



**FOR  
REFERENCE ONLY**

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

4th July 1997

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 1997-98 HCHS allocations or contract income as appropriate. The thresholds apply to awards that fall payable in 1997-98.

NHS Circular  
MEL(1996)64 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:**

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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.

*Peter Collings*

DR P S COLLINGS  
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

## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1997/98

APPENDIX 2

<u>NHS TRUSTS</u>	COL (1)	COL (2) £,M	COL (3) £	COL (4) £	COL (5) £
Kirkcaldy Acute Hospital		44.000	66,000	132,000	220,000
Lanarkshire Healthcare		137.130	205,695	411,390	685,650
Law Hospital		44.370	66,555	133,110	221,850
Lomond Healthcare		32.690	49,035	98,070	163,450
Monklands & Bellshill Hospitals		56.000	84,000	168,000	280,000
*Moray Health Services		31.230	46,845	93,690	156,150
North Ayrshire & Arran		68.400	102,600	205,200	342,000
Perth & Kinross Healthcare		66.100	99,150	198,300	330,500
Queen Margaret Hospital		39.300	58,950	117,900	196,500
Raigmore Hospital		52.800	79,200	158,400	264,000
Renfrewshire Healthcare		68.030	102,045	204,090	340,150
Royal Alexandra Hospital		49.440	74,160	148,320	247,200
Royal Infirmary Of Edinburgh		121.900	182,850	365,700	609,500
Scottish Ambulance Service		75.840	113,760	227,520	379,200

\* 1996/97 Figures

## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1997/98

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<u>NHS TRUSTS</u>	COL (1)	COL (2) £,M	COL (3) £	COL (4) £	COL (5) £
Stobhill		6.670	10,005	20,010	33,350
South Ayrshire Hospital		46.880	70,320	140,640	234,400
Southern General Hospital		76.900	115,350	230,700	384,500
Stirling Royal Infirmary		39.860	59,790	119,580	199,300
*Victoria Infirmary		55.780	83,670	167,340	278,900
West Glasgow Hospital University		126.900	190,350	380,700	634,500
West Lothian		65.500	98,250	196,500	327,500
Western General Hospitals		56.000	84,000	168,000	280,000
Yorkhill		59.880	89,820	179,640	299,400

\* 1996/97 Figures

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Corrigendum to NHS  
MEL (1997)35

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

15 August 1997

Dear Colleague

**NHS CIRCULAR MEL (1997)35: 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 (1997)35 on 4 July 1997.

**Action**

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

Yours sincerely

*Chris Naldrett*

CHRIS NALDRETT  
Directorate of Finance

**Addressees**

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

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Common Services Agency

General Manager,  
State Hospitals Board for Scotland

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CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1997/98

APPENDIX 2

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>				
Aberdeen Royal Hospitals	107.031	160,547	321,093	535,155
Angus	41.498	62,247	124,494	207,490
Argyll & Bute	30.217	45,326	90,651	151,085
Ayrshire & Arran Community Healthcare	57.400	86,100	172,200	287,000
Borders Community Health Services	26.488	39,732	79,464	132,440
Borders General Hospital	28.424	42,636	85,272	142,120
Caithness & Sutherland	16.491	24,737	49,473	82,455
Central Scotland Healthcare	64.845	97,268	194,535	324,225
Dumfries & Galloway Acute & Maternity	42.641	63,962	127,923	213,205
Dumfries & Galloway Health Trust	37.890	56,835	113,670	189,450
Dundee Healthcare	54.084	81,126	162,252	270,420

## CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1997/98

APPENDIX 2

<u>NHS TRUSTS</u>	COL (1)	COL (2) £,M	COL (3) £	COL (4) £	COL (5) £
Dundee Teaching Hospitals		97.201	145,802	291,603	486,005
East & Midlothian		53.268	79,902	159,804	266,340
Edinburgh Healthcare		75.606	113,409	226,818	378,030
Edinburgh Sick Children's		24.180	36,270	72,540	120,900
Falkirk & District Royal Infirmary		33.884	50,826	101,652	169,420
Fife Healthcare		63.534	95,301	190,602	317,670
Glasgow Dental Hospital & School		8.698	13,047	26,094	43,490
Glasgow Royal Infirmary University		119.757	179,636	359,271	598,785
Grampian Healthcare		115.599	173,399	346,797	577,995
Greater Glasgow Community & Mental Health Services		139.456	209,184	418,368	697,280
Hairmyres & Stonehouse Hospitals		47.487	71,231	142,461	237,435
Highland Communities		44.865	67,298	134,595	224,325
Inverclyde Royal		32.770	49,155	98,310	163,850



CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1997/98

APPENDIX 2

<u>NHS TRUSTS</u>	COL (1)	COL (2) £,M	COL (3) £	COL (4) £	COL (5) £
Kirkcaldy Acute Hospital		44.551	66,827	133,653	222,755
Lanarkshire Healthcare		88.358	132,537	265,074	441,790
Law Hospital		45.442	68,163	136,326	227,210
Lomond Healthcare		31.980	47,970	95,940	159,900
Monklands & Bellshill Hospitals		58.109	87,164	174,327	290,545
Moray Health Services		32.558	48,837	97,674	162,790
North Ayrshire & Arran		71.933	107,900	215,799	359,665
Perth & Kinross Healthcare		66.168	99,252	198,504	330,840
Queen Margaret Hospital		39.251	58,877	117,753	196,255
Raigmore Hospital		53.188	79,782	159,564	265,940
Renfrewshire Healthcare		66.066	99,099	198,198	330,330
Royal Alexandra Hospital		45.380	68,070	136,140	226,900
Royal Infirmary Of Edinburgh		129.660	194,490	388,980	648,300
Scottish Ambulance Service		80.155	120,233	240,465	400,775

CENTRAL CONTRIBUTION TO DAMAGES AWARDS: 1997/98

APPENDIX 2

<u>NHS TRUSTS</u>	COL (1)	COL (2) £,M	COL (3) £	COL (4) £	COL (5) £
Stobhill		56.407	84,611	169,221	282,035
South Ayrshire Hospital		47.178	70,767	141,534	235,890
Southern General Hospital		80.318	120,477	240,954	401,590
Stirling Royal Infirmary		39.394	59,091	118,182	196,970
Victoria Infirmary		55.786	83,679	167,358	278,930
West Glasgow Hospital University		109.800	164,700	329,400	549,000
West Lothian		62.886	94,329	188,658	314,430
Western General Hospitals		67.703	101,555	203,109	338,515
Yorkhill		53.874	80,811	161,622	269,370