

**MINUTES**

**Date:** Wednesday, 4 July 2001

**Time:** 2.00 to 5.40pm

**Venue:** Committee Room 3, National Assembly for Wales

**Attendance:** **Members of Health & Social Services Committee**

Kirsty Williams (Chair) Brecon & Radnorshire

Geraint Davies Rhondda

Brian Gibbons Aberavon

Brian Hancock Islwyn

Jane Hutt (Minister) Vale of Glamorgan

Ann Jones Vale of Clwyd

Dai Lloyd South Wales West

David Melding South Wales Central

Lynne Neagle Torfaen

**In Attendance**

Dave Galligan UNISON

Dr David Gordon Head of Research Team, Resource Allocation Review

Ruth Jones Chartered Society of Physiotherapists

Debbie Lomasney Society of Chiropractors and Podiatrists

Prof. Peter Townsend	Chair of the National Steering Group, Resource Allocation Review
Felicity Williams	Wales TUC
<b>Officials</b>	
Sarah Beaver	NHS Finance Division
Carys Evans	Policy Unit
Dr Ruth Hall	Chief Medical Officer
Ann Lloyd	Director, NHS in Wales
John Morgan	Health Services Division
Hilary Neagle	NHS Human Resources Division
Nick Patel	Project Director
Helen Thomas	Social Care Group
Graham Williams	Social Services Inspectorate Wales
<b>Secretariat:</b>	
Jane Westlake	Committee Clerk
Claire Morris	Deputy Committee Clerk

## **Item 1: Apologies and Substitutions**

1.1 An apology was received from Rod Richards.

1.2 Members were reminded of the requirement, under Standing Order 4.5, to declare any interests before taking part in proceedings. The following declarations were made:

- Geraint Davies, Pharmacist and member of Rhondda Cynon Taff County Borough Council;
- Brian Gibbons, General Practitioner;
- Brian Hancock, Self-employed health, safety and environment Consultant, Registered Safety Practitioner (RSP) and wife is a community midwife;

- Ann Jones, member of UNISON
- Dai Lloyd, General Practitioner and member of the Council of the City and County of Swansea.

## **Item 2: NHS Resource Allocation Review - Report of the National Steering Group**

### **Paper: HSS-11-01(p.2)**

2.1 The Chair welcomed Professor Peter Townsend, who had chaired the steering group and Dr David Gordon, who had led the Research Team and thanked all who had been involved in the work of the Review. There was still more work to be done, but the Committee was being asked to support the recommendation to circulate the Report for consultation in the autumn. The committee would have the opportunity of considering the responses to the consultation exercise in the new year.

2.2 Professor Townsend introduced the report and said that there were three components to the work:

- the synthesis, conclusions and recommendations of the steering group.
- the report of the research team; and
- the reports of the five task groups.

2.3 The purpose of the Review had been to examine the scope to improve the formula that distributed a major part of the NHS budget between areas, to ensure that it captured more effectively the needs of each area. They concluded that the formula could be improved. The present formula used indirect indicators and these were not satisfactory. Standard mortality rates (SMR) were not the best indicator of health, nor was service use a good indicator of need.

2.4 The Welsh Health Survey (WHS) provided reliable and extensive information in the health of the people of Wales and could form the basis for a formula based directly on need combined with the estimated costs of meeting that need. The formula could be applied at local health group level.

2.5 The Review also identified two important issues that had not been given sufficient recognition in the past:

- there was a need for consistent and reliable financial information to underpin the formula and to track historic and current use of resources at a local and regional level to inform future allocation decisions and their impact on equity; and
- practitioners, within and outwith the NHS, had to understand the principles of equity and to address both the causes of inequalities and consequent health needs.

2.6 On the second point the Review recommended the introduction of two grants, one to focus on training in equity in public service and the other to enable professionals to fulfil an advocacy role and contribute their expertise to the broad strategy needed to address inequalities.

2.7 In summary there were three strands to the recommendations in the report:

- action by the NHS and by the Assembly corporately to address health inequalities and the wider underlying social and economic causes;
- standardisation of comprehensive and transparent financial information on expenditure; and
- a new method of allocating financial resources

2.8 Dr David Gordon outlined the work of the research team and thanked all those who had contributed to the independent and scientifically based report. There were four key points about the research work:

- the formula was concerned only with the distribution of money, it could not address the distribution of specific resources such as staff or capital assets
- the formula was applied to geographical areas;
- allocation of money was based on health needs and the costs of meeting them; and
- the primary aim was to secure equality of access in response to equal need within a geographical area.

