MEMORANDUM OF UNDERSTANDING

BETTER CARE FUND

RISK SHARE AGREEMENT 2016/17

1. AGREEMENT

Between Herefordshire Clinical Commissioning Group and Herefordshire Council, this agreement is dated 31/08/2016.

Signed on behalf of Herefordshire Clinical Commissioning Group

....

NAME : ...Simon Hairsnape

POSITION: Chief Accountable Officer

DATE:......1/9/16..........................

Signed on behalf of Herefordshire Council

......Martin Samuels...........

NAME : Martin Samuels

POSITION: Director Adults and Wellbeing

DATE:....31 AUG 2016........

BCF Risk Share Arrangements in Herefordshire 2016/17

Agreed Principles

Overarching Principles

1. **Targeted Actions and Behaviour Change**
    - Any risk/reward share arrangements must be supported by a targeted programme of actions that change behaviour and improve the effectiveness and efficiency in deployment of resources.
2. **Measureable and Evidence Based**
    - Changes in behaviour and agreed actions must be measurable and evidence based.
3. **Baseline Metrics and Regular Reviews**
    - Baseline metrics to measure impact must be jointly agreed beforehand and regularly reviewed and where necessary updated throughout the period of the agreement.
4. **Limit to Financial Risk / Ownership of Financial Costs**
    - No risk / reward share can have an open ended financial risk / reward to either partner.
    - The risk share agreement is intended to support joint working on specified areas to improve care and reduce overall system costs. It will do this by sharing the impact (both positive and negative) of in-year changes in how care is provided and commissioned. It is not intended for the risk share arrangement for 2016/17 to create a long term subsidisation by either partner in statutory funding responsibilities.
    - For the longer term, financial costs should be borne by the partner who has the statutory responsibility for those costs. That is to say health costs and impacts on the system should be borne by the CCG and social care costs and impacts on the system should be borne by the council.
    - For specific clients with both health and social care needs, where a joint approach is agreed, the appropriate ratio and lead commissioner arrangements will be jointly agreed and documented.
    - Any increase in cost to the other partner as a result of changed behaviour relating to pool 2 , this means outside of normal day to day processes*[1] (these processes will be defined) will be managed through application of the risk sharing agreement. The partners have agreed that it is their intention to identify any likely groups of patients to which the latter arrangement would apply and agree a framework to ensure that the specific patients can be clearly identified (e.g. noting through the assessment process when the deterioration in condition actually occurred).

- When agreeing the financial implications of a risk share scheme both financial costs and potential financial benefits/rewards should be considered.

  **[1] day to day processes are defined as undertaking 3 month reviews for new clients, and annual reviews for all clients.*

5. Joint Agreement

- The partners recognise and support the requirement that plans for spending the resources in the BCF should be jointly agreed by the H&WB Board and signed off by the Local Authority and the CCG governance systems. The BCF risk share agreement will also be signed off by the Local Authority and CCG governance systems.

6. Regular and Effective Monitoring

- Both partners will ensure that clear and regular monitoring is in place to ensure that the BCF partnership is able to demonstrate how the joint fund is supporting the delivery of care in Herefordshire within the agreed strategic objectives.
- Each partner will identify a lead review officer to report on progress and performance each month.
- Progress will be monitored by BCPG, with regular jointly produced financial updates provided by the partners.
- Issues / success / lack of progress will be reported by BCPG to JCB for escalation and action to resolve where necessary.

Financial Risk Share Arrangements for 2016/17

Pool 1 (Minimum Fund)

Agreement

It has been agreed by the partners that there will be no financial risk share arrangement in relation to pool 1.

Herefordshire council have agreed to fund the therapeutic and medical inputs for the redesigned RAAC scheme to the values agreed in the scheme for 2016/17 only.

The partners will agree how the RAAC scheme will be redesigned and the effective start date of the new scheme by 30th September date.

Measurement and Monitoring

The partners will monitor the delivery of the scheme through performance metrics which will be jointly agreed by the partners.

Monthly update reports will be provided to the BCPG, for consolidation into the JCB monitoring report

Pool 2 (Additional Fund)

1. Definition of the Risk Share Cohort (Risk Share 1) –"catch up cohort"

The partners have agreed that the risk share agreement will be restricted to a defined and agreed cohort of clients. This client cohort will be defined as follows:

1. Includes those clients who are not funded at the usual price*[2] and who have not been reviewed in the twelve month period since 1st April 2015
2. The list of clients identified in 1 above will be jointly assessed by the council and CCG to agree which clients are likely to result in a behaviour change*[3] due to the length of time since the last review or for other reasons relating to a change in the approach being taken by the commissioner.
3. The defined client list excludes any clients identified by the CCG as being part of separate arrangements with 2g for risk share. (The client list for 2g as provided by Jade Brooks and matched to the BCF client list).
4. The defined list will exclude non-reviewed clients who, the partners jointly agree, are unlikely to have incurred a substantive change in health and care needs in the intervening period. These clients will be classified as business as usual and excluded from the specific risk share arrangement.
5. The eligible clients list, as defined above, will include the totality of eligible clients, this is a total of 27 clients and is within appendix one of this document.
6. The expectation will be that the clients will be reviewed within the next six months and the monitoring of the reviews will be through the Better Care Fund Partnership Group, with further reporting to the Joint Commissioning Board.

