

**Additional funding and service transformation**

- **What specific outcomes the additional investment in 2016-17 has delivered in terms of reform, service improvements and leveraging service change.**
- **What outcomes you now expect for the additional investment in 2017-18 and how these outcomes will be measured.**

The 2017-18 Budget provided for additional investment of £240million revenue funding to recognise the cost and demand pressures facing the NHS in Wales which were outlined in the 2014 Nuffield Trust report, and more recent 2016 Health Foundation report – The path to Sustainability.

2017-18 Health Board discretionary allocations have been increased by £90 million to meet pay awards for NHS employees, the costs to NHS Wales of the UK Government's Apprenticeship Levy and other inflationary cost pressures. This equates to a 2% increase on the recurrent discretionary and ring fenced allocation. A further £20million has been set aside to meet inflationary costs on primary care contracts (including £12.7million to fund the uplift for GP pay and expenses for 2017-18) and centrally held NHS budgets.

Investment in general medical services will increase by approximately £27million in 2017-18. This includes the uplift for GP pay and expenses referred to above, and £14.3million new investment to fund new enhanced services covering care homes, warfarin management, diabetes and the delivery of secondary care initiated phlebotomy tests. The agreed changes to the GMS contract for 2017-18 provides a strong platform for GPs to continue to provide high quality, sustainable, healthcare in these challenging times.

Additionally, £20million has been allocated to health boards on the ring-fenced mental health allocation in line with the budget agreement with Plaid Cymru. This will support progress towards delivery of the *Together for Mental Health* delivery plan.

We have still to make decisions on the allocation of the balance of the additional NHS investment. It is our intention that it will be used to incentivise continued improvements in medium term planning, and will support local service transformation, moving care closer to home.

However, we will also need to consider ongoing financial risks still in the system, primarily in those four health boards in escalation. Consequently, we are not planning to make a full allocation of this funding at this stage, and will hold the funding back to ensure the NHS is in balance overall.

- **The extent to which the additional funding has been deployed to sustain existing NHS Wales services.**

As outlined above, £110 million of the additional £240 million revenue funding has been provided to meet normal inflationary cost growth to sustain existing

NHS services. This is in line with the Welsh Government commitment to recognise the cost and demand pressures facing the NHS in Wales as evidenced in the independent 2014 Nuffield Trust report, and more recent 2016 Health Foundation report – The path to Sustainability.

- **How the Welsh Government’s investment is ensuring the development of a workforce able to meet future health and care needs.**

Despite challenging financial settlements, we continue to invest in and develop the NHS and social care workforce in Wales to meet health and care needs now and in the future. Some examples include;

- Our primary care fund of £42.6million
- Continued investment in education and training for health professionals
- £95million package to support education and training programmes
- £8million social care workforce development programme
- £0.733million to fund a number of additional medical training places across Wales
- An ongoing £1million available per year thereafter
- Continuing social work bursaries and extending the NHS Bursary arrangements
- Committed to delivering Health Education Wales by April 2018
- £19 million to assist the sector in implementing the National Living Wage

We have requested the timescales for decisions made about both medical and dental training places and non medical training places are brought together. The 2018-19 process is currently underway.

- **How funding allocations reflect the Welsh Government’s aim of moving services from the hospital to the community.**

To support a healthier Wales and to ensure sustainable health services, the Welsh Government’s aim is to move the health system away from a focus on illness and hospitals towards one focused on health improvement, with people having equity of access to the majority of the care they need to do what matters to them as close to home as possible, underpinned by an ethos of coproduction.

The Budget for 2017-18 supports this strategic aim through a number of specific funding allocations, including the primary care fund, the integrated care fund, funding for the national delivery plans, the fund for efficiency through technology and funding for older people and mental health.

- **A breakdown of how the £50million additional funding for winter pressures was allocated, and what outcomes were secured.**

The £50 million was distributed to health boards in Wales as detailed in the table below, to help maintain an improved performance trajectory over the winter period.

However, to ensure that the funding was only used to deliver performance improvements, £5.1million was clawed back from Abertawe Bro Morgannwg University Health Board at the year end as it did not deliver against its agreed plans.

|                  | Fairshare split<br>(£m) |
|------------------|-------------------------|
| ABMU             | 9.33                    |
| Aneurin Bevan    | 9.97                    |
| BCU              | 11.09                   |
| Cardiff and Vale | 7.50                    |
| Cwm Taf          | 5.80                    |
| Hywel Dda        | 6.31                    |
| All Wales        | 50.00                   |

Over the winter period, RTT performance was generally better than it was the previous year, with the end of March 2017 26-week performance at 88% which is 1.2 percentage points higher than March 2016; 36-week numbers were 28% lower than March 2016 and the best they had been since March 2014; diagnostic eight-week waits were the lowest they have been for six years; cancer 62-day performance was the best it had been since November 2014.

In addition, whilst unscheduled care performance was not where we would want it to be, four-hour performance over the winter period was generally better than it had been the previous winter.

Ambulance performance against the red eight minute target has been better each month compared to the same month last year and has been consistently above 70%.

On postponed procedures, postponements on the day or day before, were 564 (4%) fewer over this winter than the previous winter, with those postponed due to a lack of a bed, either on the day or day before, 965 (38%) lower.

- **Evidence of how the Welsh Government is monitoring activity to ensure delivery of meaningful reform to services and positive outcomes to patients.**

The annual delivery requirements for the NHS are captured within the NHS outcome and delivery framework. The framework is split across seven domains which identify the priority areas that patients, clinicians and stakeholders wanted the NHS to be measured against. The seven domains are:

- Staying healthy
- Safe care

- Effective care
- Dignified care
- Timely care
- Individual care
- Our staff and resources

The NHS Wales Delivery Framework measures the NHS throughout the year on the delivery of services and process that contribute towards a set of agreed national outcomes.

- **Details of the specific outputs and outcomes achieved through Intermediate Care Funding in 2016-17 and what you expect to be achieved through the continuing investment in 2017-18.**

The Intermediate Care Fund (ICF) was established in 2014-15 to drive partnership working through the delivery of integrated and innovative services across health, social services, housing and the third sector. It has since been renamed the Integrated Care Fund to better reflect its purpose.

