

## **AGENDA ITEM**

### **REPORT TO HEALTH AND WELL BEING BOARD**

**21<sup>ST</sup> OCTOBER 2013  
REPORT OF DIRECTOR OF  
PUBLIC HEALTH**

## **NHS REVIEW ON ALLOCATIONS**

### **SUMMARY**

NHS England is currently considering proposals from the Advisory Committee for Resource Allocation (ACRA) to amend CCG allocations. The proposals would move significant resource away from northern CCGs, with a potential total loss for the North East amounting to £166m. Every CCG in the North East will receive a reduction in funding. The Association of North East Councils (ANEC) has produced a response to these proposals, to be circulated to Leaders and Elected Mayors for approval on Friday 18<sup>th</sup> October 2013.

### **RECOMMENDATIONS**

1. The ANEC response is provided to the Stockton Health and Wellbeing Board for information. The Board is asked to consider the response.

### **DETAIL**

1. The Advisory Committee for Resource Allocation (ACRA) is an independent body which advises the Secretary of State for Health on the weighted capitation formula for national resource allocation. ARCA also provides provide advice to both NHS England on allocations to clinical commissioning groups and the Department of Health on ring-fenced public health grants for local authorities, facilitated by a secretariat that is based in NHS England.
2. The weighted capitation formula incorporates a range of weighted population factors. It calculates the relative need of each area's population and is also known as the fair shares formula. It does not seek to measure an absolute level of need for each area, only relative need across areas. Historically, deprivation has featured significantly in the formula.
3. The weighted capitation population is based on:
  - Each CCG's population
  - A weight, or adjustment, for need for health care services related to age (assuming all other factors are equal; and areas with older populations have a higher need per head)
  - A weight, or adjustment for need over and above that due to age (assuming all other factors are equal; and areas with poorer health have a higher need per head)

- A weight, or adjustment, for unavoidable costs due to location (e.g. higher unit staff costs and higher costs of land and equipment) and the emergency ambulance cost adjustment (EACA)
4. ACRA has proposed changes to the formula, with a greater weighting towards age than need. If adopted by NHS England, the reviewed ACRA formula would mean the five CCGs in the Durham, Darlington and Tees area will receive £50m (3.27%) less allocation.
  5. The ANEC response outlines ANEC's concern that the formula would see a transfer in resource from areas with poorer health outcomes to those with better health outcomes. This would have a significant impact on the funding available through the Public Health grant in Stockton Borough Council, with the potential for significant impact on the health and wellbeing of the local population.
  6. The ANEC response has been informed by the Chair of Regional ADASS (Rachael Shimmin), the Chair of the North East Director of Public Health Network (Anna Lynch) and Local Authority Directors of Resources, with input from Professor Clare Bamba, Durham University. Directors of Resources and Assistant Chief Executives have been sent a copy of the response.

## **FINANCIAL IMPLICATIONS**

10. There are significant potential financial implications of these changes for Stockton Borough Council and consequent impact on population health and wellbeing.

## **LEGAL IMPLICATIONS**

11. There are no specific legal implications of this update.

## **RISK ASSESSMENT**

12. There is a risk that the implementation of the reviewed formula will result in reduced funds available for the health and wellbeing of the population.

## **SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS**

13. The work will support implementation of both the Sustainable Community Strategy and the Joint Health and Wellbeing Strategy.

## **CONSULTATION**

14. The ANEC response contributes to the consultation on the changes.

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