

HEALTH AND WELLBEING BOARD MEETING ON 8TH DECEMBER 2015

BRIEFING NOTE – SPENDING REVIEW 2015 (HEALTH AND SOCIAL CARE)

1. Better Care Fund

- 1.1 Better Care Fund Settlement will be after the Local Government Finance Settlement which is now expected on 16th December. The additional funding of £1.5bn for Better Care Fund by 2019/20 (equates to about £7.5m for Bromley) will be back-loaded and is expected to be paid direct to local authorities. Whether the £1.5bn is cumulative is yet to be confirmed.
- 1.2 The first year of additional funding for the Better Care Fund commences in 2017/18. The majority of funding will come from new homes bonus currently paid to local authorities (£800m out of £1.5bn and Bromley was originally expected to receive £5.5m in 2016/17) which will explain why most of the funding will be provided at the end of the spending review period.
- 1.3 For planning purposes, at this stage, we have to assume that the 2016/17 Better Care Fund will be at least the same as the 2015/16 funding.
- 1.4 However, the 2016/17 Better Care Fund may increase to take into account the additional funding to NHS (£6bn per annum in 2016/17 rising to £10bn per annum by 2019/20) This will depend on the decision made by NHS England (with CCGs) on how the money is distributed – that decision is expected a few days after Local Government Finance Settlement.
- 1.5 The additional funding for the NHS assumes that NHS Efficiency Savings of £22bn will be delivered by 2020 (over £1bn for South East London Health community which could impact on social care).

2. Social Care and Health Integration

- 2.1 The Government will integrate health and social care across the country by 2020 and requires every part of the country to have a plan in place by 2017 for full implementation by 2020.

3. Social Care Precept

- 3.1 There can be a council tax precept of 2% to specifically fund adult social care (a 2% increase in council tax equates to £2.6m additional income per annum). The Government recognises that the precept can also include, for example, the additional cost of the new Living Wage.

1.106 In addition, the government wants to improve links between health services and employment support, recognising timely access to health treatments can help individuals return to work quicker. Over £115 million of funding will be provided for the Joint Work and Health Unit, including at least £40 million for a health and work innovation fund, to pilot new ways to join up across the health and employment systems. To further integrate services and help people back into work, where it has been agreed as part of a devolution deal, local areas will co-design employment support for harder-to-help claimants. The government will also publish a White Paper in 2016 that will set out reforms to improve support for people with health conditions and disabilities, including exploring the roles of employers, to further reduce the disability employment gap and promote integration across health and employment.

Adult social care

1.107 The Spending Review creates a social care precept to give local authorities who are responsible for social care the ability to raise new funding to spend exclusively on adult social care. The precept will work by giving local authorities the flexibility to raise council tax in their area by up to 2% above the existing threshold. If all local authorities use this to its maximum effect it could help raise nearly £2 billion a year by 2019-20.⁴⁴ From 2017 the Spending Review makes available social care funds for local government, rising to £1.5 billion by 2019-20, to be included in an improved Better Care Fund.

1.108 Taken together, the new precept and additional local government Better Care Fund contribution mean local government has access to the funding it needs to increase social care spending in real terms by the end of the Parliament. This will support councils to continue to focus on core services and to increase the prices they pay for care, including to cover the costs of the National Living Wage, which is expected to benefit up to 900,000 care workers.

1.109 The government will also continue to improve care for older and disabled people and support for their carers. The Care Act reforms introduced in April focus on wellbeing, prevention and delaying the need for social care. In support of these principles, the Spending Review includes over £500 million by 2019-20 for the Disabled Facilities Grant, which will fund around 85,000 home adaptations that year. This is expected to prevent 8,500 people from needing to go into a care home in 2019-20.

1.110 The government remains committed to introducing the Dilnot reforms to social care, with funding provided in 2019-20 to cover the costs of local authorities preparing for these changes. The cap on reasonable care costs and extension of means tested support will then be introduced and funded from April 2020. The deferred payments scheme already means that no one will be forced to sell their home in their lifetime to pay for care.

Integrating and devolving health and social care

1.111 Locally led transformation of health and social care delivery has the potential to improve services for patients and unlock efficiencies. Spending Round 2013 established the Better Care Fund which has driven the integration of funding for health and social care and enabled services to be commissioned together for the first time. This year the NHS and local authorities in England shared £5.3 billion in pooled budgets.⁴⁵ The Spending Review continues the government's commitment to join up health and care. The government will continue the Better Care Fund, maintaining the NHS's mandated contribution in real terms over the Parliament. From 2017 the government will make funding available to local government, worth £1.5 billion in 2019-20, to be included in the Better Care Fund.

⁴⁴ Council Tax Levels set by Local Authorities in England 2015-16, DCLG, March 2015.

⁴⁵ Internal Department of Health data.



Public Health
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Protecting and improving the nation's health

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Dear everyone

Spending Review

I wanted to write to you following Wednesday's Spending Review announcement about the public health grant to share my thoughts on what this means for the next five years.

First, as anticipated, there will be a reduction. The Chancellor talked about savings in the public health grant, which will be an average real terms saving of 3.9% each year to 2020/21. This translates into a further cash reduction of 9.6% in addition to the £200 million of savings that were announced earlier this year. From the baseline of £3,461m (which includes 0-5 commissioning and takes account of the £200m savings) the savings will be phased in at 2.2% in 16/17, 2.5% in 17/18, 2.6% in each of the two following years, and flat cash in 20/21. £347k £344k £410k (further £1.2m)

Cuts are never welcome, and this is by no means the only challenge that local authorities face. However, you and your colleagues have already proved that you are capable of managing reductions on this scale. I am confident that you will find ways of continuing the very real progress of the past three years in protecting and improving the public's health and in working to reduce health inequalities.

We do not yet know the implications for individual local authorities. This will depend on decisions about the funding formula, on which the Department of Health has consulted on behalf of ACRA and the political decision on pace of change (how fast we move from historic spend to the formula based target shares). My advice to the Government throughout has been to prioritise stability and certainty for the next two years and concentrate on getting the arrangements right for the transition to full funding through business rates. I believe this reflects what your colleagues have told me on my visits to local authorities across the country.

The Spending Review made a number of further commitments including:

- a commitment to retain the public health grant for 16/17 and 17/18 in order to complete the transition of 0-5s and to work through what we will all need in a world without a ringfence.
- a clear signal that the public health grant will be replaced as we move to a model based on retained business rates. The detail of how this will work needs to be worked through and will be subject to full consultation. We will obviously be keen to ensure that any redistribution mechanism reflects health need and does not exacerbate health inequalities.