In 2016-17, £50million revenue and £10million capital was made available. Regional partnership boards, established under Part 9 of the Social Services and Well-being (Wales) Act 2014, have oversight and are responsible for ensuring the effective use and delivery of ICF.

The ICF has been used to establish a range of different models of care and support which have reduced pressure on the hospital system, including reduction in unnecessary hospital admissions, inappropriate admissions to residential care, and delayed hospital discharge. These include:

- Single Point of Access services
- housing adaptations to help prevent falls and enable people to remain in their own homes
- Step Up/Step down community rehabilitation beds
- Dementia friendly communities and
- Grants to third sector organisations to help reduce social isolation for older people and improve provision and access to community services. These services have resulted in additional capacity and helped maintain focus on keeping Delayed Transfer of Care (DToc) figures in Wales beneath 400.

During the last financial year a £15million element of the ICF was allocated to support the requirements in the 2014 Act to provide preventative services including preventing the development of care and support needs. Additionally, elements of the ICF have been specifically allocated to support implementation of:

- the **Integrated Autism Service for Wales** - a consistent approach for providing care and support for people with autism across Wales and

- The **Welsh Community Care Information System** – which enables greater integration between health and social care teams by providing for a shared record of care.

### **Expectations for 2017-18**

The Programme for Government includes a commitment to retain this important fund and £60million in total has again been set aside this financial year.

The rebranded *Integrated* Care Fund will more explicitly be a key delivery mechanism for the Social Services and Well-being (Wales) Act. The objectives of the ICF are therefore linked to regional partnership boards priority areas of integration:

- Older people with complex needs and long term conditions, including dementia
- People with learning disabilities
- Children with complex needs due to disability or illness and
- (for the first time) Carers, including young carers.

### **Performance and efficiency**

- **The key 2016-17 efficiency and performance targets in the health sector, how NHS Wales has performed against these targets and how funding is being used to address any areas of concern.**

In 2016-17, there has been a national refocus on driving improved efficiency through the establishment of a national Efficiency Board chaired by the Chief Executive of NHS Wales.

Within the enhanced nationally-led approach on efficiency and value, through the Efficiency Board, there are a number of programmes and themes being taken forward under two distinct themes;

- An Efficiency and Productivity Framework and Efficiency Targets for 2017 have been signed off and issued to LHBs and NHS Trusts for incorporation into the March submissions of the 2017-18 IMTPs and Annual Plans.
- During 2017-18 the Efficiency Group's programme of work, that will then be taken forward by individual NHS organisations and the All Wales Executive and Professional groups will include the following:
  - Clinical variation led by Medical Directors
  - Medicines management led by Chief Pharmacists □ Optimal nurse rostering led by Nurse Directors
  - Digital and IT enabled efficiencies led by NIMB.

This national focus has also re-identified priority areas for health boards to demonstrate improvement to support their delivery of national performance targets such as referral to treatment and unscheduled care targets. While additional monies were provided to support the improved delivery against these targets, delivery of efficiency is required to build more sustainable service change going forward.

This work on sustainability has also been supported by the respective national programmes providing additional efficiency and improvement areas. Examples include:

- The national planned care Board has highlighted and monitors a list of procedures of limited effectiveness across the four delivery areas
- Development of alternative pathway management to reduce both new and outpatient demand across the planned care programme areas
- Through the national outpatient programme “Did not attend” DNA rates have been prioritised to improve capacity - significant improvements have been seen across a number of health boards
- The unscheduled care programme has challenged on emergency lengths of stay through a national focus on discharge processes such as improving the number of discharges before 11am. And improved use of community beds
- Through a theatre national group a new focus on national measures has commenced and there have been two national events sharing good practice and service improvements.

As part of the planning process for 2017-18 IMTPs each health board received a targeted efficiency report to highlight their areas for their additional focus and planning as part of their IMTP submissions. Progress against these plans will be monitored in year.

### **End of year position – March 2017**

#### **RTT**

At the end of March 2017:

- 26-week performance was 88.0%, an improvement of 1.2 percentage points compared to March 2016. This is the best performance since March 2014
- There were 12,354 people waiting over 36 weeks, an improvement of 4,836 (28%) compared to March 2016. This is the lowest number since March 2014.

#### **Diagnostics**

At the end of March 2017:

- There were 4,741 people waiting over eight weeks for one of the specified diagnostic tests. This is 4,061 (46%) lower than March 2016. This is the lowest number waiting over eight weeks since March 2011.

#### **Therapy Services**

At the end of March 2017:

- There were 2,477 people waiting over 14 weeks for therapy services. This is 94 (4%) lower than March 2016.

### **A&E**

During March 2017:

- 4 hour performance was 80.9% against the 95% target. This is 4.4 percentage points higher than March 2016
- The number of 12-hour waits was 3,206. This is 1,187 (27%) lower than March 2016.

### **Ambulance**

During March 2017:

- 77.9% of red calls received a response within eight minutes. This is 12.2 percentage points higher than March 2016
- 56.3% of people were handed over from ambulance staff to A&E staff within 15 minutes. This is 10.3 percentage points higher than March 2016
- 1,924 people waited over an hour to be handed over from ambulance staff into the care of A&E staff. This is 1,610 (46%) lower than March 2016.

### **Cancer – 62 day** During

March 2017:

- 62-day performance was 89.3%. This is 3.6 percentage points higher than March 2016.

### **Delayed Transfers of Care** During

March 2017:

- There were 389 delayed transfers of care for both mental health and nonmental health reasons. This is 135 (26%) lower than March 2016.

### **Stroke**

- In March 2017, 45.4% of people had a direct admission to a stroke unit in less than four hours across Wales. This is an improvement of 7.2 percentage points compared to March 2016
- In March 2017, 95.3% of people received a CT scan in less than 12 hours across Wales. This is the same as March 2016
- In March 2017, 85.2% of people were assessed by a stroke nurse in less than 24 hours across Wales. This is an improvement of 10.4 percentage points compared to March 2016
- In March 2017, 27.3% of people were thrombolysed door to needle within 45 minutes across Wales. This is a deterioration of 14.8 percentage points compared to March 2016.

