



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Cyllid](#)

[The Finance Committee](#)

09/11/2016

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mike Hedges Bywgraffiad Biography	Llafur Labour
Steffan Lewis Bywgraffiad Biography	Plaid Cymru The Party of Wales
Eluned Morgan Bywgraffiad Biography	Llafur Labour
Nick Ramsay Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
David Rees Bywgraffiad Biography	Llafur Labour
Simon Thomas Bywgraffiad Biography	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)

Eraill yn bresennol
Others in attendance

Anita Charlesworth	Cyfarwyddwr Ymchwil ac Economeg, y Sefydliad Iechyd Director of Research and Economics, Health Foundation
Huw David	(Arweinydd, Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr), Llefarydd Cymdeithas Llywodraeth Leol Cymru dros Iechyd a Gwasanaethau Cymdeithasol (Leader, Bridgend County Borough Council), Welsh Local Government Association Spokesperson for Health and Social Services
Anthony Hunt	(Dirprwy Arweinydd, Cyngor Bwrdeistref Sirol Torfaen), Dirprwy Llefarydd Cymdeithas Llywodraeth Leol Cymru dros Gyllid ac Adnoddau (Deputy Leader, Torfaen County Borough Council), Welsh Local Government Association Deputy

Spokesperson for Finance and Resources

Yr Athro/Professor Marcus Longley	Cyfarwyddwr Athrofa Iechyd a Gofal Cymdeithasol ac Athro Polisi Iechyd Cymhwysol, Prifysgol De Cymru Director of the Welsh Institute for Health and Social Care and Professor of Applied Health Policy, University of South Wales
Yr Athro/Professor Ceri Phillips	Athro Economeg Iechyd, Prifysgol Abertawe Professor of Health Economics, Swansea University
Jon Rae	Cyfarwyddwr Adnoddau, Cymdeithas Llywodraeth Leol Cymru Director of Resources, Welsh Local Government Association
David Robinson	Uwch-gynghorydd, Community Links Senior Advisor, Community Links
Mari Thomas	Swyddog Polisi Cyllid, Cymdeithas Llywodraeth Leol Cymru Finance Policy Officer, Welsh Local Government Association

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Bethan Davies	Clerc Clerk
Owen Holzinger	Y Gwasanaeth Ymchwil The Research Service
Georgina Owen	Dirprwy Clerc Deputy Clerk
Christian Tipples	Y Gwasanaeth Ymchwil The Research Service

Joanest Varney–
Jackson

Uwch-gynghorydd Cyfreithiol
Senior Legal Adviser

*Dechreuodd y cyfarfod am 09:20.
The meeting began at 09:20.*

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau Introductions, Apologies, Substitutions and Declarations of Interest

[1] **Simon Thomas:** Galwaf y Pwyllgor Cyllid i drefn, felly, a chroesawu'r Aelodau i'r pwyllgor, gan eich atgoffa chi fod clustffonau ar gyfer y cyfieithu, a bod y cyfieithu ar sianel 1, a gallwch addasu lefel y sain wreiddiol ar lefel 0. A wnaiff pawb dawelu unrhyw ddyfais electronig? Rwy'n gwybod ei fod yn fore prysur iawn ar gyfer newyddion, ond a wnewch chi hynny'n dawel? A gaf i ofyn a oes yna unrhyw fuddiannau i'w datgan ar gyfer y sesiwn yma gan Aelodau? Dim, felly.

Simon Thomas: I call the Finance Committee to order, and welcome Members to the committee. May I remind you that there's translation available on channel 1 on the headphones, and amplification on channel 0? Can everyone please put any electronic devices on 'silent'? It's going to be a busy morning for news, I know, but if you would put your devices on 'silent', I'd appreciate it. Can I ask if any Members have any interests to declare for this session? No. Okay.

09:21

Papurau i'w Nodi Papers to Note

[2] **Simon Thomas:** A gaf i ofyn yn gyntaf i'r Aelodau nodi'r papurau yr ydym wedi eu derbyn? Yn gyntaf oll, mae llythyr pellach oddi wrth Ysgrifennydd y Cabinet ynglŷn â'r gyllideb ddrafft, a hefyd llythyr gan Gomisiwn y Cynulliad yn ymateb i'n hadroddiad ni ar gyllideb ddrafft Comisiwn y Cynulliad. A yw pawb yn hapus i nodi'r papurau? Diolch yn fawr iawn.

Simon Thomas: Can I then please ask Members to note the papers we have received? First of all, a further letter from the Cabinet Secretary about the draft budget, and also a letter from the Assembly Commission in response to our report on the draft budget for the Assembly Commission. Is everybody happy to note those? Thank you.

**Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2017–18: Sesiwn
Dystiolaeth 4
Welsh Government Draft Budget 2017–18: Evidence Session 4**

[3] **Simon Thomas:** A gaf i droi, felly, at y tystion ar gyfer y bore yma, a'ch croesawu chi i gyd? Rwy'n deall bod yna bach o drafferth yn cael lle i barcio y bore yma yn y bae, ond diolch i chi am ddod i mewn. Mae newid wedi bod, rwy'n meddwl, o ran yr aelodau sydd wedi dod, felly a gaf i ofyn i bawb ddatgan pwy ydyn nhw a'u swyddogaeth, felly, jest ar gyfer y cofnod? A gaf i ddechrau gyda Ms Thomas, plîs?

Simon Thomas: Can I turn, please, to the witnesses for today and welcome you all? I understand you've had a few problems parking this morning in the bay, but thank you very much for coming in. There has been a change in the membership of the panel, so may I please ask you to state your names and roles, please, for the record? May I start with Ms Thomas, please?

[4] **Ms Thomas:** Mari Thomas, finance policy officer for the Welsh Local Government Association.

[5] **Mr David:** Huw David, leader of Bridgend County Borough Council and WLGA spokesperson for health and social services.

[6] **Mr Hunt:** I'm Anthony Hunt, deputy leader of Torfaen County Borough Council and deputy WLGA spokesman for finance.

[7] **Mr Rae:** And I'm Jon Rae, director of resources at the WLGA.

[8] **Simon Thomas:** Thank you, and welcome. We're delighted to have all of you here. We want to hear from all of you, but not necessarily on every question, if you see what I mean, because we've got a lot to get through in the next hour. So, if you can tailor your responses appropriately, and the same goes for Members as well, of course. If I can start by asking for your general impressions of the interim local government settlement—obviously, this has been sold as a flat-cash settlement, in effect, to local government—and whether you've had an opportunity to assess the effect on the services that are being offered by the local government currently.

[9] **Mr Hunt:** Well, obviously, compared to the expectations that local government had, it's a positive thing at the moment. Our initial reactions are pleasant ones, and we hope that it'll allow us to, if we take difficult choices

and if we prioritise accordingly, safeguard some of the vital front-line services that you've seen over the border in England really struggle to continue. So, yes it's tough, and if you'd have come in here 10 years ago and talked about a flat-cash settlement as being a good news story, you may have got some ashen faces back from local government, but in the spirit that it's offered and in the spirit of difficult financial times for you, I think we recognise the effort that the Welsh Government and the Assembly have gone to to try and value and safeguard local services.

[10] **Simon Thomas:** I think you assent to that as a general response. In terms of how this overall allocation is then allocated, the formula that's used, I just wonder if you could update the committee about the discussions that have been going on around that formula—issues such as a floor, whether the allocation is being seen as generally fair this time, and what we might expect as a committee to see in the future developing from this.

[11] **Mr Hunt:** Well, the floor for funding outside of the formula is very welcome from councils. I think it's important in such resource-scarce times that you don't have the big negative fluctuations that, without the floor, you can see. Obviously, the rural authorities that, in previous years, have felt that they've suffered, have obviously done a bit better this year because of the change to the formula. What you make of that depends on whether you're in an urban, a rural or a Valleys authority. But, certainly, the floor outside of the formula is good. I don't know whether you want to add anything to that, Jon.

[12] **Mr Rae:** Yes, sure. Just to add to that, the formula itself is kept under a constant process, I suppose, of review that's carried out under the oversight of the finance group, which is chaired by the Minister. The work itself is done by the distribution sub-group, which is a group of civil servants and local government officers. They have a programme of work that is approved by the finance sub-group. As I said, that goes on on an annual basis. The settlement itself has delivered a range of decreases and increases, and the floor itself, basically, limits the decreases by 0.5 per cent this year, and right at the other end of the spectrum, there are actually some rural authorities who've gained from a change in the sparsity weighting in the formula this year.

[13] **Simon Thomas:** I was just going to ask on that, because obviously Members have seen this year's allocation and although there are winners and losers, the breadth of the difference is quite narrow compared to last year, when we had these real outliers like Pembrokeshire and Powys, and so forth.

Although you could say that they are slightly the losers this time, the depth is quite narrow. Is it down to that change in the sparsity, is it down to the floor, or is it an action of both?

[14] **Mr Rae:** I think it's your latter point, Chair, actually—it's the action of both. You're absolutely right—it's probably the narrowest gap we've seen in recent years. The sparsity adjustment itself is maybe compensating again for demographic changes in population, so you're not getting the wide range that we've seen in recent years.

[15] **Simon Thomas:** Okay. And then there's been, of course, specific allocations, some of them as a result of political agreements and some of the Welsh Government's own allocations. There's a specific allocation for social care of around £25 million. There's an allocation of, I think, £3 million for town-centre parking pilots and another allocation of £1.5 million around school transport. How will they be used or how would you expect them to be used by local government, and how would local government be able to demonstrate to the Assembly and Welsh Government that, in a non-ring-fenced world, which is what you like, the intention behind those allocations is being delivered?

[16] **Mr David:** I think the reality is that, by far, the biggest pressure that local government faces is in social services. Indeed, the Health Foundation's recent report has identified that the budget pressures facing social services are bigger than the pressures facing the NHS in the 10 years from 2019–20 to 20—I should be better at maths, shouldn't I; that's your job, isn't it, Anthony—in that 10-year period, because of the demographic pressures of a rapidly aging population with more complex needs.

[17] So, we estimate that the additional pressures facing local government will be £190 million per year, so that allocation—if I can use that term—will be used to meet existing and growing pressures. It's not extra money for extra new services, it's about continuing to provide what we already do and facing those extra pressures. Those extra pressures are particularly acute in the social services sector because, unfortunately, that's where most of our lowest paid workers are. So, the welcome increase in the national living wage will have a significant impact on that sector, both within authorities and within the partner organisations that deliver social services. And, as a result of the increase in the national living wage, there'll be a significant increase in the pension contributions also, as a result of the triannual revaluations of pension contributions. And, of course, we have the apprenticeship levy as

well that we'll have to find resources for, as well as just simply a significant increase in the number of particularly elderly people who are coming to our councils and asking for help to keep them in their homes, to get them out of hospital—you know, essential services that we provide.

09:30

[18] **Mr Hunt:** And I think that the welcome recognition this year of the impact of cuts on social care and demand in the health service is a very welcome thing, and something we hope will be recognised in future years. Sometimes, the best way of saving money in the health service isn't by putting more money into the health service, it's by investing in the front-line of social care, and the boundary there between social care and healthcare.

[19] **Simon Thomas:** So, it would be reasonable to say that a lot of this will be soaked up by increases in demand from adult social care and pay pressures, basically—on costs as well. In that context, is the allocation reasonable, would you say? Is it sufficient? Or do you expect local authorities to be trying to add in from other parts of their budget?

[20] **Mr David:** It isn't sufficient, but we completely understand the position that Welsh Government finds itself in. I think we do need to recognise that, in the future, we will need additional resources to cope with that extra demand. If the health service in Wales is to be sustainable, the other clear message from the Health Foundation report is that a sustainable health service is dependent upon investment in social services because of those pressures, and because everyone recognises that the significant problems, for example, around bedblocking or delayed transfers of care in England, are because of the parlous state of social services in many parts of England, which means that people who should be going straight from hospital to home are not, because there aren't the care packages in place to support them at home, so that causes major pressure on hospitals in England. We do have some pressures in Wales, but they are far less, and they are far less because we have seen that relative protection of social services in Wales.

[21] And the other pressure I would point out is: it's not universal, but certainly, in a number of authorities, there have been significant increases in the number of looked-after children, and that can be very expensive. You're talking about £300, £400, £500 per week per child, and for children with the most complex needs, it can be more significant than that. So, we are seeing numbers beginning to rise, and we're obviously working very hard to address

that.

[22] **Simon Thomas:** Sorry, did you want to come in, Jon?

[23] **Mr Rae:** Chair, just to put some numbers around this. As Councillor David has just said, our estimate of the pressures in social services are that they will be increasing by £90 million [correction: £92 million] in 2017–18, and similar figures for 2018–19, and 2019–20. The WLGA's estimate is not dissimilar to what the Health Foundation are saying in their report.

