TAGRA WORK PLAN 2015/16 - 2016/17

**TAGRA(2016)03**

**INTRODUCTION**

1. This paper sets out TAGRA’s high level work plan until April 2017. This includes a population only NRAC update in 2016 (2017/18 shares).

**WORK PLAN**

1. The following TAGRA work plan has been proposed:
   * Annual NRAC formula runs
   * Review of MLC (acute care programme) (see Annex A)
   * Review of Scottish Allocation Formula (SAF)
   * Investigation of instabilities in the Excess Cost component of the formula
   * Community Health Activity Data Project

The only new item for this version of the work plan is the introduction of a relatively small piece of analytical work to investigate aspects of the Excess Cost component of NRAC. This follows on from the observation during the course of the 2016/17 formula run that very low activity levels for some care programmes (notably Care of the Elderly) in the SDIA category of DataZones can lead to unacceptable degrees of instability in this aspect of the formula. The AST will investigate potential amendments to the formula to mitigate this instability, with a view to bringing a proposal to TAGRA in time for it to be approved and implemented in the 2017 formula run (the next time the Excess Cost adjustments will be updated).

The following tables, which are ordered by level of Analytical Support Team (AST) resource required (apart from the formula runs which are placed first), outline the resource estimates required to undertake the programme of work, timescales and project leads. Note, the work plan excludes resourcing required for routine NRAC work, for example, answering Parliamentary Questions, briefing, ad hoc queries which occur throughout the year.

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| **Project** | **Estimate of Analytical Support Team resource required** | **Further information** | **Project**  **timescales** | **Project lead** | **TAGRA representative** | **Progress –**  **Green /**  **Amber / Red** | **Main Risks** |
| **NRAC 2017/18 formula run** | 15 days | Population only update | May – Aug 2016 | Roger Black | Roger Black | **GREEN** |  |
| **Morbidity & Life Circumstances (Acute)** | 24 months | Timing has been revised on the basis of the update in TAGRA(2015)01, with final report to TAGRA in Aug 2016 and impact assessment in Dec 2016. | Feb 2014 –Dec 2016 | Karen Facey | Karen Facey, Angela Campbell, Lynne Jarvis, Roger Black, Paudric Osborne, Evan Williams | **GREEN** | Assumes the analysis does not throw up unexpected findings which merit further investigation.  Availability of data following shift to new Data Zones. |
| **SAF Formula Review (Phase 1)** | 24 months | Undertaken by Expert Technical Group, including SG, ISD, PSD and BMA. | Aug 2014 – Jul 2016 | Angela Campbell and Lynda Nicholson | Angela Campbell, Lynda Nicholson, Lynne Jarvis, Paudric Osborne, Evan Williams | **AMBER** | Data availability. |
| **Investigation of instabilities in the Excess Cost component of the formula** | 7 days |  | 2016, with report to TAGRA by December 2016 at latest | Roger Black | Roger Black, Angela Campbell, Paudric Osborne, Evan Williams. | **GREEN** |  |
| **Community Health Activity Data Project (Validation of Community Nursing data)** | 6 days (requires little direct engagement from AST) |  | Dec 2013 – Summer 2016 | John Ross Scott | John Ross Scott, Lynne Jarvis, Judith Stark, George Walker | **GREEN** | Data might not be available in all health boards within the timescales.  Unknown data quality. |
| **Community Health Activity Data Project (Validation of Mental Health data)** | 6 days (requires little direct engagement from AST) |  | 2016 - 2017 | John Ross Scott | John Ross Scott, Lynne Jarvis, Judith Stark, George Walker | **GREEN** | Data might not be available in all health boards within the timescales.  Unknown data quality. |
| **Community Health Activity Data Project (Incorporation of data into NRAC)** | TBC (but potentially a large undertaking) |  | 2016 - TBC | John Ross Scott | John Ross Scott, Lynne Jarvis, Judith Stark, George Walker. | **GREEN** |  |

**Code to Risk:**

**Red – Significant risk to being delivered on time**

**Amber – Risk to elements of project not being delivered on time, or a small risk to the delivery of the project being late**

**Green – Project progressing to schedule**

**Scheduling of projects**

Work plan items which require more than an estimated 6 days of AST resource (see preceding table) are shown as solid coloured bars. Work plan items with lower, or TBC, resource requirements are shown as grey bars.