- **How the £30 million 2016-17 allocation for older people and mental health, and the primary care, delivery plan, health technology funding has been deployed and the outcomes for this investment.**

### **Older people and mental health £30million budget**

This funding is being utilised in priority areas that have been highlighted within the Programme for Government and associated strategies including the *Together for Mental Health* delivery plan.

The areas of focus in 2016/17 have included:

- The creation of hospital-based flexible resource teams to improve patient experience by reducing the use of agency staff on general wards, improving liaison between the emergency departments and psychiatric liaison and between mental and physical health staff.
- Additional sessions at memory clinics which aim to reduce waiting times for an initial assessment for a dementia diagnosis. By December 2016, around 700 sessions had been provided – we are currently seeking an update from health boards on progress to the end of March 2017.
- Improving access to evidence-based psychological services through the provision of additional capacity for services. We have previously committed to report on a 26-week referral to treatment target in secondary specialist mental health services and it is intended to introduce this reporting structure by year end. In the meantime, health boards are being asked to work towards achieving this target – management information indicates progress is being made.
- Additional investment in local primary mental health support services (LPMHSS) to further support delivery of mental health services under the Measure has also showed improvements on an all-Wales basis. December 2016 (published stats Wales data) showed 85.7% of assessments were undertaken within 28 days from the date the referral was received and 77.1% of therapeutic interventions were started within 28 days following an LPMHSS assessment. From the information provided by LHBs in their end of year performance discussions with us, they are confident that the 80% target for assessment and interventions will have been exceeded on an all-Wales basis. This compares favourably to the position in March 2016 where neither the 80% target for assessment or intervention was achieved on an all-Wales basis.
- Development of transition / recovery support workers within CAMHS which are based in early intervention psychosis teams, to promote active recovery by accessing social, educational and employment opportunities for young people with severe mental illnesses. Health boards have been encouraged to collaborate with third sector bodies to maximise the available funding, with all apart from two health boards having appointed staff by April 2017, with the remaining two anticipating having staff in post imminently.
- Provision of serious illness conversation training to provide basic communication skills to health care staff that confront all aspects of

serious illness and care for dying patients as part of their day to day work but who are not trained or working in specialist palliative care.

Work is ongoing in relation to further developing services that will support the dementia strategy (when published), projects directly supporting *Taking Wales Forward* priorities (including social prescribing, well-being bond, CAMHS school liaison and loneliness and isolation) and further supporting the workforce.

### **Primary Care Fund**

This Fund provides recurrent funding of £42.6million to support health boards' plans. The three priorities for this funding are to help achieve service sustainability, improve access and to deliver more services in the community.

The Fund met the cost of the national professional lead for primary care and a small number of central initiatives such as Public Health Wales' primary care innovation and development hub and expanding occupational health services to GPs.

The majority of the Fund was allocated to health boards. £26.081million was allocated to health boards for their primary care plans set out in their integrated medium term or annual plans.

Examples of how this funding has been used in 2016-17 and outcomes include:

- **In Abertawe Bro Morgannwg University Health Board** investment has been made in increased capacity, such as respiratory physiotherapists and to upscale and enhance its existing community based pulmonary rehabilitation services.
- The health board reported in March 2017 that service delivery has moved out of hospital with classes operating in each of the 11 clusters.
- The health board has reported that waiting lists significantly reduced – previously 12-18 months, now 2-5 months.
- **In Aneurin Bevan University Health Board** investment has been made in a model which supports patients to successfully self-manage their diabetes as far as practically possible, by supporting practices and community services to deliver care closer to home.
- The health board reported in March this year that between March 2016 and February 2017 there was a 14% reduction in new attendances at Aneurin Bevan University health board emergency department sites.
- **In Betsi Cadwaladr University Health Board** investment has been made in its primary care based audiology services.
- This new service model involves training and appointing advanced practice primary care audiologists whom people can access directly without seeking a referral from their GP.
- As a result of this investment people have access closer to home avoiding the need to travel to hospital.

£4.948million supported a national programme of innovative pathfinders and pacesetters to test new ways of planning, organising and delivering primary care. Examples of how this funding has been used in 2016 – 17 include:

- **In Cwm Taf**, *Your Medicines, Your Health Pathfinder* – the aim of this pacesetter is to generate and embed a cultural change with respect to the responsible use of medicines by patients and the wider public, educating and allowing patients to have greater ownership of their own care which will contribute to overall improved sustainability of services.
- **In Powys**, investment has been made in a pilot of a nurse triage model combined with enhanced multi-disciplinary team working to release GP capacity and ensure patients are seen by the most appropriate healthcare professional.
- As a result of this investment reported by the health board in March this year - 20.34% of all contacts (telephone and nurse triage) resulted in advice only; 8.68% of all contacts were provided with a routine GP appointment, this has continued to reduce since the December report (9.85%).
- A total of 4,852 GP appointments have been avoided for the accumulative period up to February 2017.
- Investment has been made in three Wet AMD pilots in Aneurin Bevan University Health Board, Hywel Dda University Health Board and Powys Teaching Health Board.
- These pilots have moved assessment and treatment services for Wet AMD out of hospitals and into local communities, where they are being delivered by optometrists and nurses, overseen by an ophthalmologist.

As a result of this investment:

- **In Aneurin Bevan**: in the last year, the total number of patients assessed 2254 and the total number of injections administered 2227.
- **In Hywel Dda**: in the last year, there were 554 Patient appointments made with 528 attendances (95%) and 285 treatments (Injections) showing a 51% treatment rate within a Community setting.
- **In Powys**: in the last year, there were 474 individual patient assessments completed with 259 treatments administered.

£10million was allocated for the primary care clusters to determine how to use this funding to implement their local solutions and priorities. Examples of how this funding has been used in 2016-17 and the outcomes include:

- **In Hywel Dda**: in one cluster 505 Stay Well Plans have been completed this year.
- In total since commencement of the cluster's frailty initiative in September 2015, 976 patients across the locality now have Stay Well Plans in place.
- **In Cardiff and Vale**: one cluster has in place a 12-month agreement with Cardiff MIND to support patients with low level mental health conditions - reports in March this year - 192 referrals made since mid December 2016.

