

The pooled treatment budget for 2007/8 has just been announced, alongside a new system of allocation.

DDN examines the detail and asks head of the National Treatment Agency, Paul Hayes, to explain the arithmetic.



Summing up

The pooled treatment budget (PTB) allocated for this year is £398m, an increase of nearly 3.5 per cent on last year. While significantly less than last year's 28 per cent increase, there will be relief that the figures are continuing an overall upward trend after a year of 'belt tightening' warnings for the drugs field, against the backdrop of constant crises in NHS funding.

Of the £373.3m allocated for community based treatment, £361 will be made available to primary care trusts – either directly or via their strategic health authority – for adult treatment. An extra £10m has been earmarked for capital spend, and £2.3m is being held back to cover any discrepancies between the projected year end and actual year end figures. This will be distributed to PCTs in the summer.

The remaining £24.7m of the budget is for young people's services, which will come from the Department of Health, via the Home Office, to be distributed through the Young People's Substance Misuse Partnership Grant.

This year the NTA has shaken up the system for allocating each area's budget. Through analysing each regional partnership's annual return of data about their treatment

activity, collected through their National Drug Treatment Monitoring System (NDTMS), money has been allocated according to the demand for treatment in each area.

In previous years, each area's budget has been based on their population. The new system is intended to even out the amount of money spent per head on treatment throughout the country, which means that there are winners and losers in this year's budget.

For example, the ten areas that have had an average of £882 to spend per head in the past year will have their allocation increased to £1,134; ten areas that have had their allocation reduced from an average £3,526 per head will now receive £3,370 per person.

So there will still be significant discrepancies in availability of treatment throughout the country, but the foundations of a fairer system are in place, according to the NTA, which plans to further close the gap in subsequent years.

Tier 4 funding allocations – dealt with separately through the Department of Health – are to be announced on 19 February, following a bidding process for funding for 2007/8 and 2008/9 that began in July last year.

On the spot: Paul Hayes answers DDN's questions about the new budget

Will the new system come as a shock?

No – at least it shouldn't. We trailed it last June, when we announced last year's pooled treatment budget. We also mentioned that this was the direction of travel at the treatment effectiveness conferences we had last year. We obviously haven't been able to go into detail, because we didn't know exactly how it would play out.

We said we would be looking to narrow the gap between the areas that are getting £4,000 a head and the areas that are getting £1,000 a head. I don't think that it's a surprise to anybody.

Are you confident information from the NDTMS is accurate?

Well it's certainly important that the information we get from the NDTMS returns is right. One of the reasons the numbers are so complicated is because we held some money back in case either the projections are wrong, or we find out that some of the money we're getting back from NDTMS isn't as accurate as it should be.

Inevitably, with 149 different partnerships reporting back on a monthly basis, reporting from thousands of providers, discrepancies will creep in. We're always very keen to follow up any intelligence we get that suggests the numbers might be wrong.

Of course as soon as people get wind of the fact that allocations might be dependent on NDTMS returns, there's going to be a tendency for some people to guild the lily, shall we say. We need to be very aware of that.

When it becomes problematic, is when somebody starts fiddling the books by inventing people, but I think it would be quite obvious if someone's numbers start to rocket. We'd send the boys round to have a look.

So the budget figures are non negotiable then, if they're based on this data?

Absolutely. We've used this data to work out things like star ratings in the past. It's the data that the Department of Health uses in deciding how much to allocate globally. So it would be perverse if it was deemed to be appropriate for those purposes, but not for this.

Do you think everyone understands the new budget?

I would doubt it! Although the direction of travel has been well signposted, the detail of how it's been worked out will be new to people, and it will take some time for them to adjust.

The easiest thing would have been to say everyone will get £2,000 per head, which is what it works out to roughly. But of course that would have meant that the over-funded treatment services – by which I mean the people who get a disproportionate amount of the resource at the moment – would have been expected to make adjustments that just aren't feasible. You can't all of a sudden halve your income and expect your system not to collapse. So we have to do this slowly.

Similarly, there isn't a lot of point in doubling someone's income, because they'll be unlikely to spend it well. So we made adjustments that, at most, mean that the areas that have the greatest impact from this will lose about 6 per cent of funding.

No-one loses more than 6 per cent, and the area that loses 6 per cent still winds up getting £4,000 per head to deliver, when the people who are

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gaining the most (30-odd per cent) are still only getting just over £1,000.

So there's still a lot of catching-up to be done?

Yes there is. For the next two or three years, this process will continue. Whether we'll use exactly the same mechanism or not, I don't know. But the direction of travel will remain the same.

Do you expect areas to adjust easily to how much they should be spending per head?

Well in a lot of instances it isn't that places are getting too much money; it's that they're underperforming. We'd be very happy to give some of the areas that are losing out more money next year, because we believe the clients are there. But often they haven't been very good at getting clients in.

In some cases it will be that they're actually getting too much money. In others it's dysfunctional partnerships that haven't got their act together, or certain providers that aren't very good.

Unfortunately for one or two of them, they will have actually recognised that their service providers

aren't very good, and they'll have recommissioned the service; but now of course they've found they're not getting as much money as they thought they would.

We would expect that if they perform better next year, with the new provider, then the amount of money they get the year after will go up with the increase in activity.

What's the best way to tick boxes then, to make sure they get their services recognised as quality services?

It isn't really about ticking boxes – we haven't been able to build a quality dimension into this. We would like to do that ideally, and the treatment outcomes project that we've got on the go at the moment will make it much clearer to partnerships what value they're getting from their investments.

All we can do at the moment is count people who are in Tier 3 and 4 treatment, and make on average £2,000 per head available for that. And if an area is going to receive less in 2007/2008 than it got in 2006/2007, it can get more money again in 2008/2009 if it increases its activity.

In relation to overall value for money, the three strands we've got working together are the treatment outcomes project, work we're doing to establish unit costs for treatment interventions, and the needs assessment to help partnerships understand the treatment demand in their area.

So going forward, partnerships will have a much better idea of what their drug misusing population consists of. They'll have an idea which of their treatment interventions are actually delivering – not delivering through proxies such as waiting times or retention, but how many people are getting off drugs, how many people are stable, how many people are back in work, whether people are or aren't breaking into other people's houses. Real concrete outcomes – and that will put us on a very different playing field from where we've been up to now.

Will this help areas to be more focused about identifying poor areas of treatment?

Very much so, and I think it will dramatically strengthen commissioners' hands. The commissioner will be able to say: 'We're giving you half a million pounds a year. And although the numbers in treatment are good and waiting times are low, we don't seem to be getting as many people who are becoming abstinent, we don't seem to be getting as many people who are getting into work, or we don't seem to be getting as many people who are happy with their treatment and see their lives are improving, as they're getting in the next town down the road. So what's going on?' **DDN**

Do you have questions, concerns or comments about the new budget system?

Email the editor, claire@cjwellings.com

Questions on specific regional technicalities should be sent to the NTA regional teams.