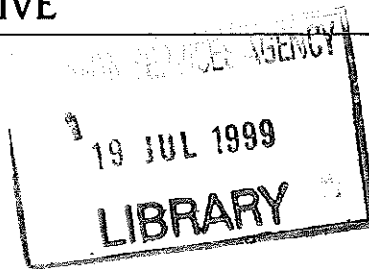




# SCOTTISH EXECUTIVE

Health Department

NHS  
MEL(1999)56



Dear Colleague

## REPORT OF THE NATIONAL REVIEW OF RESOURCE ALLOCATION FOR THE NHS IN SCOTLAND ('THE ARBUTHNOTT REPORT')

### Summary

1. I enclose the report of the National Review of Resource Allocation for the NHS in Scotland, entitled 'Fair Shares for All', which is published today. The independent review, established by the Government in December 1997 and chaired by Professor Sir John Arbutnott of Strathclyde University, was tasked with advising Ministers on needs-based methods for distributing among Scotland's 15 area Health Boards some 80% of the annual Scottish Health budget.

2. The review has addressed in its recommendations the distribution of revenue funds for hospital and community health services, GP prescribing and general medical services.

### Action

3. Three versions of the report have been produced - a full report, a short guide and a technical report. Five copies of each version are enclosed for each Health Board and NHS Trust. Addressees should ensure that the Report is brought to the attention of all staff within their area of responsibility.

4. A copy of the full report is also enclosed for each Health Board and NHS Trust Board Member. General Managers and Chief Executives are requested to arrange distribution to Board Members. In addition, a supply of 50 copies of the short guide is enclosed for each Trust.

5. Primary Care Trust Chief Executives should also arrange for this letter and the report to be available to all GP practices in their area and to the GP Sub-Committee of the Area Medical Committee.

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

15th July 1999.

### Addressees

#### For action:

General Managers, Health Boards  
Chief Executives, NHS Trusts  
General Manager, CSA  
Chief Executive, Scottish Ambulance Service Board  
General Manager, State Hospital Board for Scotland  
Chief Executive, National Board for Nursing,  
Midwifery and Health Visiting for Scotland  
General Manager, HEBS  
Director, CSBS  
Executive Director, SCPMDE  
Royal Colleges  
BMA  
Health Service Commissioner for Scotland  
Health Unions  
Local Health Councils  
Chief Executives, Territorial Health Departments

#### Written comments and questions to:

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Scottish Executive Health Department  
Room 259  
St Andrew's House  
Regent Road  
EDINBURGH  
EH1 3DG  
Tel: 0131 244 6913  
Fax: 0131 244 2051  
e-mail: mike.palmer@scotland.gov.uk

#### Further copies of the report are available from:

Mr David Bell  
Scottish Executive Health Department  
Room 282  
St Andrew's House  
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EH1 3DG  
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6. Copies of all three versions of the report can be found on the Scottish Executive website ([www.scotland.gov.uk/fairshares](http://www.scotland.gov.uk/fairshares)).

### Consultation arrangements

7. The report is being issued for public consultation over a four-month period. Written comments and questions on the report should be sent to Mr Michael Palmer at the address shown by 14 November 1999.

8. During the consultation period departmental officials will visit all Health Boards to explain the proposals and their local impact, and to address any questions which Boards may have. Officials will be in touch with Boards to arrange these visits in due course.

### General points to note

9. The review has recommended a new weighted capitation formula based on four measures:

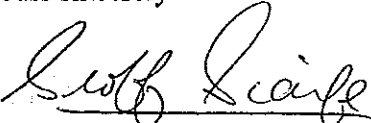
- The size of the each Health Board population.
- The age-sex profile of each Health Board population.
- The morbidity and life circumstances of each Health Board population.
- The unavoidable excess costs of delivering health services in rural and remote areas.

10. In most cases (although not always) this has increased the relative shares of Boards with above average concentrations of deprivation and of Boards with more rural and remote areas.

11. Chapter 15 of the report examines issues concerning inequalities in healthcare and proposes to produce recommendations by the end of the consultation period for an adjustment to the new formula which could address these issues. Any comments on these aspects would be particularly welcome.

12. The Scottish Executive has already agreed that any movement towards new weighted capitation shares of the total resource should be phased in over a period of some years. This would be achieved through a process of 'differential growth' whereby all Boards would retain at least some annual real-terms growth; those currently below parity would experience more growth than those above parity during the transitional period. The pace of change will of course depend upon the annual overall rate of growth in the Scottish Health budget but this "levelling up" approach is intended to ensure that no Health Board suffers any cut in funding. The Scottish Executive has pledged substantial year-on-year real terms increases in NHS spending over the coming years.

Yours sincerely



GEOFF SCAIFE  
Chief Executive