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better outcomes through well run, evidence-based public care

Welsh Government

Better Outcomes through Pooled Funds

A Review of Literature

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1 Introduction

The Institute of Public Care at Oxford Brookes University (IPC) was commissioned by the Welsh Government to undertake a review of recent literature to summarise the potential benefits of pooled funds between local authorities and health organisations, and learning on key factors, which can make them successful in helping to secure better health, care and wellbeing outcomes for the population. This report draws upon around 50 articles and papers.

Historically, pooled funds were associated with very specific local services such as community equipment stores. More recently the trend has been for large-scale integrations involving 'one system and one budget'. Perhaps the most ambitious ventures to date have been in Greater Manchester, and in Scotland, across each Health Board / local authority area. In Wales, the Partnership Arrangements (Wales) Regulations 2015 require partnership bodies within each regional partnership board area to establish and maintain pooled funds in relation to:

- The exercise of care home accommodation functions
- The exercise of family support functions.

These regulations also require that if any of the partnership bodies decide to do things jointly in response to the population assessment, they must consider whether it is appropriate to establish and maintain a pooled fund, and identifies a number of areas where RPB's need to actively consider the potential for more integrated resources. The literature suggests that pooled funds can be a major facilitator of integrated care, and the most practical way of jointly commissioning across a whole system, but it is important to start by mentioning some 'health warnings' about the available literature:

- There is relatively little in the way of systematic research about pooled funds (the most recent review is from the Centre for Health Economics at the University of York in 2014[1], and few studies report clear evidence of impact on health outcomes for people.
- Much has been written about integration in the wider sense, but there are fewer accounts of pooled budgets specifically, and those that have been published are somewhat dated. Where wider accounts of integration exist it is difficult to isolate the contribution of pooled funds from that of other levers.
- Some authors caution that results produced by processes like joint funding arrangements can take a long time to emerge, but it is also stressed that the

[1] Anne Mason Maria Goddard Helen Weatherly University of York ESHCRU CHE Research Paper 97 March 2014 Financial Mechanisms for Integrating Funds for Health and Social Care: An Evidence Review

absence of evidence should not be taken to imply that evidence will not emerge over time or that something is not working.

- Most of the literature concerns the pooling of resources between one health body and one social care body. Regional partnership arrangements involving (in all but one case) two or more local authorities is relatively untested and caution needs to be taken in applying some of the lessons to a Welsh context.

IPC set out to undertake an analysis of literature on pooled funds from across the UK and to consider - in particular - the following areas:

- Key characteristics and different forms of pooled funds, including the range of agencies which might be involved, and how this affects governance and design.
- Links with related levers to promote integration including commissioning, procurement and contracting and operational delivery.
- A summary of the benefits of pooled funds, evidenced elsewhere for individuals, populations and agencies, focusing in particular on pooled funds for care homes and family support.
- Key risks to the successful delivery of pooled funds and how they have been or might be managed to ensure best use of pooled budgets.
- A summary of mechanisms and activities that can be used to set up, manage and govern pooled funds effectively.

Each of these areas is considered in turn below.

2 Key characteristics and different forms of pooled funds

In essence, a pooled fund is an arrangement where two or more partners make financial contributions to a single fund to achieve specified and mutually agreed aims. It is a single budget, managed by a single host with a formal partnership or joint funding agreement that sets out aims, accountabilities and responsibilities[2].

There are a range of views on what are - and should be - key characteristics of such arrangements, and it should be recognised that a pooled fund is only one of a number of resource mechanisms that can be used to support integration. For example, an Audit Commission typology [2] is used by a number of sources[3] [4]. This identifies 8 types of integrated funding which tend to be used in combination and tailored locally:

- Grants transferred between health and social care bodies. One health or social care body makes transfer payments (service revenue or capital contributions) to the other body to support or enhance a particular social care or health service. No partnership and no delegation or pooling of functions.

[2] DCLG Guidance to local areas in England on pooling and aligning budgets March 2010

[3] Anne Mason Maria Goddard Helen Weatherly University of York ESHCRU 4th International Conference on Integrated Care Brussels April 2-4 2014 Presentation Financial mechanisms for integrating funds across health & social care Do they enable integrated care?

