

Classification: Official

Publication approval reference: PAR1277



Managing the 2021/22 year-end reconciliation

Guidance to support dental contract management arrangements for the 2021/22 year-end reconciliation

Version 1, 5 April 2022

Contents

1. Introduction.....	2
2. Arrangements for reconciling year end activity	3
3. COVID-19 dental staff absence exceptional circumstances	7
4. Exceptional circumstances	9
5. Appendix 1 – worked examples	11
Example 1 – Contract has met performance threshold for all three time periods.....	11
Example 2 – Contract has met minimum performance thresholds for H1,Q3 and Q4.....	12
Example 3 – Contract that has offset of activity to two prior periods.....	14
Example 4 – Contract that has credited activity due to COVID 19 Dental Staff Absence	17

1. Introduction

In recognition of the ongoing constraints to practice capacity due to COVID-19 contractual protection has remained in place throughout 2021/2022. As services have continued to recover temporary [operational and contractual arrangements](#) were put in place between the following time periods:

- 1 April 2021 to 30 September 2021.
- 1 October 2021 to 31 December 2021.
- 1 January 2022 to 31 March 2022.

At the time that we were agreeing performance thresholds for 1 January 2022 to 31 March 2022 (Q4) we were starting to see the emergence of the Omicron variant. Due to the uncertainty of any impact this may have had on deliver we committed in our letter of the [22 December 2021](#) that we would revisit Q4 contractual requirements in response to the emergent situation.

Contractual requirements have always been designed to secure safe levels of patient access and reduce financial penalties for practices for reasons that may have been outside of their control. Following a review of transmitted data to date within Q4 we have reintroduced a minimum threshold of 75% for units of dental activity (UDA) contractors only.

This guidance sets out the arrangements and principles for end of year reconciliation across these three time periods for general dental service contracts (GDS) and personal dental services agreements (PDS) within England.

The development of this policy has been guided by two key principles:

- Maximising access for patients
- Ensuring fairness to contractors across England.

2. Arrangements for reconciling year end activity

Definition of terms

1. To aid with understanding of this section the following terms are used with the attached meaning:
 - **Performance threshold** – this refers to the level of activity required for full NHS income protection:
 - 1 April to 30 September 2021 (H1); 60% contracted UDAs / 80% contracted units of orthodontic activity (UOAs)
 - 1 October to 31 December 2021 (Q3); 65% contracted UDAs / 85% contracted UOAs
 - 1 January to 31 March 2022 (Q4); 85% contracted UDAs / 90% contracted UOAs
 - **Minimum threshold** – this refers to the level of activity required to avoid full financial recovery for non-delivered activity:
 - 1 April to 30 September 2021 (H1); 36% contracted UDAs / 56% contracted UOAs
 - 1 October to 31 December 2021 (Q3); 52% contracted UDAs / 60% contracted UOAs
 - 1 January to 31 March 2022 (Q4); 75% contracted UDAs / 85% contracted UOAs

Measurement of contract delivery

2. Acknowledging that there are three time periods across contractual year 2021/22 the end of year report will identify practice delivery against each specific time period:
 - April 2021 to September 2021, described as H1
 - October 2021 to December 2021, described as Quarter 3
 - January 2022 to March 2022, described as Quarter 4
 - will demonstrate a combined year end position inclusive of any carry forward activity.

3. For the purposes of end of year reconciliation, annual activity will be prorated for each of the time periods against which contracts are measured.
4. Activity delivered by dental foundation trainees between April 2021 to March 2022 will count towards the overall contract activity of the trainer's mandatory services contract and be reflected in each specific time period.

Carry forward of activity from previous year(s)

5. Carry forward of under delivered activity (UDA/UOA) will be deducted from the H1 scheduled activity (unless otherwise agreed). If this deduction has the effect of taking a contract below the minimum threshold, then the under-delivered activity should be distributed in a way to minimise the financial impact on practices.
6. Carry forward of over-delivered activity will be prorated and allocated to the scheduled activity for each of the time periods. If a contractor is below the minimum threshold, then the carry forward should be distributed in a way to minimise the financial impact on practices.

General conditions required for income protection

7. In order to receive income protection for any time period, the minimum or performance threshold and contractual requirements must be met.
8. The following requirements must also be met across the year:
 - All required declarations must be submitted in full via NHSBSA Compass system.
 - All annual declarations should be fully completed. A failure to fully complete these will result in contractual sanctions being issued irrespective of the level of contract delivery.
 - All NHS funded capacity must be used to deliver the maximum possible volume of safe care for patients.
9. If these conditions have not been met contractors will revert to normal contractual payment and financial recovery arrangements.