- **In Aneurin Bevan**: one cluster has supported practice nurses to develop skills in wound management.
- The district nurses work alongside practice nurses to undertake a clinic within the surgery setting, whereby they will support the assessment and development of treatment plans for wound care patients.

### **Delivery Plan funding**

£1 million has been allocated to each of the nine major health condition delivery plans (cancer, diabetes, respiratory health, liver disease, heart conditions, neurological conditions, critical care, stroke and end of life), and this funding is now contained within the local health board revenue allocations.

Each of the major health conditions has an implementation group which is responsible for the oversight and allocation of the £1million. This funding is used by the implementation groups to make progress in respect of achieving the objectives as set out in each major health condition delivery plan but also the yearly priorities identified by the implementation group.

In addition, £6.4million annually is allocated to health boards to support specialist palliative care services provided by hospices throughout Wales. This ensures there is a service available to give advice to those professionals caring for patients in their homes, in hospices and in hospitals across the country.

We have provided an additional one-off £1million this year to progress the End of Life Care objectives. The End of Life Care Board has provisionally identified that this funding will be used to pursue a compassionate community approach to end of life care, for telemedicine, to further roll out the serious illness conversations training to support the development of an all-Wales advanced care planning record, to take forward research priorities and to support GP clusters in Wales.

In support of the delivery of the Healthy Ageing Programme Age Cymru has been provided with funding of £241,950. This funding supports individual interventions that focus on Health Initiatives, Gwanwyn Festival of Arts and Creativity and Physical Activity Initiatives.

### **Health Technology funding**

The Efficiency Through Technology (ETTF) programme is intended to accelerate the demonstration, evaluation and adoption of new products and services into practice, increasing efficiency and providing patients with better outcomes in accordance with the principles of prudent healthcare. The types of efficiencies typically expected through health technology funding projects include:

- Reduced hospital admissions (related to specific conditions)
- Reduction in travel (measured by time and cost)
- Reduction in use of prescribed products (drugs and consumables e.g. dressings)

- Reduced patient length of stay
- Improved patient experience (feedback)

The ETT fund supports health and care organisations to quickly evaluate promising technologies and to scale up their adoption to regional or national level. In addition to the £10million allocated to the fund by the Welsh Government in 2016-17, there was £4.2million in matched funding contributions from our projects. This match funding ratio is a conservative representation as it does not take into account the match in other resources (staff/building overheads) which is harder to quantify.

### **Financial planning and the financial position of LHBs**

- **Your view on the likely end of year position that these UHBs can achieve in 2016-17.**
- **Whether you have concerns about 2017-18 and LHBs longer-term financial position.**
- **Whether you remain confident that the overall Main Expenditure Group for 2016-17 will balance.**

Local health boards have a statutory duty to balance their books over three financial years, in line with NHS Finance (Wales) Act 2014. The statutory accounts of the Local Health Boards and NHS Trusts in Wales for 2016-17 have now been audited and laid before the National Assembly. I made a written statement to members on 9<sup>th</sup> June detailing the outcome of this process.

We managed the 2016-17 deficits reported by the four health boards within the overall health budget, and as a consequence, we are confident that the Health, Well-being and Sport Main Expenditure Group budget for 2016-17 has balanced, and that this will be confirmed once the audit of the Welsh Government resources accounts is completed later in the summer.

We will be making a statement in due course on the assessment and approval of Integrated Medium Term Plans of Local Health Boards and NHS Trusts when this process has completed.

- **We believe the three-year planning horizon set out in the NHS Finance (Wales) Act 2014 has been a useful tool for LHBs in terms of linking strategic and financial planning. We are, however, concerned that: A number of organisations are still operating on the basis of a one-year Integrated Medium Term Plan (IMTP) because you 'felt unable' to approve their three-year plans.**

Since the first planning cycle commenced in 2014-15 when four organisations were approved we have seen a number of organisations mature and develop.

By 2016-17 six organisations achieved approval for their three-year IMTPs (Aneurin Bevan, Cwm Taf and Powys UHBs and Public Health Wales, Velindre and Welsh Ambulance Services NHS Trust).

Four organisations (Abertawe Bro Morgannwg (ABMU), Betsi Cadwaladr (BCU), Cardiff and Vale (C&V) and Hywel Dda (HD) University Health Boards were unable to submit three-year plans, that their Boards could approve, that were sustainable and financially balanced in line with the legislation. As their boards were unable to do this we could not approve their plans.

The removal of approval from two organisations is evidence of the competence and discipline that must be applied. It demonstrates the rigour of the process that maintains the standards and criteria in the assessment of plans.

ABMU and C&V had previously had approved IMTPs but, following robust scrutiny and assessment, the plans were found to be unsustainable and were not financially balanced. These organisations have not progressed in terms of the maturity of their financial and planning arrangements in line with those of other NHS organisations that have approved plans.

Following the failure to submit approvable plans and discussion at the tri-partite meeting with HIW and WAO, ABMU and C&V UHBs were escalated to 'Targeted Intervention', BCU remained in 'Special Measures'. To maintain increased scrutiny, and support these organisations going forward, these four organisations were required to provide officials with annual operating plans.

Annual operating plans provide us with an opportunity to work closely with organisations and to gain assurances on important areas of quality and performance. Linked to escalation arrangements, this is a mechanism to challenge and support organisations to improve and work towards being able to submit an approvable three-year plan in the future.

These arrangements also demonstrate that governance is in place to ensure organisational plans are in place and continue to develop when organisations fail to achieve an approvable three-year IMTP.

□ **The existing three-year framework for IMTPs is coming to an end and there is a need for clarity on the next stage in relation to how financial planning and management will be delivered in NHS Wales.**

The end of this first three-year cycle is an opportunity to take stock of the progress so far on integrated planning. We will be considering what learning we need to take from our evaluation and from any other external reviews. The NHS Planning Framework is reviewed and re-issued every year.

It is the mechanism for communicating key policy expectations and priorities, as well as more fundamental changes to planning, that we expect to see across the system.

