

Helensburgh & Lomond Area Committee

In response to various questions raised at the last area committee meeting, the following information is provided.

Q: a) Details of the NHS Scotland Resource Allocation Committee (NRAC) formula and how the allocation of funding for NHS Highland has been calculated based on that formula.

A: The following table sets out the most recent calculation of funding shares for each of the 14 territorial Health Boards in Scotland based on the NRAC formula. It takes the base population share for each Health Board area and then weights it for;

- the age-sex profile of the population (age-sex cost weights),
- the additional needs of the population due to morbidity and life circumstances (MLC weights), and
- the unavoidable excess costs of supplying services in different geographical areas (excess cost weights).

Health Board	Population Share	Age-sex index	MLC index	Excess cost index	Overall index	Overall share	Gain/Loss on indexation
Ayrshire & Arran	6.88%	1.055	1.021	0.991	1.068	7.34%	0.46%
Borders	2.12%	1.100	0.891	1.008	0.988	2.10%	-0.02%
Fife	6.86%	1.019	0.974	0.984	0.977	6.70%	-0.16%
Greater Glasgow & Clyde	21.32%	0.970	1.104	0.992	1.062	22.61%	1.29%
Highland	5.96%	1.067	0.948	1.074	1.086	6.50%	0.54%
Lanarkshire	12.14%	0.985	1.058	0.983	1.025	12.42%	0.28%
Grampian	11.00%	0.976	0.921	1.003	0.902	9.94%	-1.07%
Orkney	0.40%	1.072	0.928	1.188	1.182	0.48%	0.08%
Lothian	16.21%	0.956	0.956	0.990	0.905	14.66%	-1.55%
Tayside	7.76%	1.038	0.959	0.999	0.994	7.71%	-0.04%
Forth Valley	5.64%	0.994	0.984	0.985	0.964	5.43%	-0.21%
Western Isles	0.50%	1.122	0.984	1.208	1.333	0.67%	0.17%
Dumfries & Galloway	2.77%	1.111	0.942	1.013	1.060	2.95%	0.18%
Shetland	0.43%	1.010	0.903	1.199	1.094	0.48%	0.04%

From the table, it can be seen that NHS Highland's base population share is 5.96%. However that rises to 6.50% once indexation weightings are applied. Based on this formula, NHS Highland received baseline funding of £580m in 2016/17, which is proportionate to the national allocation of baseline funding to territorial Health Boards of £9bn.

Q: b) Details of the number of residents in each of the four decentralised areas of Argyll & Bute that has been used by the A&BHSCP as part of the NRAC formula for calculating the proposed ICFLA allocations for 2017/18 and the H&WF allocations for 2016/17 for each of the four decentralised areas of Argyll & Bute.

The NRAC formula has a component for the cost of GP prescribing and for the cost of providing Hospital and Community Health Care Services (HCHS). The NRAC formula for the cost of providing Hospital and Community Health Care Services (HCHS) was used to calculate the ICF and H&WF allocations. This was because GP prescribing does not include an excess cost component because the cost of GP prescribing is not dependent on location.

For the ICF, the 2015/16 NRAC formula was used.

A: The population figures for each of the four areas are shown in the table below.

Locality name	Population
Mid-Argyll, Kintyre & Islay	20,658
Bute & Cowal	21,212
Helensburgh & Lomond	26,211
Oban, Lorn & the Isles	20,244
Argyll & Bute	88,325

The H&WF allocations were first implemented in 2013 using the 2013/14 NRAC formula. For this allocation, the population figures for the 8 areas are shown in the table below.

Area	2013 projection
Bute	6866
Cowal	15372
Helensburgh and Lomond	25803
Islay and Jura	3727
Kintyre	8164
Mid Argyll	10002
OLI	20636
Total	90570
Mull, Iona, Coll, Tiree	4288
Oban and Lorn	16348

The H&WF allocations were updated in 2016/17. The funding was split between 8 areas based on a population size as shown in the table below.

HSCP Locality	Population
Bute	6,459
Cowal	14,753
Helensburgh and Lomond	26,211
Mid Argyll	9,417
Kintyre	7,799
Islay and Jura	3,442
Oban and Lorn	16,335
Mull, Iona, Coll and Tiree	3,909
Total	88,325

Q: c) details of the adjustments that have been made to the proposed ICFLA allocations and the H&WF allocations for 2016/17 relating to age/sex profile and their additional needs based on morbidity and life circumstances (including deprivation) for each of the four decentralised areas of Argyll & Bute.

