

NHS England and NHS Improvement



CCG Cash Management and Block Payment Guidance April 2020 – July 2020

System Approach

This guidance is designed to support the amended financial arrangements for the NHS for the period 1 April to 31 July 2020 detailed in the document 'Important and Urgent – Next Steps on Response to COVID-19' dated 17 March 2020 sent by the NHS Chief Executive and NHS Chief Operating Officer.

It is critical that NHS Providers have certainty regarding cash inflows over the next few months. To facilitate this Commissioners and NHSE/I central will make payments to NHS Providers as follows via Block Payments, Top Up Payments and additional Covid-19 payments:

Payment Date	From commissioners	From NHSE/I central
1 April 2020	<ul style="list-style-type: none"> Block Payment for April 2020; or April 2020 NHS Provider invoice if already received 	<ul style="list-style-type: none"> On-account central Top Up Payment for April
15 April 2020	<ul style="list-style-type: none"> Block Payment for May 2020; and where applicable, adjustment to April 2020 payment made to true up to Block Payment Amount; <p>i.e. at this date NHS Provider should have received cash to the equivalent of 2 months of Block Payment</p>	<ul style="list-style-type: none"> Central Top Up Payment for May; and any adjustment to the April on-account payment
15 May 2020	<ul style="list-style-type: none"> Block Payment for June 2020 	<ul style="list-style-type: none"> Central Top Up Payment for June; and final payment for additional Covid-19 costs for 19/20
1 June 2020		<ul style="list-style-type: none"> Additional Covid-19 costs for April
15 June 2020	<ul style="list-style-type: none"> Block Payment for July 2020 	<ul style="list-style-type: none"> Central Top Up Payment for July

The following describes the required process going forward with respect of Block Payments. Further guidance will be provided with respect of Top Up Payments and additional Covid-19 payments.

Process

To comply with the above system payment timetable CCGs will need to ensure that they drawdown appropriate cash to enable payments. For April 2020 CCGs will need sufficient cash to cover their Block Payments to NHS Providers for April and May 2020 and in subsequent months to enable the payment of monthly block amounts. To enable this the following guidance provides further detail. The cash position of providers will be monitored closely over this period.

2019/20 Payments

CCGs should pay all 2019/20 invoices in a timely manner under business as usual arrangements, including residual Non-Contract Activity for February and March 2020 which will be billed in April and May 2020. We encourage CCGs to work pragmatically with NHS Providers and clear down all 2019/20 invoices in a timely manner. Please endeavour to pay down remaining 2019/20 invoices as a matter of urgency to support NHS Provider cashflow.

2020/21 Payments

All clinical activity will move to be paid via Block Payments for 2020/21 clinical activity for the period 1 April 2020 to 31 July 2020 Block Payment and a separate 'Top Up Payment', with further guidance to be issued on the latter in early April 2020. No further invoices should be raised by NHS Providers for 2020/21 clinical activity during this period and CCGs must adhere to the following process:

1. CCGs submitted their April drawdown request to NHS England cash management team on Wednesday 18 March 2020.
2. The NHS England central cash team will draw down from DHSC enough cash to meet the CCG drawdown requests and additional cash to meet the April and May 2020 block payments.
3. The NHS England Central Cash Team will process CCG Cash Drawdown on 1 April to include the amount request and additional amount to cover the cost of the May 2020 Block Payments.
4. NHS England and NHS Improvement will request NHS SBS to schedule RFT payment runs for all CCGs to meet the system payment timetable. RFT payment runs will therefore be scheduled on 1 April 2020, 15 April 2020, 15 May 2020, 15 June 2020 and 15 July 2020.
5. For payments to NHS Providers on 1 April 2020, the following process should be followed:
 - a. Where CCGs have already received invoices from NHS Providers in line with previous agreements, these invoices should be approved and paid by CCGs on 1 April 2020. This amount will likely be either above or below the calculated block payment amount. However, an adjustment for the difference will be made via following the 15 April 2020 payment steps below.
 - b. Where CCGs have not already received invoices from NHS Providers they should make block payment on 1 April 2020 either through using a Payment Request or an Invoice Payment File (IPF). Appendix A details governance requirements for the use of these methods, which must be followed.
 - c. If a CCG subsequently receives an invoice from an NHS Provider for any 2020/21 clinical activity, these need to be cancelled by the CCG and NHS Provider.
 - d. For merging CCGs, the payment on 1 April 2020 will be processed by SBS. Further guidance included below.

6. CCGs should request any additional cash through the normal supplementary drawdown process by 8 April 2020 Block Payment for any additional payments the CCG may be required to make which may not have been known at the time of submitting the initial April 2020 Drawdown request.
7. The supplementary drawdown will be made available to CCGs on the 15 April 2020.
8. CCGs must pay over the May 2020 agreed block payment, appropriately adjusted for any over/under payment of the April Block Payment (made on 1 April 2020) to NHS providers on 15 April 2020. This payment should be made either through using a Payment Request or an Invoice Payment File (IPF) following the governance requirements at Appendix A.
9. CCGs must submit requests in line with the cash drawdown timetable to enable subsequent monthly Block Payments to be made in line with the system payment timetable.
10. Subsequent monthly Block Payments should be made using either payment request or IPF following the governance requirements at Appendix A.

