



Department
of Health &
Social Care



Ministry of Housing,
Communities &
Local Government

Policy paper

Better Care Fund policy framework 2025 to 2026

Updated 30 January 2025

Applies to England

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Introduction

This policy framework sets out the objectives, funding and conditions for the Better Care Fund (BCF) for 2025 to 2026.

The government is committed to reforming and strengthening neighbourhood services across health and social care, with the goal of:

- providing more care closer to home
- increasing the focus on prevention so that people are living healthier and more independent lives
- harnessing digital technology to transform care

For people with more complex health and care needs, this relies on having joined-up health and social care services that work to provide co-ordinated, person-centred care and support, drawing upon effective use of data and technology.

This government recognises the vital importance of adult social care in nurturing local communities and helping people live as independent and fulfilling lives as possible. As part of our health mission, we want people to have fair access to locally delivered services, which start at home, to support them to live independently for as long as possible with the dignity and respect they deserve.

The government is launching an independent commission into adult social care as part of our critical first steps towards delivering a National Care Service. Chaired by Baroness Louise Casey and reporting to the Prime Minister, the commission will work with people who draw on care and their families, staff, politicians, and the public, private and third sectors to make clear recommendations for how to rebuild the adult social care system to meet the current and future needs of the population.

For 2025 to 2026, the objectives of the BCF reflect the government's commitment to reform via a shift from sickness to prevention and from hospital to home.

These shifts are also consistent with our commitment to reform by developing a 'neighbourhood health service', based on more responsive, preventative and co-ordinated care in people's homes and local communities. An essential feature of the neighbourhood health service will be integrated and person-centred care for people with more complex health and care needs, with a sustained focus on helping them stay independent for as long as possible and reducing the risk of needing to spend time in hospital or in long-term residential or nursing home care. This will require strong collaboration between local authorities, NHS

bodies, the voluntary sector and people who draw on care and their families and carers.

For 2025 to 2026, we are asking health and wellbeing boards (HWBs) to review their use of the BCF, so that it directly supports these 'home first' goals - for instance, through systematic use of neighbourhood-based multi-disciplinary teams to provide more integrated and proactive care for people with complex needs, including recovery-focused intermediate care services.

To support a stronger focus on helping people stay independent for longer and reducing the risk of needing to spend time in hospital or long-term residential care, we are requiring all HWBs to set local goals for maximum levels of unplanned hospital admissions, delayed hospital discharges and long-term care home admissions. HWBs should use the BCF planning process to agree the important changes they will make in how they deploy their pooled BCF resources, and in the design and delivery of the services funded from the BCF, to achieve those shared goals.

This will involve reviewing current uses of BCF spend to consider how effectively they support these goals and, wherever possible, identifying ways of improving impact. This is all the more important given that we know the demand for and cost of services has increased - and this has contributed towards a challenging fiscal environment for local authorities, the NHS and their partners in recent years.

Local areas should produce BCF plans that support systematic adoption of best practice in preventing avoidable hospital admissions and care home admissions, linked to the early priorities for the neighbourhood health service. Guidelines on neighbourhood health will set out priorities and initial core components for 2025. Local areas should have regard to this and existing best practice guidance in developing and implementing their BCF plans.

To reduce complexity and bureaucracy, we are reducing the number of national metrics in the BCF policy framework compared with previous years, introducing simpler planning and reporting requirements and providing more flexibility by removing the ring-fence on discharge funding. Our approach to refining metrics will allow for greater local freedom and flexibility, supporting a wider move towards outcomes-based accountability for local government. We are also introducing a more proportionate and risk-based approach to reviewing local BCF plans, and progress against those plans, with strong accountability that focuses on outcomes rather than inputs. Wherever possible, we will look to give more freedom to local leaders across health and social care to plan and deliver services in the ways that they judge will have greatest impact. Where local partners are not achieving improvements, we will provide an

enhanced level of support and oversight and work with local partners to agree how they will raise performance and, where necessary, agree revised plans.

