

Responses to HSSC Committee on Draft Budget

Recommendation 1. We recommend that the Welsh Government provides further details on the areas within their portfolios that Ministers anticipate may require further funding during 2021-22, what further allocations may be made for health (including mental health), social care and sport in the final budget for 2021-22, and how such allocations will be prioritised to assist both the response to the pandemic and the longer term recovery of the health, social care and sport sectors.

Accept: During budget preparations, the approach has been to maximise the impact of available resources to deliver on the Government's values, while recognising that we will need to continue to deal with the impact of the pandemic alongside driving forward longer-term change. The Minister for Finance and Trefnydd met with Ministers regularly to discuss budgetary matters and emerging funding pressures and considered funding issues and requests, alongside the impact of COVID-19. Ministers have also considered evidence from the Committees and those who provided evidence to them.

Given the difficult choices we have faced, and as we work together to rebuild, responsible budget management will be essential to protect what matters most and pursue the change that is not just possible, but essential.

As a result, we have adopted once again a careful and strategic approach to provide the right funding at the right time. In terms of health, social care and sport, we recognise the huge importance of these services and additional allocations have been made in all areas in the final Budget to support them during the pandemic and as we move into recovery. In particular, an additional £430m has been allocated to the NHS to support them in their ongoing response to the pandemic. Recognising the vital role of the Local Government Hardship Fund, an additional £206.6m has been allocated to extend support for 6 months including social care support. Recognising the importance of sports for physical and mental well-being, we have invested £2m capital funding as part of the capital stimulus package to build and improve facilities to deliver positive and lasting impact on community participation and performance.

There remains an unprecedented level of uncertainty into 2021-22 on the path of the pandemic and the restrictions needed in response as well as the ongoing impacts of the UK's new trading relationship with the EU alongside uncertainty over available funding with the UK budget on 3 March. It is therefore remains important that we retain a level of flexibility to respond to challenges as they crystallise next year into the new administration.

Financial implications: These will be set out in the Final Budget to be published on 2nd March

Recommendation 2. We recommend that the Welsh Government provides details on its strategy for the investment of the £382.5m capital allocation in the HSS MEG in the 2021-22 draft budget.

Accept: The All Wales NHS Capital Programme is broken down between Ministerial approved schemes and discretionary funding.

Discretionary capital funding equates to some £84m across all Health Boards and NHS Trusts and is made available for

- meeting statutory obligations, such as health and safety and firecode;
- maintaining the fabric of the estate; and
- the timely replacement of equipment.

In respect of existing approved schemes, £134m of funding has already been approved – the main schemes being:-

- Remaining works at the Grange University Hospital including the Hospital Sterilisation and Decontamination Unit;
- Sunnyside Primary Care Development in Bridgend;
- The main refurbishment works for Ground and First Floor of the Prince Charles Hospital in Merthyr c£50m;
- Major Electrical Infrastructure works at the Royal Glamorgan Hospital;
- Remaining works linked to the Neonatal scheme at Glangwili Hospital;
- Anti ligature works across the Cwm Taf Morgannwg, Swansea Bay and Powys estate;
- On-going development costs linked to the implementation of the 111 service; and
- Annual Ambulance Fleet Replacement

Against the £382.5m, after discretionary and approved schemes, £164.5m has yet to be formally allocated although £124m has been ring-fenced for the following initiatives:-

Taking lessons from the early phases of the Covid response, the importance of having a robust infrastructure has become increasingly clear. To that end, £62m has been set aside for organisations to bid against the following areas:-

- Site infrastructure £10m
- Fire Prevention works £5m
- Mental Health Infrastructure £6m
- Linear Accelerator replacement programme £5m
- Diagnostic Equipment refresh £20m
- Decarbonisation works £16m

In addition to this, £37m is the current estimated funding requirement for schemes that are part of the Primary Care Pipeline. This funding will mean the new build projects at Tredegar and Machynlleth can progress at pace, subject to Ministerial Approval. Funding will also be used to continue to support business case

development for Health & Wellbeing Centres at Newport East and Cross Hands together with the Swansea Wellness Centre linked to the regeneration of Swansea's High Street.

£25m is set aside for the continued investment in digital services across Wales and will be key for the new Digital Health Care Wales.

After the above, there is c£40.5m capital funding left to allocate. There are, unsurprisingly a long list of schemes that are seeking funding through the All Wales Capital Programme. Schemes that are in development include Diagnostic and Treatment Centres in North Wales, the Royal Alexander Hospital scheme in Rhyl, Genomics in Cardiff & Vale as well as all Wales initiatives including the Transforming Access to Medicines (TRAMS) and Laundry reprovision led by NHS Wales Shared Services Partnership. In addition to the above, capital funding would also be required linked to any Ministerial agreement to the new Velindre Cancer Centre.

