

# NHS Dental Income

## Annual Reconciliation Report

The superannuation deducted from an Associate's monthly pay calculation should be determined by the estimate of Net Pensionable Earnings (NPE) given to the PCT by the practice before the commencement of each NHS contract year. If there are significant changes to that estimate, the practice should notify the PCT.

It is on this estimate that the monthly superannuation deduction is calculated and deducted from the practice's monthly schedule. This superannuation deduction should be passed onto the Associate by deduction from their monthly pay calculation.

After the end of each contract year, the practice is required to complete the Annual Reconciliation Report (ARR) with each performer's actual NPE. In prior years associates had no input in this, but from now on each performer on the contract during the year is required to certify or approve the value of their NPE (or value of their NHS work) via their NHS Compass Account.

The NHS have published guidelines clarifying what NPE represents. A Performer's NHS pensionable income is their net GDS/PDS income paid up to 31 March. The calculation of NPE is determined at practice level and any formula can be used provided it is mutually acceptable to the practice and the associate.

The strictest interpretation of the calculation of the associate's net NHS income is NHS income less costs directly related to the delivery of treatment e.g. labs, hygienists, levies etc. However, as part of our work we see hundreds of associate pay calculations each year, and the vast majority of practices have not been differentiating between NHS and private costs i.e. labs, hygienist etc., which makes this method impracticable in many cases.

Set out on the next page is an example of a format for the associate pay calculation which would ensure the calculation of NPE (net NHS earnings) in the strictest sense.

Some practices will continue to calculate actual NPE using the old rules i.e. 43.9% of gross NHS earnings. As most practices calculate NHS income based on a net UDA rate, care needs to be taken as to the underlying gross UDA rate to be used in the calculation.

Take for example an associate who has performed 4,500 UDAs at £10 per UDA. What is the underlying UDA rate, £20 (licence fee 50%) or £22.22 (licence fee 45%)? They certainly shouldn't be calculating NPE as 43.9% of £45,000 (4,500 x £10). This could give very different values for NPE and the NHS pension contributions paid. Taking £22.22 as the underlying gross UDA rate rather than £20 would result in additional pension contributions of £408.

Alternatively, some practices will take NPE to be the payment made for NHS work i.e. £45,000 (4,500 UDA at £10).

The advice given by the NHS is that whatever method is used, it has to be mutually agreed.

September 2020	Dr A S Sociate		
	NHS earnings	Private earnings	
No of UDAs performed	497		
UDA rate	£20.00		
<b>Income</b>			
NHS gross	9,940.00	384.00	
Private fee per item		435.00	
Capitation schemes			
	<b>9,940.00</b>	<b>819.00</b>	
<b>Shared costs</b>			
Lab fees	596.40	49.14	
Hygienist contribution	150.00	85.00	
Bad debt	60.00	195.00	
	<b>806.40</b>	<b>329.14</b>	
<b>Net</b>	<b>9,133.60</b>	<b>489.86</b>	
<b>Due to Associate</b>	<b>50%</b> 4,566.80	<b>50%</b> 244.93	
Levies	8.00		
<b>Net earnings</b>	<b>4,558.80</b>	<b>244.93</b>	
<b>Less: Personal costs</b>			
NHS superannuation	570.00		
<b>Total payable</b>	<b>3,988.80</b>	<b>244.93</b>	<b>4,233.73</b>
<b>Net Pensionable earnings for superannuation purposes</b>	<b>4,558.80</b>		