Paper NHSE111409

BOARD PAPER - NHS ENGLAND

Title: The Better Care Fund
From: Dame Barbara Hakin, National Director: Commissioning Operations
Purpose of paper: • To update the Board on progress towards the implementation of the Better Care Fund, and to provide assurance that appropriate action is being taken to mitigate the risks associated with it.
Key issues and recommendations: This paper sets out details of the arrangements that have been put in place, and the process that is being undertaken, to support the development and approval of Better Care Fund plans. It describes the revised payment-for-performance framework, the assurance process, and next steps in line with legislation. It also summarises how other key risks, such as the non-elective admissions reduction target, are being managed.
Actions required by the Board: • To consider progress towards the implementation of the Better Care Fund and the assurance provided to the Board as to its implementation.

Integration – The Better Care Fund

Background

1. People are living longer, healthier lives than ever before but this progress brings challenges. People often live with several complex, long term conditions and need integrated care and support, co-ordinated around them. At the same time the health and care system is under more pressure than ever before. Major change is required to respond to these challenges.

2. In June 2013, the Government announced a £3.8bn pooled fund across health and social care services from 2015/16 to ensure better integration. The Better Care Fund (BCF) provides an opportunity to improve the lives of some of the most vulnerable people in our society, to provide them with a better service and better quality of life. The Fund will be an important enabler for integrated care, acting as a significant catalyst for change.

3. NHS England has been working in partnership with the Local Government Association (LGA), Department of Health (DH), and Department for Communities and Local Government (DCLG), to develop the requirements of the Fund and to ensure its effective implementation. The Care Act 2014 has provided a new statutory framework to underpin the Fund.

4. The BCF is not 'new' money. It will be created from £1.9bn of existing funding in 2014/15 that is allocated across the health and wider care system[1], and a further £1.9bn of NHS funding in 15/16. The Fund will be routed through NHS England to protect the overall level of health spending and ensure a process that works coherently with wider NHS funding arrangements.

Role of NHS England

5. The Care Act 2014 amended the NHS Act 2006 to provide the legislative basis for the Better Care Fund. It allowed for the 15/16 Mandate to NHS England to include specific requirements relating to the establishment and use of an integration fund.

6. It is expected that the 15/16 Mandate will include a requirement on NHS England to ring-fence £3.46 billion within its overall allocation to Clinical Commissioning Groups to establish the Better Care Fund. The remainder of the £3.8 billion fund will be made up of the £134 million Social Care Capital Grant and the £220 million Disabled Facilities Grant, both of which are paid directly from the Government to local authorities.

7. The final allocations for the BCF were published in March 2014, based on a mixture of the existing Clinical Commissioning Group allocations formula, the social care formula, and a specific distribution formula for the Disabled Facilities Grant element of the Better Care Fund.[2]

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[1] Comprising: £130m Carers' Break funding, £300m CCG reablement funding, £354m capital funding (including £220m Disabled Facilities Grant), £1.1bn existing transfer from health to adult social care

[2] http://www.england.nhs.uk/wp-content/uploads/2014/03/bcf-allocations-revised-w1415.xlsx

Progress with Developing Local BCF Plans

8. BCF plans must be developed and agreed by local Councils and CCGs in each Health and Wellbeing Board (HWB) area. Draft plans were submitted in February 2014 and revised in April. They were subject to an assurance process led by NHS England's Area Teams, working jointly with Local Government peer reviewers, to assess the extent to which the plans met the specific conditions set by Government.

9. Whilst this assessment found that many plans met the criteria as described, it became apparent over the summer that the described progress was not adequate to ensure plans had the right level of rigour and granularity. The pooled budget must deliver better care for patients but also reduce demand for unnecessary admissions to hospitals and care homes. If such a reduction is not seen, both the NHS and local authorities will face financial challenge since this activity will still need to be funded. Concerns also grew about the extent to which NHS budgets were protected if the expected reduction in emergency admissions did not arise.

