Direct Payments

Webinar transcript – 10th December 2021

**Slide 1: Introduction**

Katherine Massie (KM): Hello everyone, and welcome to today’s webinar on Direct Payments thank you very much for joining. I know it’s a very busy time for everyone so we really appreciate you coming along today. I’ll just do a bit of housekeeping before the speakers get started.

The session will start with the presenters talking through a few slides, providing a bit more information about Direct Payments then we’ll finish with a Q&A where we’ll have a few more panellists joining us to answer any questions that you might have.

Following the webinar, we’ll share the information packs, along with the responses to the questions answered, as well as the questions that we perhaps don’t get a chance to get to.

You’ll notice you’ve been put on mute for the meeting so questions should be typed into the Q&A box on the right hand side, and you can do this as we go along the presentation.

As mentioned, we’ll take some time at the end of the presentation to go through these – any questions we don’t get to, we will follow up with you. Please note that we’ll also be recording this session for future use and sharing following the end of the webinar. With that, I will hand over to Sonia McRobb to take us through the speakers and the agenda for today.

**Slide 2: Speakers**

Sonia McRobb (SMc): Welcome all and thank you for attending this session, we really appreciate you taking the time to join us. I’d also like to thank our various presenters and panellists as well for their support today. I’m going to start by introducing myself and our presenters.

I’m Sonia McRobb, Senior Company Strategy Manager at the Department of Health and Social Care, we’ve got Adrian Snarr who’s Director of Financial Control at NHS England and Improvement, Jon Murphy, Head of Primary Care Estates at NHS England and Improvement, Alistair Ross, Senior Finance Manager at NHS Oldham CCG and Mark Powell, Regional Property Finance Manager North West at Community Health Partnerships.

Could we have the next slide please?

**Slide 3: Panellists**

SMc: We’ve also got a number of panellists joining us for a Q&A session, including Harj Brar who is Credit Control Manager at NHS Property Services, Helen Richardson also, Credit Control Leader at Community Health Partnerships, Vicky Cockcroft, Commercial Strategy and Project Officer, Department of Health and Social Care and Steven Murray, Head of Corporate Accounting at NHS England.

Next slide please.

**Slide 4: Agenda**

SMc: So we’ve got a busy agenda for today, and I’ll kick things off with a bit of a introduction to Direct Payments and then I’m going to hand over to Adrian who will talk us through why we need Direct Payments and some benefits about it. Jon is going to share some quotes from GPs and Practice Managers and will also cover the Direct Payments policy, and then Mark will provide an overview of the process. Finally, we’ll hear from Alistair about Oldham CCG’s experience with Direct Payments before opening up the Q&A.

Next slide please Katherine.

**Slide 5: Introduction**

[No audio]

**Slide 6: What are Direct Payments and how do they work?**

SMc: So Direct Payments is not a new proposition as many of you may well b aware. It’s permitted under the Premises Cost Directions 2013. CCGs or NHS England and Improvement on behalf of the CCG currently reimburse practices for rent, rates, water and clinical waste or the reimbursable costs on receipt of an invoice received by GPs in its area. However, under Direct Payments, the CCG would reimburse the property company directly, reducing the number of transactions required. It’s important to note that the GPs still receives an invoice, and must record the transaction in its accounts. The GP would also need to sign a Section 52 letter which would agree to this approach as well. We would recommend consulting with the LMCs so they are aware of the arrangements and they may even be able to support in onboarding of GPs for Direct Payments.

Next slide please Katherine.

**Slide 7: Outstanding Property Company Reimbursable Debt**

SMc: So this slide sets out how much reimbursable debt is owed by GPs to the property companies by area. We wanted to share this just to illustrate that there is an issue here for the companies, and with the GP reimbursable costs. Please note these charts aren’t to scale, but for NHSPS the total rent at the end of October was just over £43 million, whereas for CHP, its reimbursable debt was £53 million.

What we’re finding is that where Direct Payments has been put in place, collection of reimbursable debt is much more efficient. This can be measured by the time taken to pay the invoices using debtor days. For CHP, GPs that are actually on Direct Payments take roughly 16 days to pay the invoices, but those that aren’t on Direct Payments take 98 days so there’s quite a difference. Now clearly it costs money to service this debt, and this is all public money, it all comes out of the same pot – the DH group – which means less money that’s available to the NHS. Finally I just wanted to add that Direct Payments was part of a suite of measures that were agreed with NHS England, the Department, and NHS Property Services following a National Audit Office report into the property company and which then led to a subsequent Public Accounts Committee. Progress against those measures in the report is published in our Treasury minutes.