In 2025, the Department of Health and Social Care (DHSC) will publish the 10 Year Health Plan, following extensive engagement with the public and with local health and care systems. Alongside this, we will consider options for longer-term reform of the BCF.

Further detail is published in the [BCF planning requirements \(https://www.england.nhs.uk/publication/better-care-fund-planning-requirements-2025-26/\)](https://www.england.nhs.uk/publication/better-care-fund-planning-requirements-2025-26/).

BCF objectives

Objective 1: reform to support the shift from sickness to prevention

Local areas must agree plans that help people remain independent for longer and prevent escalation of health and care needs, including:

- timely, proactive and joined-up support for people with more complex health and care needs
- use of home adaptations and technology
- support for unpaid carers

Objective 2: reform to support people living independently and the shift from hospital to home

Local areas must agree plans that:

- help prevent avoidable hospital admissions
- achieve more timely and effective discharge from acute, community and mental health hospital settings, supporting people to recover in their own homes (or other usual place of residence)
- reduce the proportion of people who need long-term residential or nursing home care

Funding

BCF funding is composed of mandatory contributions from integrated care boards (ICBs) and local authorities. Local areas can also voluntarily pool additional funding through the BCF where they are assured that this represents value for money.

Details for the minimum contributions to the BCF for 2025 to 2026 are set out below.

Table 1: minimum contributions to the BCF for 2025 to 2026

BCF funding contribution	(£ million)
Minimum NHS contribution	5,614
Local Authority Better Care Fund Grant	2,640
Disabled Facilities Grant	711

To give local areas greater flexibility in how they meet the objectives of the BCF, we are consolidating the previously ring-fenced discharge fund within the BCF. While discharge funding is now consolidated, reducing discharge delays remains a critical shared priority across the NHS and local authorities, and plans should reflect a continued focus on this area.

The ICB discharge funding has been consolidated into the NHS minimum contribution to the BCF, forming one allocation with a value of £5,614 million in 2025 to 2026.

Local authority discharge funding has been consolidated into the Local Authority Better Care Grant, formerly known as the improved Better Care Fund (valued at £2.14 billion in 2024 to 2025) to form the minimum local government revenue contribution to the BCF, with a value of £2,640 million in 2025 to 2026.

NHS minimum contribution

The NHS minimum contribution to the BCF in 2025 to 2026 will be £5,614 million. The minimum contribution to adult social care from the NHS minimum contribution to the BCF in each HWB will increase by 3.9% over the 2024 to 2025 baseline.

[Allocations from the NHS minimum contribution for each ICB and HWB are published on the NHS England website \(https://www.england.nhs.uk/publication/better-care-fund-2023-25-minimum-nhs-contributions-from-integrated-care-boards/\)](https://www.england.nhs.uk/publication/better-care-fund-2023-25-minimum-nhs-contributions-from-integrated-care-boards/), alongside the NHS operational planning guidance.

The Secretary of State for Health and Social Care will issue the 'National Health Service (Expenditure on Service Integration) Directions' to NHS England under section 223B(6) and 223B(7A) of the [NHS Act 2006](https://www.legislation.gov.uk/ukpga/2006/41/contents) (https://www.legislation.gov.uk/ukpga/2006/41/contents) to ring-fence £5,614 million to form the minimum contribution to the BCF in 2025 to 2026. The direction will be issued before 31 March 2025.

The planning requirements document, published jointly by NHS England, DHSC and the Ministry of Housing, Communities and Local Government (MHCLG) contains directions from NHS England to ICBs under section 223GA of the 2006 act relating to the funding allocated to them, including the conditions that must be met by ICBs relating to the receipt and use of such funding. These conditions ensure that this funding is being spent in accordance with the policy framework.

