

Issue 7 preparedness letter published,
22 December 2020 - webinar

January 2021

Webinar 3 – Time period 3 (UOA contracts)

NHS England and NHS Improvement



Introduction

- Dental contracts will be managed over three time periods
 - 1 April to 7 June 2020 (Time period 1)
 - 20 July to 31 December 2020 (Time period 2)
 - 1 January to 31 March 2021 (Time period 3)
- Series of recorded webinars to explain
 - Webinar 1 - Time periods 1 and 2
 - Webinar 2 - Time period 3 UDA contracts
 - Webinar 3 - Time period 3 UOA contracts
 - Webinar 4 - Time period 3 Other contract types



UOA example contract values

Time period	Contract value	UOAs
2020/21	£300,000	6,000
Time period 1		1,500
Time period 2		3,000
Time period 3		1,500
Minimum 70%		1,050

N.B. Rounding in examples our own



1 January – 31 March 2021

NHS England and NHS Improvement



1 January – 31 March (time period 3)

- 1 January to 31 March 2021
 - Issue 7 preparedness letter published 22 December 2020
- Practices asked to provide routine face to face care
- Contractors will receive 1/12th of contract payment per month
- Patient charge revenue taken as appropriate
- 25% of annual contract activity covered for this time period
- Adjustment applied depending on final Q4 outcome
- Delivery achieved on completed courses of treatment between 1 January and 31 March 2021 (submitted within 60 days following completion)
- Excludes Prototypes



Year end reconciliation

- Achievement for time period 3 calculated
 - 1,500 UOAs
- Combined with deemed achievement for time periods 1 and 2
 - 1,500 + 3,000 UOAs
- Gives an overall year end achievement
 - $1,500 + 3,000 + 1,500 = 6,000$ UOAs
 - $6,000/6,000 * 100 = 100\%$
- For the examples in this webinar we are assuming expectations in time periods 1 and 2 were met
- The overall achievement will be affected by final time period achievement



Year end reconciliation (1)

- Over 70%
 - Achievement >100%.
 - Carry forward into 2021/22 (over performance)
- Exactly 70%
 - Achievement = 100%.
 - No carry forward
- Between 56-70%
 - Achievement between 95-100%
 - Carry forward into 2021/22 (under performance) or
 - Financially recovered
- Under 56%
 - Achievement < 96%
 - Financially recovered

7 N.B not applicable where carry forward 2019/20 applied



Exactly 70%



Worked example 1: 70% achievement

Worked example 1

- Period target 1,500 UOAs
- Achieved 1,050 UOAs

- $1,050/1,500 * 100 = 70\%$
- 70% target achieved

Deemed activity: 1,500 UOAs



Worked example 1: 70% achievement

- Achievement will be adjusted for variable costs
- Applied to actual undelivered UOAs
 - Period target 1,500 UOAs
 - Achieved 1,050 UOAs
- Undelivered actual UOAs $(1,500 - 1,050) = 450$ UOAs
- Adjustment applied to 450 UOAs
 - $450 * 16.75\% = 75.37$ UOAs
- Value of adjusted UOAs
 - $75.37 * £50 = £3,768.5$

Contract adjustment: £3,768.50



Worked example 1: 70% achievement

- Final year end achievement for activity
 - Combined UOA delivery for all time periods
 $1,500 + 3,000 + 1,500 = 6,000$ UOAs
- Overall % achievement $6,000/6,000*100 = 100\%$

- Final year end achievement for contract value
 $£300,000 - \text{adjustment } (£3,768.50) = £296,231.50^*$

* This figure is subject to PCR (if applicable) and other deductions. The abatement related to time period 1 will be dealt with outside of the year end process.



