THE SCOTTISH OFFICE

000695

NHS:
MEL(1993)102

National Health Service in Scotland
Management Executive

St. Andrew's House
Edinburgh EH1 3DG

Dear Colleague

HOSPICE FUNDING INITIATIVE

12 August 1993

Addressees

For action:
General Managers,
Health Boards

Chief Executives
NHS Trusts

For information:
General Manager,
Common Services Agency

General Manager, State Hospital

General Manager,
Health Education Board
for Scotland

To be copied to Unit
General Managers for
action

Summary

1. This Circular extends for a further 2 years the Ministerial hospice funding initiative under which the voluntary hospices which meet the eligibility criteria receive 50% of their current running costs from public funds. NHS Circular No 1990(Gen)12, which set out details of the initiative, is continued in force until 31 March 1995.

2. The arrangements for pharmaceutical services will also continue on the same basis ie Health Boards will receive financial allocations to enable those services to be provided free of charge to eligible hospices.

Action

3. The funding arrangements presently in operation between Health Boards and hospices should continue in the current financial year and in 1994-95. As no further extension of the initiative will be made, however, Health Boards and voluntary hospices are expected to use the extension period to construct appropriate contracts, which should be in place for the start of the 1995-96 financial year.

4. Health Boards are asked to note in particular the financial monitoring arrangements set out in paragraph 7, as these are new. The information on community care, in paragraph 13 and Annex C, is also an addition to the material contained in the original Circular.

Any enquiries about the contents of this Circular should be addressed in the first place to Miss K Russell, Room 54D2, St Andrew's House. (Telephone No: 031-244 2507.)

Yours sincerely

Enquiries to:

Miss K Russell
HPPHD1-1
Room 54D2
St Andrew's House
Tel: 031 244 2507
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DAVID PALMER
Deputy Director of Finance

HOSPICE FUNDING INITIATIVE

Introduction

1. NHS Circular No 1990(Gen)12 dated 23 March 1990 set out the details of a Ministerial initiative under which the voluntary hospices would receive at least 50% of their running costs from public funds. That initiative was to continue at least until the end of 1992-93, during which year its effectiveness, and the justification for continued central support, would be assessed. An assessment was accordingly undertaken, and, as a result, Lord Fraser of Carmyllie, Minister for Health at The Scottish Office, decided that the initiative should be extended for a further 2 years.

2. Boards are asked to note that this Circular is concerned with the funding initiative for voluntary hospices. The voluntary hospices are concerned with the provision of care for the terminally ill, who are defined as those with an active and progressive disease whose death is certain in the not too distant future and for whom treatment has changed from the curative to the palliative. The Department recognises the concept of specialist palliative care and acknowledges its provision in NHS settings, both hospital and community, as well as in hospices. The Department still needs to determine its policy on the subject, particularly in the light of the report of the Standing Medical Advisory Committee and the Standing Nursing and Midwifery Committee on "The Principles and Provision of Palliative Care" published in November 1992. The Department will also take into account the Guidelines for Palliative and Cancer Care due to be published later this year by CRAG and the Scottish Partnership Agency for Palliative and Cancer Care.

3. Voluntary hospice care must be fully integrated with a comprehensive range of local NHS provision. The over-riding aim is to achieve the most effective mix and use of providers within and outwith the NHS by procuring, supporting and encouraging responses to specific health needs.

General

4. Boards are asked to note that the terms of Circular 1990(GEN)12 will therefore remain in force until 31 March 1995. The Ministerial initiative will continue to operate until that date on exactly the same terms and conditions as before. A current list of the independent voluntary hospices in Scotland recognised by their host Health Board in terms of the initiative is given in Annex A. Boards were informed of the 1993-94 allocations under the initiative in the letter of 18 December 1992 from the Management Executive's Director of Finance. Hospices will continue to be required to provide Boards with details of their expenditure, and it will be for Boards to agree with hospices the level of topping-up which is required in each case to achieve 50% of hospices' running costs from public funds. Boards remain free, of course, to provide further funding if they so wish.