2.9 Statistics showed a widening gap between the most deprived people in the UK and the rest of the population and this was reflected by health inequalities. Health needs went beyond the absence of disease or infirmity and included areas such as maternity care. The "direct" formula approach would enable the health service to respond to people's health needs identified through the WHS. The WHS was a sound basis for the assessment of need and was unique in the UK. Used in conjunction with other information it would provide the most valid model in the UK for allocating financial resources for the health service.

2.10 In response to questions and queries from members Dr Gordon said that:

- The research team had looked at the Arbutnott report and the Scottish model. The Scottish allocation model, based on service utilisation, was not as effective in capturing need as the direct formula proposed for Wales.
- Task Group C was looking at the applicability of the Scottish model in relation to the costs of provision in rural areas. Suitable data was not available at present but should be in the next few months.
- The report made it clear that if the proposals for a new formula were adopted it would not eliminate inequalities, but should prevent the gap widening.
- The overall size of the budget was not within the remit of the Review, it was concerned only with the distribution of the money. The recommendations would ensure transparency in the distribution.
- The WHS provided robust data which was adjusted to take account of under response rates in certain areas. Although it was not perfect it provided the best available data.

2.11 In response to questions and comments from members Professor Townsend said:

- While the amount of money that was available for re-distribution was relatively small, the crucial issue would be how effectively resources were targeted and used once distributed. Another important factor was costing of the nine key specialties.
- The review underlined the importance of public services meeting public need and the recommendations recognised the need to respond to changing ideas about specialisation in medicine and health care.
- Economic and social changes on a global level were impacting on social inequalities. The first step in addressing health inequalities was to slow down and halt the widening gap. To eliminate inequalities altogether would require greater structural changes that were not yet in prospect.
- It was not possible to assess the cost effectiveness of the Private Finance Initiative and Public Private Partnerships, as accounting methodology did not permit a proper comparison of costs.
- There was scientific evidence that poverty and social deprivation were important health determinants. Raising benefit levels could therefore bring some improvements in the short term.

2.12 The Minister paid tribute to the volume depth of the work undertaken by Professor Townsend and his teams in the short time available. It was important that it was taken forward in parallel with other action to address social and economic deprivation within the Assembly and with the Westminster government.

2.13 The aim was to introduce the new formula from 2003-2004. The further work that was required before consultation on the proposals would not impact on the main findings of the report. In the meantime the Health Inequalities Fund would continue to be targeted to meet need, and its longer-term role would be considered.

2.14 Financial and performance information would be key to the evaluation of the new formula and the national service frameworks would provide a steer on prioritising programmes.

2.15 While there were some reservations about endorsing the report prior to the completion of outstanding work, the Committee agreed that Professor Townsend's report should be the basis for public consultation. A further report should be made to the Committee in the light of the responses.

### **Item 3: Minister's Monthly Report**

#### **Paper: HSS-11-01(p.1)**

3.1 The Minister made a statement regarding telemedicine pilot schemes. A copy of the full announcement is attached at Annex A.

3.2 In response to Members' questions, the Minister made the following points:

- The launch of the Coronary Heart Disease National Service Framework (NSF) had gone very well and there was a lot of support for it. Financial investment would be key to success and in ensuring the morale and confidence of staff.

- The £12m announced to tackle problems in orthopaedic services would be targeted at areas with the longest waiting times. Capacity throughout the whole of Wales would be utilised to also try and address the problems. £6m of the £12m was recurrent funding.
- The waiting time for patients needing heart surgery began at the consultation stage, when the need for surgery was diagnosed. The Minister would write separately to David Melding setting out the waiting times for coronary artery bypass surgery.
- A copy of the technical document identifying future activity to implement 'Improving Health in Wales' would be placed in the Members' Library as soon as it became available.
- 30,000 influenza vaccinations had been ordered in an attempt to avoid the shortages that had been experienced during the previous winter.
- The Minister would remind the Ambulance Trust to provide the information requested by Bro Taf Health Authority on response times in Rhondda Cynon Taff.
- Following the launch of the Coronary Heart Disease NSF, the implementation steering group would be receiving plans for the delivery of service and standards. An update would be provided later in the year once those plans had been received.
- It was acknowledged that an 18 month research programme to examine health and well being issues in rural areas was a long time but there was little substantive data available on issues affecting rural communities. The research programme would not preclude action being taken in the meantime.
- Neo-natal audiology screening was being piloted in England and the results would be helpful in developing a way forward in Wales.
- The issue of the wider availability of batteries for hearing aids would be raised with the audiology project board.
- Members could help engage young people from all backgrounds in the consultation on children and young people's involvement in decision making.