[24] **Simon Thomas:** Okay. Thank you for that. Just briefly, the other allocations that I mentioned, the car parking and school transport, not in detail, but what are the reporting mechanisms that you do, presumably as WLGA, in order to make sure that Welsh Government understands that it's being used for the purpose it's been allocated for?

[25] **Mr David:** Well, just on that, we don't know the details yet, and I've already written to the First Minister about the fund for town-centre car parking, because I'd quite like Bridgend to be part of that pilot. But, as soon as we know the details, we'll of course provide whatever reports are considered necessary.

[26] **Simon Thomas:** And does the WLGA have a role?

[27] **Mr Rae:** Well, we'll certainly point towards the correct data that should be monitored. I think the Minister spoke to the local government committee last week, and I think what he said was quite pertinent, that there is no need for additional reporting mechanisms here. All the information about how local government spends its resources is all collected centrally, and I think we can use existing mechanisms.

[28] **Simon Thomas:** Okay. If we just turn briefly now to capital funding, because, obviously, this is a one-year revenue budget, but it's a four-year capital budget, and you've got an outline of where capital may be going over that period. Is that something that's enabling local authorities now to make long-term decisions around capital, or is it still a confused picture about how you might be able to make investments?

[29] **Mr David:** We certainly welcome that medium-term financial planning. It's something we've asked for, for a long time. And we'd be keen to see that on the revenue side of it as well. That's as important. I think the difficulty

around capital is we've still got major areas of public services in Wales where we have a significant shortage of capital. So, for local government in Wales, that would be the school modernisation programme. I know that a number of authorities—. For example, Monmouthshire raised that with me only last week—the cabinet member for education. Some authorities are starting to struggle with the 50 per cent contribution rate.

[30] So, if you're building a new primary school for, say, £9 million, the local authority has got to find £4 million or £5 million. You can only dispose of assets once and I know most authorities—I'm sure Torfaen is in the same position—once you've done that, you can't do it a second time. I don't think there are many authorities in Wales with lots of valuable spare sites that they haven't disposed of already, though of course the school modernisation programme by its nature, where you tend to rationalise provision, will generate some sites, but it's very rare that those sites will equate to the 50 per cent contribution rate. I know that's something that we'll be raising with the education Minister.

[31] Obviously, we need to invest in the metro in south-east Wales. I know there are plans or talk of a metro in north Wales. That transport infrastructure is to be welcomed, that investment, but it will require some match funding from local authorities. We know there's a continuing challenge around general transport infrastructure around roads. There's a significant backlog of repairs and maintenance there. So, we'd welcome that dialogue around capital investment.

[32] **Simon Thomas:** Steffan Lewis.

[33] **Steffan Lewis:** You mentioned there the metro project, which is, I suppose, all part of the wider scheme of the capital region—the Cardiff capital region—in the south-east. In terms of budgetary preparedness, what difference, if any, is there in terms of how local authorities are working together on finances for the Cardiff capital area idea or project or whatever the status of that is? Or, is it something that is so early on in its life that it's not something that is a budgetary consideration at this stage, apart from specifics, like you say, in terms of the metro?

[34] **Mr Hunt:** Obviously, it's something for the future that we'll have to take account of. But, beyond the very modest initial set-up amount, it's not really something that we've taken into account in a budgetary sense and in a forward-planning sense. Obviously, it's different because a lot of the

regional development work that councils do is likely to come under the city deal and city region stuff. We've got to be careful not to duplicate or do things with our LDPs or whatever else that's going to be superfluous in future years.

[35] **Steffan Lewis:** If you've got any idea at the moment, when do you anticipate that there will be a far greater need for a formalised mechanism for joint budgetary preparedness when it comes to the Cardiff capital area, the region, the city deal, et cetera?

[36] **Mr David:** We've already got a shadow city region cabinet. That meets fortnightly to discuss progress on the city deal, because obviously the clock is ticking. I think that has made a lot of progress. Early on, we looked at financial modelling and what the leader said was that every authority is going to make a contribution but individual contributions will depend upon the project. So, that's the next stage. Once we know where those projects will be, then we can work out the allocations, because, as you can reasonably expect, if there are no projects—and I'm sure there will be projects—in Monmouthshire or that part of the world, I'm sure Monmouthshire will be saying, 'Well, perhaps we need to be investing less in the city deal'. Although we will all benefit, it will depend on those individual projects. But there is a commitment to that joint funding and working together.

[37] **Steffan Lewis:** So, just to clarify, then: you're looking at it case by case, project by project, as to which authority makes sense to contribute—

[38] **Mr David:** Yes, that's—

[39] **Steffan Lewis:** —rather than having a formal—. As you touched upon, the concept, potentially, will benefit—. So, even if there might be an investment in the Bridgend end of the city region, that will have an overall consequence for the region. So, instead of having a fiscal framework, dare I say, you are just going to be—case by case, what's reasonable to expect each local authority to contribute.

[40] **Mr David:** We will, in terms of the specific funding formula. We have all signed up to the city deal, so we will all be part of that. But, in terms of the actual amounts, in terms of pounds and pence, we haven't drilled down to that level of detail, because we don't know the total sum yet anyway, because we haven't reached that level of agreement with the UK Government. We are all completely signed up to the city deal. We understand that the benefits are

for the whole region and for the whole of Wales, but we haven't reached the stage where we are agreeing on the pennies and the pounds. You wouldn't have expected us to get to that stage, but we are working towards it.

[41] **Simon Thomas:** Just on this point, David Rees.

[42] **David Rees:** Just on this point, I appreciate you don't know the pennies and the pounds, but we are talking about this year's budget. Does this year's budget allocation, therefore—? Are you putting things into reserve in preparation for this? Are you budgeting for that reserve now?

[43] **Mr David:** So, in terms of Bridgend, for example, we had a report last week to council on our treasury management function and our capital programme, and the city deal is part of that. But we need to look at it in the round, with all of the other pressures that we face. So, we have got a school modernisation programme, and we need to look at that, and we have got—

[44] **David Rees:** So, it's part of your thinking, but there is no allocation as such.

[45] **Mr David:** Well, there's enough there to meet the needs of the city deal in Bridgend, but we haven't yet determined the exact sums. But there's that commitment there from each and every authority.

[46] **Simon Thomas:** Obviously, the questioning is because this will be an ongoing commitment over the next period.

[47] **Mr David:** It will be ongoing, yes.

[48] **Simon Thomas:** I know it is this year's budget, but we have got to look at what pressures will be building up in the system.

[49] **Mr David:** What I would say is that, because it's over a long period—the city deal is a long-term project—it is manageable in that sense. So, it is not that local authorities have got to find all the money upfront. It is actually spread over a long period. So, that makes it far more manageable.

[50] **Simon Thomas:** You have definitely opened up a new line of questioning here.

[51] **Mr David:** I have, yes.

[52] **Simon Thomas:** Nick Ramsay.

[53] **Nick Ramsay:** I'll be brief. You have mentioned Monmouthshire several times, and my ears pricked up, obviously. [*Laughter.*] Did you say, in terms of the city deal funding, that the arrangements are flexible enough that local authorities, if they feel that their budgets are being squeezed, can reduce the amount that is going in over a given budgetary period?

[54] **Mr David:** Sorry, no. I should have been clearer. We have looked at modelling around individual allocations, and those individual allocations the authorities will contribute haven't yet been finalised. That is to come, and it will depend on the shape of that city deal.

[55] **Nick Ramsay:** I see. So, it is still a work in progress in terms of how much each authority is going to put into that overall.

[56] **Mr David:** Yes.

[57] **Nick Ramsay:** Is that going to be affected—sorry, Chair—by Brexit, in terms of European funding?

[58] **Mr David:** Well, in terms of the city deal, the big contributions there are from Welsh Government and UK Government, and then local authorities and Europe. But we have sought that commitment from the UK Government that the city deal is not threatened by that, and we have had that assurance. We expect that assurance to be honoured because, obviously, the ongoing development of the city deal and the metro and the other projects is critical, really, to the future of the region.

09:45

[59] **Simon Thomas:** I sense the committee may be interested in the financing of the city deal further down the line, but it's possibly a little too early to get all the details now. I understand that. Mike Hedges.

[60] **Mike Hedges:** The WLGA estimate that 15,000 posts within local government have been lost since 2009–10, which is very similar to the number that Unison are estimating. How many of those jobs have been lost completely, and how many are based upon transfers out of local authority to other organisations—a form of outsourcing?

[61] **Mr Rae:** That's a very good question. I'm not sure we know the exact split between those posts that have been lost and those posts that have been essentially transferred to other organisations. I think the Unison figure was, maybe, slightly higher than the WLGA figure. I suspect our figure needs to be updated, and we'll check up on that.

[62] **Mike Hedges:** But the figures are fairly similar. They're within a couple of thousand, aren't they? Anyway, the next question I was going to ask—but I think you've answered it—was about the pressures local government are under. Can I ask you why you don't make more of these pressures? I'm sure you don't read the things that I write, but if you had, you would have read three or four years ago that I said that social care was under far greater pressure than health. The other thing I would say is that it's about lifestyle, isn't it? What we seem to have is a hospital service in Britain where they make people better when they get into hospital without any thought to try and stop them getting there in the first place. What's your view on the pressures that could end with the reduction of some of those preventative activities that local government carries out?

[63] **Mr Hunt:** I certainly agree with the sentiments that you make. The more that we can do on early intervention and prevention work within the social care sphere, the less demand is created for the health service, and that's especially key at the moment because—this is certainly true locally in Torfaen—our population is ageing. There's more sharp inequality there, and there's more demand that comes as a result of that. The improved settlement and the recognition, I think, of the role that social care then plays in stemming demand and avoiding demand in the health service is welcome, but it's also our job to look at our budgets and try and prioritise prevention spend, early intervention spend and not just continually firefight. But maybe the space given by the slightly less bad settlement this year is some space that we should use to do just that and invest in prevention and early intervention services that otherwise would have been under threat. Because, I think cutting back on those services tends to be a short-term gain but a long-term loss.

[64] **Mike Hedges:** The last question I've got—I'll preface it with a statement. We've talked about very small changes in absolute amounts—increases or decreases—in the revenue support grant and how that will affect council tax. I assume that you assume that there will be a cap at 5 per cent, and I assume that you will set council tax somewhere between nought and

that upper limit. I don't expect you to answer that question, but I assume you will. What role do you see also for increasing charges for a whole of activities where you have discretionary charges?

[65] **Mr Hunt:** Obviously, charges are something that authorities can look at as part of the balance. Every pound less we take in council tax by limiting the rise is a pound less to spend on local services. It's that balancing act that we have to strike. My concern about the sort of fees and charges stuff is that it is unequal across the country. Councils in more affluent areas or perhaps more urban areas have more of a chance to make money through fees and charges than perhaps councils in more deprived or more rural areas, and that does have an inequality impact there in their ability to do things like provide services and keep council tax down.

[66] **Mike Hedges:** I'd be failing my duty if I didn't mention that councils like Cardiff and Swansea provide regional facilities as well. They pay with their council tax for facilities that are made available for the whole sub-region. I won't start naming them, but theatres and museums, et cetera, which fulfil a regional role. So, it's not quite as simple as perhaps Councillor Hunt was indicating.

[67] **Mr Rae:** Chair, just to bring those two points of Mike Hedges's together about council tax and pressures, the pressure on local government in 2017-18 is about £192 million. The council tax and increase in charging will not bridge that gap. That is a sum of money that local government is going to have to absorb in 2017-18. For every 1 per cent increase in council tax, it will raise about £14 million-worth of income that you have to net off the additional cost of the council tax reduction scheme, so, actually, the net effect of that is usually around about £12 million. There's a report coming out, I think, soon, which the Wales Audit Office is doing on charging. I think that will be a useful contribution to the debate about where—. Because not all charges are discretionary, some of them are controlled by the Welsh Government and by the UK Government. So, it will be useful to see what that charging landscape looks like. I think it'll be the first time we'll have seen a report like that.

[68] **Mr Hunt:** Just to come back in, Chair, with a local example there. Every percentage rise in council tax in Torfaen, for example, nets about £240,000. Our council tax raises about 12 per cent or 13 per cent of our gross budget. So, I don't need to explain gearing to you, but council tax really is an inefficient way of trying to bridge that gap, because if you were to try and

bridge it entirely with council tax, the rises would be huge and no-one would want to do that. But I think maybe the public understanding of that—. It's not an easy thing for people on the street to understand.