5. Where hospices have plans for expansion of their services, such expansion must take place only after consultation with the local Health Board, which has overall responsibility for meeting the health care needs of its resident population. Boards may wish to involve hospices in assessing the need for palliative care services in their area. Thereafter the contribution each hospice can make to meeting those needs can be

agreed, having regard to the criteria of patient satisfaction, quality of care and the most effective use of resources. In considering any application for recognition from a newly-established hospice, Boards will require to be satisfied that support of such additional provision is wholly justified in relation to local needs, and that the hospice meets the criteria set out in paragraph 6 of Circular 1990(GEN) 12. The Department will only consider making additional funding available where proposals for the development of new hospices or expansion of existing hospices have the clear support of the purchaser.

6. All hospices to which this circular applies will continue to be able to obtain pharmaceutical services (ie supplies and advice) from NHS hospital pharmacies. Health Boards will therefore continue to receive financial allocations which will enable pharmaceutical services to be provided on a free-of-charge basis for the 2 further years of the initiative.

Financial Monitoring

7. For the remaining 2 years of the initiative, a programme of financial monitoring is being instituted. Boards making a financial commitment to a recognised voluntary hospice are therefore required to complete, for each hospice concerned, the form attached as Annex B in order that the Department is able to assess the degree of compliance with the general requirement that at least 50% of running costs is met from public funds. Completed forms for 1993-94 should be returned as soon as possible to Miss K Russell, Health Policy Directorate, Scottish Office Home and Health Department, Room 54D2, St Andrew's House, Edinburgh EH1 3DG, and a copy of the form should be sent to the hospice concerned. For 1994-95, the same form should be completed and returned to Miss Russell, copy to the hospice concerned, by the end of March 1994. Boards are also required to include in their normal monthly return package to the Directorate of Finance in the Management Executive details of their expenditure on the initiative.

Future Arrangements

8. Circular 1990(GEN)12 made it clear that the initiative is an interim measure, designed to enable Health Boards and hospices to work together to construct a sound basis for future contractual relationships in line with the Government's general arrangements for the NHS. The extension of the initiative for a further 2 years is conditional on work being carried out during that period to ensure that proper contracts are in place for the start of the 1995-96 financial year. The voluntary hospices are already playing their part in this process, having, through the Scottish Partnership Agency for Palliative and Cancer Care, commissioned a programme designed to help hospices to prepare and equip themselves with the management skills necessary to operate effectively in the NHS internal market.

9. Purchasing responsibilities in respect of care in the community are set out in Annex C. This shows that Health Boards will normally be responsible for purchasing specialist hospice care provided by the voluntary hospices. The list of goods and services included with the GP fundholding scheme presently excludes the type of care provided by voluntary hospices.

10. In order to pave the way for such contracts, the Department wishes to see shadow contracts in place for 1994-95. This would help accustom

Health Boards and hospices to the processes involved and would allow monitoring requirements to develop. In this context some consideration will require to be given to the subjects of activity definition and measurement. The Department considers that the most effective way of tackling these issues is by the established of a joint group involving representation from Health Boards, the Information and Statistics Division of the Common Services Agency and the Scottish Partnership Agency. The Department recognises that steps have already been taken to establish such a group and that its work can inform the shadow contracts for 1994-95.

11. The following timetable, which is to be regarded at this stage as no more than indicative of Departmental thinking, is provided for the assistance of those drawing up shadow contracts:

mid-September 1993	Publication of initial purchasing plans and contracting plans for 1994-95.
end November 1993	Provision of initial provider prices.
21 January 1994	Agree finalised purchasing intentions.
31 January 1994	Provision of finalised provider prices.
31 March 1994	Signing off of contracts.

12. The Department will issue further guidance to purchasers on the subject of palliative care in time to inform the negotiation of shadow contracts for 1994-95. In agreeing contracts with providers, purchasers will be urged to look to the high quality service provided by the voluntary hospice movement, and also to explore the need and scope for NHS provision, especially in areas where voluntary provision is low. Contracting should enable better joint planning of service developments between the NHS and the voluntary sector.

