

**Report to the Health and Wellbeing Board
Meeting to be held on the 15th October 2013**

Electoral Division affected: All

Briefing on the CCG Allocations - Fundamental Review of the NHS Allocation Policy

Contact for further information:

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Executive Summary

NHS England is currently reviewing the formula for allocation of resources across the full range of its responsibilities, covering both allocations to CCGs and the budgets available for direct commissioning functions in area teams. We do not know whether there will be a change in the formula. The effect of any potential changes to the formula will also be dependent on the pace of change policy that will be put into place. However, compared to the existing allocations to the CCGs, if the proposed new formula comes into place it appears that the allocations to Lancashire County Council linked CCGs will decrease by £29m. Nationally, this would reduce NHS funding in the parts of the country with the worst health outcomes by £30 per head and increasing the funding in areas with the best outcomes by the same amount. This is on top of the £200 per head that has been cut from local authority budgets in those same areas with the worst health outcomes.

Recommendation

It is recommended that the Lancashire County Council Health and Wellbeing Board:

1. Seek to establish a shared understanding of the impact of the fundamental review of allocations policy on the joint NHS resources available for Lancashire, including the allocations for the CCGs and NHS England's direct commissioned and specialised commissioned services.
2. Agree to respond to NHS England's review that
 - the proposed funding formula will adversely affect the health outcomes and inequalities in Lancashire,
 - the impact of future NHS allocations should be considered in the context of wider local government funding allocation process, and
 - further consultation should be done before the pace of change policy is established

1. Background and Advice Context

NHS England is currently reviewing the local allocation of resources across the full range of its responsibilities, covering both allocations to CCGs and the budgets available for direct commissioning functions in area teams. A series of workshops are being held across the country with a view to agree the policy at the Board meeting in December.

Implications for Lancashire

With the fundamental review of the NHS allocation policy still on-going, the implications for Lancashire health economies are not entirely clear. We do not know whether there will be a change in the formula. This will also be dependent on the pace of change policy that will be put into place. However, compared to the existing allocations to the CCGs, if the proposed new formula comes into place it appears that the allocations to Lancashire County Council linked CCGs decrease by £29m. The Fylde coast and West Lancashire health economies will see a rise of approximately £4m and £7.5m. Feedback from West Lancashire CCG suggests that their allocation might only rise by £1m following the technical adjustments for specialised commissioning. For all other health economies, the funding will decrease over a period of time that is yet to be established. For example, the allocation for East Lancashire CCG will decrease by £20m; Lancashire North and Chorley, South Ribble and Greater Preston CCGs will see a decrease of at least £13m and £2m respectively.

Although there is some clarity on CCG allocations, further information is needed on how the allocation for NHS England's directly commissioned services, including the specialised commissioning services, is set to change as a result of the allocation policy.

Further clarify is also needed on the potential impact of tariff reductions to the provider organisations and its impact on the health services in Lancashire.

Wider implications

The new allocation formula that was proposed by the resources allocation group (ACRA), now being reviewed by NHS England, would severely disadvantage poorer parts of the country. It would reduce NHS funding in the parts of the country with the worst health outcomes by £30 per head and increasing the funding in areas with the best outcomes by the same amount. This is on top of the £200 per head that has been cut from local authority budgets in those same areas with the worst health outcomes¹.

¹ Source: Ben Barr, Senior Clinical Lecturer in Applied Public Health, University of Liverpool.

Recommendations

It is recommended that the Lancashire County Council Health and Wellbeing Board consider the following:

1. Seek to establish a shared understanding of the impact of the fundamental review of allocations policy on the joint NHS resources available for Lancashire, including the allocations for the CCGs and NHS England's direct commissioned and specialised commissioned services.
2. Agree to respond to NHS England's review that
 - the proposed funding formula will adversely affect the health outcomes and inequalities in Lancashire,
 - the impact of future NHS allocations should be considered in the context of wider local government funding allocation process, and
 - further consultation should be done before the pace of change policy is established

Consultations

N/A

Implications:

N/A at this stage

Risk management

There are no risk management implications arising from this report at this stage.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Directorate/Tel
Working paper on 2013/14 CCG allocations, Indicative Target Allocations and Distance from Target – Available from http://www.england.nhs.uk/2013/08/15/rev-all-wrkshp/	15 th August 2013	Sakthi Karunanithi/ Adult Services, Health and Wellbeing/01772 539846
Reason for inclusion in Part II, if appropriate		