**Draft GP earnings analysis**

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**What has happened to GP earnings?**

* In 2022, the average income before tax for a salaried GP was £68,000, whereas partners earned 2.25 times more, with £153,4001 on average.
  + It is important to note that “earnings and expenses information are based on a sample from HM Revenue and Customs' (HMRC's) tax Self Assessment database, weighted up to the GP population. Figures are based on both NHS and private work, and include earnings and expenses for both full-time and part-time GPs. GPs who work solely as locums or freelancers are not included.”
    - As such, this data does not account for variation in contracted hours between GPs.
    - Furthermore, many salaried GPs use the PAYE system instead of Self Assessment, and so are not included in the sample.
  + According to ONS data from the Survey of Personal Incomes, this put salaried GPs in the top 10% of earners nationally, and partners in the top 2%2.
* There was a wide distribution of incomes for partners. The top 10% had an average income before tax of (£236,300), whereas the average income of the bottom 10% was £82,200.
  + This data does not consider part-time working, so it is likely that the lowest earners work fewer hours.
  + The distribution across salaried GPs was £33,900 for the bottom 10% and £105,900 for the top 10%.
* The following chart shows the change in incomes over time, as well as the overlap between the highest-paid salaried GPs and the lowest-paid GP partners.

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* Incomes before tax increased between 2016 and 2022.
  + For partners, the increase was £48,500 (46.23%), from £104,900 to £153,400. The largest increase was from 2020 to 2022, when partners’ incomes increased by £31,600 (25.9%) in nominal terms.
  + There has been less of an increase for salaried GPs: £12,100 (21.6%) between 2016 to 2022, from £55,900 to £68,000.
* Some of this increase reflects changes in the cost of living3.
  + Economists measure changes in the cost of living relative to a reference year using indices such as the Retail Price Index; these indices can be used to calculate the real value of nominal amounts in the past.
  + Based on RPI deflator taken from HM Treasury via the GPEE data: 2016 prices are multiplied by a factor of 1.20 to give their real value in 2022 prices.
    - For instance, due to inflationary pressure, a nominal value of £100,000 in 2016 could purchase the same amount of goods and services as £120,000 could in 2022.
  + Adjusting for inflation, average income before tax for partners was £125,800 in real terms in 2016, representing an inflation-adjusted average salary increase of 21% over this period.
    - Between 2016 and 2019, partners’ salaries increased by 1.19% annually on average, after adjusting for inflation.
    - In 2020, however, partners’ salaries increased by 15% after adjusting for inflation, and then 2% in 2021.
  + For salaried GPs, the average annual percent change after adjusting for inflation was 0.15% from 2016 to 2022, with no corresponding significant increase in 2020.

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* Average GP income before tax depend on practices’ characteristics.
  + Partners in dispensing practices earn £12,200 more than partners in non-dispensing practices on average.
  + GPs in London were the highest earners (£167,800 income before tax for partners and £71,400 for salaried), whereas GPs in Northeast and Yorkshire were the lowest earners (£144,200 income before tax for partners and £66,300 for salaried).
  + Partners working in practices with larger patients list earn more.
    - In practices with less than 5000 patients, partners earn £137,300 whereas partners in practices with more than 20,000 patients earn £171,800.
      * However, we see a negative relationship between practice size and mean overall patient satisfaction score, which begs the question, who are the super practices benefitting?

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* GP partners between the ages of 50 and 59 earn the most, with £174,300, and those 60 and over earn the least, with £154,200.
* There are more women fully qualified GPs (21,715 women compared to 16,288 men).5 However male GPs are 1.19 more likely to be partners (1.68 male partners per practice in 2022 compared to 1.41 females).
* Partners who are men get paid more than women (£168,100 compared to £136,300), but this does not consider variation in number of contracted sessions.

