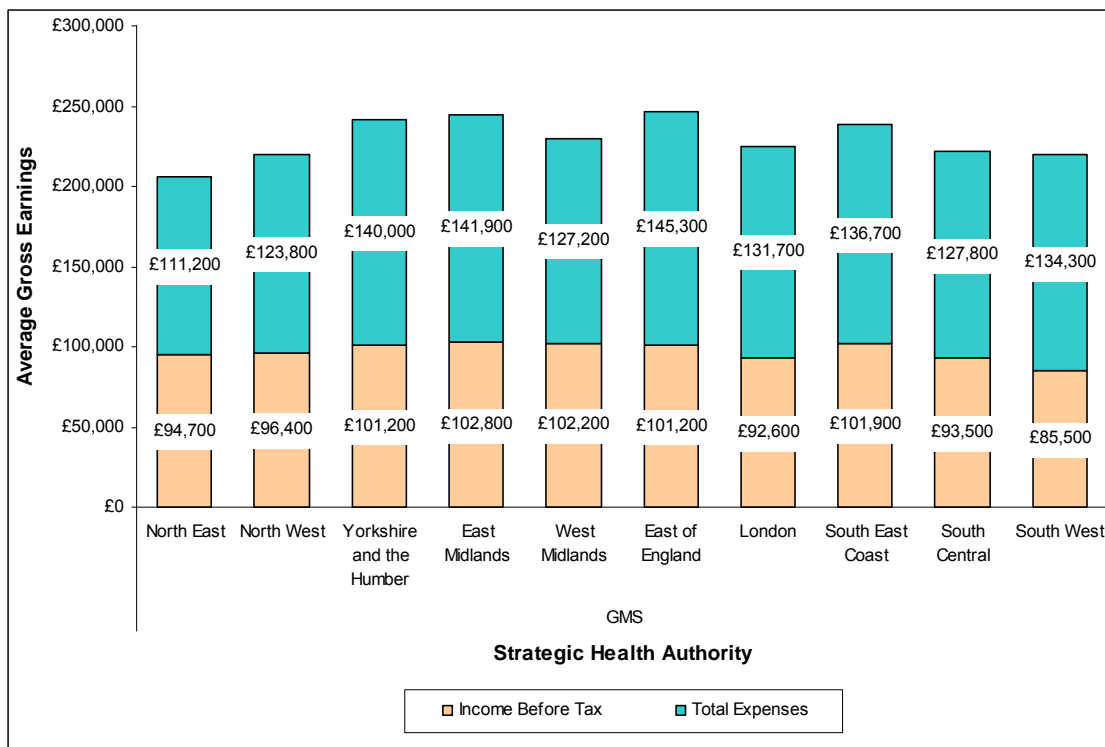
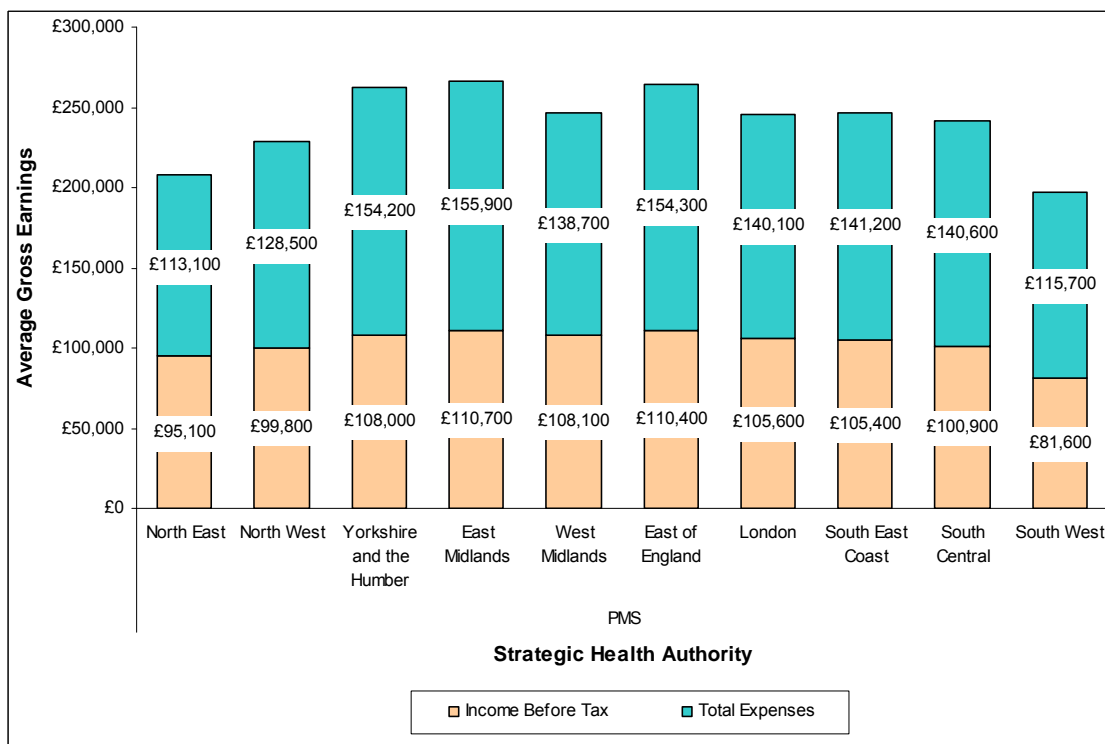


Chart 20b: PMS average gross earnings for combined GPs by SHA, England, 2008/09



144. Among SHAs average income before tax varies between the regions although, in the main, these variations are not likely to be statistically significant.

145. Regional analyses are not available for Scotland, Wales and Northern Ireland as the sample sizes are too small in some areas. Country level figures can be found in Section B.

Section E: Time Series for Contractor GPs

Summary

- This section presents information on contractor GP earnings between 1971/72 and 2008/09. Data are presented in both cash terms and in 2008/09 real terms using GDP deflators published by Her Majesty's Treasury as at 29th September 2010. As 2008/09 has been used as the base year, the cash and real terms amounts in 2008/09 are identical.
- 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 2008/09, GPMS GPs had an average income before tax of £105,300. In 2004/05 their average income before tax was £100,170 in cash terms, equivalent to £111,423 in real terms. This is equivalent to an annual percentage decrease of 1.4% per year throughout the period in real terms.
- In 2008/09, GMS GPs had an average income before tax of £99,200. In 2004/05, their average income before tax was £96,322 in cash terms, equivalent to £107,143 in real terms. This is equivalent to an annual percentage decrease of 1.9% per year throughout the period in real terms.
- In 2008/09, PMS GPs had an average income before tax of £116,300. In 2004/05, their average income before tax was £110,164 in cash terms, equivalent to £122,540 in real terms. This is equivalent to an annual percentage decrease of 1.3% 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 remained fairly stable since 2004/05 with a slight reduction from 2.6 percentage points to 2.5 percentage points in 2008/09.
- In 2005/06, average NHS superannuable income among GPMS GPs was £97,135. In 2006/07, this was £98,389 which is a 1.3% increase.

Background

146. This section draws together various historical 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:
- GP Earnings and Expenses Enquiry – GB/UK
 - Intended average net income (IANI)
 - Employment income
 - NHS superannuable income
147. In previous reports, there has been country level information and distribution of income before tax in this section. These sections have been removed due to the production of a time series database. This presents a range of information from 2002/03 onwards in one document, which can be found at <http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice>.
148. The headline figures published in the time-series tables (in part 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.
149. The source of the cash earnings is past TSC earnings and expenses reports, held by the TSC secretariat and earlier reports held by BMA.
150. The time series tables (in part a) are also presented in real terms. The real terms amounts convert the cash values as if prices were constant in each year of the series (i.e. 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.
151. The conversion has been carried out using Gross Domestic Product (GDP) deflators as at 29th September 2010 available from HM Treasury.
152. 2008/09 has been used as the base year when converting the cash amounts into real terms. The figures corresponding to 2008/09 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 £65,942 in 2008/09 prices, they would have the same purchasing power as an average paid GP in 1998/99 (£51,455 was the average income before tax in 1998/99).
153. 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 – GB/UK

154. This section presents the historical headline figures which correspond with the latest 2008/09 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. Figures are presented for the latest five years for GPMS and PMS, and from 1971/72 for GMS.

GPMS

Table 33a: GPMS earnings and expenses, 2004/05 to 2008/09, cash terms

	GPMS pop'n	Gross Earnings	Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
2004/05 UK	33,888	£230,097	£129,926	£100,170	56.5%
2005/06 UK	33,875	£245,020	£135,016	£110,004	55.1%
2006/07 UK	33,887	£247,362	£139,694	£107,667	56.5%
2007/08 UK	33,622	£252,000	£145,900	£106,100	57.9%
2008/09 UK	33,371	£258,600	£153,300	£105,300	59.3%

Note: Figures for 2007/08 and 2008/09 have been rounded to the nearest £100 to be consistent with the rest of the report.

