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Department of Health & Social Care

Ministry of Housing, Communities & Local Government

Guidance

# Better Care Fund framework 2026 to 2027

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**Applies to England**

Contents



This publication is available at https://www.gov.uk/government/publications/better-care-fund-framework-2026-to-2027/better-care-fund-framework-2026-to-2027

# Introduction

As set out in the 10 Year Health Plan for England (https://www.gov.uk/government/publications/10-year-health-plan-for-england-fit-for-the-future), we are committed to reforming the Better Care Fund (BCF) to provide a more consistent and effective approach to funding services that it is essential to deliver in a fully integrated way. As a first step in this reform journey, we are making an initial set of changes to the BCF in 2026 to 2027 to help local areas go further in joining up delivery of health and social care services, in line with the government's objectives for neighbourhood health and devolving more responsibilities.

This guidance sets out how we expect integrated care boards (ICBs) and local authorities to plan and agree expenditure for 2026 to 2027, working with local partners, and how these plans will be assured. Plans will need to be developed collaboratively and agreed by health and wellbeing boards as in previous years.

These new arrangements include asking health and wellbeing boards, ICBs and local authorities to more closely align plans for integrated health and social care services to the development of relevant areas of neighbourhood health services, such as intermediate care. They should do so while taking care not to disrupt the delivery of critical services that rely on BCF funding and, vitally, increasing investment in adult social care.

We are also asking ICBs and local authorities to agree local goals with their health and wellbeing boards for non-elective admissions (for people aged 65 and over) and delayed discharges. Alongside this, we are asking them to focus on improving reablement outcomes (reablement is short-term care to help people regain independence after, for example, a hospital stay, illness or fall), and reducing demand for long-term residential and nursing home care. This should link to wider commissioning plans - including the ICB 5-year strategic commissioning plan - rather than being limited to the impact of pooled budgets.

The NHS, local authorities, health and wellbeing boards and partners will already have been developing outline plans for neighbourhood health, including more integrated care for people with complex health and social care needs. We will be working with health and wellbeing boards, ICBs and local authorities over the coming year to support them to develop more detailed plans for neighbourhood health.

We recognise that, for this first year of BCF reform, it will not be possible to comprehensively integrate BCF planning and neighbourhood health planning. However, we ask health and wellbeing boards, ICBs and local authorities to take a pragmatic approach to linking BCF plans with local priorities for more integrated health and social care. For example, there may be opportunities this year to:

- improve joint commissioning of integrated neighbourhood teams and bring together urgent community response, intermediate care and other community services at a multi-neighbourhood level
- ensure that services funded from the BCF are part of wider plans to support people living with frailty and others with more complex health and social care needs
- improve shared understanding and transparency about the outcomes and impact of the current BCF locally
- lay a strong shared foundation for future reform of the BCF and begin alignment with neighbourhood health services

It is essential that the BCF maintains funding for adult social care and delivers the 4.4% increase in the NHS minimum contribution to adult social care in 2026 to 2027. The BCF should support local authorities and ICBs in meeting their respective statutory responsibilities while increasing the focus on integration.

Allocations for NHS minimum contribution, the Local Authority Better Care Grant and Disabled Facilities Grant (DFG) have been published for 2026 to 2027. See the ‘Minimum financial contributions to the BCF’ section below for details.

In line with national BCF conditions listed later in this guidance, ICBs and local authorities must submit agreed BCF assurance returns by email to the national BCF team and regional better care manager by 19 May 2026.

The BCF assurance returns must include:

- assurance statements showing how they have met the national BCF conditions, including:
  - how their BCF spending plans link to wider strategic objectives for neighbourhood health and social care
  - the rationale for the goals they are setting and how they will drive progress in preventing avoidable long-term care home admissions and improving outcomes from reablement services
  - the expected impact of BCF-funded activities and value for money
- a breakdown of their planned BCF expenditure by category of spend and funding source, including delivering the NHS minimum contribution to social care

The assurance return this year is designed to be more focused, reflecting feedback and recognising the need for a more outcomes-led approach. Plans for BCF expenditure must build on, and align with, recently completed NHS returns for medium-term planning.

