

Health and Social Services Committee

HSS(2)-16-06(p.5)

Meeting date: Wednesday 15 November 2006

Venue: Committee Room 1, Senedd, National Assembly for Wales

Title: Budget 2007-08

Purpose

1. To present the Health and Social Services Draft Budget for 2007-08 as tabled by the Minister for Finance, Local Government and Public Services and presented to Plenary on 24 October 2006.
2. Standing Order 21 provides that each Assembly Minister who is a member of a subject committee shall seek its views on the Draft Budget and convey them to the Minister for Finance, Local Government and Public Services.

Recommendations

3. That the Committee gives me its comments on the Draft Budget.

Background

4. The budget round was launched in May with a letter from the Minister for Finance, Local Government and Public Services. The Committee set out its priorities for the Budget Planning Round in a letter from Rhodri Glyn Thomas to me on 6 July 2006 (Annex1). It is important to bear in mind that spending in future years is always affected by what we are able to achieve in the current year. During 2006-07 we will have:

- Implemented the new dental contract
- Made a further reduction in prescription charges to £3 from April 2006
- Invested in both community equipment services on which so many disabled adults and children rely, and in technology to help more vulnerable people to remain in their own homes for longer
- Made further reductions in waiting times for elective surgery.

5. The Finance Minister announced the draft Budget, to Plenary on 24 October. Any change to reflect opposition amendments can only be actioned by balancing any increases in one portfolio by offsetting reductions elsewhere in the budget.

Committee Priorities

6. Working within the financial constraints of this draft budget it has not been possible to give additional funding to all the Committee priorities as set out in Rhodri Glyn Thomas' letter to me of 6 July. However BPR 2004 provided a further revenue allocation in 2007-08 to take forward the Wanless agenda. It is proposed that this funding is used, in part, towards supporting the implementation of Designed for Life, and also responding to some of the Committee's other priorities, as follows:

Designed for Life – Double Running Costs - Revenue Support for the development of community-based services

This funding will support the development of community-based services to facilitate the acute services reconfiguration plans, and to make progress towards implementing the Designed for Life model of care. This approach is in line with the unanimous resolution passed by Plenary on 3 October 2006

Review of Cancer Services

This funding will support the implementation of the findings of the Committee's cancer review, and will assist in meeting the All Wales Cancer Standards by March 2008.

Information Developments

Support development of the infrastructure for the electronic patient record and primary care IT initiatives.

Responding to the Cooksey Report

Funding will support Wales' response to add additional investment.

Other Committee's Priorities

7. Committee priorities which are not being allocated any specific funding in the 2006 BPR are as follows:

Mental Health Services

£5 million was allocated in October 2005 to progress implementation of the Adult Mental Health National Service Framework (NSF). Key Action 26 of the NSF says 'By March 2007 LAs/LHBs to have a plan for the establishment of a range of psychological therapies in each area.' This is being supported by targets set in the SAFF process. £0.6 million has also been allocated recurrently in 2006-07 to support CAMHS.

Ambulance Services

The Ambulance Service is finalising a modernisation plan which will identify a need for capital funding which will be subject to appropriate business cases being developed. On the 12 October I announced capital investment of £16 million over 2 years. I have also made provision to meet the additional revenue costs of the Radio Replacement Scheme in 2007-08. We have agreed to consider other capital bids from the ambulance service in support of its modernisation agenda.

Capital Funding for Designed for Life

BPR 2004 has already provided a capital investment programme totalling £295 million in 2007-08 to support Designed for Life

Drugs Budget

The primary care prescribing budgets have been increased by 7% in 2007-08.

Development of Clinical Networks

The Committee acknowledged that this issue of concern was not financially significant. Further consideration will be given at a later stage as to whether funding for the neuro-muscular network, referred to in Committee, should be identified. At present no funding has been provided for this.

Consideration

8. The Draft Budget Tables include funding increases as set out below:

Funding for Health and Social Services - £5,487.9 million in 2007-08; an increase of £370.8 million over 2006-07.

