

Report To: Cabinet Briefing

Date of Meeting: 30th July 2019

Lead Member / Officer: Councillor Bobby Feeley, Lead Member for Well-being and Independence
Councillor Julian Thompson-Hill, Lead Member for Finance, Performance and Strategic Assets

Report Author: Heidi Roberts, Solicitor. Bethan Jones-Edwards, Head of Regional Collaboration. Steve Gadd, Chief Accountant

Title: Pooled Budget Agreement for Care Home Accommodation for Older People 2019-2020

1. What is the report about?

- 1.1 To provide an update to Members regarding steps taken regionally to ensure compliance with the legal requirement to establish and maintain pooled funds for care home accommodation functions for older people.
- 1.2 To secure Member approval to the establishment of a single, non-risk sharing regional pooled fund for care home accommodation functions for older people to be hosted by Denbighshire County Council for three years.
- 1.3 To secure authorisation to the ratification of and signature on behalf of the Council to a legal agreement prepared for a term of three years to reflect the agreed arrangements for establishment, administration and governance of the pooled fund.

2. What is the reason for making this report?

- 2.1 To advise on the proposed regional approach to fulfilling the legal requirements in relation to the establishment and maintenance of a regional pooled fund for care home accommodation in line with the duties imposed by the Social Services and Well-being (Wales) Act 2014 (“the 2014 Act”) and The Partnership Arrangements (Wales) Regulations 2015 (“the 2015 regulations”).
- 2.2 A decision is required endorsing the regional approach to establishing a non-risk sharing pooled fund (to be hosted by Denbighshire on behalf of the six North Wales Councils and Betsi Cadwaladr University Health Board) insofar as regional spend on care home accommodation functions for older people is concerned.
- 2.3 Given the value of the pooled fund, Cabinet authority is required for the Local Authority to ratify and enter into the agreement prepared to regulate our ongoing relationships with our Partners in relation to the establishment and operation of the pooled fund.

3. What are the Recommendations?

- 3.1 That Members note the progress made regionally in meeting the Part 9 requirements of the 2014 Act which includes a legal requirement to establish a regional pooled fund for care home accommodation for older people.
- 3.2 That Members approve the establishment of a non-risk sharing pooled fund for care home accommodation for older people as set out in this report with Denbighshire County Council acting as Host Authority and for the arrangements to be effective for the financial year 2019/20?.
- 3.3 That Members give approval to the Council entering into a legal agreement between Betsi Cadwaladr University Health Board and the six local authorities across North Wales, regulating the establishment, operation and governance arrangements in respect of the pooled fund for a period of 3 years .
- 3.4 That Members confirm that they have read, understood and taken account of the Well-being Impact Assessment attached at Appendix 1 as part of their consideration.

4. Report details

- 4.1 Members will be aware that Part 9 of 2014 Act provides for Regional Partnership Boards to be established. These Boards bring together health, social services, the third sector and other partners to take forward effective integration of health and social services. Whilst Regional Partnership Boards have strategic and oversight responsibilities in relation to promoting the use of pooled fund arrangements, it is the responsibility of the partners themselves to establish, develop and operate any pooled budget arrangements.
- 4.2 Members will recall that an Integration Agreement has previously been endorsed by Denbighshire and the other North Wales Councils and Betsi Cadwaladr University Health Board. The aim of the Integration Agreement is to set out partners' approach to integrated working and to provide a framework outlining how integration may be achieved in the region (including any pooling of funds). The pooling of funds for care home accommodation commissioning (both nursing and residential) is one of the identified areas for integration and pooling of funds included within the Integration Agreement.
- 4.3 The 2015 Regulations have been subject to amendment and revision by Welsh Government since their original enactment. The regulations require partnership bodies for each financial year (beginning with the financial year commencing 1 April 2019) to make a contribution to a regional pooled fund in relation to the exercise of their care home accommodation functions for older people. The contributions must be commensurate with each Partner's anticipated annual expenditure on care home places for older people.
- 4.4 The purpose of the pooled funds arrangements is to encourage Local Authorities and Local Health Boards to work together to maximise their influence to shape the future development of services and to ensure that services are sustainable in the long-term; capable of responding flexibly to local demand.
- 4.5 Finance Officers from the six Local Authorities and Health Board have progressed the work to develop a non-risk sharing pooled budget for North Wales. The pooled fund will focus on care accommodation costs for older people (those over 65 years of age,

excluding in-house services), It has been established that the overall regional spend in 2018/2019 was £111m (£90m net of charges and contributions).

