1.1. Local Support and Delivery Funding 2019/20

Technical Guidance – Activity Based Funding
Guidance for NHS Organisations 2019/20

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1. Purpose and Scope of this Guidance Document

The aim of this document is to advise NHS organisations of the technical description and methodologies of the funding model formula used to inform the Local Support and Delivery Funding 2019/20.

Appendix 1 provides a detailed spreadsheet comprising all data that informs the Local Support & Delivery Funding for each NHS organisation.

2. Local Support & Delivery Funding

Local Support & Delivery Funding is allocated to NHS organisations using an activity based formula. The total amount for 2019/20 is £15.914m.

Local Support & Delivery funding is split across 2 funding streams: A Delivery stream and a Development stream. The total amount of funding to be allocated via the formula will be split 60% for Delivery (£9.548m) and 40% for Development (£6.366m).

3. Description of the Activity Based Funding Model 2019/20- Summary

- **Delivery**- in 2019/20, the activity based funding model for Delivery (excluding top-sliced amounts) is based on:
  - A three year rolling average of recruitment to studies on the Health and Care Research Wales Portfolio, with each study allocated to a complexity band (see section 7 for further detail)
  - Multiplied by the average tariffs associated with the relevant complexity band
  - With the average tariffs for each complexity band adjusted proportionately to fit the budget for Delivery 2019/20

Core funding (£1.68m) has been top-sliced from the Delivery funding stream and distributed based on 50% of the old RS&G funding amounts per NHS Organisation.

HealthWise Wales funding (£100k) has been top-sliced from the Delivery funding stream and distributed based on the number of participants recruited per NHS Organisation.

The **Commercial Premium** introduced in 2017/18 has been retained by top-slicing £93k from the Delivery funding stream and distributing to NHS organisations based on commercial studies with a per patient fee of £1k or more, that delivered to time and target in 2017/18.

In addition, £92.4k has been top-sliced from the Delivery funding stream to continue funding the implementation of the Local Portfolio Management System in Wales.
• Development - in 2019/20, the activity based funding calculation for Development is based on:
  o Activity Premium: A three year rolling average of the number of studies (including PICs) on the Health and Care Research Wales Portfolio by complexity band using ratios (50%) combined with: A three year rolling average of recruitment to studies on the Health and Care Research Wales Portfolio by complexity band using ratios (50%)
  o Leadership Premium: Number of studies a CI is leading on for Health and Care Research Wales Portfolio studies, affiliated to each NHS organisation combined with Number of Health and Care Research Wales Clinical Research Fellows (CRFs) awarded funding from Clinical Research Time (CRT) competitions in 2015/16,2016/17 and 2017/18 employed by each NHS organisation using ratios.

4. NHS R&D Activity Data

The NHS R&D activity data¹ which was used to inform the Local Support and Delivery Funding model for 2019/20 represents high quality research in relation to number of studies and recruitment data for studies eligible for the Health and Care Research Wales Portfolio.

In 2017, NIHR CRN made the decision that there would no longer be a data cut at the mid-year point for the purposes of calculating Activity Based Funding allocations (known as Local Support and Delivery Funding in Wales). Only data uploaded by the Quarter 4/year-end data cut deadline would be used. Welsh Government made the decision to align with the decision made by NIHR and therefore, the activity data used to the inform 2019/20 Local Support and Delivery funding model was taken from the time period of 1st April 2017 – 31st March 2018. This also aligns with Q4/year-end data cut-off for NHS performance reports. However, the time period still includes a 3 year rolling average, now based on financial years.

Data relating to Health and Care Research Wales Portfolio studies which were open and recruiting during the relevant time period (1st April 2017 – 31st March 2018) was extracted from the Health and Care Research Wales Portfolio².