9. This is a total increase in 2007-08 of 7.2 per cent over 2006-07.

Funding for Health - £5,335.5 million in 2007-08; an increase of £348.5 million over 2006-07

10. The increase for Health in 2007-08 is 7.0 per cent over 2006-07. This budget not only allows us to fund NHS cost increases but also to fund new developments such as the introduction of a bowel cancer screening programme and the introduction of smoke free public places.

Funding for Social Services - £152.4 million in 2007-08; an increase of £22.3 million over 2006-07.

11. The increase for Social Services, contained within the MEG, is 17.2 per cent over 2006-07. This increase continues to demonstrate a clear commitment to both social services funding, recognising the key role this plays in increasing capacity within local authorities' social services, and to the establishment of the Office of the Commissioner for Older People in Wales.

NHS Allocations SPA (Revenue)

Funding - £4534.6 million in 2007-08; an increase of £267.5 million over 2006-07

12. The increase in this SPA in 2007-08 is £267.5 million, or 6.3 per cent, over 2006-07. Within this we are funding;

- NHS Pay Awards and non pay inflation
- Uplift on the Drugs Prescribing Budget
- Dental Contract
- GMS Contract
- Pharmacy Contract

NHS Allocations SPA (Capital)

Funding - £295.915 million in 2007-08; an increase of £76.2 million over 2006-07

13. The increase in funding for 2007-08 is the Welsh Assembly's commitment to increase capital spending in the Welsh NHS from £220m in 2006-07 to £295m in 2007/08 and takes us to a level we will wish to at least maintain throughout the remainder of the 10 year capital investment programme. This is a programme of modernisation to take place over the next 10 years as part of the "Designed for Life strategy". The key elements of the capital programme for the next few years will include investment in the reconfiguration of hospital sites, the diagnostic strategy underpinning these services, the reprovision of mental health services, the improvement of access times and reducing major estate risks.

Workforce Development SPA

Funding - £291.6 million in 2007-08; a decrease of (£4.6) million over 2006-07

14. There is a decrease in 2007-08 of (£4.6) million. This is a net adjustment arising from a budget increase of £36.2 million and the recurrent transfer of funding into the LHB Allocation in respect of Agenda for Change and Consultant Contract. The increase in funding relates mainly to the incremental cost of Agenda for Change and the continued support for expansion in medical and dental undergraduate and postgraduate training.

Information SPA

Funding - £30.2 million in 2007-08; an increase of £0.9 million over 2006-07

15. The increase in this SPA in 2007-08 is £0.9 million, or 3.4 per cent, over 2006-07

This SPA covers the running costs for the implementation of the Telehealth programme and the Diagnostic Services Strategy for Wales, as highlighted in Design For Life. The Telehealth programme is working towards developing Telehealth facilities to support extended care pathways for chronic disease management in Wales. The Diagnostic Services Strategy is concerned with the future planning and modernisation of diagnostic services within a national or regional framework.

Quality and Patient Safety SPA

Funding - £31.5 million in 2007-08; an increase of £3.3 million over 2006-07

16. The increase in this SPA in 2007-08 is £3.3 million or 11.9 per cent over 2006-07. The increases in this SPA are mainly in the area of Research and Development funding in Wales. This funding is directed at the continuing support for the development of an all Wales R&D infrastructure for Health & Social Care (AKA the Clinical Research Collaboration for Wales – CRC Cymru). The infrastructure development allows Wales to play a full part in the UK CRC and will increase the ability of the research community in Wales to attract income from commercial and non-commercial sources. This also includes a valuable working partnership with the Medical Research Council.

Primary Care SPA

Funding - £16.8 million in 2007-08 a decrease of (£1.1) million over 2006-07

17. The net decrease in funding for this SPA is mainly due to the removal of the dental contract preparation budget line, which is no longer required. This decrease has been partially offset by a proposed increase in funding for the Eye Care Initiative

Mental Health SPA

Funding - £17.0 million in 2007-08 an increase of £2.9 million over 2006-07

18. The increase in this SPA in 2007-08 is £2.9 million, or 20.4 per cent, over 2006-07. Within this SPA there is provision for the Mental Health Bill, Mental Capacity Act and the Mental Health National Service Framework.

