
BMA briefing – Treasury Select Committee

Budget 2024

06 November 2024

About the BMA

The BMA is a professional association and trade union representing and negotiating on behalf of all doctors and medical students in the UK. It is a leading voice advocating for outstanding health care and a healthy population. It is an association providing members with excellent individual services and support throughout their lives.

Summary

- The Budget increased employer National Insurance Contributions (NICs) for businesses, while simultaneously lowering the earnings threshold which companies pay from.
- Many businesses will be facing significant increases in wage bills as a result of these changes.
- While public services are exempt from the increase, the Government has taken the perverse stance that while GPs are recognised in law as "public authorities" they will be classed as traditional businesses for the purpose of NICs rises and still be required to pay.
- In a further blow for NHS GPs, because practices are classed as "public authorities", and work solely for the NHS patients, they are also exempt from accessing support via the Employment Allowance, which the Government has specifically increased to support small businesses following the employer NICs increases.
- GP practices are already in crisis, with soaring patient lists and diminishing numbers. Without a quick intervention and reassurance from the Government that they will not be forced to pay these significant increases it is inevitable that cuts to services will have to be made, and even more practices will be forced to shut their doors for good.

Introduction

During the Budget on the 30 October 2024 Chancellor Rachel Reeves announced an increase in the rate of National Insurance Contributions (NICs) that businesses pay for their employees by 1.2 percentage points to 15%. She also lowered the earnings threshold at which companies pay from £9,100 to £5,000.

Given the average practice in England employs 46.8 full time equivalent members of staff (excluding partners) and it will cost businesses an extra £865.80 in NICs each year for every employee earning £30,000, it is clear that the cost for practices hiring multiple staff members, at varying salaries, could be astronomical. The Institute of General Practice Management, which represents GP practice managers, has estimated that the rise will put up the tax bill of the average surgery by around £20,000 a year.

Why isn't General Practice exempt?

NHS GPs are baffled by Government's stance that they are not classed as a public service given, they are restricted from taking on private work and 100% of their work is for NHS patients. Historically, under previous governments, there has been a precedent that increases to practice employment expenses, including NIC increases, are fully funded. It is greatly worrying that a Labour Government would disregard this principle at a time when the NHS and GPs in particular, most need its support.

NHS GPs have worked in partnerships long before the inception of the NHS in 1948 and are not like traditional businesses who can increase costs to absorb financial pressures. To reflect this, GPs have been clearly defined in law as "public authorities" over the past 25 years, including under The Freedom of Information Act and The Equalities Act.

Government has suggested that some practices would qualify for financial relief through the Employment Allowance, which the Government has increased to offset some of the impact of the employers NICs increase. However, it is clear that this does not apply to those providing public services, with [GPs specifically excluded from the eligibility criteria](#), therefore it is not an option for even the smallest of practices.

What has the Treasury said?

On 31st October during BBC Question Time, Chief Secretary to the Treasury, Rt Hon Darren Jones MP stated that "GP surgeries are privately-owned partnerships, they're not part of the public sector" and that "they will therefore have to pay" when referring to NICs increases. This assertion came as a huge shock to practices, many of whom are already struggling to survive.

The [BBC reported](#) that "government has suggested that the extra cost of higher NICs paid by GP practices will be taken into consideration when GP contracts are renegotiated later this year". GP practices are closing now and cannot wait until next year to know if these costs will be covered. It is completely inappropriate for Government to introduce these unfair charges when practices have to plan their spending at least 12-18 months ahead to ensure they remain viable.

Solutions

We are calling upon the Treasury, alongside the Department for Health and Social Care, to provide absolute certainty, at the earliest opportunity, that GPs, as designated public authorities, will be exempt from the NICs employer contribution rises and or funded / reimbursed in full for this additional financial burden.

Without swift action, and reassurance from Government, practices will be forced to reduce services, implement cost cutting, lose staff, and in some cases close their doors completely. Even with GPs' best efforts to maintain services, without the Government's intervention patients will undoubtedly be the ones to feel the impact of these cuts.

We ask that you raise this crucial issue directly with the Chancellor during the Treasury Select Committee's evidence session on the Budget on Wednesday 07 November.

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