Conditions required for full income protection

10. In the case of any contractor delivering 100% of their total actual annual contract activity across the year, irrespective of how that activity is distributed

across the year, they will be deemed to have successfully delivered actual contract activity and no adjustment to contract payment will be made at year end.

11. Where 100% of the total actual annual contract activity has not been delivered, but contractors have met all the conditions of income protection requirements and achieved or exceeded the performance threshold in each time period, the contractor will be eligible for 100% of their actual contract value in that period adjusted for variable costs to reflect reduced patient care activity. This variable rate will be calculated as below:
 - 16.75% April 2021 to September 2021 – H1.
 - 12.75% October 2021 to March 2022 – Quarter 3 and Quarter 4.

Conditions required for partial income protection

12. Contracts that have met all the conditions of income protection described in paragraph 8 and who have delivered levels of care between the minimum threshold and the performance threshold in H1 and/or Q3 and/or Q4 will be eligible for partial income protection in that period on a sliding scale (see worked example 2) between the minimum threshold and performance threshold. The adjustment for variable costs will be applied as above to reflect reduced patient care activity.

Where income protection will not apply

13. Where a contractor has performed below the minimum threshold in H1 and/or Q3, and/or Q4 normal contractual rules will apply in that period and contractors will only be paid for activity delivered.

Distribution of activity across time periods

14. Where a contract has variable performance across the time periods then consideration will be given to redistribution of activity across the time periods.
15. Subject to meeting all the conditions of income protection described in paragraph 8 arrangements are in place to allow under performance in one time period during 2021/22 to be offset by delivery above the performance threshold in a subsequent time period. This will be calculated as follows:
 - Delivery over the performance threshold in Q3 will be used to offset delivery below the performance threshold in H1.

- Delivery over the performance threshold in Q4 will be used to offset delivery below the performance threshold in H1 and Q3 as needed.
 - Any activity available to offset will be allocated to the period where it will offer the contractor the greatest financial value.
 - Performance greater than the performance threshold or the minimum threshold in H1 or Q3 cannot be carried forward to offset underperformance in any subsequent time periods.
16. Once offsetting of activity has been applied performance will be reviewed against the requirements for full or partial income protection described above.
17. Any adjustment for variable costs will continue be calculated based on the time period that activity was actually delivered (ie before any redistribution) and as detailed in paragraph 11.

Opportunity to deliver above 100% of contracted UDA activity

18. On completion of the end of year reconciliation any activity delivered beyond actual contracted activity will be remunerated at the contract indicative UDA rate for 2021/22 up to a maximum of 110% contract value/activity. This will apply both where a contractor has delivered above 100% of actual contracted activity across the year, and where a contractor has delivered 100% of actual contracted activity in Q4, after any redistribution to prior periods as set out above. The arrangements to remunerate up to a maximum of 110% contract value/activity only applies to UDA contracts.

Carry-forward of over or under-delivery into 2022/23

19. There will be no provision for under or over-delivered activity to be carried forward into contract year 2022/2023.

Rebasing of contracts

20. Should any practice negotiate a permanent or temporary in-year rebasing of their contract value and associated activity in 2021/2022 income protection arrangements will not apply.

Prototypes

21. Contractors will be reconciled based on the requirements set out in the communication to the profession on [13 July 2020](#).

CDS and Tier 2 and 3 contractors

22. Community dental service (CDS) and contractors delivering tier 2 and 3 services under PDS agreements are required to submit in full declarations and associated documentation via NHSBSA Compass system.
23. Commissioners will have local commissioning and monitoring arrangements with contractors delivering these services. In addition, locally agreed requirements will have been put in place during the recovery of services.
24. Commissioners continue to be responsible for the year end reconciliation of these contracts.

3. COVID-19 dental staff absence exceptional circumstances

25. From 1 December 2021 to 31 March 2022 specific temporary exceptional circumstance arrangements were put in place in response to the Omicron wave.
26. The COVID-19 Dental Staff Absence Exceptional Circumstances arrangements are in addition to the process described in chapter 17 titled Adverse Events of NHS England Policy Book for Primary Dental Services.
27. These arrangements for UDA and UOA contractors offer protection for contractors whose staff are advised to self-isolate or are unable to work as a direct result of COVID-19 illness, resulting in loss of patient care.
28. Contractors are required to notify commissioners of relevant absence within 5 working days of it occurring. A [template](#) has been produced for contractors to use. This must be sent to NHSBSA and copied to your regional commissioner.
29. The following supporting evidence is required for all claims:
 - Details of the staff advised to self-isolate.
 - The period patient care was affected.
 - Copies of the notification from test and trace or test results (lateral flow and/or PCR) where applicable.