[69] **Simon Thomas:** Just on the earlier general point, we've just had the public health Bill introduced this week. Obviously, that's intended to come in in this financial year, and that's about doing some of the things that you've talked about—it's acknowledging the health impact on some of the things that happen in our communities and preparing for those, and perhaps either mitigating or possibly even stopping them happening in order to save in the long term. Have you been able to assess whether local authorities are sufficiently resourced to deal with the public health implications of that? It's not just health bodies, it's local authorities as well that would be leading on this.

[70] **Mr David:** No. I think it's fair to say that, at this stage, we haven't been able to assess the full impact. Can I just return to the point that was made by Mr Hedges around making representations? As the WLGA spokesperson for health and social services, you can imagine that I spend a lot of time talking to the different Ministers and Cabinet Secretaries making exactly the points that you've made so well, Mr Hedges.

[71] **Simon Thomas:** Okay, thanks. David Rees.

[72] **David Rees:** Just on that particular point, you say you haven't done any impact assessments yet for the public health Bill, but, effectively, it's the same public health Bill that was produced over 12 months ago. Didn't you do an impact assessment then?

[73] **Mr Rae:** We don't carry out a regulatory impact assessment. The Government carries out a regulatory impact assessment.

[74] **David Rees:** Yes. But you will have added a view, and you'd have had a view upon that assessment and given consideration to the implications of that assessment.

[75] **Mr Rae:** Yes, certainly. I'd have to check what that was; I just don't have the information for you just now. In fact, I think we just saw the regulatory impact assessment this morning—we had an e-mail through.

[76] **Simon Thomas:** Yes. Obviously, the Bill was introduced on Monday and

there might have been changes to that impact assessment, but I think the interest for us is whether there's sufficient provision in the budget this year, because the Bill is likely to come in in this financial year. So, if you're able to possibly respond with a quick note on that, that would be useful.

[77] **Mr Rae:** Yes.

[78] **Simon Thomas:** You might not have it to hand, I understand that, of course.

[79] **Mr Rae:** No. What we've said in our evidence around regulatory impact assessments in the past is that they've been inadequate, and also what we've lobbied for in the past is that there should be the equivalent to what the Department for Communities and Local Government has in England. They have a new burdens doctrine, where there's a protocol where new responsibilities—and it's not just legislation; it could be through guidance or secondary legislation—should be fully funded if they've come from the centre. So, from Welsh Government.

[80] **Simon Thomas:** It's certainly something to keep an eye on, and the committee's aware, indeed. Nick Ramsay.

[81] **Nick Ramsay:** Thanks. A couple of questions on financial resilience. The WAO financial resilience report of 2015–16 found that local authorities were able to increase useable reserves in that time. What strategies do local authorities have for these reserves and why have they increased?

[82] **Mr Hunt:** As an authority in Torfaen, our reserves are pretty modest and are decreasing, and we always try to look at them as a strategy to try and manage change. Obviously, the reduction in posts that was talked about earlier, that has a cost implication in terms of redundancy costs. And, you know, any other type of service transformation often has a one-off service cost to it. So, we try and use our reserves very strategically like that. You know, I think our reserves amount to about eight running days for the council, of running local services. So, often, reserves are mentioned in a context of big figures, but when you talk about a net budget of £170 million for a small council like ours, they'll actually very modest. I always caution that they shouldn't be seen as a sort of silver bullet to bridge any gap because they won't last five minutes if you use them like that. But you're quite right—the implication of your question, sorry, is quite right, that we should be looking to use those strategically to get us through difficult times.

[83] **Nick Ramsay:** Do you aim to keep them at a certain level, or are you happy for those reserves to vary depending on your demands on the budget?

[84] **Mr Hunt:** My section 151 officer would say that's a judgment depending on risk and on different things. We almost monitor them very closely in all our budget reports and they're always on the face of the budget reports that we put in to cabinet—for example, yesterday. I don't have a specific level in mind particularly, just that the professional officers will give a view as to what is an acceptable level. And I will push as a politician to make sure those reserves are used to spend on improving services and managing change, whether it's positive change or whether it's the unavoidable impact or things like redundancies that we've had to make.

[85] **Nick Ramsay:** Great. How are local authorities planning against a one-year budget? What do you see as the benefits of multi-year budgeting by the Welsh Government?

[86] **Mr Hunt:** I mean, obviously, multi-year budgets is something we've advocated for a number of years, because all the planning we do now we've been encouraged to do on a multi-year basis. We've planned, for example, over the next three years, but we don't know what the figures are going to be. The more solid indications we can have, the more we can plan. You can plan prudently, but also I think there's an aspect of the dangers of planning too pessimistically if you're not careful. You end up closing services that you could otherwise keep open. If you just had the certainty of figures, you could maybe use that to keep things going because you know the length and the depth of the tunnel. That's a bit of a stretched analogy, but if you know how much you're going to have to save more solidly over a number of years, you can plan and you do things that aren't quite so knee-jerk, and you can take risks in the savings you make, for example, to try and keep services going. So, the more information we can have across a number of years, the better.

[87] **Mr Rae:** Thank you. I agree with what Councillor Hunt has just said there. Since 2003–04, councils have been planning over the medium term. They had to start doing that with the introduction of the prudential code back in 2003. There was a system of multi-year settlements in place in 2007, which were gradually abandoned, I think it's fair to say, as planning for the health service became more and more difficult. That said, I think the Cabinet Secretary in his paper to the local government committee has said that he's going to look at planning assumptions for subsequent years. I know that this

is a very difficult year for the Welsh Government with Brexit and the autumn statement coming as it does. I think we appreciate why it's a one-year settlement, but I think there are encouraging noises from the Welsh Government about its future plans.

[88] **Nick Ramsay:** Do you get the feeling that you're often being asked to plan for multi-years in the future, and yet Government isn't always quite so willing to give you that sort of certainty?

[89] **Mr Hunt:** It's more than a feeling.

[90] **Nick Ramsay:** Sorry, that's not really a question; that's a statement, isn't it?

[91] Okay, turning to the revenue support grant for 2017-18, that includes £3.1 million that was previously grant specific. Does the WLGA consider it preferable in future that more grants could be brought into the RSG?

10:00

[92] **Mr Hunt:** Certainly, yes. The more, in our opinion, we can move to a system where you expect—. The Welsh Government are quite right to expect certain outcomes, but the more freedom within the grant that there is to spend that money, providing those outcomes are reached, the better, really. You spend less time ticking boxes and going through bureaucracy to fulfil, very often, the process-driven requirements of grants, and you can then spend more time and money on delivering outcomes. So, certainly, I think, all my colleagues in the WLGA would advocate as much as possible being brought into the general grant.

[93] **Nick Ramsay:** That flexibility would help you in terms of three-year budgeting, or clearly giving you that flexibility.

[94] **Mr Rae:** Very much so. In Scotland, they have abandoned specific grants; they hardly exist. There may be a couple—one for the Gaelic language, et cetera. Tony Travers's independent commission, which reported back in March—the data is a bit out of date—identified about 36 grants that were less than £5 million that came to local government. Again, we are seeing this year that, I think, there is some consolidation of grants. I think that is clear from the information that the Welsh Government has published. There are some grants that, as you rightly say, Nick, are rolling into the

settlement, and the WLGA really welcomes that. We would like to see as many grants as possible incorporated into core funding for the reasons that you just set out.

[95] **Mr Hunt:** Very quickly, Chair, more than just the maths of it, I think it signals the bringing of grants into the—. It signals a more grown-up relationship between central and local government. That's something we would welcome. As I said, the Assembly is right, and the Welsh Government is right, to expect certain outcomes from the investments that you make. But the more freedom and the more grown-up relationship we could develop to deliver those outcomes, the better.

[96] **Nick Ramsay:** Okay. Turning to prevention and preventative services, often on the lips of Ministers and Cabinet Secretaries here, is your assessment that the draft budget provides local government with the resources required to increase improved preventative services, and what steps need to be taken by local government and the Welsh Government to ensure the success of these preventative services?

[97] **Mr Hunt:** It's a similar response to before. We feel the settlement is reasonable in those terms but is never going to be massively sufficient. We are working on a piece of work across the organisation, as a council, to see how we can more strategically link together our preventative and early intervention services. Obviously, this settlement, as opposed to -3 per cent or -4 per cent cash as it has been in previous years, is going to give us more ability to do that—to invest in those early intervention and prevention services. But neither are we rolling in cash to do that either, as I am sure you are aware. The returns on such investment really are unanswerable. In previous areas of social care—children's services, for example—the money that we have invested in early intervention and prevention services has paid for itself several times over. Obviously, if you're planning for -0.5 per cent, as we are as a council, as opposed to -2.5 per cent, like we were maybe having to predict before, that gives us more potential resource to invest in those kinds of programmes.

[98] **Nick Ramsay:** There has been an ongoing discussion here over this Assembly and the last Assembly over exactly what preventative services are. There are some readings of it where you can actually include nearly everything in the preventative area. So, it's an interesting area.

[99] **Mr Rae:** Well, I think some of the subsequent evidence—you will see

the paper from Marcus Longley later today—helps define preventative services. You can go too broad, but I think we should be broad enough to recognise that we actually work—. You know, we are not just talking about local government here; we are talking about the NHS as well. In our evidence, in figure 5 on page 11, we were looking at some of the NHS spend. Now, I don't pretend to understand what all those NHS programmes are, but what struck me was that, even within NHS budgets, you are seeing some of the preventative-type areas taking quite a big hit there, as have local government services since 2009–10. So, I think we need to look across the piece and not just in our—we certainly don't do that in our local government silo anyway.

[100] **Mr David:** I think you are right, it is a good point. I can't think of many services that the local authority provides that don't have that preventative value. Housing is critical, isn't it, to someone's well-being and health—that they've got a roof over their head, they've got security in that and they're in good-quality housing? That's a local authority function. Even where we've had stock transferred, it's still our responsibility around that strategic housing function. Related to that is environmental health, where we're monitoring the quality of particularly the private sector. Another big area of spend for us is sport, physical activity, leisure services, libraries and culture. All of those services, you could argue, are critical to well-being, particularly around elderly people who suffer from loneliness and isolation. There is increasing evidence that that keeps people physically well and physically healthy and keeps them out of the NHS. Once you start looking at those broad range of services, outside education and social services, you're probably talking about the lion's share of—

[101] **Nick Ramsay:** In the case of local government, actually, it's very hard to identify what isn't preventative, isn't it?

[102] **Mr David:** Yes.

[103] **Mr Hunt:** Chair, to address that, we already try and focus that question on building resilience for individuals, families and communities. Unfortunately, a lot of the stuff that we're having to build prevention and early intervention on is stuff that's done on a UK basis—changes to benefit reforms and things like that, which are having a big and disproportionate impact on some of the most deprived communities and some of the families that present the biggest demand for us as local authorities. But, certainly, if we try and focus that prevention and early intervention on trying to build that

resilience within both communities and families, I think that's a key thing to stop demand continuing to spiral out of control.

[104] **Simon Thomas:** David Rees.

[105] **David Rees:** Thank you, Chair. Just to go back to the grants and the inclusion of grants into the RSG, I appreciate the comment that it's more of a grown-up relationship that exists between the Government and local government, but grants were always allocated for a purpose and therefore you had scheduled outcomes. Do you have evidence that those outcomes are still being delivered because the money is now included in the grants? Are the programmes still operational? I think what I want to know is: it was there for a purpose, is that purpose still being delivered?

[106] **Mr David:** I haven't seen any significant evidence to the contrary. So, for example—I hope this is a good example—the school breakfast club, we used to have a grant for that. Certainly in my neck of the woods, the school breakfast clubs are all still there. What we don't have now is a person in the local authority having to fill in lots of forms saying, 'These are the number of children having free school breakfasts', and then someone in Welsh Government having to check those forms and say, 'What about this information? What about that information?'

[107] **David Rees:** So, what you're saying is it's more streamlined, it's more efficient—

[108] **Mr David:** It is, for both organisations. I think there's more scope for that. Don't underestimate that in terms of having to employ monitoring and finance officers. Where we can, as Councillor Hunt has said, say, 'Look, are we delivering on the outcomes?', and if we are delivering on the outcomes, we shouldn't be looking at page 57 and picking local authorities up on the exact detail. That's where that grown-up, more trusting relationship I think would be helpful. We recognise as local authorities we've got that job to do in terms of delivering on those outcomes then.

[109] **Mr Hunt:** That's the important distinction for me. We're not saying, 'Give us the money then butt out.' We're saying, 'Give us the money and then monitor the outcomes that come from it, rather than necessarily monitoring every step of the process along the way.' I think that's a reasonable way to approach it.

