Herefordshire Council

Title of report: Herefordshire's 2026-27 Section 75 agreement

Meeting: **Cabinet**

Meeting date: **Thursday 24 September 2026**

Cabinet member: **Councillor Gandy, adults, health and wellbeing;**

Report by: **Corporate Director Community Wellbeing**

Report by: **Service Manager D2A and BCF**

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To approve a new Better Care Fund Section 75 Partnership Agreement between Herefordshire Council and NHS Herefordshire and Worcestershire Integrated Care Board for the period 1 April 2025

Further information on the subject of this report is available from
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to 31 March 2030, following agreement of the 2025/26 and 2026/27 financial schedules and partner contributions.

Recommendation(s)

That Cabinet:

a) Approves the Section 75 Partnership Agreement between Herefordshire Council and NHS Herefordshire and Worcestershire Integrated Care Board for the period 1 April 2025 to 31 March 2030;

b) Approves the pooled budget arrangements and financial contributions for 2025/26 and 2026/27 between Herefordshire Council and NHS Herefordshire and Worcestershire Integrated Care Board, as detailed within the agreement and associated schedules;

c) Authorises the Corporate Director Community Wellbeing to take all operational decisions necessary to finalise, implement and manage the agreement.

Alternative options

It is a national requirement that the Better Care Fund is transferred into one or more pooled funds established under section 75 of the NHS Act 2006. The Council and NHS Herefordshire and Worcestershire Integrated Care Board are required to have an agreement in place to support the delivery of integrated health and adult social care services. There is, therefore, no alternative to having a Section 75 agreement in place.

Key considerations

1. The agreement provides the legal framework through which the Council and the Integrated Care Board can pool resources and commission integrated health and adult social care services for the benefit of Herefordshire residents. It underpins Better Care Fund arrangements and enables integrated commissioning under section 75 of the NHS Act 2006.

2. Approval is now being sought to formalise and regularise the overarching five-year framework, noting that partnership arrangements have continued, Better Care Fund requirements have remained compliant and services have continued without interruption while the financial schedules were finalised.

3. Notes that annual financial schedules, budget breakdowns and contributions for the remaining years of the agreement will be subject to annual review and approval through each organisation’s governance arrangements and will be set out as appendices to the Section 75 agreement each year.

4. A partnership arrangement under section 75 of the NHS Act 2006 enables partners to commission integrated health and adult social care services to better meet the needs of residents than if partners were operating independently. Section 75 agreements provide a contractual framework for the use of pooled funds between the Council and NHS partners and enable services to be delivered and commissioned jointly.

5. The proposed agreement will replace previous annual variation arrangements with a five-year framework for the period 1 April 2025 to 31 March 2030. This provides greater stability for strategic planning, commissioning and service delivery, supports stronger

medium-term partnership working, reduces the administrative burden of repeated annual approvals and retains annual review of financial schedules and contributions.

6. The agreement supports the continued delivery of Better Care Fund services and wider integrated commissioning arrangements, including discharge pathways, community support services, prevention and independence-focused interventions.

7. Annual financial schedules, budget breakdowns and pooled budget values will continue to be reviewed and agreed by both organisations in line with each year's budget-setting process. The budget for 2025/26 and 2026/27 will differ from future years as local delivery requirements and national planning guidance change.

8. The annual budget breakdowns and financial contributions will be set out as appendices to the Section 75 agreement for each financial year.

9. Section 75 arrangements have continued to operate jointly between Herefordshire Council and NHS partner organisations throughout previous financial years, maintaining Better Care Fund compliance and supporting integrated service delivery. Whilst these arrangements were agreed in principle and operationally implemented by both organisations, formal approval of the overarching agreement was delayed due to the time required to reach agreement on annual budget contributions and finalise the detailed financial schedules.

10. Budgets and financial contributions for the 2025/26 financial year have now been agreed, enabling formal approval of the new five-year Section 75 agreement. During the period before formal approval, partnership arrangements continued to operate, Better Care Fund requirements remained compliant and relevant services continued without interruption. Formal approval is now being sought to provide clear authority for the five-year framework, strengthen governance arrangements and ensure that annual financial schedules can be appended and reviewed through agreed partnership processes. The agreement also provides the governance framework for 2026/27 and future years, with each year's financial schedules to be reviewed, agreed and appended annually.

