

By email pubaccom@parliament.uk

Rt Hon Meg Hillier MP
Chair of the Public Accounts Committee
House of Commons
London
SW1A 9NA

02nd November 2020

Dear Chair,

Secretary of State's 17 September winter funding announcement

Thank you for your letter to Sir Chris Wormald about the recent announcement by the Secretary of State on additional funding to support the NHS and adult social care during the winter months.

I have set out further details as requested in your letter.

- a) The name, purpose or objective of the spending proposals, how much your department is committing to them and how much you expect any other departments to commit to them.**

NHS Covid Costs

The £2.7bn for the NHS is the allocation to local systems (CCGs/providers) to cover Covid costs for the second half of this financial year. The financial regime for the first half of 20/21 covered Covid costs on a retrospective basis. From 1 October, the NHS has moved to a revised financial regime that asks systems to plan against a fixed financial envelope for the rest of the year. The Department fully supports the approach that is being taken. The funding is allocated by NHS England & Improvement and does not require commitments by other Government departments.

Infection Control Fund

The initial Infection Control Fund was announced on 15 May 2020 and was worth £600 million. The further £546 million referred to in your letter was announced on 17 September as part of the Government's Adult Social Care Winter Plan, with the detailed conditions and guidance published on 1 October 2020. This brings total infection control funding to £1.146bn.

The purpose of this funding is to support adult social care providers, particularly care homes, to take specific measures to reduce the rate of COVID-19 transmission. The measures supported are primarily workforce measures, such as paying staff full wages when they are self-isolating and restricting the movement of staff between care homes to stop the spread of the virus. The Department is allocating the funding to local authorities using powers under section 31 of the Local Government Act 2003, this approach has been agreed with HMT and MHCLG but does not require financial commitments by any other government departments.

- b) The amount of funding your department intends to provide for each financial year the proposals relate to, broken down by each category of spending; (Resource DEL, Capital DEL, Resource AME, Capital AME).**

For both areas the funding is resource DEL for 2020/21 only.

- c) Whether your department's commitments will be met from within an already announced spending review settlement (including Spending Round 19) – and if so, how are you reallocating funds?**

If the money is being brought forward from future years, please state which years, and which category of spending will be reduced.

For both areas this is additional funding from HMT over and above the Department's existing settlement. It does not involve bringing money forward from future years.

- d) If the government is committing to new, additional resources being provided with regard to your department's contribution, how much additional funding is to be provided?**

As at c) the total funding announced - £2.7bn and £546m – is new and additional funding.

- e) Any previous announcements which these new commitments supersede, or to which these new commitments relate.**

NHS Covid costs

As at a) the NHS is moving to a new financial regime from 1 October where local systems will plan against a fixed envelope for Covid costs. This supercedes the arrangements for the first half of the year where Covid costs are being funded on a retrospective basis.

Infection Control Fund

As above, the Adult Social Care Infection Control Fund was first introduced in May 2020 and provided £600m to local authorities during its operation from

May 2020 to September 2020. The new Fund is in operation from October 2020 to March 2021.

f) Are the figures quoted estimated costs or commitments to spend?

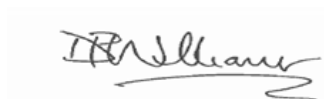
NHS Covid costs

The quoted figure is the financial envelope which local systems are being asked to plan against. It is possible for systems to outturn the year having spent more or less than their envelopes, with any net overspend across systems as a whole needing to be offset by savings elsewhere in the NHS budget.

Infection Control Fund

The quoted figure is the amount to be allocated to local authorities in two equal instalments in October and December 2020. The funding provided is based on our estimates for the costs of the Infection Prevention and Control (IPC) measures being supported. We are asking for monthly reports on the rate of spending against this fund so we can monitor spending rates and have included clawback provisions in the grant conditions in case there is a need to recover funding not used for infection control measures.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'D Williams', with a horizontal line underneath.

DAVID WILLIAMS, CB

Second Permanent Secretary