

SCHEDULE 1

PART 1 – FINANCIAL CONTRIBUTIONS

Establishment of Pooled Funds and Financial Protocol

Details of the provisional Pooled Funds to be established and the Financial Contributions to be made during the first Financial Year of the term of the Agreement are set out below:

Financial Year 2016/2017

This agreement includes three funds, one for the minimum Better Care Fund (BCF), as prescribed by NHS England, the second for the additional BCF pooled fund created by the partners, and the third fund relates to children's services for which pooled fund arrangements were in existence prior to the creation of the BCF

Pool 1 has two components

The funding for the protection of social care (Council is Lead Commissioner), and Care Act implementation

The community health and social care redesign (CCG is Lead Commissioner)

Pool 2 – is a Pooled Fund to fund expenditure on residential placements including continuing health care placements (CHC) and funded (free) nursing care (FNC). At the Commencement Date, the Services are commissioned by the Partners separately..

Pool 3 – covers children with complex needs, safeguarding boards and short breaks for children with disabilities

Agreement of Financial Contributions

The agreement commences on 1 October 2016 and continues for a period of 18 months. The financial contributions have been agreed (draft figures) for the part Financial Year 2016/17, full year equivalent figures are also shown for comparative purposes as summarised in the table below.

Section 75 agreement – appendix 4 – schedule 1

Scheme name	Financial contribution (full year equivalent 2016/17)				2016/17 in S75 1/10/16 to 31/3/17			
	Council £'000	CCG (PASC) £'000	CCG £'000	Total spend £'000	Council £'000	CCG (PASC) £'000	CCG £'000	Total spend £'000
Reablement		420		420	-	210	-	210
Falls prevention service			123	123	-	-	62	62
Virtual wards / hospital at home			768	768	-	-	384	384
Risk stratification			768	768	-	-	384	384
Carers support		460	50	510	-	230	25	255
DTOC support		23	32	55	-	12	16	28
Integrated community care			3,806	3,806	-	-	1,903	1,903
Rapid response		550		550	-	275	-	275
Rapid access to assessment and care		494	240	734	-	247	120	367
Community equipment store / Home improvement		272		272	-	136	-	136
Kington court (intermediate care provision)		366	534	900	-	183	267	450
Children's short breaks *1			427	427	-	-	214	214
Care Act implementation *2		460		460	-	230	-	230
Support for social care staff		832		832	-	416	-	416
Demand management		793		793	-	397	-	397
LD health (2g)		331		331	-	166	-	166
Sub Total Minimum Revenue Fund	-	5,001	6,748	11,749	-	2,501	3,374	5,875
Care home market management	19,468		9,272	28,740	9,734	-	4,636	14,370
Sub Total BCF Revenue Pools	19,468	5,001	16,020	40,489	9,734	2,501	8,010	20,245
Disabled Facilities Grant (Capital)	1,558			1,558	779	-	-	779
Total Better Care Fund	21,026	5,001	16,020	42,047	10,513	2,501	8,010	21,024
Children's commissioning unit (new from 1/10/16)	40		40	80	20	-	20	40
Children's short breaks *1	453			453	227	-	-	227
Children's complex needs solutions	2,995		499	3,494	1,498	-	250	1,747
Safeguarding boards *2	138		80	218	69	-	40	109
Sub Total Pool 3 Childrens Services	3,626	-	619	4,245	1,813	-	310	2,123
Annual cost for schemes	24,652	5,001	16,639	46,292	12,326	2,501	8,320	23,146

PASC = Protection of Adult Social Care Funding

*1 Funding for Adults Safeguarding board £103k within Care Act as new burden for councils

*2 Part of Childrens short breaks and respite funding (Ledbury Road within BCF minimum fund)

Section 75 agreement – appendix 4 – schedule 1

PART 2 FINANCIAL GOVERNANCE

FINANCIAL GOVERNANCE ARRANGEMENTS

The following financial governance arrangements have been agreed by the Partners in respect of the Pooled Funds and shall be reviewed and updated by them as required prior to the commencement of each Financial Year during the term of this Agreement.

