

‘In the past, periods of growth have been triggered by a significant change to NHS contractual arrangements, but we haven’t really had that’

In the private practice themed issue of *BDJ In Practice*, Christie & Co shared their insight into the results of their Dental Market Review,¹ something also discussed by Practice Plan’s Nigel Jones.² However, that isn’t the end of the issue; quite the opposite. *BDJ In Practice* spoke to Practice Plan Area Sales Manager, **Suki Singh**, and **Steve O’Connor**, Associate Director at Christie & Co, to canvass their thoughts on the state of the dental sales market and assessment of future prospects.

Over the last 18 months, how have practices been coping with the rises in costs and how has this affected the practice sales market? Are you seeing a difference in terms of EBITDA between those predominantly NHS and predominantly private practices, or is it not as clear cut as that?

SO’C Yes, you’re right. I think with the very nature of private practice, they’re able to set their own fees, and to increase prices when their costs increase; they have much greater self-determination over their figures.

Ultimately, NHS practices in England are always at the mercy of NHS England when the contract value increases are announced each year. It was reasonably generous this year compared to previous years at just under 6%. But when average costs are increasing by 10%, sometimes 30%, or, in the case of gas and electric bills, they can be increasing by 100% in some cases, the

small uplift in NHS contract value doesn’t offset the increased costs that the practice is having to bear.

SS I sense that private practices were able to pass on a lot of the additional costs to patients, and there is a reference in the report to the resilience of patients when it comes to increased private fees. It must be a greater challenge for NHS practices, particularly those in England where they don’t have the same flexibility to pass on costs.

What effect will these factors have on the relative attractiveness to buyers of private and NHS practices?

SO’C Private practices have the advantage of being able to increase their fees far beyond five or 6% if required to do so, and I think this year many people have. Anecdotally what we see is the public accepting and understanding business costs have increased and that it’s going to cost them more to

do things. We haven’t seen any real tail off in activity within private practices; quite the opposite. Most seem to be going from strength to strength, be that pay as you go or those with a plan provider in place.

Do NHS practices still hold the same appeal to buyers as before?

SO’C There’s always a demand for NHS practices, but private practices are certainly growing in popularity. The number of people looking for particularly large, predominantly NHS practices, is a fairly small pool. Mixed practices are still incredibly popular. They arguably offer the advantages of both. But high-quality private practices are the real volume area at the moment and what the majority of buyers are looking for.

SS This trend towards private practice and away from NHS dentistry is also being reflected in a sustained period of growth for Practice Plan as more principals choose to

hand back their NHS contracts and convert to private dentistry. We're noticing a shift in patient attitudes which has helped drive this growth along with greater confidence from dentists in their ability to become independent practitioners. In the past, periods of growth have been triggered by a significant change to NHS contractual arrangements, but we haven't really had that. We've had tweaks, but not anything significant and yet the growth is phenomenal. So, I think that shows a level of confidence in private dentistry and, as you said, an acceptance by patients.

The issue of workforce supply is also attracting dentists to private practice. Not only have practices had to offer higher wages for dental teams, adding to business costs, but recruitment has also been more difficult post-pandemic. This has proven particularly challenging for NHS practices but has also affected private ones as well. Changes in attitudes towards work have also caused an issue with supply and demand for dental staff across the board.

It's not supply just in terms of headcount, but more in terms of FTE (full-time equivalent) as so many people post pandemic have cut back the number of clinical hours they want to work, which is a key point when you're trying to do workforce planning. Indeed, we're seeing instances where NHS practice owners are being forced to convert to private because of pressure being put upon them by associates who no longer want to carry out NHS work. Also, we're finding a lot of NHS practices approaching us for support in going private primarily because they simply can't fill vacancies. However, I felt the report struck a note of greater optimism about this issue.

Is that really the case?

SO'C Yes, it is. Recruitment is an interesting topic. I read so many different blogs and online forums where the government's line is 'there is no workforce issue in dentistry'. They talk about more dentists being registered and so on. However, as you rightly point out, the reality is many of those are now working only part-time. It's almost unusual to see many dentists working five days a week.

Moving forward, I think the government has introduced, albeit very slowly and arguably very late, new legislation which will make it easier for overseas dentists to come and work in the UK. They're

increasing the number of placements at various dental schools across the country. And so, I think there is room for optimism that things will improve. However, it will obviously take time for these things to filter through and reach the front line.

Historically, recruiting good dentists has always been a difficulty for practice owners, but it's no longer just dentists. It's the same for hygienists, therapists and experienced nurses. What I think we have seen as well, coupled with the cost of living and general inflation that we've mentioned, practices also incredibly keen to keep the good staff members they already have. And so, staff costs this year compared to previous years have seen quite a significant increase too.

SS It's going to be interesting to see how that all pans out. You're right about the intent of the government to bring overseas dentists in here. The 'quick' solution, the NHS workforce plan, will take five to 10 years before it has a material impact.

I believe it's going to be a challenging time for the NHS as it's hard for any NHS practice to compete for associates when private practices also have a high need for them. It's going to be interesting to see how that plays out over the next few years.

What key points would you expect to see in next year's version of the Market Review?

SO'C I think the industry's probably going to go through 12 months to two years of just resetting. As I say, costs have risen significantly. The recruitment challenges vary. Other issues in the wider economic picture. As we've heard so many times over the years, certainty within business is vital to make sure everything keeps working as it should. And so, after this fairly tumultuous year, I suspect the next 12 months will just see everybody finding their bearings again. We'll see a period of reset before things really start to improve and build further from where they are currently.

If you are looking to gain more independence from the NHS, or would like to find out more about how we help practices, call 01691 684165 or visit the Practice Plan website: www.practiceplan.co.uk/nhs ♦

References

1. Graham P. The UK dental market - Looking ahead. *BDJ In Pract* 2023; **36**: 26-27.
2. Practice Plan. The future of private practice. *BDJ In Pract* 2023; **36**: 28-29.



About Suki

Suki Singh is an Area Sales Manager who has been at Practice Plan for 15 years and has 18 years' experience in the dental industry. Practice Plan is the UK's leading provider of practice-branded patient membership plans, partnering with over 2,000 dental practices and offering a wide range of business support services.

About Steve

Steve O'Connor entered the world of dentistry fresh from university in 2011. Initially working in dental recruitment, he joined the practice sales team at Christie & Co in 2018 and has supported practice owners with the sale of their businesses across the West Midlands ever since. Throughout his years at Christie & Co, Steve has managed a wide variety of dental practice sales, ranging from single surgery sites to multi-million-pound groups, and everything in between. He has also been involved in some of the landmark sales within the dental sector and advises hundreds of practice owners on their exit strategy every year.

<https://doi.org/10.1038/s41404-023-2264-7>