



National Health Service in Scotland
Management Executive

St. Andrew's House
Edinburgh EH1 3DG

31 March 1994

Addressees

For action

General Managers
Health Boards

For Information

Chief Executives and
Chief Executives
Designate, NHS Trusts

General Manager,
Common Services Agency

General Manager,
State Hospital

General Manager,
Health Education Board
for Scotland

Dear Colleague

**THE INDICATIVE PRESCRIBING SCHEME 1994/95
- PRESCRIBING ALLOCATIONS**

Summary

1. This Circular draws the attention of Health Boards to the retention of a contingency of between 0.5%-1% from within their allocations and the change in terminology from "indicative prescribing amount" to "target budget".

Action

2. Health Boards are asked to note these changes and take appropriate action.

Background

3. Health Boards have already received notification of their prescribing allocation for 1994/95.

4. Previously all available funds were allocated to practice level at the beginning of the financial year. This allowed for no in-year flexibility to redistribute resources according to exceptional and unforeseen changes in the pattern of need. The creation of a contingency reserve for non-fundholders is intended to improve the management of prescribing budgets of practices when there is a genuinely unforeseen in-year change which is unlikely to be contained within their allocation.

5. It has been agreed that the term "target budget" should be used for practice allocations rather than "indicative prescribing amount". This reflects more clearly the Government's key aim of containing drugs expenditure as closely as possible within overall allocations, whilst ensuring that patients continue to receive the medicines and appliances they need.

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6. Boards should continue to work with the professions to improve the quality and value for money of prescribing.

7. Although the provision agreed by the Government for GP prescribed drugs remains non-cash limited (other than for fundholders) overspending in-year on the non-cash limited expenditure, cannot be regarded lightly. Before any additional resources can be agreed it will be necessary to demonstrate that any overspending is despite best efforts to promote effective and economical prescribing.

8. Drugs bill growth above the current plans would increase the proportion of NHS expenditure required to finance the drugs bill and reduce the proportion available for other vital areas of health care.

9. A separate copy of this letter has been sent to all Health Board Directors of Finance and Medical Prescribing Advisers.



W SCOTT