Next slide please.

**Slide 8: Cash collected through Direct Payments to date**

So far, we’ve collected £59.2 million through Direct Payments. I’m now going to hand over to Adrian who is going to take us through why we need Direct Payments.

Thank you.

**Slide 9: Why do we need Direct Payments?**

Adrian Snarr (AS): Thank you Sonia and good morning everybody. My name’s Adrian Snarr, I’m Director of Financial Control for NHS England.

**Slide 10: Why do we need Direct Payments?**

AS: So as Sonia’s just mentioned, we’ve been working with both property companies for a good while now to look at measures as to how we can improve the cash flow through the NHS organisations that are required to pay PS and CHP and see how we can reduce the length of time taken. So you know as Sonia mentioned, for this particular area, for Direct Payments, it’s on average about 98 days. Now if you look at the cycle of that, money flows through NHS England, out the CCGs, out the GP practices and then ultimately back to the property companies, which is part of the Department of Health. So the money is circular, the cash is circular but it takes quite a long time and there is a period of time where that cash is actually at risk of becoming a bad debt which is while it’s outside the NHS which is what GPs are, technically there are not NHS bodies.

So the focus of today, what can we do about Direct Payments and why have we decided to make some changes in this area. So again, as Sonia’s put in her earlier slide, the overall level of debt for directly reimbursable costs is still quite high, and given this isn’t actually a cost to the GPs cause it is reimbursed by CCGs, arguably you would say that that cash flow should be quite slick but it is anything but.

If we end up with a scenario where the cash doesn’t flow around and the money has been reimbursed by a CCG to a GP practice, the property companies are only really going to have one course of action if they can’t secure their payment, and that’s enforcement. Now, you know, the property companies trying to take legal action against a GP practice is not going to look good, it’s definitely going to generate adverse media coverage so we avoid that at all possible costs. To date, we have avoided any legal action against a GP practice even though we’ve got some quite intrinsic issues that we’ve been resolving over a long period of time.

So ultimately, if these services aren’t paid for then there is a risk to service continuity. NHS Property Services and CHP operate on a full cost recovery basis so they don’t make profit, what they do is they aim to fully recover the costs of running the buildings in their portfolio. As Sonia alluded to, cash isn’t free, so whilst this cash is outstanding in the system, if the property companies have a cash shortfall or a cash flow challenge they have to try and secure working capital, even if that’s secured via Treasury, it still comes at a cost, there’s still an interest cost to that. Just as important, there’s a huge administrative burden both for the property companies and also for GP practices and that’s one of the things that we want to try and reduce.

So why Direct Payments? Well, the clue is in the title – it’s direct, so it means that CCGs can pay cash over directly to the property companies, it significantly shortens the timeline, significantly reduces the level of disputes in the system and it creates a very good level of transparency. We did know that when we set out on this journey around Direct Payments that it would reduce the administrative burden for GPs and we saw that as a huge positive and GP practices that have gone live either through the pilot phase or through the first few phases have fed that back as well. But there are some additional benefits which I shall come onto in the next slide.

So if we could just move that along thank you.

**Slide 11: Benefits of Direct Payments**

[No audio]

**Slide 12: Benefits of Direct Payments**

AS: So as I’ve said you know, if you look at this through the lens of the property companies what the incentive for pursuing Direct Payments is that they get paid much more timely. But actually, it allows them to build stronger relationships with CCGs in particular so that’s been a huge benefit of the Direct Payments pilot and the early adopters that we’ve seen to date. For the GP practice, there’s definitely a reduction in administration so the property companies no longer have to secure those payments from the practice, no longer have to chase the outstanding accounts with those practices.

And certainly, those GPs get greater clarity of the process and any outstanding amounts. What we can see is multiple benefits for NHS England but also for CCGs, and what CCGs have told us that, those that have adopted so far I think you’re going to hear from Alistair shortly from Oldham CCG, it’s provided the CCG with much greater clarity so some of the early adopters and the pilot sites were fearful of the fact that it might be reduce the admin burden for GPs but it might just switch it to CCGs. That doesn’t appear to have been the case, there is an administrative task in the CCG but actually they’re seeing a reduction in queries from the GPs. What they tell us is they used to get a lot of ad hoc queries coming through and where they’ve adopted Direct Payments they’ve seen a reduction there.

