SCRUTINY SESSION WITH THE HEALTH AND SOCIAL CARE COMMITTEE – 18 SEPTEMBER 2014.

NATIONAL ASSEMBLY FOR WALES: HEALTH AND SOCIAL CARE COMMITTEE

Date: 18 September 2014
Venue: Senedd, National Assembly for Wales
Title: General Scrutiny Session (Part 1)

Purpose

1. This paper provides an update on key priorities and issues across the Health and Social Services Ministerial portfolio, as requested by the Committee Chair in his letter of 9 July 2014. A separate paper (Part 2) covers our response on financial matters, which includes specific reference to those areas of interest identified by the Committee in Annex A of their letter dated 15 May 2014.

Overview of recent progress and achievements, and portfolio priorities

2. Since my last attendance at the Committee's general scrutiny session on 18th July 2013, continued progress has been made in taking forward the Health and Social Services contribution to the ***Programme for Government***, the Welsh Government's plan of action for delivering high quality public services and improving the lives of people in Wales. This progress is outlined in the June 2014 Summary Progress Report.

3. ***Together for Health***, our five-year vision for the NHS in Wales, sets an ambitious agenda for service improvements, to assist in improving the health of everyone in Wales and reduce health inequalities. We are now just over half way through this programme and on 18th December 2013, I provided the Assembly with the latest progress update. While there is still much to do, progress is being made in implementing the commitments we set out in 2011. For example, we have published detailed delivery plans for each of the major services identified, with many having already provided their first annual reports, charting their progress.

4. The challenges that the NHS in Wales continues to face are real and significant. The recent **Nuffield Trust** report recognised these challenges, including rising costs; increasing demand; an ageing population; and a growth in the number of people experiencing chronic conditions – the same challenges every healthcare system in the world faces in this age of austerity. The report predicted that there could be a £2.5 billion funding gap in Wales in the next 10 years, on the basis that funding is held flat in real terms and if productivity gains cannot continue to be gathered. The Trust, however, recognised how we have already responded to the challenges identified, through a range of measures. These include improvements in efficiency and productivity, reductions in length of stay in hospital and hospital admissions, and remodelled services for people with chronic conditions, as well as identifying further potential for additional long-term savings, which the NHS can make if it continues to reform and reshape services. I have been working with the Finance Minister over the summer to establish what more

we can do to support new models of service delivery, to strengthen the care and support provided in local communities, and respond to the challenges identified in this report.

5. As part of our continued response to the challenges facing the NHS and Social Services. Work is taking place to develop, codify and embed **prudent healthcare** principles into health services across Wales. In my address to the NHS Confederation Annual Conference in January, I set out my intention to shift the focus of the health services we deliver to ensure that they fit the needs and circumstances of patients and actively avoid wasteful care that is not to the patients' benefit. This is an ethical approach to treating patients in which clinical need and clinical prioritisation determine how services are provided, concentrates efforts on the things that make a real difference and make the most effective use of resources. In doing so, a renewed effort is needed to embrace a preventative, primary and community care-led NHS which is **integrated with social care,** and delivers as much care as possible closer to patients' homes, shifting the balance between Primary and Secondary care. This approach complements the principle of coproduction, in which patients are encouraged to take greater responsibility for maintaining their own health and well being, by selecting the most appropriate and proportionate NHS service for their needs.

6. Trust in our NHS and the regard in which it is held remains important. We are committed to providing consistent, **high quality care** for everyone in Wales, and the ***Quality Delivery Plan*** sets out how we aim to achieve this through training, monitoring and reporting. The vast majority of people in Wales receive good, safe care, and we know from recent surveys including the *National Survey for Wales* that people in Wales are generally satisfied with the health services being delivered. However, that strong general picture must be reinforced by a determination to take fast effective action when things do go wrong.

7. I am also pleased that we continue to make good progress in delivering on the Health and Social Services portfolio contribution to the Welsh Government's **legislative programme**. The *'Listening to you – Your health matters'* Public Health White Paper is clear evidence of our commitment to preventing the fundamental causes of ill health rather than simply treating people when they fall ill. *The Organ Donation Act,* which received Royal Assent on 10 September 2013, also demonstrates our ambition for Wales to be a UK leader by taking bold decisions when we believe lives can be saved. The Food Hygiene Act is both a practical and popular success. The implementation of the flagship *Social Services and Well-being Act* will prove to be a ground-breaking change in policy, as it lays the foundations for modernising the care of some of our most vulnerable citizens, giving them a much more active involvement in the services they receive.

Session 1: General Scrutiny Issues

TOGETHER FOR HEALTH

8. *Together for Health* sets out our commitments to improve health services for everyone, improving access and patient experience, ensuring better service safety and quality to improve health outcomes, and ensuring services meet patients' needs and expectations. Our collective aim must be to support a modern NHS which consistently delivers high quality care, while meeting the considerable challenges it faces with confidence. The interlocking reforms detailed in *Together for Health* are essential to improve quality of life for all and make the NHS in Wales consistently safe, effective, more integrated, sustainable and resilient.

9. We also recognise that in order to reinforce patient confidence in the services we deliver, we must be transparent with regard to performance and to identify not only good performance, but also areas we know are in need of improvement.

Delivery Plans

10. *Together for Health* committed us to develop and publish a range of delivery plans for major services. Good progress is being made in implementing them.

11. Delivery Plans for Cancer, Mental Health and Stroke were published in 2012, and Plans covering Respiratory Health, Oral Health, Eye Health, Heart Disease, Diabetes, Neurological Conditions, End of Life Care and Care for the Critically Ill have been published within the last 18 months. A delivery plan for Liver Disease is currently being developed with Public Health Wales, and will be published for public consultation this autumn.

12. National Clinical Lead posts have been established for diabetes, stroke, end of life, unscheduled and planned care.

13. In June 2011, the National Unscheduled Care Programme Board published the "Ten High Impact Steps to Transform Unscheduled Care". This document provided a strategic framework, around which health boards could build an unscheduled care transformation strategy, and was informed by the issues identified within the Wales Audit Office 'Unscheduled Care: developing a whole systems approach' report (2009). In April 2013, I provided the Assembly with an update on the Programme and in August, Dr Grant Robinson was appointed as National Clinical Lead. Following the implementation of the Programme, performance levels improved with reductions in 12 hour waits, reduced ambulance handover delay, improved category A response times and A&E four hour performance.

14. In December 2013, a National Planned Care Programme was announced to replicate the model introduced for Unscheduled Care. The Programme includes a number of work streams: better managing capacity and demand, ensuring appropriate thresholds for treatment, optimising workforce contributions, and

ensuring sustainable delivery arrangements. In August, I announced Mr Peter Lewis as the Clinical Lead for this Programme, whose role will be to work with the Welsh Government and NHS Wales to take forward planned care and the co-ordination of primary and hospital services to ensure a safe system of care.

Mental Health Strategy

15. *Together for Mental Health - A Mental Health and Wellbeing Strategy for Wales* was launched in October 2012, setting out the Welsh Government's 10-year strategy for improving the lives of people using mental health services, their carers and their families. All Health Boards, Trusts and the Welsh Government are required to produce annual reports on their progress in implementing the strategy. The first set of reports, published in December 2013, set out the progress made in the first 12 months in delivering against the commitments.

16. Under the Strategy we have established a national Service User and Carer Forum which is bringing together individuals from across Wales, providing them with a strong voice to influence planning and provision at both local and national levels. We are rolling out a national core mental health data set at a service user level, which enables us to better understand the needs and outcomes of individuals using those services. Policy Implementation Guidance has been issued on veterans in prisons and offender mental health across the justice system, with specific guidance on young people who offend due to be issued shortly.

17. *Time to Change Wales* is the first national campaign seeking to end the stigma and discrimination faced by people with experience of mental health problems in Wales. The central aim of the campaign is to change negative attitudes and behaviour towards mental illness. In 2013, the Welsh Government signed the *Time to Change Wales* organisational pledge, showing how the Welsh Government, as an organisation, is committed to reducing and tackling mental health stigma and discrimination. The Welsh Government has agreed to provide £67,500 additional funding to extend the campaign until October 2014. This additional funding will help the campaign to extend its reach with organisations and people in Wales to engage with the campaign.

<u>CAMHS</u>

18. A Service Improvement Group supported by service change support, funded by Welsh Government has been established to oversee a wide ranging CAMHS improvement plan developed by the Welsh Government during 2013. This plan takes account of the WAO/HIW December 2013 report recommendations and is supported in its work by the all-Wales CAMHS and Eating Disorder Planning Network.

<u>Mental Health (Wales) Measure (2010)</u>

19. An interim report reviewing the implementation of our landmark legislation, the Mental Health (Wales) Measure 2010, showed that service users broadly felt this

had made a real difference to their care. More than 33,000 people have had an assessment of their mental health within primary care in the last 12 months and have been provided with information, advice and intervention as needed. Of those receiving secondary mental health services, over 90 per cent now have a Care and Treatment Plan. Independent Mental Health Advocacy services have been extended, and service users and staff have reported positive outcomes. In continuing to evaluate and monitor the Measure using independent research, satisfaction surveys and performance data, our ongoing emphasis will be on further improvements in the quality of the care provided and ensuring this good practice is shared.

Mental Health Ring-fence

20. Mental health accounts for the largest single area of health expenditure in Wales. Our continued commitment to mental health is demonstrated by ring-fenced funding (which has increased from £387.5 million in 2008-09 to £587 million in 2014-15. We have committed to review the effectiveness of the Mental Health Ring-fence in our *Together for Mental Health* Strategy and this has been brought forward to commence this year.

Psychological Therapies

21. A further £650k funding boost to improve access to psychological therapies for people with mental health problems was announced in June, building on the £200k also made available in 2013/14. The funding will support the delivery of psychological therapies for people of all ages, and will include psychological therapies for armed forces veterans with post traumatic stress disorder.

Dementia

22. The Welsh Government is committed to improving services and support for people with dementia and their families. *Together for Mental Health* identifies our priorities now and in the future.

23. The Living Well with Dementia Information Pack, funded by the Welsh Government and developed and distributed by the Alzheimer's Society, is a UK first. A source of invaluable advice, the pack has been welcomed by professionals and patients, their families and carers. The infrastructure is in place to provide every individual diagnosed with dementia this year with their own pack. We are continuing to fund the 24/7 bilingual Wales Dementia Helpline. *Book Prescription Wales* includes four publications on dementia which are available in every public library in Wales.

24. In January, I was able to help launch the Alzheimer's Society's *Dementia Ffrindiau* (*Dementia Friends*) initiative. Funded by Welsh Government, it is designed to increase wider understanding, augment advocacy services and roll-out training for those delivering care. The roll-out of the Welsh Government-funded primary care training module was developed in conjunction with the Alzheimer's Society. Launched in November 2013, it is designed for delivery to entire primary care teams (GPs, nurses, practice managers and receptionists)

through the Directed Enhanced Service. This will not only aid more timely diagnoses, but ensure primary care in Wales is better equipped to understand the needs of those with dementia and their carers. 106 practices, over 25% of practices in Wales, have completed this training module in the first year of the 3 year Direct Enhanced service.

