

**Report to the Cabinet Member for Adult and Community Services and Cabinet Member for Health and Wellbeing**

**Report submitted by: Executive Director of Adult Services, Health and Wellbeing**

**Date: 1 April 2015**

**Part I**

Electoral Divisions affected:  
All

**Approval of the Better Care Fund Section 75 Financial Agreement**

(Appendix 'A' refers)

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**Executive Summary**

Cabinet Members have considered reports on 24 January 2014, 3 April 2014 and 16 September 2014 detailing the requirement of the County Council to enter into a planning and pooled budget arrangement with Clinical Commissioning Groups (CCGs) known as the Better Care Fund Plan (BCF). This plan sets out the council and its partners' vision and intention to deliver integrated health and social care systems to reduce the demand on acute hospital and care home provision in favour of a sustainable integrated neighbourhood health and social care system. There have been several iterations of the plan that have been overseen by the Lancashire Health and Wellbeing Board with the final submission being signed off on 7 January 2015. Notification that Lancashire's plan has been authorised without conditions was received on 6 February 2015.

The plan needs to be delivered in the context of a pooled budget arrangement under Section 75 (S75) of the NHS Act 2006 updated under the Health and Social Care Act 2012 and for Lancashire requires a minimum contribution of £89m. For the Council our contribution will be set at £9.438m which includes Disabled Facilities Grant (DFG). The agreement sets out arrangements for risk sharing and dealing with under and over-spending within the pooled fund.

As part of the submission, the council has set out its schedule of contributions to the schemes which will deliver specific targets in relation to unplanned hospital admissions, successful outcomes to reablement interventions and care home admissions.

The County Council will act as the host for the pooled fund arrangement. Governance arrangements for the Better Care Fund are being developed by the BCF steering group on behalf of the Health and Wellbeing Board (HWBB) and a further governance workshop with HWBB members have been arranged to receive the outputs from the steering group and to finalise arrangements in advance of 1 April.

This is deemed to be a Key Decision and the provisions of Standing Order No 25 have been complied with.

### **Recommendation**

The Cabinet Member for Adult and Community Services and Cabinet Member for Health and Wellbeing are recommended to:

- (i) Approve that the County Council enters into the Section 75 agreement governing Lancashire's Better Care Fund Plan;
- (ii) Approve the County Council's contribution of £9.438m into the pooled fund;
- (iii) Authorise appropriate officers to sign off and to authorise any final minor amendments to the Agreement required by partners to facilitate submission by 1 April 2015.

This decision should be implemented immediately for the purposes of Standing Order 34(3) as any delay could adversely affect the execution of the County Council's responsibilities. The reason for this is that the Section 75 Agreement must be in place by 1 April 2015 in order to comply with Department of Health requirements.

### **Background and Advice**

Historically local authorities and NHS health providers have not always successfully identified powers that allowed health service providers to undertake social care services and vice versa. Both have traditionally been quite strictly curtailed in what functions they can perform. Section 75 of the National Health Services Act 2006 and its immediate predecessor resolved these types of problems by specifically establishing powers that allow each type of organisation to work with the other and to share budgets, staff and functions, the overall aim being to work more efficiently and to offer a more joined-up, user-friendly service to end users.

The s75 agreement can only be used when there is some cross-over of functions between the organisations.

The s75 agreement is designed to allow the organisations in question to act in partnership to pool budgets or create non-pooled funds, to agree that staff carrying out the inter-related functions can undertake work for both organisations and to delegate functions to provide a more seamless service.

NHS organisations and Local Authorities are increasingly encouraged to move to more formal integrated and collaborative commissioning arrangements to deliver better outcomes and mitigate demand and financial pressures in the health and social care system. It is important that partnerships delivering major change

programmes have clear governance and accountability frameworks to ensure that partners understand their respective responsibilities and any associated risks that they need to manage.

The Better Care Fund was announced during the Government's Comprehensive Spending Review of June 2013. It outlined £3.8 billion nationally for local services to deliver an improved health and social care system, integrating these services around the needs of patients so that people can receive care closer to home more and reduce the need for hospital admission and protracted lengths of stay. The guidance provides local areas with both the detail they need to complete plans and a set of national conditions including the requirement for formal pooled funding arrangements.

Detailed work has been undertaken on a Lancashire wide footprint to develop a plan that addresses health inequalities and improved outcomes for people in Lancashire. Within the plan, partners have described a number of schemes which will operate within a local health economy footprint which will shift resources from acute hospital settings to more community based provision. The schemes aim to increase reablement interventions, reduce care home admissions and reduce non-elective hospital admissions. The Lancashire Better Care Fund Plan received approval without conditions on 6 February 2015, following its second submission. The guidance for the Better Care Fund dictates that, in order to address both the governance and the procurement agendas, a formal partnership agreement between the six CCGs and the County Council using the flexibilities contained in Section 75 of the NHS Act 2006 is required and this must be in place by 1 April 2015. The timeframe for approval and sign-off is extremely tight. The County Council and the six CCGs are required to sign-off the Agreement through their governing bodies by 1 April 2015.

This Agreement is a prescribed arrangement for the establishment and contribution of funds by the Partners into a single Pooled Fund for the purpose of commissioning Services for the benefit of the citizens of Lancashire, in accordance with Section 75 of the 2006 Act.

As part of the requirements of the Section 75, the Partners have agreed to establish and maintain pooled funds for expenditure as set out in the Scheme specifications which form part of the BCF. The pool includes existing section 256 monies already allocated to a number of schemes across the BCF plan. For the Council our contribution will be set at £9.438m. The agreement sets out arrangements for dealing with under and over-spending within the pooled fund. The agreement is that Lancashire County Council hosts and manages the pooled fund on behalf of itself, the other CCGs.

As the host, the Council will account for the contributions into the Pooled Fund and will invoice the CCGs at the end of each quarter for one quarter of the respective CCG's contribution. Each CCG shall charge to the pooled budget any expenditure they have incurred directly up to the maximum amount that they have contributed to the pool.

## Consultations

Continuous engagement has been undertaken with the Lancashire Health and Wellbeing Board through presentations, pre-arranged meetings, specific meetings to discuss BCF and via one-to-one discussions.

Further continuous engagement and consultation has been undertaken with CCGs, acute providers, the Commissioning Support Unit (CSU) and NHS England.

## Implications:

This item has the following implications, as indicated:

### Risk management

- Financial

As part of the rules of the s75, the Partners have agreed to establish and maintain pooled funds for expenditure as set out in the Better Care Fund scheme specifications which. Also included within the pool are the Section 256 reablement funds and associated schemes.

It is proposed that Lancashire County Council hosts and manages the pooled fund on behalf of itself and the CCGs. As the host, the Council will account for the contributions into the pooled fund and will invoice the CCGs at the end of each quarter for one quarter of the respective CCG's contribution. Each CCG will charge to the pooled budget any expenditure they have incurred up to the maximum amount that they have contributed to the pool and therefore this agreement does not include a specific risk share arrangement with any overspends being picked up by the commissioning organisation.

This in part reflects the short timescale for the s75 to be agreed and is the financial risk share arrangements are likely to be amended before the arrangement is renewed for 2016/17.

- Legal

An agreement in the prescribed form has been agreed. Given the short timescale, it is likely that aspects of this agreement will be refined or amended before the arrangement is renewed into a second year and beyond.

### List of Background Papers

Paper	Date	Contact/Directorate/Tel
None		
Reason for inclusion in Part II, if appropriate		
N/A		