It’s definitely seen stronger relationships between CCGs and the property companies, and again a benefit that we didn’t necessarily anticipate but is one that’s come through quite clearly is that because of the way that the Direct Payments process works, any change to the demised area in that primary care premise, is notified to the CCG so that they can amend the Direct Payment amount, which means that the CCG has a direct line of sight and continually refreshed information on who is utilising which space in their primary care premises. So when they start to look at strategic plans for particular sites, they are might better sighted on the activity that’s been undertaken in those premises.

So I’m going to hand over to Jon now, who’s going to go into a little bit more detail around some of the feedback and some of the processes.

**Slide 13: Feedback from GPs**

Jon Murphy (JM): Thank you Adrian. I’m going to do a Chris Whitty here – next slide please.

**Slide 14: Feedback from GPs**

JM: So I thought I’d just take you through some feedback from GPs. Remembering we’ve already tested in a number of pilots and we’ve had GPs in the programme, I thought it would be useful to see what the feedback was from a GP perspective. So this is a quote from Picton Medical Centre in Bradford and they would recommend the Direct Payment scheme to other GP practices as it saves time and takes pressure of those making payments to NHS Property Services, so it’s one less admin job they could be doing, they could be focusing on clinical delivery and clinical services rather than the back office stuff.

If we go to the next slide please.

**Slide 15: Direct Payments policy**

JM: And the next one, I thought I’d just take you through the Direct Payments policy.

**Slide 16: Direct Payments policy position**

JM: So just as a reminder, this is a measure that was agreed in response to the Public Account Committee’s scrutiny. So in 2018, NHSE&I and the Department and the property companies entered a trial to test out the Direct Payments and whether it could work. So Doncaster was one of the first the came forward and this was successfully run by Community Health Partnerships (CHP). It received good feedback from all stakeholders and both property companies have a number of Direct Payment schemes coming, which we’ll touch on later in this webinar. We’ll also hear from Doncaster CCG about their experience in using Direct Payments.

Ourselves and the property companies both agreed that we could expand on the trial, so it can be tested in a number of situations with other commissioners, and this measure should be used to reduce debt within the companies and improve efficiency of collection. Progress on this is reported on a monthly basis, into the national directors of ourselves, NHSE&I, and the Department. Following the success of the trials NHSE&I have agreed it is acceptable for commissioners to operate Direct Payments but have also agreed that where there is a debt issue related to reimbursable payments, then commissioners should be working towards this to prevent loss of public funds and minimising the impact on service disruption.

The final change to the policy is that it will now be compulsory for GPs to sign up to Direct Payments before entering any NHSPS or CHP properties, so if they’re taking a new lease. Also wanted to reiterate that the management fees for the reimbursable costs are reimbursable to the GPs. I’ll now hand over to Mark, to take us through the Direct Payment process.

**Slide 17: Direct Payments process**

Mark Powell (MP): Thank you Jon. Good afternoon everyone and thanks for joining today. Just to introduce myself, I’m Mark Powell, and work for Community Health Partnerships as the Property Finance Manager for the North West. Next slide please.

**Slide 18: Direct Payments process**

MP: So I’m going to outline the simple steps to roll out the Direct Payments process. All I would say is that prior to step one, there’s plenty of dialogue that takes place between the CCG and the property companies so at that point if there’s any issues that affect your region or your set of GPs, then we can talk through those and decide the best way to support each other through the process. Currently CHP have 137 GPs on the Direct Payment process.

Step one is that we’ve got to the point where we agree that Direct Payments are the way we’d like to go. Once we’ve got that in place, we will help with the production of a Section 52 letter which has been provided by NHS England and we’ll support with this being sent through to GPs for approval. GPs will need to sign their letter to sign over to the CCGS that they can make payments on their behalf. The next step is that any changes in occupancy must be communicated through to the property companies and the CCGs. That will be captured as part of making sure that the payments align with Annual Charging Schedules.

