



Ein cyf/Our ref: MA-P-MD-0437/16

David Rees AM
Chair
Health and Social Care Committee
Cardiff Bay
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CF99 1NA

31 January 2016

Dear David

I write in response to your request for additional information in your correspondence of 19 January 2016 which requested:

- 1) Further information to demonstrate;
 - How the draft budget ensures that service transformation is being delivered in 2016-17
 - How the additional funding allocated for 2016-17 will lead to further service improvement rather than funding inefficiencies or compensating for overspends;
 - To what extent the allocations made will be sufficient to deliver key performance targets (e.g. cancer treatment times, waiting times for outpatient appointments, inpatient and day case treatment and access to diagnostic services).

The Planning Framework and guidance was issued to Health Boards and Trusts in October 2015 setting out clear planning requirements for 2016-17, against which organisations are expected to plan and deliver services. The requirements are to ensure that organisations work efficiently, deliver continuing improvement against the range of priorities articulated in the guidance. This will enable progress on delivering the transformational change required to achieve the strategic direction for health care in Wales.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

As covered in the draft budget for 2016/17 the Welsh Government has funded LHB's an extra £200m which is the amount that what was independently reported as being needed to maintain quality services and meet NHS demand pressures in 2016/17. The draft budget also includes a further £60m to help provide care closer to home. The £60m will provide a further £30m increase to the Integrated Care fund to help drive the integrated approach for health and social care and £30m to look at ways to improve services for Older people and Mental Health. This will help to drive further service improvement in these areas and will be driven through the planning process.

Following submission at the end of January, all IMTPs will be assessed by WG officials against the planning guidance to ensure that plans include the service improvement; quality outcomes and performance requirements; and workforce changes within the resources that will be allocated to the LHBs following the approval of the 2016/17 budget. The draft budget information to date allows NHS organisations to plan confidently and they have been set clear expectations of improved delivery across these key performance areas.

Where appropriate, we will use the planning process; monitoring and escalation arrangements and other mechanisms to help drive the transformational changes, efficiencies and improved performance expected of NHS organisations in Wales.

- 2) Further information on how the Minister intends to work across government, and in the broader context of financial constraint, to ensure:
 - The reduction in local government financial settlement will not lead to a decrease in the availability and quality of social care, including preventative and early intervention services;
 - Implementation of the eligibility criteria under the Social Services and Well-being (Wales) Act 2015 will not have a detrimental impact on service users, nor lead to any inappropriate restrictions in access to social services;
 - mechanisms will be put in place to monitor the effectiveness and impact of pooling budgets;
 - mitigation of the risk that cuts in local government budgets could impact negatively on hospitals' ability to discharge patients to be cared for in community settings.

Our budget invests in social services based on an approach which acknowledges that health and social services must operate as one system and focus on prevention and early intervention. Social services funding has been protected through the Revenue Support Grant with an additional £10 million allocated in 2015-16 and an additional £21 million for 2016-17. Additional funding to our ground breaking Intermediate Care Fund will bring that fund up to £50 million from 2016-17. This funding will be deployed to support the one system approach and ensure people in Wales get the services they need when they need them.

I have already committed to monitoring the implementation of the new eligibility criteria under the Social Services and Well-being (Wales) Act 2015.

Part 9 of the Social Services and Well-being (Wales) Act provides for the establishment of pooled funds by the regional partnership boards. The regulations also require the regional partnership board to prepare a report on the extent to which the board's objectives have been met, this report has to be submitted to Ministers. The statutory guidance also states that comprehensive monitoring arrangements must be put in place to ensure aims and objectives are delivered. We will review the reports and progress made by the regional partnership boards in relation to their objectives, which includes the effectiveness of pooled funds.

