By: Roger Gough, Cabinet Member for Education and Health Reform

To: Health and Wellbeing Board, 16 July 2014

Subject: **Better Care Fund: National Review**

Classification: Unrestricted

Summary: This paper presents a summary of the recent Government announcement about the Better Care Fund.

Recommendation(s):

The Kent Health and Wellbeing Board is asked to consider and comment on the report.

1. Introduction

(a) The Department of Health and Department for Communities and Local Government has reviewed the first set of local plans for the Better Care Fund. A series of changes aimed at improving the Better Care Fund (BCF) was set out in a Government press release on 5 July 2014.[1]

(b) This release included the announcement that revised guidance for the development of the local BCF plans will be issued shortly. A new BCF programme director will also be appointed with a larger team working across the system.

(c) The changes relate to financial management of the risks associated with failure to reduce emergency admissions.

2. Reducing Accident and Emergency Admissions

(a) For Health and Wellbeing Boards, the key paragraph in the release is:

> "Up to £1 billion of the Better Care Fund will be allocated to local areas to spend on out-of-hospital services according to the level of reduction in emergency admissions they achieve. Local areas will agree their own ambition on reducing emergency admissions and they will be allocated a portion of the £1 billion performance money in the fund in accordance with the level of performance against this ambition. The remaining money from the performance pot not earned through reducing emergency admissions will be used to support NHS-

[1] https://www.gov.uk/government/news/better-care-plans-to-provide-dignity-independence-and-reduce-ae-admissions

commissioned local services, as agreed by Health and Wellbeing Boards."

(b) What this means in practice is as yet unclear. The guideline reduction in unplanned admissions is to be 3.5%, equating to around 185,000 fewer admissions nationally per year. Local areas will be expected to agree their own ambition for reducing emergency admissions.

(c) The more local areas are successful in achieving their target, the more money will be released which will be able to be spent on other services. However, the money will be retained to pay for the unplanned admissions which still occur short of the target. The paragraph above also suggests that the entire £1 billion will effectively be ring-fenced within BCF budgets for spending on NHS-commissioned services – either held back to pay for unplanned admissions to acute hospitals or on other locally commissioned services.

(d) It is also unclear whether the money held back will be paid directly to the acute Trusts or whether CCGs will be directed to pay them.

(e) Commentary in the Local Government Chronicle[2] suggests that a 3.5% cut in accident and emergency admissions equates to savings nationally of around £400 million. This leaves £600 million to be definitely spent on other NHS-commissioned services. The precise impact on Kent will depend on the target determined locally and the current levels of unplanned admissions.

(f) The Health and Social Care Information Centre produce annual figures for accident and emergency admissions. The 2013/14 report is not available but it is possible that Kent figures will be available in some form for the meeting.

(g) This still leaves £2.8 billion nationally, from the original BCF of £3.8 billion, to be spent as local areas determine. However, the original guidance out conditions on the whole budget and there may be more details about the rest of the budget in the final guidance.

3. Progress of the BCF Nationally

(a) 80% of the 151 local BCF plans have been identified as being on course to transform out-of-hospital services. In addition, 14 areas have been identified as being able to fast track the completion of their plans. These are: Dudley; Hammersmith and Fulham; Kensington and Chelsea; Westminster; Greenwich; Leeds; Liverpool; Nottinghamshire; Reading; Sunderland; Rotherham; and Torbay.

(b) Although the integration pioneers in many cases cover a wider geography than BCF plans, there are three pioneer areas on this list – Greenwich, Leeds and South Devon and Torbay.

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[2] http://www.lgcplus.com/5072695.article

(c) All Better Care Funds plans are expected to launch on 1 April 2015, following a further process on assurance and ministerial sign off of the revised plans that are expected to be submitted later in the summer.

(d) The Government press release also confirms that the BCF will become an established feature of the health and care system in the future.

4. Next Steps

(a) A final decision on next steps may need to wait upon the revised guidance, but consideration will need to be given as to the local target for reduced unplanned admissions. It would also be appropriate to consider how progress can best be measured against this target locally and at what level (County, health economy or CCG) along with the most appropriate mechanisms for determining what actions to take in the case of non-delivery against this target.

(b) There are a number of issues which will need settling before any final decision can be made, including:

1. Are there any perverse incentives with setting a target which will need to be guarded against?

2. What figure will the reduction be counted against and how will responsibility be divided across multiple CCGs and a complex geography? For example, what will happen if one acute Trust reaches the target and another one does not, will money be withheld to pay for the admissions at the Trust which does not?

Recommendation(s)
The Kent Health and Wellbeing Board is asked to consider and comment on the report.

Background Documents

None.

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