

## TRANSFORMING CARE: OVERVIEW / REMINDER OF KEY FINANCE AND FUNDING ISSUES

Issued: July 2018

### 1 Executive summary

- 1.1 This note has been developed to support Directors of Adult Social Services and Directors of Finance in local authorities. However, other colleagues across Local Government and the NHS might also find it useful. It has been produced in consultation with colleagues from the LGA, ADASS and NHS England.
- 1.2 The Transforming Care programme is focused on people with a learning disability and/or autism who display behaviour that challenges, including those people with a mental health condition. *[Hereafter in this document we refer to people with a learning disability and/or autism to describe this group of people].*
- 1.3 The aim of the programme is to reduce the number of people using inpatient specialist beds, through enabling people already in these hospitals to live in the community and through improved community-based services which offer alternatives to admission, or shorten the time that people stay there.
- 1.4 Local Transforming Care Partnerships (TCPs) (including local authorities, CCGs and NHSE Specialised Commissioning) are tasked with using the total sum of money they spend as a whole system on people with a learning disability and/or autism to deliver care and support in a different way that achieves better results.
- 1.5 In order to do this, TCPs have been asked to update their finance plans, which should be developed and agreed by all partners. **We would therefore encourage local authorities to be equally and actively involved in the development of financial plans.**
- 1.6 It is also important to stress that full and equal involvement of local authorities in TCP financial planning and discussion about any funding issues help the LGA and ADASS to gain a better understanding, on your collective behalves, of the financial pressures and the overall aggregate national picture.
- 1.7 This briefing note therefore provides a summary of the funding sources and mechanisms for how the money will move round the system, as well as guidance on what local authorities should do in order to support the development of robust finance plans.

### 2. About the Transforming Care programme

- 2.1 The ADASS, LGA and NHSE *Building the Right Support* report, issued in 2015, set out the ambition to establish 48 Transforming Care Partnerships to deliver the programme aims, bringing together local authorities, CCGs and NHS England Specialised Commissioning Hubs. Whilst the Programme was set to run from April 2016 to March 2019, it is clearly important that we make sure that the necessary transformation is permanent and that appropriate funding shifts are ongoing.

2.2 The overall aim of the programme is to close “*inappropriate and outmoded inpatient facilities, establishing stronger support in the community*” and to support people to live in their own homes within the community, supported by local services which offer the right alternatives to hospital admission for those people. Transformation will see a shift in power from services to people, enabling them to have choice and control over their own lives.

2.3 Collectively, as a whole system, we need to work in a different way. Local government and the NHS are spending a given sum of money already on people with a learning disability and/or autism; but this money can be used in a different way to support better outcomes for individuals. At the same time, we should remind ourselves of another key principle; that no one TCP partner should be disadvantaged financially compared to others locally, whilst also recognising the statutory responsibilities of different organisations.

2.4 It is important to remind ourselves that the scope of this programme covers people – adults and children - with a learning disability and/or autism who display behaviour that challenges and who are inpatients or are at risk of becoming inpatients. It is NOT about all people with learning disability and autism but getting this right for the above group means that there will be benefits for the wider group of people.

### 3. Key Financial Principles and sources of funding

3.1 To achieve successful financial modelling and plans TCPs need to have clear, agreed and **joint** arrangements to move funds around the system, in response to three sets of questions:

- Have the partners in the TCP clearly spelt out the mechanisms for how funding will be shifted from NHSE Specialised Commissioning to CCGs, using the NHS allocation transfer process, when Specialised Commissioning beds are closed?
- Does the TCP have a clear understanding/agreement in principle for the vehicles to be used to shift funding from each CCG to the relevant local authorities, including for dowries (see below for more on dowries), S75, S256, Better Care Fund agreements, etc.?
- Have the partners in the TCP articulated a clear set of shared principles governing how they will work together to ensure funding flows across the system to enable transformation?

3.2 In simple terms, the sources of funding from across the whole system are:

- NHSE Specialised Commissioning and what they are spending on inpatient services for this group. Funding will be released as beds close/people are discharged and will move to local TCPs (via a ‘host’ CCG) to agree how it’s spent (set out in detail in the Funding Transfer Agreement (FTA) which has recently been revised and simplified in response to concerns raised – see below for embedded document).
- Similarly, funding released from CCGs’ current spending on inpatient services as beds close/people are discharged;
- The money that CCGs spend - or potentially spend - on those people eligible for

Continuing Health Care and S117 Mental Health Act/aftercare funding in community settings;

- The money that local authorities spend or potentially spend to meet their own statutory duties for this group.

3.3 The expectation is that these sources of funds are put into a pooled budget for the TCP or specific local Authority/CCG areas within a multi-organisational TCP. Model Section 256 (supporting annual payments from the NHS to local authorities) and Section 75 (ongoing, formal pooled budget agreements) agreements have been prepared to help with this and are available here:

<https://www.england.nhs.uk/publication/transforming-care-programme-template-model-agreements/>

3.4 There is also an expectation that each TCP has a relatively simple Risk Share Agreement in place, governing the key funding transfer principles shared and agreed between the CCGs, Local Authorities and NHS England Specialised Commissioning operating in each TCP area. This Agreement should cover issues such as how annual underspends and overspends will be treated/covered within pooled resource arrangements, who is accountable to whom, and how additional care and support costs for individual patients might be covered. This should then help local partners to set up and maintain effective pooled budget arrangements.

