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By email only

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Dear Ministers, Ms Evans AM and Mr Skates AM

Dental practices and critical need for business support

We need to bring to your attention the precarious position of many dental practices operating in Wales that have lost substantial private income sources overnight since all routine dentistry was halted from mid-March in response to COVID-19. Dental practices are independent businesses and are exposed to many of the same financial conditions that other types of businesses have faced with lockdown, but without the same eligibility for government support.

The new Economic Resilience Fund in Wales launching today is unlikely to help many practices because the scheme is clearly aimed at businesses with employees rather than contractors. Most dentists in General Dentistry in England and Wales are contractors not employees. The same is true for dental therapists and hygienists. Moreover, many dentists have been personally financially exposed due to lack of any support for their private income loss, if normally earning over £50K.

While the Minister for Health and Social Services has acted promptly to put in place a financial support scheme for General Dental Practices, the support is only with respect to the NHS component of contract income and then only at 80% of normal contract value for the duration of the COVID-19 lockdown measures. At the same time practices are required to pay their staff 100% of their NHS earnings. As the arbitrary reduction in contract value is greater than typical activity driven costs, practice owners are already experiencing losses, just with respect to the NHS element.
However, for many practice owners the situation is actually much worse as many practices in Wales are mixed-contract practices, supplying both NHS and private dental care services. The more private-oriented a dental practice is, the more exposed those practices and dentists continue to be in the absence of being able to access wider support measures.

Practices that are largely or wholly private are in a very difficult financial situation indeed, and need to be factored into Welsh Government’s considerations as a matter of urgency. While some dental practices may receive the £10K business rate grant, many practices across Wales have been deemed ineligible because premises exceed the £12K business rates valuation, including for many practices owners who have invested heavily in their premises.

In presenting the circumstances dentists find themselves in, we would like to highlight stark findings of a UK-wide survey of practices recently conducted by the BDA which captures the issues at hand, as follows:

1. With all routine care now suspended over half (57%) of Welsh practices report they can only remain financially sustainable for 3 months or less. Nearly 1 in 10 (9%) estimate they can only survive the month.
2. Only a third (32%) estimate they will be placed to restore pre-pandemic levels of patient access.
3. 22% of practices responding in Wales have already attempted to secure a government backed interruption loan, but none was able to secure credit. 36% of those who failed have already had to seek commercial loans to stay afloat, at reported rates of interest of over 20%.
4. The vast majority of UK practices are mixed, delivering both NHS and private care in varying proportions. Practices performing a greater share of private work in Wales appear most exposed, with 62% of those with low or no NHS commitment (0-25% NHS) stating they will face imminent difficulties in the next three months, falling to 53% among those with the highest NHS commitments (75% or more of NHS activity).

NHS dentistry cannot weather this storm when nearly every surgery relies on private care to stay afloat. It is generally accepted that private dentistry subsidises NHS provision, particularly in relation to practice capital expenditure which is not covered by the NHS contract. If these vital services go to the wall, the impact will be felt by patients in every community in Wales. We know of a practice that has already ceased trading as a direct consequence of being unable to secure any funding during the crisis; and more closures are bound to follow unless government steps in. Our appeal to you is to ensure local dental practices are included within all those support measures for other businesses in Wales.

As mentioned earlier, at a UK-wide level, self-employed dentists working partially or wholly in private practice need access to the support measures for self-employed workers as outlined by the Chancellor in lieu of private practice earnings. Those workers earning anything above £50,000 are currently entirely excluded from financial support, which is grossly iniquitous and damaging. Dentists have bills to pay and families to feed too.

This situation needs to be remedied urgently as lockdown continues with no end in sight. We kindly trust you will respectively instruct your ministry officials to act rapidly upon this information with a view to put in place an immediate raft of remedies, including allowing practices to be eligible for the new economic resilience fund by counting contractors as employees. Banks must be held accountable and required to offer dental practices loans through the government Coronavirus Business Interruption Loan Scheme. A significant increase in rates relief would also help.
We kindly request, please would you write to the Chancellor of the Exchequer asking to significantly elevate the cut-off ceiling for self-employed workers in order to allow monthly income up to £2,500 for all dentists who provide predominantly private dental care.

The time to act is now to prevent further practice closures. Thank you.

We look forward to hearing from you.

Yours sincerely

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Chair Welsh General Dental Practice Committee

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