The development of the Framework for 2018 to 2021 is about to begin and will take account of any learning and feedback from NHS organisations, and from the expected Wales Audit Office publication following their review of the “Implementation of the NHS Finances (Wales) Act 2014 (integrated Medium-term planning)”. The NHS Planning Framework will be issued to the service in the autumn.

The Director General, and Health and Social Care Group Directors, meets monthly with organisations that are in escalation to monitor their plans and support organisations to work towards approving achieving an approvable three-year plan in the future. As part of this we commissioned financial governance and other reviews of organisations in targeted intervention to establish a clear position and to understand the strategic and operational challenges facing organisations.

### **Prevention**

The health benefits of prevention are intuitive. It is wiser to prevent a disease than to face its consequences at a more advanced stage. *Making a Difference: Investing in Sustainable Health and Well-being for the People of Wales*, sets out research evidence and expert opinion in support of preventing ill health and reducing inequalities.

The report was developed by Public Health Wales and £88.7 million in core funding has been allocated for 2017-18.

The funding allocation is not ring fenced for any particular activity to allow maximum flexibility in managing their resources to meet a wide range of priorities and commitments.

### **Obesity**

Illnesses associated with overweight and obesity is estimated to cost the NHS in Wales over £86million. At current rates the cost to the NHS will increase to £465million per year by 2050 and the cost to society and the economy in Wales could reach £2.4billion<sup>1</sup>. The Welsh Government is taking a multi-faceted approach to tackling obesity, recognising the complex factors at play in influencing lifestyle behaviours.

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<sup>1</sup> Source: Public Health Wales Report p.41. Additional figures relating to 2050 were extrapolated from the UK data by the Public Health Observatory p.8  
[http://www.wales.nhs.uk/sitesplus/documents/888/Making%20A%20Difference\\_Evidence%28E\\_web%29.pdf](http://www.wales.nhs.uk/sitesplus/documents/888/Making%20A%20Difference_Evidence%28E_web%29.pdf)

### **Smoking**

The National Institute for Clinical and Health Excellence suggest that smoking cessation is one of the most cost-effective healthcare interventions<sup>2</sup>.

The majority of the expenditure on smoking cessation services is contained within Public Health Wales' core funding allocation. Whilst it is difficult to attribute exact costs to smoking cessation work, in 2015-16 Public Health Wales' spend on NHS smoking cessation services was £1.856million and the Welsh Government spent £263,000 on smoking control and cessation. If the Welsh Government's aim of reducing adult smoking prevalence to 16% were achieved, this investment is likely to result in significant savings to Wales.

### **Workplace Health**

Poor lifestyle choices impact on the individual, the NHS and the economy. Healthy Working Wales is one element of our broader approach to improve health and work.

The programme has been jointly funded by the Health and Economy departments, with £196,000 contributed by Health and £617,000 from Economy in 2016-17. Funding for the programme for a three year funding period (2017-2020) is currently under consideration.

### **Immunisation**

We continue to respond to advice from the UK Joint Committee on Vaccination and Immunisation on national immunisation programmes. The funding for the majority of our well established programmes is now part of the health board allocations. It is estimated £1.35 would be returned for every £1 spent on targeted flu vaccination<sup>3</sup>.

The children's flu vaccination programme (£3.7million in 2016/17) will be extended again this coming winter (approximately £700,000).

In addition to the planned extension in 2017-18, the Welsh Government has recently agreed accelerate the roll-out by add two school years in 2018-19 at an additional cost of £1.4million.

### **Screening**

Population screening is an important preventative service, the majority of programmes are classed as secondary prevention, identifying conditions at an early and more easily treatable stage in supposedly healthy people and,

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<sup>2</sup> Source: NICE costing report <https://www.nice.org.uk/guidance/ph45/resources/costing-report-69105277>

<sup>3</sup> Source: Public Health Wales Evidence Paper – Pg 85.

[http://www.wales.nhs.uk/sitesplus/documents/888/Making%20A%20Difference\\_Evidence%28E\\_web%29.pdf](http://www.wales.nhs.uk/sitesplus/documents/888/Making%20A%20Difference_Evidence%28E_web%29.pdf)

therefore, avoiding costly interventions and treatments at a more advanced stage and improving length and quality of life for those individuals.

Public Health Wales' funding is not ring-fenced for any single activity however we know through its Integrated Medium Term Plan that Screening Division has a budget of approximately £37million.

### **Targeted disease prevention**

The National Exercise Referral Scheme is a Welsh Government funded scheme, delivered by Public Health Wales (£3.5million was transferred to Public Health Wales' core allocation in 2012-13). It has been developed to standardise exercise referral opportunities across all local authorities and local health boards in Wales. Examples include:

- **The Stroke Implementation Group (SIG)** provided £78,000 in 2016-17 and 2017/18 to support the 'Stop a Stroke, who cares wins' model in Cardiff and Vale University Health Board.
- The model involves working with primary care clusters to improve the recognition and management of Atrial Fibrillation (AF).
- **The Designed to Smile programme** has been in existence for a number of years.
- The programme costs £3.7million per year and around 91,000 children are taking part.

### **□ How funding changes in local government budgets, and in particular social services, have impacted on both social care and healthcare particularly in light of the recognition that local government social services are a key factor in reducing demand for NHS services.**

Core funding for local government is a matter for the Cabinet Secretary for Finance and Local Government. In 2017-18, the Welsh Government will be providing local authorities with £4.114billion of hypothecated revenue funding, through the local government settlement- an increase of £10million (0.2%) compared to 2016-17.

The local government settlement for 2017-18 includes £25million in recognition of the importance of strong local social services to the long-term success of the health service in Wales and in recognition of the growing pressures which social services face.

### **Local government social services are a key factor in reducing demand for NHS services**

The Welsh Government has prioritised social care as a sector of national strategic importance and continues to invest directly in social care in order that we support the NHS and other public services in preventing more costly interventions in the longer term.

The Health Foundation report 2016 – The Path to Sustainability - highlights that adequately funded social care is critical to a sustainable health service.

Integration and collaborative working are key principles of the transformative Social Services and Well-being (Wales) Act. The legislative framework also promotes an early intervention and prevention approach. These principles are embedded in the continued investment in social care in the budget for 2017-18.

