

Report of the Chief Officer and Chief Clinical Officer of Bradford City and Bradford Districts and Airedale, Wharfedale and Craven CCGs to the meeting of the Health and Wellbeing Board to be held on 23rd January 2014.

Subject:

Q

Health Care Allocation Formula

Summary statement:

The Council have requested an update on the outcome of NHS England's proposed allocation of resources.

Following the announcement of CCG funding allocation for 2014/15 and 2015/16 this paper summarises the impact of the new formula on the three CCGs within Bradford.

Helen Hirst
Chief officer, NHS BDCCG, NHS
BCCCG
Phil Pue
Chief Clinical Officer
NHS AWCCCG

Portfolio:

Adult Services and Health

Report Contact: Neil Smurthwaite
Chief Finance Officer
NHS AWCCCG
Phone: 07920182383
E-mail: neil.smurthwaite@awcccg.nhs.uk

Overview & Scrutiny Area:

Health and Social Care



1. SUMMARY

The Council have requested an update on the outcome of NHS England's proposed allocation of resources.

Following the announcement of CCG funding allocation for 2014/15 and 2015/16 this paper summarises the impact of the new formula on the three CCGs within Bradford.

2. BACKGROUND

The NHS England sets the annual allocations for clinical commissioning groups, primary care and specialised commissioning services. Each area has had its allocation policy reviewed and details for each area are considered within Appendix 1.

A briefing paper has previously been provided on the implication to the three local CCG on the proposed changes and consultation exercise on NHS allocations to CCGs.

Following on from the consultation NHS England considered the outcomes through a review team of the consultation and responses received, advice from ACRA (the independent committee of experts on resource allocation and advisers to the Department of Health).

The NHS England considered a number of proposals at its Board meeting on the 17th December. This report has been included at Appendix 1.

The accepted proposal sought to move towards a funding formula that is equitable and fair and that balances the three main factors in healthcare needs: population growth, deprivation and the impact of an ageing population.

- NHS England adopted a pace of change that seeks to balance the need to address underfunding whilst not destabilising health economies.
- The impact of the allocation proposals on CCGs can be broadly categorised into three groups:
 - CCGs which are underfunded and growing fast where we have sought to direct funds available to move them towards target
 - CCGs which are growing slowly in population terms which we have protected by introducing a floor level of total allocation funding growth
 - CCGs which are significantly overfunded where we have limited allocation funding growth in order to ensure that they do not move further from target due to population growth

Our three CCGs fell into the second category as population in our areas was deemed to be slower than other regions but we were not classed as being significantly overfunded, as was the potential case for other West Yorkshire CCGs. However as you will see further on we are not all now deemed to be overfunded.

Under government announcements the NHS received a minimum of real terms growth in the financial years 2014.15 and 2015.16, making the available uplift for NHS England at



3.1% in 2014.15 and 2.3% in 2015.16

As a result of the above NHS England accepted the proposed option to introduce a floor, this proposal would ensure that all CCGs allocation would grow by at least the GDP Deflator, 2.14% in 2014.15 and 1.7% in 2015.16. This limited the amount of growth in NHS funding but sought to balance the challenge of redirecting funding across the system. It meant those underfunded received a maximum uplift of 2.64%. Therefore the CCGs received uplift in allocations as follows

- Airedale Wharfedale & Craven – 2.14% & 1.7%
- Bradford Districts – 2.15% & 1.7%
- Bradford City – 2.15% & 1.7%

The allocations have also been made for 2 years, giving further stability to each health system. The level of increase, set at the floor and pace of change means greater stability for CCG finances over the next few years.

CCGs have now also received their planning guidance for the next 5 years. This requires CCGs to assume growth to continue at the rate of GDP from 2015.16 onwards at 1.7%.

In addition to current and forecast allocations being advised to CCGs, the guidance advises on the level of the Better Care Fund for each CCG from 2015.16. The detail that makes up the fund, new and existing funding streams has not yet been made available. Details are included on appendix 3.

In summary NHS England has accepted the new funding formula. Full details of the formula and pace of change will be discussed at national meetings on the 16th January 2014 as changes from the consultation were made for deprivation and population changes. It is not clear from current information how the formula has changed for each CCG or how after the 2 year funding allocation what the pace of change will be to achieve the target allocations. However the risk for the Bradford area seeing a significant reduction in funding has reduced as existing levels will be maintained in real terms for at least the next 2 years.

The previously consultation suggested that in Bradford and across West Yorkshire that health was significantly over funded. However initial indications that CCGs would lose funding is reduced by the fact that those overfunded will now receive limited annual increases in allocations, maintaining the existing levels of money rather than see reductions. In our case both City & District are now underfunded and only AWC overfunded. Clarity on the change has not been provided by NHS England. This is different for each CCG is shown in the appendix and impact is summarised below:

- Airedale Wharfedale & Airedale for of 2014/15 will receive £1,189 per head of population, 4.35% (£8.1m) over target of £1,140. Its target rate at the end of 15/16 is £1,154 and will be 4.13% over target (£7.8m). AWC is currently over its target rate and will receive minimum inflationary increase in future



years until target reached. Pace of change has yet to be agreed.

- Bradford District CCG for 2014/15 will receive £1,182 per head of population. 0.19% (£756k) under target of £1,184. Its target rate at the end of 2015/16 is £1,199 and will receive £1,191 and be 0.6% (£2.4m) under target.

- Bradford City CCG for 2014/15 will receive £952 per head of population. 0.77% (£894k) under target of £960. Its target rate at the end of 2015/16 is £971 and will receive £960 and be 1.18% (£1.4m) under target.

3. OTHER CONSIDERATIONS

Not applicable

4. FINANCIAL & RESOURCE APPRAISAL

Not applicable.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

If there are no significant risks arising out of the implementation of the proposed recommendations should be stated but only on advice of the Finance Director and the City Solicitor.

6. LEGAL APPRAISAL

No legal issues to report

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

Not applicable

7.2 SUSTAINABILITY IMPLICATIONS

Inherent within commentary

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

Assessment of the impact of all recommendations on the Council's own and the wider District's carbon footprint and emissions from other greenhouse gasses. Contact the Environment & Climate Change Manager on 07582 108009 for further guidance.



7.4 COMMUNITY SAFETY IMPLICATIONS

Not applicable

7.5 HUMAN RIGHTS ACT

Not applicable

7.6 TRADE UNION

Not applicable.

7.7 WARD IMPLICATIONS

Not applicable.

7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

Not applicable

8. NOT FOR PUBLICATION DOCUMENTS

None.

9. OPTIONS

Not applicable

10. RECOMMENDATIONS

Members should consider and note the update and information provide on health care allocations.

11. APPENDICES

Appendix 1 – NHS England Board paper
Appendix 2 – Allocation supporting narrative
Appendix 3 – Detailed allocations

