



## **CABINET – 30TH MARCH 2016**

**SUBJECT: GWENT FRAILTY PROGRAMME - REVISED SECTION 33 AGREEMENT**

**REPORT BY: CORPORATE DIRECTOR – SOCIAL SERVICES**

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### **1. PURPOSE OF REPORT**

- 1.1 To seek Members endorsement of the proposed revisions to the Section 33 (Health Act 1999) partnership agreement between Aneurin Bevan University Health Board and the five local authorities of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen in respect of the Gwent Frailty Programme.
- 1.2 The revised section 33 has to be agreed by all partners by the 31st March 2016. Unfortunately the discussion to formulate the new Section 33 have taken a long time to conclude. The proposed changes do not significantly change the existing Agreement and given the fact that the new Agreement needs to be in place as soon as possible this Report will not be presented formally to the Health, Social Care & Wellbeing Scrutiny Committee.

### **2. SUMMARY**

- 2.1 The Gwent Frailty Programme (GFP) is a transformational programme between the five neighbouring local authorities in the former Gwent area and Aneurin Bevan University Health Board (ABUHB). Its aim is to provide services to frail people across the area in a way that is person centred and focused on the needs of individuals, rather than organisations. It is regarded by the Welsh Government as one of Wales' iconic projects, and has been backed by repayable Invest to Save funding of £6.3 million from Welsh Government.
- 2.2 The GFP has been developed in recognition that many aspects of historic models of health and social care provision are unsustainable and that more effective whole system working is necessary to address increasing demand for services which meet frail individuals' needs.
- 2.3 The formula for the repayment of Invest to Save funding was in simple terms based on the anticipated savings each of the partners could receive from the investment in alternative models of care. For local authorities savings were expected to be in terms of reduced packages of care and care home beds. For ABUHB savings were expected from reductions in bed day usage.
- 2.4 By the end of the 2015/16 financial year it is anticipated that the Invest to Save funding will be exhausted and while an independent review of the GFP concluded that cost avoidance could be evidenced, cash releasing savings were unlikely due to demographic changes and increased demand for health and social care.
- 2.5 The conclusions from this independent review undertaken by Cordis Bright coupled with the unfavourable economic climate for public sector organisations has prompted partners to review their commitment to the GFP and reconsider how the programme should be funded moving forward. This in turn has necessitated a review of the Section 33 partnership agreement.

- 2.6 A proposed revised agreement has been agreed by the Gwent Frailty Joint Committee (GFJC) comprising of Cabinet/Executive Members for social services for each of the local authorities and an independent member of ABUHB and is attached at appendix 1 for reference.
- 2.7 This report highlights any significant change to the governance and financial management of the GFP that are included in this revised agreement and asks Members to endorse the recommendation of the GFJC to approve the revised agreement.

### **3. LINKS TO STRATEGY**

- 3.1 The Gwent Frailty Programme enables people to be supported to live in their own communities to lead safe, fulfilled and independent lives (Single Integrated Plan-Priority H5).
- 3.2 The Gwent Frailty Programme enables people's social care needs to be identified and met in a timely way (Council Priority 2013-2017 No.1).
- 3.3 The Gwent Frailty Programme is a critical component in facilitating prompt discharge from hospital and avoiding unnecessary admissions into hospital.
- 3.4 Regional and cross-sector partnership working continues to be a key focus of Welsh Government as demonstrated in part 9 of the Social Services and Well-being (Wales) Act 2014.