- Copies of the relevant appointment books will be required, relating to the sessions for which relief is claimed, demonstrating UDAs/UOAs lost due to this absence and their indicative value.

30. Where supporting evidence was not available at the time of the event contractors are able to submit any such evidence within a period of no longer than 28 days.

31. If a contractor is unable to provide day book data and provides evidence that their system does not allow this the following steps will be followed:

- Make an estimate of weekly activity for an individual performer using data from the week before that cited in any claim.
- Divide this activity by the number of days/sessions worked by performer.
- Use the daily/sessional average to provide an estimate of lost activity for relevant time period.

32. Where a contractor has an accepted COVID exceptional circumstance and day book data is available the contractor will be credited with the number of UDAs or UOAs that the treatment due to be undertaken during the missed appointment would have equated to:

Appointment Type	Units of dental activity to be credited
Band 1	1
Band 2	3
Band 3	12
Band 1 Urgent	1.2

33. Example: Dentist was due to see 3 patients

1 examination (Band 1)

1 for a filling (Band 2)

1 for a denture (Band 3)

Total credit = 16 UDAs

Appointment Type	Units of orthodontic activity to be credited
Assessment & Review	1
Start of active treatment	21
Review of active treatment	0

34. Example: Orthodontist was due to see three patients
 1 Assessment and review (1 UOAs)
 1 Start of active treatment (21 UOAs)
 1 Review of active treatment (0 UOAs)
 Total credit = 22 UOAs
35. Any agreed 'lost activity' will be manually credited to the contractor's year end performance position in the period in which the 'lost activity' occurred, in advance of any redistribution of performance between periods. This will then be taken into account as part of the year end reconciliation.
36. For the avoidance of doubt, if contractors experience COVID related sickness absence during the above period they are expected to apply under these arrangements and if applications are rejected, contractors are not able to be considered for dental relief (chapter 17 titled Adverse Events of NHS England Policy Book for Primary Dental Services). The COVID-19 Dental Staff Absence provisions cannot be used where staff are absent for reasons other than COVID, or in relation to vacancies.
37. Due to local commissioning arrangements in place for CDS contracts and contractors delivering tier 2 and 3 services, applications and calculations for lost activity as a result of COVID-19 exceptional circumstances will be managed by commissioners.

4. Exceptional circumstances

38. There may be instances in which a contractor is unable to fulfil its requirements to deliver the annual contractual activity due to an adverse event.
39. The established process outlined in chapter 17 (titled 'Adverse Events') of NHS England Policy Book for Primary Dental Services should be followed in these circumstances. For the avoidance of doubt, this process should be

followed for all adverse events with the exception of the COVID staff absence exceptional circumstances policy outlined above.

40. The commissioner will have regard to the circumstances listed in Annex 49 of the Policy Book for Primary Dental Services: Appendices.
41. Contractors are contractually required to inform commissioners at the earliest opportunity if they feel that any contractual conditions cannot be met due to exceptional circumstances.
42. Contractors are also encouraged to work with the commissioner to improve compliance to improve access and reduce the likelihood of financial recovery being implemented.

5. Appendix 1 – worked examples

Example 1 – Contract has met performance threshold for all three time periods

1. The calculation for the adjustment for undelivered UDAs/UOAs will be based on actual scheduled activity delivered
 - i. H1: = No. of Undelivered UDAs/UOAs x Indicative UDA/UOA value x 16.75% Adjustment
 - ii. Q3: = No. of Undelivered UDAs/UOAs x Indicative UDA/UOA value x 12.75% Adjustment
 - iii. Q4: = No. of Undelivered UDAs/UOAs x Indicative UDA/UOA value x 12.75% Adjustment
2. Total financial recovery = H1 + Q3 + Q4

Time Period	H1	Q3	Q4	Total
Months and year	Apr to Sept 21	Oct to Dec 21	Jan to Mar 22	
Example of an annual contract of UDAs 12,000 TCV of £312,000 Indicative UDA value of £26				
Indicative UDA value	£26.00			
% Performance Threshold	60%	65%	85%	
% Minimum Threshold	36%	52%	75%	
Adjustment for undelivered UDAs	16.75%	12.75%	12.75%	
Contracted UDAs per time period	6,000	3,000	3,000	12,000
Scheduled Activity	3,650	1,955	2,600	8,205
% activity delivered	60.83%	65.17%	86.67%	68.38%
Year end reconciliation				
No. of Undelivered UDAs (for Adjustment)	2,350	1,045	400	3,795
Adjustment for undelivered UDAs - (£)	£10,234.25	£3,464.18	£1,326.00	£15,024.43
Repayable in 3 monthly instalments				£5,008.14

