

NASDA Benchmarking Statistics 2006/2007

Modest earnings rise for 'average' dentist

The annual benchmarking figures produced by the National Association of Specialist Dental Accountants, NASDA, show that dentists' profits rose by a modest percentage in 2006/2007. NASDA is a grouping of 36 accountants who between them represent one fifth of dentists working in practice. Every year they produce a set of statistics based on a representative sample of their clients. This year the sample was roughly 1,000 dentists.

Annual practice incomes are calculated by NASDA members who also compare the earnings of NHS and private dentists. Since the typical dentist still works in both systems, the dentist must have a bias of more than 80 per cent to fall into either the NHS or private category.

In the first year of the new contract, NHS earnings increased. Fee income per dentist went from £185,800 in 2006 to £191,780 in 2007. This increase is in line with the three per cent pay award in 2006. With the rate of UDA (Unit of Dental Activity) among NASDA clients ranging from a top value of £34.97 to the lowest at £15.01, however, the concept of 'average' is not so clear-cut.

Private earnings have also risen, but not as dramatically as might have been expected. The total private fee income per dentist increased from £231,624 in 2006 to £235,175 in 2007. This is attributed to the increasing competition in the private marketplace. The statistics also show that dentists who work privately spend more on materials, wages, advertising and premises.

One change in 2006/2007 highlighted by the NASDA statistics is the reduction in practice expenses. Total expenses expressed as a percentage are down two per cent from 63.1 to 61.1. The average spend on dental laboratory bills is down from 7.5 per cent to 6.9 per cent, reflecting a reduction in both NHS and private practice.

Principals with a high number of associates continue to make higher profits than single-handed practice-owners. Associate gross incomes have fallen, the average annual fee income having gone down, from £84,308 to £82,864. However, profit levels have remained almost static due to the reduction in laboratory bills. The statistics reflect the change from a situation where associates were getting 50 per cent of everything they earned (minus lab bills) to 50 per cent of the UDA rate agreed with the practice owner (minus lab bills).

Bob Cummings, NASDA tax specialist, commented: "We are surprised that overall NHS incomes have been maintained. What we think is happening is that dentists who are committed to the service are picking up more work as other dentists leave the NHS. In summary, there are fewer dentists doing more NHS work."

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Ian Simpson added: "Now that NHS dental practice incomes are fixed, dentists can only boost profits by reducing their expenses, and this is what we are seeing, especially with lab fees."

The annual NASDA press conference was chaired by Nick Ledingham, NASDA media spokesman, who said that the NASDA statistics are the most up-to-date and wide-ranging figures possible. The statistics produced by the NHS Information Centre, which are usually published later in the year, are less accurate and less representative in a number of ways.

He added: "The most important use of the NASDA statistics will be to allow accountant members to use the detail behind the figures to benchmark the results from their clients' practices and thereby provide a greater understanding of their finances."

Alan Suggett, a member of the NASDA technical committee, announced the new NASDA practice valuation database. He started collating information on dental practice valuations five months ago. He told the audience of editors and journalists that the results for the quarter ending 31 October 2007 showed an average Goodwill expressed as a percentage of fee income of 69%, and the quarter ending 31 January 2008 76% , based on representative samples.

Note to editors

The National Association of Specialist Dental Accountants (NASDA) was formed in 1998 to promote high standards in dental accountancy and business advice. It now consists of around 36 firms throughout the UK. Members abide by the standards of the NASDA charter and meet twice a year to share information. To speak to a member in your area, call 0870 6010 230 or go to the website at www.nasda.org.uk

For more information or for a copy of the NASDA press conference presentation, contact Caroline Holland on 020 8679 9595 or caroline@mediamardle.com