



Department of  
**Health, Social Services  
and Public Safety**

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AN ROINN

**Sláinte, Seirbhísí Sóisialta  
agus Sábháilteachta Poiblí**

MÁNNYSTRIE O

**Poustie, Resydènter Heisin  
an Fowk Siccar**

**HEALTH AND SOCIAL CARE REFORM**

**DHSSPS**

**Modernisation and Improvement  
Programme Board (MIPB)**

**HSCB – LOCAL COMMISSIONING GROUP RESOURCE  
ANALYSIS 2009/10**

**FEB 2009**

**MIPB 33/09**

## Introduction

This paper has been prepared with reference to the MIPB Planning and Finance paper. MIPB have agreed that certain DHSSPS budgets, historically managed centrally, should now be devolved to the HSCB or Public Health Agency. These have been included within the HSCB allocation included within this paper. Amounts are indicative and there will be an ongoing process of refinement between the Department and the two Chief Executives.

It has been approved by the Modernisation and Improvement Programme Board and is now free for circulation to HSC staff and other relevant stakeholders. A copy of the paper will be placed on the Health and Social Care Reform section of the departmental website - [www.dhsspsni.gov.uk/index/hss/rpa-home.htm](http://www.dhsspsni.gov.uk/index/hss/rpa-home.htm)

This paper describes the process and approach used to allocate funds from 1 April 09 to the 5 new LCGs for the following areas:

- general commissioning resources
- Accident & Emergency
- Northern Ireland Ambulance Service
- General Medical Services
- Family Health Services
- Centrally managed budgets

Further information on this document or the Resources Management Programme Board work may be obtained from the Project Director Julie Thompson at [Julie.thompson@dhsspsni.gov.uk](mailto:Julie.thompson@dhsspsni.gov.uk) (tel 02890 522446).

# 1. INTRODUCTION

Under the existing arrangements the Department devolves financial resources from the Comprehensive Spending Review using the following principles:

- Departmental Central funds: resources managed and allocated in year by the Department
- General Medical Services: Resources allocated to Boards which are then distributed to GPs covering the costs of premises, IT, staffing, monitoring costs and enhanced services.
- Family Practitioner Services: Resources allocated to the CSA to cover costs of pharmaceutical drugs, optometry, dental and pharmacist fees. The Department manages variances between planned and actual expenditure.
- The four Health and Social Services Boards: Resources allocated and Board responsible for managing variations between planned and actual expenditure.

# 2. TERMS OF REFERENCE

A subgroup of HSCB was tasked with:

- Providing a comprehensive analysis to Local Commissioning Group area of each of the funding sources identified above. These total some £3.6bn in 2009/10.
- Further analysing the results between the HSCB and the Public Health Agency
- Providing an equity comparison of the results against capitation fair share budgets.
- Providing a regional resource allocation system capable of updating, monitoring and tracking agreed commissioning budgets for the post-RPA structures.

An indicative analysis of £3.5bn to Local Commissioning Group area for 2009/10 is now complete. The remaining £77m relates to HSCB Admin Running Costs (£32m) and DHSSPS Central Funds

(£45m) which will only be fed through to the HSCB in a phased manner from 1<sup>st</sup> April 2009.

This paper summarises the approach, processes, results and recommendations of this major part of the programme.

The resource allocation to LCGs has been based on a background of continuing discussions as modifications are made to the function of the organisations. In this regard the LCG resource allocation should be regarded as indicative and liable to modification as the year progresses. It is proposed that any refinement to LCG allocations should be taken forward by the HSCB, as and when revisions are identified between LCGs.

### **3. PROCESS AND APPROACH**

The Resource Allocations Programme Group established a range of multidisciplinary sub groups from across the HPSS covering the areas of General Commissioning Resources, Accident and Emergency, Ambulance, Family Health Services and Central Departmental Resources. (Some 50 project staff and expert advisors have been involved in the programme to date). Separate reports for each of these areas are available. Approaches were agreed within each Project Group to provide the most accurate approach possible in order to meet the aggressive timescale to deliver LCG budget analysis for 2008/09 and an indicative analysis for 2009/10 in time for the new post RPA commissioning structures.