[4] Helen Weatherly, Anne Mason, Maria Goddard; Centre for Health Economics, University of York FINANCIAL INTEGRATION ACROSS HEALTH AND SOCIAL CARE: EVIDENCE REVIEW Centre for Reviews & Dissemination, University of York Scottish Government Social Research 2010

- Cross charging (transaction payments). A system of mandatory daily penalties made by social care bodies to health bodies to compensate for delayed discharges in acute care for which the social care body is solely responsible.
- Aligned budgets whereby partners align resources (identifying their own contributions) to meet agreed aims for a particular service. Spending and performance are jointly monitored but management of, and accountability for, health and social services funding streams are separate. Non-statutory in England: "commonly used but not reported" (Audit Commission, 2009). May be used alongside pooled budgets or with lead commissioning.
- Lead commissioning when one partner takes the lead (and acts as the host) in commissioning services on behalf of another to achieve a jointly agreed set of aims. May be combined with pooled funding.
- Pooled funds, whereby each partner makes contributions to a common fund to be spent on pooled functions or agreed health or health-related services under the management of a host partner organisation. May be combined with lead commissioning.
- Integrated management or provision without pooled funds, when one partner delegates their duties to another to jointly manage service provision.
- Integrated management or provision with pooled funds, where partners combine (pool) resources, staff and management structures to help integrate provision of a service from managerial level to the frontline. One partner acts as the host to undertake the other's functions.
- Structural integration, where health bodies and social care health-related responsibilities are combined within a health body under a single management. Integrated functions for provision and (sometimes) commissioning [4]

In specific pooled funding arrangements there are a number of common features of successful arrangements that are identified in the literature, though it is stressed that parties should avoid a 'one size fits all' approach and shape local approaches in line with local circumstances [4]. For example:

- The need for pooling is most clearly indicated when the funding of services is critical for the delivery of shared outcomes. Pooling is unlikely to be useful, however, where co-ordination is not required, where services do not overlap or depend on each other (e.g. dentistry); or where services are highly specialised, cover small numbers of people, and involve high costs (e.g. organ transplants)[5].
- It should reflect shared purpose and a clear vision [6] [4]. It should include shared, clearly defined outcomes [2,7] and reflect joint service strategies [2.] It should specify

[5] North West London Integrated Care at http://integration.healthiernorthwestlondon.nhs.uk/section/what-do-we-want-to-achieve-by-pooling-budgets-

[6] Richard Humphries Lily Wenzel The Kings Fund 09.06.15 Options for integrated commissioning Beyond Barker

[7] Chris Hopson Guardian 18.09.13 Health and social care integration: how do we make it work?

joint commissioning arrangements and management arrangements [8] and shared priorities[9].

- Some partnerships set out expectations of what pooled budgets should achieve in an up front, visible way to underpin accountability[10]. Expectations should be realistic [4].
- The single host should oversee the agreement for all parties involved [2].
- The agreement should include details of governance, accountability, reporting arrangements, risk management arrangements, how overspends will be dealt with, and any exit strategy [2, 5].
- To be successful, a pooled fund requires mutual trust and understanding among parties; some element of cultural integration; a willingness and commitment to work together; clear roles and responsibilities, a common understanding of the services to be delivered [9] and strong ownership and commitment at all levels[11]. There should be acknowledgement of any different perspectives in key areas such as client risk, financial constraints and accountability [4]. There is a need to draw out from partnership agreements the changes required in attitudes, culture and ways of working [12]. Developing a pooled fund is not merely a technical matter – its 'deeper foundations' link to common purpose, robust governance, clarity as to how decisions are made, accountability, and how leadership is shared. 'The soft stuff is the hard stuff'[13].
- An agreement should specify arrangements for budget monitoring and any charges for social care [11]. It should allow for flexible use of funds [14] and should build in sensitivity to financial pressures experienced by partners[15]. Frameworks that cover the management of expenditure should be proportionate to the size and objectives of the service [11]. There should be seamless accounting and assurance arrangements [13]. There should also be mechanisms that link upstream substitution of programmes to any cost savings [4].
- There should be a common data set backed by arrangements for sharing information in a routine way [4]; risk and gain share agreements; and performance management / quality assurance frameworks[10]
- It should clarify 'horizontal' relationships between commissioners, and also relationships with providers[11].

