

Welsh Government Draft Budget 2019-20

November 2018

Introduction

1. This report sets out the Health, Social Care and Sport Committee's (the Committee) views on the Welsh Government's draft budget 2019-20 in respect of the policy areas within the Committee's remit. This report is intended to inform the National Assembly's debate on the draft budget, scheduled for 4 December 2018.

The Welsh Government's Draft Budget 2019-20

2. On 2 October 2018, the Welsh Government published its outline proposals for the draft budget 2019-20, setting out the allocations for the budget's main expenditure groups. The detailed spending plans for 2019-20, together with indicative capital plans to 2020-21, were published on 23 October 2018.

3. As indicated in the detailed proposals document, "A Budget to build a better Wales", the budget is entering its ninth year of this period of ongoing fiscal constraint and austerity. The Welsh Government notes its budget is 5% lower in real terms, on a like for like basis, in 2019-20 than at the start of the decade in 2010-11. This is the equivalent to £800m to spend on public services.

4. The detailed proposals also outline the Welsh Government's work to embed a preventative approach to financial planning, which has gained momentum in this draft budget. It states that the Welsh Government, working with partners, have agreed a common definition of prevention.¹ The Cabinet Secretary for Finance wrote to the Temporary Chair of the Finance Committee to provide this agreed definition.

¹ Welsh Government Draft Budget 2019-20 Detailed proposals, A Budget to build a better Wales, October 2018



The Committee's approach to budget scrutiny

5. In July 2017, the Committee identified a number of issues which it would look to prioritise over the coming 12 months.² As part of this, the Committee agreed to monitor the ongoing work of the [Parliamentary Review of Health and Social Care in Wales](#) which would also help shape the Committee's work programme.

6. The Committee believes that strategic and regular scrutiny of the Welsh Government and relevant statutory bodies is an important part of its role. On [11 July 2018](#), the Committee undertook a scrutiny session with the Cabinet Secretary for Health and Social Services and the Minister for Children, Older People and Social Care on the Welsh Government's response to the Parliamentary Review, "[A Healthier Wales, Welsh Government's plan for health and social care](#)". This session replaced the Committee's in-year financial scrutiny session with the Welsh Government.

7. Prior to the publication of the draft budget and following the Welsh Government's response to the Parliamentary Review, the Committee requested information from health boards and local government representatives to inform scrutiny of the Welsh Government's draft budget 2019-20. The Committee is grateful for these written submissions. We have not provided a detailed summary of this written evidence. The papers can be found on the Committee's [webpage](#).

8. The Committee undertook a scrutiny session with the Cabinet Secretary for Health and Social Services and the Minister for Children, Older People and Social Care on [7 November 2018](#) on the draft budget 2019-20.

9. In respect of funding for sport, we took evidence from the Minister for Culture, Tourism and Sport on [15 November 2018](#).

Health, Social Care and Sport MEG

Overview

10. In the Welsh Government's draft budget 2019-20, the Health and Social Services Main Expenditure Group (MEG) is £8,347million, a 5.4% increase in real terms from the 2018-19 supplementary budget. This comprises of:

² [Health, Social Care and Sport Committee priorities 2017-18](#)

- £7,813m resource: a 5.2% real terms increase;
- £373m capital: a 0.7% real terms increase; and
- £131m Annually Managed Expenditure (AME).

11. The Health and Social Services MEG contains the core revenue and capital funding for NHS Wales, as well as funding to support public health, social care and supporting children.

12. The Welsh Government plans to invest more than £500m additional revenue funding in health and social care in 2019-20. This includes the planned increase of £220m to meet the Nuffield gap³ and an extra £287m as a consequence of the uplift in funding for the NHS in England. Of the additional £287m, £192m will be used to support the delivery of *A Healthier Wales*, the Welsh Government's new plan for health and social care, and £94.6m will fund the Agenda for Change pay deal.

13. The other main change in the draft budget is the £195.3m allocated to Health Education and Improvement Wales, which is made up of transfers from various budget expenditure lines (BELs) within the Health and Social Services MEG. Health Education and Improvement Wales, which became operational from 1 October 2018, is the new single body responsible for the commissioning, planning, and development of education and training for the NHS workforce in Wales. The Welsh Government's evidence paper states that further increases to Health Education and Improvement Wales' budget will be actioned in supplementary budgets during 2019-20 to reflect the full transfer of responsibilities to the organisation.⁴

Health

Transformative change

14. The Welsh Government's evidence paper states "We have taken a long term approach in developing our spending plans for 2019-20 and 2020-21, with an emphasis on delivering our vision of integrated seamless health and social care services for the future as set out in *A Healthier Wales*".⁵

³ The annual amount identified by the Nuffield Trust as needed to meet rising costs in the NHS and increasing demand, largely associated with an ageing population.

⁴ Welsh Government evidence paper, Scrutiny of Health and Social Services Draft Budget 2019-20

⁵ Welsh Government evidence paper, Scrutiny of Health and Social Services Draft Budget 2019-20

15. Aside from the additional funding of £192.4m for delivery of *A Healthier Wales*' vision, £94.6m for the Agenda for Change pay deal, and transfers within the MEG of £195.3m for Health Education and Improvement Wales, the 2019-20 budget tables show little change from the 2018-19 final budget. We asked the Cabinet Secretary to tell us more about the approach he has taken when developing spending plans for health and social care for this budget round. He told us:

“We have baseline assumptions about staff costs, which are broadly predictable. We have a cost base for major organisations, health boards' trusts, and then we have ‘A Healthier Wales’ underpinning what we’re doing as well. So, that’s a guide...”⁶

16. The Minister for Children, Older People and Social Care added that a lot of the funding decisions are focused on the needs of the individual and outcomes. He said of the *A Healthier Wales* approach:

“...the idea around integration, seamless provision of health and social care, more wellness, more prevention, and rather than focusing on an illness service having a wellness service. That underpins a lot of the drive behind the funding decisions as well.”⁷

17. The Welsh Government’s Transformation Programme is being led by Dr Andrew Goodall, Director General for Health and Social Services and NHS Wales Chief Executive, supported by a cross-sector Transformation Board. Regional Partnership Boards (RPBs) will be the key driver of change at local level, and the budget proposals include additional funding of £30m in 2019-20 to support RPBs in this role.

18. The time-limited Transformation Fund (£100m over two years – £50m in each of 2018-19 and 2019-20) will support the testing of new models of care. The Cabinet Secretary has been clear that service transformation must become a core activity for all health and social care organisations.

19. The Welsh NHS Confederation recently responded to the Finance Committee’s consultation on the draft budget stating:

“there is limited flexibility to shift significant investment away from treatment services when the current demands on the health service are so great. It is for this reason that transformation needs to happen

⁶ RoP 7 November 2018, para 5

⁷ RoP 7 November 2018, para 6

not only at pace, but at scale, with the outcomes that matter most to patients being the key priority.

...

If these new models of care are to be successful, a collective ambition and an acceptance that change in the way we deliver services are absolutely necessary. For any change to be successful the Welsh Government, the National Assembly and the public must acknowledge that the priorities for health services in Wales will need to be re-assessed and delivery targets set accordingly.”

20. In oral evidence to the Finance Committee, the Welsh NHS Confederation identified some key issues to consider:

- whether there is headroom capacity within the workforce to be able to spend time developing new models of care;
- a need for transformation/transition funding so that you can dual-run services before being able to withdraw one service to provide another; and
- the need to derive the greatest value from the resources the NHS already has (tackling efficiency and effectiveness).

