



# ‘I think that the statistics reflect a market that is in relatively good shape’

**E**arlier this year, NASDAL released their annual benchmarking statistics. The headline figures are shown opposite, but what did these data say about the state of the market? *BDJ In Practice* spoke to **Heidi Marshall**, NASDAL Chair, to get a better understanding of their implications and what they say about the lay of the land.

### *How would you describe the overall picture these annual benchmarking statistics paint?*

We had expected to see a small rise in practice profits and to also see private practices fall back somewhat after the heights of the ‘Zoom Boom’. It is difficult to see the significant gap in profits between NHS and mixed and private practices ever closing as NHS practices cannot pass on increased material and wage costs. Although associates’ income has grown, to some extent it is only a correction as their incomes have been so static for the last 15 years or so.

Overall, I think that the statistics reflect a market that is in relatively good shape and we expect to see a continuation of growth in 2024. Whether that is across NHS, mixed and private, we will have to wait and see.

### *How significant was the 6.71% rise in average associate remuneration?*

This is in line with what NASDAL members were expecting to see. Recruitment has been very tough for practice owners over the last couple of years and the results reflect the impact of supply and demand. I don’t think it is too significant though given the level of inflation last year.

### *What message does the discrepancy between practices with associates and those that are single-handed send?*

I think as your readers will know, running a dental practice is expensive. There are a number of costs that a practice owner will incur regardless of how many surgeries are running. It is therefore more profitable if

you have more dentists generating income to cover these overheads.

### *You mention that the 2022/23 figures saw a reduction in the number of NHS practices and an increase in the number of mixed and private practices in the sample. What reasons do you think could be behind this?*

The data use an 80% bias meaning NHS practices, for the purpose of our statistics, are those who are doing 80% or more NHS work. Whilst a small part of the reduction will be due to practices stepping away from the NHS altogether, I suspect that most will be due to practices doing more private work and falling below the 80% threshold. It is certainly a statistic to keep an eye on in the coming years.

### *Private practices still outstrip profitability of their NHS counterparts – could you foresee this gap getting bigger or reducing in the future?*

I think that depends completely on the government and their willingness to fund

## Statistics

The annual benchmarking statistics for 2022/23 revealed:

- Average associate remuneration is up for the second year in a row from £75,488 to £80,554 – a 6.71% increase
- A small increase in typical practice profits but smaller than inflation (from £172,291 in 2022 to £175,063 in 2023)
- A reduction in private practice profit – a drop from £178,513 in 2022 to £175,800 – but still returning to expected levels (2022 was higher due to the impact of the pandemic)
- Differential of profitability between NHS and private practices – £17,893
- Practices with associates still show much higher average net profit per principal – £181,170 versus £146,843 single-handed in this year's figures

NHS dentistry. The annual increases awarded to NHS contract holders have not been sufficient to cover the increases they have faced in other costs due to inflation, energy costs, interest rates increasing and the significant hikes in national minimum wage.

Private practices have the ability to increase their prices to cover these increased costs but NHS practices do not have that luxury. Therefore, I can only really see this gap continuing to grow.

### *To what extent has the recession shaped some of these figures?*

I'm not sure it really has yet. The data are based on practices with year ends up to 31 March 2023. The slight drop in private income is more likely to do with the fact there was a huge peak in 2022 due to post pandemic catch up and the 'Zoom Boom' rather than there being a reduction in patient spending.

I believe we will see more of a lot of increased costs such as wages and loan interest in the 2023/24 year. Some practices

have more recently noticed a slight fall off in patient spend but I don't think it is significant as of yet.

### *Based on these statistics, what future lies ahead for associates, NHS practices, private practices and single-handed ones?*

My personal opinion is it is a positive future. Demand for dentistry is very high and I do believe the UK population value their oral health much more than they did say, 10 years ago.

Despite my prediction for NHS and private practice profits to move further apart, that doesn't mean working in the NHS is a bad career choice – our statistics don't account for the extra benefits that having an NHS pension/sick pay/maternity pay bring for example.

I believe there is still a market for single-handed practices but they can be a lifestyle choice and a good one for many. Running a business certainly comes with fewer headaches when you only have to manage yourself! ♦



## Bio

Heidi Marshall heads up the dental team at Dodd & Co Chartered Accountants in Cumbria. She was Secretary of NASDAL (The National Association of Specialist Dental Accountants and Lawyers) until taking over as Chair in 2022.

Heidi works closely with dental practices to assist with all areas of its financial management and is experienced in advising new practices setting up.

As a native Cumbrian, Heidi also has involvement in dealing with general businesses, and uses her home-grown knowledge and experience to provide current, accurate and up to date advice with a common sense approach.

She joined Dodd & Co as a school leaver and qualified as a Chartered Accountant in 2006. Heidi became a partner in 2012.

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