[110] **Simon Thomas:** Just before we move on, can I just clarify on the reserves, because, Councillor Hunt, I think you've talked about a grown-up relationship with Welsh Government? I remember the previous local government Minister was very keen about the size of your reserves and that you should be spending it or using it wisely, or whatever he said. He was very keen to tell the Assembly how much reserves you all had and how that made you resilient. But I sense that there's been a change in—. There's been a change of Minister, obviously, but there's also been a change in emphasis, and you're now talking about using reserves in a more strategic way. So, I'm just trying to get an idea of whether there's still any pressure from Welsh Government on you to use reserves, or whether the pressure's come off, and you now have more freedom to design your reserves in a way that you feel is appropriate as authorities.

[111] **Mr Hunt:** Again, it's reasonable of a Minister to ask questions of local government about what they're doing to use their reserves strategically, and what we encourage people to get away from is the sort of—. It's very easy to flash up figures that look big on a press release, or the front page of a local paper, without any understanding of the context. God forbid we'd have to use any of our reserves to deal with some cataclysmic event that threatened local services, but, at the end of the day, we're not running, you know, incidental services here, we're running services that people rely on for their health, their well-being and their very survival. So, statutory services like that require some form of reserve. And, as I say, it's not unreasonable for the Minister to say, 'What are you doing to use those strategically?', given that it is a rainy day at the moment, or a rainy decade. Sorry, I'm very pessimistic this morning about everything. [*Laughter.*]

[112] But, you know, I've welcomed the move away, perhaps, from sensationalising the issue, because what we want to do really—. It benefits no-one, people out on the street, to think that it's a silver bullet to cure all the ills of the world, and we're only complaining about the lack of funding for local services because we like a good moan. We're not—I wish. If my reserves would solve the problem, and stop me having to make savings in the budgets of vital local services, I'd skip home this morning. I don't like making difficult and unpopular decisions. I'm not a sadist in that respect. So, the more you can get away from the sensationalist aspect of talking about reserves into, again, a grown-up conversation about how you're going to use them to build resilience, to manage change, to manage our way through the difficult times, the better.

[113] **Mr David:** And I think it's important to point out that we can't just put money in a pot and call it earmarked reserves without identifying what that is earmarked for. We are internally audited, we are externally audited, and there is not a view from those professional auditors that we're stashing cash away for—well, I don't know what for, really—some unidentified rainy day. There are general reserves, and there are earmarked reserves, and, certainly, in Bridgend's case, we've been told that, if anything, the general reserves are slightly below. There's not a hard and fast rule. There's not the Wales Audit Office saying, 'You should keep these level of reserves.' Maybe that would be easier and then we could stop talking about reserves and say, 'Right, that's the level of general reserves we need, that's the figure we'll keep it at', and then look at your earmarked reserves, and then identify whether they're robustly set. I'm not aware that there are authorities with millions and millions put away for, I don't know, the party reserve or whatever—the Christmas party reserve. They're set aside for things like—I talked earlier about the capital programme, so in terms of twenty-first century schools, in terms of cash flow, you know that's coming next year, perhaps you'll have some delays on the project and you'll need to put that aside as a reserve. And you need to have good, strong general balances as well.

[114] So, probably, again in relation to catastrophes, I suppose, thankfully, no-one was hurt in a fire in one of our primary schools in 2012. Well, we didn't, you know—. Of course, we went to insurance, but we didn't have to come to Welsh Government and say, 'We have got to get 10 portakabins now and we need to place them on the school.' That's what you've got general reserves for. We don't have to do that, do we, unlike other public sector organisations? We balance our books every year. It's a balanced budget and we manage it prudently and carefully.

[115] **Simon Thomas:** Okay. We need to make progress. That's fine. Thank you. Steffan Lewis.

[116] **Steffan Lewis:** Thanks, Chair. Going back to the theme of jumping through hoops and box-ticking exercises, how are you financially preparing for the demands of the Well-being of Future Generations (Wales) Act 2015?

10:15

[117] **Mr Hunt:** In all the reports we bring now to council and cabinet, we include a consideration of the well-being of future generations Act within them. The planning that we do is based on working according to the rules—

the principles, I should say, of that piece of legislation. I don't think we've done any particular audit of costs specifically, because they are largely aims and values that we'd want to adhere to within anything we did anyway.

[118] **Steffan Lewis:** Just on that point, you were already, presumably, considering environmental impacts and so on, so, going back to the theme you touched upon earlier, wouldn't you have been better off just being measured on your outcomes in that respect, rather than having—? This is additional box-ticking; I assume in planning meetings now you have to go through the sheets for complying with this legislation, but, presumably, you were sort of doing it before anyway. Is that a fair generalisation?

[119] **Mr David:** I think you're fair to point out and right to point out that that is the thrust, and has been for a very long time, around policy making in Wales in terms of thinking about the future. So, I'd go back to those, perhaps because we talked about them, school modernisation projects. They've all got to be BREEAM 'outstanding' rated, so they use very little heat, light and power because of the way they're designed. They've all got to be designed so that everyone can use them, regardless of their disabilities et cetera. So, those types of thoughts and approaches are in place across the public sector, but we need to strengthen that, and we need a stronger focus, because I suppose the difficulty is when you are facing the immediate short-term pressures we've got, the risk can be sometimes that you deal with the immediate short-term pressures, and you've got to sometimes trade that off. But you're right in terms of that, that that focus has been there anyway, but it's sharpening that focus, I would say.

[120] **Steffan Lewis:** And on balance, do you think financially that local authorities are well enough resourced to be able to adhere to the provisions and the aims of that particular piece of legislation?

[121] **Mr David:** Well, in the sense of—. I would argue that in terms of the future well-being Act, we go back to the preventative services. I would say that that's a very good example of how we'll achieve the future well-being Act, because that's how we'll improve the well-being of this generation and future generations. And that's something that we need to continue to see investment in—those preventative services.

[122] **Mr Rae:** We're certainly not picking up any kind of negativity from local authorities about the additional burden that the well-being of future generations Act is placing on them. In fact, the information that we get back

is generally reflective of what Councillor Hunt just said there—you know, it is being used. You're probably right in as much as it's really just formalising what a lot of local authorities were doing already, but we're certainly not getting anything negative back into the WLGA about it.

[123] **Steffan Lewis:** Thank you. And on other pieces of legislation you have to comply with, obviously there are the Welsh language Act requirements and new standards will be coming on the horizon. Does that have financial or fiscal implications for you that have been factored into this year's budget?

[124] **Mr David:** I think it's fair to say that particularly in areas where there's a smaller proportion of Welsh language speakers and where it is not the norm for the Welsh language to be used in public services, and where we don't have a very high percentage of staff who speak Welsh fluently, there are additional pressures undoubtedly, because there are now higher expectations from the public about how they can access services in Welsh and that they should be able to access those services in Welsh immediately, and it's not always the case, probably, in the south and the east. I know there are some areas, like, for example, Gwynedd and Ceredigion and Anglesey, where probably the majority of staff speak Welsh and it's less of an issue, but I would say the further east you go—. Certainly in our authority, we are struggling with some of the standards. We work very hard, but there are undoubtedly additional costs, because we don't, for example, have fluent Welsh speakers in all our departments, and we haven't historically had, for example, translation ordinarily in meetings. That translation is not cheap. We don't have in-house translators, so there is a cost there that wasn't there before.

[125] **Steffan Lewis:** Is that having an implication in terms of you budgeting so that you're maybe thinking more creatively? So, for example, in some of the areas you mentioned in the east, there are growing numbers in some areas of Welsh speakers and they are, rightly, expecting that, when they want to contact public bodies that they contribute to financially, they can get a service in their language. So, are you looking, for example, to work to identify staff members who might want to learn Welsh who are in-house already, and even recruiting from Welsh-medium schools and all the rest of it in your area? Is that fair, that you're thinking well ahead now? You've been caught short, maybe, a little here but, for the future, there are ways of working creatively within the community.

[126] **Mr David:** Absolutely. So, certainly in Bridgend, historically, we've tried

for a number of years—before the Welsh language standards, we've always tried to ensure that, at least at the front desk, that it's bilingual, and we try and focus all of our contacts from the public to our front desk and deal with it there, in terms of our, what we call a 'customer care centre'. And we've just struggled; we haven't been able to recruit. We've almost got an ongoing recruitment programme. We've struggled to recruit fluent Welsh speakers, so we have offered, and we continue to offer, Welsh language courses, but obviously it's not easy to bring people up to a level of fluency and there has to be a willingness there from staff as well to take that on board. Yes, recently, we were looking at making contacts with the local Welsh-medium secondary school in Bridgend to try and encourage more people to come and work for the local authority. I don't know whether Councillor Hunt wanted to add to that.

[127] **Mr Hunt:** Yes. Obviously, they are part of the acting standards that we're keen to implement, and we'll do so gladly, and I hope all councils would want to be a part of promoting and supporting the Welsh language. There are, however—as Councillor David mentioned—personnel issues, really. At a time when you're not taking on staff, you're losing staff, and you don't have that indigenous sort of Welsh—you don't have people with Welsh language skills who are confident enough to use them. We've been trying to offer and up-train staff who speak a little Welsh so they're more confident to use it. We're trying, when we do appoint to posts, which unfortunately isn't as much as we used to because of the numbers, but we'll try to encourage people who can speak Welsh to apply, by including that in the criteria. But it is undeniably difficult for councils, especially as Huw said, in the south and east of Wales, where there's not so much of a pool of Welsh language speakers, to do that at a time of decreasing resources.

[128] **Simon Thomas:** We need to progress, I'm sorry, so I'll turn to David Rees. Diolch.

[129] **David Rees:** Thanks, Chair. Just a quick follow on, because I've got a couple of questions. We've already talked about the implications of legislation on local authorities and the implications on your budgets, so I don't want to rehearse that again, but there is one that your paper highlighted about the Social Services and Well-being (Wales) Act 2014 and the implications of that, because that's now in force and, obviously, the cost implications originally of that Act were neutral, but your paper clearly identifies that they aren't. It's part of the preventative agenda. So, do you see your budget being able to deliver or help you deliver on that, or is that Act,

or are the implications of that Act, going to have an impact upon your budget allocations?

[130] **Mr David:** I think, certainly in the short term, there are financial implications of the Act. If we can achieve the aspirations of the Act in the long term, potentially it could be cost neutral. But I go back to the point earlier about the ageing population of Wales. I think we're going to see over the next 10 to 15 years the number of over-85s in Wales double, and half of over-85s in Wales receive a service from social services. Even if we do help keep those people in the community—and I think we're doing a lot of that across Wales, very effectively—at some point they will require a service off the local authority. Now, that's just a physiological fact, really, that they will require a level of care package—

[131] **David Rees:** Is this budget actually allowing you to prepare for that? Because it's not just a standstill position—you have to now prepare for those demographic changes.

[132] **Mr David:** I think it's helped, but I think that the pressures are greater than the resources that are available, so we do need more resources. You could say, 'Well, he would say that, wouldn't he?' but ask the Health Foundation, and, as Mr Hedges predicted and projected a number of years ago, that is the consensus. There have been a number of reports from a number of organisations that have identified the cost pressures as being very significant, and at the moment we're not getting the additional resources, though we are very grateful for what we've had this year, and we know how difficult it is for Welsh Government. I think, if we're honest, it's not as much as we're going to need in the future, and I hope that Welsh Government will take that on board, because I think it can make the NHS in Wales sustainable too, if those services are developed. So, this year, for example, we kept in Bridgend 450 people out of hospital that would have gone into hospital. I think we avoided over 1,000 ambulance calls, because we developed a rapid response service for elderly people who were falling in the middle of the night. They didn't need to be rushed into accident and emergency and wait eight or nine hours and get very upset.

[133] **David Rees:** Can I ask a question? I appreciate that that's Bridgend. Are you seeing the same pattern across Wales?

[134] **Mr David:** Yes. So, the intermediate care fund has assisted in that type of work. The intermediate care fund is being carefully monitored by the

Minister, by officials, by regional partnership boards, and, yes, we're seeing that impact. I go back to that point about bedblocking. So, the bedblocking in England is rising by the day. In Wales, it's tiny in comparison to England. Though one person spending too long in a hospital bed waiting for a care package at home is one person too many, it is still small compared to the problems in England. So, there's clear evidence there of that relative protection for social services.

[135] **David Rees:** I appreciate that, but my constituents don't live in England.

[136] **Mr David:** No, but you were asking about—. No, I appreciate that, but if they were they would be having a worse time of it in that respect.

[137] **Mr Hunt:** And that brings us on to the answer to a lot of the questions about 'are things sufficient?' I think there are two stages to that, really. We recognise the efforts of people in this place to try and safeguard local services, but throughout the UK—and I'm not making this argument to you, because you'll probably agree with me—there's no way that austerity ends well for local services. We can do what we can both at a Welsh Government level and at a local council level to try and make the best of it, but, as long as the UK Government continues to try and take money out of public services, and money out of the public sector, and, as long as demand continues to grow like it does, then there's no way, sooner or later, that that ends well.

