

Title of Report:	Funding transfer from NHS to Social care 2013/14-2015/16
Report to be considered by:	The Health and Wellbeing Board
Date of Meeting:	25th July, 2013

Purpose of Report: To inform the Health and Wellbeing Board of the funding arrangements and amounts to be transferred from the NHS to Local Authorities during 2013/14 – 2015/16.

Recommended Action: The Health and Wellbeing Board

- (a) Discuss the implications of the 13/14 and CSR funding transfers to Local Authorities
- (b) Note and agree the conditions associated with the transfer
- (c) Agree to establish a sub task group with LA and CCG representation to recommend how the funding is allocated in 2013/14 and agree associated KPIs
- (d) Agree a timescale for when the group reports back to the Health and Wellbeing Board

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Executive Summary

In late June two Gateway letters from NHS England have been sent referring to the transfer of funding from the NHS to Local Authorities. This paper summarises those letters in one paper and offers the potential for discussion and debate as to how CCGs can work with Local Authorities to support the transfer of funding to ensure the best benefit and outcomes for the population of the CCGs.

The papers that have been issued are

19th June 2013 Funding Transfer from NHS England to social care 2013/14 Gateway Reference 00186

26th June 2013 Spending Round Health Settlement 2015-16 Gateway Reference 00211

2013/14

The funding for the Local Authorities in Berkshire West will come directly from the Thames Valley Area Team with Health and Wellbeing Boards being the forum for discussions between the Area Teams, CCGs and local authorities on how the funding should be spent. There are conditions associated with the transfer which once satisfied funding will be transferred under Section 256 Agreements. The amounts for 2013/14 are:-

Reading £2,038,343, West Berkshire £1,792,796, Wokingham £1,437,354.

2014/15-15/16

The CSR health settlement proposes the establishment of a £3.8bn Integrated care Fund of which the NHS will contribute £3.4bn. This transfer of NHS funding to local authorities provides us with challenges and opportunities. It reinforces the imperative to develop robust QIPP plans, drive the integration agenda and continue to work closely with and develop strong relationships with our local authority colleagues, providers and support the continued development of the Health and Well Being Boards.

1. Funding Transfer from NHS England to social care – 2013/14

As part of the 2013/14 DH Mandate it was agreed in December 2012 that monies would be transferred during 2013/14 from NHS England to local authorities to support adult social care. The details are set out in “*Funding Transfer from NHS England to social care – 2013/14, Gateway Reference 00186*)

1.1 Amount to be transferred

In total nationally this amounts to £859m. In Berkshire West the amounts are as follows:-

Local Authority	2013/14 Amount
Reading	£2,038,343
West Berkshire	£1,792,796
Wokingham	£1,437,354

1.2 Legal basis for the transfer

These monies will be transferred directly from the Thames Valley Area Team under Section 256 of the 2006 NHS Act. The monies will be administered by the Area Team (not CCGs) and funding will only pass over to local authorities once the Section 256 agreement has been signed by both parties.

1.3 Use of the funding

Before each agreement is made, certain conditions must be satisfied:-

- (i) The funding must be used to support adult social care services in each local authority, which also has a health benefit.
- (ii) Health and Wellbeing Boards will be the forum for discussions between the Area Teams, CCGs and local authorities on how the funding should be spent.

- (iii) Local authorities and CCGs have regard to the Joint Strategic Needs Assessment for their local population, and existing commissioning plans for both health and social care, in how the funding is used.
- (iv) Local authorities demonstrate how the funding transfer will make a positive difference to social care services, and outcomes for service users, compared to service plans in the absence of the funding transfer.
- (v) The funding can be used to support existing services or transformation programmes, where such services or programmes are of benefit to the wider health and care system, provide good outcomes for service users, and would be reduced due to budget pressures in local authorities without this investment. The funding can also support new services or transformation programmes, again where joint benefit with the health system and positive outcomes for service users have been identified.
- (vi) The *Caring for Our Future* White Paper also sets out that the transfer of funding can be used to cover the small revenue costs to local authorities of the White Paper commitments in 2013/14 (excluding the Guaranteed Income Payments disregard, which is being funded through a grant from the Department of Health).

1.4 Governance

The Area Teams will ensure that the CCG/s and local authority take a joint report to the Health and Wellbeing Board to agree what the funding will be used for, any measurable outcomes and the agreed monitoring arrangements. The Health & Wellbeing Board then approves the report which has appended to it the agreed Section 256 agreement between the local authority and NHS England. The agreement is signed by both parties and then submitted to england.finance@nhs.net

1.5 Reporting

Expenditure plans by local authorities are to be categorised into the following service areas (Table 1) as agreed with the Department of Health. This will ensure that a consolidated NHS England position on adult social care expenditure can be reported.

Table 1: Analysis of the adult social care funding in 2013-14 for transfer to LAs

Service Areas- 'Purchase of social care'	
(i)	Community equipment and adaptations
(ii)	Telecare
(iii)	Integrated crisis and rapid response services
(iv)	Maintaining eligibility criteria
(v)	Re-ablement services
(vi)	Bed-based intermediate care services
(vii)	Early supported hospital discharge schemes
(viii)	Mental health services
(ix)	Other preventative services
(x)	Other social care (please specify)
Total	

NHS England will also ensure that it has access to timely information (via Health & Wellbeing Boards) on how the funding is being used locally against the overall programme of adult social care expenditure and the overall outcomes against the plan, in order to assure itself that the conditions for each funding transfer are being met.