25. On 19th June the Welsh Government, along with the other UK nations, signed the Blackfriars Consensus. This states 'that action to tackle smoking, drinking, sedentary behaviour and poor diet could reduce the risk of dementia in later life as well as other conditions such as heart disease, stroke and many cancers'. We will continue to work with local stakeholders, as well as the UK Health Forum and other UK nations, to develop a new dementia prevention approach. We will then use this new approach within our update of the *'Dementia – How to reduce your risk'* guidance and will develop a communication plan to disseminate any new messages and guidance.

26. Building our evidence base is crucial if we are to better grasp the causes and effects of dementia and, in turn, improve the quality of care and patient prognoses. Wales is at the forefront of global research, an international collaboration led by Cardiff University recently identifying 11 previously unknown genes that increase the risk of developing dementia.

27. It was announced early this year that Cardiff University will lead the Medical Research Council's new UK Dementias Research Platform (UKDP), which will initiate new approaches in the detection, treatment and prevention of dementia. Dr John Gallacher, from the University's School of Medicine, will be directing this multi-million pound programme, which will ensure that Wales remains as a World-leading nation in the field of dementia research.

28. Researchers at Bangor University have been awarded £4 million for the IDEAL project, designed to improve the experiences of those living with dementia. Both awards demonstrate Wales continues to make a significant contribution to ground-breaking research.

Quality and Safety

29. Our vision is one of a Welsh NHS which is safe and compassionate. We want to build on all the progress we have made and ensure our system is:

- Providing the highest possible quality and excellent patient experience;
- Improving health outcomes and helping reduce inequalities;
- Getting high quality from all our services.

30. The consistent delivery of safe and high quality care relies on contributions from a wide range of organisations. This is described in *Safe Care, Compassionate Care – A National Governance* Framework to enable high quality care in NHS Wales issued in January 2013.

Independent external reviews

31. Where improvements are needed, or issues arise which require investigation, action has been taken, drawing on external advice and expertise:

- In November 2013, an independent external review was commissioned into aspects of the care practice at the Princess of Wales Hospital and Neath Port Talbot Hospital within Abertawe Bro Morgannwg University Health Board. The review team, led by Professor June Andrews and Mr Mark Butler published their report *Trusted to Care* on 13 May 2014. The report makes 18 recommendations, four for the Welsh Government and offers wider learning for the whole of the NHS in Wales. I gave all Health Boards four weeks to consider the report and its implications for them. They have all since published their responses. To seek assurance that issues identified in the report in relation to the fundamentals of care were not widespread I have instigated a programme of unannounced spot checks in all district general hospitals in Wales. These are underway. The Chief Medical and Chief Nursing Officers jointly chair a steering group to take forward the implementation of the reports recommendations. Regular reports on progress are being provided.

- On 10 February 2014, I announced an external review of how concerns (complaints) are handled in NHS Wales. This work has been led by Mr Keith Evans, recently retired Chief Executive and Managing Director of Panasonic UK and Ireland, assisted by Andrew Goodall, then Chief Executive of Aneurin Bevan UHB. This is now complete. A period of engagement has been taking place over the summer to seek wider views on the proposals.

- On 21 March, a review of the way in which mortality measures are collected and used was instigated. The review has been undertaken by Professor Stephen Palmer of Cardiff University with an initial focus on six hospitals with a Welsh Risk Adjusted Mortality Index (RAMI) score of more than 100 in the data published on Friday 21 March 2014. Professor Palmer's review has now been completed and the report was published on 16 July Professor Palmer concluded that RAMI is not a meaningful measure of quality, but he supports the mortality case review process, which is in place for all deaths in Welsh hospitals, and is an area in which Wales leads the UK. He also recommended that the Welsh Government and NHS Wales must ensure meaningful and useful information in captured to measure and describe quality care in hospitals. The Chief Medical Officer for Wales has written to all clinicians in NHS Wales to reinforce their responsibilities about medical records, which is a patient safety matter, but which is also important to ensure clinical coding is optimised. I intend to report more extensively on the use of mortality case note reviews later this month.

- On 4 June, I accepted a recommendation of this Committee that a review should be undertaken of Healthcare Inspectorate Wales (HIW). Ruth Marks, the former Older People's Commissioner for Wales has been appointed and is providing external scrutiny and expertise. . The review will be carried out with a view to strengthen the role of HIW. Following the review, the Welsh

Government will publish a Green Paper, outlining proposals for new legislation to secure a strengthened, independent inspection and regulatory remit for HIW before the end of the Assembly term in 2016. It is proposed that an NHS Quality Bill will be introduced early in the next Assembly to streamline and strengthen existing legislation regarding the quality of healthcare in Wales. This will include the roles and responsibilities of HIW.

Patient Experience

32. Improving the patient's experience of care is a key priority for NHS Wales was issued. In May 2013, the Framework for Assuring Service User Experience which identifies core principles to underpin patient experience work and recommends a four quadrant model to build on existing expertise and resources.

33. In July 2013, the Chief Nursing Officer, issued core service user experience questions to achieve the ‘real time’ quadrant of the Framework. These were developed by the National Service User Experience (NSUE) Group to be used across all care settings, to ensure a consistent approach to determining service user experience across Wales.

1000 Lives improvement programme

34. The 1000 Lives improvement programme demonstrates the commitment NHS Wales has to continuous improvement. It has shown that previously accepted outcomes for patients, when challenged, can be improved. For example, preventing pressure ulcers and ventilator-associated pneumonia in our Intensive Care Units.

35. The current focus is the Flow and Unscheduled Care programme to ensure we improve our systems to meet current increased demand and ensure the right person is treated in the right place at the right time.

36. More than 8000 NHS Wales staff have completed the first level of the national quality improvement learning programme, *Improving Quality Together*. The programme provides a common and consistent approach to improving the quality of services that will help improvements take place much more quickly and spread effectively throughout NHS Wales. This forms part of the commitment set out in our Quality Delivery Plan to develop local capacity and capability to drive continuous quality improvement.

Fundamentals of Care National Audit 2013

37. The Fundamentals of Care Audit system was completely reviewed prior to the 2013 national audit which was completed during October and November 2013. In light of the significant revisions made to the format, number and types of questions included in this year’s audit, no direct comparison can be drawn between the 2013 and previous annual audits. It is also important to note that the operational audit, patient experience and staff survey questions have been reviewed independently and not combined as in previous audits. It is intended that the 2013 audit will form a baseline for the 2014 and subsequent audits.

38. The results show:

- 94% of patients were satisfied with the overall care they received;
- 97% always or usually felt they were treated with dignity and respect;
- 98% agreed the clinical area was kept clean, tidy and uncluttered;
- 96% agreed they were given help to maintain their independence; and
- 93% agreed that when they asked for help they received it promptly.

Annual Quality Statements

39. All NHS Health Boards and Trusts in Wales published their 2012-13 Annual Quality Statements in September last year.

40. A peer review exercise led by Professor Rosemary Kennedy, Chair of Velindre NHS Trust took place in December last year to learn from the process with the aim of making improvements to 2013-14 Statements. This was achieved through a multi-disciplinary 'Quality Round Table' visit to each organisation.

41. Revised guidance was issued to all NHS Health Boards and Trusts in May. Organisations are required to publish their 2013-14 Statements by no later than 30 September 2014.

Improving NHS Performance

42. Performance targets remain an important tool in measuring and improving performance, but they are not always closely enough aligned to measuring clinical benefit. This view is informed not only by clinicians' views, but, was a key conclusion of the Mid Staffs inquiry where Robert Francis attributed aspects of the failure of care to target driven systems producing behaviours, which did not match the best interests of the patient.

43. I am determined to explore new outcome indicators that will result in better outcomes to all patients. We need to develop measures and outcome indicators that measure clinical benefit and outcomes for patients, and we need to communicate these better to the public.

44. We will continue to retain existing targets and our focus will continue to be to improve performance against these targets whilst we determine the new outcome indicators.

45. Current performance against these existing targets is set out below:

Ambulance

46. The key elements of the McClelland review have now been put in place, Welsh Government investment has allowed the ambulance fleet to be up-graded, and in this financial year, an extra £7.5m has been agreed, which will allow the recruitment of more than 100 frontline staff. It is now for the Welsh Ambulance Service to turn all this into the required standard of performance.

47. In July, All-Wales delivery of the eight minute category A target was 58.3%, against a target of 65%. Delivery of the WAST eight minute measure continues to be a challenge. Health Boards have been tasked to support the delivery of this target in conjunction with WAST. More clinically focused measures around the clinical care delivered by WAST have been introduced and are being published on *My Local Health Service* from June. These are around pain relief for patients with fractured neck or femur, early assessment of patients with a potential stroke, and achievement of early thrombolysis for patients with a heart attack.

Waiting times

48. In June, All-Wales RTT delivery was 87.3%, against a target of 95%. As part of 2014/15 trajectories all Health Boards have indicated plans to remove all 36 week breaches by end of March 2015 at the latest and bring delivery back to 95%. The July data will be published on 11 September 2014 – a verbal update will be provided at the meeting.

Unscheduled care

49. In June, All-Wales 4 hour delivery was 87.7%, against a target of 95%. As part of 2014/15 Health Boards have plans and trajectories to improve delivery to achieve the target by March 2015. These are being performance managed throughout the year.

Cancer

50. In June, all Wales 31 day delivery was 97.6%, against a target of 98%; and 62 day delivery was 84.3%, against a target of 95%. As part of 2014/15 Health Boards have plans and trajectories to improve delivery to achieve the target by March 2015 at the latest. Again, these are being performance managed throughout the year.

Cardiac surgery waiting times

51. Over the past nine months, concerns have been raised with regard to waiting times for cardiac surgery.

52. The Welsh Government and WHSSC have been working with affected Health Boards to support them in actively managing and reducing waiting times for cardiac surgery in order to meet current and future demand.

53. Health Boards have put in place additional short-term capacity for heart surgery, through a variety of internal arrangements and temporary outsourcing of patients

to hospitals in England. They have also been working to increase cardiac surgery capacity in the medium to long-term.

Hywel Dda University Health Board

54. In October 2013, the Royal College of Physicians (RCP) was invited to review the quality and safety of cardiology services within the Hywel Dda University Health Board, in response to concerns raised with the Welsh Government regarding the care of patients with acute cardiological problems. Their final report was published in January 2014, with key proposals to address these concerns, including retaining some services across all hospitals and developing a centralised ‘hub’ service, most likely based at Glangwili Hospital, Carmarthen.

55. A report on the options for a future model for cardiac services and an action plan were developed in response to the external review, and these were considered and fully supported by the health board at their meeting on 22 May. Work on fully implementing the action plan has been initiated.

56. An updated report will be provided to the health board’s public board meeting in November 2014 for approval, recommending the final model for cardiology services for implementation across the health board.

Cardiff and Vale University Health Board

57. In response to a visit by the Royal College of Surgeons in April 2013, Cardiff and Vale University Health Board plans to invest £2.4 million in tackling surgical waiting lists, part of an ambitious plan to dramatically cut the time people wait for planned surgery. As part of the long-term plan, the Health Board has been negotiating through WHSSC a business case to increase capacity for major cardiac surgery from a baseline of 800 cases per annum, to 900 cases per annum, which it is proposed will commence on 1st April 2015. The proposal is that this will initially be commissioned by WHSSC for a minimum of 2 years. The business case is due to be considered by the Joint Committee on the 16th September.