Over 70%



Worked example 2: >70% achievement

- Achievement over 70% will be counted in actual UOAs for whole period
- Over performance will be carried forward into delivery targets for 2021/22

Worked example 2

- Period target 1,500 UOAs
- Minimum 70% target 1,050 UOAs
- Achieved 1,100 UOAs
 - $1,100/1,500 = 73.3\%$ of 1,500
- 73.3% achieved
- Deemed activity calculated
 - 3.3% over period target
 - $3.3\% * 1,500 = 49.5$ UOAs
 - $1,500 + 49.5$ UOAs

Deemed activity: 1549.5 UOAs



Worked example 2: >70% achievement

- Achievement will be adjusted for variable costs
- Applied to actual under delivered UOAs
 - Period target 1,500 UOAs
 - Achieved 1,100 UOAs
- Under delivered actual UOAs $(1,500 - 1,100) = 400$ UOAs
- Adjustment applied to 400 UOAs
 - $400 * 16.75\% = 67$ UOAs
- Value of adjusted UOAs
 - $67 * £50 = £3,350$

Contract adjustment: £3,350



Worked example 2: >70% achievement

- Final year end achievement for activity
 - Combined UOA delivery for all time periods
 $1,500 + 3,000 + 1,549.5 = 6,049.5$ UOAs
- Overall % achievement $6,049.5 / 6,000 * 100 = 100.82\%$
0.82% carried forward (49.2 UOAs)

- Final year end achievement for contract value
 $£300,000 - \text{adjustment } (£3,350) = £296,650^*$

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Between 56-70%



Time period 3 (UOA) - between 56-70%

- Achievement between 56-70% of contracted activity
- Adjustment
 - Adjustment required where carry forward of under delivery
 - No adjustment where financial recovery
 - Calculations based on % delivery against 70%



Worked example 3: 65% achievement

Worked example 3 - 65% achievement

- Period target 1,500 UOAs
- Minimum 70% target 1,050 UOAs

- Achieved 975 UOAs
 - $975/1,500 = 65\%$ achievement

- Deemed activity calculated
 - $100/70 * 975 = 1,392.86$

Deemed activity: 1,392.86 UOAs



Worked example 3: 65% achievement

- Final year end achievement for activity
 - Combined with UOA for all periods
$$1,500 + 3,000 + 1,392.86 = 5,892.86$$
 - Overall % achievement $5,892.86/6,000 * 100 = 98\%$
- Activity carried forward to 2021/22
 - 2% of 6,000 UOAs
 - 120 UOAs



Worked example 3: 65% achievement

- Achievement will be adjusted for variable costs
- Applied for
 - Period target 1,500 UOAs
 - Achieved 975 UOAs
 - Undelivered activity UOAs 525 UOAs
 - Carried forward UOAs 120 UOAs
- Adjustment applied to 525 UOA's
 - $525 * 16.75\% = 87.94$ UOAs
- Calculated adjustment for carried forward UOA's (120 UOAs)
 - $120 * 16.75\% = 20.1$ UOAs
- Final adjustment calculation
 - $87.94 - 20.1 = 67.84$ UOAs
- Adjustment value
 - $67.84 * £50 = £3,392$

Contract adjustment
£3,392



Worked example 3: 65% achievement

- Final year end achievement for activity

- Combined with UOA for all periods

$$1,500 + 3,000 + 1,392.86 = 5,892.86$$

- Overall % achievement $5,892.86/6,000 * 100 = 98\%$

2% carried forward (120 UOAs)

- Final year end achievement for contract value

$$£300,000 - \text{adjustment } (£3,392) = £293,970^*$$

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Worked example 4: 56% achievement

Worked example 4 - 56% achievement

- Period target 1,500 UOAs
- Minimum 70% target 1,050 UOAs

- Achieved 840 UOAs
 - $840/1,500 \times 100 = 56\%$ achievement
- Deemed activity
 - $100/70 \times 840 = 1,200$ UOAs

Deemed activity: 1,200 UOAs



Worked example 4: 56% achievement

- Achievement will be adjusted for variable costs
- Final year end achievement for activity
 - Combined UOA delivery for all time periods
 $1,500 + 3,000 + 1,200 = 5,700$ UOAs
- Overall % achievement $11,400/12,000 * 100 = 95\%$
 5% financial recovery
- UOAs not subject to full financial recovery
 - $1,500 - 1,200 = 300$
- Adjustment applied to undelivered UOAs not subject to full financial recovery
 - $1,500 - 840 = 660$
 - $660 - 300 = 360$ UOAs
- Can also be described as the difference between deemed activity minus actual delivered UOAs
 - $1,200 - 840 = 360$ UOAs
- Calculated adjustment for undelivered UOA's (360 UOAs)
 - $360 * 16.75\% = 60.3$ UOAs
- Adjustment value
 - $60.3 * £25 = £3,015$