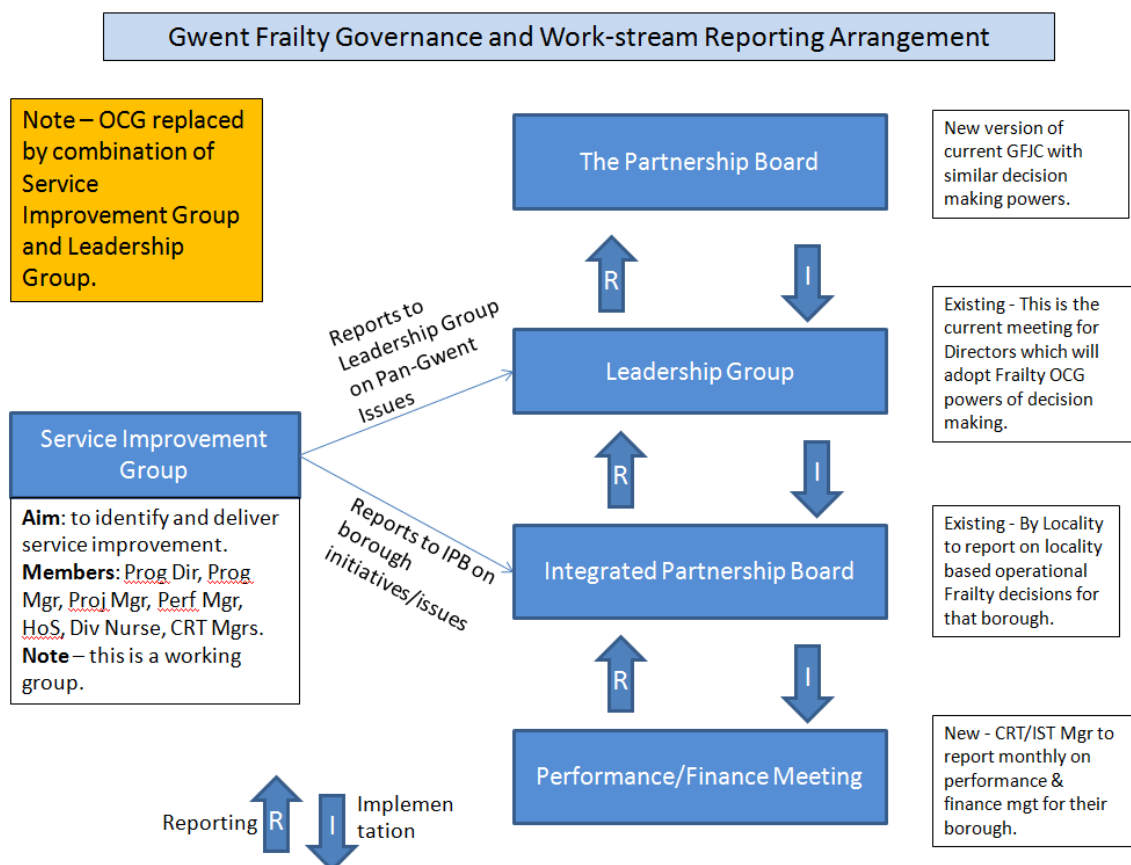
### **4. THE REPORT**

- 4.1 The Gwent Frailty Programme (GFP) is a partnership between the five neighbouring local authorities in the former Gwent area and Aneurin Bevan University Health Board (ABUHB). The partnership was created in April 2011 and was underpinned by a Section 33 (Health Act 1999) Agreement which set out the governance and financial management arrangements for the Programme. This agreement covered a 3 year period but could continue in force until it was terminated by written notice.
- 4.2 The programme was developed in recognition that many aspects of current models of health and social care provision are unsustainable and that more effective whole system working is necessary to address increasing demand for services which meet frail individuals' needs. As such the partnership was awarded up to £7.3m of Welsh Government (W.G.) Invest to Save funding to fund the transformational services that were expected to deliver longer term savings in health and social care. This W.G. funding was to be repaid by instalments over the period 2012/13 to 2017/18.
- 4.3 These instalments were to be funded by partners in proportion to the anticipated savings that each partner could receive as a result of the additional investment. For local authorities that was expected to be in terms of reduced packages of care and care home beds and amount to around 24% of the total savings. For ABUHB savings were expected from reductions in hospital bed day usage and amount to around 76% of the total savings.
- 4.4 An independent review of the GFP undertaken by Cordis Bright in July 2014 recognised the positive impact that the Programme has had for service users but 4 key challenges emerged from the review. These were:-
- Acknowledgment that cash releasing savings were unlikely, but cost avoidance may have been achieved.
  - The need to shift to a consistent service model across Gwent, based on the most effective evidence based approach.
  - The need for better information and performance capture to allow evaluation to be performed and develop future targets for CRTs, including service efficiencies.

