

### Briefing on Potential Financial Implications of the Review of the Skipton Fund

There was no central fund provided by the UK Government for this. Each country contributed what they needed to pay annually into the fund to meet their own needs. It is anticipated that this arrangement will continue.

When the scheme was established we estimated costs of £6.120m. At that time a £12m Provision was scored in the 2002/3 Assembly Accounts against the overall Health Budget to fund this scheme. This has been reduced year-on-year following the payments WAG has made to the Department of Health. At the end of Financial Year 2008/09 the balance was £907,611. This funding covers the costs of the claims and associated administrative costs. To enable cash payments to be made a Near Cash (Revenue) budget exists in BEL 0295 called Skipton Fund. The Resource amount payable each year transfers into this budget allowing us to make Revenue payments to the Department of Health.

Since 2004 we have paid, £5,435,000 to claimants in Wales, comprising of 223 Stage 1 claimants equating to £4.460m and 39 Stage 2 claimants equating to 975,000. In addition we have contributed approx. £0.4m towards the set-up and running costs of the scheme.

We do not have clear estimates at this time from the Department of Health about how much an independent review would cost but I would anticipate that they would expect us to meet our share of the costs in line with the current arrangements for the Skipton Fund. We anticipate this being £20-30,000 and HSS Finance Directorate has advised that this could be potentially be funded from the existing Skipton Fund arrangements.

It is difficult to predict what the review will recommend but there are significant financial risks. One potential likely outcome is that the criteria could be altered to allow widows of people who died before the scheme was announced to claim we estimate this could be in the region of £3.7m for Wales. But colleagues in the Department of Health have given assurances that the terms of reference will ask the review panel to be realistic with their recommendations, and have confirmed that WAG will be involving in the drafting of these terms of reference.

Another potential outcome is that annual payments could be introduced to bring the scheme in line with existing HIV schemes. Based on the current 223 claimants and the current annual payments paid by the HIV schemes, we estimate this could be up to £3m per annum chargeable to the HSS MEG DEL. In addition there is the potential need for a significant provision in 2010/11. Under the ALIGNMENT project this should be funded from AME.