A: The population and adjusted population figures for each of the four areas are shown in the table below.

Locality name	Population	Age-Sex Index	MLC Index	Excess Cost Index	Overall Index	Adjusted Population	NRAC share within Argyll & Bute
Mid-Argyll, Kintyre & Islay	20,658	1.124	0.955	1.156	1.240	25,615	25.09%
Bute & Cowal	21,212	1.198	1.029	1.078	1.328	28,177	27.60%
Helensburgh & Lomond	26,211	1.040	0.918	1.000	0.954	25,017	24.51%
Oban, Lorn & the Isles	20,244	1.068	0.943	1.142	1.149	23,267	22.79%
Argyll & Bute	88,325	1.104	0.961	1.089	1.156	102,076	

The 2016/17 ICF locality allocations were based on the NRAC adjusted population shares;

Mid-Argyll, Kintyre & Islay	£201,000
Bute & Cowal	£221,000
Helensburgh & Lomond	£196,000
Oban, Lorn & the Isles	£182,000
Total	<u>£800,000</u>

The H&WF allocations for 2013/14 were based on only the MLC and Excess Cost components of the HCHS NRAC formula.

Area	2013 projection	MLC index	EC index	MLC * EC	adjusted population	NRAC share
Kintyre	8164	0.98	1.13	1.12	9106	9.7%
Islay and Jrua	3727	0.94	1.27	1.19	4420	4.7%
Mid Argyll	10002	0.92	1.13	1.04	10379	11.1%
Bute	6866	1.04	1.16	1.20	8263	8.8%
Cowal	15372	0.99	1.06	1.05	16182	17.3%
Helensburgh and Lomond	25803	0.89	1.00	0.89	22989	24.6%
OLI	20636	0.92	1.16	1.07	22071	23.6%
Total	90570				93409	100.0%
Mull, Iona, Coll and Tiree	4288	0.90	1.28	1.14	4907	5.3%
Oban and Lorn	16348	0.93	1.13	1.05	17164	18.4%

The 2013/14 H&WF allocation was as shown below.

Area	2013/14 HWF budget
Kintyre	£6,990
Islay and Jura	£3,390
Mid Argyll	£7,970
Bute	£6,340
Cowal	£12,420
Helensburgh and Lomond	£17,650
OLI	£16,940
Total	£71,700
Mull, Iona, Coll and Tiree	£3,770
Oban and Lorn	£13,170

The H&WF allocations were updated for 2016/17 and were based on the 2015/16 NRAC formula.

Locality name	Population	Age-Sex Index	MLC Index	Excess Cost Index	Overall Index	Adjusted Population	NRAC share within Argyll & Bute
Kintyre	7,799	1.17	0.99	1.13	1.30	10,177	10%
Islay and Jura	3,442	1.13	0.93	1.28	1.34	4,620	5%
Mid Argyll	9,417	1.09	0.93	1.14	1.15	10,819	11%
Bute	6,459	1.22	1.05	1.08	1.38	8,941	9%
Cowal	14,753	1.19	1.02	1.07	1.30	19,236	19%
Helensburgh and Lomond	26,211	1.04	0.92	1.00	0.95	25,017	25%
Oban and Lorn	16,335	1.06	0.96	1.12	1.13	18,432	18%
Mull, Iona, Coll and Tiree	3,909	1.12	0.89	1.24	1.24	4,835	5%
Total	88,326	1.10	0.96	1.09	1.16	102,076	100%

The 2016/17 H&WF allocation was as shown below.

Area	Amount of funding
Kintyre	£6,152
Islay and Jura	£2,792
Mid Argyll	£6,539
Bute	£5,405
Cowal	£11,627
Helensburgh and Lomond	£15,122
Oban and Lorn	£11,141
Mull, Iona, Coll, Tiree	£2,922
Total	£61,700

Q: d) Details of any unavoidable excess costs of providing health services in different geographical areas of Argyll & Bute that have been used as part of the NRAC formula for calculating the proposed ICFLA allocations for 2017/18 and the H&WF allocations for 2016/17 for the four decentralised areas of Argyll & Bute.

A: It isn't really possible to quote specific examples here. The excess cost weighting takes account of the general relationship between the cost of providing services and the activity (volume of service) delivered for that cost. Frequently the ratio of costs to activity are higher in remote and rural areas than in predominantly urban areas.

