

**Report of the Strategic Director of Adult and Community Services to the meeting of the Health and Wellbeing Board to be held on 19 September 2013.**

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**Subject:**

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**Funding transfer from the NHS to Social care in 2013/14.**

**Summary statement:**

The purpose of this report is to outline the proposals to use the funding transfer from the NHS to social care and to seek agreement from the Health and Wellbeing Board on the funding proposals.

The Clinical Commissioning groups are in agreement with the funding proposals which were formally approved at the Collaborative Commissioning group on the 21 June 2013. Guidance provided by NHS England requires that Clinical Commissioning Groups and the local authority bring this joint report to agree what the funding will be used for, any measurable outcomes and agree the monitoring arrangements.

This report also alerts the Board to the forthcoming Integration Transformation Fund.

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**Portfolio:**

**Adult Services and Health**

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**Overview & Scrutiny Area:**

**Health and Social Care**



## 1. SUMMARY

The purpose of this report is to outline the proposals to use the funding transfer from the NHS to social care and to seek agreement from the Health and Wellbeing Board on the funding proposals.

The Clinical Commissioning groups are in agreement with the funding proposals which were formally approved at the Collaborative Commissioning group on the 21 June 2013. Guidance provided by NHS England requires that Clinical Commissioning Groups and local authority bring this joint report to agree what the funding will be used for, any measurable outcomes and agree the monitoring arrangements.

This report also alerts the Board to the arrangements around the forthcoming Integration Transformation Fund.

## 2. BACKGROUND

The 2011/12 Operating Framework for the NHS in England outlined intentions to allocate funding to Primary Care Trusts to support adult social care. Bradford was allocated £6m in 2011/12 and again in 2012/13. In addition, Adult Services received £1.7m of a £3m allocation to the PCT for reablement in 2011/12 and in 2012/13.

The funding for the Adult Social Care Support (as detailed above) was transferred by the NHS Clinical Commissioning Groups under section 256(5A)(5B) of the 2006 NHS Act. The PCT also transferred the reablement funding under the same Act.

In 2013/14 £8.22m will be transferred from NHS England to Adult Services via section 256 of the NHS Act subject to agreement by the Clinical Commissioning Groups and the Health and Wellbeing Board.

The £1.542m reablement funding for Adult Services has been agreed by the Clinical Commissioning Groups for 2013/14.

## 3. Funding Proposals for 2013/14

3.1 The funding proposals are a mixture of transformational service redesign in the context of the Integrated Care for Adults Programme and responding to purchased care cost pressures across all client groups. Some NHS funding is being used to support purchased care budgets which are overspending in order that adult services can continue to support transfers without delays from acute hospitals and mental health wards.

3.2 The following table outlines the spending proposals:-

	<b><u>NHS England Funding Transfer Spending Proposals</u></b>	<b><u>Amount £m</u></b>
1	Equipment, including children's equipment, safe and sound service	1.114



2	Domiciliary Care and Extra Care Support will be re designed in partnership with the In Communities Trust Care crisis response service (response to community alarms, safe and sound) to provide 24/7 social care.	1.630
3	Adult Services – residential services	0.347
4	Extra Care Support Adult Services	0.451
5	Adult Services Day Services	0.190
6	Mental Health Services – Purchased care	0.433
7	LD Purchased Care	0.928
8	PD Purchased Care	0.524
9	Older People Purchased Care	1.803
10	Increase staffing in Access, Assessment and Support Teams to support integrated community team development.	0.800
	<b>Total</b>	<b>8.220</b>

### 3.3 Reablement funding transfer from Clinical Commissioning Group

<b>Total transfer £1.542m</b>		
<b>Spending Proposal</b>		<b>Amount £m</b>
1.	Domiciliary Care reablement plan to integrate with Virtual Ward (Bradford) and ACCT (Airedale and Wharfedale)-	0.439
2.	Intermediate Care Beds – Use of Adult Services beds as rehab beds.	0.790
3.	Non weight bearing/ pre-rehabilitation pathway use of beds.	0.120
4.	Social Workers working 7 days a week within hospital teams	0.088
5.	Home Care Services working 7 days a week in hospital teams	0.105
<b>Total</b>		<b>1.542</b>

### 3.3 Integration Transformation Fund

NHS England has announced a £3.8 billion fund to ensure closer integration between health and social care. The fund will be known as the Integration Transformation Fund (ITF). The fund comes into full effect in 2015/16 however it is expected that CCGs and the local authority develop joint plans covering further NHS funding for social care and reablement funds in 2014/15 and the ITF in 2015/16 by the March 2014, effectively creating a two-year plan.