The data extracted from the Health and Care Research Wales Portfolio was:

• recruitment to Health and Care Research Wales Portfolio studies by complexity band (Interventional, Observational, Large Sample), including primary care studies
• number of Health and Care Research Wales Portfolio studies by complexity band (Interventional, Observational, Large Sample); and
• number of Welsh Led Studies on the Health and Care Research Wales Portfolio

¹ Note that for Health Boards, research activity data includes both primary and secondary care

² Note that the data is extracted from the CPMS, with the CRP referring to the portfolio in Wales
Three- year Rolling Average

The NHS R&D Delivery Board decided that a three year rolling average would continue to be implemented for 2019/20 Delivery element and the Development (Activity Premium) element.

The reporting period to determine the Development (Leadership Premium) was 01 April 2017 to 31 March 2018.

The three-year rolling average includes the following reporting periods for activity:

- 01 April 2015 to 31 March 2016
- 01 April 2016 to 31 March 2017
- 01 April 2017 to 31 March 2018

5. Complexity Bands

Complexity bands have been used in the model when using recruitment data and number of Health and Care Research Wales Portfolio studies, in order to differentiate between study complexity and their associated costs. The bands are the same as in all previous years since 2013/14 and are as follows:

- **Band 1- Interventional Studies**: A study where the participants’ exposure to a particular intervention (e.g. care pathway or lifestyle) is influenced by participating in the study (e.g. whether or not a participant receives a particular treatment will be determined by the research protocol).

- **Band 2- Observational Studies**: A study in which the participants’ lifestyle or care pathway is not affected by being part of the study (e.g. the investigator does not determine whether or not participants receive or do not receive a particular treatment).

- **Band 3- Large Sample Studies**: A study where the total UK planned sample size (throughout the lifetime of the study), is equal to, or greater than 10,000 participants. This can be an observational or interventional study, but the key factor to determine the band is the total planned sample (participant) size of the study.

By including complexity bands within the model, a set tariff can be allocated to each complexity band to represent an average cost for supporting a study.

Average tariffs have been used in the funding formula for the Delivery element.

Complexity bands have been used in the funding formulae for both Delivery element and Development (Activity Premium) element.
6. Activity Based Funding Model for Delivery Funding 2019/20

The funding formula to calculate individual NHS organisations’ Delivery funding in 2019/20, is calculated by:

- recruitment to studies on the Health and Care Research Wales Portfolio with each study allocated to a complexity band;
- multiplied by the average tariffs associated with the relevant study complexity band;
- with the average tariffs for each complexity band adjusted proportionately to fit the 2019/20 Delivery funding budget.

In addition, the following has been top-sliced from the Delivery funding budget

- £93k to incentivise the delivery of commercial research studies to time and target.
- £100k HealthWise Wales funding distributed based on the number of participants recruited per NHS Organisation. Velindre NHS Trust receive £5.75k, equivalent to their proportion of overall funding. Public Health Wales and WAST do not receive funding derived through the ABF formula, therefore are not eligible for HealthWise Wales incentive funding.
- £92.4k to fund the implementation of the Local Portfolio Management System in Wales

For Delivery Funding 2019/20, support costs relating to primary care, public health and WAST studies is calculated using the same funding formula as described above.

These continue to be centrally administered by the Support and Delivery Centre.

Average Tariffs for Delivery Funding 2019/20

Using the funding formula described above for Delivery funding has led to generating an average tariff for Wales for each complexity band.

The average tariffs for 2019/20 are:

<table>
<thead>
<tr>
<th>Complexity Band</th>
<th>Tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Band 1: Interventional Studies</td>
<td>£948</td>
</tr>
<tr>
<td>Band 2: Observational Studies</td>
<td>£302</td>
</tr>
<tr>
<td>Band 3: Large sample Studies</td>
<td>£86</td>
</tr>
</tbody>
</table>
7. Activity Based Funding Model for Development funding 2019/20

The activity based funding model for Development Funding is the same as the funding model used since 2012/13. This includes the number of participant identification centres (PICs) in the activity premium and the use of a three year rolling average of the number of studies and recruitment on the Health and Care Research Wales Portfolio.

The Development Funding has been subdivided into two separate premiums as this flexible funding is intended to support active researchers to act as collaborators in high quality research as well as to develop their own research as Chief Investigators, with the aim of securing grant funding for studies. Primary Care is included in Development Funding.