HOSTING OF THE POOLED FUNDS

The Council will act as Host Partner for the pooled funds and shall have overarching responsibility for financial reporting and financial governance in respect of those Pooled Funds.

Changes to levels of Financial Contributions / budgets

Financial Contributions to Pooled Funds in Financial Years subsequent to Financial Year 2016/2017 will be determined by the Partners in accordance with the Agreement.

Payment of Financial Contributions

At the beginning of each month the Council will present an invoice to the CCG for one twelfth of the Financial Contribution due from the CCG to Pooled Fund in respect of pool 1a (Individual Scheme 1 (Protection of Social Care and the Care Act), plus one twelfth of the contribution in respect of children's respite services (Ledbury Road)

At the beginning of each quarter the council will present an invoice to the CCG for one quarter of the financial contribution due to the Pooled Fund in respect of children with complex needs.

A single annual invoice will be raised by the Council and presented to the CCG in respect of the contributions to the Carer's Hub and the Children's Safeguarding board

In order to ensure that the CCG complies with national requirements in respect of the carry forward of Financial Year end cash balances, any payments due to the CCG in respect of expenditure from the Pooled Fund during the last month of the Financial Year (March) will be reviewed by the Partners and agreed to be rescheduled for payment to the CCG where indicated by evidence of projected cash balances.

All invoices delivered pursuant to this Agreement are to be settled within 5 working days of being issued. In the event that an invoice is disputed and remains unresolved after 60 days of it being disputed, the matter shall be raised for resolution at the next Quarterly finance review undertaken by the Partners.

The Partners agree that they shall review and revise the invoicing and payment arrangements set out in this Agreement in line with any guidance issued by NHS England from time to time.

Eligibility Criteria

Individual Scheme Specifications contain the eligibility criteria for Service Users that relate to each Individual Scheme.

Section 75 agreement – appendix 4 – schedule 1

Where Service Users may be charged for Services, financial assessments will be undertaken by the Council's welfare and financial assessments team to ensure that income is collected where appropriate and in accordance with local/national charging policies and guidance.

Access to the Pooled Funds

The Financial Contributions to minimum fund – Pooled Fund 1a (Protection of Social Care) will be accessible by the Council as Lead Commissioner.

Financial Contributions to minimum fund - Pooled Fund 1b (Community Health & Social Care Services Redesign) will be accessible by the CCG as Lead Commissioner.

Access to Pooled Fund 2's Financial Contributions will depend on the Commissioning Arrangements implemented by the Partners but expenditure shall in any event be limited by Service User eligibility for the Services.

Access to the pool for Children with Complex Needs will be through the joint panel process.

The Joint Commissioning Board shall be entitled to direct how Financial Contributions to Pooled Funds should be spent, operating in accordance with its terms of reference.

Pooled Fund Manager - BCF

It has been jointly agreed that a Commissioning and Pooled Fund Manager who is an employee of the Council will be appointed by the Council from the Commencement Date, to oversee Pooled Funds 1 and 2 and the delivery of Individual Schemes funded from those Pooled Funds pursuant to this Agreement. The scope and extent of the authority of the Pooled Fund Manager will be determined by the Joint Commissioning Board and shall otherwise be as is set out in this Agreement.

AUDIT ARRANGEMENTS

Audit requirements

The Host Partner has responsibility for the audit of the relevant Pooled Fund.

Appointment of Internal Auditor

The internal auditor for Pooled Funds 1a, 2 and 3 will be the Council auditor South West Partnership. The internal auditor for Pooled Fund 1b is Baker Tilly

Liaison / Management of Auditors

Will be undertaken by the Council Business Partner and the management accountant for Adults and Wellbeing

External Audit

Section 75 agreement – appendix 4 – schedule 1

The audit regime of the organisation who is acting as Host Partner will apply to the relevant Pooled Fund.

The Council's and CCG's external auditors are Grant Thornton.

External audit fees which are incurred specifically to meet national audit requirements for the Better Care Fund, insofar as they are specifically identifiable, will be borne in equal proportion by the Council and CCG.

FINANCIAL MANAGEMENT

Financial Systems

For Individual Schemes funded from the Financial Contributions made to Pooled Fund 1, Lead Commissioning Arrangements will be utilised as set out above.

