

Health, Wellbeing and Local Government Committee
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Health, Wellbeing & Local Government Committee

Scrutiny of Draft Budget: Evidence from the Minister for Health & Social Services

Introduction

This paper provides information for the Health, Wellbeing & Local Government Committee on the Health & Social Services Directorate General's (HSS DG) future budget proposals for 2011-12 to 2013-14.

Summary of Budget Changes

The Draft Budget, which was laid on 17 November 2010, shows the following overall changes to the HSS Main Expenditure Group (MEG):

£m	2010-11 Baseline (as per Supplementary Budget June 2010)	2011-12	% change	2012-13	% change	2013-14	% change
DEL Revenue	5,868	5,868	0.0	5,868	0.0	5,882	0.2
DEL Capital	303	265	(12.6)	246	(7.0)	220	(10.9)
Total DEL	6,171	6,133	(0.6)	6,114	(0.3)	6,102	(0.2)

The table does not include Annually Managed Expenditure (AME), which is outside the Welsh Assembly Government's Departmental Expenditure Limit (DEL).

Spending Priorities

The HSS DG leads on the delivery of the Welsh Assembly Government's key strategic outcomes to promote a healthy population with a good quality of life and to ensure health care and social care is readily available.

The overall revenue funding for 2011-12 remains unchanged from the latest 2010-11 budget. This has allowed the protection of funding in cash terms for core health services delivered by the NHS in Wales which, in turn, provides a

solid platform for the NHS to take forward its 5-year service plans and to continue to deliver improvements in performance and health outcomes. We are also maintaining our commitment to one of the Welsh Assembly Government's universal benefits, free prescriptions.

The NHS, however, will not be immune from the need to make efficiency savings. The NHS has a very successful track record of delivering annual efficiencies and productivity gains, with over £850 million being delivered during the previous four years. It will need to sustain this level of efficiencies in order to meet unavoidable cost increases in future years including, for example, increasing demand and ensuring access to new drugs and therapies. This will be done through the ongoing development and implementation of integrated service, workforce and financial plans. The development and implementation of health board plans are being supported by twelve national programmes, with clinical leadership where appropriate.

Promoting health improvement and ensuring health protection continue to be a priority, as this is crucial to improving life in Wales and reducing burdens on the NHS and other services. The Public Health Framework *Our Healthy Future* will integrate and intensify health improvement action within government and through the NHS.

Social services are, in the main, funded from the local government budget and we are protecting social services funding through the Local Government settlement. Social services are facing significant challenges, including increasing public expectations and the pressures brought about by significant social change and demography. An Independent Commission on Social Services has been set up to build on the vision set out in *Fulfilled Lives Supportive Communities* and this will report at the end of November. Following this, a White Paper will be published to outline the way forward.

HSS Budget Structure

The Welsh Assembly Government commenced the introduction of a new planning and reporting system in 2009. The aim of this system is to improve planning and reporting processes by ensuring that the link between outcomes and budgets is visible and transparent.

As part of this work, the majority of budgets were restructured at last year's Draft Budget. The HSS MEG was restructured in time for the June 2010 Supplementary Budget – this later implementation allowed time for consideration of the impact of the health service reforms.

The revised structure retains the MEG and Spending Programme Area (SPA) classification. The main change involves the analysis of SPAs. These are now principally split into Actions, where an Action is a discrete area of work undertaken by the Directorate General.

Actions

Annex 1 provides details of budget allocations for all Actions within the HSS MEG.

Revenue

NHS Delivery:

This is by far the largest Action in the MEG, with an annual revenue budget of £5.3bn. The Action provides the main funding for NHS care (hospital and community services), the bulk of which is allocated to local health boards (LHBs) and NHS trusts. It includes funding for primary care (GPs, dentists and pharmacists, as well as funding for a range of other developments including the delivery of information management and technology (IM&T) solutions to the NHS in Wales and the Cancer Services Co-ordinating Group and Cancer Networks. The net increase to this Action is £19.454 million in 2011-12. This represents the reprioritisation of centrally held budgets to support the delivery of frontline health services.

Support Education & Training of the NHS Workforce:

This Action supports programmes of education and in-service training for the development of the NHS workforce. The net decrease of £8.599m in 2011-12 relates to savings which are being redirected to meet other pressures within the MEG.