The only slight difference between the two property companies is that CHP invoices monthly in advance and NHSPS bills quarterly. The GP invoice will go out on a quarterly basis for NHSPS and a monthly basis for CHP to take care of rent rates, water and clinical waste, plus any local arrangements, with the true-up process in place at the end of the financial year. Both companies produce an Annual Charging Schedule which demonstrates how the monthly charges have been calculated. This will match the monthly invoices and give the CCG a clear indication of the expenditure for the remainder of the financial year, so it’s clear for the CCG and the property company what’s going to be contained in the monthly payments.

A payment request will be sent to the commissioner each month, which is a breakdown of the monthly charge per practice which aligns with the Annual Charging Schedule they will have already received. If there are any queries at any point in time, both property companies have dedicated members of staff that can be contacted to resolve queries promptly. There’s also an agreement that both property companies will allocate payments within 10 working days of receipt.

There are various ways to align this to the CCG systems and our contacts will be more than happy to share best practice. I believe Alistair will be talking us through this in more detail in his section. This process has been really efficient for all sites involved and we’re here to support you throughout the process.

Next slide please.

**Slide 19: S52 Letter (template)**

MP: I’ll just talk in a little bit more detail about the Section 52 letter. This details that the Direct Payment will cover rent, rates, clinical waste, water and management fee charges. Once the GPs sign theirs, they do have the ability to revoke as long as they provide six working months notice in writing. It’s worth noting that no GP has withdrawn from the Direct Payments process once they’ve gone live, and all feedback has been positive. This letter has been drafted by NHS England and Improvement, and the Department of Health so it’s had a few iterations from when we first started, but we’re finding that we’re using the same letter template going forward on a consistent basis.

That’s it from me so I’ll hand over to Alistair.

**Slide 20: Case Study: Oldham CCG**

Alistair Ross (AR): Hi everyone, so my name’s Alistair Ross, I’m a Senior Finance Manager at Oldham CCG. I look after estates finances and accounts and payment matters as well. So all this Direct Payments stuff very much fits into my area.

If we spin onto the next slide in a moment please.

**Slide 21: Oldham CCG – progress to date**

AR: So we decided to join up with the scheme to try and reduce some of that burden on GP admin, get some of those GP debt issues sorted and also to reduce some of the queries and the monthly admin that we been going through. We have been sort of getting more and more questions around what we felt like were the relatively simple pass-through payments so we wanted to try and help there.

There’s a bit of manual at times set up, there’s the initial set up but the benefits that you get are realised pretty quickly after that. I guess on a technical internal basis for CCGs, it’s really easy to process the actual payments. You’ll be sent the invoices, (although they’re addressed to the practices) and they come in the first week of the month and you generate an IPF file and get internal approvals as normal and submit that and then it’s really easy to get it on the payment runs for the 15th of the month and makes that really nice and simple there. There’s another adjustment that goes through on the PCSE statements as well which are going in and out so there’s the clarity there for the practices as well.

I think one of the other bigger benefits we’ve had is working together with CHP much better, as well as the GPs. It’s now like we’re one team trying to get this paid, all the reimbursables paid anyway. We’ve got much stronger relationships with our counterparts at CHP, and when queries do crop up, we’re in a better position to resolve them really, really quickly.

We also get a load more clarity on charges so that we can assess the whole building in one go rather than trying to sort of look at it individual elements or portions of the building. It’s much easier that way, and we also get the assurance that the funding is being used for the intended purposes as well rather than sitting in a practice account or waiting to be paid over. Overall, our communication with the property companies has improved and they’ve got more time to focus on non-reimbursable debt which is the sort of more complicated stuff, and they deal with the simpler stuff a lot easier.

Since September 2021, we’ve got 11 out of our 18 GPs with CHP buildings that have signed up and a couple more on the way which is great and we’re starting to see the benefits with them. There’s a lot less time spent trying to resolve issues and there’s a reduction in reimbursable debt and they get clarity on their costs as well, on the non-reimbursable side.

Overall, because of Direct Payments, we spend a lot less time talking about reimbursable debt. The CCG, CHP and the GPs can all spend that time focussing on other things, because the basic bit, the pass through costs are already sorted. That’s it really.

Katherine are you taking the Q&A now?

**Slide 22: Q&A**

KM: I am indeed, thank you very much. Thank you to all of our speakers this morning, so moving onto the questions. Feel free to carry on asking them. We have had one, which was around if we’re sharing the slides which we will be doing after the webinar so look out for an email next week.