The two premiums have separate funding formulae to enable the model to be sensitive enough to reflect their different purposes. These are:

- **Development (Activity Premium)**: to incentivise NHS organisations to host and participate in high quality research and to incentivise researchers in Wales to be Principal Investigators; and
- **Development (Leadership Premium)**: to incentivise NHS organisations to lead their own research and to reward NHS based Chief Investigators in winning grant funding.

**Ratio Values for Activity Premium**

Ratio values have been included in the formula for Development when using recruitment data and number of Health and Care Research Wales Portfolio studies.

The ratio values used for complexity bands in 2019/20 are:

<table>
<thead>
<tr>
<th>Complexity Band</th>
<th>Ratio Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Band 1: Interventional Studies</td>
<td>11</td>
</tr>
<tr>
<td>Band 2: Observational Studies</td>
<td>3.5</td>
</tr>
<tr>
<td>Band 3: Large Sample Studies</td>
<td>1</td>
</tr>
<tr>
<td>Participant Identification Centres</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Ratio values have been used in the funding formula for Development. The proportionate value of the average tariffs used in Delivery funding calculations (described above) are based on these ratio values.
A balancing factor has also been applied within the Development (Activity Premium) to allocate an equal proportion of the budget to account for:

- **number of** Health and Care Research Wales Portfolio studies, (by complexity band) including PICs and
- **recruitment to** Health and Care Research Wales Portfolio studies (by complexity band).

This means that 50% of the Activity Premium budget has been allocated based on the **number of** Health and Care Research Wales Portfolio studies (including PICs) and 50% of the Activity Premium budget has been allocated based on **recruitment** to Health and Care Research Wales Portfolio studies.

The balancing factor used for number of studies and recruitment to studies in 2019/20 is **19.629**.

### Activity Premium

Both **number of** Health and Care Research Wales Portfolio studies, (by complexity band) including PICs and **recruitment** to Health and Care Research Wales Portfolio studies (by complexity band) have been used within the Activity Premium, using a combination of two separate funding formulae. This is to incentivise NHS organisations to participate in a wide spectrum of research activity, participating in those studies with very high levels of recruitment (e.g. investigating common diseases/ conditions) as well as those studies which are likely to attract lower levels of recruitment (e.g. investigating rare diseases/ conditions).

The funding formula, to calculate individual NHS organisations’ funding for the **Development (Activity Premium)** in 2019/20, is calculated by:

- number of studies on the Health and Care Research Wales Portfolio, including PICs, with each study allocated to a complexity band; creating a ‘number of studies value’ using: the ratio values described above multiplied by the balancing factor (19.629)

Combined with:
- recruitment to studies on the Health Care Research Wales Portfolio with each study allocated to a complexity band;
- creating a ‘recruitment value’ using the ratio methodology described above

Calculated by:
- dividing the Activity Premium budget by the combined activity values (numbers of studies plus recruitment) for all NHS organisations to create an activity tariff;
- multiplying combined activity values (numbers of studies plus recruitment) for each NHS organisation to calculate the allocation for the Activity Premium.
Ratio Values for Leadership Premium

Ratio values are used in the model for Development funding when using leadership/ level of NHS involvement in Health and Care Research Wales Portfolio studies.

The ratio values used for the leadership premium in 2019/20 are:

<table>
<thead>
<tr>
<th>Ratio Values: Leadership Premium 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Investigators (CIs)</td>
</tr>
<tr>
<td>Health and Care Research Wales Clinical Research Fellows*</td>
</tr>
</tbody>
</table>

*Clinical Research Time competition awardees

Leadership Premium

The funding formula, to calculate individual NHS organisation’s allocations for the Development (Leadership Premium) in 2019/20 is calculated by:

- the number of studies a Chief Investigator is leading on, for Health and Care Research Wales Portfolio studies, affiliated to an NHS organisation in Wales;
- the number of Health and Care Research Wales Clinical Research Fellows awarded a fellowship from the Clinical Research Time Competitions in 2015/16 and 2016/17 employed by each NHS organisation in Wales;
- creating a ‘leadership value’ using the ratio methodology described above (Chief Investigators- Ratio 3; Health and Care Research Wales Clinical Research Fellows- Ratio 1)