BCF Taskforce

10. At this point a multi-agency taskforce was established to oversee and drive a further iteration of the plans, and specific arrangements were agreed to ensure the NHS budget was protected.

11. NHS England's National Director of Commissioning Operations took on SRO responsibility for BCF. Andrew Ridley was appointed to lead the programme. A programme board and cross Ministerial Board were established.

12. The taskforce established robust programme management arrangements and developed a comprehensive plan for improving and assuring BCF plans across England by end of October.

13. A series of actions has now been undertaken, both within the NHS and across Government, to mitigate the risk of these savings not being realised.

New Payment for Performance Framework

14. Because the BCF is not new money, much of it will have to be re-invested from existing NHS services. The Fund will support the development of social care and community health services which prevent unnecessary emergency hospital admissions, reduce admissions to care homes, support discharge from hospital, and allow people to live more independently in the community. NHS commissioners will bear a significant financial risk if the local changes are not successful in reducing demand for hospital care.

15. Ministers agreed a new, strengthened framework for the element of the Fund linked to performance, to ensure that costs of any hospital activity which results from planned reductions not being realised can be covered, and to ensure that the NHS sees at least £1bn return on investment. Under this framework £1bn of the £3.8bn Fund is preserved for the NHS in two ways; firstly, from the savings realised by an actual reduction in emergency admission; and secondly, by direct investment in NHS commissioned services from the pooled budget. The portion to be released in relation to reduced activity is identified as the Performance Fund.

16. Ministers agreed an expectation of a national reduction of 3.5% in emergency admissions, resulting in a proposed benefit and a total performance pot of £300m. If this expectation was realised, it would be balanced by a requirement to invest £700m of the Fund in NHS-commissioned out-of-hospital services. Guidance to CCGs subsequently confirmed that areas could agree their own level of reduction, but that a figure lower than 3.5% would require a corresponding increase in the investment in NHS services.

Assurance and Approval of Plans

17. The BCF taskforce issued revised planning guidance and templates on 25 July, asking areas to re-submit plans which adhere to the revised Payment for Performance framework, and which have clear, evidence-based interventions, which both quantify the benefits to patients and set out how these interventions will reduce unnecessary admissions in return for the funding used on each specific intervention.

18. A comprehensive programme of support for local areas to improve and strengthen plans was delivered through the summer.

19. Five advanced plans were chosen to be fast tracked in order to trial the process and identify examples of good practice.

20. A comprehensive assurance review of all plans has been undertaken by externally commissioned providers. The process has also been validated by PWC and the Cabinet Office's Implementation Unit. In particular the process looked at whether plans met the national conditions:

- Plans to be jointly agreed
- Protection for social care services (not spending)
- As part of agreed local plans, 7-day services 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
- Ensure a joint approach to assessments and care planning and ensure that, where funding is used for integrated packages of care, there will be an accountable professional
- Agreement on the consequential impact of changes in the acute sector

21. Plans were then assessed and moderated by NHS England, working in partnership with Local Government.

22. The outcome of the review places all BCF plans into one of four categories:

- Approved
- Approved with support
- Approved subject to conditions
- Not approved.

23. A final review of plans was undertaken by Simon Stevens, Chief Executive of NHS England, and Sir Bob Kerslake, Permanent Secretary of DCLG. The results were presented at the Cross Ministerial Board in October, and Ministers made an announcement on 30 October.

24. The outcome for all BCF Plans will be available at the Board meeting.

Legislation and 15/16 Mandate

25. Under section 223G of the NHS Act 2006 (as amended most recently by the Care Act 2014), NHS England has the power to set conditions around the payment of funds to CCGs.

26. Where a condition is not met, section 223GA of the NHS Act 2006 provides NHS England with three powers of intervention. It can withhold the payment, recover the payment, or direct the CCG(s) as to the use of the designated amount.

27. These powers of intervention, came into effect on 1 October 2014, and apply to the £3.46bn of the BCF that is being routed through CCGs. The powers do not apply to the remaining £354m (social care capital grant and disabled facilities grant) which will be paid by DH and DCLG directly to local authorities.