58. In addition to the longer term plan, the Health Board has also taken a number of immediate actions to see those heart patients in most need. They have included recruiting extra medical and nursing staff, introducing weekend working, ring-fencing surgical beds, investing £1.5 million of Welsh Government funding in 2013-14 to replace critical cardiac theatre equipment and using services elsewhere to tackle long waiting lists for heart surgery.

59. Following a return visit in April, the RCS praised the progress in improving surgical services since concerns were raised 12 months previously, and stated that they were encouraged to note that there was both documentary and verbal evidence to demonstrate that the Health Board had taken their concerns seriously and that they had initiated a clear programme of work to address these issues. They said there was substantial work to do but that improvements had already been made.

60. Over the last 12 months the Health Board has seen a 25% drop in the number of people waiting 36 weeks for surgery. Last year, the number of operations delayed due to a lack of beds in January was 547. This year that figure was reduced 40.

Cardiac Surgery in Mid, West and South East Wales – improving outcomes and waiting times project

61. Health Boards in Mid, West and South East Wales, working with the WHSSC, have initiated a multi-faceted project to improve outcomes and waiting times for cardiac surgery. Waiting times have improved since January, particularly in South East Wales where during this period the number of patients waiting greater than 36 weeks has almost halved and there are also reductions in the number waiting greater than 26 weeks.

62. Outsourcing initially concentrated on South East Wales has achieved the levels needed to ensure the region will achieve its referral to treatment time targets. WHSSC is attempting to accelerate the number of patients in Mid and West Wales being outsourced to address the waiting times challenge there in the same way.

Implementing a new approach to waiting times

63. The Heart Disease Implementation Group has agreed that the development of a clinically led pathway based on clinically agreed component waits would focus performance on these areas most in need. A small sub group has been established and they will seek to pilot this component based pathway in the coming months, before making recommendations on the way forward.

Developing Primary and Community Care

64. The Welsh Government's strategic aim is for as much healthcare to be planned and delivered at, or as close to, home as possible through highly organised multi disciplinary primary and community care services designed around the individual, integrated with secondary care and social care. In January 2014, I reiterated to the NHS that it must embark on a sustained shift in leadership focus and resources invested in primary and community care.

65. I am developing a national plan for October to make more rapid and systematic progress with improving population health and local integrated healthcare services. The development of the 64 "clusters" of GP practices offers a real opportunity for a collaborative approach between general practices to improving their services for local communities. These clusters are producing formal action plans by end September.

66. The national plan will reaffirm our commitment to collaboration, through what we call 'locality networks', between those responsible for planning and securing local care and those who provide services. This commitment to collaboration at community level draws in all available financial, workforce and other resources and promotes a community focused and owned approach to health and

wellbeing.

67. Increasingly, collaboration to plan and coordinate local healthcare for small communities of between 25,000 and 100,000, which international evidence suggests is most effective at this local level, will increasingly inform and shape health board three year Integrated Medium Term Plans.

68. I wrote to AMs in July to announce the provision of an additional £3.5m for primary and community care in 2014-15. This funding is focused on tackling the inverse care law, building the skills of multi disciplinary primary and community care teams and delivering more follow up eye care closer to home. We are developing a national plan for the autumn to guide and direct action by Health Boards to improve local population health and to meet people's needs.

69. Our aim is to provide care at, or as close to home as possible and medical and dental education programmes need to reflect this change of emphasis. New programmes such as the C21 programme at Cardiff have been developed and aim to increase the time students spend in GP practices and other care settings and gaining greater contact time with patients. Other existing programmes are changing to adopt this approach. This approach will result in less hospital based training.

70. On 1st August, I agreed that £0.349m be moved from the hospital based clinical placement allocation to increase the support for GP placements, further strengthening the GP workforce of the future.

<u>GP opening hours</u>

71. We continue to work closely with Health Boards on their plans to improve access to high quality, safe and sustainable multi-disciplinary primary and community care services at or as close to home as possible.

72. Access to GP services is a key Welsh Government commitment. Published statistics for 2013 indicate that access to services with core hours continues to improve. 76% of GP practices are now open for daily core hours or within one hour of daily core hours, an improvement of 16 percentage points from 2011; 95% of GP practices now offer appointments between 5.00pm and 6.30pm at least two week nights per week, an improvement of 3 percentage points from 2011, and the number of GP practices which are closed for half a day on one week day has reduced from 19% in 2011 to 6% in 2013.

73. Approximately 70% of GP practices in Wales, involving 35,000 patients, have signed up to *My Health Online.* In order that working people have a wider choice to access GP services more conveniently during the day/late evening proposals are also being developed to pilot an out of area non registered day patient scheme in Wales which should be in place in the autumn.

74. Access to GP services after 6.30pm, however, has remained stable at 11%. I have asked that Health Boards to confirm that all GP practices have undertaken an assessment of the need for access to GP services, in particular, access to

services after 6.30pm, and that where a reasonable need has been identified, how this access is being provided or planned to be met.

75. Over the coming months a new pilot scheme will be introduced for improving access to GP services for working people who live outside their GP practice area and who wish to have a consultation with a participating practice, but remain registered with their current GP practice. The pilot scheme, which is anticipated to include a small number of GP practices in Swansea, Cardiff, Newport and Wrexham, will run for a period of 12 months.

76. As part of the work to develop a 111 service for Wales a sustainable model for primary care out of hours is also being planned from October 2015.

Health Board Acute Services Reconfiguration Plans

77. The first phase of service reconfiguration in NHS Wales is now complete, and the changes being made will ensure that services are safe, sustainable, meet relevant standards, and provide patients with the best possible outcomes.

78. The legal challenges brought against my determinations of changes to emergency care services at Prince Philip Hospital (Llanelli) and neonatal services in the Hywel Dda region were heard by the Court 24–26 June 2014. On 10 July, the Judge issued his ruling which confirmed that my determinations were "fair and lawful".

79. Hywel Dda University Health Board is continuing to implement the service changes and the new midwife led units at Withybush and Glangwili Hospitals opened on 4 August. The new paediatric high dependency unit will open in Glangwili in October, with Withybush providing a 12-hour paediatric day assessment service (which will cover the majority of children's health needs) on a 7 day basis.

80. In North Wales, the next phase of the reconfiguration programme is in progress, taking account of the First Minister support for Ysbyty Glan Clwyd to be the site of the Sub Regional Neonatal Care Centre. Betsi Cadwaladr University Health Board is currently developing an acute services review framework document.

81. For South Wales, all Health Boards and Community Health Council have agreed that consultant led emergency, neonatal and children's services will in future be concentrated at five hospitals in the region, instead of the current eight. The longer term intention is to move to three acute Health Care Alliances, located at the Specialist Critical Care Centre in Cwmbran (once built), UHW (Cardiff) and Morriston Hospital (Swansea).

Lessons Learned Review

82. A Lessons Learned Review has been commissioned on the engagement and consultation exercises conducted by Health Boards on the first phase of changes to health services. Mrs Ann Lloyd is leading the Review, and will be supported by a small reference group with experience of major service change in the NHS.

83. The Review will provide an assessment of the effectiveness of current service change guidance, and what improvements may be necessary. It will also assess the role of CHCs in the whole process and provide advice on both the part they are asked to play in the consultation and referral processes; and their ability to discharge these responsibilities effectively. I expect to receive the review team's interim report, including findings and any recommendations, on 12 September. Mrs Lloyd's findings will feed into work already underway on potential changes to the CHC Regulations following the recommendations of Professor Marcus Longley and others into the role and functions of CHCs.

Workforce and Organisational Development

Working differently - Working together

84. Published in 2012, the *Working differently - Working together* framework for workforce and organisational development provides a five-year vision for the NHS workforce in Wales, which focuses on the vital role that all staff play in delivering safe and effective care for the people of Wales, supporting the development of the right staffing models needed to continue the transformation of how healthcare is delivered.

85. A number of programmes have been developed under the framework, aimed at delivering evidence-based workforce and organisational development interventions, which support change at an organisational wide or individual level. These include:

- The commissioning and undertaking of the *2013 NHS Wales Staff Survey*. The Welsh Government is now working with the NHS to consider proposals for a follow up survey.

- Establishing the *All Wales Health and Wellbeing Charter*, the *All Wales Health and Wellbeing Network* and ensuring that all Health Boards and Trusts inform and promote health and wellbeing related policies to all staff.

- Improving benchmarking through the development of a *Workforce Interactive Tool* that allows easily available comparison between NHS Wales organisations across a range of workforce data.

- Supporting managers to get the maximum from the existing contracts - in terms of productivity and efficiency of the workforce - has been provided through the publication of the *Optimal Application of Provisions of the NHS Terms and Conditions Handbook.*

Developing the Workforce Elements of Integrated Plans guidance

86. We published guidance in January 2014, which focusses on the three-year medium term planning process, introduced as a result of the NHS Finance (Wales) Act 2014 and highlights the elements that should be considered in the development of a workforce plan, as well as providing tools and information that

could assist in the process. The Welsh Government is currently working with Workforce Directors, and the Education and Development Service (WEDS) to review the workforce information requested as part of the wider refresh of the NHS planning framework ahead of the next round of plans being commissioned in October.

Recruitment

- Nurse Staffing Levels

87. Since 2012, the Welsh Government has worked with NHS organisations on ensuring appropriate nursing establishments on adult acute medical and surgical wards. A national set of principles has been used while an acuity and dependency tool was chosen; this was implemented in April 2014. The introduction of the national principles has led to an improving picture for nurse staffing levels across adult acute in-patient wards in NHS Wales. The principles included a requirement of a1:7 nurses to patient ratio; the majority of areas now comply with this. The Welsh national principles also included a ratio of 1.1 WTE nurse/nursing assistant per bed and again the majority of wards now comply with this requirement.

88. In response to the Francis Inquiry, £10 million funding (recurring) was introduced in the 2013/14 financial year to support Health Boards as they ensure they have the right nurse staffing levels in hospital settings.

89. The issue of nurse staffing levels is complex. It has to encompass skill levels, skill mix and patient acuity, as well as raw numbers. What is important is that Health Boards get nurse staffing levels that are appropriate to patient needs, which is why we have supported them to use a triangulated approach that includes use of an acuity tool, professional judgement and nurse sensitive patient outcome indicators.

90. Our engagement continues in other clinical settings with groups established to review evidence based tools in District Nurse community lead teams, Health Visiting teams and mental health in-patient settings.

- GP Recruitment

91. The Welsh Government wants to move towards a preventative, primary and community care led NHS. This means the development of highly organised, multi- disciplinary primary and community care teams, integrated with secondary and social care. As GP cluster level needs assessment and service as workforce planning matures, this will increasingly inform and support Health Board level plans. The changes to the GP contract for 2014/15 strengthens local collaborative working between GP practices, linking with community nursing teams and social care partners to provide more care in the community and / or closer to home. From 2014, GP practices are required to undertake a review of local need and to develop priorities for action to inform the production of a Practice Development Plan. In addition, GP practices are also required to produce a GP Cluster Network Action Plan which includes addressing access

arrangements; actions to foster greater integration of health and social services; and consideration of how new approaches to the delivery of primary care can aid delivery and sustainability of local services.