Calculated by:

- dividing the Leadership Premium budget by the combined leadership value (numbers of Chief Investigators plus Health and Care Research Wales Clinical Research Fellows) for all NHS organisations to create an activity tariff;
- multiplying combined leadership values (numbers of Chief Investigators plus Health and Care Research Wales Clinical Research Fellows) for each NHS organisation to calculate the allocation for the Leadership Premium.
Chief Investigator Affiliation

In order to calculate NHS organisations’ allocations for the Leadership Premium, the Chief Investigator from each Welsh Led Study on the Health and Care Research Wales Portfolio has been affiliated with an NHS organisation.

To do this, the Health and Care Research Wales Support and Delivery Centre undertook a Chief Investigator/ NHS affiliation exercise whereby the Chief Investigators of Welsh led studies were contacted directly and asked to indicate which NHS organisation their study was best affiliated to.

There are a number of cases where joint NHS organisation affiliation has been agreed, which led to the Chief Investigator premium being split equally between either two NHS Organisations.

Where a Chief Investigator of a Welsh led Health and Care Research Wales Portfolio study was also a Clinical Research Fellow, the individual was only counted once as a Chief Investigator and was removed from the Clinical Research Fellow figure to avoid duplication.
## Guidance for NHS Organisations 2019/20

### Appendix 1: Activity Based Funding formula summary & funding allocations 2019/20

<table>
<thead>
<tr>
<th>NHS Organisation</th>
<th>Study Complexity</th>
<th>Primary Care</th>
<th>Secondary Care</th>
<th>Total</th>
<th>Primary Care Allocation</th>
<th>Secondary Care Allocation</th>
<th>Total Delivery Allocation</th>
<th>Commercial Innovation Funding</th>
<th>Care Funding</th>
<th>Health &amp; Wellbeing</th>
<th>Total Support Funding</th>
<th>Support Cost Funding</th>
<th>Allocation</th>
<th>Total Activity Value</th>
<th>Activity Premium (Yield)</th>
<th>NHS Orgs Total</th>
<th>PICs</th>
<th>Interventional</th>
<th>Observational</th>
<th>Large Sample</th>
<th>Support Cost Funding</th>
<th>Support Cost Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abertawe Bro Morgannwg UHB</td>
<td>Interventional</td>
<td>4,185</td>
<td>2,185</td>
<td>6,370</td>
<td>10,515</td>
<td>9,315</td>
<td>19,830</td>
<td>360</td>
<td>158,090</td>
<td>157,415</td>
<td>2,675</td>
<td>10,515</td>
<td>108,000</td>
<td>0.33</td>
<td>8.67</td>
<td>79,164</td>
<td>122.33</td>
<td>79,164</td>
<td>122.33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Observational</td>
<td>4,025</td>
<td>1,025</td>
<td>5,050</td>
<td>9,250</td>
<td>7,210</td>
<td>16,460</td>
<td>236</td>
<td>10,310</td>
<td>10,784</td>
<td>474</td>
<td>7,210</td>
<td>7,485</td>
<td>5.67</td>
<td>5.67</td>
<td>87,292</td>
<td>130.33</td>
<td>87,292</td>
<td>130.33</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Cardiff & Vale UHB                    | Interventional    | 4,304        | 2,304          | 6,608 | 11,232                  | 9,992                      | 21,224                     | 468                         | 154,713      | 154,713          | 61,223               | 9,992                 | 9,992     | 45.00            | 45.00                   | 149,721         | 269.09 | 149,721        | 269.09         |
|                                       | Observational    | 2,782        | 344            | 3,126 | 5,954                   | 4,868                      | 10,822                     | 282                         | 85,892       | 85,892           | 31,220               | 4,868                 | 4,868     | 5.67             | 5.67                   | 79,024          | 121.33 | 79,024         | 121.33         |
|                                       | Total             | 7,086        | 2,648          | 9,734 | 17,186                  | 14,860                     | 31,684                     | 750                         | 240,605      | 240,605          | 92,443               | 14,860                | 14,860    | 5.67             | 5.67                   | 225,732         | 392.67 | 225,732        | 392.67         |

