**Health Board Boundary Change: Implications for Resource Allocation**

**TAGRA(2013)13**

**PURPOSE**

To provide TAGRA members background to the proposed health board boundary changes and implications for the NRAC formula.

**SUMMARY**

1. The creation of integrated adult health and social care partnerships requires the alignment of Health Board boundaries with Local Authority boundaries. This realignment will result in the reallocation of residents between Health Boards. The NRAC formula must be updated to accommodate this change and to produce target shares on the revised Health Board boundaries. The change to Health Board boundaries will be implemented on the 1st April 2014, therefore a formula run on the new boundaries will be required for 2014/15.

**BACKGROUND**

1. The Public Bodies (Joint Working) (Scotland) Bill was introduced to the Scottish Parliament on the 28 May 2013. This Bill requires Health Boards and Local Authorities to integrate community health, social care and some acute provision. It sets up joint accountability for delivering national outcomes, requires joint strategic planning for services and creates a single budget covering all aspects of integrated services. This joint working and partnership is predicated on a relationship between a Health Board and a local authority.
2. The current boundaries of Health Boards and local authorities do not match: the Geographic Information Services Team (Scottish Government) have identified 49 discrepancies. Three of these have a legislative basis and the remaining 46 are administrative in nature. This mismatch in boundaries is incompatible with the Bill and will need to be rectified before the Bill reaches stage two of the Parliamentary process. The actual change needs to happen before Health Boards and Local Authorities are required to implement the resultant Act.
3. It is necessary that from the 1st April 2014 (when the legislation is planned to be enforced) that the SG and Partners are using the new NHS Boundaries for planning, analysis, funding and general operational and policy work.

**IMPLICATIONS FOR THE NRAC FORMULA**

1. Given the implementation of the legislation from 1st April 2014, we will require a set of NRAC target shares for the financial year 2014/15 which are based on the new boundaries.
2. The preliminary assessment of the magnitude of the current discrepancies, which affect six health boards, is as follows:

* NHS Lanarkshire (1654 people in East Renfrewshire; 3 people in Glasgow City; 259 people in West Lothian);
* NHS Ayrshire & Arran (9 people in Dumfries & Galloway; 21 people in East Renfrewshire);
* NHS Lothian (46 people in Scottish Borders; 101 people in Falkirk);
* NHS Tayside (44 people in Fife);
* NHS GG&C (17,082 people in North Lanarkshire; 55,090 people in South Lanarkshire; 225 people in Stirling);
* NHS Forth Valley (151 people in Perth and Kinross).

1. Taking account of the boundary changes in the formula requires updated look-up files specifying the relevant health board for the data zones and re-running the formula. It is only when the look-up files are available that ISD will be able to calculate the effect to change on target shares*. [The preliminary assessment is that the largest exchange (between Lanarkshire and Greater Glasgow and Clyde) is likely to be of the order of 1 percentage point of target share].*

**PROPOSED APPROACH**

1. The proposed approach is that ISD will undertake **three formula runs this year**. First a provisional formula run for the end of August which will produce target shares for 2014/15 which will be used to inform the budget setting process. This will incorporate the latest available population data from NRS: specifically, health board populations based on the 2011 census. The Scottish Government’s 2014-15 Draft Budget will be published on 19 September 2013.
2. A second run will be undertaken when the full 2011 census-based population information for data zones is available later in the year (anticipated to be November). This will provide the definitive target shares for 2014/15 on the current health board boundaries.
3. A third formula run will be undertaken at the same time (November) using the full census data and the revised health board boundaries. The comparison of the second and third formula runs will, in effect, provide an impact assessment of the effect of the boundary changes on target shares.
4. This impact assessment will be used to inform any reallocation of actual shares to reflect the changed responsibilities as a result of the boundary changes for 2014/15.
5. These changes will not impact on our approach to NHS Boards financial allocations; we will continue to address movement towards NRAC funding parity on an incremental basis prioritising the majority of the additional funding we have made available for this purpose to the NHS Boards furthest away from NRAC funding parity.

**CONCLUSION**

1. TAGRA members are invited to note the changes to health board boundaries planned for 2014 and the implications for the NRAC formula. Indicative NHS Boards allocations for 2014-15 will be advised when the Scottish Government announces it’s 2014-15 Draft Budget on 19 September 2013.