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[8] Greater Manchester https://www.kingsfund.org.uk/sites/default/files/media/Damon%20Palmer%20Warren%20Heppolette%20presentation.pdf

[9] M Newman et al EPPI Report 2007 Commissioning in health, education and social care 2012

[10] Staffordshire http://moderngov.staffordshire.gov.uk/mgIssueHistoryHome.aspx?IId=20420&Opt=0

[11] B Pike D Mongan Health Research Board Ireland The integration of health and social care services 2014

[12] DAC Beachcroft Health and Social Care Integration Analysis "Pooled Budgets in Deep Water?" https://www.dacbeachcroft.com/media/305762/health_and_social_care_integration_report_conclusions.pdf

[13] SCIE, DH, DCLG, NHS England, LGA Better Care Fund How to... bring budgets together and use them to develop coordinated care provision
May 2015 Issue 2

[14] Ham C, Walsh N (2013) The King's Fund. Making integrated care happen at scale and pace lessons from experience.

[15] Alison Petch IRISS 2011 An Evidence Base for the Delivery of Adult Services

- Parties should ensure that financial and statutory responsibilities can still be discharged post agreement [13]
- A wide range of players can be represented in pooled fund agreements, not just NHS and local authority but the voluntary sector, Police, Youth Justice etc.[16] – the area of focus determines this. The Greater Manchester agreement brings together as many as 37 organisations across Health and Social Care [8].
- Some argue that a long term commitment of, say, 10 years is helpful [13] with, perhaps, a 'break clause at 3 years.

3 Links with related levers to promote integration

As noted above, pooled funds are one of a number of options open to partners to support more integrated planning, commissioning and delivery of health and social care, and it is noted in the literature that partnerships often develop levers for integration together incrementally over time – perhaps starting with a joint strategy, then joint commissioning, a lead commissioner, pooled funds, joint teams, shared care pathways …and so on [13].

Integrated commissioning is described as having both hard and soft ends, where the former represents those activities relating to finance – the pooling of budgets, analysing what funds are available and how they are currently being spent – while the latter tends to reflect the broader range of joint activities such as joint assessment of needs, and joint training of staff[17]. The Audit Commission typology outlined above indicates how features may be 'mixed and matched'.

In identifying the most appropriate combination of arrangements for their particular situation partners need to be clear about the kind of integration they want and the outcomes they are seeking. 'Form' follows 'function', and single accountable organisation, lead provider, integrated commissioning, integrated governance, integrated funding, improved collaboration are all mechanisms being explored at the current time, with different rationales and effects [7].

Assembling the right set of incentives might involve understanding the opportunities and risks presented by newer approaches to contracting [13], such as lead provider arrangements, alliance contracting, and outcomes based contracts; and by contemporary payment mechanisms like year of care tariffs and capitation budgets. In testing and evaluating approaches there is a need to be open to the role that independent providers might play [14]. The needs of people with complex and multiple long term conditions calls for a more holistic approach to commissioning across the care

[16] Steve Vaughan Making the connections - partnerships for delivery advice note 1 Policy, Legislation, Usage

[17] Anne Mason Maria Goddard Helen Weatherly University of York ESHCRU 4th International Conference on Integrated Care Brussels April 2-4 2014 Presentation Financial mechanisms for integrating funds across health & social care Do they enable integrated care?

economy, and payment mechanisms that encourage more co-ordinated models of local care[18].

In areas such as Plymouth and North, East and West Devon integrated commissioning functions have been developed in support of a 'one system, one budget' vision. The CCG and council have co-located. Four integrated commissioning strategies for well-being; children and young people, complex care and community based care have been shaped. It comprises an integrated fund of £462 million + includes pooled and aligned funds[19].

Across England the Better Care Fund (BCF) is a programme spanning the NHS and local government that seeks to join-up health and care services. In 2016/17, £5.9 billion was pooled in the BCF, and is an example of national governments encouraging / mandating integration with the incentive of financial support [6]. In a similar way in Scotland, The Public Bodies (Joint Working) (Scotland) Act 2014 sets out a legislative framework for integrating health and social care. Health Boards and local authorities are establishing integrated partnership arrangements with pooled funds, joint planning and integrated front line services. They have been able to choose one of two integration models: - either the Health Board and Local Authority delegate the responsibility for planning and resourcing service provision for adult health and social care services to an Integration Joint Board; or the Health Board or the Local Authority takes the lead responsibility for planning, resourcing and delivering integrated adult health and social care service [6].