2. Spending Round : Health Settlement 2015-16

Following the Chancellor's announcement of the Health Settlement for 2015-16 NHS England provided further information particularly on what this means for CCGs and Local Authorities.

David Nicholson's response to the settlement is:

"This is a very significant settlement for the NHS. It presents both opportunities and challenges. It is a potential 'game changer' as it gives us the opportunity to accelerate the development of integrated services. It means we can provide more joined-up care for care for patients with complex needs, enabling them to be supported at home."

"Merging health and social care budgets to support integrated care at a time when resources are constrained will require us to rethink how we organise services around patients. We need to begin formulating plans as soon as possible so that we are ready to take full advantage of the opportunities offered by the 2015/16 settlement."

2.1 Spending Round Headlines

- (i) NHS funding will grow in real terms, consistent with the government commitment to protect the NHS. This is a challenging settlement:
 - a. Given rising demand and inflation pressures, we expect the NHS would have needed to deliver c4% efficiency in order to maintain current services,
 - b. In addition, however the NHS, DCLG and the DH will pool c£3.8bn of funds

for investment in the integration of health and social care (the Integration Transformation Fund"). The NHS will contribute £3.4bn towards the Integration fund. This compares to the £0.9bn the NHS currently transfers to support integration with social care.

(ii) Social Care integration fund breakdown

The £3.8bn Integration Transformation Fund will be a pooled fund, held by local authorities and funded from:

- α) The £0.9bn of funding NHS England planned to transfer to fund social care in 2014-15.
- b. An additional £0.2bn of investment in 2014-15 (to be agreed as part of mandate discussions for 2014-15 with DH).
- c. DH and other Government Department transfers of £0.4bn (capital grants)
- δ. CCG pooled funding of:

- Re-ablement funding of £0.3bn
- Carers' break funding of £0.1bn
- Core CCG funding of £1.9bn

The intention is to give NHS and Social Care commissioners greater influence over this funding in the future to ensure it is optimised to support local integration of health and care services. To enhance this funding further, the funding CCGs currently hold for re-ablement and carers' breaks will also be included in the pooled budget, alongside other grants that the DH and Department of Communities and Local Government currently fund to support Social Care. The integration fund budget will represent a significant share of spend on health and care services and will give CCGs greater influence over how care services are integrated with health services.

It is vital that the NHS realises the benefits of integration in terms of reducing demand on health services, improving outcomes for patients and other efficiencies. Hence, there will be conditions attached to the pooled funding and the creation of new incentives to support integration and the delivery of improved outcomes for both health and care.

(iii) Conditionality on integration fund

The pooled funding will formally sit with local authorities but will be subject to plans being agreed by local Health and Wellbeing Boards (H&WBs) and signed off by CCGs and Council Leaders. Plans would also be subject to assurance at national level. As part of the wider 2014/15 planning round, it is envisaged that plans would be developed this year, signed-off and assured over the winter and would be implemented from 2014/15. Plans and assurance would need to satisfy nationally prescribed conditions, including:

- a. Protection for social care services (rather than spending) with the definition determined locally,
- b. Seven day working in social care to support patients being discharged and prevent unnecessary admissions at weekends,
- c. Better data sharing between health and social care, based on the NHS Number,

- d. Plans and targets for reducing A&E attendances and emergency admissions,
- e. Risk sharing principles and contingency plans for if/when targets are not being met,
- f. Agreement on consequential impacts of changes in the acute sector.

(iv) Impact of this settlement on CCGs

The overall impact of the settlement on CCGs will be confirmed in allocations. It is NHS England's intention to explore the scope to give CCGs 2 year allocations for 2014-15 and 2015-16 to support commissioners to deliver the changes required in the NHS to realise the necessary efficiencies.

For the average CCG, the establishment of the integration fund will mean £10m of allocated funding will be transferred to the pooled budget (in addition to the pooling of reablement and carers' breaks funding that is currently within CCG baseline allocations). This is in the context that the average CCG was allocated c£300m in 2013-14 and hence the figure is equivalent to around 3% of CCG allocations.

Under current Section 256 requirements, NHS England has to make transfers to local authorities on behalf of CCG commissioners. We believe it would be helpful to route the funding for the Integration Transformation Fund through CCGs this will require changes to primary legislation.

(v) Impact on Berkshire West CCGs.

Clearly this has a significant impact on CCG plans for 2014/15 and beyond but on the positive side it absolutely supports our planned move with partners towards integrated care services. The growth currently assumed in our plans is higher than now anticipated (likely to be 2% rather than 2.3% assumed) but 2 year allocations will support better planning. There are still some unknowns – eg tariff arrangements and allocation bases which are under review.

3. Summary

This transfer of NHS funding to local authorities provides us with challenges and opportunities. It reinforces the imperative to develop robust QIPP plans, drive the integration agenda, continue to work closely with and develop strong relationships with our local authority colleagues, and providers and support the continued development of the Health and Well Being Boards.

Appendices

There are no Appendices to this report.