Community Care

13. Under the Government's community care reforms, local authorities are from 1 April 1993 responsible for assessing people's needs for care, including residential care and nursing home places. Where people have health as well as social needs, appropriate NHS staff will be involved in these assessments. Details are given in Annex C.

ANNEX A

Health Board Area	Hospice
Argyll and Clyde	Ardgowan Nelson Street GREENOCK PA15 1TS
	Accord Hawkhead Hospital Hawkhead Road PAISLEY PA2 7BZ
	St Vincent's Midton Road Howwood Johnstone RENFS PA5 8NE
Ayrshire and Arran	Ayrshire 35 Racecourse Road AYR KA7 2TG
Forth Valley	Strathcarron Randolph Hill DENNY FK6 THJ
Greater Glasgow	Prince and Princess of Wales Carlton Place GLASGOW G5 9TD
	St Margaret's East Barns Street CLYDEBANK G81 1EG
	Marie Curie Centre Hunters Hill 1 Belmont Road GLASGOW G21 3AY
Highland	Highland 1 Bishops Road INVERNESS IV3 5SB

Lanarkshire	St Andrew's Henderson Street AIRDRIE ML6 6AS
Lothian	St Columba's 15 Boswall Road EDINBURGH EH5 3RW
	Fairmile Marie Curie Centre Frogston Road West EDINBURGH EH10 7DR
Western Isles	Bethesda Springfield Road STORNOWAY

ANNEX B

Hospice Funding Initiative: return for Health Board
Planned funding for Hospice for the financial year ending 31 March 1994.

Services[1]

Financial Information

	£000
Total revenue expenditure[2]	
Funding from central allocation[3]	
Funding from other NHS resources[4]	
Cost of Supply of Drugs: Other[5]	
GP10[6]	

Other information[7]

Notes on Completion

1. Brief description of nature and amount of service provided, including number of beds/day places where appropriate.

2. Include costs of service developments occurring in year in question (specify, if relevant) and funding from other purchasers.

3. Show here the allocation of the top-sliced funding.

4. Show here any Health Board contribution to eligible organisations' running costs in addition to the top sliced allocation.

5. Please exclude any costs incurred in pursuance of a statutory obligation.

6. Please estimate as far as possible the value of drugs supplied via forms GP10.

7. Show here any other relevant information including NHS capital and the cash equivalent of support in kind.

ANNEX C

Community Care

1. Where diagnosis reveals that a person is terminally ill and requires specialist in-patient palliative care, it is for the Health Board to arrange that, whether in a voluntary hospice, an NHS facility or an independent sector nursing home capable of providing such care. This applies equally to respite hospice care.

2. Where it is decided on the basis of assessment that a person's needs make a placement in a residential care or nursing home appropriate, the local authority will generally be responsible for arranging such a placement (although precise responsibilities will have been agreed locally between local authorities and Health Boards). Some people placed in this way may eventually become terminally ill or enter the terminal phase of a long-term condition and may therefore come in time to require hospice care. Health Boards will be responsible for purchasing/commissioning such specialist care. Depending on the individual's needs, hospice care could be provided by means of a placement for temporary or permanent specialist in-patient care elsewhere (for which new placement the Health Board would bear the cost) or by additional specialist health care to the person in the home where they live (in which case the Health Board would fund only the additional care).

3. There has been some confusion about whether nursing homes which currently attract the "Terminal Illness" level of Income Support should, therefore, automatically look to Health Boards for funding. This is not necessarily the case. Responsibility for funding depends on the assessed care needs of the individual as described above.

4. MEL 92/55 issued to Health Boards and Trusts on 15 September 1992 set out Health Boards' responsibilities for the health care of people placed in residential care and nursing homes under local authority contracts. Broadly, Health Boards would be expected to purchase hospice care for people in residential care homes as if they were living at home, and in nursing homes to provide any necessary additional hospice care in addition to general nursing (which will continue to be included in the local authority's contract with the home). Arrangements for this need to be agreed locally between Health Boards and local authorities. Local discussion and clear planning agreements are the key to seamless and responsive care.