21. The Welsh Government’s evidence paper states how it intends to fund service transformation in the longer term beyond the life of the two year Transformation Fund:

“We are clear that our vision for truly integrated and seamless health and social care will ultimately be delivered over the coming years through refocusing the £9 billion that Wales spends on the NHS and social services around the Quadruple Aim.”⁸

22. We asked the Cabinet Secretary if he was confident that there is enough money to support transformation, in addition to refocusing the money spent on NHS services in the longer term, and without impacting on current services. The Cabinet Secretary told us that there are judgements to be made around the capacity of organisations within the system and the system as a whole, as well as

⁸ Welsh Government evidence paper, Scrutiny of Health and Social Services Draft Budget 2019-20

the willingness of health, social care and other partners to work together to deliver that transformation.⁹ The Cabinet Secretary added:

“...the point about the new systems that we’re testing and supporting with the transformation fund is that it does allow us some double running, and it does allow us to test the bids that are made, essentially, saying, ‘We can deliver a better service to release money or to use money in a more effective way.’”¹⁰

23. The Cabinet Secretary emphasised his expectation for organisations to shift the way they use resources.¹¹

24. The Minister for Children, Older People and Social Care stated that from a social services perspective, there is funding within the system to allow for double running as a result of not only the Transformation Fund but “some of the funds that we’ve put directly in as a result of this budget into social services”.¹² The Minister highlighted that the Parliamentary Review, which underpins the transformation, made clear that this is not a demand on additional resources. He said:

“What they did was look at the system as it currently is, looked at what was being funded through the integrated care fund over many years, what was working, and their analysis was you can achieve this transformation—they’d like to see additional funding, but you can achieve this transformation by changing the way in which you do things, by real, genuine, meaningful integration, from the front-end delivery, through the strategic level, and at all points. And that comes to the point of leadership. And it is leadership that we’re consistently working, both at Welsh Government level, regional partnership boards—but it does require pace, and leadership, and commitment, relentlessly, at all levels of the system, to make it work. Some of these won’t be seen within budget lines—although we’ve put some additional funding in there to do this transformation—but it’s more to do with that core transformation of that £9 billion. And we will consistently say what we achieve through ICF, through transformation funding, in social services and health and integration, the only way of making this binding and

⁹ RoP 7 November 2018, para 13

¹⁰ RoP 7 November 2018, para 14

¹¹ RoP 7 November 2018, para 15

¹² RoP 7 November 2018, para 16

meaningful is changing the way that we do things on a day-to-day, bread-and-butter basis, with that £9 billion.”¹³

25. Alan Brace, Director of Finance for Welsh Government described some of the ways in which the core funding for health and social services could be unlocked, He explained that there was headroom within the extra funding allocated to meet the Nuffield gap, and that a focus on examining clinical variation, improving efficiency, and a partnership approach would be key:

“...the unlocking really has got to come from different partnership working that I think has got a lot more focus on more efficient use of resources. We can’t take our eye off that; there is an opportunity for greater efficiency and productivity within the £9 billion. More importantly, though, it’s about outcomes—how can we start to drive a different debate about effectiveness?”¹⁴

26. The Minister for Children, Older People and Social Care assured the Committee that the Welsh Government is doing its best to protect social services spending and to direct spending through RPBs. The Minister explained that through budget choices and a move towards collaborative working, joint commissioning and pooling of budgets, he is able to provide long-term certainty over significant investment to healthcare providers.¹⁵ The Minister indicated that successful double funding examples, such as the Cwm Taf Stay Well@home initiative is providing a financial saving of £1.6 million, as a result of investment choices by the RPB.¹⁶ He added:

“at this moment, it’s a combination of making sure that as much money as we can is within the system of health and social care, but, secondly, we change the system so that we get more value for money. Because that £1.6 million of financial savings each year is significant savings that can be redeployed elsewhere.”¹⁷

27. We asked the Cabinet Secretary if he has given any consideration to where budgets are held in the future and if RPBs would be best placed to distribute funds in place of local government for example. The Cabinet Secretary told us that further consideration needs to be given to structure and the governance of

¹³ RoP 7 November 2018, para 17

¹⁴ RoP 7 November 2018, para 28

¹⁵ RoP 7 November 2018, para 30

¹⁶ RoP 7 November 2018, para 31

¹⁷ RoP 7 November 2018, para 32

funds. However, the Committee could expect moves in this direction “because it’s very clear in ‘A Healthier Wales’—regional partnership boards are a big driver for change”.¹⁸

28. Health boards’ written evidence to the Committee illustrates the challenge in achieving service change. When we look at their spend on primary care over the last few years, this suggests that the shift in resources towards primary care, which has been at the centre of NHS policy in recent years, is not being realised. While some boards provided examples of services being moved from hospital to community settings and more patients being managed in primary care, the proportion of spending on primary care has remained broadly consistent over the last few years. Health boards’ annual accounts also show that spending on primary care decreased by 5% in real terms from 2010-11 to 2017-18.

29. Alan Brace, Director of Finance told us that the Welsh Government does not recognise this figure. He said:

“I think that came from the Wales Audit Office’s ‘A Picture of Public Services’ report, and we pointed out to them that the only difference in that comparator—. Well, there were a couple of differences, but the main one...was that medicines spend, which was included in the definition of primary care, was actually being managed really well and was fairly static. And then, when they did the comparison, that looked like there was a cut in real terms, and there wasn’t. Wales Audit Office agreed with that, in terms of that, technically, that wasn’t the correct picture of what was going on, but it does still seem to be quoted that we have reduced it.”¹⁹

Our view

30. The Cabinet Secretary has been clear that service transformation must become a mainstream activity for health and social care organisations, and that it will be their core funding which will be used to deliver change. We have deep concerns around whether the NHS and social care services will be able to achieve this, given the demand and cost pressures identified, and the continuing failure of the majority of health boards to break even.

31. We welcome the £100m being made available through the Transformation Fund for pathfinder projects, The Committee would like assurance that the use

¹⁸ RoP 7 November 2018, para 36

¹⁹ RoP 7 November 2018, para 44

and impact of this Fund will be effectively monitored, particularly in terms of it being used to support projects which are genuinely transformative and scaleable, and that mental health is given parity with physical health when considering bids. We would welcome further detail from the Welsh Government about the governance arrangements for the Fund.

32. We believe there is a case for exploring a more holistic approach to funding as RPBs won't be directed by the priorities of the budget holders. We reflect on this further in the chapter on social care.

33. We note the Director of Finance's comments that the Welsh Government doesn't recognise the figure of a 5% decrease to primary care funding. We are aware that this figure, which has also been reported by the Wales Audit Office,²⁰ is based on analysis of health boards' annual accounts. It's also the case that health boards' written evidence to the Committee shows that the proportion of their spending which goes on primary care has remained broadly consistent over the last few years. This gives us serious cause for concern. Given the policy focus on shifting care out of hospitals, we would have expected to see a significant increase in the level of spend on primary care, but the evidence we have seen shows that this is not happening. We believe this illustrates the challenges facing health boards in achieving service transformation, given the ongoing pressures they face in the acute sector for example. Given that the direction of travel for services as set out in *A Healthier Wales* is toward delivery of services to be undertaken in primary and community healthcare, we are very concerned that the proposed funding for primary care will not be sufficient to support this objective.

The financial position of the health boards

34. The first financial duty under the National Health Service Finance (Wales) Act 2014 is a requirement on local health boards (LHBs) to manage their resources within approved limits over a three-year rolling period.

