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A CIPFA INTRODUCTORY GUIDE FOR CLINICAL COMMISSIONING GROUPS

POOLING BUDGETS AND INTEGRATED CARE

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Foreword

This is one of a series of CIPFA guides to the fundamental responsibilities of the Accountable Officer in a Clinical Commissioning Group.

The guides are intended as introductions to key aspects of these responsibilities. They are intended to help and support Accountable Officers, and the wider leadership and decision-making structures in the Consortia. They will also enable key staff members to recognise the requirements placed upon them, and enable them to act as critical friends to the Accountable Officers.

The guides will assist Accountable Officers in developing their non-clinical skills and abilities, enabling them to challenge effectively, and to hold to account their specialist staff and advisers.

The subjects to be covered in the first set of guides include:

- An Introduction to the NHS Reforms and Financial Challenge
- An Introduction to establishing a Clinical Commissioning Consortia
- An Introduction - Preparing and Evaluating Business cases – Option Appraisal
- An Introduction - Pooling budgets and the benefits of integrated care provision

CIPFA is keen to support the effective leadership and management of Commissioning Consortia and encourages users of these guides to raise questions and make suggestions for future guides and more in depth support

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CIPFA is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public services. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards. Uniquely among the professional accountancy bodies in the UK, CIPFA has responsibility for setting accounting standards for a significant part of the economy, namely local government. CIPFA's members work (often at the most senior level) in public service bodies, in the national audit agencies and major accountancy firms. They are respected throughout for their high technical and ethical standards, and professional integrity. CIPFA also provides a range of high quality advisory, information, and training and consultancy services to public service organisations. As such, CIPFA is the leading independent commentator on managing and accounting for public money.

POOLING BUDGETS

Pooled Budgets result from proposals to develop excellent partnership arrangements.

The objective is to provide seamless and improved services for patients where for example health and social services work jointly together. Partnership arrangements need to be agreed and written up and provide a number of measurable service outcomes and clear and synchronised frameworks covering organisational processes such as budget setting, financial planning, financial timetables, the sharing of risk and how the partnership is managed and decisions taken.

Improved outcomes can be, for example – earlier hospital discharge, a reduced number of preventable hospital admissions, more individuals looked after in the community. The Following section on Integrated care looks in more detail and provides a specific example of the potential benefits of joint working. The main element of legislation that provides for the pooling of budgets currently is section 75 of the NHS Act 2006.

For effective partnerships to work, organisations should share a common purpose, staff need to come together and manager's need to work beyond traditional professional and organisational boundaries.

Guidance can be helpful as the pooling of budgets provides a number of challenges to organisations as they attempt to align or introduce new financial management arrangements and ensure effective use of public money.

There are four main types of budget sharing mechanisms that provide the basis for the financial management solution. The four main pooled budget models are:

Aligned Budget Arrangements

Under this arrangements budgets remain with the individual organisation but a joint board comes together to agree joint objectives and how individual organisations activities can be aligned to maximise the synergies between them.

Lead Body Arrangements

One of the organisations takes on a lead body role and administers a total budget on behalf of the individual organisations to achieve jointly agreed objectives. Expenditure may be controlled by a joint board but day to day financial management will be undertaken by the lead body.

Joint Commissioning Arrangements

The individual organisations come together to commission a third party to provide a service on their behalf. A joint board will usually set the objectives and contract terms but delivery will be down to the third party at a cost set out in the contract.

Joint Venture Arrangements

This is where a separate entity is established by the individual organisations to deliver the activity or function. A joint board will set objectives and key activities for the organisation which may either be freestanding of or controlled by the individual parties.

Variations of these four pooled budget sharing mechanisms may be developed but the solution to their financial management challenges will come from a variation of the solutions put forward for the four mechanisms.

Guidance on the Governance of Partnerships and Pooled budgets

It is important for governance standards in all parts of the public services to be high – good governance leads to good management, good performance, good stewardship, good public

management and ultimately good outcomes. Each partner organization has its own governance and accountability structure, its own code of conduct and risk management arrangements. A 'one size fits all', prescribed solution to governance in partnerships is not appropriate as it is unlikely to cater effectively for the myriad of different issues and types of partnerships. Governance arrangements must be proportionate to the risks and responsibilities involved. One specific challenge is that different partners will bring different governance models and expectations to the table.

