



For immediate release

NASDAL – Covid-19 resilience of mixed NHS/Private practices - the findings

The National Association of Specialist Dental Accountants and Lawyers (NASDAL) have just contributed to a short life working group (SLWG) headed up by Deputy CDO England, Jason Wong. Alongside a number of dental stakeholders including the BDA, BDIA, BAPD, FGDP and NHS Business Services Authority, they reported to the CDO to investigate the validity of the claim “there will be a dearth of dental practices on the high street in 18 months’ time”.

NASDAL members act for over 25% of UK dentists (approx. 3,000 dentists) and in their brief to the SLWG, NASDAL provided an independent and informed assessment of the current fiscal position of the dental sector and observed that:

- The key factor in the risk profile for a dental practice is the level of pre COVID-19 debt:
 - Risk is higher for a significant minority of practice owners, particularly those who have recently bought practices, that are highly geared
 - The availability of CBILS and Bounce Back Loans has resulted in additional borrowing which practices will not need to be repaid until mid-2021
- With the proviso that payment of NHS contract values are maintained and the lifting of the activity-based assessment metric is not re-implemented, NASDAL’s baseline assessment is that there is unlikely to be significant insolvency of dental practices over the next 12 to 18 months
- NASDAL anticipate any cash flow impacts and potential practice insolvencies to emerge in late 2021

Example financial projections

NASDAL developed a financial model, with a number of assumptions. A mixed practice within the model is one with approximately 50% of their income coming from an NHS arrangement. With assumptions regarding pre-COVID-19 net profits, fee reductions, lab and material costs, PPE costs and associate and employee cost savings, both private (NHS income <20%) and mixed practices appeared to be in fund deficit following loan repayments.

Indeed, based on these assumptions, a typical mixed practice would suffer net losses of £9,246 whilst a private practice, losses of £71,269.

Alan Suggett, Media Officer of NASDAL and Head of the Dental Business Unit at UNW commented, “we are not for one moment suggesting that the UK is now full of poor dentists or that the UK government should support zombie businesses. However, it is clear that most dental practices are fundamentally sound businesses and to see a good number in potential difficulty purely because of capital loan repayments, is a real concern. That is why it was key for us that in the recommendations, a government guaranteed loan support scheme to underpin lenders confidence in supporting dental practices and dental laboratories at risk was included.

“Practices with potential cashflow deficits due to loan capital repayments will still be trading profitably. To see them go out of business and all that entails for the owners, team and patients would be a terrible waste.”

9 Recommendations

The 9 recommendations that the SLWG made to the CDO and government were:

1. An extension of the Coronavirus Job Retention Scheme for the dental sector
2. An extension of the maximum repayment term (currently 6 years) for both the Coronavirus Business Interruption Loan Scheme (CBILS), and the Bounce Back Loan Scheme (BBLs) applicable across the breadth of the dental sector
3. Eligibility for business rate relief for all dental practices
4. Eligibility for Retail, Hospitality and Leisure Grant (RHLGF) for the dental sector
5. A support package for dental laboratories that service NHS dental practices
6. A Government guaranteed loan support scheme to underpin lenders confidence in supporting dental practices and dental laboratories at risk
7. A Government commitment to target additional funding toward an expanded NHS dental provision to address inequalities by:
 - a. Commissioning additional dental capacity for routine dental care and increase patient access
 - b. Commissioning additional capability and capacity for non-mandatory services; to include domiciliary services for care homes and community settings, sedation services, advanced restorative work to address evidenced needs (e.g. endodontics)
 - c. Flexible commissioning to support prevention initiatives
8. Funding for urgent research into the fallow time post dental aerosol-generating procedures
9. For the General Dental Council (GDC) to return the 20/21 Annual Retention Fee (ARF) to Dental Technicians

Alan Suggett continued, “we await to hear a considered response to our recommendations.”

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.

Alan Suggett and Nick Ledingham, the Chairman of NASDAL, are both available for interview. To organise to speak to them or any other members of NASDAL for more information please contact Chris Baker.

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