Table 33b: GPMS earnings and expenses, 2004/05 to 2008/09, real terms (2008/09 = 100%)

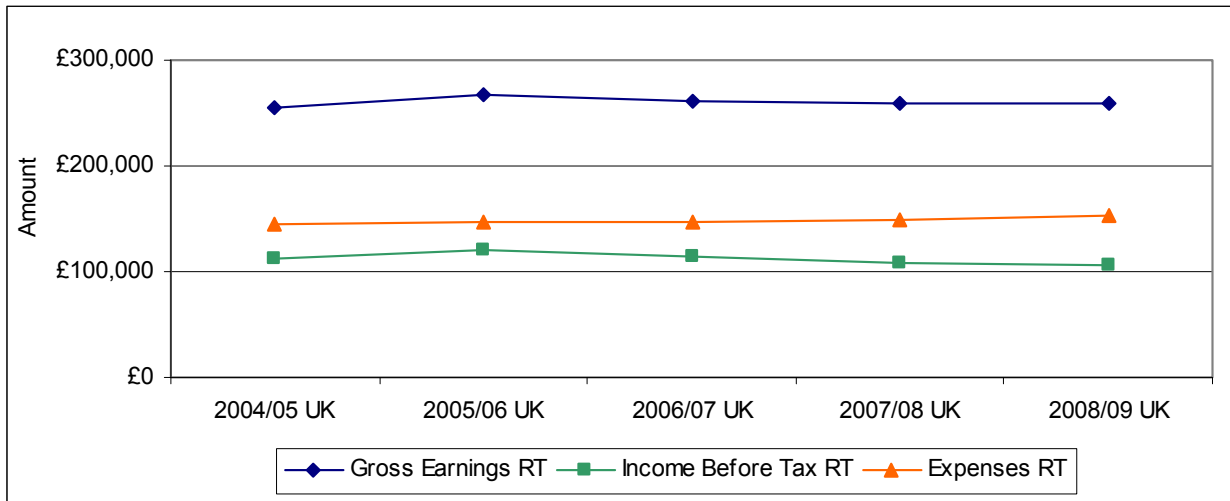
	GPMS pop'n	Gross Earnings	Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
2004/05 UK	33,888	£255,946	£144,522	£111,423	56.5%
2005/06 UK	33,875	£267,690	£147,508	£120,182	55.1%
2006/07 UK	33,887	£261,472	£147,663	£113,809	56.5%
2007/08 UK	33,622	£259,000	£150,000	£109,000	57.9%
2008/09 UK	33,371	£258,600	£153,300	£105,300	59.3%

Notes:

1. Figures for 2007/08 and 2008/09 have been rounded to the nearest £100 to be consistent with the rest of the report.
2. Real terms figures have been updated since the *GP Earnings and Expenses 2008/09 Provisional Report* using GDP deflators as at 29th September 2010.

155. It can be seen in Table 33b (and later Tables 34b and 35b) 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 (i.e. the EER) is not affected.
156. Chart 21 shows a time series of gross earnings, income before tax and expenses in real terms over the period 2004/05 to 2008/09 among GPMS GPs. In 2008/09, GPMS GPs had an average income before tax of £105,300. In 2004/05 their average income before tax was £100,170 in cash terms, equivalent to £111,423 in real terms. This is equivalent to an annual percentage decrease of 1.4% per year throughout the period in real terms.

Chart 21: GPMS gross earnings, income before tax and expenses, 2004/05 to 2008/09, real terms (2008/09 = 100%)



GMS

Table 34a: GMS earnings and expenses, 1971/72 to 2008/09, GB/UK, cash terms

	GMS pop'n	Gross Earnings	Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
1971/72 GB	22,895	£8,847	£3,124	£5,723	35.3%
1972/73 GB	23,252	£9,386	£3,550	£5,836	37.8%
1973/74 GB	23,400	£10,030	£3,983	£6,047	39.7%
1974/75 GB	23,587	£11,095	£4,617	£6,478	41.6%
1975/76 GB	23,760	£14,828	£5,970	£8,858	40.3%
1976/77 GB	23,934	£16,402	£6,939	£9,463	42.3%
1977/78 GB ¹	24,079	£18,033	£8,374	£9,659	46.4%
1978/79 GB	24,338	£20,630	£9,891	£10,739	47.9%
1979/80 GB	24,689	£25,246	£12,125	£13,121	48.0%
1980/81 GB	25,270	£31,787	£14,849	£16,938	46.7%
1981/82 GB	25,862	£35,895	£17,286	£18,609	48.2%
1982/83 GB	26,431	£39,521	£19,200	£20,321	48.6%
1983/84 GB	26,977	£42,574	£20,795	£21,779	48.8%
1984/85 GB	27,439	£46,663	£22,847	£23,816	49.0%
1985/86 GB	27,970	£50,627	£25,373	£25,254	50.1%
1986/87 GB	-	£51,993	£26,340	£25,653	50.7%
1987/88 GB	29,074	£55,652	£28,360	£27,292	51.0%
1988/89 GB	29,582	£62,529	£32,269	£30,260	51.6%
1989/90 GB	29,873	£68,429	£36,659	£31,770	53.6%
1990/91 GB	-	£83,305	£46,423	£36,882	55.7%
1991/92 GB	-	£93,657	£53,277	£40,380	56.9%
1992/93 GB	30,467	£99,159	£57,870	£41,289	58.4%
1993/94 GB	30,958	£104,638	£62,390	£42,248	59.6%
1994/95	31,294	£109,214	£65,622	£43,592	60.1%
1995/96 - 1996/97 combined GB ^{2,3}	31,778	£125,123	£77,448	£47,675	61.9%
1997/98 GB ^{2,3}	32,053	£132,803	£81,180	£51,623	61.1%
1998/99 GB ⁴	31,785	£135,584	£84,129	£51,455	62.0%
1999/00 GB	31,356	£144,946	£87,326	£57,620	60.2%
2000/01 GB	30,718	£158,605	£94,565	£64,040	59.6%
2001/02 GB	29,015	£166,965	£100,851	£66,114	60.4%
2002/03 GB	25,305	£176,483	£106,712	£69,771	60.5%
2003/04 GB	22,007	£190,942	£113,345	£77,597	59.4%
2003/04 UK	23,028	£188,694	£111,542	£77,152	59.1%
2004/05 UK ^{5,6,7}	24,385	£217,097	£120,775	£96,322	55.6%
2005/06 UK	24,916	£232,035	£125,723	£106,312	54.2%
2006/07 UK	23,956	£233,000	£129,470	£103,530	55.6%
2007/08 UK ^{8,9}	21,340	£231,500	£131,200	£100,300	56.7%
2008/09 UK ⁹	21,369	£237,300	£138,200	£99,200	58.2%

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 1995/96 and 1996/97.
3. The Inland Revenue changed the treatment of capital allowances in calculating tax liability for 1996/97 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 was a downward trend in the numbers of GMS GPs, and corresponding upward trend in PMS GPs between 1998 and 2004.
7. Data between 2004/05 and 2008/09 exclude an estimate of employer's superannuation contributions for the tax year, to make the figures comparable with previous years.

8. GMS populations should not be compared between 2006/07 and 2007/08 due to a data quality issue regarding the GMS/PMS markers in 2006/07. Comparisons of income and expenses should be made with a degree of caution.
9. Figures for 2007/08 and 2008/09 have been rounded to the nearest £100 to be consistent with the rest of the report.

Table 34b: GMS earnings and expenses, 1971/72 to 2008/09, real terms (2008/09 = 100%)

	GMS pop'n	Gross Earnings	Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
1971/72 GB	22,895	£91,534	£32,321	£59,212	35.3%
1972/73 GB	23,252	£89,485	£33,848	£55,637	37.8%
1973/74 GB	23,400	£89,186	£35,415	£53,770	39.7%
1974/75 GB	23,587	£82,462	£34,313	£48,148	41.6%
1975/76 GB	23,760	£87,882	£35,382	£52,501	40.3%
1976/77 GB	23,934	£85,591	£36,211	£49,380	42.3%
1977/78 GB ¹	24,079	£82,769	£38,436	£44,334	46.4%
1978/79 GB	24,338	£85,314	£40,903	£44,410	47.9%
1979/80 GB	24,689	£89,305	£42,891	£46,414	48.0%
1980/81 GB	25,270	£95,100	£44,425	£50,675	46.7%
1981/82 GB	25,862	£98,085	£47,235	£50,850	48.2%
1982/83 GB	26,431	£101,080	£49,106	£51,973	48.6%
1983/84 GB	26,977	£104,105	£50,849	£53,256	48.8%
1984/85 GB	27,439	£108,337	£53,044	£55,294	49.0%
1985/86 GB	27,970	£111,291	£55,776	£55,515	50.1%
1986/87 GB	-	£110,742	£56,103	£54,640	50.7%
1987/88 GB	29,074	£112,117	£57,134	£54,983	51.0%
1988/89 GB	29,582	£117,964	£60,877	£57,087	51.6%
1989/90 GB	29,873	£120,513	£64,561	£55,951	53.6%
1990/91 GB	-	£135,990	£75,783	£60,208	55.7%
1991/92 GB	-	£144,342	£82,109	£62,233	56.9%
1992/93 GB	30,467	£148,248	£86,519	£61,729	58.4%
1993/94 GB	30,958	£152,271	£90,791	£61,480	59.6%
1994/95 GB	31,294	£156,488	£94,027	£62,461	60.1%
1995/96 - 1996/97 combined GB ^{2,3}	31,778	£171,148	£105,936	£65,212	61.9%
1997/98 GB ^{2,3}	32,053	£173,784	£106,231	£67,553	61.1%
1998/99 GB ⁴	31,785	£173,757	£107,815	£65,942	62.0%
1999/00 GB	31,356	£182,171	£109,753	£72,418	60.2%
2000/01 GB	30,718	£196,755	£117,311	£79,444	59.6%
2001/02 GB	29,015	£202,594	£122,372	£80,222	60.4%
2002/03 GB	25,305	£207,460	£125,443	£82,018	60.5%
2003/04 GB	22,007	£218,298	£129,584	£88,714	59.4%
2003/04 UK	23,028	£215,728	£127,522	£88,205	59.1%
2004/05 UK ^{5,6,7}	24,385	£241,486	£134,343	£107,143	55.6%
2005/06 UK	24,916	£253,504	£137,355	£116,148	54.2%
2006/07 UK	23,956	£246,291	£136,855	£109,436	55.6%
2007/08 UK ^{8,9}	21,340	£237,900	£134,800	£103,100	56.7%
2008/09 UK ⁹	21,369	£237,300	£138,200	£99,200	58.2%