Local Authority Better Care Grant

As announced in the [Provisional local government finance settlement](https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2025-to-2026) (https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2025-to-2026), the allocation for the Local Authority Better Care Grant for 2025 to 2026 is £2,640 million. This ring-fenced grant will be made under section 31 of the [Local Government Act 2003](https://www.legislation.gov.uk/ukpga/2003/26/contents) (https://www.legislation.gov.uk/ukpga/2003/26/contents). The grant determination will require funding to be spent in accordance with the national conditions set out in the policy framework and will be issued before 31 March 2025. A core condition will be that the grant is pooled into a section 75 arrangement under the NHS Act 2006 and used for local areas' BCF plans. This funding does not replace, and must not be offset against, the NHS minimum contribution to adult social care.

Disabled Facilities Grant

Housing adaptations, including those delivered through the Disabled Facilities Grant, support the BCF objectives by helping towards the costs of making changes to people's homes to enable them to stay well and remain independent for longer. Funding for the Disabled Facilities Grant

in 2025 to 2026 will be £711 million, which will enable more people to benefit from housing adaptations and will help support both the shift from sickness to prevention, and from hospital to home. This figure matches the total amount for 2024 to 2025 following the £86 million in-year uplift that was announced on 3 January 2025.

Disabled Facilities Grant funding is paid to local government via a section 31 grant. The Disabled Facilities Grant must be spent in accordance with an approved joint BCF plan, developed in keeping with this policy framework and the planning requirements.

As in previous years, in 2-tier areas, decisions around the use of Disabled Facilities Grant funding will need to be made with the direct involvement of both tiers of local government (county and district councils) working jointly to support integration ambitions. Local authority allocations for the Disabled Facilities Grant in 2025 to 2026 will be pre-populated in the BCF planning template, with full details of the funding set out in the grant determination letter, which will be issued before 31 March 2025.

The current allocations are based on a methodology adopted in 2011 by the Building Research Establishment. A 2018 independent review of the Disabled Facilities Grant recommended that this should be reviewed and brought up to date. Local authorities should be aware that the government intends to review the allocations formula for the Disabled Facilities Grant and consult during 2025 with a view to implementing it as soon as possible after consultation. Implementation of the new formula will be subject to ministerial approval processes.

The government is also reviewing the grant maximum per Disabled Facilities Grant application, currently set at £30,000 nationally.

BCF national conditions for 2025 to 2026

Both local authorities and ICBs must comply with the BCF national conditions. Grant conditions for local authorities of each component grant of the BCF will reflect these national conditions. The national conditions outline steps HWBs must take to deliver on the BCF objectives.

The national conditions for the BCF in 2025 to 2026 are:

- jointly agreeing a plan
- implementing the objectives of the BCF

- complying with the grant conditions and the BCF funding conditions
- complying with the oversight and support processes

National condition 1: jointly agreeing a plan

Local authorities and ICBs must agree a joint plan, signed off by the HWB, to support the policy objectives of the BCF for 2025 to 2026. The development of these plans must involve joint working with:

- local NHS trusts
- social care providers
- voluntary and community service partners
- local housing authorities

These plans must be submitted to BCF national and regional teams and must include locally agreed goals against these 3 headline metrics (see below, 'Headline BCF metrics for 2025 to 2026') and an intermediate care capacity and demand plan.

More details are available in the BCF planning requirements.

National condition 2: implementing the objectives of the BCF

HWBs, through their joint plans, should deliver health and social care services that support improved outcomes against the fund's 2 principal policy objectives:

- to support the shift from sickness to prevention
- to support people living independently and the shift from hospital to home

National condition 3: complying with grant conditions and BCF funding conditions - including maintaining the NHS minimum contribution to adult social care

The NHS minimum contribution to adult social care must be met and maintained by the ICB and will be required to increase by at least 3.9% in each HWB area.

Local authorities must comply with the grant conditions of the Local Authority Better Care Grant and of the Disabled Facilities Grant.

HWB plans will also be subject to a minimum expectation of spending on adult social care, which will be published alongside the BCF planning requirements. HWBs should review spending on social care, funded by the NHS minimum contribution to the BCF, to ensure the minimum expectations are met, in line with the national conditions.