Example 2 – Contract has met minimum performance thresholds for H1, Q3 and Q4

1. Partial income protection will be applied based on a sliding scale between the minimum and performance threshold. The value of activity once the sliding scale income protection is applied will be:
 - i. H1: = $100\% / 60\% \text{ Performance Threshold} \times \text{Adjusted Scheduled Activity} \times \text{Indicative UDA/UOA value}$
 - ii. Q3: = $100\% / 65\% \text{ Performance Threshold} \times \text{Adjusted Scheduled Activity} \times \text{Indicative UDA/UOA value}$
 - iii. Q3: = $100\% / 85\% \text{ Performance Threshold} \times \text{Adjusted Scheduled Activity} \times \text{Indicative UDA/UOA value}$
2. The partial financial recovery for undelivered UDA/UOAs will be = Prorated contract value – value of Income protection activity
3. Variable cost adjustment will be applied at the agreed rate for each time period to all contracted activity where a contractor has benefited from income protection, ie any activity which has been paid for but not delivered between the minimum threshold and 100% for H1, Q3 and Q4.
4. The Variable cost adjustment calculation will be
 - i. H1: = $[\text{Actual No. of Undelivered UDA/UOAs} - (\text{Contracted UDA/UOAs per time period} - (100\% / 60\% \text{ Performance Threshold} \times \text{Adjusted Scheduled Activity}))] \times \text{Indicative UDA/UOA value} \times 16.75\% \text{ Adjustment}$
 - ii. Q3: = $[\text{Actual No. of Undelivered UDA/UOAs} - (\text{Contracted UDA/UOAs per time period} - (100\% / 65\% \text{ Performance Threshold} \times \text{Adjusted Scheduled Activity}))] \times \text{Indicative UDA/UOA value} \times 12.75\% \text{ Adjustment}$
 - iii. Q3: = $[\text{Actual No. of Undelivered UDA/UOAs} - (\text{Contracted UDA/UOAs per time period} - (100\% / 85\% \text{ Performance Threshold} \times \text{Adjusted Scheduled Activity}))] \times \text{Indicative UDA/UOA value} \times 12.75\% \text{ Adjustment}$

Time Period	H1	Q3	Q4	Total
Months and year	Apr to Sept 21	Oct to Dec 21	Jan to Mar 22	
Example of an annual contract of UDAs 12,000 TCV of £312,000 Indicative UDA value of £26				
Indicative UDA value	£26.00			
% Performance Threshold	60%	65%	85%	
% Minimum Threshold	36%	52%	75%	
Adjustment for undelivered UDAs	16.75%	12.75%	12.75%	
Contracted UDAs per time period	6,000	3,000	3,000	12,000
Adjusted scheduled Activity	2,160	1,850	2,520	6,560
% activity delivered	36.00%	61.67%	84.00%	54.67%
Year end reconciliation				
Actual No. of Undelivered UDAs	3,840	1,150	480	5,440
Value of activity delivered in H1 and Q3 prior to application of income protection sliding scale (Activity x indicative UDA value)	£56,160	£48,100	£65,520	
Value of activity once sliding scale income protection is applied - (Uplift value of activity by 100%/Performance Threshold)	£93,600	£74,000	£77,082	
Partial financial recovery for undelivered UDAs - (100% value of activity less value once income protection has been applied)	£62,400.00	£4,000.00	£917.65	£67,317.65
Underdelivered UDAs not subject to partial financial recovery	1,440	996	445	
Adjustment for undelivered UDAs - (£)	£6,271.20	£3,302.25	£1,474.20	£11,047.65
Total Financial Recovery				£78,365.30
Repayable in 3 monthly instalments				£26,121.77