- 4.6 From the financial year 2019-2020, it is proposed that one regional non-risk sharing pooled budget be established for North Wales. The arrangement would take effect from 1st April 2019. It has been agreed that Denbighshire County Council will host the arrangements; thereby operating the pooled fund on behalf of all the partners.
- 4.7 There will be no delegation of functions involved as part of the pooled fund arrangement. This means that all partners will retain full individual responsibility for fulfilling their statutory duties insofar as commissioning and provision of care home accommodation services is concerned. Each Partner will continue to be solely responsible for their own budgets and expenditure in this respect. The pooled fund will however reflect the actual spend of all partners on care home accommodation functions through quarterly transactions whereby quarterly spend by each partner will be charged to the pooled budget and off-set against contributions made by each partner to the pool on a quarterly basis.
- 4.8 Reporting arrangements for the operation of the pooled budget will consist of a quarterly report to the Regional Partnership Board and internal reporting arrangements to be determined by each partner organisation.
- 4.9 A written, legal agreement has been developed to underpin the proposed pooled fund arrangements for care home accommodation for older people as set out in this report. All six North Wales local authorities and Betsi Cadwaladr University Health Board are parties to the Agreement with Denbighshire County Council acting as the Host Partner administering the pooled fund. The Agreement provides for quarterly financial reporting to the North Wales Regional Partnership Board. Each organisation will have to ratify and execute the Agreement in accordance with their own internal governance arrangements.

5. **How does the decision contribute to the Corporate Priorities?**

Establishing the proposed pooled fund and signing up to the legal agreement prepared supports the following corporate priorities:-

- (a) The council works with people and communities to build independence and resilience;
- (b) Everyone is supported to live in homes that meet their needs; and
- (c) A place where younger people will want to live and work and have the skills to do so.

6. **What will it cost and how will it affect other services?**

- 6.1 There are no direct costs associated with signing up to the agreement. The agreement provides the regulatory and governance framework for the establishment of a single, regional pooled fund for North Wales for a period of three years. The arrangement will comprise of each partner organisation providing contributions to the pooled fund equivalent to the costs they incur. There will therefore be no risk sharing in the first year of this arrangement or any cross-subsidisation between the partners.
- 6.2 Denbighshire County Council will act as Host Authority for the regional pooled fund for the period of the agreement.. The hosting arrangements will, in line with the terms of the legal agreement, be reviewed by the partners as part of the development of the pooled fund arrangements for future financial years.

6.3 A contribution from regionally administered transformation funding of £20k is paid to Denbighshire to recognise the cost of hosting the pool on behalf of all partners.

7. **What are the main conclusions of the Well-being Impact Assessment?**

The introduction of a regional pooled budget is a process matter and should not have any impact on the current arrangements that each partner has with its care homes.

8. **What consultations have been carried out with Scrutiny and others?**

8.1 Finance Officers have been working regionally for many months – collating relevant financial information from all partners and then developing a non-risk sharing pooled budget model. These discussions have involved all partners' s151 Officers (or equivalent) who are in agreement with the proposed way forward.

8.2 The North Wales Regional Leadership Board have received regular updates on the development of the pooled fund arrangement.

8.3 The proposed agreement has been circulated to each partners' legal representatives for consideration.

8.4 The North Wales Regional Partnership Board, which has strategic oversight responsibilities for partnership arrangements emanating from the 2014 Act must also promote the establishment of pooled funds where appropriate.

9. **Chief Finance Officer Statement**

The development of a non-risk sharing pool to include financial transactions is proposed in order to meet legislative requirements.

10. **What risks are there and is there anything we can do to reduce them?**

The requirement to establish and maintain a regional pooled fund in North Wales for care home accommodation functions is a legal requirement enshrined in law.

The agreement provides a framework which offers consistency, clarity and protection for all Partners in respect of the establishment, operation and governance of the non-risk sharing pooled fund. The Agreement lasts for a period of three years from its commencement and the arrangements will therefore need to be robustly reviewed prior to the expiry of the 3-year term. Accordingly, partners will have the benefit of a clear framework within which to operate for a period of 3 years but also have the opportunity to develop the arrangement further in the future as agreed between the partners.

11. **Power to make the Decision**

- (a) Sections 166-167 Social Services and Well-being (Wales) Act 2014
- (b) The Partnership Arrangements (Wales) Regulations 2015
- (c) Part 9 Statutory Guidance (Partnership Arrangements)
- (d) Section 2 Local Government Act 2000