92. GPs play a key and integral role within the planning and delivery of multi-disciplinary primary and community care. Recent workforce data relating to GPs in Wales indicates that whilst the number of GP practitioners has risen by 11.2% since 2003, the number of GPs aged over 55 years has risen over the same period. This has prompted concerns about an ageing workforce. In addition, there are also specific challenges relating to GP recruitment in rural areas of Wales.

93. These concerns are not unique to Wales. The GP workforce in Scotland, Northern Ireland and England have similar age profiles and all countries find it harder to recruit in rural areas. Feedback from trainees and new GPs indicate they find the current contractor model to be unattractive, particularly in relation to the need to secure and maintain premises in an environment where these are no longer considered an investment. In addition, students and GPs are increasingly considering the work life balance associated with careers in medicine and demanding a wider variety of opportunities become wider in research and teaching. The extent to which this is present in the student population in Wales is currently being explored.

94. The Chief Medical Officer is leading work with Health Boards and others to review and develop national programmes to improve the supply and retention of GPs in Wales, including making the GP Training Programmes more attractive for young medics in rural areas of Wales and to support the retention of older and/or part time GPs. We will simplify the regulations in relation to the GP Performers List to make it easier for GPs, in particular locum GPs, to work across Wales. Health Boards are considering new contractor models where GP practices can work together and share resources and also a GP salaried workforce may better meet the primary care needs of the people in their area of operation.

95. The Welsh Government and Health Boards also continue to work closely with GPC Wales, Wales Deanery and the Royal College of General Practitioners (RCGP) and others to develop new and innovative ways of providing integrated primary, community social care services in future.

- Medical Recruitment Campaign (Recruitment Strategy)

96. The *Work for Wales* campaign has, to date, focussed on the strategic promotion of Wales as a good place to develop a medical career. So far, it has successfully established a champion network to act as ambassadors for Wales, along with a medical career website and has been a continued presence at relevant conferences and events at key dates in the medical calendar.

97. The purpose of the campaign has been to promote Wales and to increase general awareness of the opportunities to work and practice in Wales. Its aim is

not to fill specific vacancies on a locality or specialism basis, and it remains the responsibility of Health Boards and Trusts to fill individual vacancies.

98. It is clear that *since the campaign was launched, vacancy levels for medical and dental staff have fallen and* now compare favourably with other professions and NHS organisations in the UK. For example, published data for medical and dental staff between 2012 and 2013 (in terms of whole time equivalents) has increased by 162 (2.8%) to 6,073.

99. Proposals are currently being developed for a further phase of the campaign to address any requirement to re-model the NHS medical workforce to focus on the delivery of future services. The integrated plans are key to this. The most recent updates to these plans will be scrutinised to ascertain priority areas of recruitment which need to be featured in the campaign.

- Public Appointments

100. Work is underway to review the approach to making public appointments to Local Health Boards and Trusts within the overall framework provided by the Commissioner for Public Appointments. Recruitment to the WAST Board recently provided an opportunity to pilot new thinking on our approach. The arrangements were founded on a more rigorous three-stage approach comprising detailed sifting of applications, an assessment centre and then an interview panel.

101. This has resulted in a diverse and more appropriate balance of skills and attributes that reflects relevant experience. A mentoring scheme has been developed with two strong, but unsuccessful candidates from under-represented groups, having access to additional development in understanding the role and the opportunity to be mentored by a non-executive member. The pilot undertaken in WAST is being reviewed alongside other examples of best practice to enhance the selection process for future appointments.

NHS Pay and Terms and Conditions of Service

- DDRB Recommendations - Pay Award 2014-15

102. I published a Written Statement in March, confirming that the Welsh Government remains committed to the preservation of jobs within the Welsh NHS to enable the provision of high standards of patient care.

103. For non-consultant salaried doctors, it was confirmed that in Wales we will make an award based on the same quantum as the Department of Health (DoH), equivalent to the cost of implementing the DoH proposals in Wales. For consultants, an award will be made based on the same quantum as England, equivalent to the cost of implementing the DoH proposals in Wales.

104. In July I announced that speciality and associate specialist (SAS) doctors and doctors in training at the top of their pay scale would receive a 1% non-consolidated award. Consultants at the top of their commitment award scale will also receive a 1% non-consolidated payment.

105. The pay scales for new doctors in training will be harmonised the pay scale in England. The pay award is effective from 1 September 2014. The pay award regarding salaried GP's for 2014/15 is yet to be agreed.

➢ Agenda for Change (AfC) staff and the Welsh Consultant Contract

106. The consultation and ballot on proposed changes to AfC terms and conditions, as implemented in England, concluded at the end of April. A majority voted in favour of acceptance of the proposed changes to the contract. Implementation is contingent on the staff side seeing clear and unequivocal action in respect of the medical staff. However, the BMA have not been prepared to negotiate prior to considering proposals drafted by employers. That position remains.

107. I confirmed in a written statement on July 9th the intentions for the distribution of the pay award for 2014/15 for staff covered by AfC arrangements, excluding very senior managers, will seek to achieve two main aims: a flat cash payment of £160 and implementing the living wage in the NHS in Wales. The cost of these new arrangements exceeds the equivalent quantity provided for AfC staff in England but reflects the financial pressures remaining for NHS Wales. The pay award is subject to ongoing discussions between NHS employers and the AfC trade unions.

108. In the absence of a negotiated solution, I have concluded there is no prospect of maintaining a separate Welsh consultant contract. I have, therefore, asked my officials to ensure Wales formally join the England and Northern Ireland negotiations on the consultant contract.

Training

➢ Health Professional Education Investment Review

109. We invest more than £350m each year supporting 15,000+ students and trainees across Wales undertaking health-related programmes including undergraduate, postgraduate and continuing professional education. I want to make sure that arrangements underpinning this investment support the workforce changes required to deliver sustainable services in the future. I have, therefore, appointed a panel to review Wales' investment in health professional education.

110. The review, which will report on its findings by the end of the calendar year, will consider a number of issues, including:

- The nature of the current investment in health professional education i.e. what we are funding and whether this delivers what is required to support and sustain the healthcare workforce in Wales;
- The return on this investment, in terms of staff retained within the Welsh NHS;
- The current arrangements in place for medium and longer term planning within the NHS and whether they facilitate multi professional working;

- How the healthcare agenda informs planning, role design and education commissioning;

- How incentives could be used to support the education and training agenda.

Digital Health and Care

eHealth and Care Strategy

111. A work programme is underway with key stakeholders in health and social care to refresh the eHealth and Care strategy. Further public engagement is being planned. The work on the strategy does not involve any pause or delay in ongoing work.

My Health Online

112. We continue to make progress with *My Health Online*, the bi-lingual NHS Wales website that allows patients to use the internet to book or cancel appointments with their GP and request repeat prescriptions. *My Health Online* is live in 340 practices across Wales.

Informing Healthcare Programme

113. The Informing Healthcare Programme continues to roll out and has delivered some of the key foundations on which to build and operate our services, including;

- more than half of all patient referrals by GPs for specialist hospital care are now sent electronically and the number is increasing each month;
- through the Individual Health Record, 91 per cent of GP records are available for use in GP out-of-hours services; and
- a single all-Wales Laboratory Information Management System (LIMS) is being implemented in pathology for recording and exchanging information such as blood test results which will allow health professionals to see all previous tests conducted for a patient, and request new tests.

Community Care Information System

114. NHS Wales and a number of Local Authorities have been working in partnership to jointly procure the Community Care Information System. The proposed system will meet the requirements of both social care and community health services (including mental health) and will enable a person-centred record that can be shared between health and social care, to support the increasing need for care delivered in the home. The benefits of this programme will include the support for effective information sharing and multi-disciplinary team working.

Health Technology and Telehealth Fund

115. The Health Technology and Telehealth Fund is a £9.5 million fund which is being delivered in 2014/15, made up of £5 million held back from the Health Technology Fund for technology providing benefits in community and primary care settings and £4.5 million allocated for Telehealth from the draft Budget in October 2013. The Fund received 43 applications, of which 18 were approved. The supported projects cover four priority themes:

- Connecting primary care [£2.33m] - projects supporting e-referrals, discharge and data sharing, covering pharmacy, dentistry and optometry;
- Hub and spoke models [£0.53m] – enabling pre- and post- operative care to be delivered without visiting a hospital;

- Telemedicine [£2.87m] – remote devices to connect clinicians and patients, and connecting community based staff, care homes and nursing homes using telecare and telemedicine technologies;

- Enabling infrastructure [£3.92m] – core infrastructure implemented on a 'once-for-wales' principle, providing a national platform for telemedicine and for connecting point-of-care testing devices.

116. The Fund also has a network element to it which includes membership from all projects and the innovation leads of all NHS organisations. Subject to securing external sponsorship to cover the network's costs, it will meet twice within the year to share learning and best practice and identify opportunities for wider roll-out of projects which prove to be a success in individual areas.

Research and Development and Innovation

Research and Development

117. The importance of research and development (R&D) to improving health and wellbeing, effectiveness of services and wealth generation in Wales is well recognised. Many effective interventions that have resulted in major health and wellbeing gains for the population of Wales are only available as a result of R&D.

118. The National Institute for Social Care and Health Research (NISCHR) develops policy on research and development to drive health and social care improvement consistent with prudent healthcare principles and the creation of economic value. NISCHR has established a robust and effective infrastructure to stimulate and support high-quality research together with a range of research funding schemes, including involvement in UK programmes. With much of the NISCHR infrastructure funded until March 2015, a review was undertaken at the end of 2013, along with the development of restructuring proposals, through engagement with public representatives and stakeholders. NISCHR's restructuring proposals, which are now being implemented, support the development of a world-leading health and social care research endeavour that is responsive to the needs of Wales, highlights the benefits that research can offer, effectively translates new discoveries into improved care and has a strong ethos of public/community engagement and co-production.

Research and Innovation

119. The wider benefits of R&D include impact on policy, improved health and social care services, and the creation of economic value in Wales.

120. The NISCHR *Industry Engagement in Wales* plan (2013) includes a range of activities designed to further engagement and collaboration with industry. One such activity is *Health Research Wales*, a sign-posting and facilitation service that helps industry identify suitable NHS and academic collaborators, providing access to world-leading researchers and facilities.

121. The current Research Excellence Framework assessment will measure the impact of R&D conducted by Universities. Recent University designation of Health Boards in Wales shows that our health system is pursuing the same aims of securing greater impact from research.

122. The Welsh Government is supporting research and innovation in life sciences and health, which is one of three priority areas in the *Science for Wales* and *Innovation Wales* strategies. I work closely with the Minister for Economy, Science and Transport to ensure a joined-up approach between our portfolios.