#### **3.1 General Commissioning Resources**

The LCG budget analysis was based on the Strategic Resource Framework 2008/09 which provides information by POC, LCG, provider Trust and key service area eg specialty. In the case of the Acute Programme of Care the work was refined to introduce a case mix adjustment using reference costs 2005/06 in order to reflect the relative cost of each LCG commissioning from each provider Trust.

***Recommendation:*** Due to the impact of the CSR and the Trust reconfiguration in 2008/09 it is proposed that no action regarding costing is taken until the 2008 reference costs are available.

#### **3.2 A&E and Ambulance**

Accident and Emergency Service: These services currently are provided by the host Board similar to the NHS in England. A number of options considering alternative approaches were examined in conjunction with expert advisors from the DHSSPS to develop budgets.

Northern Ireland Ambulance Service: Funding made available by the four Boards has been largely on a capitation basis with a focus on improving the service provided across Northern Ireland. In addition individual Boards have made specific local investments aimed at enhancing local service provision or in response to changes in local circumstances. A number of options considering possible approaches to establishing budgets were developed in conjunction with expert advisors from the Northern Ireland Ambulance Service.

**Recommendation A&E and NIAS:** It is recommended that the current funding arrangements in the SBA should remain in place for 2009/10 pending the establishment of the Regional Health and Social Care Board. Once structures and the level of delegation in respect of commissioning these services are established within the HSCB appropriate funding models should be developed taking account of Resource Allocation Group detailed reports and project findings.

### **3.3 General Medical Services/Family Health Services**

There are various funding models for the GMS/FHS, it is proposed that the following models apply for 2009/10.

General Medical Services: These resources have been identified to Local Commissioning Groups built up from General Practices based within each LCG area.

Community Prescribing: The LCG analysis compared the current methodology based on a combination of capitation and expenditure with current expenditure and capitation fair shares. There were substantial differences in the results of each approach.

**Recommendation:** The General Practice weighted list size, even though this may cover more than one LCG, should be the basis for both fair share and actual expenditure. While analysis for 2009/10, within this paper, have been rebased on 2007/08 expenditure patterns, no policy decision has been made to change the basis on which the existing DHSSPS prescribing budgets (Indicative

Prescribing Allocations-IPAs) should be allocated to LCGs. Further work by Primary Care colleagues within the Department and the HSCB would be required to input into any such policy decisions. 2009/10 pressures and easements should be managed centrally by the Department whilst a suitable monitoring system is being set up.

General Practice Dentists/Optomotrists: The analysis has been based on 2007/08 expenditure patterns by practice site updated for any proposed change in 2008/09 and 2009/10.

**Recommendation:** These should be excluded from an assessment against fair shares as there are no accurate patient use data by LCG residence. The HSCB should examine the feasibility of introducing postcoding for these clients.

### **3.4 Prison Service Healthcare**

Whilst in the 2009/10 DHSSPS allocation letter, all funds for Prisoner Healthcare (£6.5m) have been allocated to EHSSB and will be managed by South Eastern Trust these funds have been excluded from the analysis shown in this paper. They will also be excluded from any fair share assessment. Not to do so would disadvantage Belfast and South East LCGs.

### **3.5 Departmental Central Funds**

These will not be allocated to LCGs until funds have been released to the HSCB to manage.

**Recommendation:** When the Department releases the funds to be devolved, the allocations should be allocated to LCGs based on fair shares.

## **4. NEXT STEPS**

Results have been shared with the LCG Assurance Group and their feedback sought.

The HSCB sub group also have a comprehensive analysis of the sums that are to be devolved to the Public Health Authority, with LCG splits, where possible.