Partnerships can assess and evaluate their performance against six core principles of good governance taken from the Good Governance Standard for Public Services.

Good Governance standards

Focusing on the purpose of the partnership and on outcomes for service users and the partnership vision

- The function of governance here is to ensure that organizations or connected partnerships fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. The overarching reason for the existence of the partnership should be clear and its purpose should be defined in terms of the impact it is intended to have on and service users
- Working effectively together with clearly defined roles and responsibilities
 - Governance involves ensuring clear leadership, objectives and effective performance. This principle requires that all partner organisations work effectively in pursuit of the partnership's vision, objectives and actions with clear roles and responsibilities. Formal relationships - between individuals and organisations, for example - are carefully defined and less formal relationships are constructive and supportive of the purpose of the partnership
- Promoting values for the partnership and demonstrating the values of good governance through high standards of conduct and behaviour
 - A partnership should develop, maintain, promote and demonstrate adherence to a consistent set of values which incorporates high ethical standards that translates into behaviour.
- Developing the capacity and capabilities of the members and officers of the partnership to be effective
 - This principle requires that the members of the partnership, whether elected, nominated or appointed, have the skills and support necessary to carry out their role effectively both individually and as a group, and that their skills are developed on a continuing basis
- Taking informed and transparent decisions which are subject to scrutiny and managing risk
 - This principle seeks open decision-making, taken objectively, on the best possible information, after careful scrutiny of that information and consideration of associated risks.
- Engaging with stakeholders to ensure robust accountability
 - Real accountability requires a relationship and a dialogue. Accountability is the process by which a partnership gives an account of its actions and is held to account. It is also concerned with engaging with stakeholders to understand and respond to their views as the partnership plans and carries out its activities

Partnerships are not new to GPs – most are in partnership sharing their skills, resources and assets. Piloting of new models and the sharing of experiences are good tools to roll out pooled budget arrangements

How does a pooled arrangement operate?

It is important to understand how the partnership will receive and manage its funds from the individual organisations.

Aligned Budget	<ul style="list-style-type: none"> • 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.
Lead Body	<ul style="list-style-type: none"> • One organisation takes on responsibility for delivering the function or activity on behalf of all parties. • The lead organisation receives funding from the other organisations and a total budget for the activity agreed by all the parties.
Joint Commissioning	<ul style="list-style-type: none"> • Two or more organisations come together to jointly procure an activity or function. • Contract payments are split between the member organisations according to pre agreed formula.
Joint Venture	<ul style="list-style-type: none"> • A separate entity is established by the individual organisations to deliver the activity or function. • The individual bodies fund the joint venture to a pre-agreed level. • Funding is received by the joint venture either through a grant mechanism or by a charge for services provided.

INTEGRATED CARE

Integrated care takes the concept of pooling budgets one stage further and can bring together different groups involved in the service users care so that, from the patient’s perspective, services delivered are fully joined up and patient focused.

Providers under a non-integrated system may focus on single episodes of treatment, rather than on a patient’s overall care plan and well-being. A more comprehensive approach can offer the patient higher quality; efficient care that will not only meets their needs but will also be cost effective.

Integrated care can be grouped together into three broad categories:

Integration between primary care and secondary care.

- Integration is designed to provide a “one stop shop” services for patients; to improve care coordination, and to facilitate a better use of resources.

- Polikum, a provider of integrated outpatient health services in Germany, stipulates that patients should be able to obtain all types of outpatient care in one facility. Within Polyclinics in Berlin, patients can consult primary care physicians, specialists, nutritionists, and other health professionals; they can also undergo diagnostic tests and receive their prescriptions. Polikum executives estimated that hospital costs were reduced by about half after adopting this approach.

Integration between secondary care, community care and social services

- Sweden have taken a lead in this area to provide a better integration between secondary care, community care and social services.
- An elderly or disabled patient can be discharged from a Swedish hospital (to go home or to a lower dependency setting), a physician from the hospital and a case worker from the municipal social services agency must jointly develop a plan to ensure that the patient will receive appropriate follow-up services. This has enabled the country to improve the care delivered to these patients and to reduce the number of patients kept in the hospital once they no longer need acute treatment
- Financial and clinical viability must also be considered. If a large investment is required for a small population, the benefit has to be significant. With regard to chronic renal failure studies in Children have shown that after taking into account medical expertise and equipping services provided over a population base of 500,000 is required

Should Integration be structural or Virtual?