35. As part of our scrutiny last year of the Welsh Government Draft Budget 2018-19, the Committee sought to examine in detail the current financial position of LHBs in Wales. We reported the disappointment of the Committee that the ambitions of the Act have not been fully realised by all NHS bodies and that four of the seven LHBs reported a deficit in at least one of the preceding three years. In particular, it is of concern that Betsi Cadwaladr and Hywel Dda both reported a deficit in each of the years 2014-15 to 2016-17.

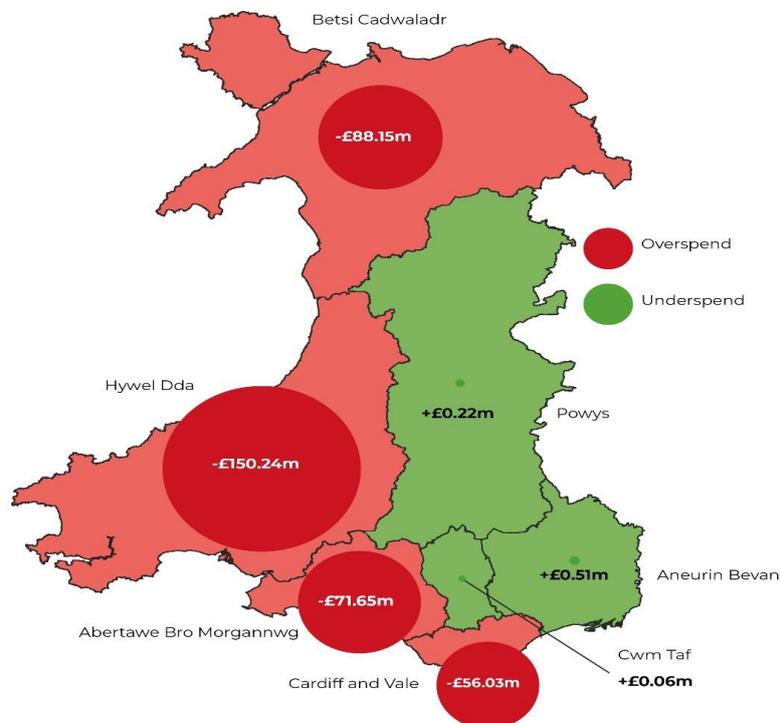
²⁰ Wales Audit Office report, A picture of primary care in Wales, April 2018

36. Health boards and Welsh NHS Trusts' annual accounts for 2017-18, laid before the Assembly on 14 June 2018, show that performance in the three years to 31 March 2018 mirrored that in the first three-year period (April 2014 – March 2017), with all NHS Trusts meeting the first statutory financial duty. However, we note that the same four Health Boards (Betsi Cadwaladr, Hywel Dda, Abertawe Bro Morgannwg, and Cardiff and Vale) failed to operate within their revenue spending allocations.

37. In 2017-18, the Welsh Government set maximum deficit financial control totals for the following health boards:

- Abertawe Bro Morgannwg £36.0 million (actual deficit £32.4 million);
- Betsi Cadwaladr £26.0 million (actual deficit £38.8 million);
- Cardiff & Vale £30.9 million (actual deficit £26.9 million); and
- Hywel Dda £58.9 million (actual deficit £69.4 million).

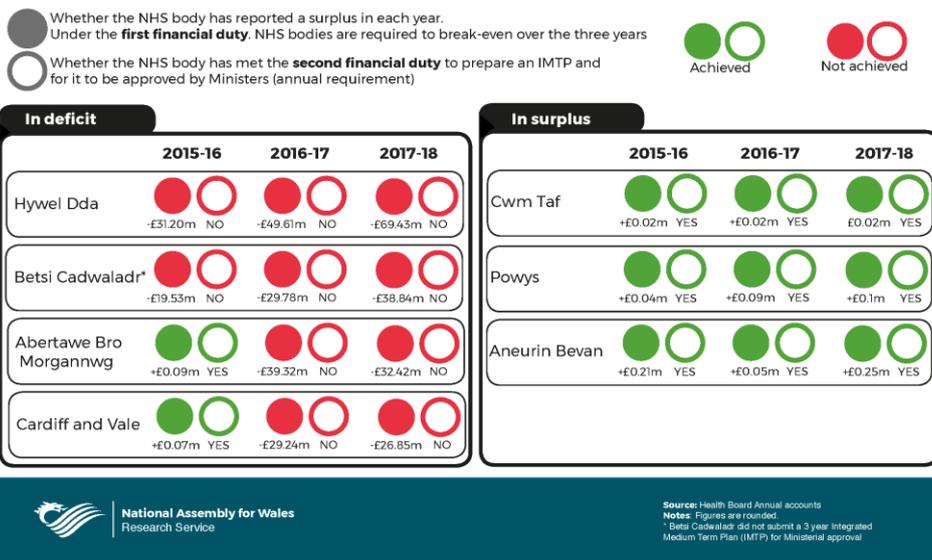
38. The end position for the three years ending 2017-18 for local health boards was as follows:



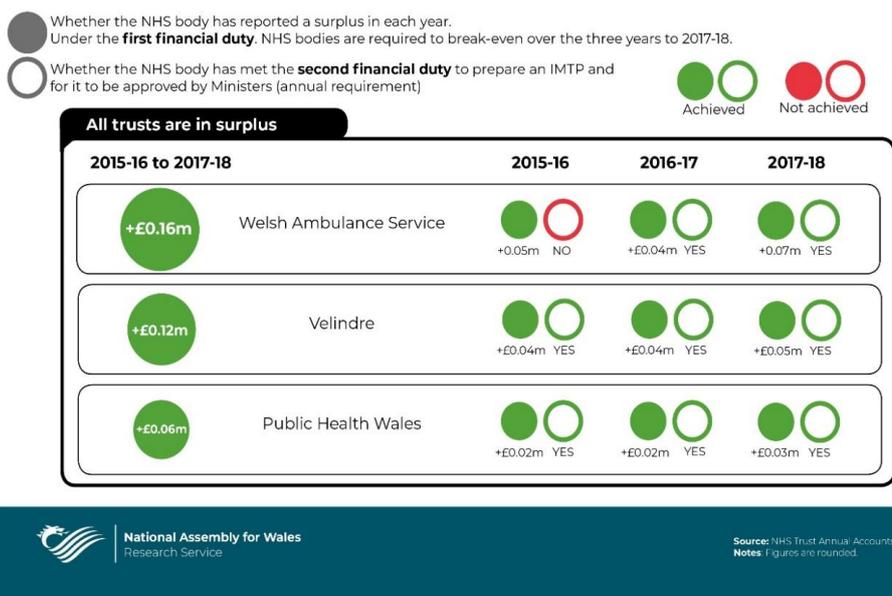
39. The second financial duty requires that NHS bodies in Wales prepare a rolling three-year Integrated Medium Term Plan (IMTP) and have this approved by the Welsh Government. This is an annual requirement.

40. For 2017-18, the four health boards which failed to meet the first financial duty also failed to have a three-year IMTP approved.

