



Summary of coronavirus cost reimbursement guidance and revised financial arrangements

1 April – 31 July 2020

Guidance has been published by NHS England and NHS Improvement (NHSE&I) setting out the revised financial arrangements for 1 April to 31 July 2020. The guidance has been sent to all provider chief executives, CCG accountable officers, GP practices, primary care networks and community health services providers and can be found [here](#). The key points are summarised below; the guidance should be consulted for the full information.

- NHSE&I recommend that NHS organisations undertake an urgent review of financial governance to ensure that decisions to commit resources in response to COVID-19 are robust.
- All NHS providers and commissioners must carefully record the costs incurred in responding to the outbreak. Records must meet the requirements of external audit and public scrutiny.
- The resilience of fraud prevention arrangements should be considered.
- All providers should check their business continuity plans and review the latest guidance and standard operating procedures.
- Publication of the NHS people plan and the NHS long term plan implementation framework, will be deferred.

Revenue costs

Contractual payments and provider reimbursement

- The operational planning process for 2020/21 is suspended.
- All NHS providers will have a guaranteed minimum level of income reflecting the current cost base:
 - Commissioners should agree block contracts with all NHS providers with whom they have a contract for the period 1 April to 31 July 2020, based on average monthly expenditure implied by the month 9 agreement of balances plus an uplift for inflation but no activity growth.
 - For mental health trusts, the uplift should include an additional sum to deliver the mental health investment standard.
 - Invoicing for non-contracted activity should be suspended during the period. A sum equivalent to the historical monthly average will be added to the block contract.
 - The financial recovery fund and associated rules are suspended during this period.
 - A national top up payment will be made to providers to reflect the difference between actual costs and guaranteed income.
- Numbers to support the above will be provided to commissioners and providers on Monday 23 March.
- Providers should claim for additional costs where block payments do not equal actual costs to reflect genuine additional costs due to COVID-19. Claims should be made monthly alongside regular financial reports and include:

- evidenced increases in staffing costs
- increases in temporary staffing to cover sickness; agency reporting requirements must be maintained during the period
- additional costs of dealing with COVID-19 activity such as decontamination, transport and testing.
- Payments made by commissioners should not be revised to reflect any shortfalls in normal contractual performance.
- All contract sanctions for all NHS provider groups are to be suspended.
- No new revenue business investments should be entered into unless they are related to COVID-19 or have been approved by NHSE&I.
- It is expected that there will be minimal requirements for interim working capital support during this period – the normal procedures should be followed where it is needed.

Funding for commissioners

- Commissioner allocations for 2020/21 will not be changed. However, the impact of the change to provider payments will be taken into account when assessing financial position.
- The distribution of transformation funding may change where initiatives are unable to proceed during the coronavirus.
- A top up payment will be calculated for commissioners dependent on additional central support.

Specific additional funding considerations

Purchase of enhanced discharge support services

- Separate operational guidance will be issued to support CCGs and local authorities to commission additional out-of-hospital care and support capacity. These are expected to be a blend of care home beds, hospices and home care support.

Specialised services

- Specialised services contracts will follow the same principles as CCG commissioned activity.

NHS 111

- The dedicated COVID-19 response service will continue to be contracted and funded nationally.

General practice

- GP practices will be paid at rates which assume performance at the same levels from the beginning of the outbreak. CCGs should plan payments on this basis. Any additional costs will be reimbursed by NHSE&I as part of the wider COVID-19 agreement.

Out of hours provision

- CCGs will be reimbursed for the purchase of additional GP out of hours provision through the allocations process. A monthly return is required of the additional cost incurred.

Community pharmacy

- CCGs will be reimbursed for an NHS urgent medicines supply service, a medicines delivery service or payments to contractors who are required to close due to COVID-19 related reasons, if required.

Optometry and dental

- Continue with current contracting arrangements.

Third and independent sector providers

- Details to be issued in due course.

Capital costs

Provider capital

- NHSE&I may bulk purchase assets to secure supply as quickly as possible, but this will not always be practical or desirable.
- All trusts should enhance their oxygen supply and distribution arrangements.
- Public dividend capital (PDC) will be made available for providers to purchase equipment or modify estate to support the response to the COVID-19 virus, as long as the expenditure is clearly linked to the delivery of the COVID-19 response and will be delivered/ completed within the expected duration¹ of the outbreak.
- PDC dividends will not be payable on funding incurred in connection with COVID-19.
- It is expected that the capital spend will fall within the delegated budgetary limits of £15m. Claims above this will still need to be approved by NHSE&I so should be escalated to the regional team as quickly as possible to allow for swift decision making and disbursement of cash.
- Indicative capital allocations will be issued for 2020/21 shortly.

Commissioner capital

- Commissioners may need to incur capital expenditure on behalf of general practice.
- It is expected that the capital spend will fall within CCGs' delegated budgetary limits of £10m. Claims above this will still need to be approved by NHSE&I so should be escalated to the regional team as quickly as possible to allow for the required capital allocation to be made.

¹ The guidance does not say how long the 'expected duration' is but these financial arrangements apply from 1 April to 31 July.