**TECHNICAL ADVISORY GROUP ON RESOURCE ALLOCATION**

**Note of 28th meeting held at 12:30, 5th June 2018**

**Room 4ER, Saint Andrew’s House, Edinburgh**

**Attendees:**

Angela Campbell (Chair) – SG

Andrew Daly – NHS Greater Glasgow & Clyde

Alan Sharp – NHS Grampian

Roger Black – ISD

Professor Stephen Logan – NHS Grampian

John Raine – NHS Borders

Paudric Osborne – SG

Diane Skåtun – HERU

Peter Martin – ISD

Ting Yang – ISD

Edmund Anderson – ISD

Alyson Shito – ISD

Richard McCallum – SG

**Attending by telephone:**

Alan Ferrier – NRS (telephone connection was active only intermittently)

**Apologies:**

Martin Cheyne – Ayrshire & Arran Health Board

Alan Gray, NHS Grampian (replaced by Alan Sharp)

**AGENDA ITEM 1 – Welcome and apologies**

Angela Campbell (AC) – welcomed the group and noted apologies from those listed above.

**AGENDA ITEM 2 – Minutes of last meeting and updates on actions**

The minutes were accepted as accurate record of the last meeting.

There was a discussion about whether the recent volume of PQs was unusual; the consensus was that it was not and that the PQs largely reflected concerns about the level of funding (rather than the formula per se). Members were interested to see the text of responses to PQs and other queries.

**Action: Responses to be circulated to members**

AC noted that the previous action relating to further detailed information on the implications of the review of the acute MLC had been fulfilled by a paper circulated to members (TAGRA(2017)1): the action relating to the future role of TAGRA is addressed by the paper which will be discussed at the next item.

**AGENDA ITEM 3 – Future role of TAGRA – TAGRA(2018)01**

AC introduced the note indicating that the it recognised the need for TAGRA to continue to provide: advice on formula maintenance; advice on the implications of service innovation; and, to retain their collective formula-specific intellectual capital in order adequately to discharge those responsibilities. The proposal in the paper was for TAGRA to have one meeting per year, supplemented with electronic communication.

The group were generally supportive of the proposal. There was a discussion around board funding, distance from parity and the challenge of retracting from services. It was noted that there were two separate issues: the distance to parity (and if that is correct) and the speed of movement towards parity.

AC summarised the discussion to the effect that, TAGRA supported the proposal for its future role but would welcome further information on the current positions on parity resulting from the practical implementation of the formula.

**Action – RMC to put the board information on parity in a note for circulation to TAGRA.**

**AGENDA ITEM 4 – Finance update and use of 3-year perspective**

RMC explained that the 3-year perspective had been helpful in providing a longer term view for financial planning purposes, though the budget was still an annual process. There is a continued commitment to parity and, at present, no health board is more than 0.8% from parity.

There was a discussion of the effect of population change and the importance of the amount available for NRAC uplifts. It was noted that the advance knowledge of target shares reduced the planning risks.

**AGENDA ITEM 5 – Revising the COTE excess cost adjustment – TAGRA(2018)02**

AC provided background on the origin of the issue: that, when the underlying data for the COTE excess cost adjustment were updated in 2015, there was an unexpectedly large change in the adjustment. In line with the core criteria of face validity and stability, the previous values for the cost adjustment were retained whilst ISD undertook analysis of the reasons for the volatility. EA outlined the findings of the analysis and the proposal for revising the COTE excess cost adjustment: that is, to combine the COTE excess cost adjustment with the acute excess cost adjustments.

There was a request for clarification of the relationship between tables 3 and 4 and, in particular, the reason for the magnitude of the changes in the MHLD and Maternity excess cost adjustments. ISD undertook to investigate the reasons behind the change.

