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Announcement of methodological changes to GP Earnings and Expenses 2009/10

The NHS IC GP and Dental Pay team have reviewed the methodology used for an adjustment which is made by HMRC to the earnings and expenses figures. The purpose of the adjustment is to exclude employer's superannuation contributions for contractor GPs to continue a long-running series and also to make their earnings comparable to salaried GPs.

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 from 2004/05 onwards.

The adjustment is based on a number of assumptions, which have become harder to quantify given the passage of time and improvements in the completion of self assessment tax returns; therefore a different methodology has been introduced.

Testing of the new methodology was undertaken on 2008/09 earnings and expenses results for contractor GPs, and compared to the published results which use the old superannuation adjustment methodology. The results were similar to those published, so the impact of introducing the new methodology is considered to be minimal.

The new methodology compares GP data on superannuable income from NHS pensions agencies in the UK with income before tax information from HMRC. Subsequently, aggregated estimates can be made on what percentage of income is NHS income, and employer's superannuation contributions can then be subtracted.

Also population figures will now be rounded to the nearest 50. This is to further clarify that the population figures are not exact, as they are estimates based on a sample.

In recent years, there has been a provisional and final report, with the final report containing additional information on earnings and expenses by practice size, Strategic Health Authority (SHA) and rurality. However, for 2009/10 onwards, final results will be presented in one report due to efficiency improvements in the production process. The benefit of this to users is that they will be able to use final, rather than provisional data, and will also have access to a larger range of analyses, at an earlier stage. There has also been a change in the structure of the report, and a separate methodology document has been produced to sit alongside the report.

These changes have been agreed by the Technical Steering Committee, which has representation from the four UK Health Departments, NHS Employers and the British Medical Association.