The ITF will be deployed locally on social care and health services as a pooled budget and will be subject to national conditions. The fund must deliver improvements across social care and the NHS.



The Health and Wellbeing Board will sign off the plans which have been agreed locally by the LA and CCGs. The plans will then go through an assurance process with NHS England.

A statement from the Local Government Associate and NHS England is appended at 10.2.

#### **4. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 4.1** Adult Services budget for this financial year has been set with the funding transfer from NHS England and the reablement funding from the Clinical Commissioning groups accounted for within the financial plans for the department.

Service delivery is ongoing using the funding, and plans are being implemented to redesign services such as residential beds and domiciliary care, so that 24/7 Domiciliary Care can be provided and more adult services residential beds are available for rehabilitation. Recruitment is planned and is taking place to increase the access, assessment and support service to meet the integrated community adult team's plans. It is therefore fundamental that the funding proposals are considered, comments provided and then endorsed so that plans can be implemented.

- 4.2** The governance arrangements have been outlined in a letter from NHS England 19 June 2013 (appended at 10.1). The outcome measures proposed are agreed as part of the integrated adults programme and are included in the joint health and social care performance framework. The performance framework is monitored at the respective transformation and integration groups and will be used to report progress to the Health and Wellbeing Board in the future.

#### **5. Legal Appraisal**

The funding transfers will be made under section 256 (5A) (5B) of the 2006 NHS Act.

#### **6. NOT FOR PUBLICATION DOCUMENTS**

None

#### **7. RECOMMENDATIONS**

- 7.1 The Board are invited to comment on the funding proposals.
- 7.2 The Board are asked to endorse the funding proposals.
- 7.3 The board are asked to confirm when they would want to receive further progress reports.
- 7.4 The Board are invited to note the forthcoming arrangements that need to be put in place regarding the Integration Transformation Fund

#### **8.1 EQUALITY & DIVERSITY**

No issues

#### **8.2 SUSTAINABILITY IMPLICATIONS**

No implications



**8.3 GREENHOUSE GAS EMISSIONS IMPACTS**

No implications

**8.4 COMMUNITY SAFETY IMPLICATIONS**

No implications.

**8.5 HUMAN RIGHTS ACT**

No implications

**8.6 TRADE UNION**

No implications.

**8.7 WARD IMPLICATIONS**

No implications.

**8.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS**

No implications.

**9. NOT FOR PUBLICATION DOCUMENTS**

'None'.

**10. APPENDICES**

- 10.1 The governance arrangements outlined in a letter from NHS England 19 June 2013.
- 10.2 A statement from the Local Government Associate and NHS England.

**11. Background Documents**

None



**Gateway Reference: 00186**

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**To:**

Area Team Finance Directors  
CCG Clinical Leads  
CCG Accountable Officers

19 June 2013

Dear Colleagues

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

1. With reference to the letter of 19 December 2012 from the Department of Health to Paul Baumann (DH Gateway Reference 18568), funding to support adult social care has been passed to NHS England as part of the 2013/14 Mandate.

2. This letter provides information on the transfer to local authorities, how it should be made, and the allocations due to each local authority under Section 256 (5A)(5B) of the 2006 NHS Act. It is noted that decisions may have already been made for the use of the funding and that this letter is formalising such arrangements.

**Amount to be transferred**

3. For the 2013/14 financial year, NHS England will transfer £859 million from the Mandate to local authorities. We have undertaken an exercise to map all local authorities to NHS England Area Teams, and the amounts to be paid to individual local authorities from the Area Teams are set out at Annex A.