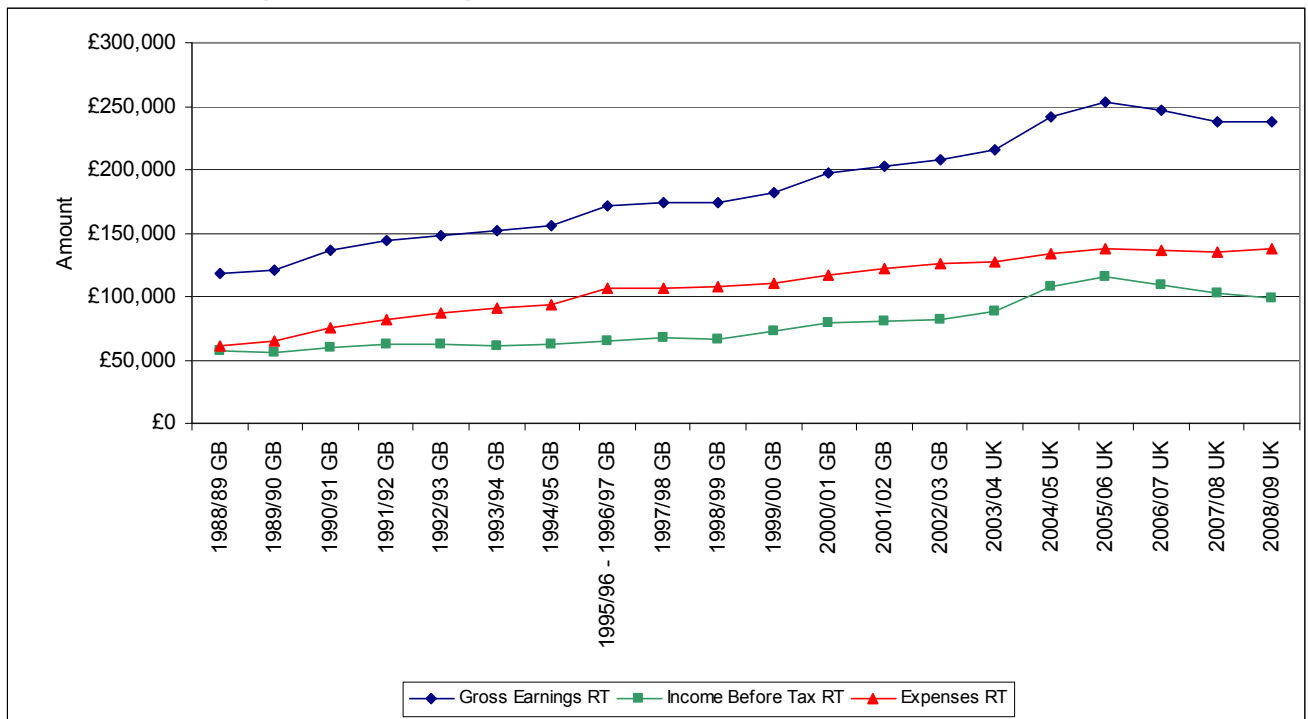
Notes:

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 1995/96 and 1996/97.
3. The Inland Revenue changed the treatment of capital allowances in calculating tax liability for 1996/97 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 was a downward trend in the numbers of GMS GPs, and corresponding upward trend in PMS GPs between 1998 and 2004.
7. Data between 2004/05 and 2007/08 exclude an estimate of employer's superannuation contributions for the tax year, to make the figures comparable with previous years.
8. GMS populations should not be compared between 2006/07 and 2007/08 due to a data quality issue regarding the GMS/PMS markers in 2006/07. Comparison of income and expenses should be made with a degree of caution.
9. Figures for 2007/08 and 2008/09 have been rounded to the nearest £100 to be consistent with the rest of the report.

10. Real terms figures have been updated since the *GP Earnings and Expenses 2008/09 Provisional Report* using GDP deflators as at 29th September 2010.

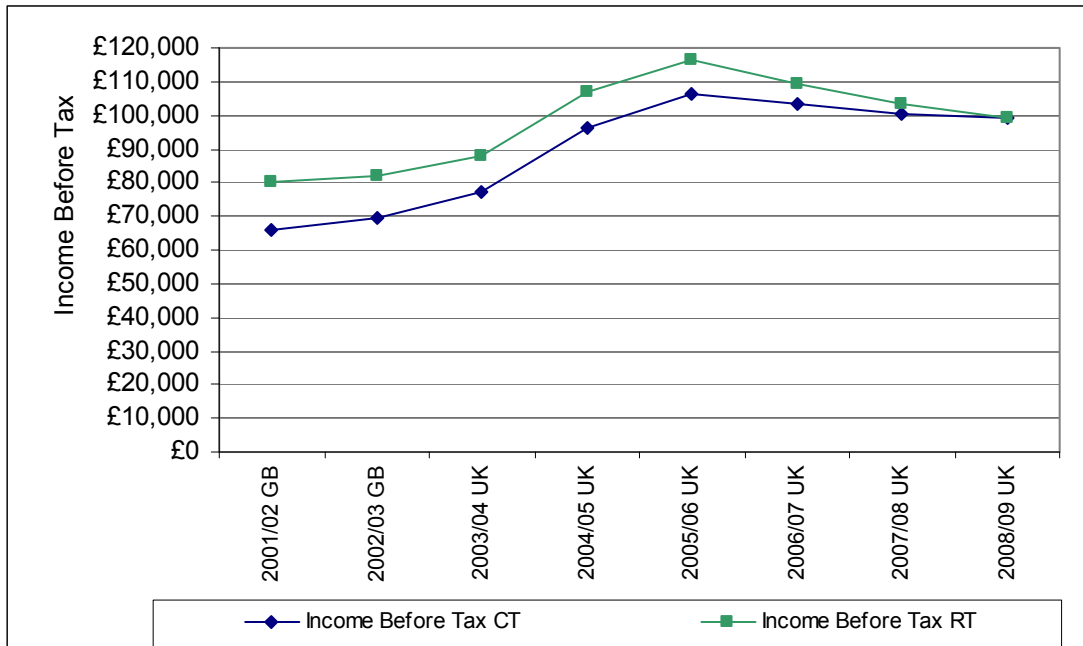
157. Chart 22 shows a time series of gross earnings, income before tax and expenses in real terms over the period 1988/89 to 2008/09 among GMS GPs. In 2008/09, GMS GPs had an average income before tax of £99,200. In 2004/05, their average income before tax was £96,322 in cash terms, equivalent to £107,143 in real terms. This is equivalent to an annual percentage decrease of 1.9% per year throughout the period in real terms.
158. In 1988/89, their average income before tax was £30,260 in cash terms, equivalent to £57,087 in real terms. This is equivalent to an annual percentage increase of 2.8% per year throughout the period in real terms.

Chart 22: GMS gross earnings, income before tax and expenses, 1988/89 to 2008/09, GB/UK, real terms (2008/09=100%)



159. Chart 23 illustrates the trend for average GMS income before tax over the period 2001/02 to 2008/09 in both cash and real terms. The absolute difference between the respective amounts each year decreases the more recent the year, until 2008/09 when there is no difference.

Chart 23: GMS income before tax, 2001/02 to 2008/09, GB/UK, cash terms and real terms (2008/09 = 100%)



PMS

Table 35a: PMS earnings and expenses, 2004/05 to 2008/09, England and Scotland, cash terms

	PMS pop'n	Gross Earnings	Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
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%
2007/08	12,282	£287,600	£171,500	£116,100	59.6%
2008/09	12,002	£296,500	£180,200	£116,300	60.8%

Notes:

1. PMS populations should not be compared between 2006/07 and 2007/08 due to a data quality issue regarding the GMS/PMS markers in 2006/07. Comparisons of income and expenses should be made with a degree of caution.
2. Figures for 2007/08 and 2008/09 have been rounded to the nearest £100 to be consistent with the rest of the report.

Table 35b: PMS earnings and expenses, 2004/05 to 2008/09, England and Scotland, real terms (2008/00 = 100%)

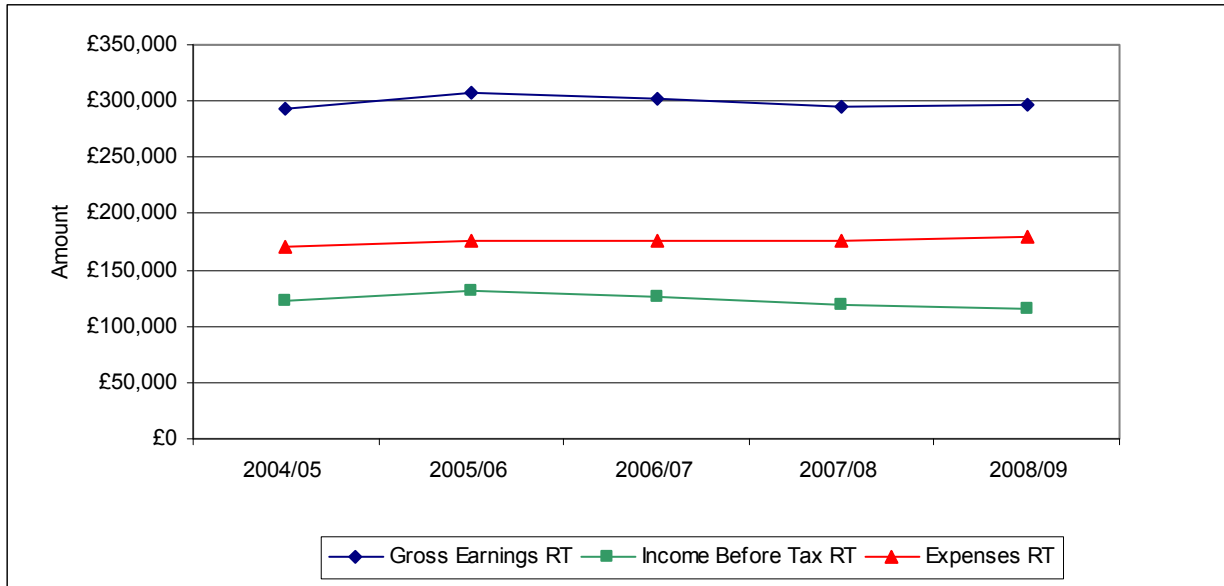
	PMS pop'n	Gross Earnings	Expenses	Income Before Tax	Expenses to Earnings Ratio (EER)
2004/05	9,503	£293,180	£170,640	£122,540	58.2%
2005/06	8,959	£307,146	£175,746	£131,400	57.2%
2006/07	9,931	£301,478	£176,219	£125,259	58.5%
2007/08	12,282	£295,500	£176,200	£119,300	59.6%
2008/09	12,002	£296,500	£180,200	£116,300	60.8%

Notes:

1. PMS populations should not be compared between 2006/07 and 2007/08 due to a data quality issue regarding the GMS/PMS markers in 2006/07. Comparisons of income and expenses should be made with a degree of caution.
2. Figures for 2007/08 and 2008/09 have been rounded to the nearest £100 to be consistent with the rest of the report.
3. Real terms figures have been updated since the *GP Earnings and Expenses 2008/09 Provisional Report* using GDP deflators as at 29th September 2010.