[138] **David Rees:** Just a final question: the implications of Brexit. Obviously, we will be leaving the EU within the next 12 months, or that's what it looks like, but are you starting to look at the implications on your budgets of Brexit, and will it impact upon you next year in any way whatsoever, or are you projecting perhaps a couple of years down the line?

10:30

[139] **Mr Hunt:** We are actively looking into that. For example, yesterday I met with the head of service for communities, and we talked about all the employability work that we do to try and build people's skills and self-confidence towards employability. Every single scrap of that is funded by ESF money and, sooner or later, councils are going to be faced with a situation of, 'Do we plug that gap if money's unforthcoming from the UK Government or do we end those schemes?' That really is an unpalatable decision either way, because, if we plug that money, then it has to come from somewhere. If

we don't, then those employability schemes, to give one example, don't go ahead and you're faced with a spiral that creates more demand in acute services. So, yes, we're certainly looking at the implications of Brexit and we're doing all we can to see what options we have to try and mitigate that.

[140] **Simon Thomas:** Jon Rae.

[141] **Mr Rae:** All local authorities are currently assessing the impact of Brexit. Councillor Phil Bale, who's the leader at Cardiff, is our spokesperson on EU matters. He sits on the First Minister's EU advisory group, so, once we've collated all the information, we shall be feeding it to the First Minister's EU advisory group. But local government has a number of other ins on this as well. The LGA, our sister organisation in England, for example, has a place on the Department for Communities and Local Government group and I think we're in discussions with Wales Office at the minute. So, there are a number of ways that we're assessing the impact of Brexit, over and above what we saw from the Institute for Fiscal Studies—I can't remember whether it was yesterday or today, but it showed the deep financial impact of that.

[142] **Mr Hunt:** I think councillors would very much support the opinion of people in this place and the Welsh Government that the voice of Wales should be heard in the Brexit negotiations, because we have a very particular interest, given the amount of investment that's gone into our communities.

[143] **Simon Thomas:** Just finally, we'll turn to Mike Hedges, please.

[144] **Mike Hedges:** Can I talk to you about collaboration? Local government reorganisation appears off the agenda. Two questions—well, one question in two parts: do you know of any local authorities that are looking to voluntarily merge? The second question is: what more can be done in terms of collaboration? You talked earlier about the position regarding translation services. Surely that's an area where you could collaborate across a number of local authorities to have joint translation services. All teachers are paid exactly the same way in Wales on exactly the same pay scales. There's a whole range of these. You will tell me they're not very expensive, but, surely, any saving is good.

[145] **Mr Hunt:** Yes, I'd agree entirely we need to look for collaborations where they benefit our services in terms of resilience, in terms of value for money. I would make a plea for the jobs implications of that, especially in areas that rely on public sector jobs, to be considered. I certainly don't think

that reorganisation as a whole is off the agenda. I think that there's a different approach being taken to it, but I think it's beholden on us to work with the Welsh Government now to show how we can build that resilience and value for money in services by working together. We certainly do, and we'll continue to do across Gwent, for example, and look nationally at some services.

[146] **Mr Rae:** Sorry, Councillor David.

[147] **Mr David:** Actually, it's a very good example, translation, because Bridgend uses Cardiff city council, and we look at all sorts of collaborations. In Bridgend, we have a shared dog warden with the Vale of Glamorgan—just the one, because there's only one—because you need that capacity. But we've got a shared public protection service with Cardiff and Vale of Glamorgan that we've developed. Certainly, in terms of the city deal, that is going to result in more collaboration. I chaired the inaugural meeting of the regional transport authority for south-east Wales. We're going to have to look at housing and planning on a strategic level across the city region. That is inevitable, if we're going to make the city deal work. Bridgend and, I know, many authorities across Wales, like Torfaen, are wholeheartedly in support of collaboration. I think the message from the Cabinet Secretary is quite clear, and we will have to collaborate on more services. We're a willing partner in Bridgend, and we've recognised that is the only sensible way forward and we will build around those existing structures, like city deal and the education consortium. Already, in Bridgend, we are moving our HR function into RCT around schools, because we recognise that gives us more resilience. So, we're up for that, we need to do more of it, and we need to do more of it quickly.

[148] **Simon Thomas:** Jon Rae.

[149] **Mr Rae:** Just quickly, Chair, on voluntary merges, the WLGA supports voluntary merges. It's unlikely, however, that we'll see any firm proposals before the elections.

[150] **Simon Thomas:** And, therefore, you're not looking for a financial provision for that in this budget.

[151] **Mr Rae:** I believe there is, in preparation for transformation and voluntary merges, a line in the local government MEG.

[152] **Simon Thomas:** About £5 million, I think.

[153] **Mr Rae:** We might need a bit more.

[154] **Simon Thomas:** We shall see. Okay, with that we will have to—. Sorry, Councillor David.

[155] **Mr David:** Can I just say—because I think it's a very clear message from every member of the WLGA family—that we have found this budget process the best in a number of years? We wanted to place on record our thanks to the Cabinet Secretary for Finance and Local Government. That appreciation and thanks isn't just from Labour and Plaid Cymru, it's there from the Conservatives and the Independents. Each and every group of the WLGA spoke about that value that they place on the relationship that has been developed with Welsh Government, and Welsh Government's willingness—and that of Assembly Members—to listen to the concerns of local government, and take those concerns on board in the settlement this year.

[156] **Simon Thomas:** Thank you for that. Diolch yn fawr iawn i chi. Thank you for the evidence. You'll get a transcript, which you can check for veracity, but otherwise I'd like to thank you for your time this morning. Diolch.

10:37

**Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2017–18: Sesiwn
Dystiolaeth 5
Welsh Government Draft Budget 2017–18: Evidence Session 5**

[157] **Simon Thomas:** If the next set of witnesses would like to come forward. Diolch yn fawr.

[158] Croeso, felly, i'r tystion nesaf yn craffu ar y gyllideb ddrafft. Mae offer cyfieithu ar gael i bawb, ac mae'r cyfieithu ar sianel 1, os rwy'n cofio'n iawn. Ydy, sianel 1 os ydych chi'n dymuno defnyddio hwn. I ddechrau, os caf i jest ofyn i bobl ddatgan eu henwau a'u swyddogaethau, jest ar gyfer y

Welcome, therefore, to the next set of witnesses in scrutinising the draft budget. The headsets are available for interpretation, and interpretation is on channel 1, if I remember rightly. Yes, it's on channel 1 if you want to use that. To start off, could I just ask people to state their names and their roles, just for the record, please. If I

cofnod, os gwelwch yn dda. Os gaf i ddechrau gyda Ceri Phillips.

[159] **Yr Athro Phillips:** Fi yw Ceri Phillips, athro mewn economeg iechyd, Prifysgol Abertawe.

Professor Phillips: Ceri Phillips, professor of health economics, Swansea University.

[160] **Professor Longley:** Marcus Longley, professor of applied health policy at the University of South Wales.

[161] **Mr Robinson:** David Robinson. I chair the early action taskforce.

[162] **Ms Charlesworth:** Anita Charlesworth, director of research and economics at the Health Foundation.

[163] **Simon Thomas:** Diolch yn fawr iawn i chi, a chroeso. Os caf i—ac ymddiheuriadau ein bod ni'n rhedeg ychydig yn hwyr oherwydd problemau parcio, mae'n debyg, y bore yma—jest ddechrau drwy ofyn: a ydych chi'n teimlo bod y diffiniad o wariant ataliol yn glir iawn yn y gyllideb yma? Ac efallai drwy ofyn y cwestiwn y mae Mr Longley wedi'i ofyn i ni, a dweud y gwir. Yn ei dystiolaeth yntau roedd yn dweud bod y diffiniad o wariant ataliol—. Mewn ffordd, gallech chi ofyn y cwestiwn mewn ffordd wahanol: a ydy'r gyllideb yn cyfrannu at symud gofal a gwasanaethau i mewn i'r gymuned? Felly, cwestiwn i bawb, ond efallai bydd Mr Longley yn licio dechrau gyda hwn.

Simon Thomas: Thank you very much, and welcome. I apologise that we're running a bit late this morning, because of some parking issues this morning apparently. But if I could just start by asking: do you feel that the definition of preventative spend is clear in this budget? And maybe asking the question that Mr Longley has asked us. In his evidence he said that the definition of preventative spend—. In a way, you could ask the question a different way: does the budget contribute to moving care and services into the community? So, it's a question to everyone, but perhaps Mr Longley would like to start on that.

[164] **Professor Longley:** The straight answer to your question is, 'It isn't very clear, no, but could it be clearer?' I think that is a bit more problematic. I think there is a close relationship between our collective effort on prevention and where the money is spent across the piece. Very crudely: hospital versus community. It's more complicated than that, but I think that's one interesting

metric about how serious we are about shifting our collective effort towards prevention.

[165] I think the budget and the surrounding statements and so on are quite clear in their ambition. They're unequivocal, really, that we are going to make a shift from hospital activity to community activity. But two problems, I think, with that: one is that it's not defined—what exactly does that mean, because it's more problematic than it appears at first sight? And, secondly, how would you measure it? I think on both those counts, the budget doesn't really help. So, the ambition is resounding, but not terribly clear.

[166] **Simon Thomas:** So, what you're saying is the narrative around the budget sets out this political objective, if you like, but the budget, in terms of allocation, is not clear to see where that is following.

[167] **Professor Longley:** No, that's right. To some extent, you might say that's not the job of the budget, that's the job of policy elsewhere in Government, and that is, I think, a reasonable argument to some extent. But there are things that the budget could helpfully do in that direction. One is being clear about the balance of investment between primary and secondary and another issue is around the balance between health and other budget heads, particularly social services, but not exclusively. So, if the Government has an ambition to shift towards a more preventative set of services, then you would expect to see that mirrored and traced through, I think, in those areas.

[168] **Simon Thomas:** Anyone—? Yes, Anita Charlesworth.

[169] **Ms Charlesworth:** Could I come in and say that I think, in terms of making this a reality of shifting services, it's not just about budgetary transparency, but also the alignment of budgetary decisions, very importantly, with workforce decisions? And one of the budgetary decisions that will be very important is the extent to which some of this funding is earmarked for transformation and transformative change. Moving budgets, unless you can actually move the patient flow, just leads to deficits and capacity problems. In order to move the patient flow and ensure that a shift to a more community-focused and preventative service is delivered, we need to change a lot of ways of working in the system. That won't happen without a dedicated effort to be able to deliver that change programme. I think there's a lot of work that would suggest that, while most people in the NHS are highly supportive of that in principle, they're finding it very difficult to

engage with in reality. While pressures are so acute, finding the time and the space to dedicate to the sort of changes that are needed to be made to effect transformation is very difficult. So, one of the key questions for health and the NHS is: in the next year, can they carve out some of this funding to support, very specifically, transformative change?

[170] **Simon Thomas:** Ceri Phillips, diolch.

[171] **Professor Phillips:** I think also it's worth adding that the prevention and preventative agenda, perhaps, needs to span policy as a whole, in the sense that the budget reflects the current composition of the departments within Government. And probably it is true to say that perhaps more health can actually be created outside the NHS on the preventative agenda that local authorities can contribute to, that education provides at an early stage, the environment, and so on, and the health service actually picks up the pieces and picks up the problems that have been caused elsewhere.

[172] I suspect that the budget tends to be reflective of history and I agree with Anita that there needs to be more transformation built into the system, so that we can make these radical changes, and not simply maintain the status quo with a degree of incremental change at the margin. So, the preventative agenda is well recognised; we need to stop people getting ill in the first place, wherever possible. When decisions are made in terms of the healthcare pathway, we need to see if something can be done to avoid them moving further downstream into the hospital. Yes, we need to get them out of hospital, but there needs to be a concerted effort to make that happen. The policy agenda around dependency on the hospital has been with us for many, many, many years and we're still trying to address the issue.

10:45

[173] **Simon Thomas:** David Robinson.

[174] **Mr Robinson:** I agree with Marcus. I think the announcement is very clear across the piece, not just around healthcare, and I think the commitment to the future generations legislation is very explicit and much to be welcomed. The taskforce could say that preventative spend is very simple here: it's about addressing root causes and about establishing the conditions for people to thrive, and in so doing in reducing need. The reduction in costs flows from that. I think we can recognise it where we see it in the budget, but I don't think it is explicit. I would recommend thinking about the budget in

terms of how the National Audit Office looked, in its landscape review a couple of years ago, at some of the spending across Whitehall departments in a very simple way—they called it ‘classification’; we’d rather call it ‘a bucketing exercise’ because it was quite a crude exercise—but it built up a picture of where we’re spending at the moment. It might be helpful to think about this budget in similar ways.

[175] **Simon Thomas:** David, on this point?

[176] **David Rees:** Yes, on this point. The preventative agenda is one of the big issues. Professor Phillips, you’ve given me the impression that the budget is more focused upon the traditional delivery of services, and you can’t see the preventative focus within this budget, and yet you said there are some explicit possibilities, but it’s not explicit enough in one sense. So, can I have a view? Does this budget actually provide a means by which that preventative agenda can start being delivered? I think that’s the focus I want to ask.

[177] **Professor Phillips:** My view is that it perhaps does not go far enough in that regard. It pays lip service to the fact that the policy agenda seems to want to go further than perhaps the budgetary configuration would seem to allow. I’m not advocating that we don’t have additional expenditure on health, but it may well be that every other policy area has some consideration given to how, by developing policy and delivering policy, that can contribute to a health premium. Obviously, with your constituency, the issue of employment is a major thing. As soon as people lose their job, their health status diminishes and they become perhaps more dependent on the services that are provided. So, what we need to do to avoid that is to try and secure employment opportunities and current work issues.

[178] **David Rees:** I’ll come back to that in a second, but there’s obviously a different view there, possibly. Professor Longley, I’m working my way down.

[179] **Professor Longley:** I think that there are some difficulties around this because a lot of the preventative activity of the health service is, in a sense, hidden within what the health service does. So, in every interaction between a GP and a patient, hopefully there’s a preventative element, and that’s not going to be separated out as a budget line. So, that’s one feature of this that makes the discussion a little bit different. But I think the budget could do a few things that would be demonstrably about prevention. So, for example, there is this issue about how much the health service spends on early years, for example. Because, there’s quite good evidence that spending money in

particular ways in early years delivers a lot in terms of prevention. We've had discussion around the adverse childhood experiences and all of that sort of debate. It's very difficult, I think, to see in the budget how it's doing anything specifically about that. Now, that may be happening in terms of policy in the health department, but it isn't explicit in the budget. One other issue that the budget could address, I think, is this issue about the need for some sort of investment in innovation, in doing things differently, and all the issues about double-running and the need for pump-priming and so on. If we're going to make a step change, which would include something around prevention, the budget could be explicit about addressing some of those barriers to doing that. So, those would be a couple of concrete things, I guess, that the budget could do.

[180] **Mr Robinson:** I think the difficulty with your question, Mr Rees, is about answering it for the budget overall. I would again say that I think that there are individual lines here, which I think are terrific, and I haven't seen in other budgets elsewhere. So, I'm very enthusiastic about that. I think there is a fundamental issue, though, around four-year plans for capital investment and one-year revenue plans. I quote here about the necessity for four-year capital spends to provide certainty for longer term investments. If ever there was a need for certainty around longer term investments, it is around exactly what you've just talked about, Marcus, around investment in under-fives. But all the while we are doing that year on year, and creating that uncertainty, why aren't we treating our children in much the same way as we treat any other asset, which essentially is what they are, and thinking about the asset life cycle? I think the fundamental change in budgets in the future would be to shift to regarding preventative spend in much the same way as we regard capital spend; so, ring-fencing it in the same way and planning for it over the longer term—ideally, at least four or five years, not year on year. Until we reach that point, I think the budget process will always be fundamentally undermined.

[181] **Ms Charlesworth:** So, I think I want to highlight—beyond the fact that I think this is, obviously, overall for the NHS a comparatively good settlement and there is a real premium, I think, given how tough things are going to be for the foreseeable future, on really thinking about using some of this money for investment. In that investment, I do not mean investment in buildings particularly. I really mean investment in the process of change, to materially shift the centre of gravity of the service towards prevention. But I think there are two things that are opportunities and one that is a real risk.

[182] The first thing, picking up on the point about employment, is the opportunity at the apprentice level, with the extent to which the health service—a huge part of the Welsh economy and a huge part of the fabric of Wales—sees itself in its role as an employer, as providing opportunities, given what we know about social determinants of health, being a focal point for community cohesion et cetera, and stepping up and playing that role. Then the apprentice levy, I think, is an important opportunity to move some of that into action.

[183] Similarly, I think, one of the things that we now link to employment and unemployment, which is such a key issue in terms of the impact of people's life chances, is mental health, and being able to access mental health services, so that a period of mental health doesn't lead to loss of employment. I guess the budget brings the waiting time in line, but we're still talking about 26 weeks for access to mental health. If you are in work, that's a long time—leaving aside the human impact of having a severe period of depression for that long. If you're in work and you experience an episode of mental health, you need support early to be able to not lose your job.

[184] One of the big risks, though, obviously, is what happens with social care. In the last few years, for Wales the cuts to social care were less than in England. We have seen, actually, that per-person emergency admissions to hospital have fallen. Being able to make sure that we continue to support people in their homes, so that we can discharge people in a timely fashion and not have excessive admissions—. If you lose control of that dynamic, it can absorb huge sums of money that quickly dwarf anything you might eke out for prevention. So, I think that making sure that social care is really able to support people would be one of the vital things that, if it's not in place, could derail all the intentions.

[185] **David Rees:** I just want to clarify here: I think the apprenticeship levy goes to the Treasury and we don't know what is coming back to us.

[186] **Simon Thomas:** We don't know yet, no.

[187] **David Rees:** That's the problem.

[188] **Simon Thomas:** Can I just ask how you would assist the committee in what we are trying to do here? We are looking at the budget as a whole. We've got preventative spend as being a very strong narrative that this committee has taken a great interest in in the past as well. We get very good

examples from people like yourselves of preventative spend. Mental health is a good example there. The intermediate care fund is often raised as a good example of preventative spend, but relatively speaking, £16 million or something like that, in the big scheme of things—. When we look at the budget, of course, we don't see the allocation to primary, secondary, tertiary, specialists and whatever. That goes further down to the health boards, who really are making these individual decisions. So, where would you suggest that we as a committee look, to see that the Government is really playing honest with its own narrative? Is it just looking at a number of schemes, or do you think we can be a bit more upfront about saying, 'Well, actually, just for two years, just do primary—just get that right', because we know the evidence is there that primary health care is not really working in Wales? Where would you want us to go in that sense, Professor Longley?

[189] **Professor Longley:** There are several things I think you can do. One is an element of tracking where the expenditure goes. Now, that can be a sort of—. You know, we have programme budgets in Wales, so we have an idea of how much is spent on mental health, for example, which forms the basis of the ring-fencing agreement. So, you could, I think, explore more the preventative angle of all that. Now, that's not a panacea and, I think, if you go too far, then people start playing games and money is allocated according to however people think you want it to be rather than how it really is. But I think some sort of accountability around that—. I think the ring-fencing for mental health is an interesting example of the potential of that. I don't think it has probably led to more being spent on mental health, but it does give it a degree of focus and discussion and an element of accountability, which is probably beneficial for mental health, and you could, perhaps by extension, talk about what it does in terms of prevention.

[190] The other thing I would highlight is: what does the budget do to reduce what we know are the barriers towards doing more around prevention? Two of those, I guess, jump out. One is: the ambition here is very clear—health and social care are going to be one system. How does the budget take us towards that? It's not really terribly clear, I think, to the reader what it's doing around that. Secondly, there's an issue about removing some of the barriers. For example, there is a lot of discussion around the difficulty of making a shift from the services we currently provide towards a more preventative approach. The standard argument, and I'm sure you've heard it many times, is, 'We can't stop doing what we do now in order to be preventative. We have to do that and—.' So, how is the budget addressing that 'and' problem? We've got to do what we're doing now, but

we also want to make a step change. I don't think the budget really talks explicitly about that, but it is a very big issue out there, as it were.

[191] **Simon Thomas:** And that's the internal barriers that have been mentioned already in the organisations about getting people to, not accept the principle of preventative spend, but getting them to get over the barriers. Is that right?

[192] **Ms Charlesworth:** Yes, and, I think, if you think about what it takes to send someone home slightly earlier than you've previously done, with more of their follow-up care provided in the community, then the people overseeing that person's care need to be absolutely confident in what the range of services are that will be provided in the community and how they will work for the person. So, they need to understand what those services are and how they access them. They actually need to know the people who are providing the services, so that they do feel assured that if they send this patient home, that's fine.

[193] Equally, if you want people to be managed more in the community without being referred, things like being able to access direct telephone advice with a consultant for the GP, just to double-check that what your feeling is the right decision is the right decision and you've got the support there—that can be the tipping-point decision as to whether, 'Do I admit or do I continue as is?' Those sorts of changes, which are how you actually manifest this sort of shift, have to be designed by the clinical people in the system and then they need to put them in place and grow confident in using them.

[194] From the work we've done before, all previous similar system-wide changes tend to need dedicated ring-fenced investment in the process of change. The overwhelming majority of that investment is not in buildings—it is in allowing the people who are running the services and delivering the care to come together and work out what needs to be different and providing some training and development. I would think that if there was one thing maybe that could be done to really help support ensuring that this budget does achieve what it wants, being very clear about part of this budget being dedicated to that transformative change and having some accountability about that would potentially be a really positive and helpful thing to do.

[195] **Simon Thomas:** Ceri Phillips.

[196] **Professor Phillips:** I also think, just to reinforce that, that perhaps the way in which performance is measured within the health system is not conducive to prevention. The targets that health boards have to hit—the resources tend to be concentrated in those areas, rather than, perhaps, being rewarded for avoiding hospitalisation or getting people out of hospital appropriately, and it may be that some work needs to be done at a Government level, through this committee, to suggest that targets are realigned.

11:00

[197] **Simon Thomas:** So, preventative targets to recognise preventative spend, in a sense, as well.

[198] **Professor Phillips:** Exactly, yes.

[199] **Simon Thomas:** Just before I bring the committee in, David Robinson.

[200] **Mr Robinson:** An example that Anita cited, and also, many other examples across other areas of policy, also highlights this misalignment between the investor and who reaps the saving—the misalignment of incentives and cost in all this. I think the budget could help us here by breaking down the silos from the top down—you particularly see it on the ground, where those who are paying for a service are not those who will ultimately make the saving—and looking much more fundamentally at how we align costs and savings.

[201] Just one other thought on this: I think already, at this end of the table, we've been guilty of—. One of the examples we talked about was early years, which, of course, is a terrifically powerful example, but often on the ground, you see people thinking about early action as meaning early years. We need to encourage people to think about this throughout the life cycle. So, the budget specifically points to the rising costs of the older population, and you hear people over and over again say, 'Oh, we can't stop people getting old.' Well, of course you can't do that, but that's not what this is about. This is about how we spend our money in our 40s and 50s, how we spend our time, what we eat and how we exercise and all that kind of thing. So, I think really challenging people to think about preventative spend in areas where they've never thought about it before, and incentivising that, I would say, with early action investment pots, which enable you to do exactly what Marcus raised as the challenge, which is both spend on the acute service, spend on the

need now, whilst also investing in that preventative spend, which will mean, in 10 years' time, we won't have some of the same costs that we otherwise—

[202] **Simon Thomas:** So, diabetes might be a good example for the 40s and 50s.

[203] **Mr Robinson:** It's a perfect example, yes.

[204] **Simon Thomas:** Mike Hedges:

[205] **Mike Hedges:** Can I just add what I think is another good example of spending money, preventative spending, and that's Designed to Smile, which has stopped children visiting the dentist as often as they did? It doesn't cost very much. It doesn't save any money at all, because what it does is mean that more adults get access to an NHS dentist, but it's a good thing in itself. But the question I was going to ask you is: really, it comes down to lifestyle, doesn't it? What we have is a system by which we give more and more money to health—and for health, see hospitals—to deal with people who become ill, sometimes through faults of their own. And getting people to eat better, to stop smoking, to exercise more would, I suggest, be a direction that we would like to start moving in. But what we see, year after year, is more money given to health, and health then spending it on secondary care in hospitals. I've said on more than one occasion—for health, see hospitals. Primary care is—. The potential money going into primary care has reduced. I know Professor Longley is going to say that he was involved when he stopped that reduction happening in one health board in Wales by a small amount in one year. But, generally, at an all-Wales level, that's what's happening. What can we try and get the Minister to do? It's very much sort of second-hand, isn't it, because the health boards make the decisions even though they're wholly owned subsidiaries of the Welsh Government? But they're making these decisions, the pressure is on to do more and more in secondary care, whereas preventative action, and action on primary care, may well reduce the pressure on secondary care. Sorry, it's a fairly lengthy question, but there's a point that I was trying to get across—

[206] **Simon Thomas:** It was as much a statement as a question as well, but I think there was a question. [*Laughter.*]

[207] **Mike Hedges:** Do you agree?