### 3.3 Members also raised the following points:

- Disappointment was expressed that the guidance on infertility services had been referred to the National Institute for Clinical Excellence (NICE) as this would delay action by at least 18 months. The Chief Medical Officer offered to meet with Directors of Public Health to see what could be done in the interim.
- Concern was expressed at the delays in distributing Carers' Grants, which was resulting in the loss of respite care for some people. The Minister confirmed that measures were in hand to improve the system for the following year and asked Helen Thomas to investigate the current situation.

3.4 Graham Williams said that the task group for workforce issues in social care would examine the feasibility of establishing a partnership forum for social care. They would also be liaising with Health Department colleagues to look at the model used for the NHS Partnership Forum.

### Action

- Letter to be sent to David Melding setting out waiting times for coronary artery bypass surgery.
- Technical document on activity to implement 'Improving Health in Wales' to be made available in Members' Library.
- Letter to be sent to Ambulance Trust asking them to provide information on response times in Rhondda Cynon Taff to Bro Taf Health Authority.
- Chair to write, on behalf of Committee, to Mr Eifion Pritchard wishing him well after his recent illness.
- Chief Medical Officer to meet with Directors of Public Health to discuss infertility services.
- Task and finish group to consider establishment of partnership forum for social care.
- Problems with Carers' grant to be investigated.

#### **Item 4: Budget 2002-2003**

##### **Paper: HSS-11-01(p.3)**

4.1 The Chair explained that the Committee was being asked to list priorities for funding in 2002-2003. This should be looked at in the context of the progress made against the "betterwales.com" targets.

4.2 The Minister said that she was seeking confirmation of current priorities and for further priorities for funding through additional money that been allocated for next year through the Barnett formula. The Cabinet would need to take make decisions on all bids and there was a need for realism if bids were to be credible.

4.3 Current priorities included:

- the health Inequalities fund;
- the National Standards Framework for coronary heart disease; cancer; and mental health;
- capital and revenue investment , including investment in technology and equipment;
- social services;
- school breakfasts/fruit tuck shops; and
- the impact of the review of public health.

4.4 There had been significant progress in children's and care services. Money had been allocated to address workforce issues.

4.5 The committee was asked to consider how these current priorities should be taken forward.

4.6 Members made the following points:

- the overall priority was about rebuilding the capacity to deliver services;
- steps should be taken to minimise underspend;
- the Health Inequalities fund should focus on a partnership approach to addressing needs;
- well motivated and well paid staff were essential to achieve a high quality service;

- the expansion of medical education for all health professions in Wales was a priority.
- Consideration should be given to the provision of bursaries or other help and incentives to encourage students to train and remain in the NHS in Wales after they qualify. Medical and other health care students had fewer opportunities for casual vacation work and many resorted to evening work to supplement their income. This was unsatisfactory given the demands of their course and that they were often engaged in clinical practice. Students who qualified with large debts would seek posts with greatest financial reward and would not be inclined to work in areas of greatest need and shortage.
- The feasibility of top-slicing funding for the Ambulance Service should be explored.
- Support should be given for the development of the Children's hospital.
- Funding for the voluntary sector needed to recognise its increasing role.
- There were cost implications associated with improving care standards.
- Expenditure on drugs could be more efficient, but the availability of modern treatments meant that the drugs bill was unlikely to reduce.
- The possibility of providing free personal care had to borne in mind.

4.7 The Minister responded to these and other points raised by members as follows:

- She recognised that there was scope for reducing the drugs bill in some areas, but that overall it would grow.
- Work was continuing on evaluating and developing measures to address emergency pressure on hospitals.
- She was expecting a business case for the expansion of medical education in North Wales to be submitted in September.
- The Minister accepted that there were financial difficulties for medical and other health care students that had to be addressed if more students were to be attracted.
- The Primary Care Strategy would address issues such as contracts for GPs and other professionals.
- The Resource Allocation Review had looked at the funding of the Ambulance Service and the scope for central funding. Work was continuing. There were issues such as patient transport that needed further work. The Minister would keep the Committee informed of developments.
- The health and welfare rights initiative would encourage more people to have their prescribed drugs. There was little evidence of people in England travelling into Wales to benefit from free prescription charges.
- The provision of personal care was being looked at in the development of a strategy for older people.

4.8 Sarah Beaver pointed out that the funding of the Ambulance Service had to be looked at alongside the structural review.

4.9 The Committee agreed that it supported the priorities set out in the paper. Cardiac, cancer and mental health services continued to be an important priority, along with increasing capacity and the Health Inequalities Fund.



4.10 The expansion of medical and other health professional education together with support and incentives for students needed to be addressed as a priority. Consideration should be given to centrally funding the Ambulance Service.

4.11 In subsequent discussion of item 5 it was agreed that provision should be made for funding capital schemes.

4.12 The Chair would write to the Minister setting out the Committee's priorities.

### Action

- The Minister would keep the Committee informed of the work on the funding of the Ambulance Service.
- The Chair to write to the Minister.

