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Department of Health

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**NHS**  
**MEL(1996)64**

NHS Management Executive  
St. Andrew's House  
Edinburgh EH1 3DG  
24 July 1996

Dear Colleague

**MEDICAL INDEMNITY: ARRANGEMENTS FOR  
CENTRAL REIMBURSEMENT OF COSTS FOR LARGE  
DAMAGES AWARDS**

**Summary**

1. This letter updates the financial thresholds above which Health Boards and NHS Trusts can seek assistance towards the costs and expenses of large damages awards arising from successful medical negligence claims.

**Background**

2. The scheme under which employing health authorities may receive financial assistance towards the costs of relatively large medical negligence awards was introduced in 1990. It is funded from a reserve held on behalf of the Management Executive by the Medical and Dental Defence Union (MDDU). Access to the funds is dependent on the size of an award relative to the employing authority's HCHS allocation (Health Boards) or annual level of contract income (Trusts).

3. In brief, the terms of the scheme are that employing authorities are responsible for meeting the costs of awards that are less than 0.15% of their allocation/expected annual income or £400,000, whichever is the smaller. Once above that threshold the authority may access the reserve funds, but still remain responsible for meeting the first 25% of the amount claimed against that reserve. Further safety nets exist to protect employing authorities against really large awards or a substantial accumulation of awards in any one financial year. Fuller details were provided in Appendix 1 to NHS Circular MEL(1996)12 which remains extant.

4. This letter details the revised threshold points for individual Health Boards and Trusts based on their 1996-97 HCHS allocations or contract income as appropriate. The thresholds apply to awards that fall payable in 1996-97.

NHS Circular  
MEL(1996)12 is updated

**Addressees**

**For action:**  
General Managers,  
Health Boards

General Manager,  
Common Services Agency

General Manager,  
State Hospitals Board for Scotland

Chief Executives,  
NHS Trusts

The Director,  
Mental Welfare Commission

**For information:**  
General Manager,  
Health Education Board for Scotland

Executive Director, SCPMDE

**Enquiries to:**

Chris Naldrett  
Directorate of Finance  
Department of Health  
NHS Management Executive  
Room 254A  
St Andrew's House  
EDINBURGH EH1 3DG

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**Action**

5. Health Boards and NHS Trusts should note the revised thresholds above which contributions towards the costs of medical indemnity awards are payable, and that the criteria for making claims remains as set out in Appendix 1 to NHS Circular MEL(1996)12.



**SIMON FEATHERSTONE**  
Director of Finance



ARRANGEMENT FOR REIMBURSEMENT OF COST OF LARGE AWARDS FOR MEDICAL NEGLIGENCE

1. Health Boards and NHS Trusts (employing authorities) are responsible for meeting the costs of all awards which are less than 0.15% of their base revenue allocation (Boards) or expected annual income (Trusts), up to a maximum of £400,000.

2. For awards above the calculated sum, employing authorities will additionally pay one quarter (25%) of the amount by which the award exceeds the calculated sum, thereafter the balance will be met centrally. This is subject to maxima rules, ie the employing authority will not be liable to meet the costs:

- ◆ for any one award where their contribution exceeds 0.3% of their allocation/income figure;
- ◆ where the total payments by employing authorities on all awards in any one financial year exceeds 0.5% of their allocation/income figure.

The excess in each case will be met centrally.

3. In calculating the cost of an award, the employing authority should include both the payment to the Pursuer and the adverse legal expenses of the Action. Once a settlement is reached, Central Legal Office will advise the employing authority and the Management Executive of the amounts which fall to be paid.

4. Thereafter, the employing authority should notify the Management Executive of the amount it wishes to reclaim, under the above formulae, using the Form attached as an Annex to this Appendix. Once checked and agreed, the Management executive will arrange for the appropriate sum to be transferred from the Medical Defence Reserve to the employing authority.

