

Implications of the Spending Round 2015-16

Purpose

For information and discussion.

Summary

The Chancellor of the Exchequer announced the 2015-16 Spending Review on 26 June.

This paper provides an overview of the announcements made regarding adult social care and health in the recent Spending Round.

The LGA's Briefing is attached at **Appendix 1a**.

Recommendation

Members are asked to note this paper as background.

Action

Officers to progress activity in line with Members' comments.

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Implications of the Spending Round 2015-16

Background

1. On 26 June the Chancellor of the Exchequer announced the Government's plans for spending £740 billion pounds of tax-payers' money between April 2015 and March 2016.
2. The Spending Round announced a 10 per cent cut to council funding in 2015-16, which comes on top of the 33 per cent reduction since 2010. It confirmed local government as the hardest hit part of the public sector.
3. A copy of the LGA's Spending Round 'On the day briefing' is attached as **Appendix 1a** and is available at: http://www.local.gov.uk/c/document_library/get_file?uuid=9615cfda-d0e2-4ca5-a2bc-5898a78bb947&groupId=10171

Adult social care and health

4. Despite a very difficult settlement for local government overall, there was positive news in relation to funding for adult social care and health. This followed weeks of negotiations between the LGA and colleagues from NHS England (NHSE) and Whitehall departments.
5. The Spending Round announced a "£3.8 billion pooled budget for health and social care services, shared between the NHS and local authorities to deliver better outcomes and greater efficiencies through more integrated services for older and disabled people".
6. Our current understanding of how the funding is made up is set out below:
 - 6.1. A continuation of the current transfer from the NHS to adult social care as set out in the 2010 Spending Review (c. £900 million – for 2014-15);
 - 6.2. An additional amount of funding to accelerate transformation (£200 million – for 2014-15);
 - 6.3. Additional funding for integration (£2 billion – for 2015-16). This figure comprises money for demography and the proposed new national 'substantial' eligibility threshold (c. £1 billion), plus a further £1 billion, part of which will be subject to conditions and performance against agreed outcomes;
 - 6.4. Clinical Commissioning Group (CCG) funds for reablement services (£300 million – for 2015-16);
 - 6.5. Money for carers' breaks (£130 million – for 2015-16); and
 - 6.6. Capital funding for projects to improve integration locally (£350 million – for 2015-16).
7. In addition to the £3.8 billion pooled budget outlined above, the Spending Round also announced £335 million "so that councils can prepare for reforms to the system of social care funding". We understand that this figure covers various implementation issues including the introduction of the cap on individual contributions to care costs and universal deferred payment but are seeking to confirm the detail.
8. The extension to the current transfer for 2014/15 is very welcome and new money to drive forward integration is even better for the longer-term. The LGA has long argued that

integration must be a key priority given its role in improving outcomes for individuals and drawing out the real cross-system efficiencies.

9. Over the coming weeks work will continue with NHS England to agree the detail that will underpin the allocation of the pooled budget – particularly on the performance-related element of the £3.8 billion.

Next steps

10. Members are asked to note this report for information. Any comments will be fed into the Community Wellbeing team's on-going work in this area.