Welsh Health Boards' financial performance 2015-16 to 2017-18



Welsh NHS Trusts' financial performance 2015-16 to 2017-18



²¹ Source: National Assembly for Wales Research Service, [Checking the financial pulse of local health boards and NHS Trusts in Wales](#), 19 June 2018

41. We asked the Cabinet Secretary for an updated position regarding health boards' repayment of deficit reported in 2016-17 and 2017-18. The Cabinet Secretary told us that the four organisations still with plans in a heightened state of escalation are not in a position to repay deficits built up. Although there is an expectation that these health boards gain control of their finances and move to a position where they have three-year plans in place. The Cabinet Secretary said:

"I'm more optimistic about Cardiff and Vale for the year ahead. We're looking for ABM to make more progress over the next six to 12 months as well. I'm not expecting either Hywel Dda or Betsi Cadwaladr to come up with a three-year plan for the next financial year or within the next financial year, but I do expect to see further improvement. What I don't want to do is to start to introduce an expectation, and whilst those organisations are in their current position of needing to repay money in this year as well, because I don't think that will be very helpful."²²

42. The Cabinet Secretary added that the health boards will need to plan to repay the deficit over a period of time and that the Committee can expect to see more progress within this financial year.²³

43. Looking to the future, the Cabinet Secretary stated his expectations for further improvements, and that the health boards currently living within their means continue to do so as well.²⁴

44. The Committee noted that Betsi Cadwaladr University Health Board remains in special measures, and the Cabinet Secretary's comments relating to the challenges faced in areas of leadership and delivery of service.²⁵

45. In respect of Hywel Dda Local Health Board, the Welsh Government provided additional non-recurrent funding of £14.4 million in both 2015-16 and 2016-17, in recognition of the financial challenges facing the health board. No additional funding was provided during 2017-18, pending a review of the health board's cost base. The review published in May 2018, focused on four broad drivers of healthcare costs and found that two factors – demographics and scale – generated excess costs for the Board which were unavoidable, but that the other two factors – remoteness and efficiency – did not generate excess costs. In

²² RoP 7 November 2018, para 54

²³ RoP 7 November 2018, para 54

²⁴ RoP 7 November 2018, para 54

²⁵ RoP 7 November 2018, para 56

response to the review, the Cabinet Secretary **announced** that Hywel Dda would receive additional recurrent funding of £27 million from 2018-19 onwards.

46. In oral evidence, the Cabinet Secretary reaffirmed the difficulties for Hywel Dda in living within its means if it continues to deliver services as it currently does. The Cabinet Secretary highlighted that following the zero-based budget review it was clear that the health board needs “to get on top of their broader financial challenge”.²⁶

47. The **Public Accounts Committee** recently highlighted a “disappointing pace of progress” following escalation and intervention - leaving aside the long-standing concerns about Betsi Cadwaladr, Abertawe Bro Morgannwg, Cardiff and Vale and Hywel Dda health boards have each been subject to escalation arrangements for at least two years, and still ended 2017-18 with significant deficits.²⁷ In response, the Cabinet Secretary said:

“If you look at the reality of where we are and the additional discipline that we’ve introduced across the health system, you are seeing movement in the right direction and you’re seeing movement at a level and a pace that we have not seen in the past.”²⁸

Our view

48. We note the ambitions and requirements of the *National Health Service Finance (Wales) Act 2014* have not been fully realised by all NHS bodies, but that progress has been made by particular health boards. However, we are disappointed by the continuing inability of a number of health boards to manage their finances. We seek further information from the Cabinet Secretary about the reasons behind the enduring difficulties in some health boards, and what assessment has been made of the factors contributing to their ongoing inability to maintain financial discipline. **We believe it is of crucial importance to understand the extent to which this may be due to management issues at individual health board level, or how much it may be due to: for example, their funding allocations.**

²⁶ RoP 7 November 2018, para 56

²⁷ **Letter from Public Accounts Committee to Dr Andrew Goodall**, 4 October 2018

²⁸ RoP 7 November 2018, para 59

Mental health

49. In 2008, the Welsh Government introduced arrangements to ring-fence mental health revenue allocations to health boards with the aim of protecting investment in mental health services.

50. The Welsh Government's detailed draft budget proposals for 2019-20 highlight that mental health is the largest single area of NHS expenditure. The Welsh Government will spend £675m on mental health services in 2019-20. An extra £20m is being provided in this draft budget for mental health services, as part of the Welsh Government's two-year budget agreement with Plaid Cymru.

51. We know that health boards are already spending more on mental health than the ring-fenced allocation. However, we are mindful of the growing demand for mental health services and are persuaded by the Welsh NHS Confederation's suggestion that the level of need for mental health services may be significantly greater than the current levels of spend.²⁹

52. We asked the Cabinet Secretary for Health and Social Services if the resources being made available for mental health services are meeting the level of need. We also asked if enough robust data is being collected to inform effective budget planning in this area. In response, the Cabinet Secretary told us that work is progressing on the collection of data:

“We are looking and relooking again at the data we have. I met the Wales Alliance for Mental Health this week. We talked about the progress that is being made and the further progress we still need to make on some of the data sets—what we publish and what we share—so that we'll have better information again.”³⁰

53. The Cabinet Secretary continued:

“Together for Mental Health' has taken us further forward, but the progress on mental health is only in part due the money we spend in health, and an understanding of the need that we have, because, as you know, it's a cross-Government priority to recognise that improving the mental health of the nation requires a different national

²⁹ [Welsh NHS Confederation evidence paper to the Finance Committee's consultation on the Welsh Government Draft Budget proposals for 2019-20](#)

³⁰ RoP 7 November 2018, para 64

conversation. It requires action outside the health service and it requires health to be an outward-looking partner with other services.”³¹

54. An additional £2.5m is being made available in this draft budget through the Education MEG, targeted specifically at improving mental health services for young people. £15m of the additional funding for *A Healthier Wales* will support mental health services and learning disabilities, including funding for programmes in schools, wraparound mental health support for the homeless, and perinatal mental health services. This includes funding for the new whole-school approach to mental health and well-being, which is being developed in response to the Children, Young People and Education Committee’s report, Mind over matter, published in April 2018.

55. The Cabinet Secretary emphasised that the education sector is an important partner in particular, and that the jointly chaired task and finish group with stakeholders is looking at how to deliver improvement in this area. He added:

“So, it’s partly about money, it’s partly about understanding and need and us keeping our promises to put more money into mental health services, but it is at least as much about how we use that money and how we see the impact that other partners can and do make on improving the mental health of the nation...”³²

56. The evidence submitted by health boards suggests there is a lack of data about mental health services’ activity in primary care and community settings. Abertawe Bro Morgannwg University Health Board told us there were no routine processes for tracking spend to outcomes.³³

57. The Cabinet Secretary confirmed that work is currently ongoing with partners to agree what data should be measured and how this will be collected. The Cabinet Secretary emphasised that there are already some positive outcomes on a range of process measures. However, he acknowledged that more work is needed with regard to children’s mental health services:

“We know that in the child and adolescent mental health services, we still need to do more—we have a more challenging target than other parts of the UK.”³⁴

³¹ RoP 7 November 2018, para 64

³² RoP 7 November 2018, para 65

³³ Abertawe Bro Morgannwg University Health Board evidence paper

³⁴ RoP 7 November 2018, para 67

58. The Cabinet Secretary also confirmed that work is being undertaken to decide what interim data can be published, and how that will guide future plans.³⁵

59. In written evidence to the Committee's recent inquiry into suicide prevention in Wales, the Welsh Government told us:

“Welsh Government is leading on the development of a mental health core dataset, which will allow us to capture reliable, consistent information across Wales....The dataset will be built into the Welsh Community Care Informatics System, which will improve the relationship between care providers and make transitions between services smoother for individuals accessing support.”