160. Chart 24 shows a time series of gross earnings, income before tax and expenses in real terms over the period 2004/05 to 2008/09 among PMS GPs. In 2008/09, PMS GPs had an average income before tax of £116,300. In 2004/05, their average income before tax was £110,164 in cash terms, equivalent to £122,540 in real terms. This is equivalent to an annual percentage decrease of 1.3% per year throughout the period in real terms.

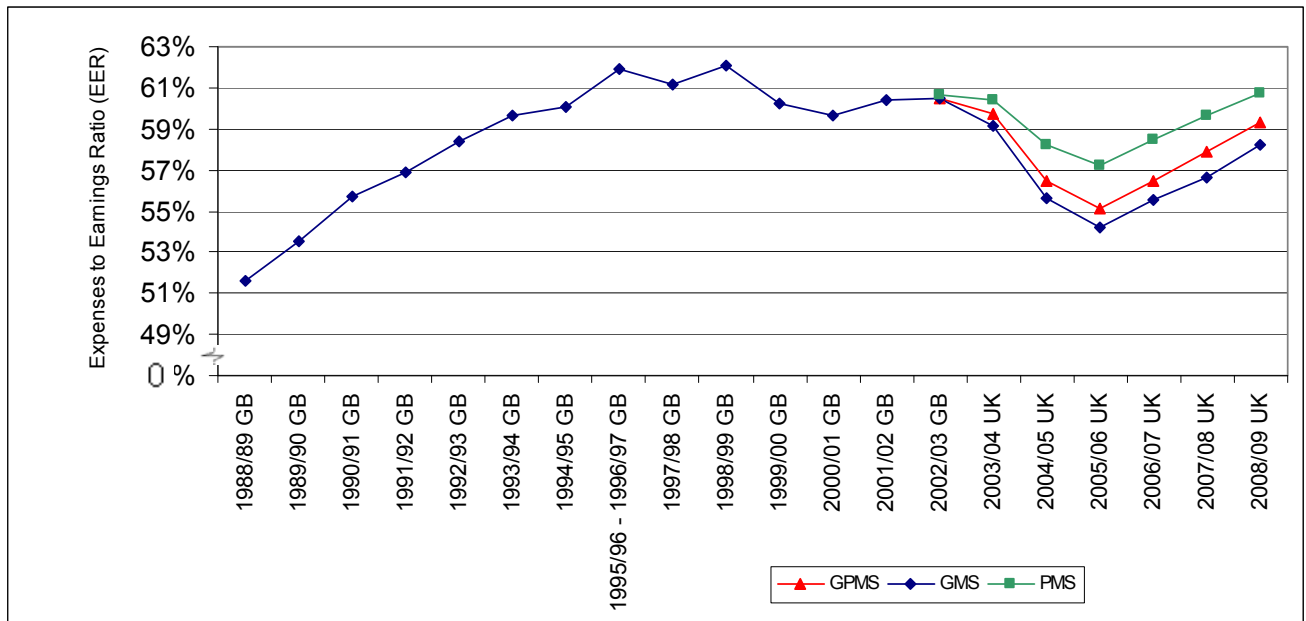
Chart 24: PMS gross earnings, income before tax and expenses, 2004/05 to 2008/09, England and Scotland, real terms (2008/09 = 100%)



GPMS, GMS and PMS

161. Chart 25 shows that the GMS Expenses to Earnings Ratio (EER) increased by 6.6 percentage points over the period 1988/89 to 2008/09. 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 between the ratio of GMS and PMS GPs. The difference between the respective EERs has remained fairly stable since 2004/05 with a slight reduction from 2.6 percentage points to 2.5 percentage points in 2008/09.

Chart 25: GPMS, GMS and PMS Expenses to Earnings ratio (EER), 1988/89 to 2008/09, GB/UK



b) Intended average net income (IANI)

162. Prior to the nGMS contract in 2004, the concept of Intended Average Net Income (IANI) was used as an estimate of NHS income before tax. Although the concept of IANI no longer exists under the nGMS contract, Table 36 has been provided for information.

Table 36: 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
1999/00	£52,606	£53,553
2000/01	£54,219	£56,406
2001/02	£56,510	£57,719
2002/03	£61,618	

Notes:

1. Source: Review body on Doctors' and Dentists' Remuneration, 31st Report, 2002 (1991/02 onwards). Previous years are from earlier reports.
2. Actual net remuneration in 2000/01 and 2001/02 are based on forecasts.
3. All these figures exclude other NHS earnings from non-GMS work.

c) Employment income

163. 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.
164. Some GPs also have employment income. The data in Table 37 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 37: Average employment income before tax, all contractor GPs, 2003/04 to 2008/09, UK

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
GMS	£2,839	£3,410	£3,818	£3,781	£3,900	£4,000
PMS	£4,452	£5,029	£5,231	£4,406	£4,300	£4,300
GPMS	£3,337	£3,864	£4,192	£3,950	£4,000	£4,100

165. The data in Table 38 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 38: Average employment income before tax, contractor GPs with employment income, 2003/04 to 2008/09, UK

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
GMS	£9,216	£10,245	£12,247	£12,859	£13,800	£14,800
PMS	£13,286	£14,603	£15,841	£15,966	£16,600	£17,100
GPMS	£10,500	£11,497	£13,238	£13,671	£14,800	£15,600

d) NHS superannuable income

166. The results presented thus far relate to earnings, expenses and income reported on tax returns, and so include private as well as NHS work. Table 39 presents superannuable income obtained from NHS Pensions and so this relates to NHS work only.
167. It is difficult to compare these figures with those from the Earnings and Expenses Enquiry for the following reasons:
- NHS Pensions 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 pensions contributions from their income before tax, and therefore are excluded from the PA data.
 - Prior to 2008/09, NHS superannuable income data did not always reflect a GPs total income before tax from NHS sources. This is because there was a maximum contribution that a GP could 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 changed each year as indicated in Table 31. For 2007/08 a GP who had their superannuable pay capped could only make pensions contributions on the first £112,800 of their income before tax. However, in 2008/09, there is no pensions cap (although a 'virtual cap' will apply to those GPs previously eligible for the cap and who have purchased added years before 1st April 2008, or have elected (prior to 1st April 2008) to purchase added years).
168. The 2004/05 and 2005/06 figures have been used for dynamisation factor work on GP pensions. The dynamising factor is applied to each year's earnings to take them up to a current value for pension purposes. For further information, please follow this link:
<http://www.ic.nhs.uk/statistics-and-data-collections/supporting-information/primary-care/general-practice/technical-steering-committee-tsc>

Table 39: NHS superannuable income among contractor GPMS GPs, 2002/03 to 2006/07, and pensions cap amount, 2002/03 to 2008/09, UK

Year	NHS Superannuable Income (£) (Including those GPs with incomes at the value of the cap)	NHS Superannuable Income (£) (Excluding those GPs with incomes at the value of the cap)	Pensions cap amount (£)
2002/03 GB	£64,443	£64,263	£97,200
2003/04 GB	£72,752	£72,562	£99,000
2004/05 GB		£87,377	£102,000
2004/05 UK		£87,056	£102,000
2005/06 UK		£97,135	£105,600
2006/07 UK		£98,389	£108,600
2007/08 UK		-	£112,800
2008/09 UK		-	-

Note: Any GPs who joined the NHS pension scheme after June 1989 or had a break in service of over one year was 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. However, in 2008/09, there is no pensions cap.

169. In 2005/06 average NHS superannuable income among GPMS GPs was £97,135. In 2006/07, this was £98,389 which is an 1.3% increase. Average NHS superannuable income increased by 20.4% between the years immediately before and after the introduction of the nGMS contract (GB 2003/04 to 2004/05).

Annex A: Recent Methodological Changes

Introduction

170. This annex describes elements of the methodology that have changed in recent years, and in particular provides more detail on changes that have been implemented since the publication of the GP Earnings and Expenses Final Report 2007/08.

Dispensing GPs

171. For the purpose of this enquiry (from 2005/06 onwards), 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. 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.

Stratification and Weighting

Contractor GPs

172. As this enquiry is based on a sample, stratification is used to enable weighting corrections within strata to account for GPs who are not part of the sample, (e.g. because contractor GPs do not have a self-employed source of income with accounting period ending in the final quarter or information is not available). This ensures that the effect of bias is minimised in the final findings of the enquiry.
173. Stratification methodology has changed over the years. In 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, assistants, registrars, or salaried doctors. This variable is no longer recorded on the GP census. Between 2004/05 and 2007/08, the non-dispensing population was stratified by the size of the practice list only, and the dispensing GP population was stratified by dispensing list size. Table 40 shows the change in stratification variables up to 2007/08.

Table 40: Stratification of contractor GPs, 2003/04 and 2004/05 – 2007/08

Stratification for 2003/04 EEQ	Stratification for 2004/05 – 2007/08 EEQs
Dispensers¹	
With dispensing list size 0-799	With list size ² 0-1600 (dispensing proportion ³ < 50%)
With dispensing list size 800-1399	With list size >1600 (dispensing proportion < 50%)
With dispensing list size 1400 & over	With list size 0-1000 (dispensing proportion ≥ 50%)
	With list size >1000 (dispensing proportion ≥ 50%)
Non-dispensers	
Without help ⁴ 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 less assistants) 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.

