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Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol  
Minister for Health and Social Services



Gwenda Thomas AC / AM  
Y Dirprwy Weinidog Plant a Gwasanaethau Cymdeithasol  
Deputy Minister for Children and Social Services

Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/LG/6125/11

Mark Drakeford AM  
Chair, Health and Social Care Committee  
The National Assembly  
Cardiff Bay  
Cardiff  
CF99 1NA

3<sup>rd</sup>

November 2011

Dear Mark,

In response to your letter dated 26 October please find below further information on the points you raised.

### **Mental Health Ring Fencing**

Health Boards have been issued with clear guidance by the Welsh Government that the ring-fenced allocation for mental health services represents the minimum they should be spending on these services. We would expect mental health services to make efficiencies like all other parts of the NHS, but the guidance we have issued is quite clear that any savings must be re-invested in mental health services.

There are difficulties with monitoring compliance with the mental health ring-fencing arrangements, which have been highlighted in the recent report by the Auditor General. This is because the ring-fenced total is derived from an analysis of the full cost of providing mental health services, so will include the indirect costs of treating patients (such as the costs of pharmacy departments) as well as a share of organisations overheads that are attributed to mental health services (for example heating, lighting and administrative departments). The purpose of using this analysis was to ensure that all relevant expenditure relating to the provision of mental health services was included within the ring-

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fenced quantum. However, the limitations of using this analysis as the basis of the ring-fenced quantum have to be taken into consideration.

Further information will be available in early 2012 which will allow Health Boards' compliance with the ring-fencing requirements to be assessed more easily. At that point officials will investigate any material variations between the ring-fenced sums and actual expenditure.

Despite its limitations, I intend to continue the ring-fencing arrangements again in 2012-13. It demonstrates this Government's continued commitment to these important services. However, ring-fencing arrangements are a means to an end. The evidence that this approach is working will not be found in detailed financial statements, but will be in the evidence of improvements in services and better clinical outcomes for patients.

### **Breakdown of how the additional £83 million is to be allocated to Health Boards.**

£20 million of the £83 million will be allocated to Hywel Dda Health Board to support the ongoing transformation of their services. I have yet to determine the distribution of the remaining £63 million. I will consider this over the next few weeks.

### **Positive Impact on the implementation of Free Prescriptions**

Prior to the introduction of free prescriptions in Wales, prescriptions were generally only free for those individuals who were under 25, over 60 or with certain medical conditions.

The exemption criteria based on certain medical conditions was established in 1968 and was somewhat antiquated and inconsistent. For example, a diabetes sufferer was exempt from all charges but a rheumatoid arthritis sufferer was not. Moreover, the individual with diabetes would have free prescriptions for all items prescribed whether they were related to their diabetes or not.

Complaints arose from chronic illness sufferers about the unfairness of the exemption system and in addition, evidence suggested that prescription charges deterred people from asking for NHS prescriptions and from having them dispensed either in part or their entirety. Surveys undertaken by the Citizens Advice Bureaux (CAB) and the Office of Fair Trading (OFT) confirmed this to be the case.

Key findings of the CAB survey showed that 50% of their clients who had paid prescription charges, reported difficulties in paying the charge and 28% had failed to get part or all of a prescription dispensed during the previous year because of the cost.

Free prescriptions remove the unfairness in the previous system where people with, for example, heart disease, or even organ transplant recipients were not entitled to free prescriptions despite the large number of medicines they could be prescribed.

Free prescriptions are a long term investment in improving health, managing chronic conditions and improving health which will ultimately reduce the cost and pressure on the NHS from the likes of emergency admissions and hospital stays.

## First Steps Improvement package

As part of our post implementation review of the First Steps Improvement Package, during the first year of implementation two half yearly monitoring exercises are being undertaken to assess the impact of the Package and any pressures local authorities have experienced as a direct result of this. The first of these is being concluded this month and so I would hope to be able to share the outcome of this with the Committee in early December.

Kind Regards

Lesley

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Minister for Health and Social Services

Yours ever,

Gwenda.

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