Support Mental Health Policies & Legislation:

Core funding for mental health services is provided via the NHS Delivery Action. In addition, this Action provides dedicated funding for the development and improvement of mental health services for adults and older people in Wales in line with the Mental Health Strategy, the National Service Framework and legislation. It provides support, for example, for dementia services, eating disorder services and the Veterans Service across Wales. There is a net increase of £0.694m in 2011-12 which will provide additional funding for the implementation of the Mental Health Measure.

Hospice Support:

This Action provides funding for all Wales palliative care initiatives and also recurrent funding for voluntary hospices. There is no change in the funding for 2011-12.

Deliver the Substance Misuse Strategy Implementation Plan:

This provides funding for the implementation of the 10 year Substance Misuse Strategy *Working Together to Reduce Harm*. It is the main delivery budget for Community Safety Partnerships (CSPs) and LHBs in Wales in terms of substance misuse commitments. Part of the budget is ring-fenced to support improvements in services for children and young people. There is a net increase of £0.606m to this Action in 2011-12. This is the recurrent impact of the additional transfer of funding in 2010-11 from the core NHS allocation.

Sponsorship of Public Health Bodies:

This Action provides funding for the Public Health Wales NHS Trust, which delivers public health services that cover health improvement and protection, public health intelligence and research, and national screening programmes for the people of Wales. It also provides core funding for a range of data collection and analysis services, such as the Welsh Health Impact Assessment Support Unit. There is a net increase of £1.239m in 2011-12, which is the recurrent impact of the transfer of funding into the Public Health Wales NHS Trust from the core NHS allocation in 2010-11.

Food Standards Agency:

This is used to fund the Food Standards Agency Wales, an independent Government department set up to protect the public's health and consumer interests in relation to food. There is an increase of £0.149m in 2011-12 for the Diet and Nutrition Survey and also to support the Pennington Report recommendations.

Deliver Targeted Health Protection & Immunisation Activity:

This provides funding for vaccines for the preventable diseases programme. It also funds a range of public information campaigns, as well as initiatives to tackle healthcare associated infections. There is a net decrease of £0.818m in 2011-12 which relates to savings which are being redirected to meet other pressures within the MEG.

Promote Health Improvement & Healthy Working:

This supports initiatives and action being developed to support *Our Healthy Future* including the tobacco control strategy and the provision of nurses in secondary schools. There is a reduction of £0.696m in 2011-12 which relates to savings which are being redirected to meet other pressures within the MEG.

Tackle Health Inequalities & Develop Partnership Working:

This includes funding for Designed to Smile, the national programme to improve the dental health of children in Wales. It also supports the Inequalities in Health Fund and the Healthy Start programme. There is a net

increase of £0.877m in 2011-12 in recognition of increasing demand for Healthy Start.

Effective Health Emergency Preparedness Arrangements:

Funding here is directed towards establishing and maintaining strategic stockpiles of pre-pandemic vaccines, antivirals, antibiotics, facemasks, respirators and consumables. Funding is also provided for the development and maintenance of other health countermeasures stockpiles to respond to accidental or deliberate release of chemical, biological, radiological, nuclear and explosive substances. It also will fund the establishment of a Hazardous Area Response Team (HART), which will enable the ambulance service to provide treatments in contaminated environments or where access is difficult. There is a net decrease of £13.046m in 2011-12. This is primarily in respect of funding for the write-off of antiviral stock which is not currently expected to be required in 2011-12 and which is being redirected to meet other pressures within the MEG.

Develop & Implement Research & Development for Patient and Public Benefit:

This Action funds the work of the National Institute for Social Care & Health Research (NISCHR), which aims to support the creation of high-quality evidence to both inform policy and benefit patients and the public. There is a net increase of £0.176m in 2011-12 which is in respect of a transfer of funding from the core NHS allocation for the Research Ethics Committee.

Children's Social Services:

This funds a range of programmes and policy developments to support vulnerable children and children's health services, including the implementation of the Children & Young Persons Act 2008, child family court fees, Integrated Family Support Services, and child and adolescent mental health services (CAMHS). There is a net increase of £0.150m in 2011-12 taking account of a funding increase for newborn bloodspot screening services.

