



Jane Dodds MS
Senedd Regional Member for Mid and West Wales

Jane.Dodds@Senedd.Wales

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Dear Jane,

Thank you for your supplementary Oral Question during Plenary on 20 September, about the utilisation of recovered funds from general dental services contracts in Powys Teaching Health Board.

Firstly, I'd like to set out how and why financial sanctions or recoveries occur. All NHS General Dental Service (GDS) contracts have an annual contract value. This value is set by awarding a set number of Units of Dental Activity (UDA) at a certain rate; the Wales average is around £30 per UDA. The contract holder is then paid their annual contract in 12 monthly instalments which means they are effectively paid in advance.

For contracts that have chosen to remain on the UDA contract, their annual performance is measured by delivery of the agreed number of UDAs. For practices that have chosen the reform variation, they are measured on the activity metrics such as number of new/historic patients and the application of fluoride varnish. The dental regulations set out the process for financial sanctions where agreed activity levels have not been delivered. In summary, if a practice achieves 95% of their UDA/metrics they can carry forward up to 5% underperformance into the next year. Anything below 95% then financial sanctions are applied. To give a practical example; a practice has a UDA target of 10,000 UDAs at £30 per UDA. They deliver 9000 UDAs so must repay £30,000. I would also note that an additional 5% tolerance has been applied to 2022/23 to reflect COVID-19 recovery and the enhanced infection control measures that have remained following the pandemic.

We recognise that financial sanctions are undesirable and would like to be in a position where they were not necessary. However, by paying in advance to support dental practice stability and sustainability there must then be a reconciliation process to recover any under-delivered amount to ensure proper stewardship of public funds.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Eluned.Morgan@llyw.cymru
Correspondence.Eluned.Morgan@gov.wales

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

In terms of reusing the funds recovered, the Welsh Government continues to ring-fence health board dental budgets for those health boards without approved Integrated Medium-Term Plans. This means that health boards must spend their dental budget on dental activity and are not able to re-route any dental funding to other areas of the health board budget. Any resource recovered as a result of dental contractual underperformance remains with the health board as part of their dental budget. In most cases the recovered funding is reinvested straight back into alternative NHS dentistry by the health board.

In Powys Teaching Health Board money recovered from GDS contracts has used for investments on a non-recurrent basis. Examples of non-recurrent investment by the health board in 22/23 included an investment of £286k for the reprovision of Welshpool orthodontics and £101k for the waiting list initiative for the North Powys.

I hope this helps clarify the position.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. E. Morgan'.

Eluned Morgan AS/MS

Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services