Health and Wealth: Innovation

123. The Health and Wealth approach seeks to realise the potential of our healthcare system to drive health improvement and to grow the economy more quickly and productively in Wales. It builds on the value of our comparatively compact, integrated, and accessible system and our planned approach to service delivery and prudent healthcare. This approach aims to create a platform for partnership between clinicians, academia and industry to develop, demonstrate and adopt new products and services that are more efficient and effective, in ways that deliver shared value.

124. In December 2013, Assembly Members were provided with a copy of the '*Recommendations on Health and Wealth'* report produced by the Health and Wellbeing Best Practice and Innovation Board. The report proposes a more systematic approach to securing health and wealth benefits from applied research and innovation. The recommendations in the report have informed a new delivery plan and we are currently exploring potential funding routes.

Engagement with academic, business and clinical stakeholders

125. The Welsh Government will continue to invest in creating strong links with our partners in this area. Last year, for example, I visited the WIMAT surgical training centre based at the Medicentre within the University Hospital of Wales which is the leading laparoscopic training centre in the UK. The Welsh Government has funded the development of a business plan for its future expansion and development, the outcome of which is expected very soon.

126. I also recently opened the Mapleson Centre for Innovation in Mountain Ash, which is a partnership between academia (Cardiff University), industry (Flexicare Medical) and clinical practice, particularly training and simulation. And this month, the launch of the Life Sciences Hub will take place. It is set to be the national focus for the whole of the Life Sciences sector including the academic, business and clinical communities alongside funding organisations.

127. September sees the opening of the joint Welsh Government/NHS Wales funded Welsh Wound Innovation Centre which will link research to training and knowledge transfer activity, supporting service improvement and economic development. Meetings also take place regularly with global companies such as GSK and Novartis and with industry representatives (e.g. ABPI) to discuss a range of issues including applied research and innovation.

SUSTAINABLE SOCIAL SERVICES

128. The Welsh Government's role in social services is to set the legislative framework; work in partnership with service users, Local Authorities, the third sector, the independent sector and other partners to monitor system performance and, in extreme cases, intervene; co-produce a strategic direction for the sector in Wales; and foster and accelerate transformational change, as set out in *Sustainable Social Services for Wales: A Framework for Action*.

129. Social services support approximately 80,000 adults, providing statutory care for people with mental health problems, physical and learning disabilities and frail older people. Nearly 40,000 children in Wales were referred to social services last year. Child protection registers record 3,000 cases of neglect, emotional, physical and/or sexual abuse. There are 5795 looked-after children in Wales.

130. Gross public expenditure on social care was over £1.8 billion in 2012-13, with £0.3 billion raised in fees as many adult social services are means-tested. Demographic pressures through increasing life expectancy, both for older people and the severely disabled, together with a growth in demand for children's services has lead to a near doubling in social services expenditure since 2001-02.

131. Local Authorities have the statutory duty to deliver social services and provision is a mix of direct delivery and commissioned services from independent providers. As demand and service user expectation increases, and budgets fall, the current approach to social services is not sustainable.

132. The Welsh Government's principles and priorities for the delivery of social services in Wales are set out in *Sustainable Social Services for Wales: A Framework for Action*.

A New Accord (Leadership) for Social Services

133. A New Accord for Social Services is developing a new approach to collaborative leadership throughout the social care sector to improve efficiency and effectiveness and support transformational change. It is being promoted through two key groups: the Deputy Minister's National Partnership Forum, which brings together the key political leaders from local government, together with leaders from health, the voluntary sector, the independent sector and the Care Council for Wales; and the Leadership Group of chief executives and senior professionals across health and social care. This structure is supported by the National Citizen Panel to ensure that the citizen is at the heart of policy development, which was set up, piloted in 2013 and consolidated with refreshed membership in January 2014.

A New Improvement Framework

134. Our new improvement framework for Social Services will introduce a National Outcomes Framework for social care providers. To help deliver this aim, a Well-

being statement and Outcomes Framework was launched in April 2013, and the new Outcome Frameworks for the NHS and for Social Services, was launched on 26 June.

A Strong Voice & Real Control for Citizens

135. Our approach to change in social services is to give a stronger voice and real control for citizens, putting them at the heart of their care and support, and promotes control through a reform of core processes to ensure that frontline services are coproduced with citizens.

136. We are delivering a new approach to: information, advice and assistance; eligibility and assessment; direct payments; and changing the way people pay for care. Technical Groups have been established to provide advice to Welsh Government on how the new approach underpinning the Social Services and Well-being (Wales) Act will operate. These work-streams will look to develop draft regulations and a Code of Practice, or in certain cases Code of Practice alone, by Autumn 2014 in readiness for a public consultation exercise over the Winter. The Eligibility Framework has led the development programme and three engagement events were held across Wales in May/June 2014.

A Strong & Professional Delivery Team

137. We are investing over £8m in the Welsh social care workforce to build confidence and competence, and further professionalise the sector and ensure that people are prepared for new models of care and support following the Social Services and Well-being (Wales) Act. We are working with the social care employers to ensure that this sector plays a full and active role in the economy of Wales, e.g. contributing to the Welsh Government's LIFT programme for creating employment opportunities in Communities First areas.

A Stronger Framework for Safeguarding

138. We are strengthening the safeguarding of people in Wales and improving arrangements to ensure citizens remain free from exploitation and abuse. Most Adult Safeguarding Boards and Children Safeguarding Boards are making the transition from local to regional arrangements. We are monitoring the ongoing developments. Through the Social Services and Well-being (Wales) Act 2014 we are strengthening the protection of vulnerable adults particularly through the introduction of new duties to enquire; to establish Adult Safeguarding Boards and the introduction of Adult Protection Support Orders.

Integrated Services

139. The Integrated Services Project is driving forward collaborative approaches between Local Authorities, and across Local Authorities and other partners, in particular the NHS. Our *Framework for Delivering Integrated Health and Social Care for Older People with Complex Needs* was published on 19 March and local authorities and LHBs should have published their statements of on their website The *National Framework for Continuing NHS Healthcare (CHC) in Wales*

consultation closed on 13 March; and the refreshed CHC Framework was published on the 30th June. The Framework emphases the importance of CHC as an entitlement for those eligible to receive it and eligibility is to be determined by health need and not financial considerations.

140. The £50 million Intermediate Care Fund (ICF) is being used to support older people to maintain their independence and prevent unnecessary hospital admission and delayed discharges. A new Integrated Family Support Service (IFSS) was rolled out across Wales at the end of April and is now fully operational, providing joined up support to families with some of the most complex needs.

141. Work to establish the National Adoption Service is proceeding to time, with the ministerial launch due to take place on 5 November as part of Adoption Week 2014. Suzanne Griffiths has provisionally been offered the role of Director of Operations, subject to DBS [Disclosure and Barring Service, formerly CRB] checks, and all the Regional Collaboratives will be up and running in time for the launch.

142. The Wales Adoption Register was launched on 4 June; and the new national adoption Performance Management System is now in place and has been run successfully, to produce data from across Wales for the first quarter of the financial year. The research we commissioned from the universities of Cardiff and Bristol (regarding adoption support and adoption disruption) has been published and the findings are being used to shape the National Adoption Service.

143. Work is proceeding at a pace to ensure that we issue directions to local government using our powers under Section 170 of the Social Services and Wellbeing (Wales) Act 2014, thereby delivering on our commitment during scrutiny to do so.

Social Services Expenditure

144. The latest published figures on Local Authority budgeted expenditure for the current financial year show a slight decrease in overall spending compared with 2013-14. This reflects a significant reduction in the core settlement of 3.5% offset by increases in specific grants, council tax and a drawing of funding from reserves.

145. It is important to recognise these figures are budget estimates and will be subject to change. Previous experience suggests Local Authorities overestimate the amount they draw from reserves as a result of actual specific grant funding being higher than anticipated.

146. The data show the continued prioritisation of spending on social services. Spending on social services is budgeted to increase by 2.2% reflecting the continued pressure on social services budgets as a result of demographic changes.

147. Providing the majority of funding for Local Goverment through the Settlement in the form of unhypothecated funding provides Local Authorities with the flexibility to deliver resources in the way that best meets the needs of that authority and minimises grant administrative costs. To maintain that flexibility, authorities have responsibility to demonstrate the delivery of shared outcomes.

LEGISLATIVE PROGRAMME

148. We have continued to make good progress in delivering DHSS's contribution to the Welsh Government legislative programme, and have had a number of successes in the past year in bringing forward innovative primary legislation.

Public Health White Paper

149. The Public Health White Paper was published on 2 April and outlined a number of radical proposals for addressing specific public health concerns. The proposals seek to continue Wales's strong tradition of radicalism when it comes to protecting the nation's health. The overall aim is for the proposals to make a cumulative, positive impact on health and wellbeing in Wales.

150. In developing the proposals in the White Paper, we sought to build upon the positive response received to the previous Public Health Green Paper, which was consulted upon in late 2012. That exercise showed support for two distinct approaches to public health legislation: one for an overarching approach requiring organisations to address health across their functions (i.e. a 'Health in All Policies' approach); and the other for legislation to address specific public health concerns. The concept of 'Health in All Policies' is now being taken forward through the Well-being of Future Generations (Wales) Bill , and the focus of the Public Health White Paper is on providing a series of practical legislative actions in a number of different areas.

151. All of the proposals in the White Paper follow a preventative approach by seeking to intervene at points which have most potential for long-term benefits, both in the health of individuals and in helping avoid higher long-term societal and financial costs associated with avoidable ill-health. The proposals have stimulated lively debate on a number of important issues, with particular debate regarding the proposals to limit the use of electronic cigarettes in enclosed public places, introduce a Minimum Unit Price for alcohol, and improve provision and access to toilets for public use.

152. The consultation on the White Paper closed on 24 June, and attracted a high level of interest from inside and outside Wales. As part of the consultation exercise, a series of engagement events were held, both with members of the public and groups of key stakeholders. Over 700 responses were received, from a broad range of stakeholders and individual members of the public. Detailed consideration of responses has been taking place over the summer, and a consultation summary report will be published in the autumn.

Regulation and Inspection Bill

153. The Regulation and Inspection Project is delivering a new framework for regulation and inspection of care and support in Wales. The Bill is designed to support the regulators to carry out their duties and to deliver the Welsh Government's expectations of securing the well-being of citizens and to improve the quality of care and support within an ever changing environment where new models of service are developing that are not easily definable within the classifications of the current regulatory and inspection regime.

154. Following the Deputy Minister's launch of *The Future of Regulation and Inspection of Care and Support in Wales* White Paper on 30 September 2013, work is in hand to introduce the Bill at the beginning of 2015.

155. Consultation on the White Paper was held between 30 September 2013 and the 6 January 2014. It received 99 responses from a wide range of stakeholder groups including regulators, Local Authorities, service providers, the third sector and service users. A consultation summary report and each of the responses received was published on the Welsh Government website in May 2014.

Human Transplantation (Wales) Act

156. The Human Transplantation (Wales) Act received Royal Assent in September 2013. The new law will introduce a soft opt-out (or "deemed consent") system for consent to donation in Wales from 1 December 2015. A two-year public awareness and engagement campaign has now started to ensure people are aware of the new law and their choices under it.