Financial implications: No additional financial implications

Recommendation 3. We recommend that the Welsh Government provides details of the reformed Townsend formula and its impact on the resources available to each LHB. This should include information about how the reformed formula takes account of different needs across Wales, a breakdown of the implications for the financial resources available to each LHB which identifies the difference between the resources allocated to each LHB under the reformed formula compared to the previous formula, and an explanation of how any changes in the allocations for each LHB will be achieved.

Accept: Responding to recommendations from the Public Accounts Committee, the Welsh Government has replaced the Townsend formula with a revised NHS allocation formula. The Townsend formula had ceased to become fit for purpose, due in the main to the cessation of the Welsh Health Survey, which was the main indicator of health need used in the formula. The work on formula revision has been overseen by a Technical Advisory Group, consisting of senior Welsh Government officials and NHS representatives, with the addition of independent specialist economic advice.

The formula that has been developed is an evidenced based, transparent and modular formula, based on available, accurate and consistent population, needs and financial information. It has been based on the methodology adopted for NHS resource allocation in Scotland, adapted as appropriate for our needs in Wales. The formula has been applied to date to allocate an additional £110 million to local health boards in 2020-21, and a further £105 million in 2021-22. There is no current intention to use the formula to equalise baseline allocations – it is only currently being used to allocate new growth funding.

The formula applies to the core discretionary hospital and community services and primary care prescribing funding. At this stage, it does not cover the mental health ring-fenced allocation, or primary care allocations for general medical, dental and community pharmacy services.

The formula comprises the following elements:

- Population – the primary component of the formula
- Demographic weighting – age/sex weighting reflecting the differing cost by age and sex
- Additional Needs - the factors that predict the need for healthcare over and above age and sex (eg higher morbidity)
- Unavoidable excess costs – for example the costs of supplying healthcare in remote and rural areas

The formula shares for each LHB under the revised formula compared to population shares are as follows:

Local Health Board	Population Share (%)	Formula Share (%)
Anuerin Bevan	18.88%	18.84%
Betsi Cadwaladr	22.14%	22.58%
Cardiff and Vale	15.91%	13.30%
Cwm Taf Morgannwg	14.26%	15.35%
Hywel Dda	12.25%	12.79%
Powys	4.18%	4.42%
Swansea Bay	12.39%	12.71%

Financial implications: No additional financial implications

Recommendation 4. We recommend that the Welsh Government confirms the timescales within which it expects to have in place the revised arrangements for tracking and monitoring mental health spend by LHBs.

Accept: Work to develop a mental health resource allocation formula commenced early in 2020, but was paused during the early stages of the pandemic. The work restarted in Autumn 2020, including a process of engaging with NHS stakeholders and mental health practitioners. The work is currently in the development stage, with the intention of engaging widely again following the Senedd elections, with the intention of using the revised formula to allocate growth funding in 2022-23.

Alongside the work on the resource allocation formula, work is being undertaken to review the detail currently available on spending on mental health services and the outcomes delivered for that spending. This work, along with the resource allocation work, will enable consideration to be given to redirecting future spending towards services that can improve outcomes and target those areas and sectors of the community with the greatest need.

Financial implications: None

Recommendation 5. We recommend that the Welsh Government commits to publishing detailed information about LHBs' spending on mental health, and the impact of such spending on outcomes and patient experience. This should include a breakdown of the levels of spend on services for adults and those for children and young people.

Accept: Welsh Government already published detail of LHB spending on mental health in the NHS Programme Budget Expenditure Analysis, which is available as an annual statistical release: <https://gov.wales/nhs-expenditure-programme-budgets-april-2018-march-2019> as well as more detailed analysis available on StatsWales https://statswales.gov.wales/Catalogue/Health-and-Social-Care/Health-Finance/NHS-Programme-Budget?_ga=2.114547399.1392938797.1613990515-1331613919.1613990515

This analysis includes a breakdown of expenditure on adult, elderly and children and adolescent mental health services.

In addition, along with the work on the resource allocation formula, we will consider what further information on NHS mental health spending can be published in future.

Financial implications: None

Recommendation 6. We recommend that the Welsh Government provides details of how it will monitor the quality and consistency of Tier 0 mental health services, and how it will ensure that GPs have confidence in them.