*[2] *in this context the usual price is defined as any local authority client funded at either the old, or new usual price for older peoples residential and nursing care (£570, £523, (old / new nursing rates),£468, £457*

(old/new residential & dementia rates) per week), and clients who receive FNC/FCO only support from the CCG

**[3] in this context the term behaviour change means that the partners agree that due to the length of time since the last review a stepped change in level of needs is likely to be identified upon review which may result in a change of statutory partner responsibility for the individual client*

2. Financial Risk Share Arrangement

a. Value of the Risk Share Pool

The current annual cost of the defined client cohort is £1,384.7k. Costs within the risk share pool are split as follows:

Table 1

	No Clients	Annual Cost	Cost Ratio
Herefordshire Council	22	1,036.6	75%
Herefordshire CCG	5	348.4	25%
Total	**27**	**1,384.7**	**100%**

b. Calculation of the Value of the Cap

The cap will be set at an agreed percentage of the pool value. If partners subsequently agree a change in the value of the risk share pool the cash value of the cap will be varied in line with the agreed percentage.

Table 2

Cap %	Cap Value £'000
10%	135k*[1]
12%	166k*[2]
13%	**180k*[4]**
14%	200k*[3]

*[1] council position
*[2] MS proposal to SH
*[3] CCG counter proposal
*[4] Agreed percentage

The cap has been jointly agreed at 13% of the pool value.

The total cost of any clients that transfer responsibility will be split **75:25** up to a maximum of £180,000 for each partner in 2016/17 (as specified in table 1 above) based on the agreed client cohort. Any costs over and above £180,000 for each partner will be met by the partner to whom statutory responsibility transfers.

The risk or benefit of clients whose package change but whose statutory responsibility does not change will not be factored into the risk sharing arrangement.

Packages of care which move from sole partner to joint funded will be excluded from the risk share arrangement, unless there is an agreed change of statutory responsibility.

The financial risk will be applied to the overall net cost or gain from those clients who change statutory responsibility. (See worked example 4 below)

3. Savings Targets

It is recognised that both partners have in year savings targets of £500k each. These savings are deliverable across the totality of both the in county placements included in pool 2 and out of county placements.

All savings achieved by the partners will be retained by the beneficiary partner, in so far as they are not associated with the specific clients subject to the risk share arrangements.

4. Measurement and Monitoring of Risk Share

The baseline will be the agreed cohort at the uplifted 2016/17 budget value by client.

For the agreed cohort, regular (monthly) reports to the Better Care Partnership Group (BCPG) will

- Identify the number of clients reviewed in the month, and cumulative year to date.
- Summarise the number of packages which have switched statutory responsible partner as a result of the review
- Include a summary of the number of packages which have increased / decreased / had no change in value
- Summarise the in year financial impact and full year equivalent cost impact.
- Include a cumulative summary of the risk share impact for both partners.

The BCPG will on a monthly basis provide a summary update to JCB on the risk share arrangement.

BCPG will receive and review on a monthly basis reports on the performance on the totality of pool 2 in addition to the specific risk share arrangements.

5. Joint Agreement

This agreement is only valid if this memorandum of understanding is signed by both partners.

6. Review of the scope and success of the agreement

The partners will formally review the agreement at 3 monthly intervals (September will be the first review point) and consider whether the scope of the agreement should be extended to include additional specific cohorts of individuals.

Additions to the scope of the agreement will only be considered where there is a clearly worked up proposal, including full identification of the resources required to deliver the proposal, and where the proposal has been developed jointly.

The partners will formally review the Risk Sharing agreement in January 2017.

The risk share will require formal re-ratification by both partners if to continue on the same basis in 2017/18.

7. Risk Share 2 – In Year Changes in Commissioning Behaviour - Potential Arrangement

The partners have agreed in section 6 above to regular formal reviews to determine whether any in year changes in commissioning behaviour beyond the "catch up cohort" covered by the risk share arrangement, for example a substantive change in review processes or frequency, are likely to give rise to substantive financial risks / benefits between the partners.

In the event a substantive risk being identified by either partner, the partners will work together to provide an informed estimate of the financial scope, and derive and equitable approach to managing the risk for the remainder of the financial year.

Worked Examples

1. HC transfer £100k of client costs to CCG, and no clients transfer from the CCG to council,

    a. HC would pay 75k to CCG under risk share cap (£100k cost transfer x75% being council contribution to pool), net benefit to LA **£25k**

    b. Net cost to CCG **£25k**

2. HC transfer £240k of client costs to CCG, no clients transfer from CCG, agreed cap at £180k.

    a. Cost £240k x75% = 180k, cap limit is reached.

    b. Net saving to council £240k less £180k **£60k**

    a. Net cost to CCG £240k less risk share contribution £180k at max cap value of £180k **=£60k**

3. HC transfer value £400k and no clients transfer from the CCG to council (and cap £180k)

    a. Cost x75% = £300k, above cap threshold therefore cap applies.

    b. Net Saving to council £400k less cap £180k = **£220k**

    c. Net cost to CCG £400k less risk share contribution at max cap value of £180k **=£220k**

4. HC transfer value £400k to CCG, CCG transfer value to council £100k (and cap £180k)

    a. Net Transfer cost £400-£100k = £300k

    b. Net Cost benefit to council £300k before cap. £300k x75% = £225k, above cap therefore cap paid in full to CCG

    c. Net Saving to council £300k less cap £180k = **£120k**

    d. Net cost to CCG £300k less risk share contribution at max cap value of £180k **=£120k**