National condition 4: complying with oversight and support processes

Local areas and HWBs are required to engage with BCF oversight and support processes, which include:

- a regionally led oversight process
- enhanced oversight where there are performance concerns

Further detail regarding the BCF oversight and support processes are set out in the BCF planning requirements.

Metrics for 2025 to 2026

Within the 4 national conditions, and the conditions of the component grants of the BCF, local areas have flexibility to decide how best to spend the fund across health, social care and housing schemes or services and will need to agree how spending will improve performance against the BCF metrics for 2025 to 2026 including specific local goals set against these metrics.

Headline BCF metrics for 2025 to 2026

For 2025 to 2026 there are 3 headline metrics:

- emergency admissions to hospital for people aged over 65 per 100,000 population
- average length of discharge delay for all acute adult patients, derived from a combination of:
 - proportion of adult patients discharged from acute hospitals on their discharge ready date (DRD)
 - for those adult patients not discharged on their DRD, average number of days from the DRD to discharge
- long-term admissions to residential care homes and nursing homes for people aged 65 and over per 100,000 population

These metrics will help local areas to focus on impact and outcomes and are aligned to the revised objectives of the BCF, the outcomes expected from the BCF, and the government's overall reform vision for neighbourhood health.

Data on these metrics will be centrally collected and made available to HWBs on a new BCF dashboard.

We will require local areas to set goals against the 3 headline metrics. We also encourage local areas to consider the local metrics which will most support all partners to measure progress towards the policy outcomes. We have provided examples of such metrics and sources of information for them in the planning requirements and supporting material.

Planning for 2025 to 2026

Development of jointly agreed plans

For 2025 to 2026, under national condition 1, HWBs are required to develop jointly agreed plans. HWBs are asked to develop more concise plans that focus on demonstrating how the funding will contribute to making progress against the 3 headline BCF metrics.

Plans must be developed locally in HWB areas by the relevant local authority and health commissioners. The development of these plans must involve joint working with local NHS trusts, social care providers and local housing authorities. Voluntary organisations and user led groups must be involved and engaged in development of the plan to help ensure service users are at its centre. Plans must be jointly agreed by the ICB

and the local authority chief executive (in accordance with local governance), prior to being signed off by the HWB. HWBs will need to submit a short narrative plan and a planning template to the national BCF team, providing details of:

- the approach to meeting the objectives of the BCF, including priority outcomes and the changes they are planning to achieve those outcomes
- summary of expenditure from BCF funding sources, including any specific changes in the allocation of funding following the consolidation of the Discharge Fund and the rationale for why any such changes are expected to improve system flow
- local goals for the 3 headline BCF metrics that are consistent with local NHS planning assumptions for performance against NHS Constitution standards for A&E waiting times and ambulance response times and with local authority planning assumptions for adult social care, setting out quantified goals for:
 - the maximum number of unplanned hospital admissions per 100,000 population
 - the maximum average length of discharge delay (all patients)
 - the maximum number of adults aged 65 and over whose support needs are met by long-term admission to residential care homes and nursing homes, per 100,000 population

Local areas should ensure that their BCF plans correspond, where relevant, to related ICB and local authority plans, including NHS operational plans.

Intermediate care capacity and demand plans

As part of national condition 1, HWBs will be required to agree and submit a plan showing projected demand and planned capacity for intermediate care services (and other short-term care) to help people to remain independent, or regain independence, at home (including support aimed at avoiding unnecessary hospital admissions and support following discharge from hospital).

These plans should cover all intermediate care services and other short-term care across the local system, whether they are funded from the BCF or from other sources.

Local areas should use the BCF planning process to help commissioners and providers (including acute trusts and social care providers) better understand the types and volumes of capacity needed to meet projected

demand, taking account of likely variation in demand between different parts of the year. This information should then be used to support commissioning of services to meet demand, including where extra capacity is likely to be needed to meet surges in demand.