#### 4. How the money will move round the system

4.1 NHS England Specialised Commissioning passes money to local TCPs against an anticipated net inpatient reduction (i.e. money released from bed closures - taking into account both planned discharges and admissions).

4.2 It has recently been confirmed (through the revised Funding Transfer Agreement (FTA) guidance (see end of document for embedded document) that this will happen at the start of the financial year with an expectation that the money – at an annual cost of £180,000 per annum (see 4.4 below) - then moves non-recurrently as long as the people on the list have actually moved into either non-hospital settings or step-down facilities. If they don't then the transfer gets reviewed at year end. A simple flow-chart in **Appendix A** below helps to describe how this will work.

**4.3 TCPs partners then need to collectively agree how this money – released from Specialised Commissioning - and their own money (both local authority and CCG spend for this group of people) is used collectively to improve services and support for people in the community. This will include consideration of any funding released from net-inpatient reductions in CCG-commissioned inpatient placements.**

4.4 In essence, there are three basic categories for how the funding might be used:

- i. Individual packages of support in the community for dowry-eligible individuals, as set out in *Building the Right Support* and the subsequent finance FAQs. A dowry is money from the NHS (both Specialised Commissioning and CCG) paid to local authorities to support the social care costs of those individuals discharged from hospital who have been inpatients for more than 5 years. They should apply to those patients discharged on or after 1 April 2016, and only to those patients who have been in inpatient care for five years or more on 1 April 2016 (not any patient who reaches five years in hospital subsequent to that date), with the funding “following” the individual from hospital into the community. They are recurrent,

linked to individual patients, and cease on the death of the person (this is for local partners to decide, but the model pooled budget agreements above suggest dowry funding remains in the pool permanently). This should be a first call on the funding. How much they should be depends on individual circumstances, but the NHS England modelling assumption for the whole programme was an average cost of £180,000 per person per year.

- ii. Other individual packages of support in the community for those individuals who are not dowry eligible. The NHS will continue to fund CHC and relevant S117 aftercare. Local authorities will need to agree their own contribution. There may be money from the Specialised Commissioning transfer to help with these costs.

*Note: For these first two categories, we would expect this to result in an individual personal budget for each person. At its core it will be used to fund care and support packages (dowries are specifically defined as funding to support local authority social care costs). There may also be scope for it to include access to health services but doubts and complexities about the health element should not delay sorting out the care and support package. As is usual, the expectation is then that this personal budget maximises choice and control for the individual.*

- iii. Funding community services which have a specific purpose in preventing hospital admission for those people with a learning disability and/or autism at imminent and/or significant risk of admission (e.g. intensive support services for people with a learning disability and/or autism).

#### **4.5 Some key tips - what local authorities need to do:**

- Make sure they have a named list of those in scope for the programme, and track where they are and their costs
- Clarify who is dowry eligible and who isn't
- Ensure that there is a support plan including accommodation, care support and health support at its core. Cost it. Have a mechanism in place to check that it's a reasonable cost and that it reflects general principles of promoting independence.
- Agree with your health partners what community services should receive investment, and that the balance of investment into community services and into individual personal budgets (as above) is reasonable
- Make sure you are discussing with health partners how the sources of funds as above are being deployed into the categories as above.
- Confirm this in your Risk Share and Section 75 or 256 Agreements.
- For the individual support plans, get the source of funds agreements also agreed and recorded.
- Local authorities need to be active members of TCPs and are needed to provide information and opinions on how to shape local services to meet needs in an holistic way for individuals.
- Ensure any additional costs to the local authority is locally factored into the MTFs and that this is fed up nationally into LGA/ADASS/NHSE collections, so that any local authorities disproportionately affected may be identified.

## More detailed sources of guidance and available support:

### 1. Funding Transfer Agreement (FTA) communication - May 2018



FTA communication  
note to TCPs 17 May

### 2. Model Section 256 and 75 Agreements and covering note – June 2018

Model agreements:

<https://www.england.nhs.uk/publication/transforming-care-programme-template-model-agreements/>

Covering note:

<https://www.england.nhs.uk/wp-content/uploads/2018/07/transforming-care-partnership-model-agreements-cover-note.pdf>

### 3. TCP Financial Plans Refresh guidance – May 2018

<https://idhekss.files.wordpress.com/2018/05/refreshing-tcp-financial-plans-for-2018-19-final.pdf>

### 4. Building the Right Support/Transforming Care frequently asked finance questions

<https://www.england.nhs.uk/learningdisabilities/wp-content/uploads/sites/34/2016/06/finance-qas-june16.pdf>

### 5. Regional LGA senior regional advisers for Transforming

The LGA have appointed 7 LGA regional advisers supporting the Transforming Care work. Local authorities can access support through these leads; this might be to request specific local support (including in relation to the finances), or to raise concerns or issues that can inform the national finance discussions taking place.

Role/Region	Name & email
East	Helen Ricketts <a href="mailto:Helen.Ricketts@local.gov.uk">Helen.Ricketts@local.gov.uk</a>
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## APPENDIX A

Funding Transfer Agreement/process – funding flows relating to bed closures commissioned by NHE England Specialised Commissioning:

