

# Credit crunch measures

Bob Cummings and Nick Ledingham advise on how to get canny.

This is the busiest time of year for your accountant. While he or she is busy working on your tax return, how about working through a list of measures to improve your financial position and the prospects for your practice?

Taking measures to secure your tax savings and all other savings, making sure they are not at risk, should be a priority. With specific tax savings, the use of certificates of tax deposit can be very attractive in the present financial climate. The scheme effectively allows you to pay tax up front and earn interest on the money. Because the money is with the Government it is totally safe. You

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can withdraw the funds at any time but funds used to pay tax attract a higher interest rate than cash withdrawals.

Full details of the tax deposit scheme can be found at [www.hmrc.gov.uk/payinghmrc/cert-tax-deposit.htm](http://www.hmrc.gov.uk/payinghmrc/cert-tax-deposit.htm)

For other savings:

- Limit funds in any one UK bank or building society to £50,000 so they are covered by the Government's guarantee.
- Avoid holding deposits in overseas banks that are not covered by the UK Government guarantee.

If you are worrying about the

recession, the last thing on your mind is your accounts next year. But the next piece of advice is to make your accounts a priority and get your 2009 accounts and tax return prepared early.

HM Revenue and Customs assumes that profits go up year on year and you pay money on account on that basis. But if your profits are not going up, why give away money needlessly?

Getting ahead with your accounts will enable you to produce an exact payment on account figure for July 31, 2009 and give

ample warning of tax payments due on January 31 and July 31, 2010. If, at the same time, your accountant reviews what has happened since April 2008 it may be possible to make a claim to reduce payments on account of current taxes. (Please note that this must be done properly as interest and penalty charges can arise if claims are seen to be excessive.)

Next on the list is passion. You need to be passionate about customer service. Your patients are going to be far more discriminating about where and how they spend their money; you



● Improve your financial position with a little forward thinking.

want them to put their dental health at the front of their mind.

Many private practices are finding patients cancelling capitation schemes, and pay as you go patients increasing the length of time between check ups. Make sure that your recall system is working perfectly so every patient gets a recall at the right time (and ideally gets reminded of it the day before by text). Even if they might be struggling to pay, a patient is much less likely to cancel an appointment if they have had a text the day before to remind them of it (a phone call often doesn't work as well because that may give the patient the opportunity to cancel the appointment).

Get rid of those unfriendly answer machine messages. Make sure the answer phone is used as little as possible. Ideally get a real person to answer the phone, even at lunchtime. Practice owners would ☺



**Nick Ledingham**

is a Chartered Accountant and member of NASDA.



**Bob Cummings**

is NASDA's tax specialist.

Be surprised how often staff turn answer machines on during the day when they don't know about it. (It is often a very interesting exercise for practice owners to ring their own practice number at either end of the day to see exactly what response they get.)

Every time an answer phone cuts in an opportunity is lost for a patient to make an appointment.

Now that you are doing everything you can to ensure your patients come and see you, what about how they pay? If you are considering

abandoning the NHS, and this has been said to be a priority for some dentists in 2009, think hard before you resign your contract. The one thing about NHS dentistry is that fees are guaranteed, subject to achieving UDA or UOA targets. The benefits of guaranteed cash flow might well outweigh the potential of higher patient charges for private work at this time.

Offer a patient plan and interest-free credit. Although there may be a cost to the practice it is better to retain patients and income at a price rather

than lose out completely. Once again, shop around for the best deal.

One final word of warning. Do not try and save on accountancy fees. This is a false economy, although we would say that, wouldn't we! ■

Nick Ledingham and Bob Cummings can be contacted on 01244 328301. To speak to a member of the National Association of Specialist Dental Accountants in your area, call 0870 6010 230 or go to the website at [www.nasda.org.uk](http://www.nasda.org.uk)

## Expect the unexpected

For many practice principals, leaping into the unknown is becoming a habit, writes **Graham Penfold**. For those with an NHS contract, March 2009 is now looming larger, and judged on previous experience the only certainty we can anticipate is a wide variation in how individual primary care trusts will renegotiate their ongoing relationships with their client practices.

While some will no doubt be fair and reasonable, others will hand down edicts from on high with scant regard for changed circumstances or past performance. A similar variation is also likely in the timing of negotiating new agreements, with some in place promptly and others left to the last minute and beyond. As well as the increased financial pressures occasioned by the present economic situation (which could not have been foreseen when existing contracts came into effect three years ago), changes in a PCT's policy or personnel since the last negotiations may also influence the approach and probable outcomes.

My personal recommendation is for practices to be prepared by devising a business plan that ensures survival in even the worst-case scenario. Some would say this is negative thinking, but it does mean that anything better is a bonus, and living in hope that has no foundation is a dangerous policy for any business.

Suppose a practice's current units of dental activity value is higher than average at around £30, but the PCT has now decided to enforce a common figure across its entire area, and the new figure is to be £23. Numerically this reduces the contract value by 23 per cent, but taking into account dental inflation the reduction in real terms is closer to 30 per cent. How would you cope with such a situation?

Even the most stringent efficiency savings will struggle to reduce your costs by nearly a third, and other options are limited. The PCT might agree to phase the reduction over two or three years, but that would hardly solve the

problem. Equally unattractive is the prospect of asking for more UDAs simply to maintain turnover and cashflow. This would, in effect, oblige you to work harder just to stand still. If this happened, inevitably the quality of care within the practice would suffer.

This might be the time to pause and consider whether this is the working environment, where cost pressures constantly compromise your treatment options, in which you can practise the type of dentistry that satisfies you and is fair to your patients.

The imposition of the new contract in 2006 effectively transferred control of the dentist/patient relationship to the PCT. Where previously each patient was registered to a particular dentist within the practice, if the PCT now terminates a contract or reduces the funding available, the existing patient/dentist bond is broken as patients must make their own, private arrangements to pay for their care.

You should ask yourself, as renewal day comes closer, whether your independently paying patients are more important to the practice's financial health than your NHS contract. If analysis shows the NHS business is peripheral to your major sources of income, your bargaining position is much stronger if you decide to renew the arrangement. It's also worth remembering the PCT has its own imperatives, it must source publicly funded dental care from somewhere.

During the now closing first contract period, some principals have become complacent with the new arrangements. All should be aware their PCT may arbitrarily shift the goalposts in three months; if it hasn't happened yet, it might. The best defence is to be prepared with an alternative business plan. ■

For information call Practice Plan on 01691 684135 or see [www.practiceplan.co.uk](http://www.practiceplan.co.uk)