DoH Finance Directorate

HEALTH BOARD/ NHS TRUST REFERENCE: .....	DoH REFERENCE: .....
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**APPLICATION FOR REIMBURSEMENT OF PART OF COSTS INCURRED IN A CASE OF MEDICAL NEGLIGENCE**

Name of Health Board/NHS Trust:	
Name(s) of pursuer(s):	

Name(s) of Health Board/NHS Trust employee(s) whose negligence has been established or admitted:	
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Nature of Negligence established:	
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Cost to Health Board/NHS Trust of award:	£
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Adverse legal and associated costs incurred by Health Board/NHS Trust (as certified by Central Legal Office):	£
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Amount of reimbursement sought:	£
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(Signed):	
(Position):	
(Date):	

Notes:	
1.	This form should be returned to Miss C Gilchrist, Department of Health, Management Executive, Room 253, St Andrew's House, Edinburgh, EH1 3DE, telephone 0131-244 2271.
2.	If there is likely to be a delay in establishing the legal costs, Health Boards/Trusts may wish to submit an initial application of the cost of an award and a subsequent application for the legal costs; in calculating the final sum due to a Board/Trust, the various costs will be added and the sum to be reimbursed calculated from that total.

## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1996/97

HEALTH AUTHORITY	GENERAL REVENUE ALLOCATION	MINIMUM AWARD FOR CENTRAL CONTRIBUTION 0.15% OF Col (2) WITH £400,000 CEILING	AWARD ABOVE WHICH ADDITIONAL COSTS MET CENTRALLY 0.3% OF Col (2)	MAXIMUM EXPENDITURE BY EMPLOYING AUTHORITY IN FINANCIAL YEAR (0.5% of Col (2))
COL (1)	COL (2) £M	COL (3) £	COL (4) £	COL (5) £
<b><u>HEALTH BOARDS</u></b>				
ARGYLL & CLYDE	225.311	337,967	675,933	1,126,555
AYRSHIRE & ARRAN	188.500	282,750	565,500	942,500
BORDERS	57.797	86,696	173,391	288,985
DUMFRIES & GALLOWAY	81.396	122,094	244,188	406,980
FIFE	169.054	253,581	507,162	845,270
FORTH VALLEY	133.255	199,883	399,765	666,275
GRAMPIAN	243.892	365,838	731,676	1,219,460
GREATER GLASGOW	503.193	754,790	1,509,579	2,515,965
HIGHLAND	108.330	162,495	324,990	541,650
LANARKSHIRE	263.639	395,459	790,917	1,318,195
LOTHIAN	368.583	552,875	1,105,749	1,842,915
ORKNEY	11.015	16,523	33,045	55,075
SHETLAND	12.276	18,414	36,828	61,380
TAYSIDE	211.208	316,812	633,624	1,056,040
WESTERN ISLES	19.540	29,310	58,620	97,700
<b><u>OTHER</u></b>				
STATE HOSPITAL	13.319	19,979	39,957	66,595
CSA	86.816	130,224	260,448	434,080
MENTAL WELFARE COMMISSION	1.345	2,018	4,035	6,725

CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1996/97									
HEALTH AUTHORITY	ESTIMATES FOR PATIENTS INCOME	MINIMUM AWARD FOR CENTRAL CONTRIBUTION ADDITIONAL COSTS MET 0.15% OF Col (2) WITH £400,000 CEILING	AWARD ABOVE WHICH CENTRALLY 0.3% OF Col (2)	MAXIMUM EXPENDITURE BY EMPLOYING AUTHORITY IN FINANCIAL YEAR (0.5% of Col (2))	COL (1)	COL (2) £M	COL (3) £	COL (4) £	COL (5) £
<b><u>NHS TRUSTS</u></b>									
*Aberdeen Royal Hospitals	103,650	155,475,000	310,950,000	518,250,000					
Angus	40,668	61,002,000	122,004,000	203,340,000					
Argyll & Bute	29,229	43,843,500	87,687,000	146,145,000					
Ayrshire & Arran Community Healthcare	57,135	85,702,500	171,405,000	285,675,000					
Borders Community Health Services	24,417	36,625,500	73,251,000	122,085,000					
Borders General Hospital	27,590	41,385,000	82,770,000	137,950,000					
Caithness & Sutherland	16,313	24,469,500	48,939,000	81,565,000					
Central Scotland Healthcare	64,464	96,696,000	193,392,000	322,320,000					
Dumfries & Galloway Acute & Maternity	40,446	60,669,000	121,338,000	202,230,000					
*Dumfries & Galloway Health Trust	38,753	58,129,500	116,259,000	193,765,000					
Dundee Healthcare	54,095	81,142,500	162,285,000	270,475,000					