In summary, pooled budgets are one of a combined set of arrangements which partners can use to help deliver more integrated health and care planning, commissioning and delivery, and they need to be designed to work as a core part of that wider partnership agendas.

4 A summary of the benefits of pooled funds

The literature abounds with references to the benefits that can be associated with pooled budgets, although many are aspirational in that they acknowledge the potential gains that might flow in future, as opposed to offering robust evidence about results that have already been achieved. They can be summarised under two headings – process benefits and outcome benefits:

4.1 Pooled budgets - process

- Pooled budgets are a necessary step on the way to integration, but not sufficient in themselves[20]. The underlying justification for pooling funds is that silo budgetary arrangements lead to fragmented services [11] which, in turn, lead to negative user experiences, duplication, inefficiency and missed opportunities for, say, early intervention. Pooled budgets can remove silos from the system[21].

[18] Oldham J (2014). One person, one team, one system. Report of the Independent Commission on Whole Person Care for the Labour Party. London: Independent Commission on Whole Person Care.
[19] Richard Humphries Natasha Curry The Kings Fund March 2011 Integrating health and social care: Where next?
[20] Commission on the Future of Health and Social Care in England The King's Fund 2014 - A new settlement for health and social care
[21] Lucy Terry NLGN Health and Social Care Integration roundtable write-up 2017

- Pooled funds have been found to enable rapid care for people at end of life; they eliminate the need for time consuming referrals across sector, and for checking where the funds that pay for care will come from. This makes for a more responsive, seamless service[22]. Staff can concentrate on making best use of resources available, as opposed to who is paying.
- For example, Torbay has made use of pooled funds to resource integrated posts and teams; these, in turn, have been able to use the pooled budget to put together integrated package of care [23],[24] and the speed of decision-making on care packages that cut across health- and social-care has dramatically improved. One key benefit was a reduction in the time from referral to care starting from weeks to hours [5]. The partnership was able to deliver reductions in use of emergency beds and in use of residential care as well as supporting quality improvement generally across what had been a failing adult social care service [24]. Faster decision-making is possible as there are fewer steps in the process [5].
- Developing a pooled fund should encourage parties to think through operational pathways, to challenge how resources are used and create transparency [25] [17]. This can also help identify who may be best placed to carry out certain functions [17]. Such funds can help partnerships align around the needs of the whole system, ensure that organisational boundaries do not get in the way of users[13], and broaden awareness of interdependencies in providing care[26]. Pooling can help partners re-focus on priorities and encourage innovation about how to improve results for people independent of tradition and vested interests. A single pot of money can mean a smoother, more accessible, faster and less bureaucratic service [17]. It can simplify the management of situations involving children or young people with complex needs who require packages of care with many different elements involving a number of partners [16].
- Some see pooled budgets as strengthening partnership working [27] [9]; clarifying how responsibilities might be shared [21]; enhancing morale and commitment [9] and encouraging more joined up provision [27]. A greater understanding of the other agency and the pressures it is facing means fewer cross agency disputes [11]. Intangible qualitative benefits are claimed such as the sharing of skills in contracting (30[11]), although there is also evidence of staff de-motivation and a reduced sense of job security linked to a perception that the other partner might be 'taking over' [9].
- Pooled funds can cut out duplication, including functions in the back office [12] [9] [5] reduce the need for multiple visits and assessments [6] [28] and help to eliminate waste [9] [28]. Sefton, for example, has set out plans to combine pooled budgets with