That Act provides for new regional partnership boards to deliver integrated care services that improve well-being outcomes. These new boards should also ensure the best use of resources and are required to pool funds, including in relation to the provision of adult care home places. In parallel to the new legal framework, the Integrated Care Fund (ICF) was established to provide regional boards with significant revenue and capital funding to support the development of new and innovative models of integrated working between social services, health, housing, third and independent sectors.

The fund has provided pump-priming money to build on existing good practice as well as developing new and innovative models of care and support. It is widely regarded to have driven transformational change in the development and delivery of services so they become more resilient. As a result, reports submitted by regions show the funding has been used to reduce pressure on the hospital system, including reduction in unnecessary hospital admissions, inappropriate admission to residential care and delayed transfers of care from hospital. Data for the April 2017 census period marks the fourth consecutive month during which the total has been below 400 - an unprecedented achievement over the 12 years of recording the DToC statistics.

*Taking Wales Forward* includes a commitment to retain this fund and funding of £60million has been set aside for 2017-18, inclusive of £10million of capital. ICF continues to support the requirement to provide or arrange preventative services contained in section 15 of the Social Services and Well-being (Wales) Act. ICF for 2017-18 will continue to focus on the following areas:

- Older People with complex needs and long term conditions, including dementia
- People with learning disabilities
- Children with complex needs due to disability or illness
- It will also include for the first time carers, including young carers

For example, during 2016-17 the regions delivered a number of different projects that successfully supported improvements to DToC figures that were bespoke to local circumstances:

- In West Wales, £235,000 was used to fund the Pembrokeshire Intermediate Voluntary Organisations Team (PIVOT). In January, over 1000 bed days had been reported saved and over 100 hospital admissions avoided by the third quarter of the year.

- In North Wales, £95,000 was utilised to establish a seven-day multi disciplinary discharge team in Gwynedd, seeking to avoid admissions to acute wards, triages, and signpost patients to community services. 297 patients were assessed by the multi-disciplinary team, and 119 (40%) were discharged home.
- In Cardiff and Vale, £727,000 was used to support an Accommodation Solutions project, including provision of Step Up/Step Down accommodation. Over 116 patients from the delayed transfer of care list used the service with 1,550 bed days avoided (saving of £426,250)
- Gwent utilised £150,000 to provide intermediate care beds to help facilitate hospital discharges. This has resulted in 40 admissions to Step Up/Step Down beds with an estimated 1928 bed days saved.
- In Western Bay, a specialised nursing team was funded to improve hospital admissions avoidance. The service resulted in 80 admissions being avoided.
- In Powys, £217,000 was used to support improved patient flow. This has resulted in a 20% reduction in delayed transfers of care from community hospitals with an estimated 176 beds saved.
- The Complex Discharge Team in Cwm Taf received £100,000 to support joined up services between primary care, secondary care, community care, social care and voluntary organisations. Nearly 300 people were supported by this scheme.

### **Performance measurement**

New performance measures were introduced in 2016-17 as part of the performance measurement framework for local authorities in relation to their social services functions, as detailed in the code of practice in relation to measuring social services performance, issued under section 145 of the Social Services and Well-being (Wales) Act.

The performance measurement framework is intended to:

- Enable people to understand the quality of social services and to make informed decisions about their care and support
- Reinforce local authorities' strategic planning to enable targeted resources and improvement activity. Support local authorities to compare and benchmark their performance against others and learn and improve
- Evidence responsibility and accountability for local delivery to the Welsh Ministers and inform national policy development; and
- Support and inform the regulation, inspection audit and scrutiny regime.

The performance measures set out in the code of practice will replace all current performance measures for local authority social services and must be collected on the commencement of the Act. Local authorities are in the process of submitting 2016-17 data to Welsh Government, and this will be published in October 2017.

### **Local government settlement funding**

In 2017-18, we will be providing local authorities with £4.114billion of hypothecated revenue funding, through the local government settlement - an increase of £10million (0.2%) compared to 2016-17.

The funding provided through the local government settlement is unhypothecated, meaning that authorities have the freedom and the responsibility to spend this funding according to their own individual needs and priorities.

The final settlement announcement for 2017-18 included a floor mechanism so no authority will see a reduction of more than 0.5% compared to 2017-18.

The funding provided by the Welsh Government through the annual settlement is the largest single component of local government financing but it is not the only one. Authorities receive funding through council tax, income from sales, fees and charges and from other government grants.

The local government settlement for 2017-18 includes £25million in recognition of the importance of strong local social services to the long-term success of the health service in Wales and in recognition of the growing pressures which social services face.

### **Local government settlement formula**

The core revenue funding we provide to local authorities each year is distributed according to relative need, using a formula which takes account of a wealth of information on the demographic, physical, economic and social characteristics of authorities.

This funding formula has been developed in consultation with local government through the Distribution Sub Group (DSG); a technical working group whose members include senior local government officers from across Wales, the WLGA and independent experts to ensure fair treatment of the different factors.

In the interests of transparency, the detailed methodology is published in an annual *Green Book*. The formula is kept under a continual programme of review and improvement overseen by the DSG. The Group produces an annual report for consideration by the Finance Sub Group (FSG) of the Partnership Council for Wales.

In each of the four most recent years, a funding floor was implemented to ensure no authority suffered a disproportionate reduction compared to the other authorities. In the most recent two years, this floor was fully funded by the Welsh Government at a cost of over £4million.

In 2016, the Finance Sub Group agreed to implement a phased introduction of changes to the Personal Social Services elements of the settlement formula to recognise the cost of travel time within the social services sector. The first phase took place for the 2017-18 settlement, with the remaining phase due to take place for 2018-19 settlement.

### **£19million for social care workforce pressures**

In addition to the local government settlement, a £10million Health and Social Care grant was announced at the time of the budget, subsequently increased to £19million in recognition of the particular financial challenges arising from care provision including workforce pressures.