11. The Better Care Fund schemes and services within the agreement will continue to be monitored through established partnership governance arrangements, including the Better Care Partnership Board, Joint Commissioning Board and Health and Wellbeing Board as appropriate. Quarterly national performance reports will continue to be submitted in accordance with national requirements.

Community impact

12. The Better Care Fund and Section 75 arrangements are set within the context of the national programme of transformation and integration of health and adult social care. The Council and NHS Herefordshire and Worcestershire Integrated Care Board continue to work together to improve outcomes, reduce duplication and support effective use of public resources.

13. The principles of the agreement support improved outcomes for residents by sustaining services and investing in initiatives that help people maintain independence, access timely support and remain in their own homes and communities wherever possible.

14. The agreement supports the Council's priorities for safe, healthy and independent lives and aligns with local health and wellbeing priorities. It also supports partnership working across adult social care, NHS services, community provision and preventative services.

15. The recommendation is not expected to have a negative impact on children in care, care experienced young people or the Council's corporate parenting responsibilities. Where schemes within the Better Care Fund have an indirect impact on families or carers, these will continue to be managed through relevant service governance and statutory duties.

Environmental impact

16. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors, the Council shares a commitment to improving environmental sustainability, achieving carbon neutrality and protecting and enhancing Herefordshire's outstanding natural environment.

17. This decision relates to a legal and financial framework for integrated commissioning and is expected to have minimal direct environmental impact. Individual schemes commissioned through the agreement will consider environmental requirements, including efficient use of resources, opportunities to reduce unnecessary travel and sustainable delivery arrangements where relevant.

Equality duty

18. The Council and NHS Herefordshire and Worcestershire Integrated Care Board are committed to equality and diversity and will continue to ensure that equality considerations are taken into account in the planning, commissioning and monitoring of schemes delivered through the Section 75 agreement.

19. The recommendations in this report are not expected to negatively disadvantage people with protected characteristics. The Better Care Fund programme is intended to support better outcomes for residents, including people who may require health, care, community or preventative support to maintain independence and wellbeing.

20. Due to the potential impact of this project/decision/activity being low, a full Equality Impact Assessment is not required.

Resource implications

21. The Section 75 agreement provides the framework for pooled budget arrangements between Herefordshire Council and NHS Herefordshire and Worcestershire Integrated Care Board. The pooled budget arrangements and financial contributions for 2025/26 are detailed within the agreement and associated financial schedules and will be reconciled with the final published schedules before completion.

22. Headline financial information should be included in the final report once confirmed, including the total pooled budget value, the Council contribution, the Integrated Care Board contribution and a short summary of the principal schemes funded through the pooled arrangements. Principal schemes are expected to include integrated health and adult social care services such as discharge pathways, community support services,

prevention, independence-focused interventions, carers support, Disabled Facilities Grant activity and other Better Care Fund schemes set out in the agreement schedules.

23. Annual financial schedules and budget contributions for future years of the agreement will be reviewed and agreed through each organisation's annual budget-setting and governance arrangements. These will be appended to the agreement each year.

24. There are no direct additional staffing, ICT or property implications arising from approval of the agreement itself. Any implications associated with individual schemes will be managed through the relevant commissioning, contract management and governance arrangements.