157. The latest phase of the communications work began at the end of June and includes TV, radio and outdoor advertising. Work is also well underway on the redevelopment of the Organ Donor Register to enable it to record opt-out decisions, on the supporting regulations and training for staff. In addition, we will evaluate the impact of the new legislation.

158. We will be consulting on three sets of regulations in the autumn of this year – these will cover "novel" forms of transplantation which will be excluded from deemed consent; appointed representatives; and living donors who lack capacity to consent to donation. These regulations, together with the Human Tissue Authority Code of Practice will be put before the Assembly for approval in early September 2015.

Food Hygiene Rating (Wales) Act

159. The Food Hygiene Rating (Wales) Act 2013 was given Royal Assent on 4 March 2013. The Act makes Wales the first country in the UK to adopt a mandatory food hygiene rating scheme. Food businesses inspected from 28 November 2013 are required to display their food hygiene rating sticker in a prominent position at their establishment, enabling the people of Wales to make informed choices of where to eat or shop for food. There are clear indications that existing food businesses are improving their food hygiene ratings.

160. Food businesses receiving “5” (very good) ratings increased from 2012 to 2014 by nearly 17% from 33.2% to 50.1%. The percentage of food businesses receiving ratings requiring improvement fell by 9.7% between 2012 and 2014 from 19.2% to 9.5%. It is considered that the requirement to display the rating is a major motivation in this respect.

161. I agreed to develop further regulations to require certain food businesses to include a statement on their hard copy publicity materials that will assist consumers to find out their food hygiene rating. These regulations are currently the subject of a public consultation, which will run until 24 October 2014. Trade to trade food businesses will be included in the mandatory scheme from November 2014.

Social Services & Well-being (Wales) Act 2014 - Implementation

162. The Social Services and Well-being (Wales) Act, which secured Royal Assent on 1 May 2014, is the largest piece of legislation delivered by the National Assembly for Wales to date. It provides the legal framework to deliver citizen-centred services, with a focus on early intervention, integration and well-being.

163. Work is underway to develop the regulations and codes of practice that will support implementation of the Act. This work will culminate in two consultations on draft regulations under the Act, one in the autumn of 2014 and one in the summer of 2015, after which the regulations and codes of practice will be laid before the National Assembly. The target date for implementation of the new legal framework is April 2016.

164. Successful implementation will require enhancing strong regional and local leadership bringing health, Local Authorities, the third sector and private providers together to co-deliver transformational change. To support this, the Deputy Minister has made it clear that she expects to see the national engagement structures she has put in place replicated at regional level. To assist this, and the wider work on implementation, a £1.5 million grant has been made available to local authorities and their regional partners in 2014-15, building on that made available in 2013-14.

OTHER PORTFOLIO ISSUES

Public Health

165. The health of the population of Wales is continuing to improve. However, we know that improvements are not currently being shared equally. Tackling the inequalities gap requires concerted long-term action across the breadth of society, not just by what we immediately think of as the 'health system.' Elimination and prevention of health inequalities can only be achieved when linked to the underlying inequalities of income, wealth and power across society.

166. Action to tackle health inequalities forms a central part of the Welsh Government's work and is embedded across a range of strategic policies and programmes. A broad range of action is taken forward through our *Tackling Poverty Action Plan* and *Fairer Health Outcomes For All*. Action is also embedded across flagship programmes such as *Flying Start*. We remain fully committed to tackling health inequalities and working to ensure everyone in Wales has a fair opportunity to have good health.

167. We are also taking steps to empower people to take responsibility for their own health and wellbeing, through health monitoring and early preventative action.

Add to Your Life

168. Following a period of field testing, the *Add to Your Life* online health and wellbeing assessment for people aged over 50 is now being rolled out nationally, led by Public Health Wales. This service provides individuals with information and

advice on a range of issues relevant to their overall health and wellbeing, as well as facilitating access to relevant services and sources of support. It provides a valuable opportunity for individuals to become better informed about their health and wellbeing.

169. The online assessment is supplemented by telephone support and targeted community support through Communities First and Age Cymru networks, which will help ensure a range of people are supported to access the programme. A national communications programme is also being put in place to raise awareness of the programme and encourage individuals to access it during its first year.

Immunisation and Vaccination

170. Vaccination uptake rates for routine childhood immunisations continue to improve. A key achievement saw the *Programme for Government* commitment to achieve 95% uptake of one dose of MMR vaccine in children by two years of age exceeded during 2013/14, reaching 96.5% across Wales, up from 94.6% in 2012/13. Uptake of two doses of MMR by age five years also continues an upward trend increasing to 92.6% from 89.6% in 2012/13. These are the highest recorded annual uptake figures for MMR. The improvement is a considerable achievement and reflects the efforts invested by Health Boards and GPs to increase MMR uptake in light of the measles outbreak and an increased awareness by parents of the risks associated with measles.

171. The proportion of children who are up to date with their routine immunisations by four years of age has also increased to from 82.4% in 2012/13 to 87.9%, with improvement seen in all health board areas. Since 2008, girls in school year 8 have been offered three doses of the Human Papillomavirus vaccine (HPV), which protects against one of the main causes of cervical cancer. The latest available data shows uptake of 86% for the complete three dose course.

172. Despite low levels of flu circulating over the winter, uptake of the seasonal flu vaccination in those aged 65 years and over; those under 65 years in risk groups and pregnant women, also continued a gradual upward trend, reflecting ongoing work to protect more vulnerable individuals each winter. However, we are still not achieving the uptake targets which would help to reduce the serious effects of flu on vulnerable people and relieve the pressures on NHS services.

173. Flu vaccine uptake in Health Board employed health care workers increased to 41.7% from 35.5% in 2012/13 representing over 24,000 staff with direct patient contact in the NHS who received a flu vaccination during the season. In the NHS as a whole, over 34,000 staff received a flu vaccination. This significant improvement demonstrates that the additional emphasis and effort directed towards staff vaccination is continuing to have an impact. It is important that we continue to build on this progress in the coming season to protect those most at risk of flu and its complications.

Maternal health and early years

174. The latest available data from Public Health Wales shows progress in moving towards achieving the low birth target, though the gaps between the most deprived fifth and the middle fifth and between the most and least deprived fifths have not significantly changed. Public Health Wales has been reviewing the evidence on the causes of low birth weight and these will be used to refine and develop activity aimed at its reduction.

175. Four Health Boards have piloted work on increasing the uptake of smoking cessation services by pregnant women. This work is being led by Public Health Wales with the expectation that best practice will be shared and rolled out, if these pilot projects are shown to be cost effective, and subject to budgets being identified.

176. We are also setting up focus groups in Communities First areas to discuss how maternity services could engage better with pregnant women and considering how Communities First initiatives could support pregnant women in developing healthy lifestyles.

177. The rollout of a consistent all-Wales approach to assess the health, development and wellbeing of all children in Wales in the early years, so that problems are identified early and the necessary support given will be completed by January 2015.

Substance Misuse

178. The Welsh Government continues to invest almost £50 million annually to tackle drug and alcohol related harm in Wales. This funding has supported the implementation of a range of actions and we are making good progress in delivering the commitments in the Substance Misuse Delivery Plan 2013-15. The latest Working Together to Reduce Harm Substance Misuse Strategy Annual Report, which was published in October 2013, set out progress against the Delivery Plan, which included:

- Publishing a health and well-being compendium for a range of practitioners to help reduce substance misuse harm;
- Issuing guidance to improve access to substance misuse services for veterans; and
- Publishing a new Recovery Framework designed to embed the recovery approach into all substance misuse services from referral through to aftercare.

179. New guidance for Substance Misuse Area Planning Boards to review fatal and non fatal drug poisoning was issued in July 2014 and is now being implemented regionally by substance misuse commissioners and providers.

180. Formal 12-week consultations have also been completed on a number of guidance documents, including the refreshed service user involvement

framework, and guidance to improve access to substance misuse treatment for older people. The Service User Involvement Framework will be published later this month.

181. The time that people have had to wait between referral and the start of treatment has continued to improve. In 2012/13, 85.5% of all clients commenced their treatment within the KPI target of 20 working days, an increase of 3% on 2011/12 figures.

182. Given the increasing levels of alcohol related harm we are strengthening our response, using those policy levers available to us. We are continuing to tackle alcohol misuse through our Change4Life campaign *Don't let drink sneak up on you;* our *Have a word* alcohol brief intervention training and have also included a proposal in the Public Health White Paper *Listening to You: Your Health Matters* published on 2 April, to introduce a Minimum Unit Price for Alcohol of 50p per unit. The consultation closed on 24 June and consultation responses are now being analysed.

Improving Access to Medicines

Review of Appraisal Process of Orphan and Ultra-Orphan Medicines

183. In May 2013, a review was commissioned of the All Wales Medicines Strategy Group (AWMSG) appraisal process for orphan and ultra-orphan medicines. The purpose of the review was to explore how orphan and ultra-orphan medicines should be appraised to ensure patients with rare diseases have fair and equitable access to appropriate, evidence based treatments.

184. The review group's report was published for consultation in November 2013. The report sought to extend the role of AWMSG to appraise orphan and ultra-orphan medicines, including the development of a more appropriate methodology.

185. AWMSG have been asked to scope the work required to develop and implement the proposed new approach for the appraisal or orphan and ultra-orphan medicines.

IPFR Review

186. A review of the IPFR process was commissioned to consider how the current process could be improved with a particular emphasis on transparency and consistency of decision-making between IPFR panels. The review group completed its work and the report was published on 30 April 2014 for an eight week consultation ending 25 June 2014.

187. The review group have concluded the IPFR process supports rational, evidence-based decision-making to access medicine and non-medicine technologies that are not routinely available in Wales. The group identified that inappropriate use of the IPFR process and a lack of central, expert co-ordination

were contributing to a perception the process is inconsistent, and have made a number of recommendations to strengthen the IPFR process.

188. The review group explored the issue of moving to a single All-Wales IPFR Panel, but concluded it would be logistically impractical. They have, however, suggested joint meetings between neighbouring panels should be considered once the whole system has been further standardised. The consultation responses are being analysed and an announcement will be made shortly.

WAO Update Report on the Management of Chronic Conditions

189. I was pleased the Wales Audit Office' report, *The Management of Chronic Conditions in Wales: An Update*, published in March 2014, recognised the improvements achieved in recent years. In particular, it noted the sustained reduction in the number of emergency hospital admissions and re-admissions within a year for a basket of chronic conditions.

190. The report identified scope for further improvement, particularly in terms of planning, co-ordination of care and shared information, and modern IT systems. The Permanent Secretary has written to the Chair of the Public Accounts Committee, setting out the Welsh Government's formal response to each of the recommendations, and the Acting Chief Executive of NHS Wales wrote to the Health Boards asking them to factor appropriate action in to their plans and programmes of work for chronic conditions. We will monitor this action through our regular dialogue with each of the Health Boards' Directors of Primary and Community Care and Mental Health.

191. Agreeing individual care, goals and action, proportionate to need, with each person living with long-term conditions is key to success. To promote the use of care plans, we published our *Framework for Agreeing Individual Care with People who have Long Term Conditions* on 28 May. This offers a practical guide to the creation of a care plan. For some, it might be a simple verbal agreement and for others, with more complex needs, it might be a formal written document. A care plan must reflect individual need and preferences.