### **Financial position of Local Government and Social Care**

- **Additional funding was provided for social services in 2017-18, totalling £55 million, including £10m to help meet workforce cost pressures which was in the final 2017-18 budget settlement and £20 million announced on 27 March 2017. The Committee would welcome your thoughts on the extent to which this will help the sector to meet workforce pressures and increasing demand for services.**
- **In relation to 2016-17, the extent to which changes in local authority budgets have impacted on social services expenditure and social services performance measures.**
- **Whether there is any indication that the Social Services and Wellbeing (Wales) Act 2014, which has now been in force for a full year, is having an impact on social services spending.**

£20million extra recurrent funding has been made available from 2017-18 through consequential funding following the UK Government's March budget.

It will be invested in three key areas:

- £9million will increase funding already made available to manage workforce costs, and promote the stability of the social care market (this is in addition to the £10million previously announced).
- £8million will support work to prevent children from entering care and improve outcomes for those experiencing care
- £3million will be provided to local authorities to support respite for carers given the critical role they play.

This £20million funding takes additional investment in social care for 2017-18 to £55million.

As part of a wide-ranging review of the Social Services and Well-being (Wales) Act 2014 and evaluation of performance measure framework will be undertaken.

Discussions are already underway between officials and local authorities to understand how the measures are working in the early stages and can be improved. Findings will be available towards the end of this year.

We have always been clear about the importance of evaluating the impact of the Social Services and Well-being (Wales) Act 2014 to assess how well the Act has succeeded in its aim to improve the well-being of people who need care and support and carers who need support. This is a crucial and long-term piece of work which will be carried out in collaboration with a wide range of stakeholders and include:

- monitoring policies under the Act during the initial year of implementation to understand whether policy is being implemented as intended and to support policy improvement
- Undertaking an on-going evaluation through the national outcomes framework and the local authority performance measurement framework
- A one-off evaluation which will commence in the third year of the implementation of the Act.

### **Sport and physical activity**

- **For 2017-18, the budget allocations within your portfolio for sport and physical activity; the outcomes you expect to be delivered for the investment; and the timeframe for the realisation of these outcomes.**

The total budget available for sport and physical activity in 2017-18 is £22.767million. This includes total grant-in-aid to Sport Wales of £22.515million including Revenue Funding of £21,313million and Capital of £423,000 to support the ongoing refurbishment of the National Centres.

Sport Wales' 2017-18 Remit Letter requires it to invest proactively to address the health, equalities and tackling poverty agendas.

In supporting the delivery of "*Taking Wales Forward*" Sport Wales should support young people from deprived areas and develop new opportunities for our poorest young people, people who are disabled and other under-represented groups.

Investments should provide programmes that engage people within communities who do not undertake sport and physical activity or do so below the activity levels recommended by the Chief Medical Officer.

Sport Wales will explore how new partners and innovative routes to engagement, can deliver a step change, piloting new programmes where appropriate.

Investments should also support the pathway for those already participating in sport and physical recreation, to encourage sustained regular participation and to identify and develop talent.

Sport Wales will continue work to develop a new approach to community sport and physical recreation.

Sport Wales is to commission an external review of its school sport programmes and both Free Swimming schemes and report to the Minister for Social Services and Public Health by autumn 2017.

The revenue funding also includes continued provision for delivering the Free Swimming Initiative (£3.75million).

The balance of £252,000 is allocated to support sport related projects such as:

|                            |         |
|----------------------------|---------|
| Gemau Cymru                | £55,000 |
| Homeless World Cup         | £5,000  |
| Sports Facilities Review   | £40,000 |
| Special Olympics           | £10,000 |
| Armed Forces Free Swimming | £75,000 |

### **Capital investment**

- **The current position in terms of capital funding, including the availability of resources and what the process is for prioritisation.**

The 2017-18 capital budget for Health, Well Being and Sport is £251.971million.

This includes £36.689million non recurrent funding from Welsh Government reserves to support specific investment in genomics (£1.5million) and the primary care estate (£5million), with the balance of the non recurrent funding being targeted at the maintenance of the estate and replacement equipment.

Investment in NHS infrastructure continues to be a key priority and the published budget shows we will be investing over £1billion of capital funding over the next four years. In terms of the availability of capital funding, the budget is supporting a number of significant projects over the coming period.

This includes the construction of the Specialist Critical Care Centre in Cwmbran, completing the redevelopment of Ysbyty Glan Clwyd and the modernisation and expansion of neonatal facilities at the University Hospital of Wales, Cardiff; Prince Charles Hospital, Merthyr Tydfil; and the Sub Regional Neonatal Intensive Care Centre in Bodelwyddan, North Wales.

Funding is also earmarked to take forward a number of other schemes across Wales as well as national programmes supporting developments in primary and community care, imaging and diagnostics, and ICT.

The forward investment programme is based upon phased priorities identified by NHS bodies through their Integrated Medium Term Plans, and these are also assessed in terms of fit with the NHS Wales investment criteria, namely health gain, revenue sustainability, performance and efficiency, clinical skills and sustainability.

□ **How the capital funding issues in primary care are being addressed, given the concerns about the primary care estate and the limited availability of capital funding.**

The development of the primary and community estate is a key area of focus for NHS capital investment and is reflected in *Taking Wales Forward* through the commitment to develop a pipeline of integrated facilities across Wales.

These are intended to further drive the development of collaborative service models and facilitate local and immediate access to a range of public and third sector providers in one location.

We previously announced capital funding of £40million across the next four years to support the delivery of these facilities, and we will announce the first phase of investment in the autumn.

In addition, outside of this targeted funding, the current programme is also supporting a number of developments in primary care which are due to complete in this financial year.

These include facilities in Blaenau Ffestiniog, Flint, Bala, Criccieth, Aberdare, Phase 1 at Dewi Sant in Pontypridd, and Dyfed Road in Neath.

□ **Innovative funding models being considered for raising capital funding for future capital schemes, including the use of NHS and primary care estate as levers in any projects.**

As part of our new capital borrowing powers originally set out under the Wales Act 2014, the Welsh Government has developed a programme of work to enable £1.5billion of additional investment to be made in social and economic infrastructure in Wales over the course of the next six years.

At the heart of this £1.5billion programme are three major capital projects to be delivered through a new form of public-private partnership, the Mutual Investment Model (MIM), which was launched in March 2017.