Financial Year 2025/26

Better Care Fund Financial Plan 2025/26 - Summary by Funding Stream							
Better Care Fund Financial Plan 2025/26	**Source of Funding**	**2024/25 Funding Values**	**2025/26 Mandatory Growth %**	**2025/26 Growth Value**	**2025/26 Total Grant Values**	**2025/26 Planned Expenditure**	**2025/26 Variance to Funding Deficit / (Surplus)**
Mandatory Transfer to Adult Social Care	DHSC	£7,263,293	3.93%	£285,092			
NHS Commissioned Out of Hospital Services	DHSC	£9,630,079	0.49%	£47,448			
Additional Discharge Fund- NHS	DHSC	£2,221,943	0.00%	£0			
NHS Minimum Contribution (transfer to ASC)		£7,263,293		£285,092	£7,548,385	£7,548,385	(£0)
NHS Minimum Contribution (retained by ICB)		£11,852,022		£47,448	£11,899,470	£11,899,470	(£0)
Total NHS Minimum Contribution	DHSC	£19,115,315		£332,540	£19,447,855	£19,447,855	(£0)
Disabled Facilities Grant	MHCLG	£2,474,535	13.76%	£340,496	£2,815,031	£2,815,031	£0
Improved Better Care Fund	DLUHC	£6,782,841	0.00%	£0	£6,782,841		
Additional Discharge Fund- LA	DHSC	£1,584,906	0.00%	£0	£1,584,906		
Local Authority Better Care Grant	MHCLG	£8,367,747		£0	£8,367,747	£8,367,747	£0
BCF Underspend B/fwd		£0	0.00%	£0	£0	£0	£0
TOTAL BETTER CARE FUND		**£29,957,597**		**£673,036**	**£30,630,633**	**£30,630,633**	**£0**

Financial Year 2026/27

Better Care Fund Financial Plan 2026/27 - Sources of Funding					
Better Care Fund Financial Plan 2026/27 - Sources of Funding	**Source of Funding**	**2025/26 Total Allocation**	**2026/27 Growth %**	**2026/27 Increase in Funding Allocation**	**2026/27 Allocation**
NHS Minimum Contribution (transfer to ASC)		£7,548,385	4.45%	£335,650	£7,884,035
NHS Minimum Contribution (retained by ICB)		£11,899,470	2.09%	£248,489	£12,147,959
Total NHS Minimum Contribution	**DHSC**	**£19,447,855**	**3.00%**	**£584,139**	**£20,031,994**
Disabled Facilities Grant 2026/27		£2,815,031	0.00%	£0	£2,815,031
Disabled Facilities Grant 2025/26 underspend		£251,345	0.00%	£0	£251,345
Total Disabled Facilities Grant	**MHCLG**	**£3,066,376**	**0.00%**	**£0**	**£3,066,376**
Local Authority Better Care Grant	MHCLG	£8,367,748	0.00%	£0	£8,367,748
BCF Underspend B/fwd		£0		£0	£0
TOTAL BETTER CARE FUND		**£30,881,979**	**1.89%**	**£584,139**	**£31,466,118**

Legal implications

25. The Care Act 2014 amended the NHS Act 2006 to provide the legislative basis for the Better Care Fund, which brings together health and adult social care funding. The final agreement must reflect the current statutory partner arrangements and use current Integrated Care Board terminology throughout.

26. Section 75 of the NHS Act 2006 contains the powers enabling NHS bodies to exercise certain local authority functions and local authorities to exercise certain NHS functions. The agreement will be entered into under these powers and in accordance with the relevant NHS regulations, with final legal review to confirm governance arrangements, signatory provisions, notice arrangements, contact details and date references before completion.

27. The final agreement and schedules will be subject to legal review prior to completion to ensure accuracy and compliance with statutory requirements, including information governance and data protection requirements.

Risk management

28. The key risks associated with approval and implementation of the Section 75 agreement relate to financial management, governance compliance, service delivery and partnership oversight, and these will be managed through established Council, NHS and partnership governance arrangements ,as set out below:

Risk / opportunity	Mitigation
Financial risk – pooled budget arrangements may be affected by changes	Financial schedules will be agreed annually through each partner's governance arrangements.