174. Up until the 2005/06 EEQ, the GPMS earnings were derived by applying separate weights for GMS and PMS, i.e. GMS population/GMS sample and PMS population/PMS sample. For the 2006/07 EEQ (Initial and Final report), there was a change in the weighting methodology for GPMS analysis which was derived from the overall GPMS population (i.e. GPMS population/GPMS sample). However, even though a different methodology had been applied, this had a minimal impact (within the margin of error) on the average earnings figures for 2006/07. For the 2007/08 results, the former weighting methodology was applied.
175. In 2008/09, the stratification variables were again reviewed. The Technical Steering Committee (TSC) had detailed discussions on patient list size and it became apparent that the existing variable was not optimal due to the uniform way it has been assigned to individual GPs in a practice. Therefore it was decided that the current stratification method could be improved, and a new set of strata was introduced based on GMS/PMS, country and dispensing/non-dispensing status. This is shown in Table 41. The new set of strata were tested on several analyses using both 2006/07 and 2007/08 data. Results showed that differences between the published results (under the previous stratification methodology) and the new set of results were within tolerance levels acceptable to TSC.

Table 41: Stratification of contractor GPs, 2008/09

Stratification for 2008/09 EEQ Onwards ¹	
Dispensers	Non-dispensers
GMS, England	GMS, England
PMS, England	PMS, England
GMS, Scotland	GMS, Scotland
PMS, Scotland	PMS, Scotland
GMS, Wales	GMS, Wales
GMS, Northern Ireland	GMS, Northern Ireland

¹Including some test analysis shown in this annex for 2007/08.

176. In 2008/09, the weighting methodology was also reviewed, and a new way of weighting was introduced. From 2008/09, only one set of weighting factors are derived, based on strata, and the same set of weights are applied throughout, for all analyses. This reduces complexity, and is the same approach used for salaried GPs and the Dental Earnings and Expenses Enquiry produced by the NHS IC (see Other Publications).
177. As with the new stratification methodology, the new weighting methodology was tested on several analyses using both 2006/07 and 2007/08 data. Results showed that differences between the published results (under the previous weighting methodology) and the new set of results were within tolerance levels acceptable to TSC.
178. Finally, both the new stratification methodology and new weighting methodology were tested together on 2006/07 and 2007/08 data. At a high level (e.g. UK level), the differences in published results and new results were within the order of a few hundred pounds and within standard errors. Where populations/sub-populations were small, and standard errors large, the differences were more pronounced. TSC agreed to proceed with the new weighting and stratification methodologies.
179. The following tables show the test results for 2007/08 data, compared to results for the same year calculated (and published) under the old methodology, and compared to 2008/09 results. Where the trend compared to 2007/08 has changed direction due to the change in methodology this has been noted underneath the tables. The tables are shown:
- by UK and country
 - by contract type
 - by dispensing status in some cases
 - as rounded figures.

Table 42a: 2007/08 and 2008/09 results – UK

			Average Gross Earnings	Average Expenses	Average Income before tax
GPMS	UK	2007/08 published	£252,000	£145,900	£106,100
		2007/08 – under new methodology	£252,200	£146,000	£106,200
		2008/09 – under new methodology	£258,600	£153,300	£105,300
GMS	UK	2007/08 published	£231,500	£131,200	£100,300
		2007/08 – under new methodology	£231,900	£131,500	£100,400
		2008/09 – under new methodology	£237,300	£138,200	£99,200
PMS	UK	2007/08 published	£287,600	£171,500	£116,100
		2007/08 – under new methodology	£287,600	£171,300	£116,300
		2008/09 – under new methodology	£296,500	£180,200	£116,300

180. The income before tax results for UK PMS GPs show a £200 increase in 2008/09 according to previously published results, but a slight decrease when compared to 2007/08 under the new methodology.

Table 42b: 2007/08 and 2008/09 results – by dispensing/non dispensing - UK

				Average Gross Earnings	Average Expenses	Average Income before tax
GPMS	UK	Dispensing	2007/08 published	£338,500	£213,300	£125,200
			2007/08 – under new methodology	£336,400	£211,700	£124,700
			2008/09 – under new methodology	£346,800	£225,400	£121,500
GPMS	UK	Non-dispensing	2007/08 published	£236,500	£133,800	£102,600
			2007/08 – under new methodology	£237,100	£134,200	£102,900
			2008/09 – under new methodology	£243,400	£140,900	£102,500
GMS	UK	Dispensing	2007/08 published	£323,800	£202,000	£121,800
			2007/08 – under new methodology	£323,200	£201,700	£121,500
			2008/09 – under new methodology	£329,900	£213,400	£116,500
GMS	UK	Non-dispensing	2007/08 published	£213,700	£117,500	£96,200
			2007/08 – under new methodology	£214,300	£117,900	£96,400
			2008/09 – under new methodology	£220,100	£124,200	£95,900
PMS	UK	Dispensing	2007/08 published	£368,900	£236,700	£132,200
			2007/08 – under new methodology	£363,700	£232,300	£131,400
			2008/09 – under new methodology	£383,400	£251,200	£132,200
PMS	UK	Non-dispensing	2007/08 published	£274,800	£161,300	£113,500
			2007/08 – under new methodology	£275,600	£161,700	£114,000
			2008/09 – under new methodology	£283,600	£169,700	£113,900

181. The income before tax results for UK PMS dispensing GPs show a slight decrease in 2008/09 according to previously published results, but a £800 increase when compared to 2007/08 under the new methodology. The income before tax results for UK PMS non-dispensing GPs show a £400 increase in 2008/09 according to previously published results, but a slight decrease when compared to 2007/08 under the new methodology.

Table 42c 2007/08 and 2008/09 results – by dispensing/non dispensing – England & Wales

				Average Gross Earnings	Average Expenses	Average Income before tax
GPMS	England	Dispensing	2007/08 published	£345,100	£217,900	£127,300
			2007/08 – under new methodology	£341,700	£215,200	£126,400
			2008/09 – under new methodology	£354,800	£231,000	£123,800
GPMS	England	Non-dispensing	2007/08 published	£250,300	£143,600	£106,700
			2007/08 – under new methodology	£250,800	£143,700	£107,000
			2008/09 – under new methodology	£258,600	£151,800	£106,900
GPMS	Wales	Dispensing	2007/08 published	£306,600	£193,400	£113,200
			2007/08 – under new methodology	£307,500	£194,300	£113,200
			2008/09 – under new methodology	£304,600	£197,600	£107,000
GPMS	Wales	Non-dispensing	2007/08 published	£202,500	£113,600	£88,900
			2007/08 – under new methodology	£201,900	£113,300	£88,500
			2008/09 – under new methodology	£203,000	£115,800	£87,200

Note: Scotland and Northern Ireland results not available due to small sample sizes in some sub-populations

182. The income before tax results for England GPMS non-dispensing GPs show a £200 increase in 2008/09 according to previously published results, but a slight decrease when compared to 2007/08 under the new methodology.

Table 42d 2007/08 and 2008/09 results – by country

			Average Gross Earnings	Average Expenses	Average Income before tax
GMS	England	2007/08 published	£247,500	£142,600	£104,900
		2007/08 – under new methodology	£247,600	£142,500	£105,000
		2008/09 – under new methodology	£255,100	£151,300	£103,900
PMS	England	2007/08 published	£289,700	£172,900	£116,800
		2007/08 – under new methodology	£289,200	£172,300	£116,900
		2008/09 – under new methodology	£298,600	£181,700	£116,900
GMS	Scotland	2007/08 published	£183,700	£96,900	£86,900
		2007/08 – under new methodology	£183,500	£96,800	£86,700
		2008/09 – under new methodology	£185,200	£99,400	£85,900
PMS	Scotland	2007/08 published	£224,900	£131,800	£93,000
		2007/08 – under new methodology	£226,200	£132,500	£93,700
		2008/09 – under new methodology	£222,600	£130,200	£92,500
GMS	Wales	2007/08 published	£221,500	£128,100	£93,400
		2007/08 – under new methodology	£221,100	£128,100	£93,000
		2008/09 – under new methodology	£221,000	£130,300	£90,700
GMS	Northern Ireland	2007/08 published	£181,000	£90,000	£91,100
		2007/08 – under new methodology	£180,000	£89,400	£90,700
		2008/09 – under new methodology	£183,700	£94,000	£89,700

183. Previously, results were presented by strata in the Excel Annex. However, from 2008/09, strata level results will not be shown.

Salaried GPs

184. The main criteria under which salaried GPs must fill in a self-assessment tax return include having annual income of more than £100,000, have self-employment income, are claiming subscription expenses >2,500, have income from savings, investments or property above a certain level, overseas income or over 65 and receiving age allowance. GPs may however, complete a tax return even if they are not strictly required to.
185. Pre 2006/07, results for salaried GPs were not stratified or weighted. For the 2006/07 enquiry onwards, 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. Separate weights have not been derived from GMS and PMS populations, single GPMS weight has been applied to both populations. The stratification for salaried GPs is shown in Table 43.

Table 43: Stratification of salaried GPs, 2006/07 to 2008/09

Sex	Age (Years)
Female	<35
Female	35-40
Female	41-50
Female	>50
Male	<35
Male	35-40
Male	41-50
Male	>50

Combined GPs

186. The results for this set of GPs (salaried and contractor GPs combined) have been put together by producing a weighted average based on employment + self-employment income for salaried GPs and self-employment income for contractor GPs. For example, average gross earnings are a weighted average of self-employment gross earnings and employment gross earnings for a salaried GP. It should be noted that these results were included for the first time for the 2006/07 EEQ (Final Report), and were not calculated for earlier years due to methodological differences. Many issues were considered for both types of GP in order to combine both contractor and salaried GPs.
187. Views were welcomed in the 2006/07 EEQ (Final Report) around the validity of combined GP results. In summary, it is now considered valid to combine the results for contractor and salaried GPs in the way presented in this report.