Example 3 – Contract that has offset of activity to two prior periods

1. Delivery over the performance threshold in Q3 will be used to offset delivery below the performance threshold in H1.
2. Delivery over the performance threshold in Q4 will be used to offset delivery below the performance threshold in H1 and Q3 as needed.
3. Any activity available to offset will be allocated to the period where it will offer the contractor the greatest financial value.
4. Calculate number of UDA/UOAs above performance threshold for October 2021 to December 2021 and January 2022 to March 2022:
 - i. Q3: = Activity delivered - contracted UDA/UOAs for time period x 65% Performance Threshold
 - ii. Q4: = Activity delivered - contracted UDA/UOAs for time period x 85% Performance Threshold
5. Where there is underperformance in H1 & Q3 and delivery above the required performance threshold in Q4, calculate revised No. of delivered UDA/UOAs after offsetting:
 - i. H1: = Activity delivered + No Redistributed UDA/UOAs
 - ii. Q3: = Activity delivered + No Redistributed UDA/UOAs
 - iii. Q4: = Activity delivered - No Redistributed UDA/UOAs
6. Once offsetting of activity has been applied contractors will be assessed for their final end of year position.
7. The adjustment for variable costs will continue be calculated based on the time period that activity was actually delivered.
8. Variable cost adjustment will be applied at the agreed rate for each time period to all contracted activity where a contractor has benefited from income protection, ie any activity which has been paid for but not delivered between the minimum threshold and 100% for H1, Q3 and Q4.

Time Period	H1	Q3	Q4	Total
Months and year	Apr to Sept 21	Oct to Dec 21	Jan to Mar 22	
Example of an annual contract of UDAs 12,000 TCV of £312,000 Indicative UDA value of £26				
Indicative UDA value	£26.00			
% Performance Threshold	60%	65%	85%	
% Minimum Threshold	36%	52%	75%	
Adjustment for undelivered UDAs	16.75%	12.75%	12.75%	
Contracted UDAs per time period	6,000	3,000	3,000	12,000
Example of Activity delivered	3,500	1,520	2,980	8,000
% activity delivered	58.33%	50.67%	99.33%	66.67%
Year end reconciliation allocation of activity				
Actual No. of Undelivered UDAs (for adjustment)	2,500	1,480	20	4,000
No UDAs above performance threshold) le Adjusted activity – (contracted UDAs x 85% minimum threshold)			430	430
Example of offsetting (note this is indicative only: offsetting will be carried out in order to maximise financial benefit to the contractor. In this case, Q3 has been topped up to reach the performance threshold, before the remaining UDAs are offset to H1)	3,500 + 100	1,520 + 330	2,980 - 430	
No of delivered UDAs (after offsetting)	3,600	1,850	2,550	8,000
% activity delivered (after offsetting)	60.00%	61.67%	85.00%	66.67%
Value of activity delivered in H1 (after offsetting) prior to application of income protection sliding scale (Activity x indicative UDA value)		£48,100.00		
Value of activity once sliding scale income protection is applied - (Uplift value of activity by 100%/Performance Threshold)		£74,000.00		
Partial financial recovery for undelivered UDAs - (100% value of activity less value once income protection has been applied)		£4,000.00		£4,000.00

Underdelivered UDAs not subject to partial financial recovery		1,326.15		
Adjustment for undelivered UDAs - (£)	£10,887.50	£4,396.20	£66.30	£15,350.00
Total Financial Recovery				£19,350.00
Repayable in 3 monthly instalments				£6,450.00

Example 4 – Contract that has credited activity due to COVID 19 Dental Staff Absence

- COVID 19 Dental Staff Absence Exceptional Circumstances will be credited to the relevant time period that the exceptional circumstance occurred (1 December 2021 to 31 March 2022)

= Adjusted Scheduled Activity + credited UDAs / UOAs for dental staff absence exceptional circumstances relating to same time period

- Once activity has been credited contractors will be assessed for their final end of year position.

Time Period	H1	Q3	Q4	Total
Months and year	Apr to Sept 21	Oct to Dec 21	Jan to Mar 22	
Example of an annual contract of UDAs 12,000 TCV of £312,000 Indicative UDA value of £26				
Indicative UDA value	£26.00			
% Performance Threshold	60%	65%	85%	
% Minimum Threshold	36%	52%	75%	
Adjustment for undelivered UDAs	16.75%	12.75%	12.75%	
Contracted UDAs per time period	6,000	3,000	3,000	12,000
Adjusted scheduled Activity	3,600	2,100	2,508	8,208
% activity delivered	60.00%	70.00%	83.60%	68.4%
Year end reconciliation				
COVID 19 credited activity			42	42
Adjusted scheduled activity including credited activity	3,600	2,100	2,550	8,250
% activity delivered	60.00%	70.00%	85.00%	68.75%
Actual No. of Undelivered UDAs	2,400	900	450	3,750
Adjustment for undelivered UDAs - (£)	£10,452.00	£2,983.50	£1,491.75	£14,927.25
Total Financial Recovery				£14,927.25
Repayable in 3 monthly instalments				£4,975.75

NHS England and NHS Improvement
Skipton House
80 London Road
London
SE1 6LH

Contact: england.dentaloptoms@nhs.net

This publication can be made available in a number of alternative formats on request.