NOTE: \* 95-96 FIGURES

## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1996/97

HEALTH AUTHORITY	ESTIMATES FOR PATIENTS INCOME	MINIMUM AWARD FOR CENTRAL CONTRIBUTION 0.15% OF Col (2) WITH £400,000 CEILING	AWARD ABOVE WHICH ADDITIONAL COSTS MET CENTRALLY 0.3% OF Col (2)	MAXIMUM EXPENDITURE BY EMPLOYING AUTHORITY IN FINANCIAL YEAR (0.5% of Col (2))
COL (1)	COL (2) £M	COL (3) £	COL (4) £	COL (5) £
<b><u>NHS TRUSTS</u></b>				
Dundee Teaching Hospitals	94,082	141,123,000	282,246,000	470,410,000
East & Midlothian	52,422	78,633,000	157,266,000	262,110,000
Edinburgh Healthcare	76,179	114,268,500	228,537,000	380,895,000
*Edinburgh Sick Children's	21,855	32,782,500	65,565,000	109,275,000
Falkirk & District Royal Infirmary	32,967	49,450,500	98,901,000	164,835,000
*Fife Healthcare	77,943	116,914,500	233,829,000	389,715,000
Glasgow Dental Hospital & School	8,363	12,544,500	25,089,000	41,815,000
Glasgow Royal Infirmary University	113,531	170,296,500	340,593,000	567,655,000
Grampian Healthcare	12,231	18,346,500	36,693,000	61,155,000
Greater Glasgow Community & Mental Health Services	137,095	205,642,500	411,285,000	685,475,000
Hairmyres & Stonehouse Hospitals	45,303	67,954,500	135,909,000	226,515,000

NOTE: \* 95-96 FIGURES

## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1996/97

HEALTH AUTHORITY	ESTIMATES FOR PATIENTS INCOME	MINIMUM AWARD FOR CENTRAL CONTRIBUTION WITH 0.15% OF Col (2) WITH £400,000 CEILING	AWARD ABOVE WHICH CENTRALLY 0.3% OF Col (2)	MAXIMUM EXPENDITURE BY EMPLOYING AUTHORITY IN FINANCIAL YEAR (0.5% of Col (2))
COL (1)	COL (2) £M	COL (3) £	COL (4) £	COL (5) £
<b><u>NHS TRUSTS</u></b>				
Highland Communities	47,700	71,550,000	143,100,000	238,500,000
Inverclyde Royal	32,548	48,822,000	97,644,000	162,740,000
Kirkcaldy Acute Hospital	43,197	64,795,500	129,591,000	215,985,000
Lanarkshire Healthcare	86,611	129,916,500	259,833,000	433,055,000
*Law Hospital	42,301	63,451,500	126,903,000	211,505,000
Lomond Healthcare	31,350	47,025,000	94,050,000	156,750,000
Monklands & Bellshill Hospitals	54,129	81,193,500	162,387,000	270,645,000
Moray Health Services	31,230	46,845,000	93,690,000	156,150,000
North Ayrshire & Arran	71,173	106,759,500	213,519,000	355,865,000
Perth & Kinross Healthcare	57,176	85,764,000	171,528,000	285,880,000
Queen Margaret Hospital	38,451	57,676,500	115,353,000	192,255,000
Raigmore Hospital	52,822	79,233,000	158,466,000	264,110,000
*Renfrewshire Healthcare	64,229	96,343,500	192,687,000	321,145,000