A change in 2025 to 2026 will give HWBs the option to use their own template to tailor their return around the way services are delivered locally. Further guidance on this is provided in the BCF planning requirements, and optional templates will be available on the [Better Care Exchange \(https://www.england.nhs.uk/ourwork/part-rel/transformation-fund/better-care-fund/the-better-care-exchange/\)](https://www.england.nhs.uk/ourwork/part-rel/transformation-fund/better-care-fund/the-better-care-exchange/).

Oversight and support

An important change for the 2025 to 2026 BCF oversight and support process will be a greater focus on understanding how far BCF plans are:

- in line with BCF objectives and national conditions
- implemented in a way that supports improved performance

National and regional teams will focus on helping to proactively identify key risks to delivery of local plans and, where appropriate, working with local areas or arranging support to help manage those risks.

BCF oversight and support in 2025 to 2026 will focus on outcomes and performance with a more streamlined, risk-based approach, including the enhanced support and oversight where there are concerns relating to performance. This has the benefit of making the process less bureaucratic for HWBs where there are no challenges in agreeing a plan. There will be 2 parts to oversight and support as set out below. Compliance with this process is national condition 4.

We will provide support to areas in achieving their priorities over the next year, including via Better Care managers - through identifying and sharing best practice, and through brokering specific improvement packages for areas identified as needing further support.

Part 1: sign-off process

There will be a light-touch sign-off process for all HWB plans, undertaken mainly at regional level, to understand to what extent HWB plans meet

the BCF national conditions and goals set out above and the likely challenges and risks. Plans will be assessed against key lines of enquiry.

Where there are challenges in developing and agreeing a robust plan, the national BCF team, which oversees the BCF on behalf of DHSC, MHCLG and NHS England (the national partners), will carry out an additional review of the plan before sign-off.

As in previous years, regional teams or, where applicable, the national BCF team will recommend that plans are either approved, approved with conditions, or not approved. For approval without conditions, plans will be confirmed with the national partners and final approvals sought from the NHS England executive team, as final accountability for approving NHS minimum spend, and then communicated to HWBs.

Part 2: enhanced support and oversight for challenged areas

A change in the 2025 to 2026 BCF processes will be the introduction of enhanced support and oversight for local areas that face particular challenges in their performance against the 3 headline metrics (unplanned hospital admissions, delayed discharges and long-term care home admissions).

The national partners will monitor progress against headline metrics, supported by a group that includes local authority and NHS colleagues with expertise in integrated care and system flow, building on the current Discharge Support and Oversight Group but with a wider remit. We will monitor published local performance data on the 3 headline metrics and correlate this with a range of other available data and information, including wider health and care performance metrics, insight from regional or national partners, and conversations with local leaders

Where there are concerns about performance, national partners will meet local areas to help understand challenges, agree improvement actions and/or changes to plans and, where appropriate, help arrange targeted improvement support.

Where a local area is not implementing agreed improvement actions in a timely and impactful way, they will be required to provide an explanation. Where there is not a clear explanation or proposal for improvement, they may be required to revise their BCF plan with the national partners. The national partners could at this point work with local areas on a plan to make specified improvements within a specified period, including where

necessary amending schemes or redirecting resources to schemes that are likely to have greater impact.

The national partners will step down enhanced oversight once a local area has embedded the necessary improvements or changes.

Reporting

There will be a simplified quarterly reporting process where areas will be required to set out progress on delivering their plans.

Detailed templates and guidance will be provided following engagement with local areas on reporting proposals.

Next steps

We will engage with local areas to test planning templates to finalise the 2025 to 2026 planning process. Planning templates and guidance are expected to be published before the end of January 2025. HWBs will be required to develop narrative plans and templates, with the support of Better Care managers, before submitting them. The timeline for the submission of plans is confirmed in the planning requirements. The revised regional assurance process will now take place.

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