



**Merton**

***Clinical Commissioning Group***

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Councillor Stephen Alambritis, Leader of the Council  
Ged Curran, Chief Executive  
London Borough of Merton

BY EMAIL

11 October 2016

Dear Stephen and Ged

**Re: Better Care Fund and mandatory contribution towards social care funding**

Following our meeting on 21st September we agreed that I would write formally to you to be clear regarding Merton CCG's position related to the Better Care Fund (BCF) investment into 2017/18 and the interrelationship with the adult social care precept. This has been discussed with our Governing Body in detail and I have their full support in this approach.

A total of 144 out of 152 London boroughs, counties, metropolitan districts and unitaries in England will have deployed the adult social care precept over 2016-17, raising £382m. Government figures show average council tax will have climbed 3.1% on last year. The figure would have risen just 1.6% without the adult social care precept, which added 1.5% towards the rise. The Local Government Association has consistently warned the precept will fail to raise sufficient funding to cover social care costs.

The decision made by the London Borough Merton to freeze 2016/17 council tax, and not add on the Adult Social Care precept of 2%, has in our opinion, driven a significant variance to the financial position of adult social care. This has resulted in a challenging environment in which health and care commissioners are operating. We are supportive of the current consultation that is being undertaken by the London Borough of Merton and hope that following this consultation the council will take the positive decision to increase the amount of money it has available to spend on adult social care services.



Our position is therefore as follows:

- At our meeting we confirmed that Merton Clinical Commissioning Group (MCCG) is in a financially challenged position and has agreed a deficit plan with our regulator, NHS England (NHSE). We have produced a Financial Recovery Plan (FRP) to demonstrate a return to financial balance in 2017-18, which incorporates a complete review of all expenditure.
- During 2016/17 we invested £2m above the mandated amount into the BCF. As part of our financial turnaround plan we had considered not proceeding with this additional investment for 2016/17. However, owing to the late notice, our desire to build a constructive working partnership with Merton Council and following agreement on key deliverables for the extra investment, we did invest the extra £2m.
- As a result of this Merton CCG's actions were subject to considerable scrutiny by NHSE and it has been made clear that any investment made into the BCF for 2017/18 by Merton CCG will be subject to further intense scrutiny in the context of Merton Council's reduced funding of Adult Social Care.
- We noted that in 2016/17 the cost of delivering social care coupled with the increased demand for social care has, along with healthcare, risen nationally. For this reason the vast majority of local authorities raised their council tax, including the addition of the precept, to assist in covering these increases. We are disappointed that Merton Council did not do this opting instead to freeze council tax and reduce investment in social care. This was done at a time that Merton CCG invested £2m above the mandated amount. Despite our investment, during our meeting you described the negative impact you are experiencing. This is greatly troubling and I cannot see how this position is tenable.
- For 2017/18 we will not be in a position to provide any extra investment above the mandatory contribution towards social care funding.
- For 2017/18 we will also need to consider whether we can even invest the full mandated amount, especially in light of Richmond CCG's decision to reduce their investment below the mandated amount as part of their financial turnaround.
- Our view is that Merton Council should as a minimum deploy the Adult Social Care precept in 17/18.
- We would also encourage Merton Council to provide additional investment in Adult Social Care and note that raising council tax would facilitate this.
- We would consider extra joint investment into BCF projects with the Council only if we were satisfied that the Council was providing adequate funding for social care (including use of the precept for this purpose) and were confident that we could demonstrate savings for the wider health and social care system as a result of any investment.
- Merton CCG will respond to Merton Council's consultation on council tax.



Due to the timing of the consultation, we feel that Merton Council should plan on the basis of a maximum CCG transfer of the mandatory contribution towards social care funding into the BCF, which is currently £3,428K in 2017/18. This will be subject to review and may be increased (as stated above) if the Council takes the appropriate steps to raise council tax and the precept.

I would ask you, on behalf of Merton Council, to consider the concerns the CCG has raised and to respond in a constructive manner to enable us to continue to work together collaboratively.

With best wishes,



Dr Andrew Murray  
Clinical Chair  
Merton CCG

c.c. Karen Parsons - Chief Officer (Designate) and Director of Commissioning Operations, Merton CCG  
Andrew Hyslop – Chief Finance Officer, Merton CCG  
Simon Williams – Director of Communities and Housing, London Borough of Merton



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