I expect local authorities and health boards to work together through the new statutory partnership arrangements required under Part 9 of the Social Services and Well-being (Wales) Act to appropriately deploy the range of funding available to them to create responsive services that support people to maintain and where necessary regain their well-being and independence

- 3) Details of the action plan for completion of the work on financial flows, to include timescales for the application of the new methodology

The outcome of the inter-organisational financial flows within NHS Wales work has not been finalised and agreed on behalf of NHS Wales, it is therefore unlikely that there will be whole system change in 2016/17 that would materially affect allocation processes. However it is envisaged that there may be specific new local inter-organisational financial flow agreements for previously consulted and agreed service change and service transfers implemented during 2016/17.

Officials will continue to support the NHS Wales collaborative in producing both clear principles and a framework, to be developed within the course of the next three to five months, so they are available to be used. There may be some opportunities to use this in some specific examples during 2016-17, drawing on experiences in Wales and more broadly.

- 4) An outline summary of the outcomes of ICF-funded initiatives, with a particular focus on areas of good practice that should be shared and rolled out across Wales.

In terms of impact, all regions have reported that the Intermediate Care Fund has developed a culture of collaboration with improved communication and decision making across all sectors. There is an enhanced understanding of what different partners can provide, with improved knowledge of good practice within the region that can be developed and shared more widely. The fund has also increased capacity to improve outcomes for people and to deal with demand on services. Some areas of good practice include single point of access, the establishment of intermediate care teams (ensuring the provision of co-ordinated services across health and social care), rapid response teams, social care or third sector staff working alongside health staff in hospital to prevent delayed discharges, extending the range of rehabilitation/reablement services (including the use of intermediate care flats as part of a wider health, social care and community complex).

I include examples of the impact of Intermediate Care Fund projects at annex 1 of this letter.

- 5) An update on progress achieved in the delivery of the South Wales Programme and an updated timescale for completion and commissioning of the SCCC.

I understand from the health boards that work continues on the detailed implementation plans relating to the services included within the South Wales Programme. Work is now well advanced on the detailed model for paediatrics, neonatal and obstetric services, which has included designing and testing the local paediatric assessment model. There has also been specific capital bids received e.g. in respect of neonatal services in the SWP area. The health boards are also considering making adjustments to the catchment populations for acute medicine, and network arrangements for other specialties. I continue to expect Health Boards to work in a reciprocal manner on the balance of service capacity and activity, in line with the principles they set out for the South Wales Programme.

As a significant development, Cwm Taf University Health Board has recently opened a new acute medicine centre at the Royal Glamorgan Hospital to improve the quality of care delivered locally and to help ease pressures on its A&E department. Under the terms of the South Wales Programme, the Royal Glamorgan Hospital is to be developed as a 'beacon site' for acute medicine in the region, resulting in the re-provision of consultant-led A&E, maternity, neonatal and in patient paediatric services to other sites. The new acute medicine service will be provided at the front entrance of the emergency unit to provide faster diagnosis and shorter stays for patients. Additionally, capital funding has been earmarked next year for supporting the Diagnostic Hub at Royal Glamorgan, and the Health Board is investing in early works to bring this forward.

Aneurin Bevan University Health Board submitted the Full Business Case for the SCCC to the Welsh Government for consideration in mid October. As you would expect given the significant value of the investment, the business case warrants a thorough and proper review and this is progressing at pace. I have set out that all capital investment in the NHS should meet the key investment criteria of health gain, equity, clinical and skills sustainability, value for money and revenue affordability, and the business case is being assessed against these criteria. The SCCC remains a key investment in the forward NHS Capital Programme and, as I set out to the Committee, I have earmarked £36.9 million of capital funding next year to take the scheme forward subject a satisfactory business case through the capital approval process.

6) An indication of how the Draft Budget has been shaped to ensure:

- there is a sustainable primary care workforce;
- steps are being taken to balance the proportion of GPs and other health professionals in primary care

As set out in "A plan for a primary care service in Wales" and its partner publication "A planned primary care workforce" the key to the sustainability of the primary care workforce is its diversification. We need to respond to the pressures faced by traditional models of delivery, which are very much based around people seeing their GP irrespective of their health issue, to one that sees them being treated by the professional whose skills are best suited to their needs. This means we need to invest in a broad range of professions who can operate as part of a multidisciplinary team and in which everyone works to the top of their clinical competence. It also means equipping those individuals with the skills to deliver the services that are needed to keep people well and active in their community.

