



GIG
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WALES

Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board

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<date>

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Dear Colleague

Offsetting under / over-performance against two or more contracts

Over recent months, the Health Board has undertaken reviews of levels of contractual compliance and achievement. The majority of contracts have shown levels of performance that are within the expected range.

However, there are a number of contracts where levels of activity have fallen short of anticipated levels. Historically, some degree of contract offset has been allowed, whereby for contractors with more than one contract performance below expected levels has been offset against activity on other dental contracts held. This has allowed some contractors to mitigate any recovery of contractual underperformance by overperformance on other contracts, such as from orthodontic activity or multi-site practices.

I am writing to you as ABMU Local Health Board holds two* contracts with you to provide dental services to the local population.

The Health Board has carefully considered the equity and fairness of this approach, the impact of under/over-performance on patient access to dental services, and the impact on the management of contracts and contractors. The view has been expressed that we should more clearly define the expectations for each contract, as this is the mechanism by which the health board ensures equality of access. By allowing contractors to offset underperformance in some locations against over-delivery elsewhere, this is having an adverse impact on access arrangements for patients for whom we have contracted a particular level of activity.

For this reason, the Health Board is proposing to no longer allow contractual offset from **April 1st 2017**. This applies to offsetting UDA / UDA activity, as well as UDA / UOA. Each contract regardless of having the same provider will be dealt with individually and therefore if there is underperformance on one of your contracts outside the agreed contractual tolerances, a recovery will be instigated as according to the Dental Regulations and ABMU Year End policy.

It is recognised that this informal arrangement offsetting one contract against another has existed for a number of years. By giving you advance notice of the cessation of this practice, It will allow you to work with your nominated contract manager to work towards mitigating any adverse financial impact.

Should you have any questions, or concerns with achieving your contractual target, please discuss these with your contract manager in the first instance.

Yours sincerely

SARAH GRIFFITHS
Primary Care Manager