This guidance constitutes the formal planning requirements, national conditions for expenditure and legal framework. We will also provide more detail through the work of regional better care managers, webinars and support materials, which can be accessed through the BCF Exchange (https://future.nhs.uk/bettercareexchange) (NHS Futures login required). We are grateful for the continued collaboration of ICBs and local authorities in improving integration of health and care services.

# Context: BCF and the neighbourhood health service

The neighbourhood health service is a central policy in the 10 Year Health Plan. It will:

- bring more care into local communities
- unite professionals from different organisations into teams aligned around people's needs
- join up services
- focus health and care services increasingly on the prevention of ill health

Over time, it will shift the NHS from hospital to community, from sickness to prevention, and from analogue to digital. The overarching goal is to help people live more healthy and independent lives and transform their experience of health and care services.

The neighbourhood health service will be built around where people live, work, learn and connect. It will support people through every stage of life, with a focus on improving health and wellbeing and reducing health inequalities. It will encompass a wide range of existing community-based services, working together in a different way to provide more personalised, preventative and joined-up services. It will require an exceptionally strong commitment to:

- joint working across the NHS, local government, the voluntary sector and other local partners
- working in close partnership with local people

For 2026 to 2027, one of the early steps in developing the neighbourhood health service will be to introduce more systematic and effective support for people with complex health and social care needs.

The initial focus will be on priority cohorts including those with frailty and those nearing the end of life. This will include further development of

integrated neighbourhood teams for these groups, bringing together primary care, community health services, social care providers and others to provide more joined-up, person-centred care. It will also involve developing appropriate capacity and optimal use of community-based urgent response and intermediate care services (encompassing both health and social care, as appropriate) to prevent avoidable hospital and care home admissions and support timely hospital discharge.

Further information of the wider development of neighbourhood health services will be published in due course.

In agreeing plans for the use of pooled funding under the BCF, health and wellbeing boards, ICBs and local authorities are asked to consider how they can support relevant neighbourhood health ambitions. This may include, for example, alignment around critical service developments, such as integrated neighbourhood teams, and contributing to wider strategies for priority groups, such as those living with frailty. As noted above, it will be important to do this while avoiding disruption to critical services, maintaining funding for social care and increasing the NHS minimum contribution to adult social care in each of the next 3 financial years.

As ICBs plan BCF expenditure jointly with local authorities, they should consider the link with the wider expectation that the NHS will shift the balance of funding from hospital to neighbourhood services. NHS England will also work with local systems to test payment approaches that support and incentivise the development of neighbourhood health services and reductions in avoidable hospital activity.

# Purpose of the BCF

The aim of the BCF is to support ICBs and local authorities in designing and delivering more integrated and preventative care, particularly for people with more complex health and social care needs, helping people stay independent for longer.

This includes - but is not limited to - developing integrated intermediate care services that help people retain or recover their independence. It also covers other health and social care services that support independence, prevent avoidable admission to hospital or long-term residential care, and enable timely and effective acute, community and mental health hospital discharge. BCF funding should be deployed in ways that help deliver the 3 shifts outlined in the 10 Year Health Plan.

ICBs and local authorities will need to ensure that their BCF plans represent value for money and improve overall productivity. Collectively, NHS trusts

need to deliver a 2% year-on-year improvement in productivity over the next 4 years. ICBs will need to provide specific assurance that BCF spending plans represent value for money overall and on how they contribute to trust productivity improvements.

Achieving value for money and improving overall productivity should be a collective endeavour between the NHS, local government and partners. Strong governance arrangements should be in place to monitor efficiency, effectiveness, resource allocation and improvement. Local areas should reach collective agreement on how to address resource pressures and deliver better outcomes.

# Phases of BCF reform

For this initial year of BCF reform (the 2026 to 2027 financial year), we are asking local areas to start to align their plans for pooled funding with their wider approach to development of relevant areas of neighbourhood health plans, such as intermediate care. There will be no changes to the current system of minimum funding contributions.

For 2027 to 2028 onwards, we intend to consider whether local areas should be given more flexibility in deciding the level of pooled funding needed to support better integrated services. There will be a consultation on any proposed changes to minimum NHS and local authority contributions. We will also work with the NHS and local government to develop clearer expectations for the types of services that, as a minimum, should be subject to pooled funding. This will build on the success that many local areas have already seen by taking a more strategic approach to pooled funding.