[208] **Simon Thomas:** Yes, the question was there: do you agree with Mike

Hedges? [*Laughter.*]

[209] **Ms Charlesworth:** Can I come back in, because, obviously, it must be true that having at the heart of this action the big lifestyle risk factors is really important—smoking, diet and exercise and alcohol, as you describe? But the other thing that I would emphasise, which I think is really important to think about, especially given the very large of amount of resource utilisation in the system for older people—you know, 60 per cent, I think it is, of in-patient cost is obviously for the older population, you know the chronic conditions—is the impact of social isolation. So, we need to think, not just about—. So, there is both the primary prevention of trying to stop people having physical health problems, but also, actually, how those physical health problems, particularly into old age and as you get to frailty, manifest themselves both in terms of people's quality of life, but also then in the formal support that they need—things like social isolation—are really important factors as well. I would not want to focus on prevention that was purely looking at some of those individual risk factors. As Professor Marmot's work and all others show, the social context for ill health is also really important.

[210] **Mike Hedges:** Fifty per cent of elderly people living on their own see the television or their pet as the only thing they deal with.

[211] **Simon Thomas:** Professor Longley, just on this.

[212] **Professor Longley:** I just want to pick up one aspect around how the health service goes about its business, because I think there is another argument about should the money be spent on the health service, which you've raised. But just focusing on that issue about how does the health service spend its £7 billion—odd, or whatever it is, I think it does to some extent come back to this fact that prevention is integrated in pretty much everything the health service does—and should be. It should be the business of GPs; you know, this business about making every contact count, and so on. That is, I think, a huge strength, which we don't want to throw out. So, how you build on that and how you get more of it, essentially.

[213] I think the answer is a bit boring and a bit tedious, but a lot of this change will come organically by redesigning pathways—you know, what happens to patients. Those need to be critically examined and redesigned, and it's a long process; there are lots of pathways that need to be changed. That is partly an organic process. The clinicians need to be involved in

redesigning that, and prevention, prevention, prevention is crucial to that. And we've seen real changes happen, I think, in that way.

[214] Then you get the sort of ceiling effect, where the clinicians say, 'Well, we've done everything we can but now we need to shift resources; we need those nurses to come out and work in the community now, because we can't do any more until we've achieved that'. So, how do you break through that barrier? And I think there are a couple of things there that we can focus on, and maybe could be reflected ultimately in the budget. One is the GP primary care clusters. I think there's a lot of potential there for them to exert collective influence to bring about the sort of budgetary shifts that probably are going to be needed. Where do clusters fit into the budget? Well, they don't at the moment—they're invisible. And maybe as we go forward, that's an interesting question to ask: how do we tie that important element of activity into the funding?

[215] And then secondly, I think there is an obligation on, for example, local health boards, actually, to do their bit. They need to put their muscle behind that sort of change as well. Again, it's gradual, it's slow, you won't see a big splash, but it's that sort of change, I think, ultimately, that's sustainable.

[216] **Simon Thomas:** Can I just hold it there, because we've got related questions coming up and I think we can develop these as we go through? As you say, the central narrative of the budget is around this preventative spend and the ability to integrate, so I think it's right that we spend, as a committee, quite a bit of time looking at this, but there are other aspects to it. If I can bring in Nick Ramsay just on one aspect here, because I think it might move us on a little bit as well.

[217] **Nick Ramsay:** I'd like to go back to our old friend, the well-being of future generations Act and ask you: do you believe the well-being of future generations Act will lead to a budget more focused on prevention? That was a good link, Chair—that was certainly tied into my question.

[218] **Simon Thomas:** Perhaps we'll start with the people who didn't have a chance on the last one. So, Ceri Phillips.

[219] **Professor Phillips:** I think it's a move in the right direction. It's emphasising the fact that the whole policy agenda in Wales needs to be coherent and needs to be joined up; it's not about different compartments and departments. In some senses, just thinking about the previous question

and changing lifestyle, there needs to be a cultural shift as well. We need to get education working on that agenda, not just for children but across the piste. But we're likely to get greater results through investing in the earlier years, so that the children and the adults of the future will not, in a sense, follow their parents and the pathways and lifestyles that they've adopted, but see the benefits of healthy eating, exercise, not smoking and so on, and that is a big ask. But if we invest in those areas, then the long-term benefits will be secured, and I think the well-being of future generations Act actually does give us some hope in that direction. It provides us with a route map to what we could achieve if we pursue this with a dedicated focus, in moving forward.

[220] **Nick Ramsay:** What you've just said is obviously what the hope was, the inspiration behind the Act originally being formed, and it sounds great. The question is: are you in a position to do it? Is it actually going to happen?

[221] **Simon Thomas:** David Robinson first, then.

[222] **Nick Ramsay:** I hear 'Exactly' to my left, then; I think there's support for that question.

[223] **Mr Robinson:** I'm a terrific enthusiast for the legislation, and I think it's too early to answer your question properly; that's the simple answer. With the taskforce, I spent a bit of time talking to local authorities and also to projects on the ground, and I'm particularly impressed by the level of enthusiasm for trying to make it work, which I think is a really, really good sign. I think that those who are trying to make it work are also wrestling with cuts elsewhere in their budgets, which makes the challenge that Marcus spoke about earlier, about how you double-run, even more challenging, because the other bit, the core services you're trying at the moment, find they've got less money than they might otherwise have had. So, it's running into a headwind. So, there are some challenges there, but I think that what the legislation gives us the opportunity to do is to think about three things: about culture, and about systems and about leadership. And I think we've got to do all three of those things at the same time. You can't say which of these is the most important. And, to a certain extent, the budget helps with the systems. You've also got to be thinking about the cultural shift that is required here and the leadership to deliver it, and I think it's too early to answer unequivocally your question about that.

[224] But the two very practical areas, I think, where we see this stuff work best are where people are prepared to think really, really laterally—

programmes like: in Jersey, where they used the postal service to deliver some aspects of healthcare, recognising that this is a worker that goes up every path every morning, and how can they be utilising that for regular visits; services like in the north-east of England, where the health service is investing in boilers and insulation, recognising that damp homes are the cause of respiratory illness, which in turn is the cause of much expenditure in the hospitals there. So, how we facilitate that kind of lateral thinking, I think, is really important. And secondly, constantly reminding ourselves that it is never too late to think about prevention. So, for the person who repeatedly goes back to A&E with a recurring pattern, what could we be doing that gets in at that stage to prevent it from happening over and over again; the Passage in London, working with homeless people, recognising that people being discharged from hospital and not having a decent home to go to means that they're back in again in three or four weeks' time. It's not a very insightful thought, you might think, but no-one has thought about it before. So, how do we place a social worker in hospital and, when people are discharged from hospital, ensuring that they've got a decent home to go to. It's that kind of thing, I think, that will make it work practically on the ground, not doing things in the way we've always done them before and just tweaking them a bit.

[225] **Nick Ramsay:** So, at the very least, that legislation is getting you into the mindset of thinking differently about certain things—

[226] **Mr Robinson:** And that's tremendously important, so I'm very enthusiastic and optimistic.

[227] **Simon Thomas:** I'm just struck by what you said there; are we wrong, as a committee, to expect financial allocations in the budget in line with this legislation, then, because you seem to be suggestion that, really, the legislation is about culture change and leadership as much as anything, whereas perhaps some people were expecting that the budget should have better reflected the need for this legislation to have been rolled out throughout different public services, including the health service. I don't know whether I'm right or wrong in assuming that. Professor Longley.

[228] **Professor Longley:** I would agree, I think, completely with what David said, I think that's absolutely spot on, and I think the challenges are quite mundane, really. It's about, for example, encouraging people to innovate and that requires, bizarrely, permission. One of the strong thing that we've come across in terms of looking at the impact of prudent healthcare is the feeling

that people have that they're disempowered—they haven't got permission to do the right thing, to be innovative, to change. So that—

[229] **Simon Thomas:** You mean at the front line?

[230] **Professor Longley:** Yes, at the front line. The people with ideas about how to implement the principles of the Act all too often feel constrained and disempowered. So that's a major issue, which, I think, echoes what David is saying.

[231] In terms of is the budget the wrong tool to pick up if you want to make this happen, it's not a perfectly designed tool for this purpose, I think, but nevertheless, I wouldn't want to say it's got nothing to do with the budget, because I think that would be abdicating one of the things that we could be using. Again, I think it comes back to this transparency about how money is spent. Now you can do that crudely or you can do that subtly, and obviously you'd want to do it subtly, but it would be very useful, I think, to see, in addition to the crude budgetary heads that we currently have, more information about that programmatic-type spend. You know, within these budget headings, how is it actually being spent? That's a process of evolution. It requires some development, but at the moment, I wouldn't say the whole process is very transparent, really, and that is probably a missed opportunity.

11:15

[232] **Simon Thomas:** Steffan Lewis, I think, and we'll move on a little bit.

[233] **Steffan Lewis:** My line of questioning has already been covered in questions by Mr Rees and Mr Hedges, I think.

[234] **Simon Thomas:** And you don't want to come in on this one.

[235] **Steffan Lewis:** No, I'm giving up on my crusade against this legislation.

[236] **Simon Thomas:** Okay, in which case I think it is over to David Rees.

[237] **David Rees:** I want to perhaps expand—previously, we looked at the health elements of the budget and it was very difficult to assess where funding was actually going, because it's just one big number, effectively. Professor Longley, you've identified the fact that the transparency issue of

the budget is critical. Is there a need for Government to actually start, as you say, looking at how it's allocated to programmes so that we can ensure that that integration that has been discussed for the preventative agenda is there? Because we've got the intermediate care fund, but that's specific, and that's particularly for innovative procedures and the way in which we move that. Is the budget difficult for you to assess as to whether the integration of the services is achievable, because of the way in which it's set out, in one sense?

[238] **Professor Longley:** I think that's right, and I wouldn't want to give the impression that there's an easy way to do this. There's no simple panacea. We've tried in the past, many years ago, to identify how much healthcare expenditure went on prevention. It led to a lot of game playing and it didn't help, really, except, I think, that we should probably have continued with that. So, the traditional response of the health service is to play games and to shift resources just to make the numbers look good. I think the Government needs to hang on to that, though, and not let them get away with that, and to keep on, and I think gradually you would get a better understanding through the data.

[239] So, you could do that, I think, much more effectively in relation to this specific issue of prevention. I think you could also do it more in terms of the joint working between, for example, health and social services. There is a lot of resistance to the very crude notion of pooled budgets, and lots of very interesting arguments around that. But nevertheless, we know, for example, that, in a typical health board, health and social care typically spend about £100 million together on looking after older people in the community. That's a significant sum of money for a population of about half a million. Now, it would be very good to track shifts in that expenditure. Health boards aren't asked to do that at the moment, but why not? It's at that level of detail, I think, that you start to appreciate what can and can't be achieved, and how much progress is being made.

[240] **David Rees:** Can I ask a follow-up?

[241] **Simon Thomas:** Sorry, David. Yes.

[242] **David Rees:** As a consequence, can I ask, conversely, does the budget indicate that that sort of agenda is really difficult to deliver in the sense of: looking at the budget as you see it now, does it give you encouragement that it's possible, or does it give you the fear that the budget doesn't let it happen?

[243] **Professor Longley:** Personally, I think the budget doesn't do much either positively or negatively. It has fine words to say, but there's not much detail, or there aren't mechanisms associated with that to make it happen. I think, as we've said previously, there are barriers that could be systematically demolished, and there are incentives and transparency that could be introduced, which would start to help.

[244] **Simon Thomas:** I'll just bring in Ceri Phillips.

[245] **Professor Phillips:** Just to, in a sense, reinforce that, I think that public sector agencies tend to put a considerable amount of emphasis on managing the budget rather than, perhaps, delivery of services per se. It may be that, at a Welsh Government level, the budget could incentivise organisations to collaborate to work, and there could be some system of matched funding if the health boards and local authorities work closer together. It may be the Welsh Government will put some resources into incentivising that sort of collaboration.

[246] **Simon Thomas:** Isn't that the intermediate care fund?

[247] **Professor Phillips:** That is an example, but I think it needs to go much further than that in many senses. You yourself said that that is a small amount of money, because the benefits from synergistic working between health boards—Marcus has alluded to social services, but I think it goes wider than that. The fact that health boards don't necessarily work consistently with Public Health Wales is, perhaps, an indictment of the system as well. I think, also, the notion of employment needs to be focused on. What can we do, perhaps, yes, to secure jobs because we know that that will have a health benefit to the community? That budget, perhaps, if there was closer working between health boards and local authorities to secure jobs, may be a way forward as well—Welsh Government helping for that coherence and system joining up.