28. These powers are triggered once the Secretary of State for Health uses his powers to include in the Mandate a requirement for NHS England to ring-fence some of its funding to fund integration.

Proposed next steps

29. All areas, regardless of assurance category, will be subject to a set of standard conditions.

30. For HWB areas which are either in the **'***approved subject to conditions***'** or **'***not approved'* categories, it is intended that additional conditions will be imposed which make clear that the plan will not be approved by NHS England until those conditions are met.

31. The aim of imposing these conditions and intervening to provide support now is to help ensure that areas are fully approved by 1 April to avoid NHS England having to exercise its legislative powers under s.223GA of withholding, recovering or directing use of the funding. It is hoped that by intervening and providing intensive support, these areas will move to an approved status as soon as possible and will therefore no longer be subject to the proposed restrictions set out above.

32. As the aim is to get all areas fully approved before April, the BCF Taskforce is now focusing its resources and attention on providing intensive support to areas that are 'not approved' or 'approved subject to conditions'. There has been a process of handover from the BCF Taskforce to NHS England for the areas which are '*approved*' and '*approved with support*' to ensure NHS England is able to pick up responsibility for any ongoing support and oversight for these areas at the point at which the letters are issued to local areas on 30 October.

Risks and Mitigation

33. While the BCF undoubtedly provides an opportunity to improve services and outcomes for patients and service users, it also presents a number of risks which require careful management.

34. NHS England remains accountable to Parliament for the appropriate use of the NHS resources which make up the greater part of the BCF. In view of this NHS England will need to be assured that Health and Wellbeing Boards (HWBs) have robust governance arrangements in place to inform the decisions they make in approving local plans. The Accountable Officers of CCGs will also be required to provide an attestation as to the appropriate use of the funds as part of the 15/16 planning round.

35. The revised payment for performance framework described earlier was agreed to help mitigate the financial impact on NHS services in the event that the new services introduced fail to reduce demand for unplanned hospital care.

36. As part of the robust and rigorous National Consistent Assurance Review process, regional and area teams have contributed to a review of the BCF plans, including the likelihood of the delivery in each HWB area of the proposed reductions in non-elective admissions

37. Through the assurance period, it has come to light that some areas have submitted plans that are significantly more ambitious than the expected 3.5%. Without appropriate moderation, NHS England could risk agreeing plans that are not deliverable, which could lead to trusts standing down capacity in 2015/16 which may subsequently be required if plans do not deliver the proposed reductions.

38. The BCF involves both NHS and local government so it would not be appropriate for NHS England to unilaterally modify an individual plan's ambition. Whilst NHS England and partners welcome the ambition shown in the BCF plans around non-elective admission reductions, it is recognised that some areas may want to revisit these ambitions as 15/16 operational planning unfolds, they become more confident of actual 14/15 outturn and as areas firm up their plans through winter to inform the 15/16 contracting round. It will be important that this is done as part of usual operational planning and that it includes appropriate involvement from HWBs for this partnership element of plans.

Operationalisation of the BCF

39. An 'Operationalisation of the BCF' workstream has been set up within the Taskforce as part of the post-assurance phase of the work programme. It will report in early December with recommendations on how, when, and by whom the following will be operationalised:

    - Financial governance and accountability structures for local areas on BCF plans
    - Payment for performance mechanism delivery
    - Alignment of BCF within 15/16 operational planning round
    - Alignment with business as usual structures (e.g. alignment with CCG assurance and reporting)

40. A significant aim of this workstream will be to determine an effective process by which locally set targets for non-elective admissions reductions will be monitored, and how payments proportional to performance will be made into the pooled fund.

41. The workstream will make recommendations on how the BCF will be mainstreamed within NHS by 1 April 2015.

Recommendation

42. To consider progress towards the implementation of the Better Care Fund and the assurance provided to the Board as to its implementation.

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