**Legal basis for the transfer**

4. The payments are to be made via an agreement under Section 256 of the 2006 NHS Act. NHS England will enter into an agreement with each local authority and will be administered by the NHS England Area Teams (and not Clinical Commissioning Groups). Funding from NHS England will only pass over to local authorities once the Section 256 agreement has been signed by both parties.

For reference, please find below the updated Directions, which set out the conditions, Memorandum of Agreement and Annual Vouchers for use:

<https://www.gov.uk/government/publications/conditions-for-payments-between-the-nhs-and-local-authorities>

<https://www.gov.uk/government/publications/funding-transfer-from-the-nhs-to-social-care-2013-to-2014-directions>

In summary, before each agreement is made, certain conditions must be satisfied as set out below:

### **Use of the funding**

5. The funding must be used to support adult social care services in each local authority, which also has a health benefit. However, beyond this broad condition, NHS England wants to provide flexibility for local areas to determine how this investment in social care services is best used.

6. The joint local leadership of Clinical Commissioning Groups and local authorities, through the Health and Wellbeing Board, is at the heart of the new health and social care system. NHS England will ensure that the local authority agrees with its local health partners how the funding is best used within social care, and the outcomes expected from this investment. 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.

7. In line with their responsibilities under the Health and Social Care Act, NHS England will make it a condition of the transfer that 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.

8. NHS England will also make it a condition of the transfer that 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.

9. 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.

10. 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).

### **Governance**

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11. 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 in each local authority area.

12. 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.

13. A copy of each signed agreement should be sent to NHS England Finance Allocations Team at [england.finance@nhs.net](mailto:england.finance@nhs.net) so that a national review of the transfer can be undertaken.

14. Purchase Orders should then be set up by the Area Teams with each Local Authority that will confirm the precise financial arrangements.

### Reporting

15. Area Teams will be supplied with specific budget codes to enable them to set up Purchase Orders, monitor the expenditure on this allocation and to drawdown the necessary cash required to pay local authorities on the agreed basis. Area Teams should use their specific cost centre (Annex B) and the local authority sub analysis 2 code (Annex C) to generate their purchase orders (using the non-catalogue request category 'XXX').

16. NHS England will require expenditure plans by local authority to be categorised into the following service areas (Table 1) as agreed with the Department of Health. This will also ensure that we can report on a consolidated NHS England position on adult social care expenditure.

<b>Table 1:</b>	
<b>Analysis of the adult social care funding in 2013-14 for transfer to local authorities</b>	
<b>Service Areas- 'Purchase of social care'</b>	<b>Subjective code</b>
Community equipment and adaptations	52131015
Telecare	52131016
Integrated crisis and rapid response services	52131017
Maintaining eligibility criteria	52131018
Re-ablement services	52131019
Bed-based intermediate care services	52131020
Early supported hospital discharge schemes	52131021
Mental health services	52131022
Other preventative services	52131023
Other social care (please specify)	52131024
<b>Total</b>	

Furthermore, as part of our agreement with local authorities, NHS England will 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

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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.

**Further considerations**

17. Area Teams to copy this letter to their local government colleagues.

18. NHS England will not place any other conditions on the funding transfers without the written agreement of the Department of Health.

If you require any further information, please contact Tim Heneghan, Senior Finance Lead, Financial Strategy & Allocation on 0113 825 0779 or email [tim.heneghan@nhs.net](mailto:tim.heneghan@nhs.net)

Yours faithfully



Sam Higginson  
Director of Strategic Finance

**Annex A - 2013/14 Funding by local authority & Area Team**  
**Annex B – List of Area Team Cost Centres**  
**Annex C - List of Local Authority Sub Analysis 2 codes**

