

Better Care Fund Update

Purpose of report

For information.

Recommendation

That the LGA Executive notes the update on the Better Care Fund.

Action

Officers to brief Members and officers in line with steer from the Executive.

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Better Care Fund Update

1. On Friday 4 July, the Secretary of State announced a number of changes to the £1 billion pay for performance component of the Better Care Fund (BCF). These changes are driven by financial pressures in the NHS and will have adverse consequences for protecting social care and local government funding. The original purpose of the fund was to promote better outcomes for people with complex health and care needs by underpinning local integrated services across health and social care. The proposed changes mandate Health and Well Being Boards to spend Better Care Fund resources on NHS services and risk undermining better local solutions.
2. Better Care Fund Plans were signed off and submitted by local Health and Well Being Boards in April. There has been a delay in signing off plans because NHS England raised concerns with Ministers that savings from reduced hospital activity would not be sufficient to cover their contribution to the Better Care Fund in 2015/16, putting overall NHS finances at risk. Local Government faces a 10 per cent reduction in funding in 2015/16 and protecting adequate social care depends on the Better Care Fund. Nonetheless we have worked with NHS England and Government officials to explore how the risks could be mitigated. These discussions, which have involved the Chairman, Chief Executive and other senior staff have looked at strengthening the existing plans, and amending the proposed pay for performance regime that governs £1 billion of the £3.8 billion total fund.
3. The Secretary of State's announcement that Ministers have agreed to includes two critical aspects:
 - 3.1. The Pay for Performance element would be linked solely to reducing total emergency admissions to hospitals in 2015/16. Health and Well Being Boards will be invited to agree a target reduction in admissions from the level that would otherwise have been anticipated in 2015/16 and to agree the savings that would accrue from such a reduction. This would form one element of the pay for performance fund. The balance of the pay for performance element would have to be spent on NHS commissioned services. In effect of the £1.9 billion NHS contribution to the Better Care Fund in 2015/16 £1 billion must either come from reduced emergency admissions, or be spent by the NHS. In a worst case scenario the additional resources to protect social care and promote integration in 2015/16 have been halved. (A worked example is attached at **Appendix A**).
 - 3.2. Every Health and Well Being Board would be asked to resubmit their Better Care Fund Plan, and this will be subject to a revised assurance process so that Ministers can be confident that the plans are affordable and deliverable in 2015/6. A national programme office will be set up support and assure Better Care Fund Planning. The planned fast track for 15 plans will continue.

4. Following discussion with colleagues in councils and Association of Directors of Adult Social Services (ADASS), the LGA has expressed significant reservations about these proposed changes:
 - 4.1. They undermine the core purpose of promoting locally led integrated care;
 - 4.2. They reduce the resources available to protect social care and will mean that every council has to revise its expected funding for social care in 2015/16 leading to reductions in spending and services; and
 - 4.3. Every Health and Well Being Board will now need to revise their Better Care Fund Plan. Many were already anxious about affordability and deliverability, and we fear that many areas may now conclude that they cannot achieve a deliverable Better Care Fund Plan.

Appendix A – Illustrative Example

Anytown Health and Well Being Board Better Care Fund

(Anytown receives 1% of the total BCF through the allocation process)

Income

Source	2014/15	2015/16
Existing s 256 Transfer from NHS for Social Care to support Health and Care	£9,000,000	£9,000,000
Additional s 256 Grant in 2014/5	£2,000,000	£2,000,000
Carers Grant		£1,300,000
Reablement Grant		£3,000,000
Capital and Disabled Facilities Grant		£3,500,000
Additional contribution from NHS (which should cover demography, Care Act Implementation and Protection of Social Care)		
Baseline Contribution		£9,000,000
Pay for Performance Element		£10,000,000
TOTAL	£11,000,000	£37,800,000

Spending

Locally agreed priorities to deliver protection of social care, shared information, 7 day working, lead professionals and integrated delivery	£27,800,000
Funds released by a 3.5% reduction in Emergency admissions from anticipated level in 2015/16 and costed at NHS national tariff and available for spending to deliver protection of social care, shared information, 7 day working, lead professionals and integrated delivery	£3,000,000
Balance of Pay for performance Fund that must be spent on NHS Commissioned services through the CCG and not available for protection of social care	£7,000,000
TOTAL	£37,800,000

Impact on Social Care Budget

Planned expenditure on social care before changes to pay for performance elements assuming availability of £37,800,000	£140,000,000
Impact of requirement to spend £7,000,000 on NHS Commissioned services only some of which protect social care	-£5,000,000
Net Social care expenditure after impact (with consequent impact on Local Authority spend of -£5,000,000)	£135,000,000