



Gateway number: 00211

To: CCG Clinical Leads,
cc: CCG Accountable Officers
Wessex Area Team Directors

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Dear Colleague

SPENDING ROUND: HEALTH SETTLEMENT 2015-16

I am writing to you following the Chancellor's announcement of the Health Settlement for 2015-16 to share with you the initial NHS England response (see annex A) and to outline some further detail on what the settlement means for you. This letter is for your information.

Spending Round Headlines

- NHS funding will grow in real terms, consistent with the government commitment to protect the NHS;
- This is a challenging settlement:
 - Given rising demand and inflation pressures, we expect the NHS would have needed to deliver c4% efficiency in order to maintain current services;
 - In addition, however the NHS, DCLG and the DH will pool c£3.8bn of funds for investment in the integration of health and social care (the "Integration Transformation Fund"). The NHS will contribute £3.4bn towards the integration fund. This compares to the £0.9bn the NHS currently transfers to support integration with social care.

Social Care Integration Fund breakdown

The £3.8bn Integration Transformation Fund will be a pooled fund, held by local authorities and funded from:

- the £0.9bn of funding NHS England planned to transfer to fund social care in 2014-15;
- an additional £0.2bn of investment in 2014-15 (to be agreed as part of mandate discussions for 2014-15 with DH);
- DH and other Government Department transfers of £0.4bn (capital grants);

- CCG pooled funding of:
 - reablement funding of £0.3bn;
 - carers' break funding of £0.1bn;
 - core CCG funding of £1.9bn.

The intention is to give NHS and Social Care commissioners greater influence over this funding in the future to ensure it is optimised to support local integration of health and care services. To enhance this funding further, the funding CCGs currently hold for reablement and carers' breaks will also be included in the pooled budget, alongside other grants that the DH and Department of Communities and Local Government currently fund to support Social Care. The integration fund budget will represent a significant share of spend on health and care services and will give CCGs greater influence over how care services are integrated with health services.

It is vital that the NHS realises the benefits of integration in terms of reducing demand on health services, improving outcomes for patients and other efficiencies. Hence, there will be conditions attached to the pooled funding and the creation of new incentives to support integration and the delivery of improved outcomes for both health and care.

Conditionality on integration fund

The pooled funding will formally sit with local authorities but will be subject to plans being agreed by local Health and Wellbeing Boards (H&WBs) and signed off by CCGs and Council Leaders. Plans would also be subject to assurance at national level. As part of the wider 2014/15 planning round, it is envisaged that plans would be developed this year, signed-off and assured over the winter and would be implemented from 2014/15.

Plans and assurance would need to satisfy nationally prescribed conditions, including:

- protection for social care services (rather than spending) with the definition determined locally;
- seven day working in 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;
- plans and targets for reducing A&E attendances and emergency admissions;
- risk sharing principles and contingency plans for if/when targets are not being met;
- agreement on consequential impacts of changes in the acute sector.

Impact of this settlement on CCGs

The overall impact of the settlement on CCGs will be confirmed in allocations. It is NHS England's intention to explore the scope to give CCGs 2 year allocations for 2014-15 and 2015-16 to support commissioners to deliver the changes required in the NHS to realise the necessary efficiencies.

For the average CCG, the establishment of the integration fund will mean £10m of allocated funding will be transferred to the pooled budget (in addition to the pooling of reablement and carers' breaks funding that is currently within CCG baseline allocations). This is in the context that the average CCG was allocated c£300m in 2013-14 and hence the figure is equivalent to around 3% of CCG allocations.

Under current Section 256 requirements, NHS England has to make transfers to local authorities on behalf of CCG commissioners. We believe it would be helpful to route the funding for the Integration Transformation Fund through CCGs – this will require changes to primary legislation.

Clearly, this is a very important development and it is timely that we have a Wessex Commissioning Assembly on 3 July. Therefore, I will ensure that this is included as an agenda item for that meeting.

With best wishes.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'D M Fleming'.

D M Fleming (Mrs)
Area Director (Wessex)
NHS England

Enc.

Annex A

Media briefing on Spending Round 2015/16

Commenting on the establishment of the new Health and Social Care Integration Fund and the overall settlement for the NHS, Sir David Nicholson, the Chief Executive of NHS England, said:

“This is a very significant settlement for the NHS. It presents both opportunities and challenges. It is a potential ‘game changer’ as it gives us the opportunity to accelerate the development of integrated services. It means we can provide more joined-up care for care for patients with complex needs, enabling them to be supported at home.

Merging health and social care budgets to support integrated care at a time when resources are constrained will require us to rethink how we organise services around patients. We need to begin formulating plans as soon as possible so that we are ready to take full advantage of the opportunities offered by the 2015/16 settlement.”