

Vaughan Gething AM

Cabinet Secretary for Health, Well-being and Sport

Rebecca Evans AM

Minister for Social Services and Public Health

3 May 2017

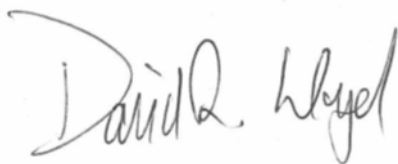
In-Year scrutiny of Welsh Government Budget 2016-17 and 2017-18

Dear Cabinet Secretary and Minister

Thank you for agreeing to attend the Health, Social Care and Sport Committee's meeting between 9.30 and 11.30am on the morning of Thursday 29 June 2017 for an in-year scrutiny session on the Health, Social Care and Sport budget.

In advance of the session, the Committee would be particularly grateful to receive further financial information on the matters highlighted in the annex. It would be helpful if you could provide the Committee with a bilingual paper by 14 June 2017 in relation to these matters.

Yours sincerely,



Dr Dai Lloyd AM

Chair, Health, Social Care and Sport Committee



Annexe: 2017–18 budget scrutiny

The budget scrutiny session on 17 November 2016 was the first annual budget scrutiny session of the new Assembly. Our correspondence at the time noted that our discussions had been fairly wide ranging but high level and represented the baseline for the whole of the Fifth Assembly. We outlined at the time that there would be many issues that we would want to return to in more detail. This session represents part of that ongoing scrutiny process.

We also highlighted at the time that the Committee is keen to focus its attention on both outputs and outcomes, and how these demonstrate value for money. As such, we will continue to focus attention on both the financial choices you make and the outcomes you expect to receive as a result.

The Committee would particularly like to receive information on the following issues:

1 Additional funding and service transformation

The most substantial change in the 2016–17 and 2017–18 budget for health and social care was the additional investment of £200m and respectively £240m to support the NHS in Wales. In your letter of 30 November 2016 to the Committee regarding the draft budget, you outlined that:

The first call on this funding will, inevitably, be to enable NHS organisations to meet normal cost growth,[...]

[...]In addition, we intend to use some of this funding to push further with our aim to provide more care closer to home. We are considering options on how best to incentivise further progress on this, and further details will be provided to the Committee on this in due course.

Can you provide an update on:

- 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 extent to which the additional funding has been deployed to sustain existing NHS Wales services;
- How the Welsh Government’s investment is ensuring the development of a workforce able to meet future health and care needs;
- How funding allocations reflect the Welsh Government’s aim of moving services from the hospital to the community;
- A breakdown of how the £50m additional funding for winter pressures was allocated, and what outcomes were secured;
- Evidence of how the Welsh Government is monitoring activity to ensure delivery of meaningful reform to services and positive outcomes to patients;
- 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.

2 Performance and efficiency

The Committee would welcome information on:

- 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;
- 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.

3 Financial planning and the financial position of LHBs

This issue does continue to cause some concern to the Committee. We noted during the budget scrutiny process the allocation of an additional £68 million revenue to the Health Social Care and Sport Department to address the forecasted overspends for 2016–17 by Betsi Cadwaladr and Hywel Dda University Health



Boards; in addition, both Abertawe Bro Morgannwg and Cardiff and the Vale UHBs have significant projected 2016–17 end of year deficits.

The Committee would welcome information on:

- 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.

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;
- 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.

We are keen to hear your views on these issues.

4 Prevention

The Committee would welcome information on:

- The evidence available about the impact of the preventative spend on demands on NHS services;
- 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.



5 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.

6 Sport and physical activity

We note your evidence that the majority of the Welsh Government’s work on sport is delivered through Sport Wales which, as a result, receives a “vast amount” of the sport budget. We would be interested to hear from you on:

- 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.

7 Capital investment

The availability of capital funding is a key lever in terms of service transformation across the sector, and we know that there are a number of ambitious projects underway requiring significant capital investment. The Committee would welcome information on:

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



- 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;
- 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.

8 Provision for legislation

The Committee would welcome information on:

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