in demand, inflationary pressures, changes to national Better Care Fund allocations, or misalignment between partner contributions and the cost of commissioned services.	Regular budget monitoring, reconciliation of contributions, risk-share arrangements and escalation through the Better Care Partnership Group, Joint Commissioning Board and relevant Council and NHS governance routes will support early identification and management of financial pressures.
Governance and compliance risk – if the agreement, schedules or supporting governance arrangements are not kept accurate and current, there is a risk of reduced assurance, unclear accountability or non-compliance with statutory requirements.	The final agreement will be subject to legal, finance and governance review before completion. Current Integrated Care Board terminology, signatories, governance membership, notice provisions, contact details and annual schedules will be checked and updated as required. Annual review will ensure the agreement remains aligned with national guidance and local governance requirements.
Service delivery risk – integrated services funded through the agreement may not deliver the intended outcomes for residents, including timely discharge, prevention, independence, support for carers and effective use of public resources.	Scheme specifications, performance indicators, contract management arrangements and quarterly and annual reporting will be used to monitor delivery. Any risks to delivery, outcomes or national Better Care Fund requirements will be escalated through established partnership governance and addressed through agreed action plans.
Partnership risk – failure to approve and maintain a clear five-year framework could weaken joint commissioning arrangements, reduce clarity over pooled budget responsibilities and create uncertainty for services commissioned through the Better Care Fund.	Approval of the Section 75 agreement will regularise the partnership framework, provide clear governance for pooled budgets and annual schedules, and support continuity of integrated commissioning and service delivery for the period 2025 to 2030.
Opportunity – the agreement provides an opportunity to strengthen medium-term partnership planning, improve transparency of pooled budget arrangements and support more joined-up health and adult social care commissioning.	The five-year framework, supported by annual financial schedules and routine performance monitoring, will enable partners to plan jointly, review outcomes, target resources effectively and maintain assurance through established partnership and organisational governance routes.

29. The risks associated with the approval and implementation of the Section 75 agreement will be managed primarily at service and directorate level, with escalation to corporate governance routes where financial, legal, performance or partnership risks exceed agreed tolerances. Relevant risks will be recorded and monitored through the Community Wellbeing directorate risk register and the appropriate partnership governance risk and issue logs.

Consultees

30. The development and finalisation of the Section 75 agreement has been undertaken in consultation with lead partners from Herefordshire Council, Wye Valley NHS Trust and NHS Herefordshire and Worcestershire Integrated Care Board.

31. A political groups consultation took place on 16th September 2026 and the following points were made:

- Clarifications were provided that the £30.882 million figure was the official 2024/25 comparator used for the 2026/27 calculation; the confirmed 2025/26 pooled budget is £30.631 million. The NHS minimum contribution is a mandatory requirement under the Better Care Fund arrangements and must be transferred in accordance with the national framework.

- In response to the Liberal Democrat Group, it was confirmed that the five-year framework provides a stable legal and governance framework, supports longer-term planning and reduces repeated annual variations, while retaining flexibility through annual financial schedules and scheme reviews. It does not provide additional funding or a five-year grant settlement. The Cabinet report will state clearly that the five-year agreement formalises governance and planning but does not guarantee additional funding or a five-year grant settlement.

- The Green Group asked how emerging neighbourhood health reforms might affect Better Care Fund priorities and local control. Further national detail is awaited but in the meantime, existing Better Care Fund schemes are being reviewed to identify future priorities. Regarding the Disabled Facilities Grant, the grant remains ring-fenced for eligible Disabled Facilities Grant purposes. Previous delays arose from process issues that have now been addressed; the funding is committed and is expected to be fully spent. Members asked whether the arrangements could be reviewed after approximately 12 to 18 months through scrutiny and the Health and Wellbeing Board. Members asked whether Better Care Fund or neighbourhood health resources could support minor injuries units in Leominster and Ledbury, and how the Wye Valley NHS Trust community hospitals review might affect future services.

- The Independents for Herefordshire reflected that the budget was substantial and requested further detail to be included in the Cabinet report.

Appendices

Appendix 1 – Section 75 Partnership Agreement 2025/26 to 2029/30

Background papers

None identified

Glossary of terms, abbreviations and acronyms used in this report

Term	Meaning
BCF	Better Care Fund
DFG	Disabled Facilities Grant
D2A	Discharge to Assess
ICB	Integrated Care Board
NHS	National Health Service
PASC	Protection of Adult Social Care
Section 75 agreement	A partnership agreement under section 75 of the NHS Act 2006 enabling pooled budgets and integrated commissioning between NHS bodies and local authorities.