CCG Mergers

NHS SBS will work with the 18 CCGs that are merging to create an Invoice Payment File for each organisation which NHS SBS will upload first thing on the 1st April. Once the file has successfully uploaded and the transactions are available to pay, NHS SBS will create the RFT run for the 18 organisation and transmit it on the 1st April.

If a provider has issued an invoice for April 2020 then this transaction must be cancelled in both the CCG ledger and the Provider ledger as the IPF transaction will replace any prior agreements. The CCG will then need to arrange for a transaction to be processed for payments due on the 15 April 2020, 15 May 2020 and 15 June 2020 in line with the above guidance.

Appendix A – Governance arrangements for Payment Requests and Invoice Payment File (IPF)

Specific requirements for each payment type are listed below. For both payment types, CCGs must not approve any equivalent invoices raised by NHS Providers where these methods are being used. Any invoice received from NHS Providers where a Payment Request or IPF is being used must be cancelled by both the CCG and NHS Provider.

1. Payment Requests

Governance requirements:

- Ensure appropriate individuals have access to the NHS_ORG_PAYMENT_REQUEST responsibility in ISFE, where ORG is your organisation short ledger code.
- Select the correct NHS Provider and site from the Supplier drop down.
- Ensure the amount being paid is entered correctly, i.e. equals the monthly block payment amount advised.
- Ensure appropriate Oracle hierarchy is set up in ISFE for invoice approval.
- Monthly block payment amounts are likely to require senior approval through Non-PO Approval workflow. Ensure these individuals are available to approve payment requests raised to enable payment within the system payment timetable.
- Ensure appropriate arrangements are in place to enable approval if senior members are unable to approve, i.e. appropriate delegation cover, in line with CCG governance arrangements.
- Use available reports in Business Intelligence to review invoices available to pay and ensure that all Block Payments have been raised and approved.
- Individuals responsible for approval of RFT payment runs should ensure all block payments are included. These individuals should not have raised or approved the initial payment request.

Scheduled Payments:

- A CCG could raise 1 Payment Request to cover all 4 Block Payments (being 4 x the Block Payment) following above Governance Requirements
- Upon approval, the 'Scheduled' 'invoice action' should be selected and a comment included to state the amount to be paid on each of the required payment dates
- The CCG should also contact SBS through their helpdesk number 0303 123 1177 to ensure these payments are scheduled appropriately
- The CCG will need to process journals to correct their monthly reporting position as the whole amount will be recognised in Expenditure at the date of raising and future month payments will; be shown as prepayments. Expenditure and Prepayments will need to be reduced to reflect the actual clinical expenditure position for the reporting period.

2. Invoice Payment File (IPF)

- The [ISFE IPF Generator](#) can be used to generate Block Payments for all Providers.
- The individual creating the IPF file should not also be the individual approving any payment run.
- IPF file should be generated and uploaded at least 5 working days before payment is due to ensure payments are uploaded on time.

- Follow guidance available at <https://nww.sbs.nhs.uk/wp/wp-content/uploads/2018/04/ISFE-IPF-user-guide-v1.0.pdf> to generate a payment file to pay all NHS Providers' their block monthly payment.
- Description – maximum of 25 characters – each file should have a different description. Recommended descriptions are: BP April 2020; BP May 2020; BP June 2020; BP July 2020 (BP abbreviation of Block Payment).
- Transaction Description – we recommend the same description as above. However, additional characters available and this is included on NHS Provider remittance advices.
- Vendor Code – enter the correct vendor site code (VSR) for the NHS Provider. This has to be manually typed.
- Invoice number – each transaction needs its own invoice number and must not be a duplicate of a previously used number. We would recommend the following format ORGBPMMYY01 where:
 - ORG is your 3-digit organisation reference
 - BP is always used
 - MM and YY are the date the Block Payment relates to
 - the number is sequential for each transaction being paid on the IPF (sequential numbers will automatically generate if you drag the reference down the column in the excel file)
 - i.e. the first 3 invoice numbers for a CCG with org code 00A for April's Block Payment would be 00ABP042001, 00ABP042002, 00ABP042003.
- We recommend each Block Payment is coded to one cost centre and subjective, we do not recommend multiple coding of Block Payments.
- Ensure the amount being paid to the NHS Provider reconciles to the monthly Block Payment amount.
- Save the draft IPF file in a secure location accessible by only a few individuals.
- Ensure review of the file is performed by another individual, documented and approval is aligned to your current SFIs.
- Follow the IPF guidance to enable file upload.
- Available to Pay report, report number A3102, should be run through Business Intelligence 2 working days before the payment due date and reviewed to ensure all Block Payments are included and any errors corrected (a filter can be applied to only show RFT payments).
- Individuals reviewing payment runs should ensure no payments are included on BACs, all NHS Provider Block Payments should be made by RFT.
- Individuals reviewing RFT payment runs should ensure all Block Payments are included on the appropriate RFT run and that there are no provider invoices on the RFT run that relate to block contracts to ensure no duplicate payments occur.

Income and Expenditure reporting requirements

Given we are paying Block Payments in the month prior to the month to which they relate, CCGs will need to correct their expenditure position to enable appropriate monthly reporting. All payments made on 15 of the month relating to the next month will require a journal to credit the expenditure code and debit prepayments on the balance sheet. Note that these are prepayments as the money had physically transferred and should be shown as such.