

**SCHEDULE 3: RESOURCES:
Finance & Budget Setting**

1. Introduction

- 1.1 This Schedule outlines the formula governing budget setting, outturn and balancing payments for Pooled Fund resources.
- 1.2 This Schedule provides details of the budgets, goods and services to be made available by the Partners for a Scheme.

2. Budget

- 2.1 For the Financial Year 2019/2020 the Budget for the Service shall be as set out in Appendix 1 to this Schedule notwithstanding that the Commencement Date is after the start of that Financial Year.
- 2.2 The initial budget planning assumptions of each Partner shall be shared by the Partner's financial leads and the Pooled Funds Manager shall ensure that any matters relating to the Pooled Fund of a particular Scheme that might have a material effect on planned expenditure or income are identified and reported to the Adults Services Transformation Board which shall be no later than 31 December prior to the commencement of any Financial Year.
- 2.3 By 31st January before the commencement of the second or any subsequent Financial Year of the Term the Council and the Local Health Board shall advise each other of their anticipated budgeted expenditure in respect of that Financial Year. In the event that the amount of the anticipated budget alters during any formal budget approval process, then the one party shall advise the other parties of that change without delay.
- 2.4 By 31st March before the commencement of any Financial Year the Councils and the Local Health Board shall advise each other of their agreed budgeted expenditure on the Service for the following Financial Year.
- 2.5 The Budget as approved by the Partners will be presented by the Pooled Fund Manager to the Adults Services Transformation Board in each Financial Year for the Budget to be received by the Adults Services Transformation Board.

3. Calculation of Outturn and Balancing Payments

- 3.1 For the purpose of calculating the percentage contribution of the Partners, the outturn of expenditure and any balancing payments which may be required between Partners the provisions of Appendix 2 to this Schedule apply.

3.2 If there is any underspend of pooled budgets at the end of the financial year, the split should be based on the original percentage contribution agreed in Appendix 2 to this Schedule.

4. Financial Performance and Risk Sharing Arrangements

4.1 The Host Partner for the operation of the Scheme shall appoint a Pooled Funds Manager (and there may be a separate Pooled Funds Manager for each Scheme) with responsibility for the integrated management of the Pooled Fund, subject to the governance arrangements set out in Schedule 4 to this Agreement.

4.2 The Budget is to be used solely to achieve the aims and outcomes set out in Schedule 1 to this Agreement and which, with revision to the Schedule 3 for a Scheme and the performance framework as appended at Schedule 4 for a Scheme will comprise the Revised Annual Plan for a Scheme.

4.3 Each Partner will provide data set out at appendix 2 to the Pooled Funds Manager by the last Friday of each month to enable the Pooled Fund Manager to submit reports to the Adults Transformation Board on a two monthly basis on the financial information and spend as referred to in Schedule 3 and the information specified at the Appendix to Schedule 5.

4.4 Quarterly reports in summary will be provided to the Adults Services Transformation Board at its meetings or more frequently if required.

4.5 Information is to be reported separately in respect of Pooled Funds for each Scheme. The Partners agree to provide all necessary information to the Pooled Funds Manager in time for the reporting requirements to be met.

4.6 The Pooled Funds Manager shall ensure that action is taken to manage any projected under or overspends from the budgets relating to the Fund, reporting on the variances and the actions taken or proposed to the Adults Services Transformation Board.

4.7 If at any time during the Financial Year there is a projected under or overspend on the Fund the Pooled Funds Manager will prepare an action plan for presentation to, and agreement of the Adults Services Transformation Board in order to manage the variance, for the particular scheme as quickly as possible.

4.8 The Adults Services Transformation Board will consider any action plan where required and amend if appropriate or agree additional actions to be taken to manage the variance.

4.9 The Pooled Funds Manager will provide monthly progress reports to the Adults Services Transformation Board on implementation of any action plan, until such time that the under or overspend has been dealt with to the satisfaction of the Adults Services Transformation Board keeping it informed at all times.

5. Construction of Budget and Basis of Contributions

For the avoidance of doubt, any personal contributions payable by Service Users towards any Council services will continue to be collected by the Council, and not form part of the Pooled Fund.

6. Resources Available and in Support of the Partnership Outside of Pooled Funds

6.1 Each Partner shall provide resources outside of the Pooled Fund, unless otherwise agreed by the Adults Services Transformation Board, for those activities deemed necessary to enable this Agreement to be discharged. These include, but are not limited to the following services:-

- Personnel
- Contracts and management functions
- Operations functions
- IT functions
- Finance functions
- Property functions

6.2 Where additional work in support of the Service outside of Pooled Funds is at the request of any Partner to the other Partner, a charge can be raised by mutual agreement of the Partners where this constitutes an additional expense for the requesting Partner.