| Hywel Dda UHB                         | Interventional    | 3,429        | 303            | 3,732 | 6,462                   | 5,808                      | 12,270                     | 268                         | 163,432      | 163,432          | 60,832               | 5,808                 | 5,808     | 3.33             | 3.33                   | 157,624         | 270.67 | 157,624        | 270.67         |
|                                       | Observational    | 936          | 655            | 1,581 | 2,510                   | 2,015                      | 4,525                      | 114                         | 42,957       | 42,957           | 14,452               | 2,015                 | 2,015     | 4.00             | 4.00                   | 40,942          | 71.33  | 40,942         | 71.33          |
|                                       | Total             | 4,365        | 958            | 5,323 | 7,972                   | 7,823                      | 17,145                     | 382                         | 206,389      | 206,389          | 75,284               | 7,823                 | 7,823     | 4.00             | 4.00                   | 194,566         | 341.33 | 194,566        | 341.33         |

| NHS Trusts                           | Interventional    | 1,573        | 108            | 1,681 | 2,954                   | 2,419                      | 5,373                      | 124                         | 130,924      | 130,924          | 46,095               | 2,419                 | 2,419     | 3.33             | 3.33                   | 108,405         | 191.33 | 108,405        | 191.33         |
|                                       | Observational    | 235          | 41             | 276    | 476                    | 371                       | 847                        | 21                          | 26,331       | 26,331           | 8,104                | 371                   | 371       | 4.00             | 4.00                   | 22,220          | 38.00  | 22,220         | 38.00          |
|                                       | Total             | 1,808        | 149            | 2,057 | 3,426                   | 3,190                      | 6,214                      | 145                         | 157,255      | 157,255          | 54,199               | 3,190                 | 3,190     | 3.33             | 3.33                   | 154,065         | 279.33 | 154,065        | 279.33         |

| Support Cost Funding                 | Recruitment       | 13,380       | 13,380         | 26,760 | 26,760                  | 26,760                     | 26,760                     | 26,760                      | 26,760       | 26,760           | 26,760               | 26,760                 | 26,760   | 3.33             | 3.33                   | 26,760         | 52.67  | 26,760         | 52.67          |

**Total Local Support & Delivery Funding Allocations**

- **£2,066,907**
- **£1,894,363**
- **£2,413,579**
- **£1,626,874**
- **£1,998,969**
- **£1,316,828**
- **£995,699**
- **£1,809**

### Support Cost Funding

- Recruit:** 13,380**
- Deliv:** 13,380**
- **Grand Total:** 26,760

Document developed by the Health and Care Research Wales Support and Delivery Centre: March 2019

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## Tariffs, Ratio Values and Budgets

<table>
<thead>
<tr>
<th>Delivery Tariff (£)</th>
<th>Interventional</th>
<th>948</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observational</td>
<td>302</td>
<td></td>
</tr>
<tr>
<td>Large Sample</td>
<td>86</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity Premium Ratio Values</th>
<th>PICs</th>
<th>0.5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Large Sample</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Observational</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>Interventional</td>
<td>11</td>
</tr>
</tbody>
</table>

| Balancing Factor | 19.629 |

<table>
<thead>
<tr>
<th>Activity Premium Budget (£)</th>
<th>3,182,867</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Activity Value (All NHS Orgs)</td>
<td>176,062</td>
</tr>
<tr>
<td>Activity Tariff (£)</td>
<td>18.08</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Leadership Premium Ratio Values</th>
<th>CIs</th>
<th>3</th>
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<tbody>
<tr>
<td></td>
<td>CRF's</td>
<td>1</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Leadership Premium Budget (£)</th>
<th>3,182,867</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Leadership Value (All NHS Orgs)</td>
<td>535</td>
</tr>
<tr>
<td>Leadership Tariff (£)</td>
<td>5,949</td>
</tr>
</tbody>
</table>