



Summary of *Third phase of NHS response to Covid19*



Introduction

On 31 July 2020, NHS England and NHS Improvement set out the third phase of the NHS response to Covid-19¹ in a letter to all NHS organisations, GP practices and providers of community health services. This letter includes the financial arrangements from 1 August 2020. This summary briefing sets out the key points; the full document should be referred to for further detail or clarification.

Financial arrangements and system working

The letter states that current financial arrangements will be extended to cover August and September 2020; block contract and prospective top-up payments will be the same as for July. A revised financial framework will be put in place for the second half of 2020/21, once it has been agreed with the government.

As part of the revised framework from October, it is the intention that systems will be issued with funding envelopes equivalent in nature to the current block and prospective top-up payments for NHS providers. There will be a system-wide Covid-19 funding envelope; there will no longer be a retrospective funding mechanism from 1 October 2020. Systems will be expected to break even.

The funding envelope will comprise:

- CCG allocations: block contract values will continue to be nationally calculated
- directly commissioned services from NHS providers: block contract values for specialised and other directly commissioned services will continue to be nationally calculated

¹ NHS, *Third phase of NHS response to Covid19*, July 2020

- top-up: additional funding to support delivery of break even
- non-recurrent Covid-19 allocation: additional funding to cover Covid related costs for the remainder of the year

NHS England and NHS Improvement state that block payments may be adjusted depending on delivery against the operational performance objectives.

There will be no need for separate invoicing of non-contract activity as block payments of an appropriate value will be made via the trust's host CCG. Written contracts with NHS providers will not be required for the remainder of 2020/21.

The pay award announced on 21 July 2020² is likely to be implemented in September and backdated to April 2020. NHS providers will be able to claim the additional costs in September as part of the retrospective top-up process, with future costs taken into account in the new financial framework.

The letter states that all integrated care systems (ICSs) and sustainability and transformation partnerships (STPs) are required to build upon the joint working demonstrated during the pandemic and create a development plan that sets out collaborative leadership arrangements and the development of a partnership board.

Systems are also expected to streamline commissioning through a single ICS / STP approach, which will typically lead to a single CCG across the system. Applications to merge CCGs on 1 April 2021 must be submitted by 30 September 2020. Finally, system plans must set out a plan to develop and implement a full shared care record to allow patient data to flow between settings and population health data to be aggregated.

Draft plans are required by 1 September 2020 with final plans due by 21 September.

NHS priorities from August

The letter sets out three areas for focus in the coming months, with further detail on the particular aspects to be addressed.

Accelerate the return of non-Covid health services

Restore full operation of all cancer services

A national cancer delivery taskforce will oversee this work and all systems should commission their cancer alliance to rapidly draw up delivery plans for September 2020 – March 2021.

These plans must include working with GPs and the public to encourage people to come forward so that unmet need can be addressed. It is expected that referrals should be restored to at least pre-pandemic levels. To support this, cancer screening programmes should be fully restarted, and diagnostic and surgical capacity should be restored. An immediate plan is required for any patients who have been waiting longer than 104 days.

Recover the maximum elective activity possible between now and winter

The letter states that trusts and systems must deliver:

- 80% of last year's activity for both overnight electives and day case procedures in September, rising to 90% in October.
- Swiftly return to 90% of last year's levels of MRI/CT and endoscopy procedures with an ambition to reach 100% by October.

² DHSC, *NHS doctors and dentists to receive a 2.8% pay rise, July 2020*

- 100% of last year's activity for first outpatient attendances and follow ups from September, aiming for 90% in August. These can be face to face or virtual.

Block payments will be flexed to reflect delivery (or otherwise) of these objectives. More details will follow on this aspect.

A modified national contract will be in place giving access to most independent hospital capacity until March 2021. By November, a re-procured national framework agreement will be in place within which local contracting will resume. Systems must produce week-by-week independent sector usage plans from August, to ensure value for money for taxpayers.

Restore service delivery in primary care and community services

It is expected that general practice, optometry and community services should restore activity to usual levels, with primary care actively focusing on the backlog of childhood immunisations and cervical screening. For community services, the letter sets out an expectation that crisis responsiveness services should be enhanced in line with the *NHS long term plan*³ and the discharge to assess process should be fully embedded by 1 September 2020.

Clinical commissioning groups are expected to resume NHS continuing healthcare assessments from 1 September 2020. Any patients discharged between 19 March 2020 and 31 August 2020 whose discharge support package has been paid for by the NHS, will need to be assessed and moved onto the appropriate arrangements in the NHS, social care or as self-funders.

Expand and improve mental health services and services for people with learning disability and/or autism

The letter states that every CCG must continue to invest in mental health services in line with the mental health investment standard and that this will again be audited.

Systems will shortly be asked to validate their existing mental health service expansion trajectories for 2020/21. In the meantime, it is expected that IAPT services fully resume and that the 24/7 crisis helplines that were established during the pandemic, are maintained. In addition, the £250m of new capital should be used to help eliminate mental health dormitory wards.

Preparation for winter alongside possible Covid resurgence

It is expected that all organisations continue to follow good Covid-related practice with regards to testing, infection prevention and control, and personal protective equipment. In addition, preparations should be made for winter, which include sustaining current capacity in terms of staff and beds, and continuing to work with partners and volunteers to support patients.

Taking account of lessons learnt during the first Covid peak

Workforce

The letter states that all systems should develop a local people plan in response to *We are the NHS: people plan for 2020/21 – actions for us all*⁴, which sets out commitments on keeping staff safe, offering flexible working and addressing inequalities, among others.

Health inequalities and prevention

The letter asks that systems and organisations take urgent action to increase the scale and pace of reducing health inequalities, through working collaboratively with local communities. Recommended actions will be published shortly.

³ NHS, *The NHS long term plan*, January 2019

⁴ NHS, *We are the NHS: people plan for 2020/21 – actions for us all*, July 2020

About the HFMA

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The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

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