It is just this type of investment – in new skills, roles and services - that the majority of the additional funding made available this year has been used for. The draft Budget will again make a £40m national primary care fund available in 2016-17 in order to continue to deliver sustainability, improved access and the movement of services out of hospitals in to the community. Delivery agreements provided by health boards this year will be scrutinised ahead of the new funding round so that further money is allocated on the basis of evidence of what has been achieved so far and future opportunities informed by their refreshed integrated medium term plans. These will also be scrutinised for clear evidence of how they intend to develop the primary care services Wales needs. As I said during the evidence session, we want to learn from what worked the best in order to take that forward into next year.

With regards to your question on what steps are being taken to balance the proportion of GPs and other health professionals in primary care, I do not feel it is right for the Welsh Government to determine this. The mix of skills required at a local level needs to be driven by population based planning and by local health boards and their clusters working together. At a national level, the Committee will be aware that I accepted the recommendation arising from their short inquiry into the GP workforce in Wales to review on an annual basis the number of training places for GPs in Wales whilst the primary care workforce plan also contains actions to help address well known recruitment and retention issues. Our workforce plans, driven through clusters are clearly focussing on the development of broader multi-disciplinary primary care teams.

- 7) Further information on plans that are being put in place to deliver the flexibilities needed to facilitate the further development of preventative services

Preventative services are not solely within the context of healthcare delivery. The Wellbeing of Future Generations (Wales) Act secures prevention as a core principle guiding the activities of all public services and it is important to retain a broader focus on the determinants of health. The integrated NHS in Wales nevertheless has an important contribution to make through preventative healthcare services. £81.7 million core funding has been allocated in 2015-16 to Public Health Wales to provide a range of measures aimed at preventing ill health (alongside a number of other public health functions).

Health Boards, working with their local communities and partners, are responsible for population health. Through the NHS planning framework Welsh Government set a clear expectation that health improvement and reducing inequalities should be incorporated into Health Boards' three year integrated medium term plans, both in principle and through the requirement to respond to key national public health priorities such as tackling obesity, reducing smoking prevalence, and improving mental wellbeing.

The latest survey of the nation's health, published in June, shows encouraging signs of improvement:

- Smoking has fallen to its lowest ever level – 20% of adults reported they currently smoke, down from 21% in 2013 and 26% in 2003/04
- Drinking and binge drinking had fallen again to its lowest reported level – 40% of adults reported drinking above the recommended guidelines on at least one day in the past week, down from 42% in 2013
- Obesity rates have not increased over the past two years.

Health boards, through their clusters, are also increasingly set up to anticipate and act on need early. They are planning and implementing new service models for systematically identifying individual people, such as frail, older people, and people with co-morbidities, who are at increased risk of unscheduled care and agreeing individual care plans with these individuals with goals and actions to help them stay well and what action to take if problems arise.

The £40m national primary care fund is further supporting the move towards more upstream services and towards person centred care. We will confirm the use of the £40m in 2016-17 in light of evidence of delivery in 2015-16.

8) Clarification on:

- how the overall costs of implementing legislation has been estimated;
- what work will be done to control, monitor and report on these costs;
- whether the budget will be sufficient to deal with any potential costs relating to legislation which has not been identified in his report (e.g. the Nurse Staffing Levels (Wales) Bill);
- whether the funding identified for the implementation of the Social Services and Well-being (Wales) Act 2014 will be sufficient.