- Establish a single Frailty Director to manage the service and its development aligned to the recommendations of the review and future direction for Frailty in Gwent.

- 4.5 In view of the lack of cash releasing savings, the GFJC chose not to draw down the final £1m instalment of Invest to Save funding from W.G. and renegotiated the repayment terms of the £6.3m previously drawn down to extend until 2020/21. This in turn has necessitated a review of the financial arrangements for the partnership.
- 4.6 Also in response to the Cordis Bright Review, the GFJC chose to appoint a Programme Director. This appointment has necessitated a review of the governance arrangements for the partnership.
- 4.7 A further independent review of the service undertaken by the Wales Audit Office in December 2015 also recognised the positive regional cross-sector partnership working. However, the review further recommended that partners' commitment to the future of the Programme should be obtained and clearly expressed through the section 33 agreement while a performance management framework should be developed to ensure that the success of the Programme can be evidenced.
- 4.8 The issues highlighted in paragraphs 4.5, 4.6 and 4.7 have been addressed within the revised Section 33 agreement and any significant variations from the original agreement have been highlighted in the following paragraphs 4.8.1 to 4.8.13.
- 4.8.1 The GFJC has resolved to cap the cost of the GFP at £15,954,000 in 2016/17. To achieve this, partners will need to identify around £388k of efficiency savings in 2016/17 in order to fund inescapable inflationary pressures such as pay awards. As ABUHB funds around 73% of the ongoing costs associated with the additional investment in the Programme since its inception, The GFJC has agreed that ABUHB should benefit by 73% of this £388k disinvestment in the Programme.
- 4.8.2 The revised SECTION 33 Agreement also reflects the GFJC agreement that any financial benefit from further disinvestment from the Programme should also be shared between ABUHB and local authorities in the ratio 73:27 unless total disinvestment reaches £6.3m (i.e. The additional investment in the Programme since April 2011).
- 4.8.3 Under the revised SECTION 33 Agreement any proposals for additional investment in the Programme will require a costed business case clearly setting out the additional contributions from each partner that would be required to fund the proposed investment.
- 4.8.4 In order to streamline decision making at a local level, 5 separate locality pooled budgets have been created by the revised SECTION 33 Agreement. ABUHB will be expected to make contributions into each of these 5 pools while each local authority will only contribute into the pooled budget for their own locality. These local pools will remove the distinction between base declaration costs and additional investment post-April 2011 to create a single pool for each locality.
- 4.8.5 Any expenditure on services provided in a particular locality will be funded solely from the pooled budget for that locality. This means that decisions in respect of services for the Caerphilly locality will only have a financial implication for Caerphilly local authority and ABUHB and can be negotiated at a local level without reference to other local authorities. Conversely, Caerphilly local authority would not have any input into negotiations within other localities. However, it is likely that any negotiations will involve the Programme Director and Pooled Fund Manager who will ensure that any decisions are consistent with the aims of the wider Programme and do not shift a service burden to another partner.
- 4.8.6 The revised SECTION 33 Agreement provides some scope for the Programme Director to consider a short term reallocation of staff between localities for the greater good of the Programme as a whole. This provision is limited to a period of seven days and would be in consultation with all affected staff and cognisant of any HR/TUPE conditions.

- 4.8.7 In addition to the 5 local pooled budgets, there will be 3 Programme-wide pooled budgets covering (a) W.G. Invest to Save loan repayments, (b) lead commissioning costs and (c) services provided centrally which are influenced by the level of demand such as the provision of a single point of access.
- 4.8.8 The Programme Director will become the designated budget holder at a programme level but will delegate to the Community Resource Teams (CRT)/Integrated Service Teams (IST) Managers at an operational level, with some budget accountability being held by ABUHB Community Divisional Nurses and Local Authority Head of Service.
- 4.8.9 Locality Delivery Plans (LDP) will be introduced for 2016/17 which will include a service delivery statement, resources and all associated costs for the five county boroughs. The costs associated with these LDPs will need to be contained within the financial envelop of the locality pooled budget and CRT/IST managers will report monthly to the Programme Director in respect of finance and performance. This process is the first stage in the revised governance process.
- 4.8.10 Much of the governance arrangements and scheme of delegation for the Programme are captured in the schedules that accompany the revised SECTION 33 Agreement. These, schedules have been updated to (a) include the role of the Programme Director in streamlining day to day decision making and developing the strategic direction of the Programme, (b) reflect a change in the voting rights of the GFJC to provide parity between ABUHB (5 votes) and the 5 local authorities (1 vote per local authority) and (c) demonstrate how the GFJC will ultimately align with wider partnership governance arrangements (see figure below for details).