Indicative ICB allocations for 2027 to 2028 and 2028 to 2029 have been provided to local areas. If the consultation results in giving local areas more flexibility and a lower minimum required level of pooling (from 2027 to 2028 at the earliest), the relevant funding will remain in NHS and local authority budgets and will continue to be spent on health and social care services respectively. We will not introduce any changes to the NHS and local authority minimum contributions to the BCF before financial year 2027 to 2028. The government is increasing the NHS minimum contribution to adult social care between 2026 to 2027 and 2028 to 2029 in line with the Spending Review 2025 (https://www.gov.uk/government/publications/spending-review-2025-document) settlement - and this will be preserved in any new arrangements for 2027 to 2028 onwards.

Local Authority Better Care Grant allocations remain the same in 2026 to 2027 as they were in 2025 to 2026. The government will confirm the distribution and allocations of the Local Authority Better Care Grant from

2027 to 2028 onwards, as well as how places undergoing local government re-organisation can transition to new funding arrangements, in due course.

# Minimum financial contributions to the BCF

As for the 2025 to 2026 BCF, the 2026 to 2027 BCF is composed of the following funds:

- the NHS minimum contribution, including the minimum contribution to adult social care
- Local Authority Better Care Grant
- Disabled Facilities Grant

Table 1: minimum contributions to the 2026 to 2027 BCF

| BCF funding contributions | Amount (£ million) |
|---|---|
| Minimum NHS contribution | 5,791 |
| Local Authority Better Care Grant | 2,640 |
| Disabled Facilities Grant | 723 |
| Total | 9,154 |

On 17 November 2025, NHS England published the ICB allocations of the minimum NHS contribution to BCF for 2026 to 2027 (https://www.england.nhs.uk/publication/better-care-fund-2026-27-to-2027-28-minimum-nhs-contributions-from-integrated-care-boards/) and indicative contributions for 2027 to 2028 and 2028 to 2029. For 2026 to 2027, the NHS minimum contribution to adult social care has been uplifted by 4.4%, with the remaining ICB contribution uplifted by 2.1%.

On 9 February 2026, the Ministry of Housing, Communities and Local Government (MHCLG) confirmed the allocations for the Local Authority Better Care Grant for 2026 to 2027 (https://www.gov.uk/government/publications/core-spending-power-table-final-local-government-finance-settlement-2026-27-to-2028-29) for each local authority.

On 17 February 2026, MHCLG confirmed the allocations for the DFG - see annex A of the response to the Changing the way government allocates DFG funding to local authorities in England

(https://www.gov.uk/government/consultations/changing-the-way-government-allocates-disabled-facilities-grant-funding-to-local-authorities-in-england) consultation.

ICBs and local authorities are also encouraged to voluntarily pool additional funding where they have confidence this represents value for money.

# Specific factors to consider during planning

In addition to the purpose of the BCF set out above, health and wellbeing boards, ICBs and local authorities are asked to consider the following specific factors when agreeing BCF expenditure.

## Intermediate care services

ICBs and local authorities should consider how to work with community health and social care providers to develop more integrated and effective intermediate care services. These services should have sufficient capacity to meet demand and be supported by funding pooled through the BCF.

Intermediate care should meet short-term rehabilitation, reablement and recovery needs, both for people needing ‘step-up’ care to avoid a hospital or long-term care home admission and for those needing ‘step-down’ care following discharge from hospital. The aim of intermediate care is to enable as many people as possible to retain or recover their independence. This in turn will help reduce non-elective admissions, delayed discharges and levels of long-term social care needs.

Local areas are particularly encouraged to:

- review the balance of home-based and bed-based intermediate care, to increase home-based intermediate care capacity and optimise the use of bed-based intermediate care capacity where appropriate
- review the design of intermediate care packages to ensure people receive sufficiently intensive support to optimise their recovery and independence, and ensure timely transition from intermediate care services
- review commissioning arrangements for intermediate care to ensure that:
  - appropriate economies of scale can be achieved

    - contracts are suitably long term to allow providers to improve outcomes and productivity
    - strong strategic partnerships are developed with local providers
- assess how changes in capacity, quality and efficiency (including through use of technology) are expected to contribute to reductions in unnecessary hospital admissions, long-term care home admissions and discharge delays

## Disabled Facilities Grant

Home adaptations delivered through the DFG help with the costs of making changes to people's homes to enable them to stay well and remain independent for longer. Subject to a means test, eligibility criteria and needs assessment, local housing authorities have a statutory duty to provide grants, up to an upper limit (currently £30,000), for adaptations for older people and disabled people of all ages.

