



Llywodraeth Cymru
Welsh Government

ATISN 15379

31 August 2021

Dear

ATISN 15379 – NHS Allocations

Thank you for your request to the Welsh Government for information under the Freedom of Information Act (2000) received on 02 August. You requested the following -

Copies of documents that provide specific information on the following statement made by Professor Alan Brace at the Health, Social Care and Sport Committee Meeting on 13/01/2021 –

“We deliberately constructed the new formula to be—. The building blocks are actually the 22 local authorities that we aggregate up to local health board level, but we also disaggregate down to clusters. We did that deliberately because, at the moment, we’re using hospital and community services”.

Specific Information requested

- i) The principles underpinning the new formula with supporting papers*
- ii) Details of this revision*
- iii) The financial effects of the new formula at Health Board and Cluster level.*
- iv) Details of any consultation that took place on the new formula*

Our Response

On Qi) I have attached a presentation **DOC 1** that was given to Chief Executives that provides an outline of the background and process undertaken to develop the new resource allocation formula for Hospital and Community Health Services. I have also attached a paper **DOC 2** (RAR060) that was presented to the Resource allocation Technical Advisory Group (TAG) which oversaw the development of the formula, together with **DOC 3** (RAR063) which provides a final summary of the work.

On Qii) In addition to the presentation (provided in answer to Qi) which sets the details of the revision I have attached information by Health Board that provides details of the revision. **DOC 4.**

On Qiii) The tables below provide details of how the financial impact of the formula by health board in 2020/21 and 2021/22. The formula is currently used as a method to allocate new funding rather than to redistribute baseline funding £100m and £105m respectively.

Table A3: Additional 2020-21 recurrent funding - (Column 3

	9
	Core Uplift for 2020-21
	£m
Aneurin Bevan HB	18.950
Betsi Cadwaladr University HB	22.380
Cardiff and Vale University HB	13.500
Cwm Taf Morgannwg HB	15.130
Hywel Dda HB	12.900
Powys HB	4.170
Swansea Bay HB	12.970
Total	100.000

Table A3: Additional 2021-22 recurrent funding - (Column 3

	10
	Core cost and demand uplift for 2021-22
	£m
Aneurin Bevan HB	19.779
Betsi Cadwaladr University HB	23.714
Cardiff and Vale University HB	13.970
Cwm Taf Morgannwg HB	16.122
Hywel Dda HB	13.429
Powys HB	4.644
Swansea Bay HB	13.342
Total	105.000

Work was undertaken in early 2020 to develop a proof of concept version of the formula at a cluster level. The work demonstrated that it is possible to produce the formula at a cluster level, but has not been used to allocate money to date as the formula which has been used works at a local authority level which is then aggregated up to health board. Further work is required to understand what approach should be taken to align the cluster level results with the local authority results.

On Q iv) Whilst no formal consultation was undertaken there was a process of engagement which include Chairs, Chief Executives, Directors and Deputy Directors of Finance of NHS organisations across NHS Wales. The revised resource allocation formula was approved for implementation by the former Minister for Health and Social Services. The development of the formula was discussed at the Public Accounts Committee on 16/7/18 <https://record.assembly.wales/Committee/4753#A44312> under item 3. Implementation of the NHS Finance (Wales) Act 2014, and I have attached correspondence that followed **DOCS 5-8**. In addition the following link provides the WG response to the Health, Social Care and Sport Committee's report on the 2021-22 Welsh Government' draft budget. [Welsh Government response - 04 March 2021.pdf \(senedd.wales\)](#)

Next Steps

If you are dissatisfied with the Welsh Government's handling of your request, you can ask for an internal review within 40 working days of the date of this response. Requests for an internal review should be addressed to the Welsh Government's Freedom of Information Officer at:

Information Rights Unit,
Welsh Government,
Cathays Park,
Cardiff,
CF10 3NQ
or Email: Freedom.ofinformation@gov.wales

Please remember to quote the ATISN reference number above.

You also have the right to complain to the Information Commissioner. The Information Commissioner can be contacted at:

Information Commissioner's Office,
Wycliffe House,
Water Lane,
Wilmslow,
Cheshire,
SK9 5AF.

However, please note that the Commissioner will not normally investigate a complaint until it has been through our own internal review process.

Yours sincerely,