[22] Rachael Addicott, Jenny Hiley The Kings Fund Issues facing commissioners of end-of-life care September 2011
[23] Natasha Curry and Chris Ham The Kings Fund Clinical and service integration The route to improved outcomes 2010
[24] Thistlethwaite P (2011). *Integrating health and social care in Torbay: improving care for Mrs Smith*. London: The King's Fund. Available at: www.kingsfund.org.uk/publications/ integrating-health-and-social-care-torbay
[25] Audit Commission Means to an end Joint Financing across Health and Social Care 2009
[26] Eva-Lisa Hultberg, Caroline Glendinning,Peter Allebeck, Knut Lönnroth Wily Online library http://onlinelibrary.wiley.com/doi/10.1111/j.1365-2524.2005.00585.x/abstract Using pooled budgets to integrate health and welfare services: a comparison of experiments in England and Sweden 6 October 2005
[27] National Audit Office Health and social care integration HC 1011 SESSION 2016-17 8 February 2017
[28] Sefton ttp://modgov.sefton.gov.uk/moderngov/documents/s64242/FD%203913%20-%20Integrated%20Pooled%20Budget%20Paper%20not%20final%20cx-f-l.pdf

forecasting of need to deliver more effective targeting of resources and less wastage [28].

- There is no unequivocal evidence that pooled budgets lead to greater cost effectiveness [26] [3] but there is a strong view that they create greater economies of scale [17] [29], lessen the opportunity for shunting costs, and increase purchasing power [13] [29]. A more transparent resource allocation process should prompt partners to examine how to spend money to best effect[11]. Mason and colleagues regarded the impact on costs as 'modest or neutral' but also commented that activities such as case finding to support new services might lead to increasing costs of emergency care[1].
- Some argue that use of pooled funds to support alternatives to acute care can reduce overall costs[6] - the greatest potential for cost savings was felt to lie with clients at high risk who might otherwise end up in expensive hospital care [1].
- At the same time Birmingham reports savings that amount to £4 million p.a. related to pooled arrangements[30], and the same report indicates North West London projects savings of up to £10 million p.a. on schemes for frail older people and those with long term conditions.
- A pooled budget can open up the opportunity to access certain external sources of funding previously available only to a partner organisation [9].

4.2 Pooled budgets – Outcomes

- No mechanism per-se ensures better outcomes [7], and there is no unequivocal evidence that pooled budgets impact positively on outcomes for users [26] [3]. The most recent review of research evidence concluded that the impact on health outcomes was 'modest' or 'neutral' though was unlikely to be 'negative' [1] [4].
- Compared with usual care, schemes supported by pooled budgets seldom led to improved health outcomes and no scheme has led to sustained, long term reductions in hospital use [1]. Changes in care pathways, however, can lead to substitution of hospital care [1]. There is anecdotal evidence about reducing institutionalisation through upstream substitution by community based care [4].
- Pooled budgets open up the opportunity to integrate care, which in turn helps people to stay in the community and retain independence [6]. Flexible use of budgets can support new models of care closer to home [14]. Pooled funds make the provision of more holistic care and greater continuity possible [5].
- In Oxfordshire for example partners have recently outlined plans for extensive pooled funds arrangements which, inter alia, will enhance health of residents in care homes, and improve care home capacity[31].
- No significant impact on delayed transfers or on emergency bed days when used for intermediate care [11] has been identified, though numerous schemes target the former in particular.

[29] Veronika Thiel Health Service Journal Where is the evidence for promoting integrated care? 12 February 2014

[30] NHS Future Forum Integration – a report https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/216425/dh_132023.pdf

[31] Oxfordshire http://www.oxfordshireccg.nhs.uk/documents/meetings/board/2017/07/2017-07-27-Paper-17-55-Improved-Better-Care-Fund-and-Pooled-Budgets.pdf

- Potentially pooled budgets allow people to focus on users as opposed to processes, and to benefit the community, regardless of where any financial benefit may arise[32]. Pooled funds in Staffordshire for example enabled the partnership to make commitments to local people about one person co-ordinating a person's care in future; no unnecessary admissions to hospital or residential / nursing care; and the individual's ability to choose and direct their own care [10].
- Where pooled funds exist, some reduction is reported in the burden carried by informal carers, and positive levels of carer and patient satisfaction [4].
- There is clearly more to be done in terms of formally evaluating the real impact of pooled budgets. One commentator argues "In addition to the complexity of measuring impact, there is too strong a focus on cost savings that integrated care might or might not achieve, at the expense of simpler measures that focus on patient and carer satisfaction" [29].

