

Appendix 2

Gateway Reference: 00186



Financial Strategy & Allocations
Finance Directorate
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To:
Area Team Finance Directors
CCG Clinical Leads
CCG Accountable Officers

19 June 2013

Dear Colleagues

Re: 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

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 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.

Table 1:	
Analysis of the adult social care funding in 2013-14 for transfer to local authorities	
<i>Service Areas- 'Purchase of social care'</i>	<i>Subjective code</i>
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
Total	

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, 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 82 50779 or email tim.heneghan@nhs.net

Yours sincerely

A handwritten signature in black ink, appearing to be 'SH', with a long horizontal flourish extending to the right.

Sam Higginson
Director of Strategic Finance