60. The Minister for Children, Older People and Social Care expanded on this point. He said:

“The Welsh Community Care Information System, which is still on course to be developed within the timetable we originally laid out—by 2022. It's progressing well, and the mental health core data set will feed into that as well. Because, to come back to that theme of seamless integration of services and support, it's the WCCIS that will actually provide that joined-up data sharing between front-line providers to make sure that those individuals at the end of it are having the right outcome.”³⁶

61. The Cabinet Secretary added that we could expect flexibility around what is spent on mental health services as the data sets evolve. He told us:

“We plan on what we know now and as the robustness and the quality of information that we have change, we will, of course, look to meet the need that exists in every part of the service, including, of course, here in mental health.”³⁷

Our view

62. We welcome the additional funding provided in this draft budget for mental health services. However, we remain alert to the current inconsistency of provision

³⁵ RoP 7 November 2018, para 68

³⁶ RoP 7 November 2018, para 69

³⁷ RoP 7 November 2018, para 71

and the growing demands, and urge the Cabinet Secretary to ensure adequate resources are available for mental health services in future budget rounds.

63. The Chair of the [Children, Young People and Education Committee](#) wrote to inform us of its proposed approach to considering issues relating to the emotional and mental health of children and young people within its scrutiny of the draft budget. We are aware of its concerns around the transparency of spending in this area, the proportion of money spent on child and adolescent mental health services, and the adequacy of funding to support the “whole school approach” described by the Committee in its [Mind Over Matter report](#). We endorse the Children, Young People and Education Committee’s recommendations in respect of the draft budget, which are aimed at ensuring sufficient resources are provided for improving the mental health and wellbeing of children and young people.

64. We would wish to see more detail about what exact information will be captured by the mental health core data set, the timescales for the data set to be fully developed, and how will this improve service planning, measurement of outcomes, and tracking the impact of spend on mental health services.

65. We asked health boards about the extent to which allocated mental health funding is being used to support other services, for example where patients have a primary diagnosis of a mental health condition but require treatment for other health conditions.³⁸ Their responses did not provide the clarity we were seeking, and we remain concerned about whether funding arrangements, including the mental health ring-fence, are striking the right balance between taking a holistic approach to meeting an individual’s needs, and ensuring resources for mental health are protected. We would welcome the Welsh Government’s response on this point.

Health workforce

66. As described by the Welsh NHS Confederation in its [response](#) to the Finance Committee’s consultation on the Welsh Government’s draft budget proposals for 2019-20, while systems and services provide a focus for change, it is the workforce that represents the largest asset in delivering care and delivering the changes needed.

67. Health boards’ [responses](#) to the Committee provide examples of actions taken to improve the sustainability of their workforce, including for example improved rostering, supporting employee wellbeing and reducing sickness

³⁸ [Betsi Cadwaladr University Health Board evidence paper](#)

absence, targeted recruitment and retention strategies, and developing new/enhanced roles.

68. In written evidence, Hywel Dda University Health Board said that it has a “grow-your-own” policy of investing in supporting healthcare support workers to progress onto formal nurse training pathways.³⁹

69. As set out in *A Healthier Wales*, the Welsh Government will commission Health Education and Improvement Wales (HEIW) and Social Care Wales to develop a long-term workforce strategy. This has a target date of the end of 2019.

70. In oral evidence, the Cabinet Secretary for Health and Social Services talked of the improvements to workforce planning he expected to see from the investment in HEIW:

“...we’re in a better position to have that oversight, both as a source of intelligence and knowledge about the workforce we have, as well as the ability to plan for the workforce that we’ll want in the future to meet current and future need.”⁴⁰

71. The Cabinet Secretary added that there had not previously been “a joined-up national conversation on how we use the capacity we have within our system to train our future staff and then how we go about making sensible use of that”.⁴¹

72. We asked the Cabinet Secretary to what extent this budget is being used to meet workforce pressures, including development, recruitment and training, as opposed to supporting the development of new and innovative ways of working as described in *A Healthier Wales*. He indicated that the current budget will need to change, by means of the supplementary budget, as more intelligence is gathered. However, the Cabinet Secretary emphasised the need to consider how effectively the money is used and adopting a more holistic approach to delivery. He said:

“Some of that won’t be about money; it will be about leadership, it’ll be about cultural change, and it will then be about making a smarter choice about how we use that money. So, that is part of the mission that HEIW have. You won’t see that in a budget line, but you should see

³⁹ Letter from Hywel Dda University Health Board, 4 October 2018

⁴⁰ RoP 7 November 2018, para 108

⁴¹ RoP 7 November 2018, para 108

that in the outcomes we deliver, not just with how much money we use, but actually how those staff are trained.”⁴²

73. We asked the Cabinet Secretary whether he recognised a disparity in terms of working conditions and pay and a lack of parity of esteem between social care and healthcare staff. He told us that the issue is sometimes presented as an obstacle to delivering an integrated and seamless system, and reflected on making choices within the budget to enable organisations to work in a meaningful way. However, he acknowledged the realities of different rates of pay in the health service and local government and indicated that this would need to be addressed in the medium to long term.⁴³

74. The Minister for Children, Older People and Social Care supported this view suggesting that more integrated ways of working are bringing these issues to the fore. He told us that there are immediate things that can be done:

“...last year, the £90 million that we put into the living wage; the additional money that we put in this year to the living wage; dealing with things like call clipping within Wales, which we’ve already taken measures on; things like the professionalisation of the workforce and the voluntary move towards the registration of domiciliary care, followed by mandatory. We are looking at it now for residential care...All of those things are to do with esteem...We can’t do it overnight because we know the pressures on the systems. But, we do need to look at those terms and conditions, and we want to.”⁴⁴

75. The Minister added that not only does front line service need to be seamless, but training and development too so that staff who move across pathways “see it as a career”.⁴⁵

76. The Committee raised concerns over the levels of sickness absence within the health workforce and noted that this is a particular issue within the ambulance service. In a statement in Plenary on 6 November 2018, the Cabinet Secretary for Health and Social Services said in relation to the findings of the Independent Accelerated Programme for Amber Review:

“Ambulance handover delays and staff sickness need immediate attention through a whole-system approach and improved staff well-

⁴² RoP 7 November 2018, para 111

⁴³ RoP 7 November 2018, para 124

⁴⁴ RoP 7 November 2018, para 126

⁴⁵ RoP 7 November 2018, para 127

being. I expect health boards and the Welsh Ambulances Services NHS Trust to work with partners to take responsibility for these issues and to take immediate action to address them. We will of course monitor progress closely.”⁴⁶

77. We asked the Cabinet Secretary what the Welsh Government is doing to protect the current health workforce in their roles. He told us that the “Quadruple Aim”, the four mutually supportive goals that will deliver the vision for the way care and support is delivered in Wales, as outlined in the Parliamentary Review, will help address this issue along with other measures taken through pay deals and managing absence.⁴⁷

78. Dr Andrew Goodall, Director General for Health and Social Services and NHS Wales Chief Executive added that this approach will be supplemented by the role of HEIW. However, he acknowledged that there is still progress to be made on sickness and absence rates across organisations in Wales.⁴⁸

79. Dr Goodall suggested that size can be a factor, with smaller organisations such as Velindre Cancer Centre demonstrating lower rates, as it “perhaps can discharge some of its relationships with the staff a little differently”.⁴⁹ He noted the outstanding work being undertaken in the Welsh Ambulance Services NHS Trust to make genuine progress in this area. He added:

“...I think we are going to have to deploy a more national focus, as well as some choices that people make in their local services. Some choices are, for example, do we leave occupational health services as a local mechanism? Do we elevate that to perhaps more of a national network of occupational health services? How do we underpin and support primary care in some respects? These are some of the choices that we have to make, I think, going forward.”⁵⁰

80. The Committee has repeatedly raised concerns about funding issues related to the health workforce, including the costs to the NHS of agency and locum

⁴⁶ RoP Plenary 6 November 2018, para 132

⁴⁷ RoP 7 November 2018, para 114

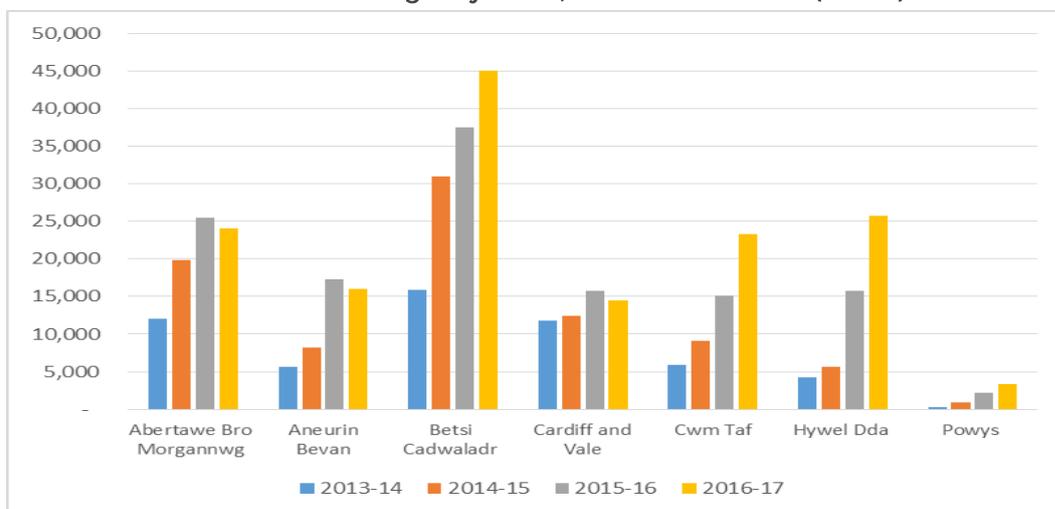
⁴⁸ RoP 7 November 2018, para 115

⁴⁹ RoP 7 November 2018, para 116

⁵⁰ RoP 7 November 2018, para 117

costs.⁵¹ This was highlighted in our report on last year’s draft budget, and illustrated in the table below:

Figure 4: Local Health Boards Staff Agency Costs, 2013-14 to 2016-17 (£'000)



81. Some health boards have been able to demonstrate a decrease in agency spend, although Cardiff and Vale University Health Board for example highlight an increase in nursing agency spend in the last year (in part to meet the requirements of the Nurse Staffing Levels (Wales) Act 2016), and that staffing remains a challenge in some medical specialties.⁵²

82. Dr Andrew Goodall told us that HEIW’s role in workforce improvement, such as this area will be important, and a saving of £30m over the last 12 months has already been achieved. He added that discussions will take place at both mid-year and end-of-year reviews, but also at the value and efficiency board of which he is Chair.⁵³

Our view

83. We note the health boards’ assurances that they are making efforts to tackle their workforce issues and remain concerned about the slow progress being made in this area.

84. We expect that the work being undertaken by Health Education and Improvement Wales and Social Care Wales on workforce planning has the impact

⁵¹ Health, Social Care and Sport Committee’s Report on the Welsh Government Draft Budget 2018-19, December 2017

⁵² Local Health Board evidence papers

⁵³ RoP 7 November 2018, para 119

that is intended. We look forward to receiving an update from the Welsh Government on the development of the long-term workforce strategy.

85. We recognise the clear disparity between healthcare and social care sector workers, as has been raised regularly to us by stakeholders. We believe this is a significant barrier to successful service integration. We note the actions taken by the Welsh Government to begin to address issues of parity of esteem and acknowledge this is a long term challenge given the difficult historical problems with the social care sector compared to health. However, we wish to receive more detail from the Welsh Government on the financial implications of addressing this disparity, and the long term budgetary planning that may be required to support this change.

86. We note the comments made by the Director General for Health and Social Services/NHS Wales Chief Executive around deploying a national focus in relation to addressing staff sickness in the NHS workforce. We would wish to receive more information on what plans are being put in place to address this issue.

Social Care

87. Local authority social care is partly funded through the revenue support grant (RSG). The provisional Local Government Settlement 2019-20 was set out in a written statement by the Cabinet Secretary for Local Government and Public Services, issued on 9 October 2018. This provides details of the core funding allocations for local authorities for 2019-20.

88. The total provisional local government settlement for 2019-20 (including top up funding (adjusted for transfers)) is £4,214m compared with £4,226m for 2018-19, a reduction of 0.3%, or 2% in real terms.

89. The Wales Public Services 2025⁵⁴ programme's 2017 report, A delicate balance? Health and social care spending in Wales highlights the following:

- Local authorities' spending on social care for the over 65s is not keeping pace with the growth in the population of older people;
- The increasing over-65 population in Wales means that spending per older person has fallen by over 12% in real terms over the period (2009-

⁵⁴ The Wales Public Services 2025 programme has now been transferred to the Wales Governance Centre.

10 to 2015-16) (updated figures suggest that spending on a per head basis decreased by 14.4% between 2009-10 and 2016-17);

- Projections suggest that there will need to be a “near doubling” of spend on local authority social services for older people between 2015 and 2030. Improving the quality and reliability of data about need/demand will be crucial in order to plan for this.

90. In his statement, the Cabinet Secretary for Local Government and Public Services detailed that the local government settlement includes a further £20m to ease pressures on social services. An additional £30m outside the local government settlement is also being made available for social care to address sustainability issues, including domiciliary workforce pressures.

91. We asked the Minister for Children, Older People and Social Care how confident he was that the additional £20m for social services contained in the local government settlement would be used for that purpose, given the concerns expressed by local government about the level of the settlement in general. He told us:

“I think we’re as confident as can be on the basis that local government has repeatedly said to us that this is one of its big pressure points, despite the fact that we’ve repeatedly tried to protect, to the very best of our ability, spending on social care.”⁵⁵

92. He added that local authorities may wish to use the funding in different ways to address the differing needs of their population. However, the intended use of the additional money is clear and so it is anticipated it will be spent directly on social services.⁵⁶

93. The Minister confirmed that the Welsh Government does not intend to formally monitor the additional £20m going directly into social services, as there are already set processes for monitoring how local authorities are delivering under the Social Services and Well-being Act 2014.⁵⁷

Pressures on social care

94. The 2016 Health Foundation report, [The path to sustainability: Funding projections for the NHS in Wales to 2019-20 and 2030-31](#) estimated that pressures

⁵⁵ RoP 7 November 2018, para 74

⁵⁶ RoP 7 November 2018, para 75

⁵⁷ RoP 7 November 2018, para 77

on social care will rise by 4.1% pa in real terms between 2015 and 2030-31, which will require the budget to almost double to £2.3bn over this period to match demand. The report warned that an increase in unmet need in underfunded social care would be likely to lead to a rise in demand for NHS services.

95. In 2017-18, 23% of local authority gross revenue expenditure⁵⁸ in Wales was on social services. This is the second largest area of local authority expenditure after education which comprises 33% of gross revenue expenditure.