Government funding for the DFG can also contribute to a more generous local housing assistance policy or other social care capital projects that support independent living, once statutory duties are met.

Local authorities should continue to bring together relevant teams across adult and children's social care, housing and the NHS to jointly plan the use of the DFG budget through health and wellbeing boards and agree how it can help improve outcomes for priority cohorts.

Local authorities and their partners are encouraged to deliver the DFG through an integrated team to ensure that people receive joined-up, person-centred assessments and support with their housing needs.

## Supporting unpaid carers

Unpaid carers provide vital care and support for people. Carers should be actively involved as partners in planning care and support for those they care for, with their consent. In developing BCF plans, ICBs and local authorities should consider how pooled funding can help the NHS and local authorities meet their duties in relation to unpaid carers and help ensure that partners work together to:

- systematically identify unpaid carers and their responsibilities

- provide carer's assessments as required and support unpaid carers (for example, through respite support and peer support)

## Partnership with the voluntary, community and social enterprise sector

The voluntary, community and social enterprise (VCSE) sector should be seen as a strategic partner in developing and delivering neighbourhood health and use of the BCF, in line with the Civil Society Covenant (https://www.gov.uk/government/publications/civil-society-covenant). VCSE organisations provide support to people with a range of health and wellbeing needs and have deep and trusted connections with their local areas and marginalised groups. VCSE services can provide support in ways that the NHS and local government cannot do on their own, offering a more holistic approach and helping to tackle health inequalities.

The VCSE sector can play a vital role in:

- helping people sustain their health and independence for longer
- addressing social determinants of health, for example by:
  - offering befriending opportunities to strengthen social connection and tackle loneliness
  - providing debt management advice
  - supporting unpaid carers
  - alleviating child poverty
  - helping to solve housing problems

In developing plans for the use of BCF funding, ICBs and local authorities should consider how the NHS and local government work effectively with the local VCSE sector to support more integrated care and people with health and social care needs.

# Local goals and monitoring progress

ICBs and local authorities must set specific goals, agreed with health and wellbeing boards, to reduce avoidable non-elective admissions for people aged 65 and over and reduce discharge delays, against 2 metrics:

- non-elective hospital admissions for people aged 65 and over

- the average length of discharge delay for all acute adult patients, derived from:
  - the proportion of adult patients discharged from acute hospitals on their discharge ready date (DRD)
  - for those adult patients not discharged on their DRD, the average (mean) number of days from the DRD to discharge

ICBs and local authorities are also encouraged to set goals, agreed with health and wellbeing boards, in relation to long-term admissions to residential care homes and nursing homes for people aged 65 and over. Whether or not a specific local goal is set, ICBs, local authorities and health and wellbeing boards should monitor and drive progress in preventing avoidable long-term care home admissions.

These local goals should take into account both plans for deploying BCF funding and wider local action to help people stay independent for longer and prevent avoidable time spent in hospital and long-term residential or nursing home care.

We also expect ICBs, local authorities and health and wellbeing boards to monitor and drive improvements on the proportion of people aged 65 and over discharged from hospital, with reablement provided partly or solely by local authorities, who remained in the community within 12 weeks of discharge.

# Assurance and oversight

ICBs and local authorities, working with health and wellbeing boards, must submit an assurance return to demonstrate how they have complied with the national funding conditions and planning requirements for 2026 to 2027 as set out in the next section of this guidance.

The return must include information on the use of BCF expenditure, local goals and assurance statements, including in relation to value for money. These returns must be submitted by email to the BCF national team and regional better care managers by 19 May 2026. Submission details can be found on the BCF Exchange (https://future.nhs.uk/bettercareexchange) (NHS Futures login required).

Following receipt of the returns, regional NHS and local government colleagues will undertake a joint assurance process to confirm that all ICBs, local authorities and health and wellbeing boards can achieve the national conditions in line with the planning requirements as set out later in this guidance.