For Pooled Fund 2 any changes to the long term systems and commissioning arrangements will be jointly confirmed following the completion of a mobilisation project. Current arrangements will continue in the interim period, whereby the Council records transactions for residential care within the Council system and the CCG records the transactions for Funded Nursing Care and Continuing Health Care with the CCG financial system.

Monitoring Arrangements

Monitoring of financial performance of the Pooled Funds will be through the Better Care Partnership Group and Joint Commissioning Board as outlined in Clause 19, and Schedule 5 of this Agreement.

Monitoring Reports

Monitoring reports will be produced by the Host Partner in the format specified in Schedule 5.

The CCG will be required to submit timely reports on expenditure and Individual Scheme performance under the management of the CCG to the Council where the Council is acting as Host Partner in order to enable the Council to prepare full reports for the Joint Commissioning Board.

Reports will be prepared monthly for review by the BCF Partnership Group and for summary review by the Joint Commissioning Board, or where variation in performance requires, more frequently.

Annual Accounts

The respective Partners will report the expenditure incurred by them in connection with this Agreement in their annual accounts in accordance with all applicable Laws and relevant guidance.

Managing Overspends

No Individual Scheme is expected to Overspend in terms of the Financial Contributions made to it but in the event that an Overspend is predicted to arise the commissioning Partner should take whatever mitigating action is practicable to minimise the impact of such Overspend on the Financial Contributions to the BCF

Overspends in relation to pool 2 shall be managed in accordance with **Part 2 of Schedule 3**

Section 75 agreement – appendix 4 – schedule 1

The risk share agreement at Schedule 4 specifies that for Financial Contributions to Pooled Fund 1a the Council and for Financial Contributions made to Pooled Fund 1b, the CCG, respectively will carry the risk in the event that Overspends arise.

Overspends in relation to the Children with Complex Needs pool will be borne by the partners in ratio to budget contributions

Delegated Authority

The terms of the schemes of delegation of each Partner under which the members of the Joint Commissioning Board and Lead Officers receive delegated authority from the Partners are as recorded in **Clause 46.6.4** for the Council and **Clause 46.6.5** for the CCG.

The Council constitution and financial procedures do not permit its Partnership Board representatives or the Pooled Fund Manager to Overspend on its behalf without authorisation. The Joint Commissioning Board has a monitoring and oversight role to ensure compliance but shall be required to obtain prior authorisation from the Council to approve any Overspends.

The Council Scheme of Delegation delegates to the Director of Adults and Wellbeing authority for:

- (a) Joint working with the CCG and other commissioners;
- (b) Specific/joint service re-design and improvement

The CCG scheme of delegation delegates to the Governing Body through the Accountable Officer authority for:

- (a) Joint working with the Council and other commissioners;
- (b) Specific/joint service re-design and improvement

Budget Virements – In Year

For Pooled Fund 1, the Host Partner will, following receipt of consent from the Joint Commissioning Board, be permitted to vire funds within the Financial Contributions made to the sub pools 1a and 1b so that Underspends in one sub pool of the Pooled Fund can be utilised to mitigate overspends elsewhere within the Pooled Fund.

Budget virements between Pooled Funds and Individual Schemes will be subject to presentation of a business case and approval by the Joint Commissioning Board. The impact of agreed virements will be reported through the agreed monitoring arrangements.

Treatment of Budget Underspends – Year End

It is recognised that underspends may arise for a variety of reasons including:

- lower than predicted demand for Services

Section 75 agreement – appendix 4 – schedule 1

- greater effectiveness than planned for savings schemes within the Services
- Service redesign efficiencies

In the event that any or all of the Pooled Funds are expected to deliver an underspend which has not been allocated to support other Individual Schemes the following options will be considered by the Joint Commissioning Board and the approach agreed prior to Financial Year end closedown procedures being completed:

- (a) Underspends in Pooled Funds 1a / 1b may be retained by Host Partner, or
- (b) Underspends in Pooled Funds 1a /1b may be shared between Partners in a ratio to be agreed at the relevant time, or
- (c) Underspends which are unspent Financial Contributions may be carried forward to fund the delivery of Individual Schemes in future Financial Years.

