

Briefing Note for the Leeds City Council's Scrutiny Board (Health and Wellbeing and Adult Social Care)

The decision on CCG allocations for 2014/15 and 2015/16 will be made at the NHS England Board meeting in December 2013. Engagement over the past 3-4 months has been undertaken to establish the best way forward. There are however three issues to consider in the allocations formula which have countervailing effects.

Firstly, the current CCG allocations are based on populations which are at least 3 or 4 years out of date and have had no pace of change applied in recent years causing a dislocation in the commissioning system.

Secondly, we have an aging population and age is a significant factor in determining the health needs of a local population.

Lastly, there needs to be proper weight given to deprivation and inequality as this is central to the mission of NHS England. When compared to the existing formula and taking account of age and population factors then there is generally more resources weighted to more deprived areas. Inequalities resulting in needs which are currently being met are captured in baselines and target allocation formulae but NHS England remain concerned that whilst the formula accurately predicts need as currently met, it does not capture unmet need. As a consequence, the Board will be considering proposals for introducing an unmet need adjustment to the CCG allocations formula.

The other factor in determining CCG allocations is the how fast we move from what we have currently got to whatever the formula states. This pace of change determines the amount of resources a particular CCG receives, based on the difference between the CCG's target and baseline positions – its distance from target. NHS England is committed to fairness and accordingly the pace of change should be set at the maximum level possible with the risks fully identified and where necessary mitigated through a clear transparent transition plan. Other factors influencing pace of change are the:-

- Ability to invest and dis-invest from services whilst maintaining safe services and not reducing overall efficiency;
- Desire not to “yoyo” around allocations creating uncertainty;
- Impact of potential transition costs in investment / disinvestment; and
- Ability of local CCGs to address difficult issues when reducing proportionate funding in the wider context of the overall efficiency challenges.

It should be highlighted that there is no readily available evidence identifying an appropriate pace of change or the maximum level of additional funding that any one area can realistically and efficiently invest in a year. In addition, due to limited growth funding for the NHS, the speed of any change will be quite measured and controlled. The recent allocation workshops have also looked at identifying practical experiences for controlled investment / disinvestment and the interdependencies of specialised services and primary care.

I hope this briefing note is helpful and gives you an understanding of the work we are carrying out in this area and of the commitment we have made to make the review a transparent and open process.