

## **Draft Risk Share Agreement**

### **Reading Local Authority, North and West Reading CCG & South Reading CCG**

#### **Better Care Fund Pooled Budget - Risk Sharing Agreement**

##### **1. Introduction**

1.1 By its nature a pooled budget provides an appropriate vehicle for sharing risk between the associated parties. The general principles for risk-sharing are:

- (i) The financial impact of unpredictable incidences on system wide deliverables should be shared proportionality, dependent on the scheme and service, amongst the parties to the agreement. This supports a general principle that all parties equally contribute effort to the effectively delivery of the schemes
- (ii) Where the impact is so financially significant that individual bodies could be at financial risk, the parties need to work together to mitigate the impact.

##### **2. Scope of Agreement**

2.1 Only the financial elements of services covered by the Better Care Fund (BCF) are eligible for risk sharing (although there will be flexibility to add to the arrangement subject to agreement by all parties and by approval of the Health and Well Being Board). E.g. where budgets are held locally for services outside the BCF but are for the same services as in the Better care Fund e.g. Carers).

2.2 Responsibility for the management of the Better Care Fund that is the Pooled budget is split between the CCGs and The Local Authority by mutual agreement. The assigned responsibility for the different elements of the Pooled budget is shown in pooled budget responsibility table below.

2.3 All parties recognise that risks associated with the Better Care Fund need to be funded by it and not be a pressure on individual organisational budgets outside the Better Care Fund.

2.4 The principle risks to the CCGs are those associated with failure to achieve the savings associated with the delivery of the QIPP schemes incorporated into the BCF and in particular the failure to reduce non elective activity in the acute sector which means that the CCG is also likely to incur additional costs in terms of financial over performance.

2.5 As most of the Better Care Fund has been provided from CCG budgets the principle financial risks to the Local Authorities include the failure to earn the performance elements of the fund. In order to fully mitigate this risk for the Local Authority the performance element of the fund is held by the CCGs and is not factored into the Local Authority expenditure plans. This also avoids the

opportunity costs and effort in trying to earn this additional payment that may be disproportionate to the influence and benefit that the LA can gain from the achievement of the 2.82% reduction in non-elective activity.

### 3. Risk Categories

#### (i) Financial Risk

- Financial overspends on each element of the BCF scheme are the responsibility of the authorising organisation (as set out in the table below) and will not be funded through the BCF, unless agreed by all parties.
- Financial underspends on each element of the BCF scheme will be retained by the Pooled budget for use within the pool in year, and returned to the partners in proportion to their contribution, at year end.
- Under achievement of planned savings and KPIs will be met from contingency and retained performance fund.

#### (ii) Delivery Risk

Failure to deliver the inputs required to deliver KPIs should be borne by the organisation failing to deliver.

#### (iii) Performance Risk

- Failure to achieve the non-elective admissions reduction will mean that the performance element of the fund is not payable to the LA.
- Achievement will be on a proportionate basis:-

○ 100% achievement payable	100%	performance	fund
○ 75-99% achievement payable	75%	performance	fund
○ 50-74% achievement payable	50%	performance	fund
○ 25-49% achievement payable	25%	performance	fund
○ < 25% achievement	No performance fund payable		

- The performance fund remaining for non/reduced performance will be used by CCGs to fund associated over performance associated with failure to deliver the non-elective activity reductions in the acute sector.

#### (iv) Reputational Risk

- Reputational risk will be managed through an aligned communications and engagement plan

### 4. Risk Management Framework & Governance Arrangements

- 4.1 A comprehensive risk register will be in place to manage or mitigate known and emerging risks associated with the development and implementation of the Better Care Fund Plan
- 4.2 Resources to support the development and maintenance of the risk register will be identified by the parties
- 4.3 The Risk Log will be reviewed by groups that are responsible for the individual identified risks – e.g. the finance risks will be reviewed on a monthly basis by the finance group who will update the Risk log for the Programme and provide these updates to the Programme manager for inclusion into the Master Risk Log. The Programme Manager has overall responsibility for ensuring the Risk Log is updated regularly and reported to the Integration Board. Significant risks will be escalated to the Partnership Board and the Health and Well Being Board as appropriate.
- 4.4 The Risk Log will also be reviewed in both health and social care individual governance frameworks.

## **5. Accounting Arrangements**

- 5.1 In determining the pooled budget arrangements the following factors have been considered
  - (a) Whether the funds are being transferred or not from health to social care
  - (b) Who is commissioning the service associated with the budget
  - (c) Which organisation is providing the resources to run/manage the service
  - (d) Who are parties to any associated contracts
  - (e) Which organisation bears the risk of any overspend
  - (f) Where any cost savings benefit arise
  - (g) Which staff are involved
- 5.2 The appropriate accounting standards will apply in relation to any joint arrangements that are put in place.
- 5.3 Each of the CCGs and the Local Authority will recognise its share of the pooled budget in its individual accounts and memorandum accounts will be maintained.

<b><u>Pooled Budget Responsibility</u></b>			
			Reading £'000
<b>Baseline spend - from minimum BCF</b>			
LA's Services funded from historic S256	LA		2,511
DFG	LA		432
Social care capital grant	LA		317
Carers funding	NHS		337
Contingency	NHS		98
Reablement	NHS		779
<b>Baseline</b>			<b>4,474</b>
<b>New Spend - from minimum BCF</b>			
Protection of Social Care Services	LA		1,100
Social Care Bill	LA		361
7 Day working - other	LA		404
Time to Decide beds	LA		456
Personal recovery guide	LA		0
Intermediate care assessor & service	LA		0
SPA	LA		0
Integrated health and social care	LA		0
Prevention and support	LA		0
Night sitting	LA		0
H at H	LA		51
			2,372
Hospital at Home (fye) - NHS spend	NHS		776
Nursing / care home projects (fye)	NHS		175
7 Day working - Primary Care	NHS		896
Connected care (interoperability)	NHS		256
Health Hub	NHS		72
Performance fund	NHS		719
			2,894
Contingency	NHS		84
<b>New</b>			<b>5,350</b>
<b>Total</b>			<b>9,824</b>
<b>BCF funding from LA budgets</b>			
Carers - grants	LA		214
Carers - respite/DPs	LA		90
DFG - extra invest	LA		68
Time to Decide beds	LA		699
			1,071
<b>TOTAL BCF</b>			<b>10,895</b>