

Impact on GPs of increases to Employer National Insurance Contributions

LMC and BMA member briefing, 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. The BMA has over 190 000 members and the General Practitioners Committee (England) is the national body representing and negotiating on behalf of GPs in England

Summary

- The Budget has increased employer National Insurance Contributions (NICs) for businesses, while simultaneously lowering the earnings threshold. There is also a rise in the national minimum and living wage to factor in too.
- 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 the increased contributions.
- In a further blow for NHS GPs, because practices are classed as "public authorities", and work solely for their 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 woefully inadequate GP 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 hand back their contracts and shut their doors for good.

Introduction

During the Budget on the 30 October 2024 Chancellor Rachel Reeves MP 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 NHS GP practices 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 the Government's stance that they are not classed as a public service, given almost 100% of their work is exclusively for their NHS registered patients. Historically, previous Conservative governments have set precedents to fully fund any increases in practice employment expenses, including NIC increases.

It is greatly worrying that a Labour Government would choose to disregard this option at a time when family doctors most need their support.

NHS GPs have worked in partnerships since the inception of the NHS in 1948. This model means they cannot increase costs to absorb financial pressure, unlike conventional businesses. 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 Government 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 which 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 on a knife edge now and cannot wait until next year to know if these costs will be covered. Surgeries are considering whether to hand their contracts back in the near future and close as they cannot remain financially viable. Others are considering staff redundancies. This will inevitably lead to a reduction in services to patients. 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 Department for Health and Social Care to provide absolute certainty, at the earliest opportunity, that GPs, as designated public authorities, will have their increased NICs employer contribution rises funded in full. We cannot afford a delay in this announcement as practices are considering all their options right now.

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 have launched a significant media campaign on this issue. We are asking GPs to lobby their MP via a BMA online tool. We have also produced an online calculator for practices to see what the costs are of this government policy.

Background – Pressures facing general practice

The NICs employers increase is the latest pressure to face general practice and falls against a backdrop of falling numbers of GPs, who are facing increasing patient numbers, dealing with more complex cases, and ever-increasing workloads. Some of the key pressures facing general practice include:

- Whilst the GP workforce has been declining, the number of patients continues to increase. In September 2024, a record-high of 63.57 million patients were registered with GP practices in England, an increase of 6.7 million since 2015.
- The average number of patients per practice currently stands at 10,161 as of September 2024. Each full-time equivalent GP is responsible for on average 2,273 patients. This is an increase of 335 patients per GP (over 17%) since 2015.
- In September 2024 there were the equivalent of 1,399 fewer fully qualified full-time GPs than there were in September 2015.
- 5,758 FTE GP partners have been lost to the profession since 2015. In September 2024 there were 15,897 FTE GP partners compared to 16,342 in September 2023: a total loss of 445 FTE GP partners in the last year alone.
- As of September 2024, we have lost over 1000 practices in the last decade alone. Factors causing this can include partner retirements and the inability to recruit staff or GP partners.