- 4.8.11 The revised SECTION 33 Agreement includes a robust monthly reporting cycle in respect of finance, performance and workforce issues along with the requirement for an annual report at year end and a mid-year review which will help to inform local delivery plans and budget setting for future years.

- 4.8.12 The contributions required from each partner into each of the 8 separate pooled budgets for 2016/17 are also set out in the schedules supporting the agreement but a longer term financial plan will be developed to ensure future value for money from the investment in the Programme.
- 4.8.13 Finally, the agreement does not include a specified end date but can be terminated by any party after a period of written notice.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 There are no equalities implications contained within this report.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 Caerphilly's contribution into the pooled budgets in 2016/17 has been set by the GFJC at £2,296,026 and is broken down as follows:-
- Caerphilly local pool £2,155,484
  - W.G. Repayment £68,226
  - Lead Commissioning £25,775
  - Programme-wide Demand Led Services £46,541
- 6.2 Under the previous SECTION 33 Agreement base declaration costs were funded solely by the organisation that hosted those costs and as such any underspend against base declaration budgets was solely realised by the host organisation. Under the revised agreement base declaration costs will be pooled with the post-April 2011 additional investment costs and funded from local pooled budgets. As such, any underspend will be shared amongst the partners contributing in to the pooled budget in proportion to their agreed contributions into the pooled fund, irrespective of which organisation the underspend originated in. Conversely, any overspend against the pooled budget would need to be funded by the organisations in proportion to their agreed contributions in to that pool (unless the overspend can be attributed to the actions of a specific organisation).
- 6.3 Any further savings resulting from disinvestment in the Caerphilly local pool will be shared between ABUHB and Caerphilly Local Authority in the ratio 73:27.
- 6.4 Any further savings resulting from disinvestment in the Lead Commissioning Pool will be shared between ABUHB and local authorities in the ratio 73:27 and Caerphilly will receive 20% of the local authority share.
- 6.5 Any further savings resulting from disinvestment in the Programme-wide Demand Led Services Pool will be shared between ABUHB and local authorities in the ratio 73:27 and Caerphilly will receive 30.1% of the local authority share.
- 6.6 Any proposed additional investment into any of the pooled budgets will need to be supported by a costed business case which sets out the additional contributions that would be required from each partner.
- 6.7 Further work is planned to develop a longer term budget to ensure the sustainability of the Programme in to future years.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There are no major changes to the workforce resulting from this agreement apart from the day to day leadership support provided by the Programme Director. However, overall management will remain a joint responsibility between the Head of Adult Services and the Divisional Nurse.

## **8. CONSULTATIONS**

8.1 There are no consultation responses that have not been reflected in this report.

## **9. RECOMMENDATIONS**

9.1 That Members endorse the revised Section 33 Agreement as recommended by the Gwent Frailty Joint Committee (see appendix 1).

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 To provide a platform to develop a financially sustainable partnership for the provision of frailty services in the medium to long term.

10.2 To respond to the challenges identified by the Cordis Bright Review (July 2014) and the Wales Audit Office Review (December 2015).

## **11. STATUTORY POWER**

11.1 Section 33 of the Health Act 1999.

11.2 Part 9 of the Social Services and Well-being (Wales) Act 2014.

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Consultees: Councillor Robin Woodyatt, Cabinet Member  
Mike Jones, Interim Financial Services Manager (GFP Pooled Fund Manager)  
Jo Williams, Assistant Director Adult Services  
Steve Harris, Interim Head Of Corporate Finance

Background Papers: Cordis Bright Review (July 2012 )  
Wales Audit Office Review 2015  
Draft Section 33 Agreement Relating to the Lead Commissioning and Integrated Provision of Frailty Services and the Establishment of a Pooled Budget