Rounding of results

188. From the 2008/09 EEQ, all earnings and expenses results have been rounded to the nearest £100 (including 2007/08 results under the new methodology). This is to reflect the fact that the figures are an estimate based on a sample. All percentage change figures are based on the unrounded results. In the Distributional Section, results have been rounded to the nearest 10 GPs and nearest 0.1 per cent. The level of rounding may be reviewed and could change in future years.

More detail on previous methodological changes

189. Information on identifying salaried GPs, more detail on the validity of combining contractor and salaried GPs, and information on the self-assessment tax return extract can be found in the 2006/07 GP Earnings and Expenses Report at <http://www.ic.nhs.uk/statistics-and-data-collections/primary-care/general-practice/gp-earnings-and-expenses-enquiry-2006-07--final-report>

Annex B: Technical Adjustments for Pension Contributions

Introduction

190. This annex describes how GP pension (or superannuation) contributions are treated in this report. It has been divided into two parts

- Employer's superannuation contributions (the adjustment affects the self employment income of contractor GPs)
- Employee's superannuation contributions (the adjustment affects the employment income of salaried GPs)

as these are both treated differently for different types of GP (contractor or salaried).

EMPLOYER'S SUPERANNUATION CONTRIBUTIONS FOR CONTRACTOR GPs

Background

191. Prior to the introduction of the nGMS contract, Primary Care Organisations paid the 14%¹⁰ 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.
192. 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 income reported on tax returns and tax relief claimed. However, not all GPs make typical contributions to the NHS Pension Scheme and in the earlier years in particular, they may not have been 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 comparable with figures for earlier years (under the old contract) and be a more valid representation of the average gross earnings and average income before tax of GPs.
193. 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.
194. In 2008/09 the majority of contractor GPs made contributions to the NHS Pension Scheme and their employer's superannuation contributions are included as part of their income before tax and therefore they will have claimed tax relief (as they did in 2007/08). This report presents gross earnings and income before tax estimates which exclude estimated employer's superannuation contributions.

¹⁰ Except in Northern Ireland, where the contribution rate was 7%.

195. 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 with a shortfall of contributions for 2007/08 will not pay these (and claim tax relief on payments) until at least tax year 2008/09 and possibly even 2009/10.
196. 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>.
197. 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 to 2008/09 income before tax to be made for contractor GPs.
198. Analysis was also carried out on salaried GPs who have some self employment income and the employer's superannuation adjustment was not considered to be necessary for these GPs.
199. This methodology has been agreed by the TSC, which has representation from the four UK Health Departments, NHS Employers and the British Medical Association.

Overview of Methodology

200. This section presents an investigation of the 14%¹¹ 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 Background 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).
201. Tax relief on employer's and employee's contributions to employer's schemes not deducted at source from pay should be claimed at Box 3 on page 4 of main part of the tax return in the box that reads 'Payments to your employer's scheme which were not deducted from pay before tax'. For the rest of this section this box will be referred to as Tax Relief Box 3.
202. The average tax relief claimed on contributions to employer's schemes not deducted at source from pay per UK GPMS contractor GP in 2008/09 was estimated to be £20,100. This was estimated to consist of:
 - Employee's contributions: £6,000.
 - Employer's contributions: £13,100.
 - Additional Voluntary Contributions (AVCs): £1,000.

¹¹ This is 15.7% for Northern Ireland for 2008/09, previously 7%.

203. The methodology for estimating the breakdown of tax relief claimed on total contributions is based on an assumption that GPs who claimed tax relief on contributions made can be classified into one of 3 groups:
- Those that made “7.5% employee’s contributions” only.¹²
 - Those that made “7.5% employee’s contributions” and possibly Additional Voluntary Contributions (AVCs).
 - Those that made “7.5% employee’s contributions”, “14% employer’s contributions” and possibly AVCs.
204. 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 into Tax Relief Box 3 as a percentage of income before tax minus Tax Relief Box 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 claimed tax relief on contributions made 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.
205. GPs are classified into one of the three categories (listed earlier) by using two breakpoints to divide the distribution of the contribution to employer’s pension schemes not deducted at source from pay (i.e. amount in Tax Relief Box 3) as a percentage of income before tax minus Tax Relief Box 3.
206. For 2005/06 these breakpoints were at 5% and 10% (this is 5% and 8% for Northern Ireland due to the different employer’s contribution rate) i.e. the contribution to employer’s pension schemes not deducted at source from pay as a percentage of income before tax minus tax relief on contributions was categorised using 5% and 10% breakpoints (5% and 8% for NI). For 2006/07 to 2008/09 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 for 2006/07 and 2007/08, but change for 2008/09.
207. There were some changes to the 2006/07 tax return and to the numbering of questions to do with tax relief on pensions contributions. Further investigation showed that it may be the case that amounts which should have been included in tax relief on contributions may have been included in the box for retirement annuity contract in error. However, it was difficult to find firm evidence of this and it was also difficult to quantify the impact. Therefore, it is likely that the adjustment for employers’ superannuation contributions has been slightly underestimated in this year. However, as this did not materially impact the results, or the direction of change from the 2005/06 EEQ results, then no further changes were made to the adjustment. This is not thought to have occurred in 2007/08 or 2008/09.

¹² 7.5% is assumed to be the average rate across all GPs. In fact there is a tiered system now in place between 5% and 8.5%.

Breakpoints for 2008/09

Contractor GPs

208. HMRC statisticians provide the unadjusted average income before tax and average Tax Relief Box 3 amounts among all contractor GPs in the UK sample. The unadjusted average income before tax includes the average Tax Relief Box 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.
209. In order to calculate the adjustment, 2 breakpoints at 6.5% and 12.5%¹³ are placed on the 2008/09 distribution to place GPs into one of 3 categories. This is shown on Chart 12 for contractor 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 173) in order to quantify the element we wish to exclude.
210. 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 to 2007/08. The factors that gave cause to revising these breakpoints in 2008/09 include:
- removal of the pensions cap in 2008/09.
 - a substantial change in the proportion of GPs purchasing Additional Voluntary Contributions (AVCs) and Additional Pension, and/or greater overall contributions among those who do (as a proportion of income before tax).
 - changes in the proportion of average income before tax made up by non-superannuable income.
 - a change in the employee contribution rates.
211. As from the 1st 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 in 2006/07 (annual allowance of £235,000 in 2008/09) above which, tax will be charged at 40 per cent. For 2005/06, there was a represcription rate for shortfall contributions in 2004/05.¹⁴
212. The facility to buy 'Added years' within the NHS Pension Scheme as a way for members to increase their NHS pension is being replaced with 'Additional pension'. NHS Pension Scheme members had the opportunity to buy added years for a limited period providing they made an expression of interest by 31 March 2008. For those members that made such an expression of interest, added years contracts are set up to start from the member's next birthday so members have to start the contract on their birth date in the period April 2008 to March 2009.
213. 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 £5,000¹⁵ extra pension a year when they retire.

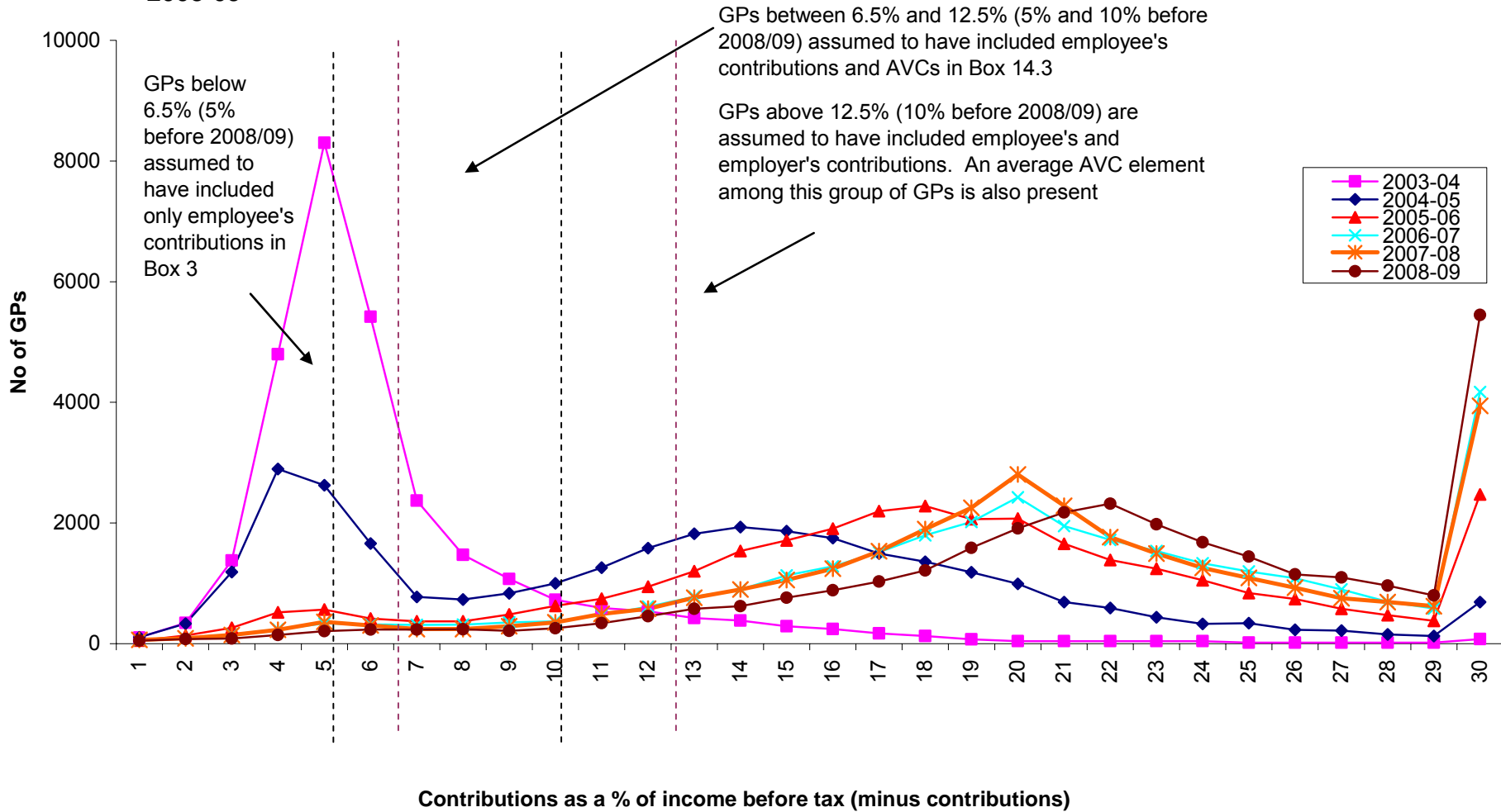
¹³ These are 6.5% and 10.5% for Northern Ireland due to the different employer's contribution rate.

