

Pooled Budgets

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Better Care Support Team



Integrated financing arrangements

“If we are to succeed in integrating health and social care to bring about better experiences and outcomes for people, we need real readiness and commitment to work across organisations, and find better ways to pool our collective resources for better overall value and benefit.”

Dr Jo Farrar,

Director General for Local Government and Public Services, DCLG

National position

Better Care Fund is intended to support integration of health and social care – but it is not the first or last policy to do this.



Drivers

Better Care Fund

- Mandates Section 75 agreement

Government Integration Agenda

- All areas more integrated by 2020

Sustainability and Transformation plans/ACS

- Capitated Budgets

Aligned budgets - features

- Two or more organisations come together to align objectives and expenditure.
- Expenditure is incurred by the individual organisations.
- Funding is allocated within individual organisations budgets to be spent on the activity.
- Does not require any legislative powers as there is no delegation of functions and no host partner, and therefore each party's statutory duties remain their own.
- Often used as a stepping stone towards a pooled budget

Pooled budgets - features

- A pooled budget (or fund) is an arrangement where two or more partners make financial contributions to a single fund to achieve specified and mutually agreed aims.
- The budget is managed by a single body.
- A S75 partnership agreement is required to establish a pooled budget. This empowers CCGs and local authorities powers to establish and maintain pooled funds out of which payment may be made towards expenditure incurred in the exercise of prescribed local authority functions and prescribed NHS functions.
- Pooled budgets established under these powers do not necessarily constitute a delegation of statutory responsibilities.
- Each locality may have more than one pooled budget.

Integrated financing arrangements – why do it?



Considerations

Lead body or joint venture

Risk appetite?

Links to wider integration – STP
ACS etc.

Governance and risk sharing

- In agreeing joint objectives, the target populations should be identified and estimates created of baselines and metrics.
- Partners should be in agreement regarding the measurement of success and collective decision-making criteria for investment and disinvestment in initiatives. Criteria should include thresholds above and below which action will be taken, to avoid continual change.
- Disinvestment decisions should be made before action is required to ensure that system priorities remain the focus during difficult decision-making processes.
- Calculations of risk and reward should include impact and likelihood assessments.
- Shared risks should be included on a joint risk register, each with a risk owner.
- Determine each organisations' risk appetite and agree on a risk appetite at a system level.
- Identify the extent to which each organisation can influence the risks and benefits. On this basis, agree how risks and rewards will be shared in principle.

Support

https://www.england.nhs.uk/ourwork/pai NHS England » Risk Sharing...

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'How to' Guide: The BCF Technical Toolkit

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Risk Sharing / S.75 agreement

Following requests from local areas, we have produced some further support materials on risk sharing. This includes some additional background and suggestions for what to cover in the risk sharing element of the template: this has been prepared by the BCF Task Force in consultation with NHS England, other health ALBs and professional bodies. As part of the wider support package, Bevan Brittan has also prepared a template S.75 agreement with an explanatory note. This will need to be adjusted to reflect the local situation, but gives a solid place to start.

You can view or download the documents here:

- [Framework partnership agreement](#)
- [Variation to framework partnership agreement](#)
- [Explanatory Memorandum](#)
- [Explanatory Memorandum – Overview](#)

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