NOTE: \* 95-96 FIGURES



## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1996/97

HEALTH AUTHORITY	ESTIMATES FOR PATIENTS INCOME	MINIMUM AWARD FOR CENTRAL CONTRIBUTION WITH 0.15% OF Col (2) £400,000 CEILING	AWARD ABOVE WHICH ADDITIONAL COSTS MET CENTRALLY 0.3% OF Col (2)	MAXIMUM EXPENDITURE BY EMPLOYING AUTHORITY IN FINANCIAL YEAR (0.5% of Col (2))
COL (1)	COL (2) £M	COL (3) £	COL (4) £	COL (5) £
<b><u>NHS TRUSTS</u></b>				
Royal Alexandra Hospital	42,707	64,060,500	128,121,000	213,535,000
Royal Infirmary Of Edinburgh	124,927	187,390,500	374,781,000	624,635,000
Scottish Ambulance Service	76,841	115,261,500	230,523,000	384,205,000
Stobhill	55,521	83,281,500	166,563,000	277,605,000
South Ayrshire Hospital	45,498	68,247,000	136,494,000	227,490,000
Southern General Hospital	83,314	124,971,000	249,942,000	416,570,000
*Stirling Royal Infirmary	36,625	54,937,500	109,875,000	183,125,000
Victoria Infirmary	55,780	83,670,000	167,340,000	278,900,000
West Glasgow Hospital University	108,702	163,053,000	326,106,000	543,510,000
West Lothian	64,163	96,244,500	192,489,000	320,815,000
Western General Hospitals	60,896	91,344,000	182,688,000	304,480,000
Yorkhill	51,754	77,631,000	155,262,000	258,770,000

NOTE: \* 95-96 FIGURES



COMMON SERVICES AGENCY  
GENERAL MANAGER  
TRINITY PARK HOUSE  
TPHO

Dear Colleague

**NHS CIRCULAR MEL (1996)64: CORRIGENDUM**

**MEDICAL INDEMNITY: ARRANGEMENTS FOR  
CENTRAL REIMBURSEMENT OF COSTS FOR LARGE  
DAMAGES AWARDS**

**Summary**

1. This letter amends the financial thresholds for the NHS Trusts which were issued with NHS letter MEL (1996)64 on 24 July 1996.

**Action**

2. The attached tables for the NHS Trusts should replace those which were sent previously.

Yours sincerely

*Collette Gilchrist*

*for* CHRIS NALDRETT  
Directorate of Finance

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Common Services Agency  
NHS in Scotland  
Trinity Park House  
South Trinity Road  
Edinburgh EH5 3SQ

NHS Management Executive  
St. Andrew's House  
Edinburgh EH1 3DG

31 July 1996

**Addressees**

**For action:**  
General Managers,  
Health Boards

General Manager,  
Common Services Agency

General Manager,  
State Hospitals Board for Scotland

Chief Executives,  
NHS Trusts

The Director,  
Mental Welfare Commission

**For information:**  
General Manager,  
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**Enquiries to:**

Chris Naldrett  
Directorate of Finance  
Department of Health  
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## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1996/97

