

Gateway 14970

To: Directors of Adult Social Services

CC: NHS Chief Executives,  
PCT Chief Executives,  
Local Authority Chief Executives,  
Directors of Children's Services,  
Regional Directors of Public Health

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Dear Colleagues,

### **The 2010 Spending Review Settlement**

The Chancellor today announced the 2010 Spending Review settlement for local government. I am writing to you with further details of what that means for social care. Sir David Nicholson has written in similar terms to colleagues in the NHS and local government about the settlement for health.

The Spending Review recognises the importance of social care to hundreds of thousands of adults of all ages, backgrounds and identities: supporting their independence and helping them to make full and active contributions to their communities.

In recognition of the pressures on the social care system in a challenging fiscal climate, the Coalition Government has allocated an additional £2bn by 2014/15 to support the delivery of social care. This is in addition to ensuring that the existing DH grants for social care rise in line with inflation to £1.4bn by 2014/15. This means, with an ambitious programme of efficiency, that there is enough funding available both to protect people's access to services and deliver new approaches to improve quality and outcomes.

The rest of this letter sets out the breakdown of the social care settlement in three parts: funding made available within the NHS to be spent on measures that support social care, grant funding for social care, and the general local government revenue grant settlement.

[NHS support for social care](#)

The settlement represents an excellent opportunity to support integration between social care and health services at the local level. In order to support social care, the NHS will transfer some funding from the health capital budget to health revenue, to be spent on measures that support social care, which also benefits health. This funding will be up to £1bn in 2014-15.

This £1bn includes up to £300m per annum for re-ablement to help avoid demand upon social care, while the remainder will be used to support other social care services. Investment in social care will both improve people's outcomes and benefit the NHS. By ensuring that people remain independent we can support them to be active in their communities, whilst at the same time reducing unnecessary hospital admissions and speeding discharge after a crisis.

We will expect local authorities and the NHS to work together to agree how this funding should be best used to support social care services. Further details about this support will be published alongside the 2011/12 NHS Operating Framework.

#### Department of Health grant funding

In recognition of the importance of social care in communities throughout the country, additional grant funding, rising to £1bn by 2014/15, will be made available for social care. This funding will be allocated in addition to the Department's existing social care grants, which will rise in line with inflation. In total, grant funding for social care will reach £2.4bn by 2014/15.

In order to support local flexibility and to reduce administrative burdens, this funding will go to authorities through the Revenue Support Grant. As far as possible we will seek to minimise the distributional impact of these changes.

**Therefore, by 2014/15, the total additional funding for social care will amount to £2bn: half from the NHS and half in grant funding to local government.** In the context of a challenging settlement for local government, this funding will make it possible to protect people's access to care, without tightening eligibility.

#### Local government revenue grant

This funding comes in the context of reduced central funding for local government. Local authorities will receive an overall reduction in revenue funding from Government of 26% when revenue grants from all departments are included – excluding schools, fire and police. This represents a challenging settlement for local government.

#### Transfers of Responsibility

In addition to the £2.4bn grant funding for social care and the additional funding from the NHS set out above, there will be two new grants issued from the Department over the SR period: Learning Disabilities and Health Reform grant (an unringfenced, specific grant worth around £1.3bn from 2011/12) and

the Public Health grant (which will be introduced from 2013/14). These two grants reflect a forthcoming transfer of responsibility for services from the NHS to local authorities. Further detail about the Learning Disabilities and Health Reform grant will be published at the time of the provisional local government allocations.

### Transformation and Efficiency

This is a highly positive settlement for social care, providing sufficient resources to protect people's access to care and avoiding further restrictions to services.

However, the additional funding of £2bn for social care comes in the context of a reduction to overall local government funding. In order to maintain people's access to care, local organisations will need to drive forward with reforming and redesigning services in order to make significant efficiency savings and transform the way that social care is delivered.

Across both health and social care, significant efficiency savings need to be made, and delivered in a way that is fair and equitable. In social care, local authorities should be looking at how to make efficiency savings by:

- helping people to stay independent for as long as possible, for example through re-ablement, reducing the need for care;
- ensuring that people receive care and support in the most appropriate and cost effective way to meet their outcomes, for example through assistive technology and driving forward with personal budgets;
- maximising spend on frontline services, for example by reducing back office costs and making better use of the social care market.

Further, we expect that this investment in social care will encourage improved integrated working between local authorities and their NHS partners. We know that thousands of people use both health and social care services: this new investment through the NHS and local government will help to help people to make a full and active contribution to society - improving their quality of care and outcomes, and benefitting both systems.

Next month, the Department will be publishing an ambitious vision for social care, where local authorities will be expected to put individuals in greater control of their care, foster a vibrant social care market, and make significant efficiency savings by focusing on prevention and delivering more cost-effective care.

### Conclusion

The Spending Review settlement for social care means tough choices will still need to be made within local authorities in order to embed transformation and efficiency. However, the settlement provides a stable base upon which we can build looking ahead to the recommendations from the Commission on the Funding of Care and Support. The upcoming years will provide an opportunity for us to move forward with pace to reform the system and to develop a genuinely personalised and preventative service.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'David Behan'. The signature is written in a cursive style with a large initial 'D' and a long horizontal stroke extending to the right.

David Behan

Director General for Social Care, Local Government and Care Partnerships