



Mark Drakeford AM  
Minister for Health and Social Services

10 December 2014

Dear Mark,

### Health finances and reform

You will be aware that the Finance Committee's report on the Welsh Government Draft Budget 2015-16 recommended that the Health and Social Care Committee should undertake a piece of work on health reform before the end of this Assembly.

The Committee believes that, in order to give adequate consideration to health service reform, any inquiry on this topic would necessarily be detailed and complex. The Committee faces a number of competing priorities between now and the 2016 election; in order to help inform its decision on whether any further work is needed in this area – and whether it has the necessary time to do justice to the topic – it would be grateful to receive some further information in writing from you.

In your response to the Committee's letter on the Welsh Government's Draft Budget 2015-16 you stated that the majority of additional funding allocated in 2014-15 and 2015-16 is required to maintain current service levels, and that the three year planning process will be used to implement new and more innovative models of service delivery. Your response also noted that the NHS's integrated service plans will ensure that the right service models and patient outcomes are achieved.

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The Finance Committee's report on the 2015–16 Draft Budget noted its concerns about the apparently conflicting evidence it had received on the underlying rationale for the increase in resources. It noted that, while the Welsh Government asserted that additional funding for health will be accompanied by reform, some health sector witnesses said that this additional funding would be used to “plug a gap” to address anticipated deficits in health board and trust finances.

A recent letter from Dr Andrew Goodall to the Public Accounts Committee (dated 10 November) summarised the latest publicly reported financial position of health boards and trusts half way through the 2014–15 financial year. The letter highlights an emerging risk that some health boards are forecasting difficulty in meeting their budgets this year. Current forecasts of overall deficits are above the additional £200 million announced for the health service for 2014–15 in September this year.

The Committee would be grateful to receive the following information in order to inform its consideration of the Finance Committee's recommendation:

### **Current funding**

- Given the apparently conflicting evidence referred to above, confirmation of whether plans are in place for the additional funding for 2014–15 and 2015–16 to be used to deliver health service reform, or to maintain current service levels only;
- Confirmation of the planned or agreed distribution of the additional £200 million funding available to individual health boards and trusts in 2014–15, as soon as these figures are decided, including how these allocations were calculated;
- Confirmation of the additional funding available to individual health boards and trusts in 2015–16, including how these allocations were calculated, once available (the Committee notes that, in your response to its letter on the Draft Budget 2015–16, you have already agreed to provide this information);
- An outline of how the additional £70 million funding announced by the Minister for Finance and Government Business following the UK Government's Autumn Statement, will be targeted to “support the Welsh NHS to undertake the reform and the step change needed to secure the long-term sustainability of the health service in Wales” as set out in her written statement on 3 December;

- A summary of the key dates in the 2015 timeline for agreeing three year plans, to begin with the deadline for the submission of plans in January 2015.

#### **Future funding and long-term sustainability**


- An outline of additional outcomes, if any, to be achieved with the additional funding in 2014-15 and 2015-16;
- An outline of the arrangements that have been or will be put in place to monitor the outcomes of this investment;
- An outline of any plans the Welsh Government has in place to assess whether services are being reformed as intended and also the levels of funding required for the health service beyond 2015-16 to ensure that the delivery of services remains sustainable.

#### **End of year position and next year's plans**

The Committee will write in due course to request information on the end of year position and next year's plans.

The Committee would be grateful to receive the information outlined above by 6 February 2015.

Yours sincerely,

A handwritten signature in black ink that reads "David F. Rees." The signature is written in a cursive style with a large initial 'D' and 'R'.

**David Rees AM**

Chair, Health and Social Care Committee