**Action: ISD to investigate the determinants of the changes in the MHLD and Maternity indices.**

PM noted the importance of stability, but also the opportunities to improve the formula by utilising the better data which has become available, e.g. A&E data. AC suggested that Health Finance Division could consider the extent to which changes could be made, but noted that TAGRA has always worked within the NRAC framework and has not fundamentally changed the structure of the formula. It was agreed that it would be useful to get an understanding of areas where there could be updates and what the implications might be: and then consider how to take these into account in the maintenance phase.

**Action: PM to draft a note on data developments and the opportunities which they provide.**

It was noted that boards cannot charge for cross-boundary A&E provision and that is a significant cost for some boards. Such charging is prohibited by the commissioning guidance, but this may reflect the historic lack of robust data. RMC responded that the guidance could be re-considered if appropriate. It was also noted that the available data will change with regional developments and with changes in cross-boundary flows of patients.

AC concluded that there was agreement to the change in the COTE excess cost adjustment, as proposed.

**AGENDA ITEMS 6 & 7 – 2021/22 Formula run and maintenance work in 2018/19 – TAGRA(2018)04**

AC suggested taking these two items together, given the overlap between them. EA emphasised that the feasibility of undertaking the COTE maintenance work and the use of the 2017 MYE depended on pushing back the target shares publication date to January 2019. AC asked Alan Ferrier (AF) if he could confirm the date at which the 2017 MYE estimates become available at the data zone level.

**Action: AF to confirm the date at which 2017 data zone level MYE become available.**

RMC noted that it was helpful to have the shares in advance of the budget. PM noted that the ISD formula resources were cut back after the AMLC review when the formula went into the maintenance phase. The general consensus was that it would be good to have the latest data available for the formula run. AC noted members’ views and suggested that AST could decide in conjunction with Finance.

**Action: AST/Finance to take the decision on timing of formula run, in the light of the discussions and the timing of the availability of data.**

A point was made that there were concerns around population aging vs socio-economic circumstances, such that it may be appropriate to go beyond maintenance to address deeper concerns. AC noted that one potential methodological improvement would be to estimate the age/sex effect and MLC simultaneously, an approach which had been adopted for the new SAF. It was suggested that there would be merit in dialogue with health boards to help inform the maintenance choices of TAGRA. RMC agreed that, if additional work were necessary it should be picked up.

**Action: RMC to discuss with the Directors of Health Finance.**

**AGENDA ITEM 8 – Publication of HSCP shares – TAGRA(2018)04**

AC explained that there had been requests for NRAC target shares specified at the HSCP level of geography. In principle that would be straightforward to produce, but there are two potential issues for TAGRA to discuss: first, the treatment of the prescribing element which is based on practice populations – should they be included in the HSCP of the patients’ residences or in the HSCP of the location of the practice (as with NRAC); second, how to express the OOH adjustment for the IA geography (as it is currently provided by PSD at the board level).

TY noted that she had had assurance from PSD that they could provide the data at the IA level.

There was general agreement to publish the HSCP shares on the basis of OOH shares calculated by HSCP area and lists allocated to HSCP by location of the practice.

**AGENDA ITEM 9 – Forward look: regionalisation/integration**

AC stated that the rationale for this item was to offer an opportunity for members to reflect the potential implications for the formula of changes in the structure of service provision and noted that a number of relevant points have already been made during the course of the meeting.

RB flagged up the Discovery benchmarking tool, which has a regional presentation with LA geography. HSCP are not hard coded yet but can be constructed locally. There will be a road show to showcase the Discovery in Glasgow in October. In discussion it was noted that that regionalisation may have an impact eventually (plans are not published yet) and transformational change is difficult to quantify, so we should keep a watching brief. And a reference was made to the potential complication of differences in parity within regions. It was also noted that LA allocations use a different set of measures vs NRAC. AC explained that the LA service provision was correspondingly different from health service provision, but that we would identify the indicators for members.

**Action: AST to check the LG GAE indicator.**

**AGENDA ITEM 10 – AOB**

No other business was raised.