Overall costs of implementing legislation are assessed in the Regulatory Impact Assessment for each Bill with the costs continuing to be re-assessed at points during the legislative process. The costs and benefits included within the Explanatory Memorandum and Regulatory Impact Assessment are determined in a variety of ways including using evidence from stakeholder involvement. For example:

The Public Health (Wales) Bill; costs and benefits associated with each option were produced using the best information available at the time. This information was prepared through discussion with key stakeholders, including local authorities, LHBs and other agencies. The Bill is of course currently going through the legislative process and is potentially subject to change. In order to account for this, funding in excess of the costs included the Regulatory Impact Assessment have therefore been identified in 2016-17 in order to ensure there is adequate funding available for implementation.

Controlling, monitoring and reporting implementing costs legislation will vary in accordance with the requirements of the legislation itself. For example:

Implementation of the Social Services and Wellbeing (Wales) Act 2014 is supported by grant funding streams including the Delivering Transformation and Social Care Workforce Development Programme grants, which have their own monitoring and review mechanisms, following Welsh Government corporate monitoring requirements. The grants are also subject to application processes which allow Welsh Government to identify output against proposed funding. Other costs will be subject to careful monitoring and evaluation by local authorities at local and regional levels and by the Welsh Government at a national level. This evaluation will be used to identify whether the new system meets the aims of the Act or requires further refinement. Similarly, the Regulation and Inspection of Social Care (Wales) Act 2016 will be complying with Welsh Government corporate monitoring requirements for implementation.

A programme of monitoring and evaluation activity for the Public Health Bill will be developed to correspond with key activities and dates. Various research and evaluation methods will be considered, in order to evaluate both costs and cost effectiveness.

The cost of the NHS Finance (Wales) Act 2014, including the accuracy of the cost estimates included in the Regulatory Impact Assessment, will be undertaken as part of the Minister's report to the Assembly. The first report will be submitted, in line with the requirements of the Act, following the completion of the first three years, that is, before 31 March 2018.

In relation to the Human Transplantation (Wales) Act 2013, the majority of the implementation costs were for the communications campaign and the redevelopment of the organ donor register. Some changes have been made as the costs were estimates. Following the award of tenders, the cost for IT changes in 2016/17 is an additional £75K (£231k total) and £10k (£105k total) for evaluation. This will bring the total spend in 2016/17 to £617k. However this money was carried over in the previous year so the overall costs of implementing the legislation remain the same.

The Nurse Staffing Levels (Wales) Bill is a Private Member's Bill. As such, the potential costs of implementation are assessed by the Member in Charge and not Welsh Government. The latest assessment of costs is expected to be published by the Member in Charge in a revised Explanatory Memorandum on 27 January 2016. If the Bill is passed by the Assembly the Welsh Government it will be funded through the 'Delivery of Core NHS Services' Action.

The funding identified for the implementation of the Social Services and Well-being (Wales) Act 2014 is anticipated to be sufficient to secure implementation of the Act. Through the Act the system of social care in Wales is being redesigned to rebalance the focus of the system away from late-stage, high-cost and intrusive interventions and towards early, targeted and preventative action. All parties recognised that there is a need to focus on prevention and early intervention to make social services sustainable. The Act gives a clear statutory impetus to delivery partners to be innovative in their approach to preventative services, making best use of resources, achieving value for money and proactively engaging with the Third Sector.

I do not believe that other related legislation will have a significant impact on the use of the budget currently earmarked for use on the implementation of the Act.

- 9) Further information about the longer term arrangements for the distribution of the Independent Living Grant once discussions have progressed

There are a number of potential options for providing such support in future, ranging from the continuation of the grant to the establishment of centralised arrangements to provide payments akin to a Wales version of the Independent Living Fund. I am currently re-examining these in the light of the outcome of the UK Government's spending review and plan to confirm shortly my thinking in this area. My officials have already met representatives of stakeholders to identify the key information needed to complete an appraisal of these options, which would include the experience of providing similar support in both Scotland and Northern Ireland. An appraised short list of options would then be available by the middle of this year. This is so that the new incoming Welsh Government could decide on the way forward and ensure that future arrangements were in place in good time before the current grant is due to end on 31 March 2017.

I trust this information is helpful.

Best wishes,

Mark.

Mark Drakeford AC / AM

Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services