Contract adjustment

£3,015



Worked example 4: 56% achievement

- Final year end achievement for activity
 - Combined UOA delivery for all time periods
 $1,500 + 3,000 + 1,200 = 5,700$ UOAs
- Overall % achievement $5,700/6,000 * 100 = 95\%$
5% financial recovery

- Final year end achievement for contract value
 $£300,000 - \text{financial recovery } (£15,000) - \text{adjustment } (£3,015) = £281,985^*$

* This figure is subject to PCR (if applicable) and other deductions. The abatement related to time period 1 will be dealt with outside of the year end process.



Worked example 4: 36% achievement

- Final year end achievement for activity
 - Combined UDA delivery for all time periods
 $3,000 + 6,000 + 2,400 = 11,400$ UDAs
- Overall % achievement $11,400/12,000 * 100 = 95\%$
5% financial recovery
- Final year end achievement for contract value
 $£300,000 - \text{financial recovery } (£15,000) - \text{adjustment } (£5,527) = £279,473^*$

* This figure is subject to PCR and other deductions. The abatement related to time period 1 will be dealt with outside of the year end process.



Under 56%



Worked example 5: <56% achievement

- Worked example 5 - under 56% achievement
 - Period target 1,500 UOAs
 - Minimum 70% target 1,050 UOAs
- Achieved 825 UOAs
 - $825/1,500 = 55\%$
- Activity calculated
 - Achieved UOAs

Activity awarded: 825 UOAs



Worked example 5: <56% achievement

- Final year end achievement for activity
 - Combined UOA delivery for all time periods
 $1,500 + 3,000 + 825 = 5,325$ UOAs
- Overall % achievement $5,325/6,000 * 100 = 88.75\%$
11.25% financial recovery
- Final year end achievement for contract value
 $£300,000 - \text{financial recovery } (£33,750) = £266,250^*$

* This figure is subject to PCR (if applicable) and other deductions. The abatement related to time period 1 will be dealt with outside of the year end process.



Carry forward

- Carry forward from 2019/2020
- Two options for managing carry forward
 - To provide between 1 January to 31 March 21
 - To provide in contract year 2021/22
- Carry forward is the whole level not 70% of carry forward activity level
 - Contracted UOAs 6,000
 - Period target 1,500
 - Minimum 70% delivery 1,050 UOAs
 - Carry forward amount of +/- 120 UOAs
 - New minimum delivery target for 1 January to 31 March
 - $1,050 + 120 = 1,170$ UOAs
 - $1,050 - 120 = 980$ UOAs



Exceptional circumstances

- Lockdown arrangements themselves are not exceptional circumstances
- May be specific issues which could affect achievement of targets in time periods 2 and 3
- Remains a local process
- Usual process for exceptional circumstances remains
 - Notification to commissioner of belief of exceptional circumstance
 - Work with commissioners to improve access and reduce likelihood of financial recovery at year end reconciliation
 - Management of notifications will be considered at year end once final contractual position is known



Exceptional circumstances

- Section 6 of guidance
- Some examples (not exhaustive) of circumstances
 - Covid-19 outbreak forcing practice to close (as advised)
 - Staff shortages due to self-isolation or shielding
 - Disruption to supply chain
 - Delays implementing infection prevention and control where disrupted by supplier issues
- Notifying alone won't mean exceptional circumstances are granted
- Consider in light of final year end achievement
- Contractors should continue to do their best to fulfil contractual obligations, recording measures undertaken
- Normal dispute resolution process as per the contract



- This webinar will remain available on the NHSBSA website
- Please watch the remaining webinars
 - Webinar 1 – Time period 1 & 2
 - Webinar 2 – Time period 3 UDA contracts
 - Webinar 4 – Time period 3 other contracts
- Other guidance available on the NHSBSA website
- If you have any queries regarding the content of this webinar, they can be submitted to:

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