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### **NASDAL Annual Benchmarking Statistics – NHS/Private practice gap widens**

*We do appreciate that there are more important things happening in the world at present. However, these figures were prepared as normal and hence we are sharing with you.*

The latest NASDAL (National Association of Specialist Dental Accountants and Lawyers) Benchmarking figures for 2018-19 have just been released and show the gap in profitability between NHS and Private practices has grown – a typical private practice's profit over £16,000 greater than that of a typical NHS practice. In the statistics, the average net profit per NHS principal was £124,475 versus £140,951 average net profit per private principal.

The market as a whole has seen a moderate increase in fee income (+3.5%), a moderate increase in profit (+2%) and increased profits in both Private & Mixed practices. However, there have been increases in staff costs (one contributing factor being the increase in employer pension contribution percentage under the workplace pensions rules), and practice overheads increased more than the NHS contract uplift.

NHS practices saw a reduction in profit of 1.4% on the 2017-18 figures – average net profit per principal down from £126,269 to £124,475.

Ian Simpson, Chartered Accountant and a partner in Humphrey and Co, which carries out the statistical exercise commented, "Private practices are continuing to do well and a profitability gap is widening between private and NHS practices. NHS practices have seen an increase in costs, most notably in staff and general administration. As one might expect, mixed practices seem to be sitting somewhat in the middle. They have the highest cost ratios and typical mixed practice profit is nearly £8,000 less than a typical private practice profit, and £8,000 more than that of an NHS practice." (NHS £124,475 Mixed £132,940 Private £140,951)

#### **NHS Practices**

- Small increase in fee income (+2%)
- Increase in expenses, notably wages and general administration costs

- Net profit down by 1.4% from last year

### **Mixed Practices**

- Typically have the highest level of fee income
- Typically have the highest cost ratios
- Typical mixed practice profit nearly £8,000 less than a typical private practice profit, and £8,000 higher than NHS practice (NHS £124,475 Mixed £132,940 Private £140,951)

### **Private Practices**

- Continued recovery in fee income +5.5%
- Costs ratios general increase, associate costs and wages
- Moderate increase in profit +1.5% £140,951 average net profit per principal in 2019 vs. £138,806 in 2018)
- Typical private practice profit over £16,000 greater than a typical NHS practice - £140,951 net profit per principal vs £124,475

### **Associates – modest increase**

The statistics have also seen 2018-19 build upon the rise in Associate profitability from the previous year. While average fee income actually declined, from £86,310 in 2017-18 to £85,524 in 2018-19, profit is up by more than a £1000 (£1169 - £68,155 in 2017-18 vs £69,324 in 2018-19).

This increase in profitability may be still due to the fact that in many areas Associates are in short supply and thus have increased bargaining power.

Nick Ledingham, of Morris & Co, Specialist Dental Accountants and Chairman of NASDAL observed, “The benchmarking report continues to deliver useful information and tools to help dentists run more effective businesses. However, it would be remiss of us not to mention the elephant currently in the room – Covid-19 virus. We know that this will have a life changing impact on dentists and dental practices across the country – we wish everyone well and will of course share useful information as and when we have it.”

The annual Benchmarking Survey statistics are gathered from the accountant members of NASDAL across the UK who together act for more than a quarter of self-employed dentists. The statistics provide average ‘state-of-the-nation’ figures so NASDAL accountants can benchmark their clients’ earnings and expenditure and help them run their practices more profitably. The basis of the survey figures is 2019 tax returns and accounts with year ends up to 5 April 2019.

Alan Suggett, specialist dental accountant at UNW and NASDAL Media Officer added, “The NASDAL annual profit and loss benchmarking report is a unique and valuable tool which enables NASDAL accountant members to compare their practice owning clients with industry norms. It means that we help our clients really understand what is happening in their dental business.”

**ENDS**

Note to editors:

NASDAL, the National Association of Specialist Dental Accountants and Lawyers, was set up in 1998. It is an association of accountants and lawyers who specialise in acting for and looking after the accounting, tax and legal affairs of dentists. It is the pre-eminent centre of excellence for accounting, tax and legal matters concerning dentists. Its members are required to pass strict admission criteria, and it regulates the performance of its members to ensure high standards of technical knowledge and service.

The NASDAL benchmarking statistics are published annually in March and reflect the finances of dental practices and dentists for the most recent tax year. The NASDAL figures provide a detailed picture of dental practice finances, sourced directly from dentists working privately and in the NHS. The figures published by the Public Health England's Information Centre later in the year reflect the income of NHS dentists only. NASDAL's designation of practices as either private or NHS reflects that 80% of business income comes from that source. The sample size is 650 principals and limited companies, and 600 associates.

Nick Ledingham, Chairman of NASDAL, is available for interview. To organise to speak to him or any other members of NASDAL for more information please contact Chris Baker.

For further information please contact Chris Baker on 0845 370 2211/07947 470896 or email [chris.baker@coronadental.co.uk](mailto:chris.baker@coronadental.co.uk)