Scrutiny of the Draft Budget 2012-13 and Spending Review 2011

NHS Greater Glasgow and Clyde

1. Introduction

NHSGGC has recently submitted evidence to the Finance Committee’s Call for Evidence on preventative spend for the Draft Budget 2012-13 and will be attending the Finance Committee’s evidence session on 2 November. Many of the points we raised in that submission are equally relevant to the Health and Sport Committee’s call for written evidence. We therefore attach our Finance Committee submission for reference, and would wish to make a few additional points relating to the September Draft Budget and Spending Review announcements.

2. Reforming Public Services

We note the Government’s response to the Christie Commission and welcome the support for a shift to preventative spend. However, we would add that Government action (both directly through these programmes, and in general) needs to extend to cover the wider legislative, governance and accountability arrangements to support investment in issues with a long term economic benefit which may accrue across multiple agencies.

We would specifically welcome early clarity on the proposed models for heath and social care integration. It is our view that a clearly defined model with single accountability for services and budgets would greatly support moves to early intervention for both early years and older people.

3. Funding for preventative activity

We welcome the continuation and increase in the Change Fund, and the identified funding for Early Years and Reducing Reoffending. We also note the intention that a substantial proportion of that additional funding is intended to support services provided by the third sector.

We would welcome further support at national level to ensure that such funding can help to bring about a real change in the balance of services, to ensure future sustainability and affordability of services. We have noted the very helpful modelling work carried out on the Financial Impact of Early Years Intervention in Scotland, and would welcome similar work in relation to Older People, building on Reshaping Care for Older People, to ensure that a strategic approach is taken to the change fund, linked to clear set of indicators of change.

We would emphasise the need for a clear accountability structure to ensure that change fund money does not substitute for cuts in existing service provision and that there is a genuine reduction in demand for hospital services. A set of national indicators for the change fund has already been
agreed. In our view, the most significant indicator in the short term is the total number of bed days lost to delayed discharges.

A challenge for Boards such as NHSGGC which includes six partnerships, is to balance the need for inclusive and responsive local planning (including the third sector) with the need for clear strategic planning at a Board level across our acute hospitals; and to ensure that the Change Fund is used as a catalyst for change across the full range of our older people services rather than on the delivery of specific projects.

4. Resource Allocation: NRAC

We particularly wish to highlight the impact on NHSGGC of the further moves towards NRAC. We note that in 2012/13, £32m across Scotland has been targeted at NRAC ‘gainers’ and that this increases to £42m for the subsequent two years. For NHSGGC, this means a difference of £8m less for 2012/13, compared to the position if that £32m had been put into base budgets.

This raises a number of issues for us:

- Firstly, that the further move towards NRAC will increase the financial pressure on areas such as NHSGGC, increasing the need for savings, with the consequent impact across all areas of our activity including preventative spend.

- Secondly, we remain concerned that the NRAC formula may not fully reflect the need for resources in areas like Greater Glasgow and Clyde which are characterized by high rates of social deprivation, illness and premature death, and that unmet need is not fully recognized by the utilisation based elements of the formula. We have raised these issues on an ongoing basis through TAGRA and other forums and continue to work with colleagues at national level to explore this further. These issues become even more significant in light of the priority being given to preventative spend, where it is essential that preventative spend is targeted at those most in need.

- Finally, we would welcome further work on the implications of a shift to preventative spend on the overall approach to resource allocation for public services in Scotland, and suggest that an urgent review takes place of the appropriateness of NRAC as a model in the light of this change in policy direction – both in respect of overall Board funding and in relation to specific preventative spend initiatives.

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