



Department
of Health

SUBMISSION TEMPLATE

CLEARANCE CHECKLIST

Inclusion of this checklist is mandatory. A submission without it will be sent back. Please complete the whole list. Private office will remove before putting submission in the box.

Finance:

Does this involve any spending or affect existing budgets?

☒ If yes, named official:

Andy McKinlay

☐ No

Legal:

Does this include legal risk, a court case or decisions that can be challenged in court?

☒ If yes, named official:

[REDACTED]

☐ No

Communications:

Could this generate media coverage, or a response from the health sector?

☐ If yes, named official:

Click here to enter text.

☐ No

Analysis and data fact-checking:

Does this include complex data, statistics or analysis?

☐ If yes, named official:

Click here to enter text.

☐ No

Commercial:

Does this include commercial or contractual implications?

☐ If yes, named official:

Click here to enter text.

☒ No

Devolved Administrations:

Will this affect Scotland, Wales or Northern Ireland?

☐ If yes, named official:

Click here to enter text.

☒ No

Strategy Unit:

Does this relate to cross-cutting or longer-term implications for wider DH strategy?

☐ If yes, named official:

Click here to enter text.

☒ No

Implementation Unit:

Does this relate to one of the Secretary of State priorities?

☐ If yes, named official:

Click here to enter text.

☒ No

Duties, Tests and Appraisals:

The following tests apply and have been considered. The submission reflects our consideration (and/or confirms when we will provide detailed advice)

☐ Secretary of State Statutory Duties, including on health inequalities

☐ Public Sector Equalities Duty

☐ Family test

☐ Other(s) (please specify)

Click here to enter text.

To: PS(CMH)

From: Donna McInnes

Clearance: Ailsa Wight

Date: 11 August 2017

Copy: Georgie Johnson
Private Office Submissions
Copy List**INFECTED BLOOD SCHEME REFORM: FINANCE and CONSULTATION
RESPONSE**

Issue	To be able to reinstate the annual payment uplifts in the response to the consultation on the infected blood scheme reforms, we need HMT to provide the additional funding.
Timing	<u>Urgent (two working days)</u> We want to announce the consultation response before conference recess starts. We need to agree the funding position in the next week, before we write round for clearance (planned for 21 August) to publish the response.
Recommendation	That you agree to start discussions with SofS and No.10 so that we can <ul style="list-style-type: none"> • Discuss the requirement for additional funding with HMT in light of No10 steer, and then • Seek write round clearance with an aim of publishing the response in September

Discussion

1. The Department of Health developed the proposed special appeals mechanism, now called the Special Category Mechanism (SCM) [REDACTED]
[REDACTED]. The SCM proposal will increase the number of HCV beneficiaries who will be able to receive payment at the higher rate of £15.5k per annum (compared to the baseline of £3.5k). However, in order to remain within the agreed budget, it was proposed to cancel the previously planned increase in the higher level of payments from £15.5k to £18.5k from 2018/19 and to reduce the level of funding available to the discretionary scheme (open both to those infected and to the bereaved).
2. At your request, to prevent the need to implement the reductions, four options for additional funding were reviewed (Laurie Mousah's submission 23 June refers). You indicated that option A was your preferred option:
 - To reinstate the higher rate annual payment uplift (from £15.5k-£18.5k pa for HCV stage 2 and HIV)
 - To reinstate the higher amount of annual discretionary funding that will be available to infected individual and bereaved partners/spouses (from £4.1 million to £8.2 million)
 - Not to introduce any new regular payments for bereaved partners


3. This would reinstate the proposals as announced by the then Prime Minister in July 2016, without introducing a completely new element for the first time (i.e. regular payments to the bereaved). This option meets the request of ensuring that there are 'no losers' from the scheme reforms but requires us to identify additional funding over the spending review (SR) period.

Finance

4. Option A will cost an additional estimated £9 to £13 million pa from 2018/19, assuming that 70% of stage 1 applicants are successful in receiving the SCM payment¹. (See table below for more details of estimated costs.)

Table 1

	Budget deficit		
	2018/19	2019/20	2020/21
% SCM successful	£ million		
50%			
Lower estimate	-4	-3	-2
Upper estimate	-7	-6	-5
70%			
Lower estimate	-9	-8	-7
Upper estimate	-13	-12	-11
100%			
Lower estimate	-17	-16	-15
Upper estimate	-22	-21	-20

5. For 2017/18, we propose that the SCM payments are made from the date the applications open in October 2017 meaning that SCM payments will only be made for six months of this financial year. The additional funding for the SCM and for discretionary support is therefore affordable in this year's existing funding envelope.
6. From 2018/19, additional funding, to pay for the increased discretionary support and reinstating the uplifts will be required.
7. Finance colleagues have confirmed that we do not have the money for this within the Departmental budget, due to the pressures across the system. We therefore need HMT to provide additional funding. HMT have stated that they are not supportive of our proposal but they did acknowledge that if this was a No.10 priority they may need to fund this.
8. 
9. We therefore recommend that you begin discussions with SofS, and then No.10 as soon as possible so that we can secure agreement to the proposal.

Parliamentary handling

¹ The range of figures includes a lower figure, the same number of stage 1 beneficiaries as have already come forward and are receiving annual payments, and a higher figure, including the additional 400 stage 1 beneficiaries who have not come yet forward and are not currently receiving annual payments.

10. As soon as funding has been secured we can start the write round process during August with a view to publishing the response week commencing 4 September. We will send recommendations for making the announcement, and a handling plan, once the process has started.
11. A separate submission is being prepared to provide an update on the inquiry work. We recommend that these issues are kept separate.

Conclusion

12. In order to announce a consultation response that keeps to the requirement of no losers we need additional funding. [REDACTED]

[REDACTED] To do this we need to secure funding to support the write-round process by week commencing 21 August 2017.

13. We recommend that you begin conversations with SofS, and then No. 10 in the next few days.

Donna McInnes, Infected blood policy lead
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