**How do earnings compare to GP funding?**

* The average payment per practice (including COVID and PCN payments minus deductions) in 2022 was £1,587,630 per year, which is equivalent to £158 per registered patient (see exclusion criteria below for more information).
* Average payments per practice have increased from £993,292 in 2016 to £1,587,630 in 2022 (59.8%). This increase includes the COVID vaccination roll out and other contract changes.
  + Adjusting for inflation, the value of average payments per practice was £1,128,030 in 2016 in real terms, representing an increase of 40.7%.
  + Excluding COVID payments and in real terms, practices received £1,128,030 in 2016 and £1,375,388 in 2022, representing an average increase of £247,358 (22%) per practice.
* The number of partners has decreased. In 2016 there were 23,786 partners (including nurse and administrative partners), but in 2022 there were 20,248 (14.9% drop).
  + The average number of partners per practice has declined from 3.46 in 2016 to 3.43 in 2022.

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* As a result of the fall in the number in partners and increase in funding, the average NHS payments to each practice **per partner** have increased from £336,766 in 2016 to £581,364 in 2022 (72.6%), including COVID- and PCN-related payments6.
  + Excluding COVID and PCN payments, practices received £508,282 per partner in in NHS payments in 2022 (representing £73,082 per partner for COVID-related services and PCN payments)
  + Adjusting for inflation, the payments per partner were £404,119 in 2016, representing an increase of 43.9% in 2022 in payments per partner.
  + Excluding COVID and PCN payments, practices received £508,282 in 2022 representing an average increase of £104,163 (25%) per partner in real terms. However, this may simply be due to the drop in partner numbers.
* The payments per partner are larger and have increased at a higher rate than partners’ earnings (before expenses): the ratio between payments per partner and total earnings was on average 1.12 between 2016 and 2020, but by 2022 it had increased to 1.2.
  + This means that payments per partner increased relative to total GP partners’ earnings between 2016 and 2022

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Expenses related to employees has increased from 59% of total earnings in 2016 (£124,500 of £210,800) to 65% by 2022 (£216,000 of £329,000).

* Partners’ incomes decreased as a percentage of gross earnings from 33.2% in 2016 (£104,900 of £315,600) to 31.8% in 2022 (£153,400 of £482,400)

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***Questions***

*Why are payments per partner greater than earnings (~£50k per year)?*

* *Could it be due to a different distribution of part time working between the earnings and payments data? Or are there other costs which are incurred before earnings (e.g. prescribing)? Or due to the increase in payments and decrease in number of partners?*

*How can employee expenses and partners’ income as a percentage of total earnings remain relatively constant between 2016 and 2022, but salaried incomes remain constant (after inflation) while partners’ incomes increase by 20% over the same period (15% in 2020)?*

* *Presumably largely due to decrease in number of partners per practice.*

**Appendix**

**Exclusion criteria**

Practices with 0 partners recorded are excluded.

659 practices have 0 partners.

The average payment is less than the average of all practices (685,962) and the average GP HC is 1.89.

222 of these practices are labelled as having 0 GPs.

The number of registered patients is also less than the average of all practices (4,885).

**References**

# GP earnings and expenses estimates (GPEE) data are taken from NHS Digital (<https://digital.nhs.uk/data-and-information/publications/statistical/gp-earnings-and-expenses-estimates>).

# National statistics on percentile points from 1 to 99 for total income before and after tax are taken from the ONS (https://www.gov.uk/government/statistics/percentile-points-from-1-to-99-for-total-income-before-and-after-tax)

1. Based on RPI deflator taken from HM Treasury via the GPEE data: 2016 prices are multiplied by a factor of 1.20 to give their value in 2022 prices
2. NHS payments data are taken from NHS Digital (<https://digital.nhs.uk/data-and-information/publications/statistical/nhs-payments-to-general-practice>). The average is the arithmetic mean of all practices.
3. Data on practice workforce is taken from NHS Digital (<https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics>)
4. We calculate the average payments per partner by merging the NHS payments and workforce datasets based on practice code. We then divide the total payments by the head count of partners for each practice, and then take the arithmetic mean of the payments per partner of all practices.

**Unused charts**

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