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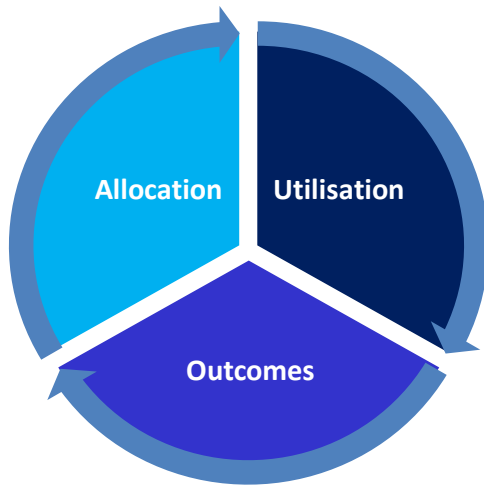
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Resource Allocation Formula Update

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Context



Formula Development

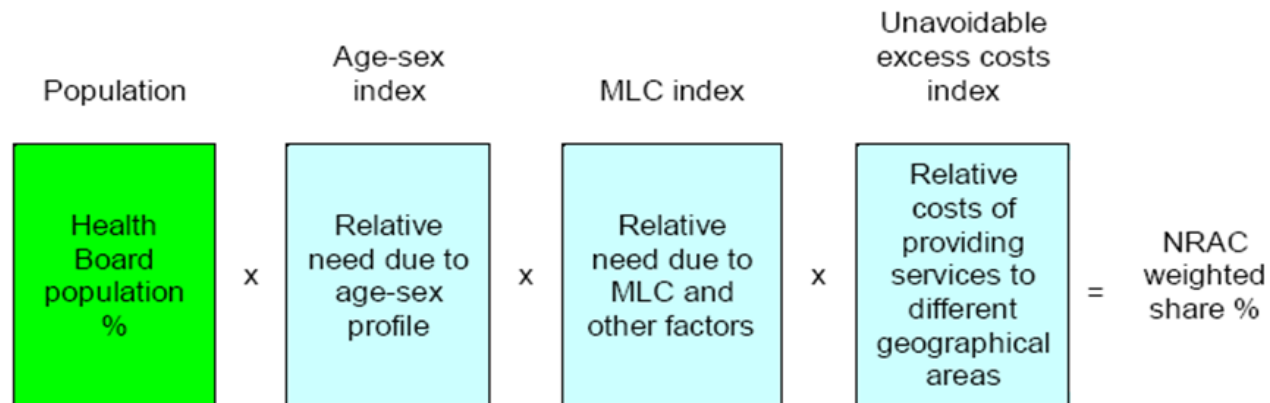


- New needs based population formula to replace “Townsend” direct needs formula to support the equitable distribution of additional HCHS&P allocation in 2020/21 & beyond
- To operate on all levels:
 - 7 Local Health Boards
 - 22 Public Service Boards
 - 64 Locality Networks / Primary Care Clusters
- Transparent, modular, simple to maintain, based on available accurate and consistent population, needs, and financial information
- Initial focus on discretionary HCHS&P allocation, but will aim to extend to ring-fenced HCHS and also primary care allocations.

Formula Development (HCHS&P)



- 4 elements Acute (72.04%), Maternity (3.29%), Community (13.53%), Prescribing (11.14%)
- Each component made up of:
 - Population –primary component of the formula
 - Age/Sex costs – the differing cost by age and sex
 - Additional needs – factors that predict need for healthcare over and above age/sex (e.g. higher morbidity)
 - Unavoidable excess costs – the costs of supplying healthcare in remote and rural areas



Summary of HCHS&P Formula

SUMMARY OF THE CARE PROGRAMMES, COMPONENTS AND INDICATORS USED IN THE RESOURCE ALLOCATION FORMULA REVIEW					
Version	6e				
	1	2	3	4	
Components Care programme	Share of Population	Age-Sex cost index	Additional Needs index	Additional costs index (Excess costs)	Share of allocation - Expenditure 2017/18 (%)
Acute	2020 population projections re-based using the 2018 population estimates	Health Foundation work 15-16	ASMR<75 (2018) + LLTI (2011 census)	-	72.20%
Maternity	2020 population projections re-based using the 2018 population estimates	Scottish costs 2020-21	Birth rates (2018, 15-49) + Low birth weight (3 year average 2016-2018)	-	3.40%
Community	2020 population projections re-based using the 2018 population estimates	Scottish costs 2020-21	Weighted average of the acute and maternity additional needs	Scottish indicators using Welsh data including WIMD 2019 travel time for GP surgeries	13.40%
Prescribing	2020 population projections re-based using the 2018 GP practice populations	Scottish costs 2020-21	As acute	-	11.00%
Summary					100.00%

HCHS&P Formula Results

	Population Share	Formula Share	Index
Aneurin Bevan	18.80%	18.95%	1.008
Betsi Cadwaladr	22.23%	22.38%	1.007
Cardiff and Vale	15.95%	13.50%	0.846
Cwm Taf Morgannwg	14.16%	15.13%	1.068
Hywel Dda	12.26%	12.90%	1.052
Powys	4.18%	4.17%	0.996
Swansea Bay	12.41%	12.97%	1.045
Total	100.00%	100.00%	

Next Steps

- HCHS&P formula will be applied to growth funding in the 2020-21 LHB revenue allocation, to be issued by Christmas
- Work already commenced on developing a new formula for ring-fenced mental health funding – for 2021
- Develop shares at primary care cluster level
- Future work programme and resourcing to be developed:
 - Consider future extensions in scope e.g. primary care
 - Ongoing refinement of model – updating data etc.
- Consider approach to equalisation