The new Velindre Cancer Centre, with an estimated capital value of £210million, is one of the cornerstone projects to be delivered using this funding mechanism.<sup>4</sup>

Our officials are currently exploring how the NHS can further link with local authorities and Registered Social Landlords (RSL) to deliver housing requirements as well as primary, community and social services.

We are expecting the final business case for the Cylch Caron scheme in Tregaron before the end of the year, which uses a blend of grant funding and RSL borrowing to bring health, social care and housing under one roof.

In terms of raising capital, it is not proposed that local health boards in Wales have borrowing powers.

There is an active programme of disposal of surplus land across NHS Wales and organisations are able to target reinvestment of sales proceeds into local infrastructure priorities.

The Welsh NHS has a good track record of working with other public sector bodies to examine opportunities to use existing land and facilities for the wider benefit of communities.

Collaboration is encouraged between NHS Wales and other public sector bodies to improve the management and utilisation of land and buildings.

This has been achieved through the establishment of an all Wales Public Sector Property Database (ePIMS).

### **Provision for legislation**

- **The extent and location of allocations to provide for legislation in the health and social services portfolio.**

| <b>Legislation</b>                             | <b>Amount of Funding</b> | <b>Action</b>                      |
|--|--------------------------|------------------------------------|
| Human Transplantation (Wales) Act 2013         | £0.2m                    | Delivery of Targeted NHS Services  |
|  | £0.2m                    | Delivery of Core NHS Services      |
| Social Services & Well- Being (Wales) Act 2014 | £0.2m                    | Social Services Strategy           |
|  | £2.8m                    | Local Government Funding (via RSG) |

<sup>4</sup> In 2013-14 prices

|   |       |                             |
|---|-------|-----------------------------|
| Regulation & Inspection of Social Care (Wales) Act 2016 | £1.8m | Sustainable Social Services |
|---|-------|-----------------------------|

- **The amounts and location in the budget of allocations for Welsh legislation that is (a) currently being passed in this Assembly or (b) planned in the legislative programme.**

For the 'Quality and Governance in health and care in Wales' White Paper, at this stage we do not envisage that the legislative proposals are likely to carry significant costs or savings since they are largely concerned with enabling and building on existing arrangements.

However, the costs and savings are being considered as the policy work on the proposals develops. Initial discussions have been initiated and this is an area that will be further progressed once the outcome of the White Paper is known.

#### **Public Health (Wales) Bill**

The Bill was passed by the National Assembly on 16 May and, subject to Royal Assent, implementation costs will start to be incurred from 2017-18 onwards.

The estimated financial implications of implementing the Bill are set out in the Regulatory Impact Assessment (RIA). This identified potential costs for a range of sectors, including the Welsh Government and local government. The estimated costs to Welsh Government and local government over a five year period are summarised below:

|                   | 2017-18 (£) | 2018-19 (£) | 2019-20 (£) | 2020-21 (£) | 2021-22 (£) | Total (£) |
|-------------------|-------------|-------------|-------------|-------------|-------------|-----------|
| Welsh Government  | 198,400     | 42,300      | 11,500      | 27,200      | 25,300      | 304,700   |
| Local authorities | 365,900     | 683,600     | 362,500     | 390,900     | 342,800     | 2,145,700 |

Welsh Government implementation costs will be met from the budget of the Division within the Health and Social Services Group with lead policy responsibility for each area within the Bill. In most cases this will be from the Health Improvement and Healthy Working budget.

It is recognised local government will be a key sector in implementing the legislation, particularly through its existing enforcement responsibilities.

Efforts have been made across the Bill to minimise the financial burden on local authorities, for example through creating new funding streams such as from special procedure licences and fixed penalty notice receipts.

It has been recognised that there may be a need to identify additional transitional funding for local authorities to support early implementation of the Bill.

In addition, it is envisaged that there will be opportunities for reducing costs compared with those outlined in the RIA, if certain aspects of implementation are co-ordinated across different areas of the Bill.

□ **The amounts allocated for implementation of the Social Services and Wellbeing (Wales) Act 2014 and the Regulation and Inspection of Social Care (Wales) Act 2016.**

Social Services and Well-Being (Wales) Act 2014

£0.2million is being retained to support national activity to ensure consistent approaches to common processes across the regions delivering duties under the Act (e.g. performance management, new approaches of practice), whilst £2.8million is being added to the local government settlement to support delivery through regional partnership boards.

Regulation and Inspection of Social Care (Wales) Act 2016

The annual difference in cost between business as usual and the development of a new regime, combining the fundamental elements of protection alongside an outcome based approach to regulation, is forecast to be £1.765million.

This figure assumes a full implementation of the entire Act but will be lower if some elements are phased (such as ratings).

The cost of £1.765million is from the published Regulatory Impact Assessment (RIA). The RIA set out a five-year cost profile for full implementation in which, for purposes of illustration, the first full year was 2017-18.

As announced in the last administration, the service regulations under the Act are being developed and are expected to come into force from April 2018 with the expectation that the Act will be fully implemented by April 2019.

It is forecast that the costs for CSSIW related to implementation of the Act during 2017-18 will be in the region of £1million.

The Welsh Government has allocated £2.780million in 2017-18 to support the implementation of the Social Services and Well-being (Wales) Act 2014 and the Regulation and Inspection of Social Care (Wales) Act 2016.

□ **Whether there are any plans to take forward the option, set out in the Green Paper 'Our Health, Our Health Service', to give to health boards capital borrowing powers to invest in capital projects.**

Following on the Green Paper consideration has been given to borrowing powers for local health boards to invest in capital projects.

As detailed in the Green Paper “Consultation – summary of responses” report published in February 2016 there were mixed responses to the question of borrowing powers.

Some were in favour of borrowing powers, highlighting the ability to accelerate capital investments and more effective planning and business case development, while others were not in favour, highlighting borrowing powers would carry significant risks with a view that health boards had not shown the planning delivery or financial maturity to support such a provision.

The Wales Act 2014 provided new borrowing powers for the Welsh Government through either the National Loans Fund (NLF) or another lender, allowing Welsh Government to borrow from April 2018.

As any LHB borrowing would count against this Welsh Government borrowing limit, and given the mixed responses, it is not proposed that health boards borrowing powers be taken forward.