7. Accommodation Arrangements for Services

The Partners shall continue to provide or make available the premises (or suitable alternatives) that they provided or made available for the purposes of the Service before the Commencement Date, with the same level of support services and facilities management.

8. Commissioning and Procurement Arrangements

8.1 The Partners agree that:-

8.1.1 The Financial, Procurement and Contract Procedure Rules of the Council will apply to all procurement activity undertaken by the Council

8.1.2 The Standing Orders and Standing Financial Instructions of the Health Board will apply to all procurement activity undertaken by the LHB.

- 8.1.3 Procurement activity will only be undertaken from the Pooled Fund in accordance with commissioning plans approved by the Adult Service Transformation Board.

9. Hosting and Administration of the Pooled Fund

- 9.1 The Pooled Fund Manager shall ensure that the Pooled Fund is maintained to national and professional standards and that the payment of suppliers' invoices complies with their payment terms, ensuring that no late payment charges are incurred by the Partners.
- 9.2 The Pooled Fund Manager shall be responsible for ensuring that appropriate financial systems are operational and in place for the Pooled Fund in order to provide the necessary control and production of financial information.

10. Information Requirements

- 10.1 The Pooled Fund Manager shall ensure that all financial and other information required by the Partners in relation to compiling performance statistics, statutory and other returns is made available by any agreed deadlines.
- 10.2 The Pooled Fund Manager shall ensure that all financial and other information required to measure performance against the Services, as set out at Schedule 4, is made available by any agreed deadlines.
- 10.3 The Pooled Fund Manager shall establish arrangements for making available all financial and other information necessary to assist the Partnership.

11. Audit arrangements

- 11.1 The Host Partner's auditors will be the external auditor of the Pooled Fund.
- 11.2 It shall be the responsibility of the Host Partner (if required) to include the Pooled Fund in its end of year accounting processes, produce the required memorandum of account in respect of the Pooled Fund and arrange for its audit in time for its inclusion in all Partners' year end accounts.
- 11.3 Should the annual audit letter contain any direct reference to the Pooled Fund, the Host Partner will send copies of the excerpts of the letter to the other Partners.
- 11.4 The cost of specific external audits required shall be borne by the Pooled Fund.
- 11.5 The appointed Auditor's reports on the Services commissioned and provided from the Pooled Fund shall be presented to the Adult Services Transformation Board and shall be made available to the Partners' internal auditors.
- 11.6 The Pooled Fund and the implications for the Services arranged from it will be incorporated into the risk assessed Internal Audit Programme of the Partners.
- 11.7 The costs of any required audits of the Service shall be borne by the Pooled Fund.

12. VAT

The VAT regime will operate in accordance with partnership structure (a) as referred to in the joint guidance issued by the Department of Health and HM Customs and Excise.

13. Capital

The Pooled Fund shall not normally be applied towards capital expenditure. If a need arises for the transfer of any agreed capital funds between the Partners then, unless the Partners agree otherwise, the Partners shall use the grant making powers under Section 194 or Section 34 of the Act.

APPENDIX 1

REGIONAL POOLED FUND FOR CARE HOMES FOR OLDER PEOPLE POOLED BUDGET FOR 19/20	
Partner	Projected Gross Expenditure for 19/20
NPT Council	£20 242 000
Swansea Council	£24,071,750
Swansea Bay Health Board	£18,300,000
TOTAL BUDGET	£62,613,750

FINANCIAL CONTRIBUTIONS FORMULAE

1. For the purposes of the calculation set out in paragraph 3.2 Swansea Council initial budget expenditure shall be A. NPT Council initial budget expenditure shall be B. The Local Health Board initial budget expenditure shall be C

2. **The total budgeted expenditure shall be represented by D and shall be calculated as follows:-**

$$A + B + C = D \text{ (total agreed budget expenditure)}$$

Outturn Expenditure

3. On or before 30th April each Partner shall provide a return to the other indicating its outturn expenditure on the service. For the purposes of this calculation, Swansea Council's outturn shall be H, Neath Port Talbot Council's shall be J and the Health Board's shall be K which shall be represented as follows:-

4. **The total outturn expenditure shall be calculated as follows:-**

$$H + J + K = L \text{ (total outturn expenditure)}$$

5. Balancing Payments

Where a partner's outturn expenditure differs from their contribution a balancing payment will be required. This will be calculated for each partner in line with the below

Swansea Council	H-A	= Balancing Payment
Neath Port Talbot Council	J-B	= Balancing Payment
Local Health Board	K-C	= Balancing Payment

6. Expenditure shall only be counted towards outturn and any balancing payment if the Adult Services Transformation Board has jointly approved that expenditure specifically for that purpose.