**Future Work and the Evolving Role of TAGRA**

1. At the August meeting TAGRA discussed the future development of the NRAC formula. The current perspective for resource allocation has two significant features. First, the prospect of a period of transformational change with, for example, the manifesto commitment to spend more on non-acute services, and subsequent potential implications for the funding arrangements. Second, a desire to reduce unexpected changes in board’s future funding, to assist in the planning of future service provision.
2. The proposition for the policy response, taking account of both these issues, is to produce target shares for 2017/18 in the standard way. And to simultaneously estimate prospective target shares for 2018/19 and 2019/20 using NRS population projections applied within the current formula specification. These target shares would be fixed (subject to tolerances to be specified), giving health boards a secure three-year prospect for their target shares. During this three-year period formula development would enter a “maintenance phase”, whereby only essential formula adjustment work would be carried out.
3. The formula would continue to be run each year in order to add a year to the three-year time horizon of target shares available to the boards. This would satisfy the objective that boards should continue to have a three-year horizon of target shares available to them. It would also serve to maintain the capacity within ISD to run the formula.
4. Under the normal cycle of updating, next year’s run would be a population-only run, which would not therefore require any substantive contribution from TAGRA. However, there are currently some minor work projects underway as part of the previously agreed workplan. In particular, the investigation of the reason for the instabilities observed in the excess cost part of the formula in relation to the SDIA urban-rural category. This is an example of a relatively minor but arguably essential piece of formula maintenance.
5. This note is intended to stimulate consideration of what contribution or input from TAGRA might be fruitful during the period of formula maintenance. In the absence of major programmatic elements of formula development, what kind of oversight of this minimal formula maintenance would be appropriate?
6. Typically TAGRA do not have involvement in conventional updating or maintenance of the formula, for example, population-only updates. They do, however, discuss and assess any substantive changes to the formula such as: the reviews of the morbidity and life circumstances adjustments; the question of incorporation of an adjustment for Highlands and Islands Travel costs; the adjustment for Out of Hours primary care service provision by health boars.
7. Formula development work after the maintenance phase will depend on the nature and extent of the implications of the transformation change for board funding and would require a re-appraisal of the role of TAGRA, as and when the topography of the future funding landscape becomes clearer.