HEALTH AUTHORITY	ESTIMATES FOR PATIENTS INCOME	MINIMUM AWARD FOR CENTRAL CONTRIBUTION WITH £400,000 CEILING	AWARD ABOVE WHICH ADDITIONAL COSTS MET CENTRALLY 0.3% OF Col (2)	MAXIMUM EXPENDITURE BY EMPLOYING AUTHORITY IN FINANCIAL YEAR (0.5% of Col (2))
COL (1)	COL (2) £M	COL (3) £	COL (4) £	COL (5) £
<b><u>NHS TRUSTS</u></b>				
Royal Alexandra Hospital	42.707	64,061	128,121	213,535
Royal Infirmary Of Edinburgh	124.927	187,391	374,781	624,635
Scottish Ambulance Service	76.841	115,262	230,523	384,205
Stobhill	55.521	83,282	166,563	277,605
South Ayrshire Hospital	45.498	68,247	136,494	227,490
Southern General Hospital	83.314	124,971	249,942	416,570
*Stirling Royal Infirmary	36.625	54,938	109,875	183,125
Victoria Infirmary	55.780	83,670	167,340	278,900
West Glasgow Hospital University	108.702	163,053	326,106	543,510
West Lothian	64.163	96,245	192,489	320,815
Western General Hospitals	60.896	91,344	182,688	304,480
Yorkhill	51.754	77,631	155,262	258,770

NOTE: \* 95-96 FIGURES

## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1996/97

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COL (1)	COL (2) £M	COL (3) £	COL (4) £	COL (5) £
<b><u>NHS TRUSTS</u></b>				
Highland Communities	47.700	71,550	143,100	238,500
Inverclyde Royal	32.548	48,822	97,644	162,740
Kirkcaldy Acute Hospital	43.197	64,796	129,591	215,985
Lanarkshire Healthcare	86.611	129,917	259,833	433,055
*Law Hospital	42.301	63,452	126,903	211,505
Lomond Healthcare	31.350	47,025	94,050	156,750
Monklands & Bellshill Hospitals	54.129	81,194	162,387	270,645
Moray Health Services	31.230	46,845	93,690	156,150
North Ayrshire & Arran	71.173	106,760	213,519	355,865
Perth & Kinross Healthcare	57.176	85,764	171,528	285,880
Queen Margaret Hospital	38.451	57,677	115,353	192,255
Raigmore Hospital	52.822	79,233	158,466	264,110
*Renfrewshire Healthcare	64.229	96,344	192,687	321,145

NOTE: \* 95-96 FIGURES

## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1996/97

HEALTH AUTHORITY	ESTIMATES FOR PATIENTS INCOME	MINIMUM AWARD FOR CENTRAL CONTRIBUTION 0.15% OF Col (2) WITH £400,000 CEILING	AWARD ABOVE WHICH ADDITIONAL COSTS MET CENTRALLY 0.3% OF Col (2)	MAXIMUM EXPENDITURE BY EMPLOYING AUTHORITY IN FINANCIAL YEAR (0.5% of Col (2))
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Argyll & Bute	29.229	43,844	87,687	146,145
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NOTE: \* 95-96 FIGURES

## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1996/97

HEALTH AUTHORITY	ESTIMATES FOR PATIENTS INCOME		MINIMUM AWARD FOR CENTRAL CONTRIBUTION WITH £400,000 CEILING		AWARD ABOVE WHICH ADDITIONAL COSTS MET CENTRALLY 0.3% OF Col (2)		MAXIMUM EXPENDITURE BY EMPLOYING AUTHORITY IN FINANCIAL YEAR (0.5% of Col (2))	
	COL (1)	COL (2) £M	COL (3) £	COL (4) £	COL (5) £	COL (6) £	COL (7) £	
<b><u>NHS TRUSTS</u></b>								
Dundee Teaching Hospitals		94.082	141,123	282,246		470,410		
East & Midlothian		52.422	78,633	157,266		262,110		
Edinburgh Healthcare		76.179	114,269	228,537		380,895		
*Edinburgh Sick Children's		21.855	32,783	65,565		109,275		
Falkirk & District Royal Infirmary		32.967	49,451	98,901		164,835		
*Fife Healthcare		77.943	116,915	233,829		389,715		
Glasgow Dental Hospital & School		8.363	12,545	25,089		41,815		
Glasgow Royal Infirmary University		113.531	170,297	340,593		567,655		
Grampian Healthcare		12.231	18,347	36,693		61,155		
Greater Glasgow Community & Mental Health Services		137.095	205,643	411,285		685,475		
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NOTE: \* 95-96 FIGURES