- Structural integration requires that different organisations either be merged or have some sort of formal partnership or joint-venture arrangement. Virtual integration requires only that the organizations work closely together. Best results are achieved as outlined above for pooled budgets when effective governance mechanisms, including strong performance management, are in place.

What minimum requirements must be in place to succeed?

- Structural integration may not always be possible. When this is the case, the organisation can put other governance mechanisms in place to ensure that care is coordinated.
- For an integrated-care pilot to succeed there must also be strong support for it among all participants.
- A good public engagement program is required

What other factors are required for integrated care to work well?

- ***Patient self-care.*** Integrated care achieves best results when patients actively manage their own care, avoid unhealthy behaviours, and can accurately identify when they need clinical intervention.
- ***Incentives*** (discounts on gym memberships, for example) help motivate patients to make the necessary changes.
- In addition, patients must also be given ***information, support, and tools*** they can use to manage their condition (for example, visual-management tools that enable them to see their targets and track their progress).

- **Team responsibilities and accountability (the “panel approach”).** Integrated care is provided by a team of professionals who must work together to deliver the necessary services. For the team to function effectively there must be clarity about who is responsible for what. If possible, a single person should have ultimate accountability for each patient; this helps ensure that all appropriate services are delivered but no duplicate or unnecessary services are ordered.
- **A registry of information.** High-quality, efficient care and information sharing are possible only if all care providers have easy access to up-to-date patient records; they must also be able to update those records easily. Electronic patient records do more than improve care during individual patient visits; they also make it easier to plan for future care needs. Reliable, real-time information also facilitates more robust performance management.
- **Clinical engagement and leadership.** If changes in health care delivery are to succeed, it is important that clinicians (especially physicians) play a prominent role.
- **Governance** An integrated-care pilot should be predicated on a strong vision—a clear understanding of what the project’s goal is and how that goal will be achieved. In addition, the project must have a clear governance structure; either a single board should be in charge of the effort or the involved organizations should have an agreed-upon plan for how decisions will be made. Performance to be designed and measured

Torbay is an excellent example of an in Integrated Care Project.

In 2002 Richard Feachem and a number of colleagues published a comparison of the NHS to the Kaiser Permanente system in the United States in the British Medical Journal (BMJ). The findings of this work were that hospital bed day use in Kaiser was one third of that of the NHS.

This led to the establishment of three pilot programmes in the UK at Birmingham and Solihull, Northumbria and Torbay. The Torbay programme concentrating on closer integration of health and social care.

What has been the experience in Torbay

Characteristics of the Torbay Health and Social Care system extend to

A catchment population of 140,000
A history of good relations between the NHS and the Council extending over 20 years
The creation of a whole District Care Trust in the 1990's
The appointment of a joint Director of Public Health
Joint Management team meetings
A combined NHS and Adult Social Services within “Torbay Care Trust”
The creation of the Care Trust was to alleviate problems such as clients difficulties and frustrations navigating health & social care systems such as separate assessments, restating conditions to many people, delays in the system due to transmission of information and complexity of systems
5 Integrated health and social care teams were organised and established in zones or localities aligned with general practices.
Each team being co-located, with a single manager, point of contact and assessment process
The appointment of un-qualified health and social care co-ordinators working in each team is to accept referrals and act as a single point of contact
Budgets are pooled and used to commission health or social care as needed
A fully integrated Health and Social care record has been created
Intermediate care has been developed to enable users to be supported at home and help to avoid inappropriate hospital admissions

The role of Community hospitals was reviewed with one changed from a convalescent facility to an active intermediate care service with the role of nurses and therapists developed and closer links forged with the acute hospital and elderly specialist care
A new team within the Care Trust reviews patients in hospital and works with hospital staff to discharge patients when there is pressure on beds.

The objectives of Torbay is Integrated Care for older people with the following characteristics

- The use of models such as telecare and remote monitoring to support people to remain as independent for as long as possible at home.
- Building on Intermediate care services, identifying those at greatest risk of admission and developing in-reach to hospital to support discharge and smooth transitions
- Ensuring that older people are cared for in a timely, dignified and clinically evidenced way when an acute hospital stay is required.
- Ensuring that people are helped to regain independence following a hospital stay or crisis.
- Ensuring that an increasing number of people are able to die in the place of their choice.