Accept: Building capacity within tier 0 will increase access to non-clinical services aimed at supporting those with low-level mental health needs. Throughout this year, we have enhanced this offer such as the roll out of Silvercloud, which also builds on activity that was already happening, for instance, through the mental health social prescribing pilots and through projects funded within the section 64 mental health grant. All projects that receive funding for implementation will be required to provide regular progress reports for monitoring / evaluation. We acknowledge that there will also need to be continued engagement with referrers, including GPs, to ensure that people are aware of what is on offer and what can be expected from these services.

Financial implications: No additional financial implications

Recommendation 7. We recommend that the Welsh Government clarifies whether the full £4m identified for Tier 0 mental health services within the £20m funding in the HSS MEG to support further improvements in mental health services will be allocated to third sector providers in the April 2021 bidding round.

Accept in principle. Whilst it is intended that a significant amount of this funding will be allocated to support third sector provided activity, it is acknowledged that there may be elements of this that will be allocated to the statutory sector. Officials are working through the details of implementation and further information will be made available.

Financial implications: No additional financial implications

Recommendation 8. We recommend the Welsh Government provides further information about how RPB spending of the £9m allocated for the implementation of the Dementia Action Plan 2018-22 will be monitored and evaluated to ensure it delivers the Welsh Government's priorities. This information should be published by each RPB on an ongoing basis.

Accept. We have commissioned an independent evaluation in relation to the implementation of the Dementia Action Plan 2018-2022 the findings from which will inform any successor document. Welsh Government already publishes an annual ICF report each year to promote the activity undertaken by regions and we will work towards providing a more detailed section on Dementia spend by region in future reports. We will also ensure that links to the individual RPB annual reports are also made available within this report.

Financial implications: No additional financial implications

Recommendation 9. We recommend that the Welsh Government provides further information about how the delivery of the Statutory Code of Practice on the Delivery of Autism Services will be resourced, including assurance that additional resources will be available if required.

Accept. An autism delivery plan will be published alongside the Statutory Code of Practice on the Delivery of Autism Services when it is implemented from September 2021. The code does not create additional duties, it reinforces existing requirements placed on Local Authorities, Local Health Boards, and NHS Trusts contained in the Social Services and Well-being (Wales) Act 2014 and the NHS (Wales) Act 2006.

For 2021-22 a total of £3.716m is available to support the delivery of our autism policy priorities. Of this, £3m will support the continued delivery of the Integrated Autism Service, £598k will support the staffing and annual work plan of the National Autism Team, and the remainder will support a demand and capacity review of neurodevelopmental services and support to implement the Code. The NAT work plan this year will focus on supporting Regional Partnership Boards, Local Health Boards, NHS Trusts and Local Health Boards to prepare for the implementation of the Code of Practice. In addition further consideration is being given to the need to provide additional assistance to Regional Partnership Boards to develop a regional autism infrastructure as required in part four of the Code.

This year we are undertaking a demand and capacity review of neurodevelopmental services, phase two of this work will include developing options for future sustainable services including an analysis of workforce needs. A commitment has also been made to evaluate the impact of the Code of Practice when it has been in place for two years.

Financial implications: No additional financial implications

Recommendation 10. We recommend that the Welsh Government provides further information about the operation of the Loneliness and Isolation Fund, and how the effectiveness of the Fund will be assessed.

Accept. Officials are currently working on the detail of how the fund will operate and how effectiveness will be assessed. It will be launched during the first quarter 2021-22 and £500,000 will be made available in each of the next two financial years.

Financial implications: No additional financial implications

Recommendation 11. We recommend that the Welsh Government provides information about the proportion of spend on services for unpaid carers that are (1) provided directly by local authorities and (2) commissioned by local authorities for delivery by the third sector, and that the Welsh Government evaluates whether the funds allocated are sufficient to meet the support needs of carers effectively.

Accept in principle. The Welsh Government does not collect data on the split of local authority expenditure on unpaid carers between directly provided services, services commissioned from and delivered by the third sector, and services commissioned from and delivered by other partners. Support for unpaid carers is undertaken by local authorities under the Social Services and Well-being (Wales) Act 2014. Unpaid carers of all ages can benefit directly or indirectly from local authority expenditure in areas such as education and housing, not just social care. Local authorities, as autonomous and democratically accountable bodies, are statutorily responsible for managing their financial affairs, reflecting that they are best placed to judge the local needs of their communities, and to fund and commission services accordingly. The funding system we have in place gives them the flexibility to make those decisions, informed by their assessment of the needs of their local populations and the sufficiency of the services available.