**STRUCTURE OF NRAC FORMULA**

1. The resources distributed by the NRAC formula to territorial Health Boards amount to around £8 billion per annum. In 2013/14, these resources represented around 70% of the Scottish Government Portfolio Budget for Health and Wellbeing[[1]](#footnote-1). Within the Hospital and Community Health Services (HCHS) element of NRAC, the Acute care programme represents the largest spend (around £4.3 billion in 2013/14), with Community the second largest (around £1.6 billion in 2013/14).
2. Both the HCHS and GP Prescribing ***population components*** of the NRAC formula are updated each year. The standard method for HCHS uses population projections, re-based using mid-year estimates (MYEs), provided by National Records of Scotland (NRS). The standard method for GP Prescribing uses CHI populations adjusted to re-based NRS population projections. These methods were last reviewed in 2007 (NRAC review).
3. The ***age-sex adjustment*** for both HCHS and GP Prescribing are updated each year. National average age/sex cost weights are updated every two years. The method for HCHS was last reviewed as part of the NRAC review in 2007. The GP Prescribing adjustment method was last reviewed in 2012 whereby complete PIS (Prescribing Information System) data replaced the sample of prescriptions previously used.
4. The ***MLC adjustments*** for all care programmes are normally updated every three years. In 2011, TAGRA agreed that a detailed analysis to review the MLC adjustment for each care programme will be undertaken by an expert technical subgroup and should begin by examining the Mental Health and Learning Difficulties (MH and LD) programme and then continue with other care programmes. The review of the MH and LD MLC adjustment was completed in December 2012. At the April 2013 meeting of TAGRA, it was agreed that the next care programme to be reviewed would be the Acute care programme. The subgroup held its first meeting in February 2014 and hopes to complete the review by August 2016. The remaining MLC adjustments have not been reviewed since the 2007 NRAC review. As recommended by the NRAC committee, ISD carried out an exercise to update and refresh some elements of the MLC components, such as cost ratios, need indicators, population and regression coefficients for all care programmes.
5. The main data used in the unavoidable ***excess costs adjustments*** are updated every two years. There are four elements within the unavoidable excess cost adjustment: hospital services; clinic-based community services; travel-based community services; and, GP prescribing (no excess cost adjustment for GP prescribing as drug reimbursement costs are the same across the country). In early 2011, an expert subgroup of TAGRA was established to review the excess cost adjustment within the NRAC formula, focusing on Remote and Rural areas of Scotland. Following this review, an adjustment, based on the Scottish Allocation Formula, which explicitly recognises Out of Hours Services, was incorporated into the NRAC formula in 2013. An adjustment to the urban rural categories used within the adjustment was also incorporated. A more detailed review of the excess costs adjustments in relation to each care programme has not been carried out since the 2007 NRAC review.
6. The table on the following page shows: (1) the approximate spend associated with each care programme (based on latest Costs Book figures); (2) when each component of the Formula was last fully updated (components highlighted in red indicate that a review has taken place since the NRAC 2007 Review); (3) the activity data sources used for each care programme, and which year(s) of data were used in the latest Formula run for the 2015/16 target shares. Note that in addition to the activity data sources shown, Costs Book data from 2011/12 was used for all Hospital and Community care programmes.