4.3 A meta-analysis summary of the evidence

Mason et al summarise potential impacts and the status of evidence as follows[33], once again indicating perhaps that a clear rationale and purpose is crucial from the commencement of work to develop and deliver pooled funds arrangements:

Potential Impact	What does evidence show?
Improve access to care	Largely positive. But provider autonomy and eligibility polices can undermine budget-holders' ability to facilitate access
Reduce unplanned re/admissions	Positive for some groups; negative in others (i.e., increased admissions)
Increase community care (health and social care)	Evidence is positive to some degree for community services
Reduce total costs	Mostly neutral
Improve outcomes	Neutral or positive
Improve the quality of care	Few studies measured the quality of care, and they employed different measures of quality, with mixed results
Reduce length of stay	Cross charging and pooled funding may reduce delayed discharges in the short term
Reduce residential care	Equivocal: relatively few studies assessed this outcome, and findings were very mixed
Improve patient and user experience of care	Positive largely although some negatives. There was no standardised measurement across schemes

[32] Sheffield http://democracy.sheffield.gov.uk/documents/s18332/Integration%20of%20Health%20and%20Care.pdf

[33] Anne Mason Maria Goddard Helen Weatherly University of York CHE Financial Mechanisms for Integrating Funds for Health and Social Care: An Evidence Review, ESHCRU Research Paper 97, March 2014

5 Key risks to the successful delivery of pooled funds and how to handle them

5.1 Types of risk

A range of different types of risk are identified in the literature. Some risks relate to the nature of the services that agencies are involved in delivering (for instance, The King's Fund identify risks for services that support end of life care involving highly complex demanding situations [22]). Other risks relate to the pooled budget process itself. In summary:

- Such budgets can, for instance, be difficult to track in terms of impact or progress [22]. Processes can be over-engineered - in part because partners tend to be very protective of their own domains [12]. Legal and financial frameworks can be complex where agencies have different approaches to planning, budgetary timetables, reporting, governance and accountability etc. [11].
- Within agencies imperatives may change and this may impact on the integrated funding available [6]. Changes to the pooled budget can de-stabilise the organisations involved. Ownership and commitment are required to support partners through challenging times [11].
- Re-organisations can also complicate the pathway to integration. Sometimes achieving certainty that resources are secure can be a challenge in itself [27].
- Practical, technical and cultural difficulties can make it difficult to operationalise the pooled budget [1].
- Managers may have concerns about losing control of the budgets they have traditionally been in charge of [9]. (At the same time of course losing control of some aspects may well be compensated for by gaining influence in other areas). Pooled budgets effectively ring fence resources and this may well limit scope for flexibility in managing mainstream budgets [11]. Budgets can overspend, pooled arrangement or not. Establishing a pooled budget carries costs, especially legal and administrative costs and historically these were, it appears, rarely quantified [11]. Central government grants can be particularly difficult to manage where government is requiring dedicated accounts [11].
- New roles may not be clear. Communication may be poor. Priorities and goals may not be sufficiently shared where it matters[9].
- A particular technical challenge is that translating apparent cost reductions – such as reduced bed days – into actual savings may not be straightforward. Resources may not be freed up unless the beds remain unfilled [1]. There may be a particular risk of upwards substitution of pooled resources into the more powerful acute system (and some would argue that this should deter partners from seeking to integrate everything) [15].
- Where insufficient attention has been given to how statutory responsibilities should be discharged within new arrangements, some staff may try to hold onto traditional ways of doing things [5].
- Although establishing a pooled budget may encourage partner agencies to develop awareness and understanding about the other agencies involved, such insights may

not immediately percolate to front-line staff [14]. Negative attitudes towards professionals in the other agency can take time to reduce[34].

- Dual accounting systems and a proliferation of boards with a role in overseeing the integrated arrangements may serve to bureaucratise and confuse [9].

5.2 Managing Risk

By its nature, a successfully pooled budget requires an agreed allocation of risk between the associated parties [13]. An agreement on how to manage risks can protect services from detrimental change, and promote confidence for partners in challenging times [2]. Further than this, the general principles for risk sharing between commissioners are:

