



Department  
of Health



Department for  
Communities and  
Local Government

Dear Health and Wellbeing Board Chair

11 July 2014

### **BETTER CARE FUND**

Thank you for the progress you have made so far with your preparations to implement the Better Care Fund. We know that local plans contain a clear commitment to ensure more people receive joined-up, personalised care closer to home. This letter sets out how you will continue to be supported to get the plans ready for implementation from April 2015. Following the recent announcement on the Better Care Fund, we also want to tell you about some changes we are making to further develop the programme.

We remain convinced that the shift to integrated care is the right way to deliver a sustainable health and social care system that can provide better quality care and improve outcomes for individuals. That is the way we can preserve people's dignity by enabling them to stay in their own homes, and to receive care and support when and where they want and need it. That is why the Government remains fully committed to the Better Care Fund and are clear that pooled health and care budgets will be an enduring feature of future settlements.

The Better Care Fund is deliberately ambitious. The majority of local draft plans submitted in April showed that same ambition. We recognise the scale of the task of transforming local services and the plans show how significant progress has been made in bringing together organisations and moving to a new and more collective way of working. We were particularly pleased to learn that most of the plans were addressing key conditions such as a commitment to seven day working, better sharing of information and protection of social care services.

We know that we need to shift as quickly as possible from improving and assuring the plans to letting local areas get on with delivery. However, we believe there is more to do over the next few months to ensure a strong first year.

#### *Pay for Performance and Risk Sharing*

First, as announced earlier in the month we are finalising arrangements for the pay for performance element of the fund and, as part of that, putting in place a clear framework for local risk sharing.

We know that unplanned admissions are by far the biggest driver of cost in the health service that the Better Care Fund can affect. We need the plans to demonstrate clearly how they will reduce emergency admissions, as a clear indicator of the effectiveness of local health and care services in working better together to support people's health and independence in the community.

We are therefore asking each Health and Wellbeing Board to propose their own performance pot based on their level of ambition for reducing emergency admissions – with a guideline reduction of at least 3.5 per cent. A proportion of your current performance allocation (i.e. your area's share of the national £1bn performance element of the fund) will be paid for delivery of this target. That proportion will depend on the level of ambition of your target. Where local areas do not achieve their targets the money not released will be available to the CCGs, principally to pay for the unbudgeted acute activity.

The balance of your area's current performance allocation (i.e. the amount not set against the target for reduced admissions) will be available upfront to areas and not dependent on performance. Under the new framework, it will need to be spent on out-of hospital NHS commissioned services, as agreed locally by Health and Wellbeing Boards.

In reality we know of course that a lot of the investment from the Fund will be in joint services. We welcome that and will find a simple way to account for that investment.

This change will mean that while it is likely that local authorities will continue to receive the large majority of the Better Care Fund, the NHS will have the assurance that plans will include a strong focus on reducing pressures arising from unplanned admissions.

This change also means that, because of its importance in terms of driving wider savings, reductions in unplanned admissions will now be the sole indicator underpinning the pay for performance element of the BCF. Performance against the other existing metrics will no longer be linked to payment. However, we will still want to see evidence of strong local ambition against them as part of the assurance of plans.

### Plan Improvement and Assurance

Second, certain aspects of local plans need to be strengthened to ensure we are ready to deliver from April 2015. NHS England and the LGA will shortly be issuing guidance on what a good final plan should look like. NHS England will also be publishing exemplar plans from a small number of areas to help the process.

In addition, NHS England will issue a revised plan template which will request additional financial data around metrics, planned spend and projected savings. They will also provide further detailed guidance on the revised pay for performance and risk sharing arrangements.

We expect that areas will be asked to submit revised plans and any further information at the end of the summer. NHS England, supported by the LGA, will also set out the assurance

and moderation process. Where localities need support to complete their plans NHS England, supported by the LGA, will discuss how best to provide this.

The plans will be further reviewed by DCLG Permanent Secretary Sir Bob Kerslake and NHS Chief Executive Simon Stevens in the autumn prior to submission to Ministers to ensure they are ambitious enough to achieve improvements in care and that every area is on track to begin in April next year.

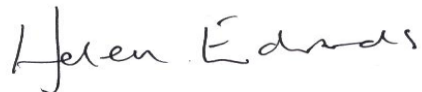
*Better Care Fund Programme Team*

Third, in order to drive this through at pace an expanded joint Better Care Fund programme team has been established, working across Whitehall, local government and the NHS. Dame Barbara Hakin, National Director: Commissioning Operations, NHS England, will take on overall responsibility for delivery through this team. The expanded team is headed by Andrew Ridley as the new BCF Programme Director. A key priority for the new team will be ensuring that, given the fast-moving nature of the programme, you are kept fully up to date and provided with the support you need to deliver effective plans and move into implementation. Andrew will be writing to you shortly to outline his plans for doing this, and to begin a regular programme of communication with local areas.

We recognise that in order to make integrated services a reality, you have achieved a lot already over a short space of time. We would like to thank you again for your hard work, and to reiterate that the Government remains absolutely committed to making the Better Care Fund and integrated services a success. We know that you share our ambition to transform local services for the benefit of all who use them.



**JON ROUSE**



**HELEN EDWARDS**