[248] **Simon Thomas:** Anita Charlesworth.

[249] **Ms Charlesworth:** I just wanted to come in on three things. One is, I think, picking up on Marcus's point about giving people permission to do things differently. The Health Foundation—we're an endowed charity and we spend about half our moneys, so about £15 million to £16 million a year, supporting people in healthcare systems across the UK who want to try

something different to make that happen. Most of those people get very small amounts of money. They don't need very much at all. But a little bit of money, especially when it's so difficult to deliver their core services—in part, that helps them to make the change, but, partly, being a recognised project mandated to do something different and to be trying something different as well can be quite an important part of the system. So, shifting from a position where you're actually trying to actively promote people trying things differently and what you're really recognising people for is the attempt to do something different. So, even if it doesn't work exactly as was planned, you're not set up but then to fail, because, actually, what this was about was a learning process. I do think that you can use small amounts of money quite well to try and shift some of that culture and that norm, and recognise and give validation to people trying to do that.

[250] The second thing is to talk about the importance of outcome measures and what you're measuring. So, in Sweden, they spend a lot of time trying to measure their healthcare system. They have fantastic data collection through registries, but one of the things that they've been doing there is to look again at their leukaemia services for children. So, this is high-end medical need, and they have changed the outcome measure there to be whether the young person is in employment at the age of 30. So, actually, they're measuring the success of their childhood leukaemia service in terms of employment at 30, and what they're saying is—for the healthcare people that is completely transforming the way that they think about care, because, obviously, the child needs to successfully recover from their leukaemia, but they are thinking about their relationships through childhood, how they stay engaged in school and all of those things in the design of their leukaemia service. And they're thinking then about, 'Who are the partners we need to work with then in order to deliver those sorts of outcomes?' Equally, the role of employment as an outcome for mental health services is something that's much talked about again. It can really shift some of the centre of gravity and the accountability that healthcare workers feel for wider life goals.

[251] The final thing to say is that, I think, there will be in Wales already people who are doing this and who are exemplifying this, but we understand so little about the variation, what's actually going on, that, until we see that, it's very hard for others to learn from that. So, I think one of the things that is so important is that transparency of what's going on, so that we can actively learn and spread that, and then holding the system to account for making sure that when it finds good things, actually, those are standardised and spread across the system.

[252] **David Rees:** Can I just ask a simple question, then? Our job here is to scrutinise the project as to whether it actually delivers on the programme for government, effectively. Are you therefore saying that—I thought we had the impression—because of the lack of transparency and the non-clarity of some of the programmes that are being targeted, it's very difficult to do that in this budget?

[253] **Professor Longley:** A simple question and a simple answer—'yes,' I think, basically.

[254] **Simon Thomas:** Mike Hedges:

[255] **Mike Hedges:** Two quick questions, and I think one is leading on from what David Rees said there. I think that we see a budget, with just under 50 per cent of the total Assembly budget going on health. It'll go over 50 per cent in the next two years, possibly in the supplementary budget this year. We see that, but we've got no easy means of us following it through. So, it goes off to the health boards and they act in the way that they wish. Surely, wouldn't it be easier if only we had the split between primary and secondary and other items so that actually, instead of seeing 'Health: £7 billion', we might see just under £1 billion for primary care and £5.5 billion for secondary care? If only we had it at that level, at least then we could have some idea of what was going on.

[256] **Professor Phillips:** If I may, it goes back to the point I made earlier that there is more concern with plans for managing the budget rather than managing the system. I think perhaps fragmenting the budget would not necessarily be a good thing. The establishment of health boards in Wales was designed to try and ensure that patients were managed across the system and not managed in the hospital or managed in primary care, where there was a divide, but I don't think we've achieved that, as we've alluded to. Now, whether the fragmentation of the budget would allow that to happen, I'm not convinced. I think what we need to do is to change the way in which the resources in health boards and across the health system reflect the policy agenda. This budget—I answered: does it actually help in that regard?—goes perhaps a little way, but not far enough in that regard. What we have to do, the budget has to reflect the policy, rather than the policy reflect the allocation of resources.

[257] **Professor Longley:** I would, I'm afraid, completely agree with Ceri. But I

think the keynote here is transparency, really. We need more transparency. What we don't need is a new set of centrally imposed dividing lines between primary and secondary care. I don't think that would be helpful at all, really. But we do need transparency. We need to know how this money is actually being spent without tying people's hands inappropriately.

[258] **Mike Hedges:** So, you're quite happy with the direction of travel that has occurred over the last few years, with the percentage of money spent on primary care going down and, on secondary care, going up, year on year.

[259] **Professor Phillips:** No, I'm certainly not saying that. The point I made earlier about the way in which the health boards are incentivised to reflect the policy agenda isn't necessarily evident through the targets that they're set in terms of performance.

[260] **Mr Robinson:** If we were going to think about how the budget was divided up and classifying, I would prefer to go back to what was mentioned earlier about thinking about how it is spent across that spectrum from early action through to acute services. Although, as Marcus rightly says that we've tried this and there've been difficulties, I still think that my conclusion would be that it's better to try than to not do at all, so long as we don't think that it is a classification exercise applying scientific research processes. It's just about building up a picture, but I nonetheless think the picture is helpful.

[261] **Simon Thomas:** Eluned, please.

[262] **Eluned Morgan:** Excuse me for coming in late, but I have read the papers. I just wondered, in terms of the ageing population, there's a lot of talk about preventative action, which is good, but actually, in terms of the medium to long term, we have a huge problem and it's not something that will be addressed through these new ideas, these small ideas. We're talking about a need, I would suggest, to probably increase quite substantially, the budget, because the number of over 85-year-olds with complex needs is going to undoubtedly increase. To what extent should we be preparing for that now and coming up with more radical solutions? Is there any scope for that within the budget here? I hear what you're saying, Anita, about the small initiatives, but, actually, do we not need something that is actually rather more profound and radical?

[263] **Ms Charlesworth:** It's undoubtedly the case, from the analysis that we've done at the Health Foundation, that the ageing of the population will

increase spending pressures in Wales. So, our analysis looked in particular—. We can most clearly identify spend by age for hospital services. So, if we look at hospital services, we're talking about a 1.2 per cent a year real-terms increase to do with the ageing and growing population. That's obviously the pressure from that. There are, obviously, some opportunities for efficiency savings, but it is a real issue, and you're right.

11:30

[264] I wouldn't want to think then, when it comes back to the point that David was making, though, that there aren't actions that you can't take within an elderly population that don't allow opportunities to deliver care in ways that are better quality and potentially better value. So, for example, one of the issues that we face and that I was just talking to the health committee about is that, increasingly for older people, their carer will be a fellow older person. It would be their partner, and less care would come from younger relatives due to the demographics and working patterns. Now, obviously, very often, their elderly partner will also have their own health issues. The extent to which we can provide small amounts of care to a couple in that circumstance can make a big difference to whether they can cope or not, and savings in some of that small amount of care can then be very undermining and then you end up with a couple in crisis and people are in care homes and in hospital. So, there are things that we can do, tackling social isolation, that provide opportunities for those people to come out, which are all about, 'How do I feel good about my life?', but also, 'How do I feel I can continue to cope?'. Those are all really important things that might seem small but can make a real difference to whether people can be sustained.

[265] Equally, when you get to things like—. If you look at chronic obstructive pulmonary disease, huge numbers of people with COPD are still smoking. They're often old—they're at very advanced stages. If they can stop smoking then, their number of admissions and their quality of life is—. It's never too late to do a smoking intervention. That does make a difference. The fact that you didn't stop them smoking at 50 doesn't change the fact that you can make a big difference then. So, I don't think—. The reality of the ageing population, which we need to address and we need to think about, doesn't mean that the prevention agenda isn't still really, really, really important for that group.

[266] **Simon Thomas:** Professor Longley.

[267] **Professor Longley:** Just two points in addition to that, and one is: is the quantum of resource sufficient? I suppose that one answer to that was, if we spent more than whatever it is—6.6 per cent—in gross national product on health, would we have a better set-up? Yes, of course we would, I think. I think that issue doesn't go away, and that's medium to long term.

[268] The other point I was just going to mention, though, is a paradox about how we provide support. So, there are still lots of examples where we provide too much support for people, bizarrely. So, just talking to a couple of nurses in north Cardiff just the other day, they spend a lot of their time disentangling and reducing the sort of support that's provided to older people living in a community. Because with the best of intentions, people have involved a dietician, and they've got involved and so on and so on, really because of this desire to do things for people. I think the notion of co-production at the heart of prudent healthcare has got a lot to offer as we work through that, getting the balance right, only doing things for people that actually contribute towards the outcomes that they want, which echoes the point that Anita was making before.

[269] **Simon Thomas:** Ceri Phillips.

[270] **Professor Phillips:** I think—and you're talking about the medium term and the long term—the elderly population of the future are the sort of middle aged population of today, and the preventive agenda needs to be very evident in focusing at early years, but through the life cycle, so that the healthcare needs of the elderly will be larger but hopefully perhaps that gradient will be reduced.

[271] **Simon Thomas:** Can I just finally return to the hard cash, in a sense, and just ask your perspective, and perhaps starting with the Health Foundation in particular, about the way that this allocation of money, not just in this budget, is done? We've got a potential three-year budget now for the health boards, but not all of them are able to step up and do that. We've had yet another in-year allocation only last week to two health boards. We were told that that would never happen again, but it's happened again. So, how do you view this budget in terms of resilience and in terms of preparing for those health boards to pay back and also to catch up? Are we in a perpetual cycle of this or are there signs of hope that we're starting to move away from this mix of sticking-plaster spending and preventative spending? I know we have discussed that, so I'm looking now to see how this framework is working.

[272] **Ms Charlesworth:** I think this budget is a real opportunity for the NHS in Wales. I think, if you set people completely unachievable targets, which many areas will have felt, then obviously it's very difficult to know where to start. It is possible to put people on a really challenging but achievable trajectory. That, I think, can, if done right, unlock a lot of energy. But there, I think, are some real risks. One is that day-to-day pressures will crowd out the thinking and the preparation for the future and the shift to care, which is why I would argue for a real focus on transformation.

[273] The second issue is just how easy it would be for all of this to get derailed by the huge pressures on the workforce. So, I would think, being a former Treasury official myself, that one of the things that, from a finance point of view, is of real concern is just how all the pay pressures are going to be managed within the system and making sure that the health boards and the health department doesn't just have a plan for transformative change, which is about new models of care, but it has a really clear plan about how to secure and retain and engage the workforce that it needs to deliver and execute.

[274] **Simon Thomas:** Any final points from yourselves on that, or do you concur?

[275] **Mr Robinson:** I might just add, if I may, that I think there is a direct relationship between the resilience of the budget and also the ability to invest in preventative activity and the length of time that we are planning for. I think the longer the period of time, the easier this becomes. I see that, in another part of the budget, there are plans for a national infrastructure commission. I'll just say again that we need to be thinking about people and healthcare and training as as much a part of the future of the economy as roads and railways.

[276] **Professor Longley:** I think I would agree with all the points that have been made. I think the point about human resources is critical. The only thing I was going to say is that a lot of this big change that we need comes from tiny changes. The idea that there's some big idea out there that will effect a step change is bogus. A lot of work needs to be done and more work needs to be done, I think, in that painstaking redesign, particularly, of patient pathways. That's where a lot of this will come from, really.

[277] **Professor Phillips:** I agree with what's been said. I think the workforce

issue is something that has to be addressed. Also, we say we need more doctors, we say we need more nurses, we need more healthcare professionals—it may be that we need to look at the actual composition of the workforce as well. With the changing healthcare needs moving forward, do we need the current configuration or do we need to look at that at well?

[278] **Simon Thomas:** On that, we'll have to conclude this session, but thank you for coming in and for your written evidence and for your oral evidence today. You'll get a transcript just to check for the accuracy of that. Diolch yn fawr iawn i chi i gyd. Diolch yn fawr.

11:38

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o Weddill y Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Remainder of the Meeting

Cynnig:

Motion:

bod y pwyllgor yn penderfynu that the committee resolves to gwahardd y cyhoedd o weddill y exclude the public from the cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in 17.42(vi).

accordance with Standing Order 17.42(vi).

Cynigiwyd y cynnig.

Motion moved.

[279] **Simon Thomas:** Is the committee happy to go into private session under 17.42?

[280] Pawb yn hapus. Diolch yn fawr Everyone content. Thank you very iawn i chi. much.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 11:38.
The public part of the meeting ended at 11:38.