- The financial impact of unpredictable incidences on system wide deliverables should be shared proportionately, dependent on the scheme and service, amongst the parties to the agreement.
- Where the impact of unpredictable incidents may be so financially significant that individual bodies could be at financial risk, the parties need to work together to mitigate the risk and its impact [13.]
- Paying attention to basic pre-requisites for a successful integrated arrangement can help. Parties should avoid 'big bang' changes and spend time developing mature relationships so that a 'them and us' culture does not arise. Pooled budgets should be about promoting capacity and collaboration, not competition [16].
- In Brighton, for example, clear principles were established for risk and benefit sharing coupled with incentives to deter partners from making 'land grabs', and a simple protocol for dealing with overspends or other budgetary problems involving commitment to sit down and discuss priorities [12]. Making provision to deal with overspends is a recurrent theme in the literature [32].
- Some argue that the pooled budget has to be of a certain size (with one leading law business suggesting a minimum of £2-3 million) to mitigate risks [12].
- On-going costs to services need to be sustainable and mechanisms to link upstream substitution of programmes to cost savings – referred to above – should be in place [4]. In addition there may be a need to correct perverse incentives which – for instance – encourage cost shunting or duplication, discourage prevention or create over-supply [4].
- It is important to be clear who will bear costs and where benefits will fall. Re-ablement schemes, for instance, may benefit the health service in terms of bed occupancy and demand management, but cost social care budgets in terms of on-going domiciliary care requirements that follow. This calls for a sophisticated dialogue between partners.
- Sheffield provides a helpful level of detail on risk sharing including a risk sharing proposal, and an outline of initial risk sharing arrangements [32]. Interestingly, the Section 75 agreement for Sheffield accommodates 'an increasing number of joint ventures' allowing for full risk sharing across an increasing proportion of the pooled budget. The local view is that this helps partners deal with pressures on the health

[34] Hilary Robertson Integration of health and social care: A review of literature and models Implications for Scotland Prepared for the RCN in Scotland January 2011

and care system, whilst allowing them to pursue broader strategic aims for the city. Further useful sources of reference include:

- Staffordshire - an example of a risk and gain share agreement [10].
- NHS England - written guidance on risk sharing for the Better Care Fund (https://www.england.nhs.uk/ourwork/part-rel/transformation-fund/bcf-plan/risk-sharing/) This covers financial, operational and quality risks.
- Monitor - international case studies of capitation that provide examples of risk sharing https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445731/LPE_Capitation.pdf).

6 Mechanisms and activities which can be used to set up, manage and govern pooled funds

We have seen from the literature reviewed so far that careful preparation and selection of the right activities are key to successful implementation. The following approaches have been identified in the literature as potentially useful in establishing pooled budgets:

- As with any partnership arrangement, a useful starting point is to understand how partners are currently using resources (resource mapping) [14].
- Financial mechanisms and technical requirements of pooled funds are often seen as overly bureaucratic and this must be avoided [25]. Financial frameworks to manage expenditure should suit the size and nature of services [11].
- There should be incentives (financial and non-financial) to align the aims of the pooled fund with desired behaviours and actions [4]. Mechanisms that link upstream substitution of programmes to cost savings are valuable [4].
- In Oxfordshire a process called “sloping shoulders scenario” was used in which the partners described their anxieties about the potential negative effect of one partner’s difficulties on the other. In identifying and trying to resolve these issues, understanding improved, as well as genuine partnership working. External facilitators were used to raise questions and to obtain robust answers and to enhance the decision making process e.g. around the management of risk, especially financial risk [4].
- Secondments, single line of management and single employer can be solutions to emerging workforce challenges [33]. But it can be important to avoid, where possible, the need to disrupt the organisation by transferring staff to a new employer or changing their terms and conditions [6].
- Research evidence on how best to undertake joint commissioning is weak methodologically and this requires attention [9]. Many forms of joint commissioning are in use, but the nature and scope of schemes vary widely [6].
- Greater Manchester is identifying strategies that respond to the total economic challenge facing the conurbation and that establish clear contracting processes and a package of incentives to support new models of care [8].
- There is a need for systematic financial and activity data to support service redesign and to facilitate the realignment of resources [4]. There need to be mechanisms that allow partners to move money around the system, to reallocate it – say, to early intervention and prevention [8]. Some partners have found it useful to reserve some

funds to assist with prevention and demand management (e.g. Hertfordshire reserved 5%)[35].

- There may be a need to investigate and apply new payment mechanisms to support population based commissioning such as the long term conditions year of care tariffs and capitation budgets [14]; and bundled payments, block contracts [13] all of which may suit particular circumstances.