96. The WLGA calculates that there is a £67m funding gap for social services once the additional £50m in this draft budget (comprised of the further £20m in the local government settlement and the additional £30m announced specifically for social services) is taken into account (without any council tax increases).

97. In response to the WLGA's concerns, the Minister for Children, Older People and Social Care told us that "we work within the envelope that we currently have".⁵⁹ The Minister indicated that consideration needs to be given to how the money can be spent in a joined up way, both locally through the Regional Partnership Boards and at a strategic level. He said:

"This is challenging and it's difficult, but we need to spend it well, and that does mean then, I have to say, deciding both at a regional level with the £30 million, at a local level with the money that we're putting in directly under social services, when things work, to keep on doing them. When things are less efficient, then make those choices locally as to what you actually don't do, because there's a better way of providing it."⁶⁰

Paying for care

98. The Welsh Government has established an Inter-Ministerial group on paying for social care, chaired by the Minister for Children, Older People and Social Care. The group will examine the relevant policy considerations associated with introducing a social care levy, including future models of social care which are

⁵⁸ Gross revenue expenditure is total local authority expenditure on services, plus debt financing costs, but net of any income from sales, fees, and charges and other non-grant sources. It includes expenditure funded by specific and special government grants and expenditure funded from local authority reserves.

⁵⁹ RoP 7 November 2018, para 82

⁶⁰ RoP 7 November 2018, para 81

developing. It will also consider the work carried out by Professor Gerald Holtham on a social care levy.

99. In oral evidence, the Minister for Children, Older People and Social Care outlined to the Committee the five work streams being undertaken by the Inter-Ministerial group, which includes engagement with both the UK Government and the wider public. He indicated that lessons had been learnt from previous examples and so detailed preparatory work was ongoing in order to build consensus and “to bring the public with us”.⁶¹ The Minister said:

“We’ve done our own population-needs assessment; we’ve seen the results of some of the surveys looking at the impacts of a rising, ageing population. It brings lots of good opportunities with it, but it brings challenges as well. So, on that basis, we think it’s right that we look at this, but we do it in a considered way.”⁶²

Our view

100. While we welcome the additional money being provided for social services in this draft budget, and the proposed additional funding for local authorities announced in the Welsh Government’s [statement](#) on 20 November 2019, we have serious concerns over the level of funding for social care services generally, including that the current level of funding is insufficient to meet demand, and that this situation will worsen with continuing cuts to local government budgets coupled with our ageing population and an increase in chronic conditions.

101. Given that the direction of travel for services, as set out in *A Healthier Wales*, is towards far greater integration and to enable more people to be cared for as close to home as possible, we believe that funding for social care cannot be seen in isolation from health funding. We believe that, as a matter of necessity, a more holistic approach to health and social care funding, including the holding of joint budgets, should be explored.

Sport

102. The Minister for Culture, Tourism and Sport has responsibility for elite sports and national strategy and policy for community sport, physical activity and active recreation in Wales.

⁶¹ RoP 7 November 2018, para 84

⁶² RoP 7 November 2018, para 85

103. In 2019-20, £22.3m is allocated to sports and physical activity. The Welsh Government's draft budget proposals state:

“We have maintained funding for sports and physical activity at its current level of £22.3m a year, highlighting our commitment to increasing physical activity levels and to the importance of preventing ill health.”⁶³

Community focused schools

104. In evidence to its inquiry into physical activity of children and young people, the Committee heard calls for schools to provide wider community access to their facilities outside of school hours to allow for physical activity. The Cabinet Secretary for Education said she was keen to ensure facilities are used more widely and said a task and finish group has been set up to look at barriers to making the facilities available. A subsequent **letter** from the Cabinet Secretary states that the task and finish group's work will support development of updated guidance on community focused schools, due to be published in 2019.

105. When asked in oral evidence about the importance of utilising community assets, including community schools to support the physical activity agenda, David Rosser, Director of Sport for the Welsh Government said that this is an issue for the Cabinet Secretary for Education. The Minister for Culture, Tourism and Sport acknowledged this and said that discussions had taken place with the Cabinet Secretary and Welsh Government officials.⁶⁴

Our view

106. We believe that the Minister for Culture, Tourism and Sport, who has responsibility for national strategy and policy for community sport and physical activity in Wales, has a clear role in pushing this agenda, and we request further information about the specific actions his department will take to ensure that public assets such as schools are opened up in order to increase access to sport and physical activity opportunities for local communities.

⁶³ [Welsh Government Draft Budget 2019-20 Detailed proposals. A Budget to build a better Wales](#), October 2018

⁶⁴ RoP 15 November 2018, paras 36-38

Equal access to sport

107. Welsh Government funding for sport is channelled through Sport Wales. Sport Wales is the national organisation responsible for developing and promoting sport and active lifestyles.

108. Of the £22.3m allocated to sports and physical activity in this draft budget, £22.1m of this is for Sport Wales. The Welsh Government indicates:

“Sport Wales is our key delivery agent for sport and has a focus on increasing participation at the community level to improve general well-being benefits and to create the environment for talented athletes to reach their full potential.”⁶⁵

109. The Welsh Government’s most recent remit letter to Sport Wales, issued in February 2018, commits Sport Wales to invest effort and resources “where it is needed most, where there are significant variations in participation and where there is a lack of opportunity or aspiration to be active”. However, there is no more explicit reference to the need to address known inequalities, such as the gender gap, and lack of disabled access to sports.

110. We asked the Minister for Culture, Tourism and Sport how progress is being measured in improving equality of access to sport and physical activity opportunities for girls and women across Wales. The Minister stated that Sport Wales is required to collect this data. He indicated that work is being undertaken with equalities organisations to support the delivery of Welsh Government policy in this area. He added:

“...it’s about ensuring that there are role models in all aspects of public life, where we have an opportunity to make appointments or to organise activities through the bodies that we fund, and make it absolutely clear that it is part of the funding package that people receive...that they are expected to respond to the Government’s strategies. And we will ensure that the message...will be reinforced in the remit letters.”⁶⁶

111. David Rosser, Director of Sport for the Welsh Government confirmed that there are mechanisms for tracking spend in this area. He told us he would expect funding for sports bodies in the future to be “far more closely related to actual

⁶⁵ Welsh Government Draft Budget 2019-20 Detailed proposals, A Budget to build a better Wales, October 2018

⁶⁶ RoP 15 November 2018, para 42

participation levels and removing disparities, or addressing disparities, than just membership numbers”.⁶⁷

112. When asked if the Welsh Government is also monitoring spend in this area for other social groups, David Rosser confirmed that this is the case, saying:

“Disability Sport Wales is one of the biggest recipients of funding. It’s probably in the top five recipients of funding from Sport Wales, and I think does an excellent job. There are also programmes run with, for example, BME Sport Cymru...they’re specifically providing closed sessions for BME females to swim, for example. So, there’s actually quite a lot of creative work going on in this area, and the monitoring is being tightened and more focused towards those areas.”⁶⁸

Our view

113. We note the Minister’s assurance that addressing the disparities in participation in sport and physical activity between different population groups is a Welsh Government priority, and a requirement of the funding provided to Sport Wales. We would like to see more explicit reference to this in future Sport Wales remit letters.

