

Gateway Reference: 01597

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**To:**  
NHS England Area Team Directors

9 May 2014

Dear Colleagues

### **Funding Transfer from NHS England to social care – 2014/15**

1. For 2014/15, the Department of Health has transferred funding to support adult social care to NHS England as part of the 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: <http://www.england.nhs.uk/ourwork/part-rel/transformation-fund/bcf-plan/>

#### **Amount to be transferred**

3. For the 2014/15 financial year, NHS England will transfer £1,100 million from the Mandate to local authorities. £200m of this total is the first part of the Better Care Fund, intended to help local authorities and clinical commissioning groups prepare for the implementation of the full Better Care Fund pooled budget in 2015/16. For the avoidance of doubt, the 2014/15 element of the Better Care Fund does not have to be held in a pooled budget.

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 [national directions for 2014](#), which set out the conditions, Memorandum of Agreement and Annual Vouchers for use. In line with the Directions, the application and outcome monitoring of the use of funds must be agreed between NHS England, the local authorities and their local health partners.

## **Use of the funding**

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

### Better Care Fund

5. As set out in the BCF annex to the Planning Guidance<sup>1</sup>, each Health and Wellbeing Board must have agreed its Better Care Fund plan in order to have access to its share of the £200m Better Care Fund allocated in 2014/15. As plans were to be submitted in April, this condition should already be satisfied.

### Remaining s256 transfer

6. The remaining £900m will be subject to the same arrangements as the s.256 transfer was in 2013/14. These are summarised below.

7. 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.

8. The joint local leadership of Clinical Commissioning Groups and local authorities, through the Health and Wellbeing Board, is at the heart of the 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.

9. 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.

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<sup>1</sup> Available on NHS England's BCF planning page, linked at paragraph 2

10. 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.

11. 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.

### **Governance**

12.. 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.

13. 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.

14. 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.

### **Reporting**

15. NHS England will require expenditure plans by local authority to be categorised into the following service areas (Table 1 below) 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 2014-15 for transfer to local authorities</b>
<b>Service Areas-</b>
Community equipment and adaptations
Telecare
Integrated crisis and rapid response services
Maintaining eligibility criteria
Reablement services
Bed-based intermediate care services
Early supported hospital discharge schemes
Mental health services
Housing projects
Employment support
Learning disabilities services
Dementia services

Support to primary care	
Integrated assessments	
Integrated records or IT	
Joint health and care teams/working	
Other preventative services (please specify)	
Other social care (please specify)	
Other intermediate care (please specify)	
<b>(Subjective codes to be set up in level 8 52131000 parent 'purchase of social care')</b>	
<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 social care expenditure and the overall outcomes against the plan.

### **Further considerations**

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

17. 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 82 50779 or email [tim.heneghan@nhs.net](mailto:tim.heneghan@nhs.net)

Yours sincerely



Sam Higginson  
Director of Strategic Finance

### **Annex A - 2014/15 Funding by local authority & Area Team**