¹⁴ See link for further information: <http://www.hmrc.gov.uk/pensionschemes/esca9.htm>

¹⁵ This amount is for 2008/09 and will increase in future years, in line with the Retail Price Index.

214. The change in the tax relief limit from 2006/07 onwards means it is possible that it could also affect the amount claimed for AVC payments.
215. There is no pensions cap in 2008/09 (although a 'virtual' cap will apply to those GPs previously eligible for the cap and who have purchased added years before 1 April 2008, or have elected (prior to 1 April 2008) to purchase added years). This could result in higher contributions being made by some GPs. This can be seen in Chart 26 which indicates an increase in contribution amounts.
216. Aggregate AVC information obtained showed an increase in AVCs of a regional sample by 22% between 2007/08 and 2008/09. It is felt that this increase is representative of all GPs and is due to the changes highlighted above. Due to the size of this increase it was felt that the breakpoints should be adjusted to take this into account.
217. The employee contribution rate has changed from a flat 6% to a tiered system from 5% to 8.5%, dependant upon a GPs taxable income. As the average GPMS income before tax in 2007/08 was £106,100, some of which would be private income, it is expected that the superannuable income for GPs would result in an average employee contribution rate of 7.5% in 2008/09. Given this increase of 1.5% on the average contribution rate, the two breakpoints have been increased from 5% and 10% to 6.5% and 11.5% respectively for England, Wales and Scotland (6.5% and 9.5% for Northern Ireland).
218. The difference between the lower and upper breakpoints is attributed to AVC contributions. Due to the changes in AVC contributions (noted in paragraph 167 above) it was felt that the gap between the lower and upper breakpoints should increase to take this into account.
219. Although the AVCs were found to have increased between 2007/08 and 2008/09, TSC were required to make an assumption about the proportion of taxable income this formed. This was calculated to be £1.19 in every £100 (previously £1 in every £100).
220. Consequently, it was decided that the upper breakpoint should be increased from 11.5% to 12.5% for England, Wales and Scotland due to the increase in AVCs. The new upper breakpoint for Northern Ireland would be 10.5% (i.e. continue to be 2% below the upper breakpoint for the rest of the UK).
221. In Northern Ireland the employer contribution rate was 7% in 2007/08 and 15.7% in 2008/09. However, although there was an increase in the employer contribution rate, the payments for this did not reach the GPs themselves in 2008/09 as the payment mechanism had not been confirmed. Therefore the increase in employer contribution rates was not reflected in the information reported on the 2008/09 tax return. As such the effective employer contribution rate remained at 7% for 2008/09.

Chart 26: Contributions to employer's pension schemes not deducted at source from pay (tax relief box 3) as a % of income before tax minus box 3 contributions), UK GPMS contractor GPs, 2003-04 to 2008-09



Notes:

1. The breakdown of GPs in each percentile above 20% in 2003/04 is estimated.
2. All data points show a 1% increment except the last data point.
3. All data is based on weighted sample counts.

Applying the formula

222. A 12.5% 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 Tax Relief Box 3 and below which GPs are assumed to have excluded employer's contributions from Tax Relief Box 3. A 6.5% 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 Tax Relief Box 3.

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

Let:

n_0 = no. leaving Tax Relief Box 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 Tax Relief Box 3 among all GPs

c_1 = estimated average employee's element of Tax Relief Box 3 among GPs in the 0-12.5% range (estimated to be equivalent to the actual average Tax Relief Box 3 amount of GPs in the 0-6.5% range).

c_2 = actual average Tax Relief Box 3 among GPs in the below 12.5% range.

c_3 = average Tax Relief Box 3 among GPs in the above 12.5% range.

i = average income before tax minus Tax Relief Box 3 among all GPs who recorded something in Tax Relief Box 3.

b , c_1 , c_2 , c_3 and i are calculated from HMRC analysis showing Tax Relief Box 3 contributions and income before tax minus contributions by percentage bands of (Tax Relief Box 3 /income before tax minus Tax Relief Box 3).

Let $(1.19/100)$ = assumed average AVCs as a proportion of EEQ income before tax minus contributions among GPs who recorded something in Tax Relief Box 3

Let x = average employee's element of average Tax Relief Box 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

$$x = \frac{1}{N} * \left(n_1 * c_1 + \left(n_2 * \frac{7.5}{21.5} * \left(c_3 - \frac{1}{n_2} * \left(i * \frac{1.19(n_1 + n_2)}{100} - (c_2 - c_1) * n_1 \right) \right) \right) \right)$$

Let average employer's contributions among GPs who recorded something in Tax Relief Box 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.

$$y = \frac{14}{7.5} * x$$

Let adjustment to published income before tax = z

$$z = - \left(b - \left(\left(\frac{1.19}{100} \right) * \left(\frac{n_1 + n_2}{N} \right) * i \right) - x \right)$$

223. The adjustment is applied to individual level data and aggregated to the results shown in the report. This was not the case in 2004/05. For more information see Annex B in the GP Earnings and Expenses 2007/08 report.

EMPLOYEES SUPERANNUATION CONTRIBUTIONS FOR SALARIED GPs

Background

224. The 2006/07 EEQ Initial Report published in October 2008 contained provisional results for salaried GPs. This was because the employment income of salaried results were reported exclusive of employee superannuation contributions (and AVCs) and therefore not on the same basis as contractor GP results. As previously explained data for contractor GPs is inclusive of employer (and employee) contributions and an adjustment is made to exclude employer's contributions. This particular adjustment does not need to be made for salaried GPs.
225. In order to put the salaried results on the same basis as the contractor GP results, an adjustment is required to add back in the employee contributions (plus AVCs) onto the employment income of salaried GPs. The employee contribution rate in the 2006/07 EEQ Final Report and the 2007/08 EEQ Final Report was 6%. Given the tiered system of employee contributions, using the average earnings in 2007/08 of £55,800, this equates to a 6.5% employee contribution rate in 2008/09.
226. Only self-employment income is considered for contractor GPs and therefore the issue does not apply. The issue also does not apply to self-employment income of salaried GPs.

Overview of Methodology

227. This adjustment would apply to all salaried GPs under the retirement age, as evidence suggests that all employment income is reported exclusive of employee contributions (and AVCs). Therefore, the proposed adjustment is not comparable in complexity to that for contractor GPs (to exclude employer contributions) where assumptions must be made about GPs who have/have not included employer contributions within Tax Relief Box 3 of the self-assessment tax return.
228. An adjustment has been applied to the employment income of each individual salaried GP under retirement age. We have made the following assumptions in order to apply the adjustment:
- All the salaried GPs (less than 60 years old) covered in the report are part of the NHS Pension Scheme.
 - All employment income before tax of salaried GPs is NHS income (and therefore pensionable).
 - The proportion of AVCs paid by salaried GPs in the West Yorkshire area in 2008/09 is representative of UK in 2008/09.
229. The level of adjustment is not simply 6.5% due to the effect of salaried GPs who pay AVCs. In 2006/07 and 2007/08, based on evidence supplied for the West Yorkshire area, a further 0.4% was added to reflect AVCs from employment income. Given the 22% increase in AVCs noted earlier, AVCs are estimated to have increased by 19% in real terms, as calculated in paragraph 170. Applying this increase to the AVCs of salaried GPs equates to 0.5% (1d.p.). Therefore the total adjustment is 7.0% (6.5% + 0.5%).

Applying the formula

230. To calculate employment income before tax which includes employee's contributions and AVCs (y), the following formula can be applied to all salaried GPs less than 60 years old:

$$y = \frac{100x}{93}$$

231. Where x = employment income before tax excluding employee contributions and AVCs.
232. Where a salaried GP earns both employment and self employment income, the 7.0% has only been added back onto the employment income before an average of self employment and employment income has been calculated for the individual GP.

Excel Annex Contents

The following tables are available within the accompanying MS Excel Workbooks. There are two excel files accompanying this report.

Excel Annex 1 – Sections A - C

Table 1 Contractors: Average gross earnings, expenses and income before tax by practice type for Contractor GPs. This can be broken down by contract type (GPMS, GMS, PMS) and country (UK, England, Scotland, Wales, Northern Ireland).

Table 1 Salaried: Average gross earnings, expenses and income before tax by strata for Salaried GPs. This can be broken down by contract type (GPMS, GMS, PMS) and country (UK, England, Scotland, Wales).

Table 1 Combined: Average gross earnings, expenses and income before tax for Combined GPs. This can be broken down by contract type (GPMS, GMS, PMS) and country (UK, England, Scotland, Wales, Northern Ireland).

Table 2 Contractors: A breakdown of average expenses (by practice type and expense category) and percentage of doctors with no expenses (by practice type and expense category). This can be broken down by contract type (GPMS, GMS, PMS) and country (UK, England, Scotland, Wales, Northern Ireland).

N.B. UK level results of the percentage of GPs with no expenses in this table have changed slightly since the publication of the GP Earnings and Expenses 2008/09 Provisional Report.