192. Much of the care of people with long-term conditions can be planned and delivered at, or close to, home by primary and community care services, integrated with secondary care and social care. The NHS must embark on a sustained shift in leadership focus and resources invested in primary and community care. Development of the 64 "clusters" of GP practices offers a real opportunity for a breakthrough in locally led service planning and delivery. These clusters, as they mature over time, create small and locally sensitive planning mechanisms and opportunities for bold professional leadership, innovation and better ways of working. This year's GP contract helps incentivise this shift.

193. The current round of Health Board three-year Integrated Medium Term Plans recognises the need to rebalance the health system in varying degrees in their narrative. Increasingly, the cluster-level action plans, the first versions of which

are due in September 2014, will help drive improved service and workforce planning further and faster.

194. Through the new Outcome Frameworks for the NHS and for Social Services, which was launched on 26 June, the Welsh Government will continue to measure the reduction in the number of emergency hospital admissions for people with chronic conditions as a result of effective and integrated primary, community and social care. We will use the *National Survey for Wales* to ask people with long-term conditions if they feel well-informed and supported in managing their health and wellbeing.

***Travelling to Better Health* – Guidance for Healthcare Practitioners on working effectively with Gypsies and Travellers**

195. Research and evidence shows that Gypsies and Travellers suffer disproportionately when compared with the general population in relation to health status and access to healthcare.

196. To address this, the Welsh Government has issued for public consultation a guidance document for healthcare practitioners on working effectively with Gypsies and Travellers. It is titled *Travelling to Better Health* and responds to the four health objectives contained in the Welsh Government's overall strategy for Gypsies and Travellers titled *Travelling to a Better Future*.

197. The guidance is presented in three main parts: advice on cultural awareness for the benefit of practitioners; advice on practice which could encourage greater participation in health and health services; and a summary analysis of the available research and evidence base which provides the rationale for the guidance.

198. Published alongside the guidance is a Bibliography of research and evidence, a list of Useful Contacts and Resources and a series of Annexes designed to support the implementation of the guidance including a health needs assessment tool. The consultation closes on October 30th and the guidance is due to be published in early 2015.

Preparations for NATO Summit

199. The NATO Summit taking place on 4-5 September is expected to have in attendance representatives from over 60 countries. The Summit is expected to attract many thousands of protesters, up to 1500 of the world's media and will have thousands of extra police in attendance.

200. The NHS has been heavily involved in developing its planning for the Summit, working very closely with partner agencies. The aim has been to ensure health provision for the population is maintained, as far as possible, and that the potential for a range of emergency situations that require an NHS response were fully addressed.

201. There has been a need to enhance health arrangements through creating additional services at the venue site to provide healthcare for delegates, support staff and residents within the security cordon and by having additional emergency and minor injury services, to cover Newport and Cardiff. These services will provide the NHS with the capability to assess and treat minor injuries and mitigate the need for people having to attend an emergency department thus impacting on normal A&E business.

202. These health facilities form part of the multi agency security and resilience plans and provide options for the NHS in managing any possible injured demonstrators, police, media or security staff that require treatment as a result of an accident or injury. Welsh Ambulance Services will have resources deployed at the various locations with the other emergency services and will have specialist trained and equipped staff available for responding to an incident.

203. Ambulance planning has also focussed on maintaining business continuity for the public through the Summit period. A review of hospital security has also been undertaken and enhancements are being made to protect both infrastructure and facilities at University Hospital Wales and Royal Gwent Hospital. This capital investment has longer term advantages in improving hospital security and are not only for NATO.

Part 2: FINANCIAL SCRUTINY SESSION

2013-14 FINANCIAL YEAR

2013-14 – End of Year Financial Position

1. The 2013-14 year-end revenue position of each Health Board in relation to their statutory duty is shown below:

Local Health Board	2013/14 Resource Limit	Net Expenditure	Surplus / (Deficit)	Statutory Duty Achieved
	£m	£m	£m	
Abertawe Bro Morgannwg	941.2	941.1	0.1	Yes
Aneurin Bevan	1,002.8	1002.7	0.1	Yes
Betsi Cadwaladr	1,229.2	1229.2	0.0	Yes
Cardiff & Vale	776.9	796.0	(19.2)	No
Cwm Taf	563.2	563.2	0.0	Yes
Hywel Dda	683.3	702.5	(19.2)	No
Powys	241.0	260.3	(19.3)	No

2. Three Health Boards failed to achieve their statutory resource duty, Cardiff & Vale, Hywel Dda and Powys. Consequently, the Auditor General for Wales has placed a qualified regularity audit opinion on the statutory accounts of these entities.

3. Two Health Boards received repayable brokerage provided by the Welsh Government. Cwm Taf received £3.9m and Betsi Cadwaladr received £2.250m. Both organisations will be required to repay this resource in future years.

£50 million Contingency Reserve

4. An additional £50 million was provided non-recurrently to the DHSS MEG in the final supplementary budget motion in March 2014. The additional funding was provided in recognition of the high level of forecast year-end deficits being predicted by NHS organisations at that time.

5. The actual year end deficits of Cardiff & Vale, Hywel Dda and Powys turned out to be over £57 million and consequently, only by driving out further savings from programmes managed centrally was the Department able to outturn within its overall Departmental Expenditure Limit. The additional funding of £50 million provided to the Department from Welsh Government reserves was retained centrally, with no element allocated to NHS organisations.

6. As a result of no further allocations to the NHS, three Health Boards (Cardiff & Vale, Hywel Dda and Powys) failed to meet their statutory financial duties and consequently their accounts were qualified. The decision not to allocate further funding to the Health Boards was based on the following rationale:

- It supports and sends out a strong message in support of the new Financial regime and is consistent with the recommendations made by the Health and Finance Committee as well as the Public Accounts Committee;

- It would assist in ensuring that the key service issues are addressed in relation to the three Health Boards through the development of robust plans;

- The £50m as in previous years is non recurrent funding and non-recurrent funding should not be used to support long term deficits;

- By allocating the £50m in the budget already allowed the Health Department to draw down cash and make "cash only allocations" to Health Boards. This was key in ensuring that appropriate action was taken to ensure that staff and suppliers continued to be paid during March.

Additional Funding Provided to Health Boards following the Final Supplementary Budget

7. Additional funding provided to Health Boards for 2013-14 since the final supplementary budget in March 2014 is shown in the table below:

Health Boards	**Abertawe Bro Morgannwg**	**Aneurin Bevan**	**Betsi Cadwaladr**	**Cardiff & Vale**	**Cwm Taf**	**Hywel Dda**	**Powys**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Funding to cover technical accounting treatment*	-9.5	-1.4	-3.5	-5.1	-0.4	-8.8	0.2	**-28.6**
Other Routine Allocations **	0.5	3.2	-0.4	1.0	0.0	0.1	0.5	**4.9**
2013/14 Brokerage allocated repayable in future years	0.0	0.0	2.2	0.0	3.9	0.0	0.0	**6.1**
Allocations made from 11 March 2014 to year end	**-9.0**	**1.8**	**-1.7**	**-4.1**	**3.5**	**-8.7**	**0.7**	**-17.6**

Notes

**Funding for technical accounting treatment includes items such as depreciation and impairment charges, on reconciliation of asset registers and final receipt of valuation reports, a number of returns of technical funding items were made. This is typical for this period of the financial year.*

***Other routine allocations include items such as year-end recharges, clinical excellence allowances and awards, NHS Redress funding, and Referral to Treatment funding.*

8. Based on information submitted by Local Health Boards the performance against planned savings in 2013-14 for each Health Board, including the amount of savings achieved and a breakdown of recurrent/non-recurrent savings is set out below:

Organisation	Annual Savings					
	Plan	Actual	Over / -Under achievement		Recurring	Non Recurring
	£m	£m	£m	%	£m	£m
Abertawe Bro Morgannwg	28.8	26.8	-2.0	-7.0%	16.0	10.8
Aneurin Bevan	20.0	16.6	-3.4	-17.0%	14.8	1.8
Betsi Cadwaladr	40.5	40.0	-0.5	-1.3%	29.6	10.3
Cardiff & Vale	56.7	45.6	-11.1	-19.6%	38.4	7.2
Cwm Taf	15.0	10.5	-4.5	-29.9%	9.2	1.3
Hywel Dda	28.5	23.5	-5.0	-17.4%	23.5	0
Powys	9.5	5.8	-3.7	-39.0%	5.5	0.3
Public Health Wales	1.3	1.3	-	2.4%	1.3	0.1
Velindre	11.4	11.4	-	0.5%	9.1	2.3
Welsh Ambulance	13.7	3.3	-10.4	-76.0%	3.3	0
NHS Wales	**225.4**	**184.8**	**-40.6**	**-18.0%**	**150.7**	**34.1**
					81.5%	**18.5%**

9. Information regarding how the additional £150 million funding provided in the supplementary budget 2013-14 was spent by Health Boards is given in the table below:

Health Board	Nurse Staffing	Unscheduled Care	Immunisation	VER Funding	Total
	£m	£m	£m	£m	£m
Abertawe Bro Morgannwg	1.8	21.8	1.3	0.7	**25.6**
Aneurin Bevan	1.9	23.9	1.3	0.1	**27.2**
Betsi Cadwaladr	2.2	26.6	1.6	0.5	**30.9**
Cardiff & Vale	1.4	17.1	1.0	2.6	**22.2**
Cwm Taf	1.1	13.4	0.7	1.7	**16.9**
Hywel Dda	1.3	15.5	0.9	1.3	**19.0**
Powys	0.4	5.2	0.3	0.1	**5.9**
	10.1	**123.5**	**7.0**	**7.0**	**147.6**

10. Of the £150 million allocation made in the Supplementary budget £2.4m related to allocations for Kalydeco drug funding, Central Programmes or NHS Trusts.

11. While work has been undertaken to identify how Health Boards have used the money in some areas e.g. nurse recruitment and VER, the allocation made it clear that the £150m was an allocation to recognise a range of general and specific service and cost pressures in the general context of the Francis Report. The additional £150m has, therefore, enabled Health Boards to maintain performance in delivering high quality and safe services, particularly whilst addressing the demands within unscheduled care services.

2014-15 FINANCIAL YEAR

Implementation of NHS Finance (Wales) Act 2014

Progress on agreeing the remaining three-year plans for Health Boards and Trusts

12. The NHS Finance (Wales) Act and supporting Planning Framework sets out a clear ambition for a stronger, more rigorous and better integrated planning system in NHS Wales. Under this new regime, Integrated Medium Term Plans (IMTPs) are subject to my formal approval.

13. The increased demands of the planning regime, coupled with a variation in organisational planning experience, culture, capacity and capability have predictably resulted in a gradual transition into the medium term planning regime.

14. I made it clear throughout the passage of the Bill that plans would not be approved unless they met the required standards.

15. Following a robust assessment of Integrated Medium Term Plans in April 2014:

- I was able to confirm, in a written statement on 7 May, approval of Integrated Medium Term Plans for Cardiff and Vale University Health Board, Cwm Taf University Health Board and Velindre NHS Trust.