Adult & Older People:

This Action provides funding for the implementation of the Older Persons Strategy and the implementation of the Learning Disability and Autism strategies, including the resettlement programme from long stay hospitals. It also funds commitments in the Carers Strategic Action Plan and the Carers Measure. There is a net increase of £5.316m in 2011-12. This primarily reflects the transfer of funding from the Social Services Strategy Action which is being utilised to fund the implementation of the Measure on Charging for Home Care through the RSG.

Social Services Strategy:

This Action supports the implementation of the Social Services Strategy for Wales. The White Paper will continue the progress made and set the direction for social services over the next decade. The funding here will play an important role in developing new models of care and supporting the transformation of services. This Action also contains funding for the Care & Social Services Inspectorate Wales (CSSIW) programme budget, which transferred into the HSS MEG in June 2010, and includes grant scheme funding and support for the Association of Directors of Social Services (ADSS) and Social Care Institute of Excellence (SCIE). There is a net reduction of £5.497m in 2011-12, which is being transferred into the Adult & Older People Action.

Care Council for Wales:

The Care Council for Wales is the social care workforce regulator in Wales responsible for promoting and securing high standards across the social services and social care workforce. There is a net increase in funding of £0.085m in 2011-12 to reflect a number of pressures, including an increase in bursaries for social work students.

Older People's Commissioner:

This provides funding for the Older People's Commissioner. This is an independent post – the first of its type in the world - which was established to ensure that the interests of older people in Wales, who are aged 60 or more, are safeguarded and promoted. There is a net decrease in funding of £0.054m in 2011-12. This consistent with the decrease in funding for the Children's Commissioner and is being redirected to meet other pressures within the MEG.

CAFCASS CYMRU Programmes:

CAFCASS CYMRU is a child-focused social work organisation, which provides expert social work advice to family proceedings courts, the County Courts and the High Court. Funding here supports the organisation's core duties, as well as obligations under the Children & Adoption Act 2006 including the provision of contact centres and contact activities. There is a net decrease of £0.036m in 2011-12, which is being redirected to meet other pressures within the MEG.

Capital

The overall funding decrease is being applied equally across all Actions.

NHS Delivery:

The allocation of capital to the NHS in Wales is primarily managed via an All-Wales Capital Programme (AWCP) which was established in March 2007. The AWCP targets capital investment to support delivery of one or more of the following objectives:

- To deliver a fully integrated health care system for the people of Wales;
- To ensure a safe and appropriate environment for patients;
- To provide safe and appropriate equipment for patients;
- To provide services that are accessible to patients;
- To support radical service redesign / transformation;
- To support new models of care in primary care and adaptation of the existing estate to do more work locally;
- To improve ongoing efficiency of the estate and maintain statutory compliance;
- To address large scale infrastructure work in major hospitals e.g. electrical infrastructure, asbestos;
- To adapt the estate in support of the sustainability / climate change agenda.

Discretionary funding is also made available to NHS bodies which is used to meet statutory obligations, carry out essential maintenance and to replace outdated and obsolete equipment. In addition, this budget supports the replacement of ambulances, and the replacement and modernisation of information communication technology (ICT). There is a decrease of £35.737m in 2011-12.

Deliver the Substance Misuse Strategy Implementation Plan:

The main focus of the programme is on improving capacity, access and/ or quality of treatment facilities through the creation of multi-agency bases, residential treatment and detoxification centres, and increasing GP shared care participation, youth facilities, mobile outreach and day-centres. There is a decrease of £0.883m in 2011-12.

Effective Health Emergency Preparedness Arrangements:

The programme was established to stockpile consumables in anticipation of a pandemic flu outbreak but also endures Wales is able to respond to a range of emergency situations, including a pandemic or the release of hazardous substances, by having available health countermeasures with which to respond. There is a decrease of £0.782m in 2011-12.

Social Services Strategy:

This is part of the local authorities General Capital Grant which directly supports all Welsh Assembly Government priorities. The Grant is unhypothecated and is provided to assist local authorities in financing their annual capital expenditure. Whilst for presentational purposes, the Grant is shown in various MEGS, all “notional” amounts are transferred to Local Government Finance, consolidated and paid out generically using a needs based assessment. There is a decrease of £0.818m in 2011-12.

Care Council for Wales:

This funds minor works and equipment. There is a decrease of £0.002m in 2011-12.

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