### **Item 5: Public Private Partnerships and the Private Finance Initiative (PPP/PFI) Paper: HSS-11-01(p.4) and HSS-11-01(p.4a)**

5.1 The Chair welcomed Felicity Williams, Debbie Lomasney, Dave Galligan and Ruth Jones, representing the Wales TUC.

5.2 The main points of their presentation were:

- The Wales TUC was opposed to PPP and PFI and was unconvinced that it offered value for money.
- The "team" ethos present in the public sector was important to successful working and would be jeopardised by contracting out elements.
- In developing a fully inclusive NHS, staff needed to know they were not expendable and the only way to do this would be to ensure that staff transfers did not form part of any PFI schemes in Wales.
- The length of PFI contracts was a cause for concern, particularly given the rate at which new technology advanced.
- It was recognised that the capital needed to address the NHS estate was not available and that PFI, strictly in terms of buildings, was probably the only option but it should not be seen as a long term solution.
- The Committee was thanked for its resolution not to use the term "soft facilities management" when referring to staff, as this was considered demeaning to the staff involved.

5.3 Members made the following comments:

- Plaid Cymru was opposed to the use of PPP and PFI and believed public services should be

publicly funded.

- Case studies demonstrating the weakness of Transfer of Undertakings Protection of Employees (TUPE) arrangements were requested.
- There was a need for more openness in PFI schemes so that people knew how they would be affected by them.
- Consideration should be given to controlling PFI at a national level, with use of standard agreements or contracts.
- Further information and references for verification of the figures on the examples in London and Norwich cited by the TUC and the studies undertaken by the National Audit Office on the Dartford and Gravesend scheme was sought.

5.4 The Minister said that more capital was needed to modernise the NHS estate and provide for new developments. A review of estate management in the NHS in Wales was currently underway and was due to report back in December. She felt that a national strategic approach to capital would be necessary to influence the way forward. She recommended that there should be an exploration as to how staff could be kept in the NHS as part of a PPP/PFI contract. Also an analysis of Welsh PFI schemes should be undertaken.

5.5 In conclusion, the Committee agreed that the establishment of a capital modernisation fund was a priority and public money should be used wherever possible. Consideration should be given to how NHS staff could be protected and retained as part of the team under PFI solutions and not exposed to unfair employment practices.

### Action

- Verification of the figures included in Wales TUC paper to be provided.
- Further information on PFI schemes in Norwich, Dartford and Gravesend to be obtained.

### **Item 6: Forward Work Programme - October to December 2001**

**Paper: HSS-11-01(p.5)**

6.1 The draft forward work programme was agreed. Consideration of the Committee's handling of the draft NHS Bill was needed.

### **Item 7: Minutes of Meetings 6 and 20 June 2001**

**Papers: HSS-08-01(min) and HSS-09-01(min)**

7.1 The minutes of the meeting held on 6 June were agreed.

7.2 The minutes of the meeting held on 20 June were agreed, subject to the inclusion of UNISON after Stan Rupa's name in paragraph 3.8, and the word "just" in the second bullet point of paragraph 4.2. This would now read, "The assessment process was about delivering services to patients. It was not just an

eligibility test."

## **Annex A**

### **TELEMEDICINE PROJECTS GIVE THE GO-AHEAD BY JANE HUTT**

Two ground-breaking telemedicine projects were given the go-ahead by Assembly Health Minister Jane Hutt today.

In March this year consortia of NHS organisations and their partners were invited to apply for grant aid to support the development of telemedicine pilots in dermatology and minor injury services.

Making the announcement at the Assembly's Health and Social Services Committee Jane Hutt said: "Six bids were received and following a formal evaluation process with a panel including representatives from the National Assembly, NHS and Academia I have decided to give the go-ahead to two of the proposals.

"The first project is the North Wales Telemedicine Consortium which will provide nurse-led telemedicine services from community hospitals across North Wales. The project will begin by dealing with minor injuries and dermatology looking to include additional clinical applications during the timescale of the project.

"This will further improve patients' experiences in using their community hospitals by providing care earlier and increasing the range of access for minor injuries and ensuring earlier appointments in the clinical area of dermatology.

"The second project will provide nurse-led minor injury units across Dyfed Powys Health Authority area. Patients will benefit from much reduced travelling times and much improved access to the expertise found in the Accident and Emergency Department in their District General Hospital.

"I look forward to receiving regular updates on how these projects are progressing and how they contribute to the improvement of healthcare provision in their area.

"This announcement today shows our commitment to build on the work already achieved in telemedicine in Wales to ensure faster and more equitable access to healthcare for the people of Wales."