114. We are disappointed at the findings of Sport Wales’ School Sport Survey State of the Nation 2018 report, which was published in the week after our draft budget scrutiny session with the Minister for Culture, Tourism and Sport. The survey report showed that participation levels amongst pupils in Wales have not increased from those observed in 2015. Additionally, it found that long-standing differences in participation levels continue to be seen, with female pupils and older pupils taking part less frequently in PE and sport. Worryingly, the difference in participation rates between the least deprived and most deprived has increased.

115. We are concerned that Sport Wales’ own findings conflict somewhat with the more positive picture painted by the Minister when giving evidence to our Committee. We will write to the Minister separately specifically on this issue.

116. We would be keen to receive further, detailed information from the Welsh Government which demonstrates the impact of spend on participation levels among different groups, and sets out how this impact is monitored and used to

⁶⁷ RoP 15 November 2018, para 46

⁶⁸ RoP 15 November 2018, para 51

inform funding decisions. This should include reference to sex, age, disability, ethnicity, and socio-economic status.

Soft drinks industry levy

117. The Soft Drinks Industry Levy was announced in the UK Government's 2016 budget, and implemented from April 2018.

118. In his 2017 spring budget statement, the UK Chancellor Philip Hammond confirmed that, in respect of England, the funding the UK Government receives from the soft drinks levy will be invested in school sports and healthy living programmes.

119. In April 2018, Wales' Cabinet Secretary for Finance, Mark Drakeford, said that between 2016-17 and 2019-20, the Welsh Government has received £57m Barnett allocations following the increase in spending on programmes in England that are devolved to Wales as a consequence of the revenues expected from the soft drinks industry levy. In answer to a Written Assembly Question, the Cabinet Secretary for Finance said:

“In line with established practice, any new funding is allocated to reflect Welsh priorities and needs.

We have allocated funding across a range of health and educational activities to improve outcomes for children in Wales. As outlined by the First Minister on 20 March 2018, these include:

- More than £14m through the Revenue Support Grant each year to enable local authorities to maintain free schools breakfasts;
- Additional funding of £1.5m over three years (2017-18 to 2019-20) for the new School Holiday Enrichment Programme;
- £15.7m over four years to support childhood immunisation in primary schools;
- £100m over 2018-19 and 2019-20 for a transformation fund in health.”⁶⁹

120. When asked if the Minister for Culture, Tourism and Sport had discussed with the Cabinet Secretary for Health and Social Services the potential use of the

⁶⁹ WAQ76307, answered 11 April 2018

consequential funding for physical activity in Wales, the Minister assured the Committee that he would raise the issue.⁷⁰

Our view

121. We are disappointed that the Welsh Government has not chosen to earmark the consequential funding it receives from the soft drinks industry levy for tackling obesity and improving levels of physical activity, and we understand that Wales is the only UK nation that has not taken this approach. This is, in our view, a missed opportunity. We urge the Welsh Government to reconsider its position on this, and ensure funding from the levy is utilised to increase physical activity and reduce the burden of obesity in Wales. We welcome the Minister's indication that he will personally raise this issue with Government colleagues and we look forward to receiving an update.

Sustainability of funding for sport and physical activity in Wales

122. The Committee recognises that "physical activity" is much broader than sport. A number of elements of physical activity are clearly outside the Minister for Culture, Tourism and Sport's portfolio, and a collaborative approach is therefore key, as highlighted in the Minister's [evidence paper](#).

123. The promotion of physical activity requires collaboration across a range of sectors, public bodies and Welsh Government departments including health, education, transport and environment, as well as sport. The Committee has previously highlighted the need to ensure that the recent Welsh Government portfolio changes which separated sport and physical activity from health, do not have an adverse impact on joined-up policy-making.

124. The Committee is aware that Sport Wales is responsible for distributing National Lottery funding for sport in Wales. We asked the Minister for his views on the sustainability of funding for sport in light of concerns around continuing trends in National Lottery income, the tough budgetary challenges facing local authorities in respect on non-statutory services and facilities, and the loss of European funding around the arts and sport. The Minister told us:

"I would be misleading the committee if I had thought at all it was possible for us to replace the substantial funding that Wales has received in terms of European funding. We are in an extremely difficult situation. And you're also quite right about the lottery situation. I've had discussions with Camelot, and I have overall responsibility for...the way

⁷⁰ RoP 15 November 2018, paras 68-71

lottery funds are dispersed in Wales...of course [the budget] becomes £34 million funding when we look at the lottery contribution. And it's key that we can, if possible, through working with Camelot...ensure that there isn't a further reduction in the lottery funding in Wales."⁷¹

125. We asked what long term plans the Welsh Government has to address the issue of sustainability of funding for sport. The Minister suggested that options were limited and that “more effective use of shared budgets” might be the only way forward and this is already taking place.⁷²

Our view

126. We have serious concerns about the sustainability of funding for sport in Wales. We believe that the combined impact of local government budget constraints, reductions in lottery funding, and the loss of European funding following the UK's withdrawal from the EU will result in reduced access to sport and physical activity opportunities in Wales. This will seriously undermine the preventative agenda, and will have long term implications for the health and wellbeing of the Welsh population. It is not acceptable that the Welsh Government has no clear plan in place to mitigate against this, and we seek further information from the Welsh Government about how it intends to ensure the long-term sustainability of funding for sport and physical activity in Wales.

127. We believe the Welsh Government must take a strong stance in its dealings with Camelot to ensure that Wales does not lose out on lottery funding, which makes a significant contribution to funding for sport in Wales. We look forward to receiving an update from the Minister about his discussions with Camelot.

Longer-term funding streams

128. In April 2018, sports governing bodies told the Committee's physical activity inquiry that one year funding streams from Sport Wales makes long-term planning difficult. Sport Wales said:

“Unfortunately, it's not within our gift, so it is based on the one-year funding that we get from the Welsh Government. But very good news is that they have told us that they will be looking at longer-term funding agreements in line with Government funding, so, that is a real positive for us. What we do do is provide indicative long-term funding, so we will give up to four years indicative funding, but we do recognise that

⁷¹ RoP 15 November 2018, para 93

⁷² RoP 15 November 2018, para 96

that is always with a caveat. So, it's still very difficult for partners to be able to long-term plan. And we recognise that that's an issue, but we have had very positive conversations now that our remit letter will take forward a longer-term funding programme."⁷³

129. We asked the Minister for Culture, Tourism and Sport if he had considered moving to three-year funding cycles to support longer term planning, as is the case for health boards in Wales. In response the Minister indicated that "it's very difficult when you're dealing with public funds when you don't know the overall block for an appropriate period".⁷⁴ He added:

"We recognise the issue. Most outside bodies would prefer certainty of funding over a longer period. This year, we've only been given a one-year indicative budget by the finance department, by the finance Minister, so that's what we've been able to pass on to Sport Wales."⁷⁵

Our view

130. We note the concerns of stakeholders that one-year funding streams from Sport Wales makes strategic, long-term planning difficult, and we agree that funding which is only confirmed for the short-term can have a negative impact on the effectiveness and sustainability of projects.

131. We acknowledge the Minister's comments that this is in part due to the uncertainties around the funding it receives from HM Treasury. However, we would point out that there are inconsistencies around the duration of financial planning cycles in other public bodies in Wales. Health boards in Wales for example, operate to a three-year financial planning cycle. We would welcome further information from the Minister about any plans that the Welsh Government has to put in place longer-term funding arrangements to enable Sport Wales and its partners to plan more strategically.

⁷³ RoP, 19 April 2018, para 177

⁷⁴ RoP 15 November 2018, para 109

⁷⁵ RoP 15 November 2018, para 111