7 Regional Partnership arrangements

As mentioned in the introduction to this review, regional partnership arrangements that involve more than one local authority are relatively untested. We have made reference to Greater Manchester – the large scale initiative there is likely to be an important source of learning in future, but developments are still at a relatively early stage. Some of the work on place-based approaches in the UK over the past decade may hold some relevance for regional pooled funding arrangements across Wales. The Knowledge Exchange Blog [36] provides a useful summary of principles originally developed by the Local Government Association to support place-based work:

- building services around people and communities;
- removing barriers to better outcomes and reduced costs through integrated working across agencies;
- involving the business and voluntary sectors as equal partners;
- collaborating to put together a workable whole public sector approach, joint responsibility and shared leadership;
- local innovation and co-design with central government departments;
- local delivery and investment mechanisms tailored to local needs and circumstances to improve local services and break down institutional silos.

The blog also refers to a policy summit undertaken by the New Local Government Network with local government Chief Executives to explore how place-based, integrated public services could deliver budget reductions and better outcomes for people in a notional ‘Newtown’. Some challenges identified at this roundtable which may have resonance in Wales are:

- “Working towards outcomes for place requires a different way of thinking particularly in relation to prevention, commissioning for outcomes and joining together what different sections of the public sector are doing.
- It is difficult to move beyond current services and ways of working to develop new approaches to deliver outcomes. Thinking tended to involve ‘less of the same’ or different delivery bodies, rather than whole-scale public service reform.
- There are a huge number of choices that need to be made and a vast range of stakeholder interactions required, yet few localities have the capacity available to complete this unaided.
- Few areas have the practical experience to embed customer journey mapping into place based design principles, or to put citizens at the centre of their plans”[37]

[35] SCIE Integration 2020: Scoping research 2017
[36] https://theknowledgeexchangeblog.com/2015/07/22/place-based-approaches-to-service-delivery/
[37] (NLGN Integrating Newtown NLGN Policy Summit Laura Wilkes July 2014)

A question of primary concern is often to do with the potential problems of cross-subsidies between organisations which are answerable separately for the management of the funds for which they are responsible. The literature we considered did not have a great deal to say about this, although in some local arrangements it has clearly been an area where partners have needed to ensure that there were mechanisms in place to ensure that this was addressed through arrangements such as:

- Ensuring any pooled budget set reflects local pressures and that the risk share agreement insulates partners from cross subsidies.
- Agreements which specify that there should be no cross subsidies across a partnership to cover under-spends and over-spends which should remain the responsibility of the relevant body.
- Specific reference in any risk agreement especially around who covers overspends.
- Arrangements in place to ensure that there is a clear audit trail from specific expenditures back to the responsible agency.

8 Conclusions

The stakes around integrated health and social care are high. Ernst and Young argue that the net annual benefit from nationally joining up funding across public services for health and social care might be between £2.8bn and £7.9bn across the UK[38]. We hope that this short review offers some starting points for partners across Wales who are working together to deliver seamless care, and for whom a pooled budget is one of the key mechanisms to be used to take existing arrangements further.

We think that the literature offers a range of examples of emerging practice, some good tools which can be used by partners, and a summary of the potential benefits of a successful approach. However, given the complexity of integrated systems, it is striking that robust evaluation evidence is still relatively limited. We were struck by the view of Weatherly et al [4] that three types of gap in the evidence base can be identified:

- Quality of studies: evidence is characterised by a lack of long term evaluations.
- Outcomes assessed: in general, studies focused on improving the process of integration rather than on health outcomes. Although understanding processes is important, it is not a substitute for the evaluation of outcomes
- Reporting of the model for financial integration: studies lacked detailed reporting on the specific approach used – hence it is extremely difficult to find evidence about what aspects of a pooled fund agreement should be incorporated or avoided, and in what circumstances

Given the bold and ambitious national agenda for greater integration and a clear policy steer on pooled budgets as a key element of this agenda, as well as the particular circumstances in the configuration of health and social care in Wales, it may well be that a systematic longitudinal analysis of the impact of pooled budgets across Wales could

[38] Ernst and Young Local Government Association Whole Place Community Budgets: A Review of the Potential for Aggregation January 2013

help partners as they move forward, and provided much needed further evidence to inform health and social care partners across the UK.

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