What have been the results of this Integration?

Intermediate care services are now available within each zone via the single point of access.
Access to Occupational Therapy, Physiotherapy and District Nursing is available within 3.5hrs if urgent and within 5 working days if non-urgent.
For October 2008 99% of Community Equipment had been provided within 7 days of request [For April it was 90%]
For October 2008 83% of Patients have been assessed within 28 days of referral [For April 2006 it was 72%]
For October 2008 the number of care packages in place within 28 days of assessment was 97%. [For April 2006 it was 67%]
Deprivation adjusted, the standardised admission ratio for the 65 and over population is 87.7, the third lowest in the South West
Use of emergency beds for the 65 and over age group is 2025/1000 [Compares with a South West average of 2778/1000]
For the over >85 age group, of those experiencing 2 or more admissions Torbay uses only 47% of emergency bed days in comparison with its benchmark group.
The Foundation Trust was ranked fourth in England for its use of beds and fifth for day surgery rates at Q3 in 2008/9
In 9 out of 19 HRG chapters Torbay had the lowest use of beds per 1000 population
The average number of daily occupied beds for the DGH and community hospitals had fallen to 528 in 2008/9 [This compares to 750 in 1998/9]
Torbay has the second lowest proportion of aged 65 and over discharged to residential care
Torbay is second only to South Gloucestershire in the proportion of expenditure on direct payments in the region.
The Care trust has performed well financially
Service user and staff satisfaction have improved.
A number of challenges have been identified as a result of the more rigorous future financial environment and the separation of commissioner and provider functions required under the transforming community services programme. Many of the Social service functions such as residential care and domiciliary care teams have been outsourced.

Of the pilot sights Torbay has been highlighted as making significant progress particularly with its

- Continuing reduction in use of acute beds
- Lower than expected use of hospital beds for emergency admissions in the population aged 65 and over.
- Virtual elimination of delayed transfers of care

- Improved access to intermediate care
- Good Financial performance

It is believed that the following factors have been significant in explaining this progress

- A history of integrated working and a responsive context for change
- A period of organisational stability compared with the other beacon sites.
- Continuity of leadership
- Partnership working as the implemented strategy
- Keeping the Kaiser vision at centre stage.

The progress in Torbay highlights the potential of integration to deliver many of the objectives of the Quality, Innovation, Productivity and Prevention (QIPP) programme established by the Department of Health to identify opportunities to release resources while also improving performance.

References

“Care Closer to Home” – Developing Hospital services and Integrated Care within the Community CIPFA. 2010

“Working together for Health” University of Birmingham Health Service Management Centre 2010

“The Good Governance Standard for Public Services” This was developed by the Independent Commission on Good Governance in Public services. The Independent Commission was established by CIPFA and The Office for Public Management with support from the Joseph Rowntree Foundation

Appendices

Pooled Budgets

Where is income and expenditure recorded?

Arrangements need to ensure that all income and expenditure is correctly recorded to ensure public money is properly accounted for.

Aligned Budget	<ul style="list-style-type: none"> Income and expenditure is recorded in the accounts of the individual authorities.
Lead Body	<ul style="list-style-type: none"> Income and expenditure is recorded in the accounts of the lead body and recharged among the member bodies according to a pre-agreed formula.
Joint Commissioning	<ul style="list-style-type: none"> Income and expenditure is recorded by the contractor. The contractor bills the individual bodies separately in line with contractual arrangements. A subset of this arrangement might be to combine it with a lead body arrangement and set up a single billing arrangement and recharges.
Joint Venture	<ul style="list-style-type: none"> Income and expenditure is recorded in the accounts of the joint venture.

How is performance reported?

Regular performance reporting to the joint board is essential to ensure that the objectives for the community budget are being achieved.

Aligned Budget	<ul style="list-style-type: none"> Performance is reported within individual organisations and collated to provide a report of performance across the project.
Lead Body	<ul style="list-style-type: none"> The Lead Body provides reporting for the function or activity on behalf of all the parties and makes it available to all. Performance indicators may include geographical or other specific indicators on the request of the other parties.
Joint Commissioning	<ul style="list-style-type: none"> Performance reports are provided by the service provider in the format determined by the contract.
Joint Venture	<ul style="list-style-type: none"> The joint venture will provide regular performance reports for the joint venture as a whole. Performance indicators may include geographical or other specific indicators on the request of the other parties.