## **5. CONCLUSION**

Policy decisions will be required on which aspects of the budgets should be included in any future assessment of equity gaps. Historically A&E and Ambulance have been included in such assessments. 2009/10 will be a transition year and no capitation funding adjustments will occur over and above those already notified in the Departments allocation letter.

Consideration should also be given to whether Pharmaceutical Drugs should be included in any fair shares assessment. It has its own capitation formula. The basis on which prescribing drugs budgets are to be allocated to LCGs should be agreed between Primary Care colleagues and the HSCB.

The distribution of acute activity in the Belfast and South Eastern LCG is based on the activity by local district council usage in 2005/06. The allocations listed in Annex 1 of this paper should therefore be regarded as indicative and they will be subject to further refinement in 2009/10 by the Board, as and when revisions are identified between LCGs.

## Annex 1

**SUMMARY OF 2009/10 LCG ANALYSIS AS AT 20 JAN 09**

<b>DESCRIPTION</b>	<b>BELFAST LCG £m</b>	<b>SOUTH EASTERN LCG £m</b>	<b>NORTHERN LCG £m</b>	<b>SOUTHERN LCG £m</b>	<b>WESTERN LCG £m</b>	<b>TOTAL £m</b>
2008/09 Trust SRF/SBA BASELINE excl £19.8m EHSSB Capitation Retraction	516	417	574	451	414	2372
EHSSB 09/10 & 10/11 Capitation Reduction	18	2				20
Other Non Trust Providers	20	17	15	6	2	61
Attributed to Trusts by Nov 08	7	7	14	3	3	33
<b>Sub Total = 2008/09 SRF excl A&amp;E/NIAS</b>	<b>561</b>	<b>443</b>	<b>602</b>	<b>460</b>	<b>419</b>	<b>2486</b>

New Recurrent Funds  
made available in  
08/09 (excl Prison  
Healthcare (£6.5m))

3	2	3	2	5	15
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New Recurrent Funds  
for 09/10 (incl  
capitation skew  
£12.5m)

24	21	35	40	26	146
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GMS Other Services

24	20	27	22	19	112
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**TOTAL FOR  
ASSESSMENT  
AGAINST FAIR  
SHARES**

<b>612</b>	<b>486</b>	<b>667</b>	<b>524</b>	<b>469</b>	<b>2759</b>
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FPS EXCLUDED  
FROM FAIR SHARES  
ASSESSMENT  
(Global Sum, Dental  
& Optomotery,  
Pharmaceutical)

168	122	170	130	115	704
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A&E	17	12	14	14	10	68
NIAS	11	8	12	9	10	50
<b>TOTAL 2009/10</b>	<b>808</b>	<b>629</b>	<b>863</b>	<b>676</b>	<b>604</b>	<b>3582</b>
HSCB Funds not Allocated to LCG including DHSSPS Central Funds						77
Prison Healthcare						6
<b>Total HSCB 09/10 ALLOCATION</b>						<b>3666</b>

**Document History:**

<b>Author:</b>	Resource Management Programme Board, RHSCB Finance workstream
<b>Owner:</b>	Dr Andrew McCormick, MIP SRO
<b>Client:</b>	Modernisation and Improvement Programme Board (MIPB)

**This document required the following approvals**

<b>Title</b>	<b>Name</b>	<b>Date of Approval</b>	<b>Version</b>
Modernisation and Improvement Programme Senior Responsible Owner (SRO) and Modernisation and Improvement Programme Board (MIPB) members	Dr Andrew McCormick, Permanent Secretary Linda Devlin Julie Thompson Sean Donaghy Michael McBride, David Bingham Hugh Mullen Linda Brown Sean Holland Colm Donaghy Karen Meehan Tom Creighton, Philip Robinson Ken Jarrold, Bernard Mitchell George O'Neill	19 <sup>th</sup> February 2009	1.0

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Chairs of Boards & LCG Chairs, Trusts and Agencies		26 <sup>th</sup> February 2009	1.0
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MIP Project SRO's		26 <sup>th</sup> February 2009	1.0
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