**SAF and TAGRA**

**Paper TAGRA(2013)04**

1. This note sets out a proposal that TAGRA takes on an oversight role in relation to the technical work on the SAF formula.

**Background**

2. The policy team in Health and Social Care Directorates has informed Health ASD that a review of the SAF formula is required, and given the length of time this is anticipated to take, it would be helpful to commence this summer.

**The current SAF provides a population based allocation model for resources at and individual practice level, first introduced in 2004.  Certain elements of the allocation model need to be updated and** SGPC involvement will be a key enabler for this review process. The review is in the context of Government aims to provide **resources fairly as well as achieving** stability of income for general practice in a way which ensures sustainability of practices and the enhancement of primary care.

Practices are allocated their share of the Global Sum through the SAF and this is the biggest source of GP income.  Any changes proposed for this formula as a result of the review, which is designed for the workload described in the 2004 GMS contract will impact on practice income and would need to be the subject of negotiations with SGPC before they could be implemented.

Once agreement has been **reached** with SGPC for any significant changes to GP funding streams, we **think it likely that a period of transition from the existing funding model to any adjusted funding model will be required and this may have to be phased over a number of years to allow** GP practices to prepare their businesses to incorporate that change.

**Discussion**

3. TAGRA members are aware of the similarities and interdependencies between the NRAC and SAF formulae :-

- they are both weighted capitation formulae whereby funding is based on the population of the area or practice concerned, with adjustments for additional need and excess costs of delivering services

- the excess costs adjustment for community clinic-based services in the NRAC formula is drawn from the SAF, as had been the case in the previous Arbuthnott formula; NRAC recommended that this be revisited once the SAF had been reviewed.

- more recently, the O-O-H work has recommended the inclusion of a variant of the SAF formula as a proxy for the pattern of need for O-O-H services

- the SAF formula still uses the so-called ‘Arbuthnott index’ to represent morbidity and life circumstances, which dates from pre-NRAC days.

For these reasons, TAGRA members have always been keen to hear regular updates on SAF developments.

4. The analytical work required is very similar in methodology to the work that is required for the NRAC formula, and the team at ISD who will be responsible for the work is the same team who are responsible for the TAGRA work. It is also likely that within Health ASD we will be looking to our current NRAC team to provide at least some of the analytical work for this review.

5. It is our view that a clear governance framework should be put in place for the technical work on the SAF formula, and that it makes sense for this to be integrated with the current arrangements whereby the NRAC formula is overseen by TAGRA.

6. There would be distinct advantages, in the efficiency and effectiveness of our work, in being able to draw on the technical understanding of the TAGRA group in taking an oversight of the technical work for the SAF formula. From an operational perspective, embedding this work within the TAGRA governance structure will help to bring together the key strands of allocation work, which would be a benefit in terms of interdependence of impact, co-ordination of timetables and shared methodologies (including data use, and shared use of indicators and measures).

**A possible model**

7. A possible model could be :

TAGRA

Provides oversight / accountability

GP Allocation Formula Work

Carried out through :

Expert Technical Group (small number of analysts to do the calculations and analyses). Overseen by senior analyst in Health AS

Advice, direction and discussion

Advice and discussion

Advice and discussion

SG and wider Policy leads

Expert Technical advisors (small number of analytical experts from academia or other Government departments

User Group – provide advice to Expert Technical Group around impact of technical options. Likely to include those affected by changes to the allocations

8. This model places the work directly within the bounds of the wider TAGRA work. It also establishes a separate technical group which will build a formula that is informed and bounded by the Policy remit, draws on the experience and expertise of colleagues working in related allocation work, and draws in expert advice from users (particularly where decisions about the formula are subjective or knowledge based, rather than simply analytical).

9. From our perspective in ASD, it is important that the analytical work on developing the best formula can be separated from the application of the formula in a similar way to the approach taken with NRAC. This would mean that TAGRA could take on oversight of the technical aspects of the formula while the responsibility for negotiating any changes would rest with officials from Primary Care Division. This should provide TAGRA members with reassurance about the limits on their role.

**Recommendation**

**That TAGRA should assume an oversight role in relation to the technical work on reviewing the Scottish Allocation Formula, as set out above.**

**Health Analytical Services & Primary Care Division**

**July 2013**

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