Creation of Reserves

In the event that a carry forward of underspends is agreed by the Joint Commissioning Board, all Financial Contributions will need to be remitted to the Council before the Financial Year end to enable the relevant reserve to be created.

The creation of reserves will require the agreement of both Partners and shall be subject to approval through the relevant organisation's governance processes. The creation of reserves may be either for a specific purpose (business case required) or for a general/ contingency reserve.

Reserves created pursuant to this Agreement, will be held and managed by the Council as both Host Partner and the only Partner with the necessary financial governance mandate to do so.

Subject to paragraph 46.9.5, the release/use of reserves will require a business case and the agreement of the Joint Commissioning Board.

Reserves agreed to be created for specific purposes will not require additional Joint Commissioning Board approval for release, provided the reserve is authorised for release within 12 months of it having been created. Specific reserves to be retained for more than 12 months will require review and re-validation by the Joint Commissioning Board as part of Financial Year end sign off procedures.

Treatment of Inflation

In so far as any of the Pooled Fund expenditure relates to staff costs it will be the responsibility of the employing organisation to make provision for pay inflation.

For Pooled Fund 1, the determination and application of non pay inflation will remain with the relevant Host Partner.

Pool 2 includes expenditure commitments from both Partners with the same Service providers. The Council will assess the requirement to award an inflation uplift and present the recommendation for joint agreement by both Partners. In the event that an inflation award is agreed it will be funded by both Partners in relation to budget contributions to Pooled Fund 2.

Reserve/Contingency Fund

Section 75 agreement – appendix 4 – schedule 1

Financial Contributions for Financial Year 1 (2016/17) of this Agreement do not make provision for the formation of a reserve/contingency fund.

As part of the development of enhanced risk sharing arrangements in Financial Year 2 of the term of this Agreement and beyond, consideration will be given by the Partners to the creation of a reserve/contingency fund within the Pooled Funds.

In the event that a general contingency reserve is created as outlined in paragraph 46.9 of this Schedule, this reserve may be utilised to provide non-recurrent funding to Individual Schemes with the approval of the Joint Commissioning Board.

Year End Accounting Principles

Accounts for the Pooled Funds will be produced under accruals accounting methodology

The Partners will confirm year end reporting timetables and requirements to the Pooled Fund Manager in a timely manner to ensure all necessary information can be exchanged to meet accounting deadlines.

Capital Investment

In so far as there are any assets which are utilised by the Partners to support the delivery of the BCF, the Partners do not intend to pool those existing capital assets. Each Partner will retain ownership of its existing assets.

Assets created from the capital elements of the BCF, namely the Disabled Facilities Grant and Social Care capital will be recorded as assets in the balance sheet of the Council. This is a continuation of current practice.

Use of the Social Care (community capacity) grant requires submission and approval of a business case within the Council.

In the event that future developments BCF require a capital investment a business case will be required for consideration for funding from the social care capital fund.

Management Costs and Overheads

The Partners have jointly agreed that management costs and overheads will not be charged to the Pooled Fund but carried by the relevant Host Partner.

The Partners will discuss appropriate and sufficient arrangements to support delivery of their shared objectives pursuant to this Agreement. This may include joint funding of pooled/joint posts including a Pooled Fund Manager, and/or the creation of a joint team. The BCF Partnership Group will develop any proposals for this which shall be subject to approval by the Joint Commissioning Board

VAT

The Council's VAT regime will apply for Individual Schemes funded from Pooled Fund 1a, Pooled Fund 2, and pooled fund 3. The CCG's VAT regime will apply for the Individual Schemes funded from Pooled Fund 1b.

GOVERNANCE ARRANGEMENTS FOR THE PARTNERSHIP

Section 75 agreement – appendix 4 – schedule 1

The governance arrangements for the Partnership, including the terms of reference for the Joint Commissioning Board are included in Schedule 6 of this Agreement.

ASSURANCE AND MONITORING

Details of assurance and monitoring arrangements including performance measures are included within Scheme Specifications.

DRAFT