We are undertaking a formal evaluation of the Social Services and Well-being (Wales) Act 2014 to help us improve the future of social care in Wales and as part of this, to understand its impact on unpaid carers. The 2014 Act was being measured through two different, but complementary, approaches. Measuring the Mountain (MtM), a co-produced project launched in January 2018, looked specifically to analyse people's experiences of care and support. The MtM team collated around 500 stories in 2019-20 from individuals in Wales. Around half of these were from unpaid carers. The findings from the project, which has now ended, were published in December 2020. The ongoing independent, formal evaluation of the 2014 Act is being undertaken by University of South Wales, and will run until 2022. Although not looking at funding of services specifically, it will consider the implementation and impact of the 2014 Act and the difference it has made to citizens in Wales, as well as considering the financial considerations of the 2014 Act against the initial Regulatory Impact Assessment. The project will be starting fieldwork in April 2021 for the impact evaluation. This will involve engagement with key stakeholders and individuals, including unpaid carers. Interim findings from this phase will be published at the end of 2021.

Funding implications – None. Assessment of potential future funding implications in relation to changes in government policy which might impact government budgets and statutory bodies or other organisations, will be considered as part of the ongoing development of carers policy, which we are taking forward in co-production with stakeholders. The costs of the evaluation and associated research are covered by existing programme budgets.

Recommendation 12. We recommend that the Welsh Government provides further detail on its strategic vision for, and practical delivery of, the service transformation agenda, and on how it will ensure that the focus on a shift towards primary care and prevention is achieved and maintained during the 2021-22 financial year.

Accept.

Targeted funding for 2021-22

Part of the strategic focus of *A Healthier Wales* (AHW) is to generate and strengthen national approaches to various aspects of how health and social care are delivered in Wales, including primary care. There are several national projects that do not fall within the scope of the Transformation Fund but do contribute significantly to the aims and objectives of AHW. In respect to strengthening primary care, these include working with HEIW to develop optometrists' capabilities to deliver community-based eye-care (currently undertaken mainly in specialist settings), a national community-based podiatry pilot, and funding for a specific primary care liaison to ensure links between AHW and the primary care strategy for Wales are strengthened further. In the financial year 2021-22, we have set aside £167,368 for these activities and are working closely across policy areas and with regional partners to develop and support these activities.

Work is ongoing to develop scholarships for frontline staff to use digital technology and implement modern digital care pathways in the healthcare system in Wales. These link digital literacy in our communities to maximise opportunities for the population to digitally engage in health, social care and self-help services and deliver against the Strategic Programme for Primary Care Data and Digital programme. We are also supporting the NHS to meet the changing mental health needs in their areas, while planning for a second wave and ensuring mental health services can stabilise and recover for the long term. Activities are delivered via the mental health programme and the Strategic Programme for Primary Care on Tier 0/1 services. Through the Transformation Fund we will support a range of transition activities across Wales, including the strengthening of primary care clusters, continuing to embed digital technology in primary care (such as virtual consultation and appointment booking systems), and the ongoing development and embedding of integrated community care teams. These activities are included in the £41,740,845 that has been allocated to RPBs from the £50m Transformation Fund in 2021-22.

During 2021-22 we are continuing to promote the scaling of new models of care, with a particular emphasis on services relating to Hospital to Home; Place-based Care; Emotional and Mental Health; and Technology Enabled Care. Alongside the delivery of the Transformation Fund, a Hospital to Home Community of Practice has been established to share best practice, challenges and opportunities across RPBs. Communities of Practice will also be held over coming months in relation to the three remaining themes.

To aid the acceleration of new models, the Welsh Government is providing £6m of the £50m Transformation Fund in 2021-22 to assist with the scaling of hospital to home models at a regional level to help embed a national model of working. The funding will be used to support the sustainable scaling of 'Discharge to Recover then Assess' Pathways which will consider how activity can be provided within the community or people's homes to deliver what matters to people; facilitate a greater place-based focus on the delivery of care and support post Covid-19; and reduce the need for primary and secondary care interventions.

Review and refresh of A Healthier Wales Transformation Programme Actions

When the Cabinet Paper 'A Healthier Wales Two Years On' was presented in September 2020 to provide a progress update and secure Cabinet's agreement to the future direction of A Healthier Wales, Welsh Government Officials gave a commitment to review the 40 actions in *A Healthier Wales* and to refresh these in line with the priorities identified in the Cabinet Paper.

This review and refresh has been undertaken and is now undergoing consultation with stakeholders prior to being submitted for Ministerial approval. As part of the refresh we have drafted new actions where these are required to support the stabilisation and recovery of services following Covid-19 as well as elements of *A Healthier Wales* brought to the forefront by pandemic. These new actions look to build resilient communities in Wales and focus on health inequities, prevention, mental health, children and young people and decarbonisation.