- Two organisations were asked to resubmit their improved Integrated Medium Term Plans by 30 May 2014 - Aneurin Bevan University Health Board and Abertawe Bro Morgannwg University Health Board

- Following further assessment I was able to confirm approval of Abertawe Bro Morgannwg University Health Boards three year plan. However Aneurin Bevan University Health Board concluded that the organisation needed more time to strengthen its financial and service planning work and consequently wished to submit an annual plan for this year before submitting a three year Integrated Medium Term Plan in January 2015.

- The remaining health boards and NHS trusts were told to prepare one year plans (Hywel Dda Local Health Board, Powys Teaching Health Board, Betsi Cadwaladr University Health Board and WAST). Due to a range of mitigating factors such as significant Board member changes, the link to external reviews such as the Mid Wales Healthcare Study and the need to conclude certain reconfiguration planning work.

16. In the absence of an agreed three-year plan, each organisation has received more detailed accountability letters from the Interim Chief Executive of NHS Wales setting out their performance and delivery expectations for 2014/15, while the Welsh Government continues to work with the organisations on the further development of their robust plans.

The scrutiny process to which the statement refers for signing off the new plans

17. The scrutiny process has been robust and it has been quality assured by the Good Governance Institute, and it has also been scrutinised and recognised by Welsh Government Internal Audit Services and the Wales Audit Office as being clear and rigorous.

18. The Internal Audit Review in May provided a 'Substantial Assurance' of the NHS Planning process and work invested across the Department in setting up a clear planning cycle, with rigorous assessment. The recommendations, particularly those with a significant classification, are already being acted upon.

Arrangements in place for Ministerial oversight in identifying whether Health Boards and Trusts are likely to overspend against plans in the first year

19. In addition to the formal process of reviewing and approving plans, the existing performance management arrangements have been reviewed and enhanced to establish more integrated performance management arrangements. This holistic approach will assess plan delivery against all elements of the integrated plans, not just finance. This will build on the existing well established and robust financial monitoring returns arrangements and will be integrated with the existing performance and quality monitoring arrangements. Accordingly, the integrated monthly performance management arrangements will, in future, identify the in-month and forecast outturn performance on activity, finance and other domains.

Details of the governance arrangements in place to deal with significant variance from plans

20. Performance will be monitored against required deliverables and will be tracked through the integrated performance management arrangements, including the various monitoring returns, Quality, Safety and Delivery meetings; and Joint Executive Team meetings, Chief Executive and Chair bilateral discussions.

21. Where there is an unacceptable level of variance from the agreed plan, including plan profile, an organisation will be subject to increased monitoring and challenge, support and escalation arrangements and may lose the advantages associated with being part of the Medium Term Planning Regime. These arrangements were set out in the Delivery Framework and they were enhanced by the NHS Wales Escalation and Intervention Arrangements published in March 2014.

22. In addition, where organisations will operate within the annual planning regime for 2014/15, they will require a more intensive period of monitoring and support over

the next 6 – 12 months both to performance manage against 2014/15 deliverables, and to support them in developing a sustainable and balanced Integrated Medium Term Plans for 2015/16 to 2017/18.

23. The Welsh Government is committed to supporting all organisations to succeed in the planning and delivery of sustainable high quality services for their populations. This includes supporting the ongoing maturation of their planning processes, culture, planning and delivery outputs so that they are afforded a realistic opportunity of entering the medium term planning regime in the coming years.

Follow-up from the Committee's scrutiny of the draft budget for 2014-15

Work being undertaken in relation to the resource allocation formula

24. I recently met officials to discuss the progress that has been made in this area. The project has looked at international and UK research to identify the key issues to be addressed as part of the Resource Allocation Review Programme.

25. While the early work has identified a number of areas where we need to make improvements, it has also confirmed that there are many issues of good practice that are already included within the current "Townsend" allocation basis.

26. The allocation formula needs to be kept under constant review and some changes may take some time to implement. However, in light of the clear recognised demographic changes, over the last few years, and those projected going forward, I have agreed with officials a number of short term goals and improvements that must be prioritised to maximise benefits and to help achieve sustainable services in the short term. These include:

- Reviewing and fine tuning the weaknesses and limitations in collection of information and applications of the current direct needs formula e.g. information collected through the Welsh Survey;

- Aligning allocations and the formula around the key strategic objective to shift resources in line with the prudent healthcare agenda and towards earlier prevention and treatment;

- Addressing problems in funding flows between NHS organisations and communities;

- A review of continued ring-fencing of allocations within integrated health organisations; and

- To develop other funding mechanisms and incentives to ensure that the transfer of care to appropriate primary and community services is achieved.

- To develop an on going Resource Allocation Review programme to maintain, update and further develop the formula to reflect latest evidence, population needs, financial and allocation data.

Work underway to provide more transparent, accessible and comparable financial information, including an update on implementing common templates for the publication of information across Health Boards

27. There is already a significant amount of published information through the published budgets and accounts.

28. Since the establishment of a Financial Information Strategy (FIS) Board, which went on to publish the strategy “Spending by Design” at the end of 2005, the Welsh Government and the NHS have worked closely together to improve the consistency and standardisation of published financial information. The improvements in the monitoring and reporting arrangements have already been recognised by the Wales Audit Office in their NHS Finances Report.

29. There is a range of further developments being taken forward e.g. the Welsh Government has supported the NHS in creating and promoting the work of a Financial Information and Costing Group (FIaC). This group has developed common templates and costing guidance for NHS organisations to complete and there are standard benchmarking arrangements that are being taken forward but the added value of any development has to be carefully considered.

30. The existing extensive monthly monitoring arrangements are being reviewed to make further improvements that are appropriate to cover improvements that have been suggested by PAC and other NAfW Committees. This is currently being considered as outlined earlier in the context of the enhanced performance management arrangements created by the introduction of integrated service plans.

Capital and Infrastructure Investment

31. NHS Bodies, as part of their Integrated Medium Term Plans, have revisited and updated their capital requirements to deliver both service transformation and to support the modernisation and replacement of existing infrastructure. Work is ongoing to review the NHS Wales Capital Programme to ensure that allocations are targeted at securing improved health outcomes for patients, and facilitating the long term clinical and financial sustainability of the NHS in Wales. The focus of investment going forward will be prioritised to deliver the following investment objectives:

    - Support changes to streamlining and transforming healthcare provision, with a focus on prevention and supported self management, the provision of care closer to home, and the integration and coordination of service delivery with partners;

    - Promote the maximum efficient utilisation of assets and to improve asset condition and performance;

- Promote the use of innovation to improve the quality of care, to reduce costs and to deliver the necessary service change.

32. In terms of the capital schemes arising from the completed consultation exercises, these are already being given priority in terms of funding support to ensure they are delivered at the earliest opportunity. For example, funding of £5 million was announced in May 2014 for a new integrated primary care centre in Llangollen.

Innovative Financing

33. In May, the Finance Minister announced that a new specialist cancer care centre at Velindre Hospital will be progressed using innovative investment funding models. The capital cost of the new centre is estimated to be £210 million and will facilitate access to high quality cancer services, comparable with the best in the world. The Strategic Outline Programme for the scheme is being developed by Velindre NHS Trust and it is anticipated that this will be completed in the autumn. While a number of funding vehicles are being considered, the non profit distributing (NPD) model has been identified at an early stage as a possible mechanism to deliver the scheme. This will be examined and confirmed as the scheme progresses through the business case process.

34. A number of other potential investment areas in the Welsh NHS are also being considered in relation to innovative financing. These are currently being scoped, but include the possible development of a primary and community care programme and an energy efficiency programme. Funding vehicles could include the introduction of a financing hub initiative, which is designed to bring together Health Boards, Local Authorities, police, and fire and rescue services and other public bodies, together with a private sector development partner.

35. In terms of the requirement for legislative changes, this will need to be assessed as the potential investment programmes are developed. For example, in relation to the proposed development at Velindre, it should be noted that NHS Trusts in Wales currently have the ability to borrow. However, for this and other programmes, we will need to take account of a wide range of factors, including statutory powers, to determine how the investment vehicles are to be developed and structured to deliver schemes at best value.

Alignment of the budget with the Programme for Government

36. The current budget allocation was agreed by the National Assembly for Wales in December 2014. The allocation was approved on the basis of a clear alignment with the Welsh Government's priorities as set out in the Programme for Government.

37. A series of examples of the alignment of the budget with the Programme for Government priorities can be found in the paper provided to Members for general scrutiny purposes.

Further detail on how the £25 million contingency around legislation implementation will be spent

38. The implementation of the NHS Finance (Wales) Act provides a basis for more flexible planning over the medium term and at the same time moving the statutory duty to breakeven over a 12 month period to a duty to breakeven over a period of three years. The £25 million contingency fund will be used to support the more flexible planning regime, by providing access to repayable funds to 'smooth' the financial pressures between years and/or for upfront investment purposes.

Intermediate Care Fund

39. The Welsh Government's Final Budget for 2014-15 included proposals to establish an Intermediate Care Fund. The Fund includes £35 million revenue (of which £5m relates to the existing Regional Collaboration Fund) and £15 million capital funding. This Fund was a result of the Budget Agreement between the Welsh Government, Plaid Cymru and the Welsh Liberal Democrats. Revenue funding lies in the Local Government MEG and capital is to be found in the Housing and Regeneration MEG.

40. Ministers issued a Written Statement formally to announce the regional funding. This noted proposals submitted by each of the six regions - Cardiff and the Vale, Cwm Taf, Mid and West, North Wales, Western Bay and Gwent. These have been assessed, against broad criteria areas relating to integration, transformation, new/additional, benefits, and strategic importance and governance arrangements. Consequently, these proposals were informed of their approval for funding in April.

41. It is too early to analyse the extent of progress within each proposal at this point, though officials will continue to monitor activity closely and meet with regional leads. The complexity of the schemes also makes it difficult to define any expenditure from the Fund based solely on health provisions. The Fund does, however, build on existing good practice and provides for more integrated services across Wales. It can for example, allow for pump-priming of funding to assist transformation and change, to test out new models of delivery, remove barriers, such as the need to secure start-up funding, and commitments from a number of organisations.

Supplementary Budget 2014-15

42. The only changes being actioned in the first supplementary budget for 2014-15 to the DHSS MEG, are changes to the Annually Managed Expenditure (AME) budgets. Local Health Boards and NHS Trusts are required to provide regular forecasts of their AME funding requirements.

- **Impairments – increase £4.605 million**
  Funding requirements for impairments vary reflecting the timing of capital scheme completions and related valuations, and changes in valuation indices.

- **Provisions – increase £10.000 million**

Provisions funding relates to the forward forecast provision requirements for the Welsh Risk Pool, assessed from the claims database maintained by NHS Wales Shared Services Partnership (NWSSP) Welsh Risk Pool Services. (*NB: This increase has no impact on the Welsh Risk Pool expenditure charged to the Department's DEL Budget)*

The revised figures reflect the most recent forecasts obtained and reported as part of the UK Estimates process to HMT.