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| **Formula component** | **Care programme** | **Approximate** | **Date of last full update to formula component** | **Data source** | **Year of data used in latest run: Age-sex & Additional needs** | **Year of data used in latest run: Unavoidable Excess costs** |
| **Spend1** |
|  |
| **HCHS** | Acute | £4.34bn | Age-sex: 2013 MLC: 2010 Excess costs: 2013 | SMR01, SMR00 | 2011/12 | 2009/10-2011/12 |
| Maternity | £0.30bn | Age-sex: 2013 MLC: 2010 Excess costs: 2013 | SMR02, SMR00 | 2011/12 | 2009/10-2011/12 |
|  |  | NRS Births | 2011/12 | N/A |
| Mental Health & Learning Difficulties | £0.89bn | Age-sex: 2013 MLC: 2013 Excess costs: 2013 | SMR04, SMR00 | 2011/12 | 2009/10-2011/12 |
| Care of the elderly | £0.20bn | Age-sex: 2013 MLC: 2010 Excess costs: 2013 | SMR01\_1E | 2011/12 | 2009/10-2011/12 |
| Community | £1.58bn | Age-sex: 2013 MLC: 2010 Excess costs: 2013 | SMR00 | 2011/12 | N/A |
| Practice Team Information (PTI) contacts | 2011/12 | N/A |
| PTI District nurse & Health visitor contacts | 2005/06 | N/A |
| SMR13 Community Dental | 2006/07 | N/A |
| SMR01 Alcohol & Drugs | 2011/12 |  |
| Scottish Allocation Formula (SAF) report | N/A | July 2012 |
| **GP Prescribing** | | £0.94bn | Age-sex: 2013 MLC: 2010 Excess costs: N/A | Prescribing Information System (PIS) | 2011/12 | N/A |
| **Total** | | £8.25bn |  | | | |

1. Scottish Health Service Costs: SFR 13: 2013/14, SFR 10: 2013/14.

**RISKS TO DELIVERY**

1. These projects represent TAGRA AST’s ambitions for the coming two years. There is a risk that they cannot be delivered due to resource constraints but by building the work plan over two years this means there is greater flexibility around when different work programmes can be taken forward.

***Required resources***

1. Some of these projects, by their nature, are potentially open ended. They can also be dependent on other pieces of work that are out with the control of the TAGRA team. Projects such as the review of the MLC Acute adjustment and the incorporation of Community Health activity data into the formula are potentially extremely lengthy pieces of work. It is difficult to specify the timescales and resources required to undertake this work thoroughly, as there is a risk that any initial review of the area identifies issues which are currently unknown, either requiring further detailed analysis or opening entirely new avenues of investigation.
2. The review of the SAF represents a significant piece of work. The resources required to carry out this work are being found from within Health ASD and ISD teams, and some of this is additional to the current TAGRA support team, but most of the staff involved are the same people – this was one of the key reasons for bringing this work under the TAGRA oversight. It will continue to be a challenge to meet all the requirements of the projects set out in this work plan, especially in relation to the SAF review, and this will be the focus of continuous oversight by ISD and ASD senior management.
3. It is recognized that wider prioritisation decisions within the organizations involved in AST will also impact of the delivery of the proposed work plan.

**CONCLUSION**

1. TAGRA members are invited to note the updated high level work plan.

*TAGRA Analytical Support Team (Health ASD & ISD)*

*December 2015***ANNEX A – High level outline of MLC Acute Care Programme Review**

* Preparation of activity and cost data for the seven diagnostic groups
* Read Robertson Centre for Biostatistics report and other relevant materials
* Identification of potential indicators
* Scope stability of activity and cost data and preferred size of analysis
* Initial test of data stability, agreed potential functional forms, age splits, 'medium' list of indicators, and preferred geographies
* Initial statistical results
* Agree short list of indicators, final functional form, age split and geography - initial assessment against core criteria
* Statistical results
* Assessment against TAGRA core criteria
* Analysis of final preferred set of options
* Assessment against TAGRA core criteria
* Draft Final Report
* Present recommendations to TAGRA

1. Other than the baseline funding provided to NHS Territorial Boards (through NRAC) and Special Boards, the Health and Wellbeing Portfolio Budget also covers, amongst other things; General Medical, Dental and Ophthalmic Services and Health Improvement services. [↑](#footnote-ref-1)