Pooled Budgets

Where are assets and liabilities held?

This is one of the more complicated s of partnership budgets as assets and liabilities may be built up by the partnership that have a life beyond that of the partnership agreement. Assets may include property but also intellectual property and software, whilst liabilities could include staff termination costs, pensions and contractual liabilities. Where a partnership gives rise to significant assets and liabilities, individual organisations may wish to seek legal advice as to how these should be identified and managed, particularly on contract termination.

Aligned Budget	<ul style="list-style-type: none"> Individual organisations hold there own assets and liabilities.
Lead Body	<ul style="list-style-type: none"> Assets and liabilities are held by the lead body. Pre-determined arrangements for the sharing of assets and liabilities at the end of the partnership will need to be agreed, particularly if assets and liabilities are significant.
Joint Commissioning	<ul style="list-style-type: none"> Assets and liabilities are held with the contractor or the individual parties' dependant on what is specified in the contract. A contract for services would normally require the assets and liabilities to be held by the contractor.
Joint Venture	<ul style="list-style-type: none"> Assets and liabilities are held by the joint venture with agreement in place as to how these are to be divided up should the joint venture be wound up.

What are the arrangements for terminating the partnership?

It is important that the arrangements for the end of the partnership are agreed from the outset. Individual organisation will need to consider their duty to continue to provide the activity at the end of the partnerships and the impact the partnership may have on their ability to do so. Individual organisations may also wish to build in extension arrangements to allow a successful partnership to continue beyond its original term or be expanded to include other activities.

How will the CFO satisfy themselves re financial management?

The CFO of public service organisations have a duty to ensure effective management of public money, whether that money is spent directly by their individual organisation or via a partnership.

Aligned Budget	<ul style="list-style-type: none"> Normal internal arrangements will apply.
Lead Body	<ul style="list-style-type: none"> It is assumed that, unless evidence exists to suggest otherwise, reliance can be placed on the lead body systems with regular reporting to all partners.
Joint Commissioning	<ul style="list-style-type: none"> Normal contract management arrangements will apply. The parties may wish to nominate a lead body in respect of contract management and monitoring
Joint Venture	<ul style="list-style-type: none"> The internal control and financial management systems to be operated by the joint venture will need to be agreed and monitored. The parties may wish to nominate a lead body in this respect.

Pooled Budgets

How will Internal Audit requirements be satisfied?

Internal Audit is a key part of ensuring that financial systems are operating effectively. It is important that internal audit is seen to have a key part in the effective financial management of community budgets but that unnecessary duplication can be avoided.

Aligned Budget	<ul style="list-style-type: none"> Individual parties' activities will be subject to their own internal audit arrangements.
Lead Body	<ul style="list-style-type: none"> It is assumed that, unless evidence exists to suggest otherwise, reliance can be placed on the lead body's internal audit arrangements with regular reporting to all partners. Right of access by individual parties internal audit may be retained
Joint Commissioning	<ul style="list-style-type: none"> Normal contract management arrangements will apply. Right of access by individual parties' internal audit may be retained.

Joint Venture	<ul style="list-style-type: none"> Either the joint venture may have its own internal audit function or this may be provided, under contract, by one of the individual parties. Right of access by individual parties internal audit may be retained
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How will external audit arrangements apply?

Under plans for the Future of local Audit, individual local public service organisations will become responsible for appointing their own auditors. This makes clarity of audit arrangements even more important if duplication is to be avoided. Depending upon the partners involved in a community budget, different audit arrangements may apply with potentially the NAO being involved in the case of central government partners. In determining audit arrangements for community budgets it is advisable to include the individual parties' auditors at an early stage.

Aligned Budget	<ul style="list-style-type: none"> Individual parties normal external audit arrangements will apply.
Lead Body	<ul style="list-style-type: none"> The lead authority's auditors will audit the entirety of the activity, allowing reliance to be placed on the financial records by individual parties own auditors.
Joint Commissioning	<ul style="list-style-type: none"> Normal contract arrangements will apply, with contract documentation and transactions being subject to audit by the individual parties.
Joint Venture	<ul style="list-style-type: none"> The joint venture will appoint its own external auditors, allowing individual parties to place reliance on its accounts.