Table 3 Contractors: Distribution of gross earnings, expenses and income before tax for Contractor GPs. This can be broken down by contract type (GPMS, GMS, PMS) and country (UK, England, Scotland, Wales, Northern Ireland).

Table 3 Salaried: Distribution of gross earnings, expenses and income before tax for Salaried GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Excel Annex 2 – Section D

Table 1a Contractors by Age: Average gross earnings, expenses and income before tax by practice type for contractor GPs. This can be broken down by contract type (GPMS, GMS, PMS) and age band.

Table 2a Contractors by Age: A breakdown by age of average expenses (by expense category) and percentage of doctors with no expenses (by expense category). This can be broken down by contract type (GPMS, GMS, PMS) and age band.

Table 1b Contractors by Gender: Average gross earnings, expenses and income before tax by practice type for contractor GPs. This can be broken down by contract type (GPMS, GMS, PMS) and gender.

Table 2b Contractors by Gender: A breakdown by gender of average expenses (by expense category) and percentage of doctors with no expenses (by expense category). This can be broken down by contract type (GPMS, GMS, PMS) and gender.

Table 1c Contractors by Rurality: Average gross earnings, expenses and income before tax by practice type for contractor GPs. This can be broken down by contract type (GPMS, GMS, PMS) and rurality.

Table 2c Contractors by Rurality: A breakdown by rurality of average expenses (by expense category) and percentage of doctors with no expenses (by expense category). This can be broken down by contract type (GPMS, GMS, PMS) and rurality.

Table 1d Contractors by SHA: Average gross earnings, expenses and income before tax by practice type for contractor GPs. This can be broken down by contract type (GPMS, GMS, PMS) and SHA.

Table 2d Contractors by SHA: A breakdown by SHA of average expenses (by expense category) and percentage of doctors with no expenses (by expense category). This can be broken down by contract type (GPMS, GMS, PMS) and SHA.

Table 1e Contractors by Practice Size (includes contractor and salaried GPs): Average gross earnings, expenses and income before tax by practice type for contractor GPs. This can be broken down by contract type (GPMS, GMS, PMS) and practice size (includes contractor and salaried GPs).

Table 2e Contractors by Practice Size (includes contractor and salaried GPs): A breakdown by practice size of average expenses (by expense category) and percentage of doctors with no expenses (by expense category). This can be broken down by contract type (GPMS, GMS, PMS) and practice size (includes contractor and salaried GPs).

Table 1f Contractors by Practice Size (includes contractor GPs only): Average gross earnings, expenses and income before tax by practice type for contractor GPs. This can be broken down by contract type (GPMS, GMS, PMS) and practice size (includes contractor GPs only).

Table 2f Contractors by Practice Size (includes contractor GPs only): A breakdown by practice size of average expenses (by expense category) and percentage of doctors with no expenses (by expense category). This can be broken down by contract type (GPMS, GMS, PMS) and practice size (includes contractor GPs only).

Table 1a Salaried by Age: Average gross earnings, expenses and income before tax by age for salaried GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Table 1b Salaried by Gender: Average gross earnings, expenses and income before tax by gender for salaried GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Table 1c Salaried by Rurality: Average gross earnings, expenses and income before tax by rurality for salaried GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Table 1d Salaried by SHA: Average gross earnings, expenses and income before tax by SHA for salaried GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Table 1e Salaried by Practice Size (includes contractor GPs only): Average gross earnings, expenses and income before tax by practice size (includes contractor GPs only) for salaried GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Table 1a Combined by Age: Average gross earnings, expenses and income before tax by age for combined GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Table 1b Combined by Gender: Average gross earnings, expenses and income before tax by gender for combined GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Table 1c Combined by Rurality: Average gross earnings, expenses and income before tax by rurality for combined GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Table 1d Combined by SHA: Average gross earnings, expenses and income before tax by SHA for combined GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Table 1e Combined by Practice Size (includes contractor GPs only): Average gross earnings, expenses and income before tax by practice size (includes contractor GPs only) for combined GPs. This can be broken down by contract type (GPMS, GMS, PMS).

Glossary

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 January to 5 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.

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.

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 Organisation (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 Organisation (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 under the HMRC tax regime.

Expenses to Earnings Ratio (EER)

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.

Fixed Share 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 (may also be known as salaried partner).

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.

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.

Investment in General Practice

Allocations of monies towards primary medical care to deliver NHS services to patients. However, not all the financial flows will reach the GP or practice.

Net Capital Allowances

A GP can claim tax allowances, called capital allowances, for the costs of, and improvements to vehicles and equipment which are not allowable as an expense in working out their taxable profits. The capital allowances figures in the report are actually new capital allowances, which are capital allowances plus a balancing adjustment arising when an item a GP has claimed capital allowances on is sold, given away or ceased to be used in the business.

Net capital allowances can be claimed for the cost of:

- Plant and machinery, this will cover items such as GP equipment, computers and business furniture.
- Patents, certain specialist type of 'know-how' and research and development.

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 2008/09 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 1st 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.

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 and F, forms a category called "Trading and other income".

Strategic Health Authority

These were created by the government in 2002 to manage the local NHS on behalf of the Secretary of State. There were originally 28 Strategic Health Authorities (SHAs), on July 1 2006, this number was reduced to 10. Previous analyses in the EEQ reports were created by Government Office Region (GOR), which were created in 1994. A region is currently the highest tier of local government in England; there are nine regions in total.

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 2007-08, the maximum allowable *superannuable* net income for GPs that joined the NHS Pension Scheme after June 1989 was £112,800. 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.

In 2008/09, there is no pensions cap (although a 'virtual' cap will apply to those GPs previously eligible for the cap and who have purchased added years before 1st April 2008, or have elected (prior to 1st April 2008) to purchase added years).

Tax Relief Box 3 (formerly Box 14.3 or 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.

Other Publications

Investment in General Practice 2003/04 to 2009/10 England, Wales, Northern Ireland and Scotland

www.ic.nhs.uk/pubs/investgpreport03-10

This report details the investment in General Practice from 2003/04 to 2009/10. It draws on information obtained from country level financial monitoring reports discussed by the Technical Steering Committee (TSC).

Previous versions:

Investment in General Practice 2003/04 to 2008/09 England, Wales, Northern Ireland and Scotland

www.ic.nhs.uk/pubs/investgpreport03-09

Investment in General Practice 2003/04 to 2007/08 England, Wales and Northern Ireland

www.ic.nhs.uk/pubs/investgpreport03-08

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

www.ic.nhs.uk/pubs/gigmreport0304

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 2003/4 - 2005/6.

GP Earnings and Expenses 2007/08

www.ic.nhs.uk/pubs/gpearnex0708

This report presents results from the GP Earnings and Expenses Enquiry for the financial year 2007/08.

Previous versions:

GP Earnings and Expenses Enquiry 2006/07 – Final Report

www.ic.nhs.uk/pubs/gpearnex0607final

GP Earnings and Expenses Enquiry 2005/06 – Final Report

www.ic.nhs.uk/pubs/gpearnex0506final

The Quality and Outcomes Framework 2008/09

<http://www.ic.nhs.uk/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.

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:

www.ic.nhs.uk/pubs/nhsworkforce

Similar reports on GP Workforce are also available for Scotland, Wales and Northern Ireland at the following links:

<http://www.isdscotland.org/isd/6113.html>

<http://wales.gov.uk/topics/statistics/headlines/health2010/100325/?lang=en>

http://www.dhsspsni.gov.uk/workforce_census_march_2009_web.pdf

2006/07 UK General Practice Workload Survey

www.ic.nhs.uk/pubs/gpworkload

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.

QResearch report on trends in consultation rates in General Practices 1995-2009

www.ic.nhs.uk/pubs/gpcons95-09

The latest findings from last years 'Trends in Consultation Rates in General Practice' publication have been updated to include data from 2008-2009. The information is presented in two separate reports: one for the financial years 1995/1996 to 2008/2009 and one for the calendar years 1995-2008.

GP Patient Survey

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

The GP Patient Survey (GPPS) for 2009/10 was published by the Department of Health (DH) and may be found on their website.

Previous versions:

GP Patient Survey 2007/08

www.ic.nhs.uk/pubs/gpps08

Dental Earnings and Expenses, England and Wales, 2008/09

www.ic.nhs.uk/pubs/dentalearnexp0809

This report provides a detailed study of the earnings and expenses of self-employed primary care dentists who carried out some NHS work in England and Wales during 2008/09. The results relate to dentists with varying levels of self-employment earnings from both NHS and private dental work.

Previous versions:

Dental Earnings and Expenses, England and Wales, 2007/08

www.ic.nhs.uk/pubs/dentalearnexp0708

Dental Earnings and Expenses 2006/07

www.ic.nhs.uk/pubs/dentalearnexp0607

Dental Earnings and Expenses, Northern Ireland, 2008/09, Experimental Statistics

www.ic.nhs.uk/pubs/dentalearnexp0809ni

This report provides a detailed study of the earnings and expenses of self-employed General Dental Services (GDS) dentists in Northern Ireland. 2008/09 was the second time that the NHS Information Centre produced earnings and expenses data for dentists in Northern Ireland. As such, this report has been labelled as 'Experimental Statistics', in keeping with the UK Statistics Authority's Code of Practice.

Previous versions:

Dental Earnings and Expenses, Northern Ireland, 2007/08, Experimental Statistics

www.ic.nhs.uk/pubs/dentalearnexp0708ni

Dental Earnings and Expenses, Scotland, 2008/09, Experimental Statistics

www.ic.nhs.uk/pubs/dentalearnexp0809scot

This report provides a detailed study of the earnings and expenses of self-employed General Dental Services (GDS) dentists in Scotland. 2008/09 was the first time that the NHS Information Centre produced earnings and expenses data for dentists in Scotland. As such, this report has been labelled as 'Experimental Statistics', in keeping with the UK Statistics Authority's Code of Practice.

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.

www.ic.nhs.uk/publicationscalendar

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