The official description of this weighting, according to the central NHS Information Services Division (ISD) is, "This index takes account of the excess costs of supplying health services in different urban-rural areas and gives greater weights to areas where there is evidence of unavoidable excess costs of supplying healthcare services". Each year, NHS Boards submit returns of costs and activity which ISD uses to inform and update the NRAC formula excess cost index. In turn, this influences the allocation of resources to ensure the sustainability of relatively higher cost services in remote and rural areas.

The following is taken directly from the Notes page of the 2015/16 NRAC allocation Excel sheet.

“UNAVOIDABLE EXCESS COSTS index takes account of the cost of supplying health services in remote and rural areas where hospitals and clinics serve smaller populations and where dispersed populations mean greater travelling distances for staff. This index gives greater weight to Boards with more sparsely distributed populations.

HCHS

Indices are calculated separately for hospital and community services:

(i) Hospital services excess costs

This index uses a cost ratio to analyse the variation in local costs relative to the costs for the same service at national average unit costs. For each care programme (acute, maternity, mental health & learning difficulties and care of the elderly) local costs and national costs are analysed at data zones level, and then aggregated to the 10 Scottish Government Urban-Rural Category (SGURC) to produce the index. Each data zone within the same SGURC shares the same index value.

(ii) Community services: *two indices are calculated for community services*

1 - Community travel based services

The adjustment for travel based services is based on a simulation of the additional travel associated with the delivery of services by healthcare professionals. The model is based on 2001 census output areas and focuses on the average time required for patient contacts in different areas. In addition, the model assumes that healthcare professionals are based in settlements and must travel to patients' homes. Thus, the model requires assumptions about contact duration, travel times, the proportion of visits in patients' homes and the time required to visit islands. The

key determinant of the excess cost adjustment for rural areas is settlement size (small or large). Average time is analysed and aggregated at data zones level to produce the community travel index.

2 - Community clinic based services

The adjustment (rurality weighting) for clinic based services is drawn from the Scottish Allocation Formula (SAF) (which allocates funding to GP practices) as a proxy for the excess costs of clinic-based community services. SAF rurality weighting is based on combined weightings of three variables: density and sparsity of the GP practice population and proportion of people in the GP practice population that attract road mileage payments. SAF rurality weightings are mapped from GP practices to data zones and the final community clinic excess costs is calculated as a ratio of data zone's rurality weighting to the national average.

The overall community unavoidable excess costs index for each data zone is calculated by using the assumption that the community services are split 2/3 to 1/3 between travel based and clinic base services.”

There is further information including frequently asked questions on the NHS National Services Scotland Information Services Division website.

<http://www.isdscotland.org/Health-Topics/Finance/Resource-Allocation-Formula/>

In addition Councillor Freeman raised the following queries at the Council Meeting on 30 June 2016 :

a): The date when the decision to allocate the £800,000 from the Integrated Care Fund Locality Allocations equally for Year 1 by allocating £200,000 to each of the four decentralised areas was taken?

The Scottish Government initially announced Integrated Care Fund (ICF) as a 1 year source of funding to Health and Social Care Partnerships (HSCPs). In March 2015 a further announcement indicated it would be a source of funding over 3 years (2015-18).

The decision to allocate £200k per locality was put forward by the former Reshaping Care for Older People (RCOP) Performance Management Group on 29th January 2015. The RCOP group has now evolved into the ICF Performance Management Group. A report on the ICF was approved at the June 2015 Committee meeting of the Health and Social Care Strategic Partnership. This advised of the proposal to allocate £200k to each locality.

b) Who (or what committee or group) took the decision to allocate the £800,000 from the Integrated Care Fund Locality Allocations equally for Year 1, by allocating £200,000 to each of the four decentralised areas?

As in a) the decision to allocate £200k per locality was put forward by the former RCOP Performance Management Group and a report on the ICF was approved at the June Committee meeting of the Health and Social Care Strategic Partnership. This advised of the proposal to allocate £200k to each locality.

c) The date when the decision to allocate the £800,000 from the Integrated Care Fund Locality Allocations for Year 2 by using the National Resource Allocation Committee formula was taken?

The decision to allocate £800k to the 4 localities was taken at the ICF Performance Management Group on 24th February 2016, the methodology was also reviewed, and it was agreed that the NRAC formula would be used that takes account of all demographics.

d) Who (or what committee or group) took the decision to allocate the £800,000 from the Integrated Care Fund Locality Allocations for Year 2 by using the National Resource Allocation Committee formula?

As in c) the decision to allocate £800k to the 4 localities was taken by the ICF Performance Management Group. This group has representation from health and social care as well as the independent and third sector, and public representation, and is chaired by Lorraine Paterson, Head of Service for the West.