A specific action on prevention will ensure a focus on building on the behaviours and personal responsibility demonstrated during the Covid-19 pandemic to support people to keep well through an integrated approach to improving the nation's health and wellness.

We will propose the development of agreed, value based, whole system care pathways for prevention, detection, treatment and ongoing care, including rehabilitation, pain management and end of life care, as close to home as possible as part of Covid-19 recovery and reconstruction, and ensure that relevant measures are developed to capture the outcomes that matter to patients.

A further action will be included to capture innovative practices and new ways of working achieved during Covid-19 and ensure benefits are maintained in the Health & Social Care system.

Recommendation 13. We recommend that the Welsh Government provides further details of the arrangements that are in place to monitor how the funding allocated to Sport Wales is spent, how outcomes are evaluated, and how Sport Wales provides it with assurance that the funding is delivering the Welsh Government's priorities.

Accept. The Welsh Government receives regular updates throughout the year on the investment of funding allocated to Sport Wales to deliver the priorities set out in the annual remit letter. These updates are provided at quarterly monitoring meetings between the Welsh Government and Sport Wales, and at the bi-annual meetings between the Deputy Minister for Culture, Sport and Tourism and the Chair and Chief Executive of Sport Wales. Welsh Government officials also attend Sport Wales' Board meetings throughout the year. The additional investment provided to Sport Wales to support the challenges resulting from the pandemic has resulted in additional monitoring to support the more formal monitoring arrangements.

Financial implications: None

Recommendation 14. We recommend that the Welsh Government's public health messaging during the pandemic emphasises the importance for people of all ages to be physically active, and helps people across Wales to identify ways for them to remain physically active within the constraints of the COVID-19 restrictions.

Accept. The Welsh Government has consistently emphasised the importance of exercise for people's physical and mental wellbeing during the pandemic. Sport Wales continues to promote the opportunities that exist for people to engage with exercise and to remain active through their various communication channels, including their social media platforms. Some schemes, such as the Healthy and Active Fund, have been adapted to support the provision of online or digital alternatives for people to exercise. We have invested more than £40m in 2020-21 to ensure the sector survives the pandemic and is able to support people to lead physically active lives when we can return to our normal day-to-day activities.

Financial implications: None

Recommendation 15. We recommend that, when taking decisions on COVID-19 restrictions, and the associated regulations and guidance, the Welsh Government takes account of the importance of physical activity, and seeks to ensure that where it is possible and safe to do so, opportunities for physical activity are not unnecessarily curtailed.

Accept. The Welsh Government has prioritised the importance of physical activity when the public health conditions allow. We recognise the importance of exercise to people's health and wellbeing, and will continue to balance that with the need to keep people safe and to protect the NHS.

Financial implications: None

Recommendation 16. We recommend that the Welsh Government provides details of the funding that will be available, either from existing allocations or further funding allocations, to ensure that as the COVID-19 restrictions begin to be eased, people of all ages, and particularly those from socioeconomically-disadvantaged communities, are encouraged and supported to safely increase their physical activity.

Accept. The Welsh Government has maintained its level of investment in physical activity through sport. We will continue to review the impact of the pandemic on sport at all levels and will explore opportunities to secure additional funding in 2021-22 to support the sector. Our investment plans for sport in 2021-22 will be articulated through Sport Wales' business plan and communicated through its social media channels.

In 2021-22, Sport Wales will lead the sector and collaborate with others to encourage and facilitate a population increase in physical activity. The priority will be to invest effort and resources where it is needed most, where there are significant variations in participation and where there is a lack of opportunity or aspiration to be active. The Sport Wales strategy is driven by a person-centred approach to equality, diversity and inclusivity. The entire nature of the funding approach has been revamped to specifically drive action within the sector to proactively promote equality of opportunity. Sports that can demonstrate reach and impact across gender, race and disability will receive greater investment levels as a way of driving action to support underrepresented groups. Deprivation is also a key criterion for how funding will be allocated across geographical partners, to proportionately fund those communities most in need.

Financial implications: Funding is already in place for 2021-22 and will be monitored on a regular basis.

Recommendation 17. We recommend that the Welsh Government's budget for 2022-23 more clearly demonstrates the significant role that increasing participation in physical activity can play in delivering the prevention agenda.

Accept. The Welsh Government recognises the importance of increasing participation for mental and physical wellbeing. The Sport Wales five-year strategy will be a key consideration for the next Welsh Government in assessing the budget requirements for 2022-23 and beyond.

Financial implications: In allocating any future funding our approach will continue to be guided by the priorities for the new administration, engagement with Sport Wales and the local sector, evidence and affordability within the budget allocation when confirmed by UK Government for 2022-23.