Chronic Diseases SPA

Funding - £1.1 million in 2007-08 an increase of £0.1 million over 2006-07

20. The increase in this SPA in 2007-08 is £0.1 million, or 9.8 per cent, over 2006-07. This represents funding for the provision of an integrated model and framework for action in the management of chronic diseases.

Cancer SPA

Funding - £4.9 million in 2007-08; an increase of £1.5 million over 2006-07

21. The increase in this SPA in 2007-08 is £1.5 million, or 43.2 per cent, over 2006-07 represents funding to help meet the National Cancer Standards, the Cancer Waiting Times and the European Health Gain targets. These will reduce the number of premature deaths due to cancer; improve the provision of cancer services and the quality of life of patients.

Other Healthcare SPA

Funding - £2.5 million in 2007-08; decrease over 2006-07 - (£2.5) million

22. This decrease is as a result of funding being transferred within the Health and Social Services MEG to cover identified cost pressures. It is a recurrent transfer from 2006-07.

Better Access SPA

Funding - £7.7 million in 2007-08; decrease over 2007-08 - (£0.4) million

23. £(0.4) million transfer as agreed following recurrent changes from 2006-07 in respect of funding for Endoscopy training for cancer screening, transferring to the Education & Training BEL, funding in respect of Orthopaedics, Delivery Support Unit, 2nd Offer Scheme and Calman SPRs transferring into the Local Health Board Revenue Allocation.

Prevention SPA

Funding - £48.4 million in 2007-08; an increase of £2.5 million over 2006-07

24. The increase in this SPA in 2007-08 is £2.5 million, or 5.4 per cent, over 2006-07. Within this SPA is funding for Health Challenge Wales which will be used to extend the reach of existing health promotion programmes to help people to do more to look after their health and their children's health. Also included is provision for the introduction of Smoke Free Public Places. This funding will transfer into the Local Government Revenue Settlement at Final Budget Stage.

Children's Services SPA

Funding - £17.4 million in 2007-08; decrease over 2006-07 - (£13.0) million

25. The decrease takes account of the third phase of transfer of Children First Grant to the Local Government Revenue Settlement. Funding for social services includes additional resources to recognise pressures in children's services; this would include strengthening support for foster carers. This funding is part of the Local Government Revenue Support Grant.

Older People's Services SPA

Funding - £55.5 million in 2007-08; an increase of £3.3 million over 2006-07

26. The increase in this SPA in 2007-08 is £3.3 million, or 6.4 per cent, over 2007-08, and includes both an uplift for NHS Funded Nursing Care, and funding to support the running costs of the Office of the Commissioner for Older People in Wales.

Other Adult Social Care SPA (Revenue)

Funding - £85.2 million in 2007-08; an increase of £18.3 million over 2006-07

27. The increase in this SPA in 2007-08 is £18.3 million, or 27.3 per cent, over 2006-07. The additional funding will support both the Welsh Mental Handicap Strategy Resettlement programme and the package of measures to reduce charges and improve home care services for older and disabled people.

Other Adult Social Care SPA (Capital)

Funding £19.8 million in 2007-08; increase of £13.3 million over 2006-07

30. The increase in this SPA in 2007-08 is £13.3 million, or 206 per cent, over 2006-07. This additional funding will support improved community equipment services for disabled adults and children. It will also help to progress the use of telecare around Wales, which will become a new platform of service for the elderly and disabled with the aim of supporting 10,000 extra people with telecare facilities.

SSIW SPA

Funding - £27.4 million in 2007-08; an increase of £2.5 million over 2006-07

31. The increase in this SPA in 2007-08 is £2.5 million, or 10.1 per cent, over 2006-07. This additional funding will further support NVQ Training, to enable national training targets to be met across the Social Care Sector and to improve management and IT systems in Social Services Departments.

Compliance

32. This paper relates to the Budgets in the Health and Social Services Main Expenditure Group of the Assembly's Budget. The Assembly's procedures in relation to allocation of Programme Budgets are covered under Standing Order 21. The Assembly Compliance Office has seen this and is content.

Financial Implications

33. The financial implications are as set out in the draft Budget tables.

Action for Subject Committee

34. The Committee is asked to give me its views on the Draft Budget by 22 November.

Brian Gibbons

Minister for Health and Social Services

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