## Statement on the health and social care Integration Transformation Fund

### Summary

1. The June 2013 Spending Round was extremely challenging for local government, handing councils reduced budgets at a time of significant demand pressures on services. In this context the announcement of £3.8 billion worth of funding to ensure closer integration between health and social care was a real positive. The money is an opportunity to improve the lives of some of the most vulnerable people in our society. We must give them control, placing them at the centre of their own care and support, make their dignity paramount and, in doing so, provide them with a better service and better quality of life. Unless we seize this opportunity to do something radically different, then services will get worse, costs to taxpayers will rise, and those who suffer the most will be people who could otherwise lead more independent lives.
2. The funding is described as: “a single pooled budget for health and social care services to work more closely together in local areas, based on a plan agreed between the NHS and local authorities”. We are calling this money the health and social care Integration Transformation Fund (ITF) and this note sets out our joint thinking on how the Fund could work and on the next steps localities might usefully take.
3. NHS England, the Local Government Association (LGA) and the Association of Directors of Adult Social Services (ADASS) are working closely with the Department of Health and Department for Communities and Local Government to shape the way the ITF will work in practice. We have also established a working group of CCGs, local authorities and NHS England Area Teams to help us in this process.
4. In *‘Integrated care and support: our shared commitment’* integration was helpfully defined by National Voices – from the perspective of the individual – as being able to “plan my care with people who work together to understand me and my carer(s), allow me control, and bring together services to achieve the outcomes important to me”. The ITF is a means to this end and by working together we can move toward fuller integration of health and social care for the benefit of the individual.
5. Whilst the ITF does not come into full effect until 2015/16 we think it is essential that CCGs and local authorities build momentum in 2014/15, using the additional £200m due to be transferred to local government from the NHS to support transformation. In effect there will need to be two-year plans for 2014/15 and

2015/16, which must be in place by March 2014. To this end we would encourage local discussions about the use of the fund to start now in preparation for more detailed planning in the Autumn and Winter.

**Context: challenge and opportunity**

- 6. The ITF provides an opportunity to transform care so that people are provided with better integrated care and support. It encompasses a substantial level of funding and it will help deal with demographic pressures in adult social care. The ITF is an important opportunity to take the integration agenda forward at scale and pace – a goal that both sectors have been discussing for several years. We see the ITF as a significant catalyst for change.
- 7. There is also an excellent opportunity to align the ITF with the strategy process set out by NHS England, and supported by the LGA and others, in *The NHS belongs to the people: a call to action*<sup>1</sup>. This process will support the development of the shared vision for services, with the ITF providing part of the investment to achieve it.
- 8. The ITF will support the aim of providing people with the right care, in the right place, at the right time, including through a significant expansion of care in community settings. This will build on the work CCGs and local authorities are already doing, for example, as part of the integrated care “pioneers” initiative and Community Budgets, through work with the Public Service Transformation Network, and on understanding the patient/service user experience.

**Background**

- 9. The June 2013 Spending Round set out the following:

<b>2014/15</b>	<b>2015/16</b>
An additional £200m transfer from the NHS to social care, in addition to the £900m transfer already planned	£3.8 billion pooled budget to be deployed locally on health and social care through pooled budget arrangements.

- 10. In 2015/16 the ITF will be created from the following:

<b>£1.9 billion existing funding continued from 14/15 - this money will already have been allocated across the NHS and social care to support integration</b>
£130 million Carers’ Breaks funding.
£300 million CCG reablement funding.

<sup>1</sup> <http://www.england.nhs.uk/2013/07/11/call-to-action/>

c. £350 million capital grant funding (including £220m of Disabled Facilities Grant).
£1.1 billion existing transfer from health to social care.
<p style="text-align: center;"><b>Additional £1.9 billion from NHS allocations</b></p> <p>Includes funding to cover demographic pressures in adult social care and some of the costs associated with the Care Bill.</p> <p>Includes £1 billion that will be performance-related, with half paid on 1 April 2015 (which we anticipate will be based on performance in the previous year) and half paid in the second half of 2015/16 (which could be based on in-year performance).</p>

11. To access the ITF each locality will be asked to develop a local plan by March 2014, which will need to set out how the pooled funding will be used and the ways in which the national and local targets attached to the performance-related £1 billion will be met. This plan will also set out how the £200m transfer to local authorities in 2014/15 will be used to make progress on priorities and build momentum.
12. Plans for the use of the pooled monies will need to be developed jointly by CCGs and local authorities and signed off by each of these parties and the local Health and Wellbeing Board.