As in previous years, final approval for the use of the NHS minimum contribution will be obtained from NHS England, drawing on regional recommendations. NHS England may:

- approve ICBs to spend in line with their approved return
- place local conditions on an ICB
- not approve the return if national conditions have not been met and further work is required

As part of this process, regional BCF leads will work with local areas to help provide assurance that local goals relating to metrics on non-elective hospital admissions (for people aged 65 and over) and delayed discharges:

- reflect both their plans for deploying BCF expenditure and their wider neighbourhood health plans
- align with trajectories for non-elective hospital admissions and delayed discharges in NHS medium-term plans
- are realistic and achievable, with evidence of measurable improvement over time

Health and wellbeing boards will need to have effective governance and processes to:

- monitor progress against locally agreed goals and value for money
- identify opportunities for improvement

Health and wellbeing boards have access to the BCF dashboard where they can monitor performance against metrics for:

- non-elective hospital admissions (for people aged 65 and over)
- average length of discharge delays
- long-term care home admissions
- outcomes following reablement

As part of developing neighbourhood health, health and wellbeing boards will have scope to amend expenditure plans as long as these are in line with national conditions and approved by regional better care managers.

Once plans are approved, regional better care managers may provide oversight and support to the most challenged local areas, focusing on improvement and managing risk.

The Discharge and Admissions Group (DAG), which is co-led by the Department of Health and Social Care (DHSC) and NHS England, will work with a small subset of local areas that are experiencing challenges with

delayed discharges and system flow, guided by local performance against these metrics. DAG will work closely with:

- regional BCF leads
- the Local Government Association (LGA)
- the Association of Directors of Adult Social Services (ADASS)
- local authority and NHS experts

Escalation may be triggered if national conditions are not met or there is a material risk that they will not be met. In such a situation, regional BCF leads and national partners (NHS England, DHSC and MHCLG) will follow a clear escalation process that will be available on the BCF Exchange.

Further information will also be made available on the BCF Exchange about how assurance and oversight, including regular monitoring of performance against the metrics, will work for 2026 to 2027, both in relation to BCF spending plans and to local goals for non-elective hospital admissions and delayed discharges.

# BCF national funding conditions

The specific national funding conditions that must be demonstrated as part of the assurance process are set out below.

## National condition 1: effectively support the delivery of integrated and preventative care

ICBs and local authorities must develop joint plans, agreed by health and wellbeing boards, outlining how ICBs and local authorities intend to use BCF funding to deliver more integrated and preventative care, linked to the relevant areas of neighbourhood health and social care services.

The planning requirements are as follows.

ICBs and local authorities must:

- have considered how to use the BCF most effectively to support the delivery of more integrated and preventative services, particularly supporting those with more complex health and social care needs. This must include setting out how the funding will be used to develop the quality, efficiency and outcomes from intermediate care

- set out plans that:
  - show reasonable progress in the metrics of non-elective admissions (for people aged 65 and over) and delayed discharges
  - show how they will monitor and drive progress in preventing avoidable long-term care home admissions and improving outcomes from reablement
  - include the specific contribution of BCF-funded services
- demonstrate that their plans for the use of the BCF represent value for money and improve overall productivity

To demonstrate these requirements:

- named ICB and local authority chief executives and a named health and wellbeing board chair must confirm that BCF expenditure is agreed and aligned with wider strategic objectives for neighbourhood health and social care
- the BCF assurance return must include a short statement setting out how BCF funding will support wider strategic objectives, including those referenced in the ICB 5-year strategic commissioning plan. This statement must include:
  - a short explanation for any substantial changes in allocations compared with the 2025 to 2026 BCF funding and, if doing so, set out how ICBs and local authorities are ensuring continuity of critical services
  - a summary of assessments in the demand and capacity needed for intermediate care
- the assurance return must also:
  - set out local goals for non-elective hospital admissions for people aged 65 and over and discharge delays and the rationale for these goals, including alignment with local NHS provider medium-term planning assumptions. It should also set out plans to drive progress in preventing avoidable long-term care home admissions and improving outcomes from reablement and, if agreed locally, the rationale for local goals for long-term admissions to care homes
  - include an explanation of how BCF-funded services will contribute to meeting these goals
  - set out how ICBs and local authorities have confidence that the services funded through the BCF represent value for money, and how they will seek to raise the productivity of services. The value for money section of the return must reference how the joint governance set out under national condition 3 will review value for money and productivity
  - must be submitted to the national BCF team and regional better care managers by email, using the provided template on the BCF Exchange

(https://future.nhs.uk/bettercareexchange) (NHS Futures login required) by 19 May 2026

## National condition 2: comply with expenditure and grant conditions

ICBs and local authorities must comply with all national grant and funding conditions and deliver in accordance with their approved return. ICBs must maintain the NHS minimum contribution to adult social care and pool NHS BCF contributions into a section 75 (of the NHS Act 2006) pooled fund.

