**Role of TAGRA During the Formula Maintenance Phase: Discussion Note**

1. The role of TAGRA during the formula maintenance phase was discussed at the last TAGRA meeting. At the conclusion of that discussion AST agreed to provide a note for TAGRA setting out a proposed way forward. This short note role fulfils that commitment by sketching out a feasible modus operandi for TAGRA, during the maintenance phase. The next section provides a reminder of the original rationale and prescribed role for TAGRA; the subsequent section discusses the formula-related work which would be appropriate during the maintenance phase; the final section sets out the proposal for TAGRA interaction during the maintenance phase.

**Rationale and purpose of TAGRA:**

1. At time of the last major formula review the National Resource Allocation Committee (NRAC) noted that the “time gap between the original Aubuthnott Formula Review and NRAC’s work meant that a great deal of expert knowledge had been lost. In addition, the logistics of reviewing the whole formula at the same time has proved challenging in terms of the resources.” They argued that a continuous review would be able to examine one (or a few) aspects of the formula at a time, making the work more manageable and mitigating against substantial step changes in the target shares by encouraging a more gradual development of the formula. Therefore they recommended a “standing committee should be set up to review the formula and ensure that the individual elements of the formula are refined and improved as new methods and data become available. The future work on the formula would be best carried out by a committee than can focus on one element a time.”
2. The Cabinet Secretary accepted the recommendation and TAGRA was established in August 2008 with a remit to:

* Advise on the future maintenance and development of the Arbuthnott/NRAC formula for allocating resources to Health Boards for Hospital and Community Health Services and GP prescribing;
* Advise when the individual elements of the formula should be refined and improved as new methods and data become available;
* Consider issues raised in NRAC’s Final Report and by stakeholders, as required by the Scottish Government, to prioritise and commission the investigation of these issues;
* Ensure that the formula continues to allocate funds between Health Boards on a fair and equitable basis.

**Work required during maintenance phase:**

1. By definition there will not be major formula development work during the maintenance phase, however, maintenance and running of the formula will still be required. As discussed at TAGRA, a three-year perspective has been adopted for the target shares whereby target shares for 2017/18, 2018/19 and 2019/20 were already published in 2016. The formula will continue to be run annually, to add target shares for the third year of the rolling three-year perspective which, for the 2017 formula run will be 2020/21.
2. The population data will be updated for each run of the formula. In the case of the 2020/21 target shares the population data would be 2014-based population projections for 2020 rebased by 2016 Mid-Year-Estimates; in the case of 2021/22 target shares the population data would be 2016-based projections for 2021 rebased by 2017 Mid-Year-Estimates. It is anticipated that formula coefficients would be refreshed during every third run (as at present).
3. In general, work on the formula to facilitate the annual run will be restricted to the minimum necessary to maintain the integrity of the formula. However, it is difficult be prescriptive in advance about what formula adjustment might be required as this will depend on whichever problems come to light (e.g. the issue with the impact of thin levels of activity affecting the Care of the Elderly unavoidable cost index and the consequent implications for the 2016/17 target shares).
4. In addition to the maintenance of the integrity of the formula it is necessary to maintain TAGRA’s capacity to make informed decisions on formula adjustments and formula development when that again becomes appropriate. This could be achieved by TAGRA taking an interest with developments in formula methodology through presentations on formula innovations in other countries. It could also involve discussion of the developments in health and social care service provision and the subsequent implications for the structure and data requirements of the formula. There are a range of service changes which might be worth such consideration including: integration; national trauma centres; elective centres; regionalisation; primary care transformation etc.
5. This would allow TAGRA to consider the emerging implications of structural and policy change for the formula allocation approach and to anticipate the commissioning of analysis which would ensure that the formula remains fit for purpose.

**TAGRA’s modus operandi:**

1. To agree the issues (if any) which should be examined by analysts over the coming year and to make decisions on any recommendations for formula change arising from the previous year’s work it is proposed to formally convene one meeting of TAGRA annually. That meeting would facilitate the discussion and agreement of any necessary changes to the formula and provide an opportunity for presentations and deliberations on the issues outlined in para. 7 above. If further discussions are required or if additional issues arise within the year, TAGRA could be consulted by email, teleconference or additional meetings arranged.