### **Conditions of the full ITF**

13. The ITF will be a pooled budget which will can be deployed locally on social care and health, subject to the following national conditions which will need to be addressed in the plans:
  - plans to be jointly agreed;
  - protection for social care services (not spending);
  - as part of agreed local plans, 7-day working in health and social care to support patients being discharged and prevent unnecessary admissions at weekends;
  - better data sharing between health and social care, based on the NHS number (it is recognised that progress on this issue will require the resolution of some Information Governance issues by the Department of Health);
  - ensure a joint approach to assessments and care planning;
  - ensure that, where funding is used for integrated packages of care, there will be an accountable professional;
  - risk-sharing principles and contingency plans if targets are not met – including redeployment of the funding if local agreement is not reached; and
  - agreement on the consequential impact of changes in the acute sector.

14. Ministers have agreed that they will oversee and sign off the plans. As part of achieving the right balance between national and local inputs the LGA and NHS England will work together to develop proposals for how this could be done in an efficient and proportionate way.

### **Conditions of the performance-related £1 billion**

15. £1 billion of the ITF in 2015/16 will be dependent on performance and local areas will need to set and monitor achievement of these outcomes during 2014/15 as the first half of the £1 billion, paid on 1 April 2015, is likely to be based on performance in the previous year. We will be working with central Government on the details of this scheme, but we anticipate that it will consist of a combination of national and locally chosen measures.

### **Delivery through Partnership**

16. We are clear that success will require a genuine commitment to partnership working between CCGs and local authorities. Both parties need to recognise the challenges they each face and work together to address them.

- Finding the extra NHS investment required: Given demographic pressures and efficiency requirements of around 4%, CCGs are likely to have to re-deploy funds from existing NHS services. It is critical that CCGs and local authorities engage health care providers to assess the implications for existing services and how these should be managed;
- Protecting adult social care services: Although the emphasis of the ITF is rightly on a pooled budget, as with the current transfer from the NHS to social care, flexibility must be retained to allow for some of the fund to be used to offset the impact of the funding reductions overall. This will happen alongside the on-going work that councils and health are currently engaged in to deliver efficiencies across the health and care system.
- Targeting the pooled budget to best effect: The conditions the Government has set make it clear that the pooled funds must deliver improvements across social care and the NHS. Robust planning and analysis will be required to (i) target resources on initiatives which will have the biggest benefit in terms of outcomes for people and (ii) measure and monitor their impact;
- Managing the service change consequences: The scale of investment CCGs are required to make into the pooled budget cannot be delivered without service transformation. The process for agreeing the use of the pooled budget must therefore include an assessment of the impact on acute services and agreement on the scale and nature of changes required, e.g. impact of reduced emergency activity on bed capacity.

### **Assurance**

17. Local Health and Wellbeing Boards will sign off the plans, which will have been agreed between the local authority and CCGs. The HWB is best placed to decide whether the plans are the best for the locality, engaging with local people and bringing a sector-led approach to the process. The plans will then go through an assurance process involving NHS England to assure Ministers.

## Timetable and Alignment with Local Government and NHS Planning Process

18. Plans for use of the pooled budgets should not be seen in isolation. They will need to be developed in the context of:

- local joint strategic plans;
- other priorities set out in the NHS Mandate and NHS planning framework due out in November/December. (CCGs will be required to develop medium term strategic plans as part of the NHS Call to Action)
- the announcement of integration pioneer sites in October, and the forthcoming integration roadshows.

19. The outline timetable for developing the pooled budget plans in 2013/14 is broadly as follows:

- August to October: Initial local planning discussions and further work nationally to define conditions etc
- November/December: NHS Planning Framework issued
- December to January: Completion of Plans
- March: Plans assured

## Next Steps

20. NHS England and the LGA and ADASS will work with DH, DCLG, CCGs and local authorities over the next few months on the following issues:

- Allocation of Funds
- Conditions, including definitions, metrics and application
- Risk-sharing arrangements
- Assurance arrangements for plans
- Analytical support e.g. shared financial planning tools and benchmarking data packs.



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**8 August 2013**