The planning requirements are:

- ICBs and local authorities must pool their designated minimum contribution (in the case of ICB partners) and the Local Authority Better Care Grant and DFG (in the case of local authority partners). ICBs and local authorities may voluntarily pool additional funding through the BCF where they consider this is likely to lead to an improvement in the services being funded
- the NHS minimum contribution to adult social care must be met and maintained by the ICB in line with the published BCF allocations. This represents an increase of 4.4% in each health and wellbeing board area
- local authorities must comply with the grant conditions of the Local Authority Better Care Grant and the DFG, including the pooling of funding

To demonstrate the requirements:

- the BCF assurance return must set out:
  - planned expenditure against core categories
  - the sources of this expenditure from different components of the BCF, including the NHS minimum contribution to social care
- assurance statements in the return will ask ICBs and local authorities to confirm that funding conditions have been met
- ICBs and local authorities must confirm that they will place the funding into one or more pooled funds under section 75 of the NHS Act 2006 once the BCF 2026 to 2027 assurance return is approved. They must do this no later than 30 September 2026

### National condition 3: effective governance, reporting and engagement

ICBs and local authorities must comply and engage with BCF planning, governance and reporting requirements, including adherence to any assurance and oversight processes.

The planning requirements are:

- ICBs and local authorities must have effective joint governance in place to ensure local accountability for delivery of outcomes, including reviewing performance against plan objectives and local goals, and taking action if necessary to bring delivery back on track
- ICBs, local authorities and health and wellbeing boards are required to engage with BCF reporting, oversight and support processes

To demonstrate these requirements:

- the BCF assurance return must set out robust joint governance for managing the expenditure of BCF funding, including assessing impact of funding, value for money and continuous improvement
- ICBs and local authorities will need to confirm through assurance statements that they will engage with BCF oversight and support processes if necessary

# Legal framework

The Secretary of State for Health and Social Care will issue the National Health Service (Expenditure on Service Integration) Directions (https://www.gov.uk/government/publications/national-health-service-expenditure-on-service-integration-directions) to NHS England to ring-fence £5,791 million to form the minimum contribution to the BCF in 2026 to 2027. The direction will be issued on or before 31 March 2026.

The Better Care Fund will be implemented by DHSC, MHCLG and NHS England using their powers under:

- section 223GA of the NHS Act 2006 (https://www.legislation.gov.uk/ukpga/2006/41/section/223GA)
- section 31 of the Local Government Act 2003 (https://www.legislation.gov.uk/ukpga/2003/26/section/31)

The requirements set out above are the national funding conditions that apply to funding that is made available by NHS England to local authorities and ICBs for the BCF. If an ICB does not comply with any of those national funding conditions, NHS England may:

- withhold payment of the NHS minimum contribution to the relevant ICBs
- recover payment of the NHS minimum contribution from the relevant ICBs, where the funding has already been released
- direct the relevant ICB as to the use of the NHS minimum contribution for purposes related to service integration or making payments towards community services

Grants to local government - the Local Authority Better Care Grant and the DFG - will be paid to local government under section 31 of the Local Government Act 2003, with the conditions that they are pooled into local BCF budgets and the national funding conditions set out above will be met.

MHCLG will publish a grant determination letter for both the Local Authority Better Care Grant and the DFG in due course. This letter will confirm that the conditions of the grants will align with the national funding conditions set out above.

Both the Local Authority Better Care Grant and DFG must be spent in accordance with an agreed BCF spend, goals and assurance return. If a local authority does not comply with any of the national funding conditions set out within the individual section 31 grant determinations, the government may:

- reduce, suspend or withhold grant payments
- by notification in writing to the authority, require the repayment of the whole or any part of the grant